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July 2017

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Germany

The Hamburg Summit

Leaders' views

Original content from world leaders focusing on the agenda of the G20 summit

Inclusive growth in G20

An exclusive feature from Ángel Gurría looking at strategy

The Paris Agreement

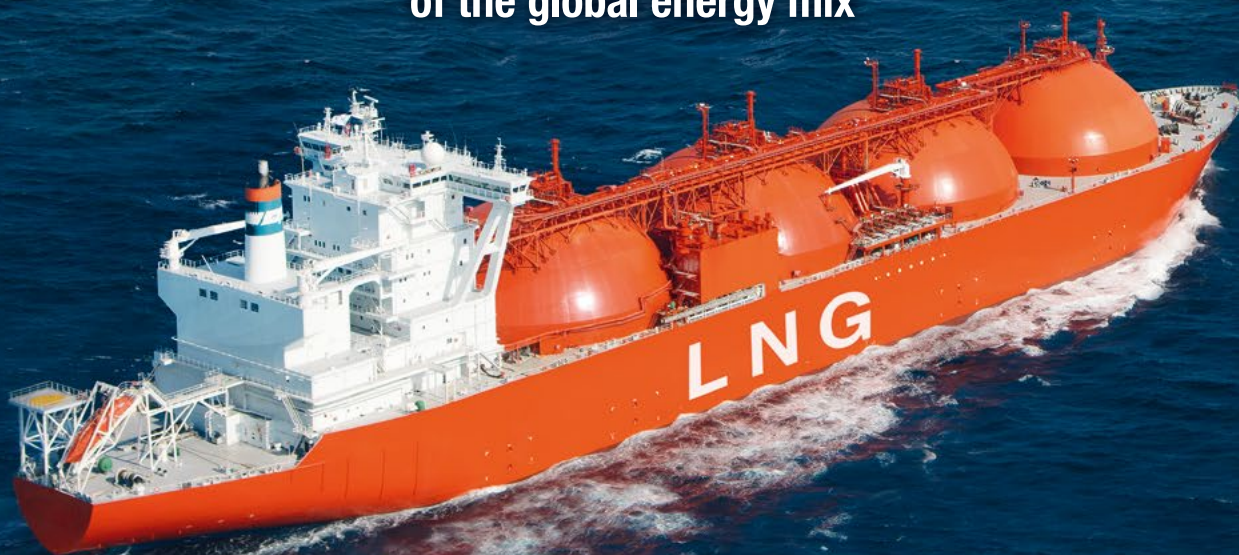
Patricia Espinosa looks at putting it into practice

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CONTENTS

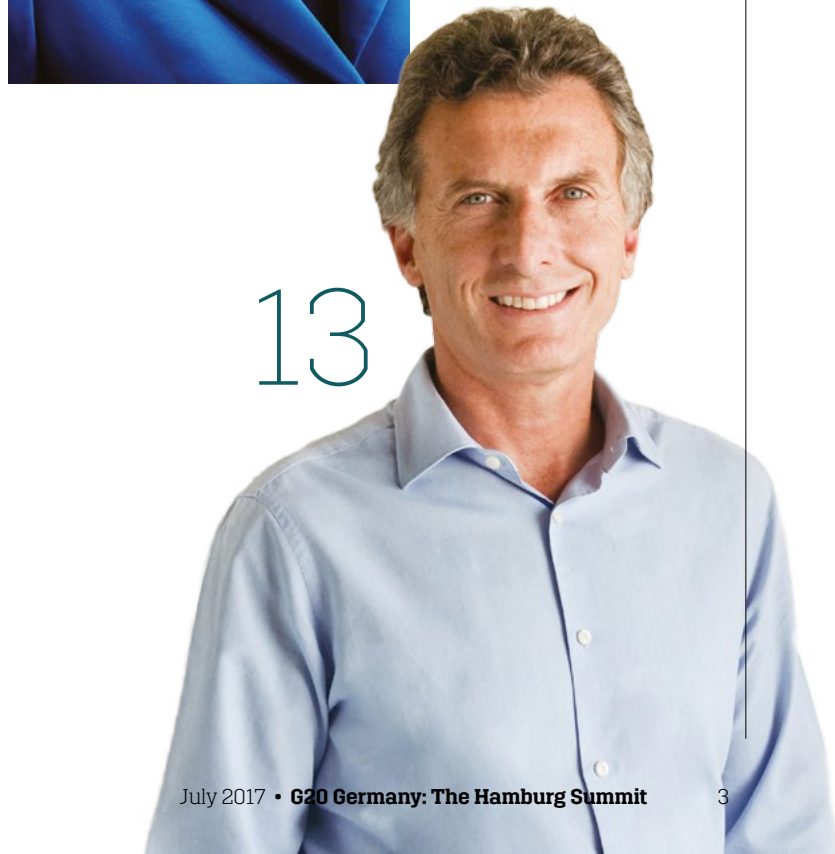
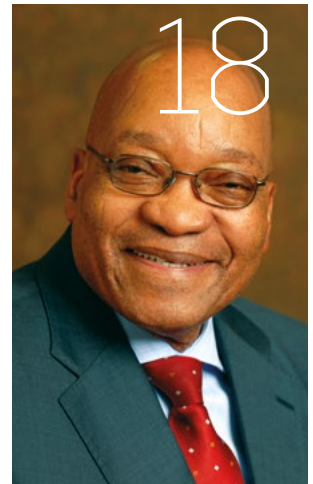
Germany: the Hamburg Summit | July 2017

Leaders' views

- 08 ANGELA MERKEL
Chancellor, Germany
- 12 XI JINPING
President, China
- 13 MAURICIO MACRI
President, Argentina
- 14 JUSTIN TRUDEAU
Prime Minister, Canada
- 18 JACOB ZUMA
President, South Africa
- 20 ENRIQUE PENA NIETO
Prime Minister, Mexico
- 21 JEAN-CLAUDE JUNCKER
President, European Commission
- 22 EMMANUEL MACRON
President, France
- 24 RECEP TAYYIP ERDOGAN
President, Turkey
- 25 NARENDRA MODI
Prime Minister, India
- 28 LEADERS' VIEWS
Donald Trump, President, USA
Shinzo Abe, Prime Minister, Japan
Theresa May, Prime Minister, UK
Paolo Gentiloni, Prime Minister, Italy
- 30 LEADERS' VIEWS
Vladimir Putin, President, Russia
Joko Widodo, President, Indonesia
Malcolm Turnbull, Prime Minister, Australia
- 32 GUEST LEADER'S VIEW
Michel Temer, President, Brazil

Spotlight on Germany

- 34 WOLFGANG SCHÄUBLE
Federal Minister of Finance, Germany



G20

Germany
The Hamburg Summit
July 2017

38 PROSPECTS FOR HAMBURG
John Kirton, Editor

Building resilience

42 SEEKING STRATEGIES FOR
INCLUSIVE GROWTH
Angel Gurría,
Secretary General, OECD

46 **Interview**
IN CONVERSATION
WITH ROBERT FAUVER
Former adviser to US presidents

50 **Interview**
IN CONVERSATION
WITH LARRY SUMMERS
Professor at Harvard University

52 STRENGTHENING TRADE
THROUGH THE WTO
Roberto Azevêdo, Director General, WTO

58 FIGHTING TO PRESERVE
GLOBAL TRADE
Claudia Schmucker, Head of the
Globalization and World Economy
Program, German Council on Foreign
Relations

62 WHAT A DIFFERENCE
A DECADE MAKES
Mark Carney, Governor, Bank of England

66 REDUCING RISK TO ENHANCE
FINANCIAL STABILITY
Chiara Oldani, Professor of Monetary
Economics University of Viterbo

70 CONNECTING THE WORLD
Jin Liqun, President, Asian
Infrastructure Investment Bank

72 HARNESSING
DYNAMIC POTENTIAL
Mark Moseley & Stephanie Barker,
CEO & Analyst, Global Infrastructure Hub



46



50



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www.G7G20.com

[LinkedIn.com/company/G7G20](https://www.linkedin.com/company/G7G20)



42

88



Improving sustainability

76 CLIMATE FOR CHANGE
Patricia Espinosa, Executive Secretary,
United Nations Framework Convention on
Climate Change

82 **Interview**
IN CONVERSATION
WITH ERIK SOLHEIM
Executive Director, United
Nations Environment Programme

88 G20 LEADERS: ARE YOU
READY TO SAVE OUR PLANET?
Anne Hidalgo, Chair, C40 Cities Climate
Leadership Group

90 RESPONDING TO THE
CHALLENGES OF GLOBALISATION
Jürgen Herhaus, Chairman, B20 Germany

94 TO TRANSFORM AFRICA,
WE MUST TRANSFORM
DEVELOPMENT FINANCE
Jim Yong Kim, President,
World Bank Group

98 TRANSFORMING EDUCATION
TO TRANSFORM THE WORLD
Irina Bokova, Director General, UNESCO

100 G20 SUMMIT MUST NOT
LOSE SIGHT OF KEY
DEVELOPMENT GOALS
Suma Chakrabarti, President, European
Bank for Reconstruction and Development

102 STRATEGIC STEPS TO
FOSTER GROWTH
Bandar MH Hajjar, President,
Islamic Development Bank

106 HOW TO SOLVE THE INTERNET'S
FUNDAMENTAL WEAKNESS
Michael Chertoff, Executive Chair and
Co-founder, The Chertoff Group

110 CLOSING THE GAP
Heidi Ullrich, Research Associate,
G20 Research Group

G20

Germany
The Hamburg Summit
July 2017

112 TRANSCENDING BORDERS TO
LEAVE NO ONE BEHIND
Michel Sidibé, Executive Director, UNAIDS

118 **Interview**
IN CONVERSATION
WITH ANTHONY LAKE
Executive Director, UNICEF

124 ANTIMICROBIAL RESISTANCE
Jim O'Neill, Former Chair,
Review on Antimicrobial Resistance

128 THE FUTURE OF WORK
Guy Ryder, Director-General,
International Labour Organization

130 EMPOWERING WOMEN IN
THE INFORMAL SECTOR
Phumzile Mlambo-Ngcuka,
Executive Director, UN Women

134 SEEKING TO SUPPORT
WOMEN'S EMPOWERMENT
Julia Kulik, Director of Research,
G20 Research Group

Assuming responsibility

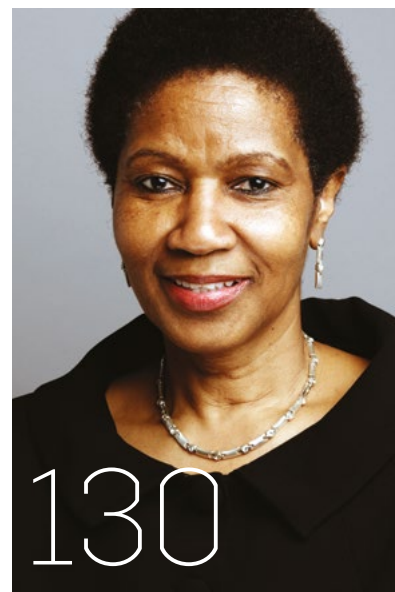
138 BUILDING A COMPREHENSIVE
RESPONSE TO REFUGEE FLOWS
Filippo Grandi, High Commissioner
for Refugees, United Nations

140 GIVE AFRICA A HIGH FIVE
Akinwumi Ayodeji Adesina,
President, African Development Bank

144 **Interview**
IN CONVERSATION
WITH ALAIN EBOBISSÉ
CEO, Africa50



106



130



166

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118



144



158



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148 SERIOUS CRIME AND TERRORISM
Santiago Otamendi, President,
Financial Action Task Force

150 FOSTERING THE 2030 AGENDA
José Graziano da Silva, Director General, Food and
Agriculture Organization of the United Nations

154 THE G20 MUST CONFRONT
THE WORLD'S CHALLENGES
David Beasley, Executive Director,
United Nations World Food Programme

Strengthening the G20 system

158 **Interview**
IN CONVERSATION WITH PAUL MARTIN
Former Prime Minister, Canada

160 ON THE ROAD TO HAMBURG
Brittany Warren, Researcher, G20 Research Group

162 CONTINUING PROGRESS
John Kirton & Sabrina Shaw, Co-director and
Regional Director, G20 Research Group

164 THE THINK 20 IN 2017
Dennis Snower, Co-chair, Think 20

166 SPOTLIGHT ON BRICS
Marina Larionova & Andrey Shelepov,
Head of the Center for International Institutions
Research, Russian Presidential Academy
of National Economy and Public Administration
& Lead Analyst, Center for International
Institutions Research

168 THE EU'S CONTRIBUTION TO THE G20
Jan Wouters, Director, Institute of International Law



168



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WELCOME MESSAGE

Let's seize the opportunity to establish common interests

Joint action is always a better approach than for individual nations to try and go it alone

Especially when the international environment is particularly challenging, like it is this year, we should seize the opportunity to establish common interests and achieve progress through joint action. That is always a better approach than for individual nations to try and go it alone...

We have in too many countries witnessed a tendency towards self-isolation and hampering critical dialogue. In some cases, we've even seen attempts to prevent or suppress such dialogue. As a result, the freedoms of expression and of the press are stifled. There are also negative impacts on cultural diversity and, ultimately, on the ability of all of civil society to shape the future...

Globalisation is a process that can benefit anyone who approaches it with an open mind. That at least is how I view globalisation... The G20 must therefore highlight the advantages of trade being intensive, international and fair – in contrast to protectionist policies. If you interfere with the establishment of, or even sever, global value chains, all you do is harm everyone involved – including yourself...

We can create new prospects if we support the multilateral system of the World Trade Organization. This multilateral trading system is based on common rules. Having common rules means we should work to establish standards for protecting workers and consumers, as well as the climate and the environment ... We have a particular interest in better integrating women into economic processes and corporate functions. The aim here is to give women more opportunities to participate in economic development, which in turn will increase acceptance for globalisation ... Globalisation is not a destiny to which we must yield without demur. Globalisation can be shaped. The key thing is that we must coordinate our efforts. When we work towards common aims, everyone benefits...

From a speech at the G20 Dialogue Forum with Non Governmental Organisations (C20), Hamburg, 19 June 2017



Angela Merkel
Chancellor of Germany

What we need to do is pool various interests, so that we can find answers to the big questions of our time. One of these is protecting the climate. The aim is to as rapidly as possible reduce the carbon emissions of our economies. The Paris Agreement and the 2030 Agenda for Sustainable Development will guide us...

We are talking about the effect that digital technology is having on our lives, our economies and our work. We are also discussing how we can increase participation at global level in the digital revolution, what we can do to protect privacy and intellectual property, and how we can ensure cybersecurity... Global rules need to be found for this domain as well, and that it is not enough for each country to create its own...

We can do a better job of reducing health risks that can create tremendous human suffering and stunt the economies of entire regions. This will involve strengthening healthcare systems and the global health architecture. It will also mean taking action on antimicrobial resistance... The G20 health ministers explored the idea of an international system to respond to the threat of emerging pandemics...

The population of Africa – at least large sections of it – is not yet participating to a sufficient extent in global developments. So [at the G20-Africa conference] we looked at how we can stimulate more private investment – not instead of, but in addition to, development aid.

... We placed the G20 Compact with Africa – please note the “with”, not “for” – on the agenda. I am very pleased that the African Union, with its Agenda 2063, has for the first time ever drawn up its own development plan. It can serve as a point of reference for our own efforts, so that we do not patronise Africa by proposing projects it does not even consider important.

... We want the Hamburg Summit to send a signal we can, as a group, think on a global scale and take global action, so everyone benefits... We'll work to counteract any tendencies to weaken financial market regulations.

The message, in a nutshell, is: first, the G20 is assuming responsibility for life here and now – through its partnership with Africa, by tackling the causes of displacement, by fighting terrorism and corruption, and with constant efforts to achieve food security and development. Second, the G20 is also assuming responsibility for the world of tomorrow and beyond – by pursuing climate protection, by implementing the ever-so-important 2030 Agenda, and by shaping digitalisation and strengthening global health. **G20**

Building engagement upon transparency

A consistent theme of recent years, and one of the key findings in the *EY outlook for global tax policy in 2017* report, is the continuing shift toward the disclosure of tax information – “tax transparency”. This takes two key forms: disclosure to the tax authorities and disclosure to the public.

As with any trend, it is sensible to periodically take stock, and consider whether original objectives have been met. With this in mind, it would be timely for the G20 to consider the impact of transparency and whether it has achieved its objectives prior to introducing additional transparency measures. At a minimum, engagement between tax authorities and taxpayers would help clarify that new information is being used effectively and should be undertaken, before seeking disclosure of additional data.

Tax transparency

Once the G20/Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) project recommendations are fully implemented, the world of tax transparency will be significantly transformed. Gone is the world of information asymmetry, where taxpayers had all the information and tax authorities had to use their powers to gather data that was not voluntarily or automatically provided. With far greater disclosure requirements in place – such as through Country-by-Country reports – and the automatic exchange of that and other information between tax authorities, the asymmetry, to the extent it existed at all, has been eliminated.

We wholly support transparency between taxpayer and tax authority: taxpayers need to provide all information necessary for the tax authority to do its job of administering the tax system, ensuring that

duly owed taxes are paid. However, this should not give rise to an evolving and inconsistent obligation for the taxpayer to provide information beyond what’s necessary to determine the appropriateness of the taxes due, as every moment spent providing unnecessary information impairs businesses’ efficiency and productivity. Disclosure should be made for a tangible reason, not as a costly default.

With so much change on the horizon, and with tax authorities having much greater data analysis capabilities, now is the time to defer additional disclosures and instead monitor the impact of this information rather than taking further proactive steps in reporting mechanisms.

Much active discussion also exists on whether there should be more disclosure of tax information to the public. The G20 and OECD concluded that the new disclosures, like other tax information, should only be provided to tax authorities, and should remain confidential. That is sensible because tax filings may include commercially sensitive information, and this information is provided to support analysis rather than actually assessing the calculation of tax.

Yet the calls for wider disclosure remain, relying on the following premises:

- *That public disclosure will ensure a greater level of scrutiny, and is therefore in the public interest.* This is a worrying claim, as it inherently surmises that tax authorities are not adequately scrutinising taxpayers and that the public – with incomplete information, experience and insight into the facts – would be better at enforcing compliance with tax law. If there is distrust in the quality of tax administration, this should be addressed through the government oversight process, to which all tax authorities are subject. The authorities have clear performance metrics in place and, if concerns are identified, attention should be focused there. Public disclosure of data would not address this concern.



Any public tax disclosure risks the exposure of commercial information, and should be considered with extreme caution





If change is a moving target, how can your tax function keep up?

ey.com/tax #BetterQuestions

- *That public disclosure will constrain corporate behavior.* The UK requirement to publish a tax strategy, say, may focus more attention of the Board on the tax profile, and so increase focus on the company's tax position. However, public disclosure shouldn't be needed to ensure this. And the objective of disclosure should be to ensure that published information is clearly understandable and focused on the tax risks of the company. In contrast, the publication of the BEPS Action 13 Country-by-Country reporting template – something clearly intended to be used only by the tax authority alongside other information – would appear to fail this test.

- *That some companies already voluntarily publish similar information.* The decision about whether to publish, and what information to include, is made by each business. It is typically covered as part of a larger discussion that may be targeted at various stakeholders, including customers, shareholders and regulators. The data that are shared are relevant to the company, its business and its stakeholders. However, the fact that some businesses publish data does not mean there is a benefit in mandating that all should provide disclosure. Also, in a world where financial statements are already long and complex, extra information may actually lead to less transparency, with too much data undermining clarity.

Any public disclosure again risks the exposure of commercial information, and should therefore be considered with extreme caution.



CHRIS SANGER
Global Tax
Policy Leader
EY

[www.ey.com/
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Building positive engagement

The transparency of tax information to tax authorities is ultimately a means to an end: that taxes are duly paid. The G20 should use the time taken to evaluate the success of its new transparency requirements to reinforce the cooperative compliance concept championed by the OECD. The detailed understanding of business activity obtained by a tax authority under cooperative compliance can help easily explain apparent anomalies and avoid needless conflict. Likewise, a robust understanding by the taxpayer of the concerns of tax authorities can help ensure that responses address the issues at hand, securing efficient resolution and engendering more trust.

The sharing of tax information can potentially improve trust between taxpayers and tax authorities. As part of the G20's work on tax and growth, a recommitment to building trust would be well received. Ultimately, communication remains a human process and open dialogue will resolve queries far more efficiently than any other route.

As the G20 considers the current tax environment, it should reflect on the changes that BEPS has, and is set to, deliver to the world of tax transparency. Such changes will take time to work and need to be given that time.

The views reflected in this article are the views of the author and do not necessarily reflect the views of the global EY organisation or its member firms.

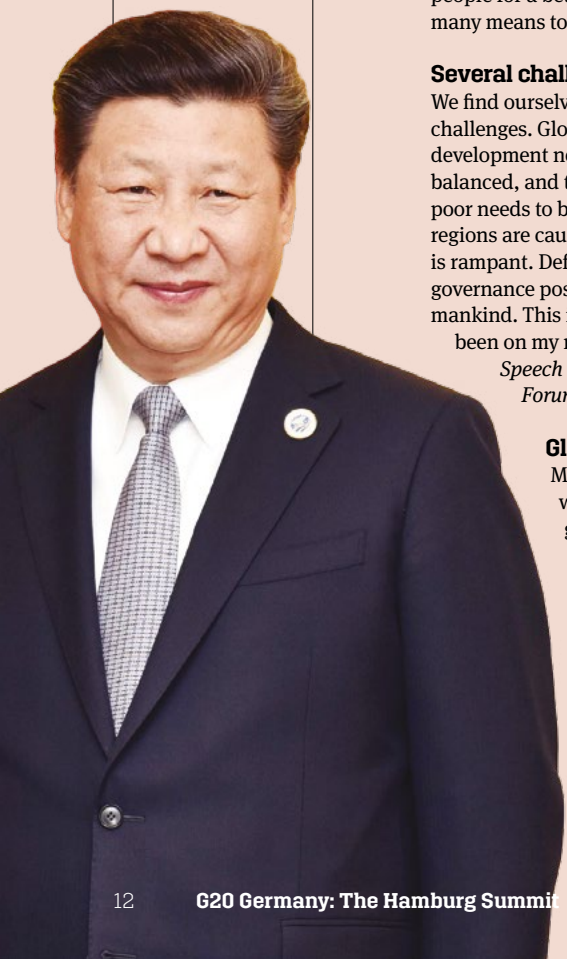
Xi Jinping
President, People's Republic of China



Summit



Elected



LEADER'S VIEW

Global growth requires new drivers

Development should be more inclusive and balanced, and the gap between the rich and the poor needs narrowing, writes Xi Jinping

In this increasingly multi-polar, economically globalised, digitised and culturally diversified world, the trend towards peace and development becomes stronger, and reform and innovation are gaining momentum. Never have we seen such close interdependence among countries as today, such fervent desire of people for a better life, and never have we had so many means to prevail over difficulties.

Several challenges

We find ourselves in a world fraught with challenges. Global growth requires new drivers, development needs to be more inclusive and balanced, and the gap between the rich and the poor needs to be narrowed. Hotspots in some regions are causing instability and terrorism is rampant. Deficit in peace, development and governance poses a daunting challenge to mankind. This is the issue that has always been on my mind...

Speech at the Opening of Belt and Road Forum, 15 May 2017

Globalisation not to blame

Many of the problems troubling the world are not caused by economic globalisation. For instance, the refugee waves from the Middle East and North Africa in recent years have become a global concern. Several million people have been displaced, and some small children lost their lives while crossing the rough sea. This is indeed heartbreaking. It is war, conflict and regional turbulence that

have created this problem, and its solution lies in making peace, promoting reconciliation and restoring stability. The international financial crisis is another example. It is not an inevitable outcome of economic globalisation; rather, it is the consequence of excessive chase of profit by financial capital and grave failure of financial regulation. Just blaming economic globalisation for the world's problems is inconsistent with reality, and it will not help solve the problems.

From the historical perspective, economic globalisation resulted from growing social productivity, and is a natural outcome of scientific and technological progress, not something created by any individuals or any countries. Economic globalisation has powered global growth and facilitated movement of goods and capital, advances in science, technology and civilisation, and interactions among peoples.

But we should also recognise that economic globalisation is a double-edged sword. When the global economy is under downward pressure, it is hard to make the cake of global economy bigger. It may even shrink, which will strain the relations between growth and distribution, between capital and labour, and between efficiency and equity. Both developed and developing countries have felt the punch. Voices against globalisation have laid bare pitfalls in the process of economic globalisation that we need to take seriously ...

Keynote speech at the World Economic Forum, 17 January 2017. G20

LEADER'S VIEW

Our presidency will ask three questions

*Argentina is honoured to host the first G20 summit ever to take place in South America, writes **Mauricio Macri***

Mauricio Macri
President, Argentina

In 2018 the world will bear witness to the first G20 summit ever to take place in South America. It is an honour and a great responsibility for Argentina to have been elected to the presidency of the most relevant forum for global economic governance. We know it will be a huge challenge, probably the greatest in Argentine history in terms of foreign policy, but it will also be a one-of-a-kind opportunity to showcase our views on globalisation and to help build consensus for fair and sustainable development.

What is power without fairness? What is development without sustainability? What is dialogue without consensus? These are the questions that will guide us throughout our G20 presidency.

We believe the decision to entrust us with this responsibility is a result of the profound change Argentina has gone through during the last year and a half. This new chapter is exciting and inspires trust, it proves that the Argentine people are ready to join the 21st century and are looking towards a better future, integrated with the world.

Argentina is building the foundations upon which a reliable, productive and sustainable country is built. This includes macroeconomic stability, a clear set of rules for investment and trade, the most ambitious infrastructure plan in our history, important initiatives in education and social policies, and institutional reforms that will allow us to strengthen our democratic culture. This is why, during our G20 presidency we will work towards a multi-stakeholder and pluralist dialogue, not only among the governments but also with relevant players within civil society, the academic world and the business community.

We aim to be the expression of a whole region, not just our country. Latin America has much to offer the world, with its talented population,

significant natural resources and as an area of peace and cooperation. The region in general and Argentina in particular have a key role to play in energy provision, human resources and food production for a constantly growing global population, among other areas. We want to present the G20 with the concerns and aspirations of this vibrant and diverse region, including the urgent need to reduce poverty and improve our people's quality of life.

When we meet in Argentina in 2018, it will be 10 years since the first summit in Washington DC. A decade of change that challenges us to think about the evolving role of the G20 in a world marked by globalisation and technological revolution. This anniversary is an invitation to have an open debate on the topics that exert pressure on the most critical issues in the international agenda, from employment and migration to sustainable development and peace.

The most recent stage of globalisation has helped millions out of poverty during the last few years. However, the results have not been even and the number of people living in poverty is unacceptably high. We remain in debt with those who suffer inequality and exclusion, with those who are hungry and unable to find a decent job.

Are we capable of building an international economic order that is fair and sustainable? Are we capable of shaping globalisation so that it focuses on the people and does not leave anyone behind? Argentina thinks we are and is ready to contribute: we look forward to working alongside the G20 leaders and civil society to address the most pressing challenges shared by all humankind. **G20**

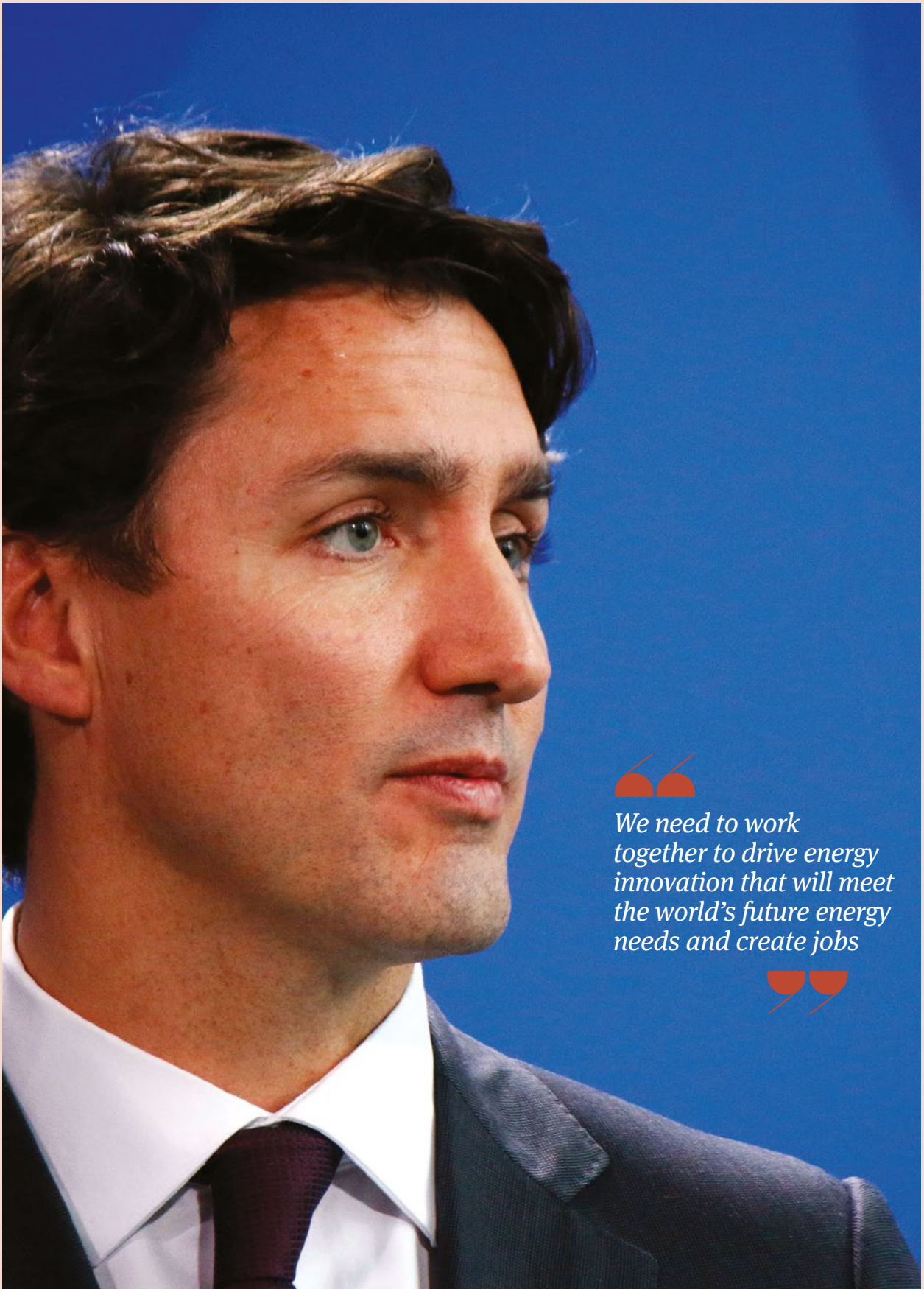


Summit



Elected





*We need to work
together to drive energy
innovation that will meet
the world's future energy
needs and create jobs*



LEADER'S VIEW

Our efforts will help the world's poorest and most vulnerable people

Canada will continue to show global leadership in bringing people together to help to achieve lasting progress, writes **Justin Trudeau**

This year, Canada's theme for International Women's Day is #EqualityMatters, which reminds us that society is better – more prosperous, peaceful, secure and cohesive – when women's rights are respected, when women are valued and empowered, and when they lead the way in our communities.

Although we have taken significant steps toward gender equality, we know that much more work needs to be done. Women around the world continue to receive lower pay and fewer promotions. They are denied legal control over their bodies and reproductive health. They face much higher rates of harassment and verbal, physical and sexual abuse. In impoverished communities, women are the least likely to have access to healthcare, the last ones to eat and the most vulnerable to the hardships brought on by disease.

That is why we will continue to place gender equality and rights, and the empowerment of women and girls, at the heart of our international development work ...
Statement on International Women's Day, 8 March 2017

Greener energy

The world's markets are becoming increasingly integrated, and global demand for clean technology and renewable energy is growing quickly. We need to work together to drive energy innovation that will meet the



Summit



Elected

Justin Trudeau
Prime Minister, Canada

world's future energy needs and create good, middle-class jobs today. This is about making our economy more competitive and leaving our kids a cleaner environment.

Address to Global Energy Leaders, Houston, 2 March 2017

Leave no one behind

This year's theme – 'Leave no one behind: Canada contributes to global goals!' – highlights our collective efforts to achieve the goals laid out in the United Nations' 2030 Agenda for Sustainable Development. Canada will continue to show global leadership in bringing people together to help achieve lasting progress.

Over the past year, we have consulted Canadians and our international partners in order to craft a new approach to international assistance. Our refocused efforts will help the world's poorest and most vulnerable people, including by promoting human rights, women's empowerment and gender equality, and respect for diversity and inclusion.

Statement on International Development Week, Ottawa, 5 February 2017. G20

DUFF & PHELPS

Personal liability: the price to pay for a fairer system

It goes without saying that the global financial crisis of 2008–2009 thrust the operations of the financial services industry into the limelight. Yet despite the damaging economic effects on the global economy, the fallout from the crisis provided new prospects for radical change. Global outrage intensified the need to enhance and develop existing frameworks, rules and practices to prevent future calamities. A dramatic change in the culture of the industry was required, and intrinsic to this was the overwhelming need to strengthen corporate governance and risk management, as well as individual accountability following the financial crisis and what has transpired thereafter.

A decade later, waves of new regulations aimed at preventing similar collapses continue to be introduced. In the UK, senior managers in the financial services industry will be giving their full attention to the FCA's new Senior Managers Certification Regime (SMCR), which places individual accountability beyond the boardroom at the forefront of the regulators' mission statement. We can also see that SMCR is being introduced by other regulators globally. In Hong Kong, the Securities and Futures Commission is introducing the Manager in Charge of Core Functions regime, which has some similarities. In the US, the New York City Department of Financial Services has introduced a certification regime for the Bank Secrecy Act/Anti-Money Laundering laws, which requires a certifying senior officer to file an annual certificate to confirm compliance. A certifying officer who files an incorrect or false annual certification may also be subject to criminal penalties for such a filing.

Historically, regulatory attention – including supervision and enforcement matters – had been



focused primarily on the corporate entity, but it has moved on to seeking to hold boards and individual directors to account. It has now moved down another level. One of the frustrations of politicians and the public in the wake of the financial crisis was the failure to identify and hold accountable individuals who were responsible for the problems. Penalising the corporate entity simply meant shareholders took the hit while boards of directors could claim they were insufficiently sighted on individual malpractice beneath them.

Managerial responsibility

Part of the answer? The SMCR, which introduces a statutory 'duty of responsibility', in which senior managers are required to take all reasonable steps to prevent regulatory breaches in their respective areas. Given that the relationship between the board and senior managers, who are largely responsible for implementing the board's decisions, is vitally important for effective corporate governance and risk management, the added element of statutory responsibility, over and above regulatory expectations for accountability



The SMCR is designed to drive a change in culture within firms



JULIAN KOREK
 Managing Director and Global Head of Compliance and Regulatory Consulting

Duff & Phelps

and governance, should significantly sharpen the focus on senior managers' actions.

Formalising oversight

What this means in practice is that actions which senior managers undertook daily, most likely without even thinking, will now need to be formally allocated, properly understood and monitored. Indeed, applications for individuals to hold senior management functions require the submission of responsibilities to either the FCA or PRA before approval is granted. Overlapping or unclear responsibilities will need to be separated out and delineated between staff. These changes do not happen overnight and will require some time to embed culturally but the direction of travel clearly points towards an environment where there will no longer be any ambiguity about who was responsible for oversight of decisions – decisions which will now lead directly to the board.

Understanding businesses

The SMCR is more than just developing another set of checklists and ticking a few more boxes.

In order to show that the SMCR is working effectively there are a number of building blocks on which it must be built. The first is an understanding of what a business does, how it does it and who is accountable for decisions made within it. This may sound simple but in larger organisations with different departments that may be located in different jurisdictions and which may have centrally provided services, there is a risk of silos developing and of fingers being pointed in opposite directions when things go wrong, unless accountability is well understood and documented.

Outsourcing is also another area that is potentially problematic. It has long been an article of faith among regulators that tasks can be delegated but accountability for them cannot be. Outsourcing arrangements, which have grown in popularity due to the efficiency savings, will now carry an extra edge to them. Common functions that we have seen being outsourced relate to AML/CFT monitoring and sanctions screening but there are pitfalls that seem all too common, such as the failure to apply jurisdictional-specific requirements or to appreciate that sub-outsourcing arrangements might need to be monitored and notified to the regulator.

Reasonable steps

Finally, there is the 'reasonable steps and evidence' requirement which is needed to show how a decision was reached. Sometimes evidencing a thought process can be challenging and often forgotten in the heat of the moment but it will be increasingly important as regulators start to call for records in support of supervisory visits. Directors of regulated entities have become used to having their decision-making processes scrutinised as part of reviews of corporate governance. Now it would seem it is the senior managers' turn.

Accountability at all levels

Above all the SMCR is designed to drive a change in culture within firms by ensuring that senior managers are held accountable for their actions. In turn, this should manifest itself in a greater level of awareness of responsibilities among junior staff as they are also held to account. Recent reports suggest that banks have paid \$321bn in fines since the financial crisis, whereas profits have been estimated at \$1 trillion. Cultures need to change, from a 'how can we find a way to do this deal' to 'what are the risks and if there are any doubts, let's not do it'.

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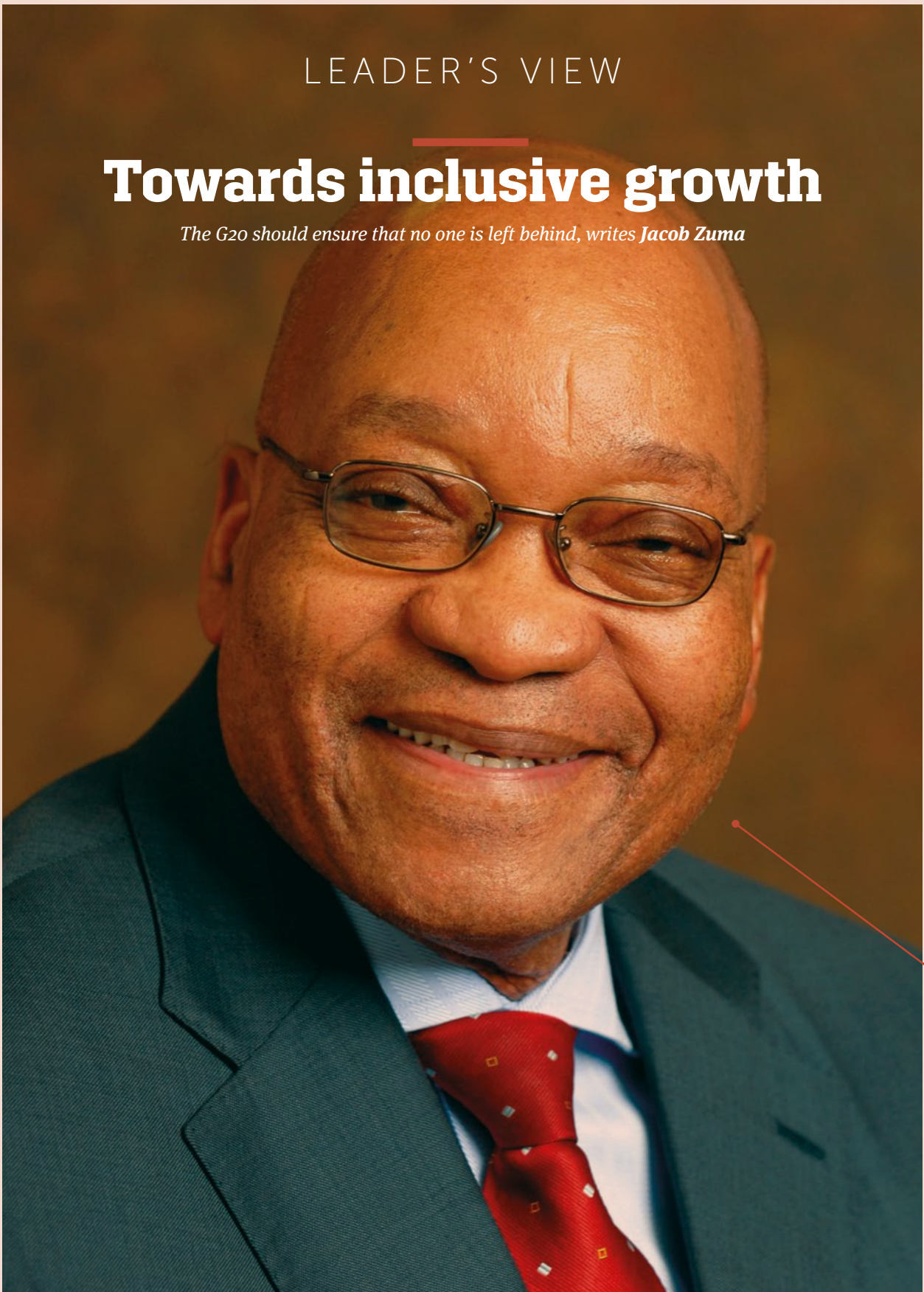
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LEADER'S VIEW

Towards inclusive growth

The G20 should ensure that no one is left behind, writes Jacob Zuma



The theme of the Germany's G20 presidency – 'Towards an Interconnected World' – recognises that our shared prosperity depends on our collective ability to ensure more inclusive development. Given the centrality and urgency to address the challenges of exclusivity and globalisation, the World Economic Forum Africa met in Durban with the theme of 'Achieving Inclusive Growth' on 3–5 May 2017. The importance of inclusive development is also contained in the Sustainable Development Goals (SDGs) adopted by world leaders at the United Nations in 2015.

The 2030 Agenda for Sustainable Development is therefore an important reference for the G20's development work. This transformative agenda provides a roadmap to guide the G20's efforts to deliver the means for implementing the SDGs. The global development agenda is also mirrored in the African Union's Agenda 2063.

Agenda 2063, together with the 2030 Agenda, is therefore the entry point for the G20's engagement with Africa: a people-centred, broad approach to economic growth to build more inclusive, resilient economies. Agenda 2063 presents a collective vision for the continent to become "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena" in 50 years. It seeks to provide a framework for Africa to address the urgent challenges it faces: unemployment, particularly youth unemployment; inequalities within economies; jobless economic growth; slow regional integration; and conflict and insecurity.

Ensuring the delivery of the means for implementation

The UN's review of the implementation of the commitments on Africa's development suggests that:

- more needs to be done to meet the continent's \$100 billion infrastructure financing need;
- the productive capacities and structural transformation of Africa's least-developed countries through industrialisation remain a challenge;
- funding challenges persist for peace operations and there is inadequate capacity to deal with illicit financial flows; and
- non-tariff barriers are increasing despite decreasing tariff rates.

The report points to the need to unleash Africa's potential. Building on the achievements of last year's Hangzhou Summit, the Hamburg update will provide a meaningful platform for ensuring that the international community's SDG commitments are delivered. The G20, bringing together the globe's leading economies, is well

The G20 must partner with Africa to take advantage of the immense opportunities that the continent possesses



Jacob Zuma
President, South Africa

placed to make sure the means of implementation are delivered in a timely and comprehensive manner.

Harnessing Africa's youth dividend

Given the important role of youth in Africa's development, AU leaders decided at their 2016 summit to devote their 2017 sessions to 'Harnessing the demographic dividend through the youth'.

Between 2015 and 2050 Africa's youth will almost double to 452 million. By 2050, half of Africa's population will be younger than 25. If properly harnessed, youth will determine the continent's development trajectory for the next 50 years and drive Agenda 2063. Harnessing that demographic dividend can be achieved through economic reforms that create jobs, investments in human capital and efficient governance. To derive maximum benefits at the national level, a coordinated approach and response are needed at the continental level.

Africa's rural and urban poor are particularly vulnerable to reduced agricultural production, worsening food security, increased incidence of flooding and drought because of climate change, spreading disease, and heightening risks of conflict over scarce land and water resources. This is particularly relevant given that the continent is most severely affected by the ravages of global environmental change, yet the least responsible for it. Correcting and preventing trade distortions in agricultural markets and strengthening capacity for adapting to climate change remain crucial enablers for Africa to make the most of its agricultural capacity.

Bridging the digital divide

For Africa to take advantage of the Fourth Industrial Revolution, our youth must have the skills to benefit from digitalisation. Failure to do so will increase unemployment and the dislocation of our youth. South Africa therefore welcomes the eSkills4Girls Initiative to bridge the gender gap and ensure that youth, girls in particular, are equipped to take advantage of the digital economy. More, however, must be done so that Africa is not left behind or further marginalised, by ensuring it develops the requisite infrastructure for information and communications technologies. Transfers of technology and skills are therefore critical enablers.

A rising Africa

The G20 must partner with Africa to take advantage of the immense opportunities the continent possesses. With more than a billion people and vast natural and human resources, Africa presents an important source of growth and development. But inclusive growth will remain elusive if Africa is not prioritised. Every effort must be made to fast-track regional integration of the continent and support its industrialisation to spur intraregional trade. The G20 can play an immense role in ensuring we deliver the SDGs' vision of "transforming our world" by providing the means of implementation to Africa and the developing world. And then we would all be able to deliver our collective commitment "to leave no one behind". **G20**

Enrique Peña Nieto
President, Mexico



LEADER'S VIEW

G20: unity for the greater good

*A more sustainable world economy is possible if the G20 focuses on trade, climate change and a compassionate approach to migration, writes **Enrique Peña Nieto***

At the outset of the global financial crisis, almost 10 years ago, the G20 was key to harnessing sufficient resolve and strength to ensure that developed and emerging economies came together to agree on a set of actions that revitalised the world economy. This mechanism was a victory of multilateralism and cooperation, and it proved we can succeed when we work together. It also showed that, given the nature of current global challenges, no country – no matter how big, powerful or influential it is – can effectively address them alone.

Today, we face again a complex – yet different – international scenario. As we meet in Hamburg, we must show the determination and commitment that characterise us. We must ensure that the G20 remains the leading forum for global economic governance. To do so, Mexico wholeheartedly supports the priorities of Germany's G20 presidency: building a stronger and more sustainable world economy and assuming greater global responsibility. My country has worked with its G20 partners on the following core priorities for the Hamburg summit:

Free, strong and rules-based trade

By continuously recognising free trade as an important engine for economic growth, the G20 has been firm in promoting open economies and opposing protectionist measures that have proven, time and again, to be harmful for all.

The G20 must restate its commitment to a free, strong, transparent and rules-based multilateral trade and financial systems. At the same time, the group must address the concerns of the social and productive sectors that feel they haven't benefited enough from globalisation and global trade.

Accordingly, Mexico will continue promoting macroeconomic policy coordination among G20 participants, in order to enhance inclusive economic growth. My country believes that investment in infrastructure is key to increasing employment and expanding the benefits of economic development in our countries.

A sustainable global economy

Representing 74 per cent of global greenhouse gas emissions, we, as G20 members, bear a great responsibility in building a more sustainable global economy. Therefore, it is crucial that the G20 upholds its pledge to fight against climate change and to accomplish the goals of the Paris Agreement.

A comprehensive approach to mobility

I'd like to acknowledge Germany's determination to include a sensitive, but extremely important, issue on the G20 agenda: the international movement of people. Mexico promotes a multidimensional approach to migration: it must be based on human rights, regardless of migratory status, shared responsibility and the recognition of migrants' contributions to the social and economic development of both their countries of origin and destination.

The G20 should continue to improve the governance of international human mobility by supporting the adoption in 2018 of the UN Global compact on safe, orderly and regular migration.

Leadership and unity in difficult times

As the saying goes, "In calm waters many captains are able. It is in a tempest when true leadership emerges." Thus, I acknowledge the vision and tenacity of German chancellor Angela Merkel, who is presiding over the G20 during challenging times. With the values that we share as the solid foundation for our partnership, Mexico stands ready to work with Germany, all G20 members, guest countries and international organisations, in a spirit of unity, to achieve long-term agreements that have humanity's best interests at heart. **G20**



PRESIDENCIAMX / ALAMY STOCK PHOTO

LEADER'S VIEW

Thinking global, acting local

Europe stands with the G20 to confront the legitimate concerns of its citizens and ensure the global world delivers for all, writes Jean-Claude Juncker

Since we last met, in China in September 2016, the case for global cooperation and open societies has become more compelling and more urgent than ever. Whether it be climate change, sustainable development, migration, trade, tax evasion, cybersecurity or global economic growth, the challenges as well as the solutions are global in nature.

Yet the last year has also seen a rise in those questioning whether a global system works for them. Advocates for protectionist, nationalist policies have gained traction in elections across the world by proposing to pull up the drawbridge on globalisation. Reversing what we have done together is not an option. But neither can we ignore the legitimate concerns of those affected by a more global world.

The European Union will continue standing for a global economy that is open, transparent, fair and governed by clear rules. Our trade agreement with Canada exemplifies that. It is our most progressive deal and sets the international standard by taking people and the environment fully into account. Our negotiations with Japan over a trade agreement follow the same principle.

The economics make sense for Europe: a third of our national income comes from trade with the rest of the world. It is a no-brainer to work with G20 countries, who account for 85 per cent of the gross world product, 80 per cent of world trade and two thirds of the world population.

We see the opportunities this provides for people everywhere. Students can follow academic courses from the world's best universities regardless of where they live. Businesses can exploit economies of scale in global markets. Scientists can exchange ideas, pushing each other to innovate and find breakthroughs on health, climate or the environment.

This has helped lift hundreds of millions of people out of poverty and enabled poorer countries to catch up. It has helped increase stability, democracy and peace across the world.

But we must also recognise that it has caused apprehension and upheaval for many. It has meant job losses as factories close in areas that were manufacturing heartlands for generations. Some are concerned about standards lowering, and others see an open world as responsible for the erosion of long-held traditions and cultures.

We need to listen to these concerns

In Hamburg, the European Union will push for an open debate on how to harness and shape globalisation so it benefits all. We must train, support and protect workers throughout their careers and invest in social inclusion. We must empower our regions and defend our industries from unfair trading practices.

That is why we propose to modernise the EU's trade defence instruments to ensure our industries can compete. It is why we propose the European Pillar of Social Rights to ensure that our labour markets are fair and our social protection is sustainable and effective.

This is also why we need to build on the work done by the EU's European Globalisation Adjustment Fund. Since 2007, it has helped 140,000 laid-off workers in the EU find work or start their own business by helping them in their job search, providing advice, retraining, mentoring and coaching.

Our recent reflection paper on harnessing globalisation opens the debate on how we can do that in a way that is fair for all. Part of our strategy is to continue working closely with our G20 partners so our economies thrive, our world becomes more sustainable, and our values of openness, fairness and tolerance are upheld.

The G20 has come so far together. We can't afford to turn back. But, as a group, we must confront the legitimate concerns of our citizens and ensure the global world delivers for all. The debate must make us stronger and better equipped to do just that. **G20**

Jean-Claude Juncker
President, European Commission



Summit



Elected



Emmanuel Macron
President, France



Summit



Elected

LEADER'S VIEW

I shall fight against division

*Domestically, my responsibility is to bring every woman and man together, ready to confront the immense challenges awaiting us, writes **Emmanuel Macron***

Europe moves forward only when we achieve a common impetus, when we convince our partners, when we create positive consensus, and when we get away from the deadly dilemma of the unnecessary inefficient talk on the one side, and on the other side, of the solitary jibes. I believe in the common construction, in the capacity to convince and in creating a collective project to move forward. And this is Europe. This is its salt. This is what we must regain.

From a speech made on 23 June 2017

Our civilisation is at stake, our way of living, of being free, of promoting our values, our common enterprises and our hopes... France will be active and mindful of peace, of the balance of power, of international cooperation, of respect for the commitments made on development and the fight against global warming... France will be at the forefront of the fight against terrorism, both on its soil and in international action. However long this battle lasts, we will fight it without growing weak.

During the five years ahead, my responsibility will be to allay fears, restore our sense of optimism and rediscover a spirit of conquest, which embodies the French spirit better than anything.

My responsibility will be to bring every woman and man together, ready to confront the immense challenges awaiting us, and to act.

Some of these challenges are opportunities, such as the digital revolution, the ecological transition, Europe's recovery. Others are threats, such as terrorism. With all my strength I shall fight against the division which undermines and weakens us. This is how we'll be able to give back to the French people, to every one of you in your professional, private and family lives, the opportunities France owes them...

*From a speech after his election, 8 May 2017. **G20***





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Recep Tayyip Erdoğan
President, Turkey



Elected

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LEADER'S VIEW

Turkey is enhancing cooperation with Africa

*We must address the needs of the global community beyond our membership, especially the needs of developing countries, writes **Recep Tayyip Erdogan***

Global peace and stability are key for a robust global economy. At the Antalya Summit I hosted in 2015, we held detailed consultations on countering terrorist activities. I welcome this issue as a fundamental part of the G20 agenda since then. The G20's support for international efforts in the fight against terrorism is crucial.

For more than 30 years, Turkey has been fighting separatist terrorism and has been exposed to the attacks of ferocious organisations such as Daesh, PKK and the Fethullah Terrorist Organisation. We are familiar with and deeply feel the sorrow that terrorism brings. Terrorism is a common problem for the world and the shared enemy of all humanity. Eliminating the risks posed by terrorism will prevent associated economic costs, which will improve the resilience of our economies.

The G20 continues to address forced displacement and migration issues caused by armed conflict and political crises. As the leader of a country hosting more than three million refugees, I do not support the approach of addressing migration from only a security perspective. We should not underestimate the economic, social, legal and humanitarian aspects of displacement and migration. Therefore, the G20's efforts to integrate migrants and forcibly displaced people into job markets and financial systems are very relevant. To solve this humanitarian problem, each country should share the burden. In fact, migration and forced displacement are structural issues, and we need to take bold steps to address them.

To do so, our overarching objective should be to eliminate the root causes.

Preventing economic crises is as important as containing their effects and restoring a path to robust growth. Enhancing the resilience of our economies against domestic and external shocks will help us achieve strong, sustainable, balanced and inclusive growth individually and collectively.

As we implement policies to enhance the resilience of our economies, we need to be vigilant about global spillovers. Trade and investment, major drivers of growth, have already lost momentum since the crisis. Our main objective should be to avoid protectionism.

The G20 is not just a platform for policy discussions. The main pillar of its success is its vision to address long-term economic challenges. Studies on innovation and digitalisation – key to the future of our economy – are on point. Today's rapid technological transformation continues to affect every aspect of people's lives from employment to income distribution. We should address this transformation with a focus on enhancing the well-being of all humanity. These efforts should also align with our ambition to reduce technological divides among countries.

The G20 must address the needs of the broader global community beyond its membership, especially the needs of developing countries. Implementing the 2030 Agenda for Sustainable Development is especially important. Turkey, providing humanitarian and development assistance to more than 140 countries and one of the world's most generous donors, will continue to strongly support development efforts through both the United Nations and the G20.

The G20 Africa Partnership is a critical step. Safeguarding political and economic stability in Africa while improving the investment climate is the key to ensuring sustainable economic growth. With a win-win perspective and mutual respect, Turkey is enhancing our cooperation with Africa in all spheres. We support Africa with development-focused humanitarian assistance.

The G20 is the central consultative mechanism for ensuring global economic coordination and increasing the resilience of our economies against risk. The consensus-based decisions of the G20 and the policies we implement will guide the actions of global stakeholders. This spirit of cooperation and solidarity will continue to generate significant gains for global economic and political stability. I am confident that the Hamburg Summit will be a great success. **G20**

LEADER'S VIEW

A bright spot in the economic landscape

Over the last three years, out of all the major economies India's has been the fastest-growing, writes Narendra Modi

Narendra Modi
Prime Minister, India

India remains a bright spot in the subdued economic landscape across the world.

India has emerged as the fastest-growing major economy over the last three years, with GDP growth rate of over seven per cent.

We have moved up 32 places in last two years in the Global Competitiveness Index of the World Economic Forum – this is the highest for any country.

India also moved up 19 places on the 2016 Logistics Performance Index of the World Bank.

We have also moved up 16 places on the Global Innovation Index of WIPO in 2016.

We are third among the top 10 FDI destinations listed by UNCTAD.

We are moving fast towards becoming a digital economy.

GST is among the most historic reforms India has ever done – and it is going to be implemented from next month.

In the last two years, we have moved towards a low-tax regime both on the personal as well as the corporate side.

We have lowered the corporate-tax rate from 30 per cent to 25 per cent, particularly for new investments and smaller ventures.

New laws and institutions for bankruptcy and insolvency as well as IPR and arbitration are now in place.

More than 7,000 reforms have been implemented on the ease-of-doing-business front.

Thirty-six white industries have been taken out from the requirement of environmental clearance.

Similarly, more than 50 items have been taken out of the defence list.

Customs clearance has been made 24–7 at 19 ports and at 17 air cargo complexes.

Power connection is provided within a time frame of 15 days.

India's ranking is now up by 111 places on the 'Getting Electricity' parameter of the World Bank.

Now, India has one of the most liberal FDI Policy regimes in the world. More than 90 per cent of the foreign investment flows are under automatic route... Our FDI outlook has been ranked highly positive by various international agencies.

There has also been tremendous growth in the FDI inflows in the last three years and it reached \$60 billion in 2016-17.

Speech to the Indo-German Business Summit, Berlin, 30 May 2017. G20



Summit



Elected



India: adopting the Green Economy for low-carbon, sustainable and inclusive growth

India's environmental goals are to implement the Prime Minister's vision of low-carbon, sustainable and inclusive growth, with clearly defined mitigation targets, namely a reduction in emissions intensity of GDP, additions to renewable energy capacity and an increase in carbon sinks. Furthermore, adaptation measures encourage a sustainable lifestyle based on moderation and conservation. These are articulated in national (and state) level Action Plans on Climate Change, which encompass: sustainable habitats; waste management; water use efficiency; ecologically sustainable and climate-resilient agriculture; safeguarding the Himalayan glaciers and mountain ecosystem; etc.

India's Green Economy

The Green Economy is founded on the principles of environmental protection, climate action, resource efficiency and collaborative partnerships among communities and between countries, to bring ecological, rather than purely economic, considerations to growth. An Indian initiative,



K. Krishan
Chairman
CVC
Biorefineries
& Chairman
Skills Council
for Green Jobs

International Solar Alliance, is just one example of a successful collaborative partnership.

Renewable electricity

Scaling up renewable power generation capacity to 40% of installed capacity is the backbone of India's climate mitigation effort. Innovation is being stimulated to make solar and wind power competitive, not only at the point of generation but also the cost of delivery, through demand-side management, energy storage, and the adoption of 'smart' transmission and distribution technologies.

Resource efficiency, encompassing land, water and waste

Efficiency of resources in cities as well as villages would be an integral element of a "circular economy". Reduction in carbon emissions by 33-35% and creating a carbon sink of 2.5 to 3 billion tonnes of CO₂ equivalent are tangible commitments made by India at the Paris Agreement. This involves efficient use of arable/forest land (including low water, intensive crops and agro-forestry) and water and waste management in urban agglomerates as well as farms. Implementation under the Green Economy framework will stimulate growth of MSMEs and create tens of millions of green jobs, on a pan-India basis.

Green business opportunity: water management

India has 118 million farm households, owning 141 million hectares of arable land (nearly 200 million hectares of gross cropped land) and 300 million bovine animals. Based on a forecast of an urban population of 540 million by 2030, sewage treatment would be 50 billion litres/day and annual potable water demand would be 6 bcm. Adopting a decentralised architecture of water management will open up huge green business opportunities in watershed management and micro-irrigation, sewage treatment and reuse, rain water harvesting, etc.

Green business opportunity: farm waste management

As per the Skills Council for Green Jobs Study, the annual generation of agriculture residues and manure in India will, by 2030, be over 2 billion tonnes and the surplus is estimated to be over 450 million tonnes, dry matter. This is a large resource that could be processed, deploying advanced bio-technologies, to enhance energy access as well as to mitigate environmental/health hazards and GHG emissions.

Agricultural residues can be processed into cellulosic ethanol, bio-BNG, pellets and compost, thereby mitigating particulate emissions (from burning crop stubble in fields) as well as enhancing energy access and the incomes of farm households. Cattle and poultry manure can be processed into biogas (for peak power) or Bio-CNG (as LPG and gasoline replacement), with compost as a by-product, thus meeting energy as well as the soil

GREEN BUSINESSES – KEY SECTORS



SCGJ

SKILL COUNCIL FOR GREEN JOBS

ISO 9001 : 2015 Certified

Green Jobs requirement is on pan India basis, to meet Sustainable Development & Inclusive Growth Objectives

RENEWABLE POWER/ FUELS



Solar (PV, Thermal) + Storage



Wind



Hydro



Biomass Power/ Cogen + CHP Units



Biofuels & Biogas

ENVIRONMENT, FORESTS & CLIMATE CHANGE



Solid Waste Management
Municipal
Agricultural & Animal Husbandry



Water Management
Sewage Treatment & Re-use
Rain Water harvesting & Micro-irrigation



E-Waste Management



Carbon sinks: TBO Oilseeds, under Agro-Forestry + Plantation mode



Clean Cook Stoves

SUSTAINABLE LIFESTYLES



Green Construction
Green Buildings
Green Campuses



Green Transportation
Electric Vehicles
Bio Fuels / Bio -CNG vehicles

fertility needs of farm households. Millions of jobs would be created in agri-residue collection, aggregating and preprocessing as well as in manure management systems.

Green business opportunity: enhancing villages' energy access

Inclusive growth is at the heart of India's development agenda and was succinctly expressed in the Prime Minister's clarion call of "Sabka Saath, SabkaVikas" ("Collective Efforts, Inclusive Growth"). This has manifested in the form of massive programmes to provide 24-7 electricity and clean cooking in villages, a successful initiative that has received global accolades.

Solar energy, LED lighting and LPG cooking are key elements of these programmes, opening up other green business opportunities. Solar needs to be stored to meet the evening peak demand from households and micro enterprises in villages. Likewise, with the rapid penetration of LPG cooking in villages, consumer demand has emerged for a second clean cooking solution, eg pellets and ethanol/methanol stoves.

Modular, manure-based biogas plants would meet the evening peak power needs of the grid and, during the day, supply power to allied production units (compost, pellets, ethanol/methanol canisters



Inclusive growth is at the heart of India's development agenda



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refilling). Plant construction risks can be mitigated by adopting prefab design (with long-life materials).

Skills Council for Green Jobs

The Skills Council for Green Jobs (SCGJ) is an industry-driven organization promoted by the Ministry of New and Renewable Energy and the Confederation of Indian Industry, as per mandate of Ministry of Skill Development and Entrepreneurship.

SCGJ's scope covers the entire gamut of green businesses, namely renewable energy, energy storage, clean cook stoves, carbon sinks, green construction, green transport, solid waste management, water management and e-waste management, which impact every single urban and rural household in India.

SCGJ is focused on entrepreneurship development, in order to catalyse growth in MSME sectors, along with local jobs creation and achievement of UN Sustainable Development Goals.

CVC Biorefineries Pvt Ltd

CVC's mission is to deploy advanced biotechnologies, which are already successfully commercialized, to address our national priorities of a reduction in oil and gas imports, thereby mitigating environmental pollution and GHG emissions, along with creating jobs and wealth in rural areas.

LEADERS' VIEWS

Asia, Europe and America

These leaders' and guest leaders' views were adapted from various speeches, bilaterals and interviews that reflect their opinions regarding the work of the G20



Shinzo Abe Japan

The Abenomics economic policies... are strongly advancing the exit from deflation and growth of the economy, and... we are firmly working to create a society in which there are plenty of jobs available for those who want to work... The ratio of job offers to job seekers has reached 1.0 or above in all 47 prefectures for the first time in history... I have set the next pillar of the Abe administration as "personnel development reforms"... I believe that the ideas and strengths of everyone... in business environments will truly result in improved productivity throughout the whole of Japan...

Remarks made to the Council on the Promotion of the National Movement to Improve Productivity, 21 June 2017



Donald Trump

United States of America



Summit

Our foreign policy calls for a direct, robust and meaningful engagement with the world. It is American leadership based on vital security interests that we share with our allies across the globe...

We will respect historic institutions, but we will also respect the sovereign rights of nations.

Free nations are the best vehicle for expressing the will of the people – and America respects the right of all nations to chart their own path. We must learn from the mistakes of the past – we have seen the war and destruction that have raged across our world. The only long-term solution for these humanitarian disasters is to create the conditions where displaced persons can safely return home and begin the long process of rebuilding. America is willing to find new friends, and to forge new partnerships, where shared interests align.

We want peace, wherever peace can be found. America is friends today with former enemies. Some of our closest allies, decades ago, fought on the opposite side of these world wars. This history should give us all faith in the possibilities for a better world ...

Remarks in a Joint Address to Congress, 28 February 2017



Theresa May

United Kingdom



Summit

We are going to be a confident country that is in control of its own destiny once again. And it is because of that that we will be in a position to act in this global role. Because a country in control of its destiny is more, not less, able to play a full role in underpinning and strengthening the multilateral rules-based system...

A global Britain is no less British because we are a hub for foreign investment... Britain is no less British because it is home to people from around the world. In fact, we derive so much of our strength from our diversity – we are a multiracial, multi-ethnic, multi-faith democracy, and we're proud of it.

And Britain is no less British because we have led the way in multilateral organisations like the UN, NATO, IMF and the World Bank over many years. Membership of these bodies magnifies all their members' ability to advance the common goods of peace, prosperity and security.

I believe strongly in a rules-based global order. The establishment of the institutions that give effect to it in the mid 20th century was a crucial foundation for much of the growing peace and prosperity the world has enjoyed since. And the tragic history of the first half of the last century reminds us of the cost of those institutions' absence... We must uphold the institutions that enable the nations of the world to work together. And we must continue to promote international cooperation wherever we can ...

International cooperation is vital. But we must never forget that our first responsibility as governments is to serve the people. And it is my firm belief that we – as governments, international institutions, businesses and individuals – need to do more to respond to the concerns of those who feel that the modern world has left them behind.

Speech to the World Economic Forum in Davos, 19 January 2017



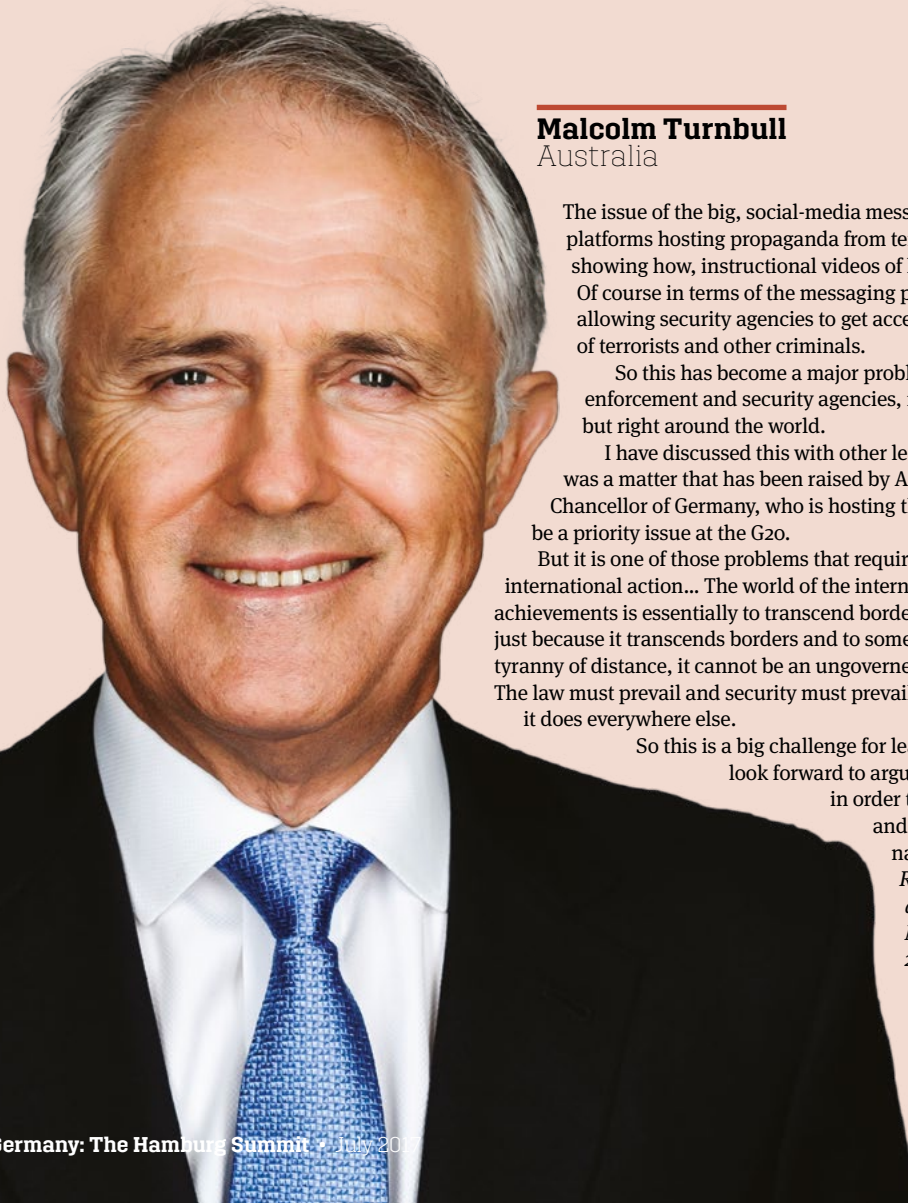
LEADERS' VIEWS

Asia Pacific and Eurasia

These leaders' and guest leaders' views were adapted from various speeches, bilaterals and interviews that reflect their opinions regarding the work of the G20



Summit



Malcolm Turnbull
Australia

The issue of the big, social-media messaging and web platforms hosting propaganda from terrorists. Even videos, showing how, instructional videos of how to make bombs. Of course in terms of the messaging platforms, not allowing security agencies to get access to the messages of terrorists and other criminals.

So this has become a major problem for our law enforcement and security agencies, not just in Australia but right around the world.

I have discussed this with other leaders. I know it was a matter that has been raised by Angela Merkel, the Chancellor of Germany, who is hosting the G20 and it will be a priority issue at the G20.

But it is one of those problems that requires concerted international action... The world of the internet — one of its great achievements is essentially to transcend borders — but equally, just because it transcends borders and to some extent abolishes the tyranny of distance, it cannot be an ungoverned space. The law must prevail and security must prevail on the internet as it does everywhere else.

So this is a big challenge for leaders at the G20 and I look forward to arguing that case strongly in order to protect our citizens and citizens of every other nation...

Remarks made at a press conference, Melbourne, 26 June 2017



Summit



Joko Widodo

Indonesia

Regarding Indonesia's commitment to join 101 countries in the Automatic Exchange of Information, I demand that this should be a momentum to reform our financial information systems, particularly to improve our tax information system. This is indeed a momentum to build a more comprehensive, more integrative and stronger database as well as tax administration, which will help us to increase tax rate, promote voluntary tax compliance, and prevent tax avoidance and evasion.

We have to strive to increase our tax rate so it can fund priority programmes, particularly poverty alleviation, economic equality and job creation.

Regarding Indonesia's plan to host the 2018 Annual Meetings of the International Monetary Fund and the World Bank, ... the meeting can be a momentum to show the world that Indonesia's economy still grows amidst the global economic slowdown. We use [that momentum] to show the progress we have achieved ...

Remarks at a meeting on the implementation of automatic exchange of information, Jakarta, 22 February 2017

Vladimir Putin

Russia



Summit

Only by combining our efforts will we be able to overcome current imbalances, move towards sustainable global economic development, formulate rules for fair trade and honest competition, reduce poverty, solve acute social issues and deal with major challenges such as terrorism, regional conflicts and the proliferation of nationalism and xenophobia.

We... have already come face to face with formidable challenges to our civilisation. The environmental burden on the planet is growing due to human impact and natural processes...

New technologies are changing our way of life, leading to new industries and professions and opening up new development opportunities. However, they are also creating new threats...

An entirely new, flexible regulatory foundation [is needed] for introducing digital technology in all areas of life. Importantly, all decisions must be made with due account of the need to ensure information security for the state, businesses and citizens.

Secondly, the state will support those companies that bring with them developments and competencies in digital technology and have a ... crossover, intersectoral impact – processing and analysis of big data, artificial intelligence and neurotechnology, and virtual and augmented reality technology, to name a few.

Thirdly, we will build support infrastructure for the digital economy, including secure communications lines and data processing centres with the participation of the state and business.

Fourthly, we intend to increase many times over the number of graduates specialising in the digital economy. In effect, we will have to ... achieve universal digital literacy. To do this, it is necessary to dramatically improve the educational system at all levels – from schools to universities. And, of course, we should launch training programmes for people of all ages.

Remarks at the St Petersburg International Economic Forum, 2 June 2017



Michel Temer
President, Brazil



Summit



Elected



DIEGO DEAA

GUEST'S VIEW

Brazil in the G20: responsibility and openness

Brazil defends a G20 that, without replacing other forums, contributes to advancing multilateral negotiations, writes Michel Temer

Brazil will arrive for the G20 summit in a time of profound internal changes: we are moving forward with the most ambitious agenda of reforms the country has seen in the past two decades. An agenda that, following the worst economic crisis in Brazilian history, brings back growth and employment.

We have been applying tested remedies, always through dialogue with Congress and society. Our fundamental principle is that of responsibility in managing government finances, with efficiency in the use of taxpayer money.

We have passed a constitutional amendment to control public expenditure. We are pushing forward an update of our pension system. This attitude of fiscal responsibility is a precondition for the recovery of confidence, investments and jobs. It is a precondition for ensuring the budgetary space needed for indispensable poverty eradication policies.

Our agenda of reforms also focuses on increasing the competitiveness of the economy. We are consolidating more rational and predictable regulatory frameworks and adjusting labour laws to the reality of our time. We are modernising the business environment making it simpler and more agile, particularly to the benefit of small- and medium-sized businesses.

The results are already there. Inflation is again under control. We have created room for the consistent reduction of interest rates. Economic recession is behind us: after two years of contraction, the economy is growing again.

One of the key elements of our agenda is a greater integration in the international economy. We know that the path to development requires a more competitive participation in global flows of trade and investment. This is why we have renewed our engagement in the negotiation of the Mercosur–EU trade deal, and opened new negotiating fronts. This is also why we have formally requested accession to the Organisation for Economic Co-operation and Development.

In different quarters, too many people are excluded from the full benefits of globalisation

— and they have demands that must be met. It is in responsibility and openness that we find the key to more prosperous and less unequal societies. This is the spirit we will favour in Hamburg. Under the German presidency, we will explore new ways to foster investment and to prepare our countries for the changing realities in the global economy. This is essential for growth and employment. For Brazil and so many other countries, from the G20 and beyond, it will be equally important to place emphasis on agricultural trade, a sector still subject to distortions harming many developing economies.

Brazil defends a G20 that, without replacing other forums, contributes to advancing multilateral negotiations. A G20 that strengthens the multilateral trading system, one that works for the success of the World Trade Organization's ministerial conference in Buenos Aires in December 2017. The fact is that a solid multilateral system is the best instrument to contain protectionist tendencies that jeopardise global economic dynamism.

We seek not just any growth – but growth in keeping with the protection of the environment and the creation of opportunities for all. We're pursuing sustainable development in three dimensions: economic, social and environmental.

It is with the same sense of urgency that we reaffirm our commitment to the Paris Agreement. Brazil has defined an ambitious and achievable national goal. The G20 plays a role in preserving the international regime on climate change, always observing the principle of common but differentiated responsibilities. The G20 also has a role to play in ensuring progress in adaptation, technology transfer and financing.

The current and crucial issues before us transcend national borders and test our ability to act together. More than ever, the G20 can help us find answers that reconcile legitimacy and effectiveness — answers that, as we all know, cannot be taken for granted. They depend on each one of the members of the group, on their clarity on the way forward, on their willingness to cooperate. That is what is expected of us. **G20**

Spotlight on Germany

“
**We must solve this
problem together,
so that we don't
have a situation
where one country
wreaks damage on
other countries**

”
Angela Merkel

Chancellor, Germany, G20 hosts

Wolfgang Schäuble

Federal Minister of Finance, Germany



SPOTLIGHT ON GERMANY

The opportunities and risks of globalisation

*If we are to increase global prosperity, we have to balance the opportunities and risks of globalisation and digitalisation, writes **Wolfgang Schäuble***

Globalisation and digitalisation mean that we are more connected and more dependent upon each other today than at any other time in our history. They offer great opportunity, but – if not managed correctly – can also pose great risk. If we are to increase global prosperity, we have to balance these opportunities and risks. This is the overriding focus of Germany's G20 presidency in 2017. In the finance track, we are focusing on three key areas: enhancing the resilience of our economies; improving investment conditions, especially in Africa; and shaping digitalisation.

The world is still feeling the effects of the last financial crisis, and we cannot exclude the possibility of future turbulence. Global debt has risen to historical highs, which hampers the ability of many countries to respond to any future crisis. It is crucial that we increase the resilience of our economies, and that we build buffers to absorb any future shocks. This is why, at our meeting in Baden-Baden in March this year, we agreed on principles as a basis for national measures to make our economies more resilient.

Compact with Africa

Shaping globalisation also means improving investment opportunities, especially in Africa. Together with our African partners we want to help make private investment in Africa more attractive by creating a more secure and predictable environment and by reducing the barriers to investment. The aim of our Compact with Africa in the finance track is to boost growth and jobs, promote inclusion and give people economic perspectives in their home countries. Our initiative has received a very positive response, with seven African countries joining so far. It builds on the individual responsibility of the participating African countries to determine the areas in which they intend to reform in order to improve the framework conditions for private investment. Within the framework of the compact,

and together with international financial institutions and bilateral partner countries, the compact countries determine how best to implement the priority actions.

The third focus is on the opportunities and challenges to the financial sector from digitalisation. Digital innovation improves efficiency, supports growth and enhances global financial inclusion. We can reap huge benefits if we embrace the full potential of digital finance. But there are also risks that need to be addressed. This is why, among other things, we have initiated work on cybersecurity in the financial sector.

Financial market regulation

We hope to build on the progress so far at the coming summit in Hamburg. Despite some occasional differences in opinion, the G20 process is effective and works well. The G20 has proven successful as a forum for global governance precisely because it allows for differing views, while still keeping the channels of dialogue open. This spirit of cooperation and trust has been clearly underlined in our meetings thus far. We have agreed that what we have decided on financial market regulation must now be implemented. We will proceed with our G20 tax agenda, which to date has been very successful. And we have advanced a number of issues in other areas on the G20 agenda, such as improving the international financial architecture, combating the financing of terrorism, improving the environment for remittances and work on green finance.

Global governance

Effective global governance is essential if we want to master the challenges facing us in the years to come. It is only by acting together – to build a stable order in an open world with fair and reliable rules – that we can shape globalisation for the better. Germany is strongly committed – during its presidency and beyond – to working together to make the world a fairer, more stable, more prosperous place for all. **G20**

MAZARS

The German Mittelstand

A sustainable business model in transition

Few companies are founded with a clear sense of sustainable business practices, but for more than three million private, family-owned German companies classified as Mittelstands, their long-term approach to business, and their deep connection and engagement with employees and customers have not only helped them to thrive, but also embody some of the key drivers of a successful corporate social responsibility (CSR) strategy that many multinational companies currently strive for. But have we reached a point of transition?

More recently, CSR has grown in importance from a well-intentioned silo to a strategic priority for companies, as the role business plays in supporting a more sustainable future gathers pace. But how CSR is both understood and implemented differs considerably between companies and countries, with varying degrees of success. There are a number of reasons for this. Firstly, CSR is a broad-ranging concept that addresses topics such as working conditions, the environment, human rights, as well as contributions towards societal and economic development. Many companies that struggle to define core values and adopt a strong corporate culture into their business structure often find it difficult to implement a connected CSR strategy. Others approach CSR in an ad hoc manner resulting in monitoring and reporting gaps. For many multinational companies there is also the short-term financial pressure of increasing the value of the business while at the same time implementing a meaningful CSR strategy.

Family values

German Mittelstands come from a different starting point. As the majority are private, family-owned companies they are anchored to the values of the founding family, which gives them a strong sense of their corporate culture and a long-term focus that aims to maximise value across the generations, rather than having to consider the short-term performance demands of external stakeholders. The fact that they

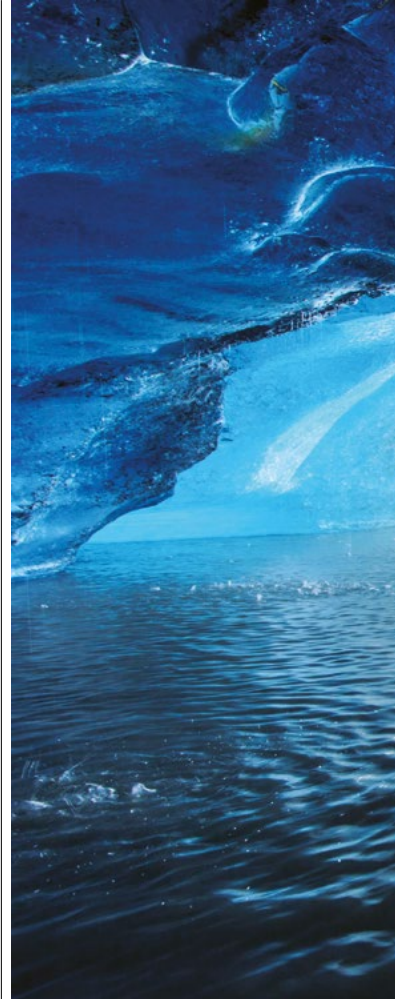
tend to remain locally based and play an active role within the community also means they integrate social and environmental concerns into their business model voluntarily. It's a corporate ethos that displays a level of responsibility and personal accountability that has allowed Mittelstands to withstand a number of economic crises. Indeed, for generations the German Mittelstand has fostered and enabled specific sustainable development goals of Decent Work & Economic Growth, objectives that are in line with the Sustainable Development Goals (SDGs) proposed by the United Nations.

As a business model, Mittelstands have not only enjoyed a great deal of individual corporate success but are a major contributor to Germany's status as an economic powerhouse. It's a success story that validates the concept that having a strong sense of corporate social responsibility is not only good business practice but an enabler of financial success. Central to this concept is the Mittelstands' focus on the long-term, where understanding customer needs, product quality, innovation and consideration of societal and environmental issues are considered more important indicators of success than focusing solely on profits. It's a strategy that is, of course, much easier to accomplish without the demands of external stakeholders and quarterly returns. But achieving a more forward looking, long-term approach as demonstrated by the German Mittelstand is one that many CEOs of multinationals now see as the route to a more sustainable and financially successful business.

Evolving benchmarks

Yet with real benchmarks on issues of corporate social responsibility already beginning to evolve, measurable actions need to be in place, irrespective of whether a company has a long- or short-term business focus. Increasingly, capital costs are influenced by CSR factors, with each risk having to be identified, controlled and translated into a CSR framework part of an integrated cost process now on the agenda of CFOs. It's a task requiring serious

Mittelstands are a major contributor to Germany's status as an economic powerhouse



Dr Christoph Regierer
Member
of the
Executive
Board
Mazars



resolve which many of the smaller family-owned Mittelstands that rely on an informal approach to internal and external reporting will struggle to implement. The task becomes more intense for Mittelstands with international operations in developing countries where standard CSR metrics are neither appropriate nor possible, because of a lack of transparency in the supply chain and an opaque regulatory structure. In such circumstances, strict, formal reporting on the wider supply chain and human rights is crucial.

Learning from Mittelstands

Integrating CSR factors into corporate structures presents challenges. At the moment, regulatory requirements favour large multinationals that, unlike many Mittelstands, have the capability to leverage their size and financial power to meet requirements, even if they sometimes lack conviction. In order to encourage broader and deeper engagement in CSR, it's important that the industry lobbies for worldwide

regulators to consider a more flexible approach to CSR reporting based on scalability. For now, Mittelstands need to focus on adopting workable structures that enable them to comply with current CSR standards. Applying a formal overlay to the SDGs proposed by the UN is a good starting point.

Although Mittelstands may lack experience in formally integrating and reporting on CSR standards, their history of family values, social responsibility and long-term focus give them strong foundations to build on. Partnering with like-minded experts to implement a formal reporting strategy is more achievable than having to reset a company's moral compass or instigating a sustainable corporate culture from scratch. In this respect, the Mittelstand remains a blueprint for sustainability that other countries can learn from. Mittelstands that successfully transition to cope with the increased importance of CSR reporting will not only be in a position of strength, but offer a positive and relevant example of what a sustainable business can look like.

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KEY TAKEAWAYS



Never has a G20 summit had such stark divisions among its leading members

The first of three agenda pillars at the G20 summit will be Building Resilience

Prospects for Hamburg

G20 leaders will face a wide range of urgent global issues, writes **John Kirton**

John Kirton is Co-director of the G20 Research Group, Director of the G7 Research Group, and Co-director of the BRICS Research Group and the Global Health Diplomacy Program, all based at Trinity College and the Munk School of Global Affairs at the University of Toronto, where he is a professor of political science and director of the International Relations Program. He is also a Non-Resident Senior Fellow at the Chongyang Institute for Financial Studies at Renmin University of China and author of China's G20 Leadership.

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The 12th G20 summit, taking place in Hamburg, Germany on 7 and 8 July 2017, will be an unusually important event. It is the first G20 summit hosted by Germany, the fourth-ranked economic power in the world. Its chair, German Chancellor Angela Merkel, is the most experienced G20 leader, has been in office since 2005 and is the only G20 leader to have attended every G20 summit since its start in 2008. It will be the first G20 summit chaired and hosted by a former environment minister, professional scientist and woman, at a time when climate change, science and technology and women's issues stand out. It will take place a few months before she faces a general election. It will feature her global leadership on key issues, above all climate change control and openness in trade and migration, where she stands opposed to a newly elected, internationally inexperienced US president attached to the opposite approach. Never before has a G20 summit faced such stark divisions among its leading members on the summit's eve.

Old hands and new faces

The US President Donald Trump will arrive in Hamburg having just withdrawn the United States from the historic 2015 Paris Climate Change Agreement. Other newcomers are France's Emmanuel Macron, with a strong, fresh electoral mandate, Italy's Paolo Gentiloni who hosted the successful G7 Taormina Summit in Sicily in May, and South Korea's Moon Jae-in. It will be the second summit for Britain's electorally weakened Theresa May, Argentina's Mauricio Macri, Brazil's Michel Temer and Saudi Arabia's Salman bin Abdulaziz Al Saud, and the third for Canada's Justin Trudeau as well as Donald Tusk, President of the EU's European Council. The veterans will be India's Narendra

Modi and Indonesia's Joko Widodo at their fourth, Japan's Shinz Abe and Mexico's Enrique Pena Nieto at their fifth, Russia's Vladimir Putin at his sixth, and South Africa's Jacob Zuma at his tenth, as well as Turkey's Recep Tayyip Erdogan, who's at his eleventh.



Hamburg will bring a diminution and delay – not a durable decline or disappearance – of the G20's effectiveness



The second of the three agenda pillars addresses Improving Sustainability

The final agenda pillar under discussion at Hamburg is Assuming Responsibility

Agenda items

Germany will further seek to mobilise the work of the G20's six ministerial forums, seven engagement groups from business, labour, think tanks, science, youth, civil society and women, invited guest leaders from Spain, the Netherlands, Norway, Singapore and the chair of the Asia-Pacific Economic Cooperation and the heads of major multilateral organisations. To counter popular antiglobalisation sentiment, it will seek to communicate convincingly how the G20 works for the benefit of all.

At Hamburg G20 leaders will confront a broad range of pressing global challenges, arranged under three agenda pillars. The first pillar, Building Resilience, contains the world economy, trade and investment, employment, financial markets and international financial architecture, and international tax cooperation. The second pillar, Improving Sustainability, includes climate and energy, the 2030 Agenda on Sustainable Development, digitalisation, global health and women's empowerment. The third pillar, Assuming Responsibility, covers tackling the causes of displacement, partnership with Africa, fighting terrorism, anticorruption, and agriculture and food security.

In all, Hamburg is likely to be a summit of solid success. It will advance agreement on terrorism, anticorruption and macroeconomic growth, employment,

John Kirton

Co-director
G20 Research Group



tax, women's economic empowerment and, perhaps, health and Africa. Given the large differences between Donald Trump and most other leaders, little will be done on trade and investment, financial regulation, digitalisation, migration, food, sustainability and, above all, on the central, compelling threat of climate change.

G20 effectiveness underlined

This two-speed performance will be driven by the unifying shocks of the recent deadly terrorist attacks in the UK, and American memories of 11 September 2001, and also the failure of the multilateral organisations of the UN to control or prevent such threats. The rising relative capabilities of China, India, Germany and France and their leaders' high domestic political control and popularity will propel cooperation against terrorism and corruption. Yet the resistance of a domestically distracted Trump, backed by Saudi Arabia and Russia, will prevent progress on climate change and many Sustainable Development Goals. Still, Hamburg will bring a diminution and delay – not a durable decline or disappearance – of the G20's growing effectiveness. Europe, China, India and Canada, supported by their sympathetic partners, will unite to lead the G20, along with the United States where possible, and without it until the US learns how much it needs G20 cooperation to meet American needs. **G20**

IT'S NOT WHAT YOU KNOW,
IT'S HOW YOU USE IT



Asian Development Bank Institute
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Building resilience

COMPLIANCE SCORES

*The average level at which G20 members have complied with
their priority resilience commitments since 2016*



+0.48 **74%**

+1 means full compliance, 0 means work in progress or partial compliance, and -1 means no compliance or action antithetical to the commitment. Based on a study by the G20 Research Group


Angel Gurría



Secretary General
**Organisation for
Economic
Co-operation
and Development**

Angel Gurría has been Secretary General of the Organisation for Economic Co-operation and Development (OECD) since 2006, having been reappointed in 2010. He served as Mexico's Minister of Foreign Affairs from 1994 to 1998 and Minister of Finance and Public Credit from 1998 to 2000. Gurría has participated in various international organisations, including the Population Council and the Center for Global Development. He chaired the International Task Force on Financing Water for All and was a member of the United Nations Secretary General's Advisory Board on Water and Sanitation.

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SEEKING STRATEGIES FOR INCLUSIVE GROWTH

As world citizens experience increased inequality and economic uncertainty, G20 economies should work together to foster inclusion and development, writes Angel Gurría



9% of jobs in OECD countries at high risk of automation (average)

40% of the world's people linked to a network

The world is experiencing an unprecedented backlash against globalisation and a severe trust deficit. Sluggish growth, increased inequalities of income and opportunities, and disruptive trends (such as digitalisation, ageing or migration) have fuelled mistrust and put into question the value of international cooperation. With public confidence in governments in the Organisation for Economic Co-operation and Development (OECD) at just 42 per cent, all alarms should be ringing.

The Hamburg Summit is thus a significant opportunity for the G20 to rise to the challenge to deliver concrete outcomes based on the German presidency's priorities of resilience, sustainability and responsibility. G20 economies must work together to create conditions for higher growth and greater inclusion.

Growth has been at the core of G20 work since its 'upgrade' to the leaders' level in 2008. In 2014, the G20 adopted the ambitious Brisbane Action Plan to increase the G20's collective gross domestic product by an additional cumulative two per cent by 2018, above the baseline growth trajectories at the time. This is not being achieved. Despite a modest recent acceleration, at 3.5 per cent, growth remains below the pre-crisis levels of around four per cent. Productivity growth is slowing, business start-up rates are falling across OECD countries, and the 'diffusion machine' needed for innovation and technological progress to benefit all firms appears broken.

Income disparity

Inclusiveness is also a major concern. While unemployment is declining, employment rates remain below pre-crisis levels in several G20 members. Average household disposable incomes are still below pre-crisis levels in a third of OECD countries, and households in the poorest decile experienced a 15 per cent reduction in labour income between 2007 and 2014. Conversely, incomes for the top 10 per cent continued to rise.



Germany's G20 presidency has emphasised the need to step up reform efforts and enhance resilience



These trends have produced distrust in policies and public institutions, fractious politics and a surge of populist movements. Ultimately, this generates 'reform fatigue' at a juncture where reforms should actually be stepped up. As reported in the OECD's recent *Going for Growth* report and its Enhanced Structural Reform Agenda (ESRA) report to the G20, the implementation of reforms has steadily decelerated, compared to before the crisis. Thus, Germany's G20 presidency has emphasised the need to step up reform efforts and enhance resilience.

As the 2018 Brisbane deadline nears, now is the time for the G20 to revisit its policy agenda to harness new, more inclusive and sustainable sources of growth, create jobs, and restore citizens' trust in governments and an open global economy. G20 members, individually and collectively, should respond to the pressing economic challenges and growing social demands with swift action.

International standards can make a difference by supporting pro-growth and pro-inclusiveness policies at the national level. G20 achievements in tax transparency and tax avoidance, supported by the OECD, are a good example. The Global Forum on Steel Excess Capacity, facilitated by the OECD, is another promising development. Promoting responsible business conduct could form the new frontier of the G20's contribution to levelling the global playing field.

Governments should also act to get the most out of digitalisation. We live in a world of rapid technological change, a trend likely to accelerate, generating far-reaching transformations in the way our economies function and citizens live and work. Today, 40 per cent of the world's population is connected to networks, compared to just four per cent in 1995. By 2030, eight billion people and 25 billion active 'smart' devices will be connected. Digitalisation is driving structural change, leading to the demise of some economic sectors, creating new ones, and generating new opportunities for existing industries to grow and for

BRISBANE

active 'smart' devices connected to networks by 2030

P130

for more on advancing women in the workplace by Phumzile Mlambo-Ngcuka



Student pro-Remain protesters demonstrate against Brexit

ISTOCK / NICOLA FERRARI

emerging economies to leapfrog. It is also transforming work and the skills needed to succeed. On average across OECD countries, nine per cent of jobs are at high risk of automation, and another 25 per cent will likely experience a major retooling. Policy makers need to anticipate these changes and focus on how individual workers and the economy as a whole can benefit from new technologies. This may include quality infrastructure, upskilling and reskilling policies, or new approaches for taxing digital businesses while encouraging innovation. The OECD has worked closely with the 2016 Chinese G20 presidency and this year's German presidency here.

Spur productivity by inclusion

More generally, growth strategies need to ensure nobody is left behind. The ineffective 'grow first, distribute later' approach must be replaced by the productivity-inclusiveness nexus, which prioritises unlocking productivity potential through higher inclusiveness and creating an enabling environment for

people, business and communities. The progressivity of tax-and-transfer systems must be strengthened, notably in countries where it has diminished dramatically over the last decades or is very low. We should also devise innovative interventions – on social protection, education, preventive health, active labour market policies, etc. that offer the biggest return in growth and inclusiveness. In education, a child whose parents did not attain upper secondary education has just a 15 per cent chance to make it to tertiary education: this not only

highlights the disparities in opportunities within our communities, but, when the poorest are unable to fulfil their potential, we all lose out in economic growth. It is also essential to prioritise women's economic empowerment to close the gender gap in labour force participation and provide better opportunities for migrants and other vulnerable groups. And we need to design policy packages that boost productivity while enhancing the re-employment prospects of displaced workers.

Placing people at the centre

We need to break the vicious circle of low growth, high inequality and citizens' mistrust. People must be at the centre of our public policies, especially those who need our help the most. This is not only a moral or ethical imperative but also good economics. It is also good politics. In Hamburg, G20 leaders can step up their commitment to inclusive growth as a priority, cutting across the three themes of Germany's presidency – resilience, sustainability and responsibility. **G20**

KEY TAKEAWAYS

Growth remains below pre-crisis levels of around 4%

Digitalisation is driving structural change and transforming work

The gender gap should be closed

IN CONVERSATION



**We have not
done a good job
selling the
benefits of
globalisation to
our populations**



Robert Fauver

Former adviser to US presidents on economic affairs

Executive Director, UNICEF



ILLUSTRATION: STUDIO NIPPOLDT

Q

What are the prospects for strong, sustainable balanced growth with the economies of the United States, Europe, Japan and Canada all growing steadily again?

A For the first time in quite a while, we have synchronised growth among the G7 countries, which should enable a more stabilising effect on the global economy. It's not as strong as it could be, it is not as strong as it should be, but it is strong, sustainable steady growth and three-quarters per cent more than last year. I would bet that the G7 will be at least a full percentage point higher than last year.

Q Is this time to move towards monetary tightening and fiscal consolidation to control escalating deficits and debt?

A It is beyond time. All the countries have passed up opportunities. They must undertake actions to relax on the regulatory and structural impediment sides, which would provide them room to tighten their fiscal and monetary policies.

Q What contributions and risks to global growth come from the big emerging economies?

A The biggest risk that both China and India provide is a stop-go pattern of growth – not negative or zero growth, but getting off to a slow start. Both face strong challenges domestically in terms of regulatory freedom, market competition and the ability of firms to acquire money based on a profit outlook rather than a state-controlled distribution sector.

Q What structural reforms are needed to revive productivity, especially given ageing populations and the digital revolution?

A Labour market reforms top the list. In the United States, labour market reforms are needed as well as regulatory reform from the central government. In Europe,



Leaders must commit to the regulatory structural reforms that will allow their workers a chance to earn a better wage



labour markets should be the number-one priority because of rigidities in wage flexibility, job change flexibility and mobility among countries.

France's Emmanuel Macron is taking an interesting approach but the details so far are lacking, so we are unable to judge whether it will get through the legislature, what the popular reaction will be and how detailed the reforms will be. In the United Kingdom, uncertainties surrounding Brexit were large before the recent election. I don't think the European Union will be any more flexible than it would have been before the election. France and Germany still want to extract a high penalty from the UK. Stock markets in continental Europe have experienced weaknesses that suggests those markets are more worried about that penalty than they are about the UK's departure.

Q Do you expect US President Donald Trump to come together with his colleagues at Hamburg to produce a credible action plan for growth that includes the standard language about open markets?

A That's a very interesting question, and very difficult to answer. So long as the discussions focus on regulatory reform and freeing domestic economies,

Trump will be a strong supporter. To the extent the leaders talk about bilateral trade, he will be a strong supporter. He seems to be exhibiting a continued strong uncomfortableness with multilateral trade. To the extent that the communiqué looks towards a trans-Pacific or multilateral trading approach, he will not be supportive.

Q How can the G20 leaders boost growth and respond to their publics' dissatisfaction?

A There is increasing discomfort with globalisation. We have not done a good job selling the benefits to our populations. There's an imbalance between validating and affirming the gross benefits and what people see as the short- and medium-term costs. Leaders need to be cautious in how they talk about globalisation. They need to sell it in terms of what it means to workers. We haven't focused on that.

Also, leaders must commit themselves to the regulatory structural reforms that will allow their workers a chance to earn a better wage and move to jobs where they have growth opportunities instead of being stuck in ageing industries. It is interesting to see Trump talk about apprenticeship training, drawing on the German model. Some of us have talked about this for a long time. Not everyone should go to college. There are lots of skilled parts of the labour market that provide wonderful opportunities for long-term employment growth and good income. G20 leaders could also talk about labour market training at the entry level – we are not good at retraining senior middle-aged workers for new fields. But we need to do a better job of training high school and junior college leavers so they have usable skills for today's labour market to find good-paying jobs. **G20**

Human capital for growth and sustainability

Africa's pharmaceutical industry grew to an estimated \$20.8 billion in 2013, from just \$4.7 billion in 2003. Prescription drugs are expected to grow at a compound annual rate of 6 per cent, generics at 9 per cent and medical devices at 11 per cent between 2013 and 2020.

Although relatively small compared to other markets, Africa's pharmaceutical sector is considered the fastest-growing in the world – great news for businesses and entrepreneurs looking for opportunities in developing markets.

The African Management Services Company (AMSCO) supported one of the fastest-growing health and beauty chains in East Africa, Goodlife Pharmacies Limited, to achieve best practice and be a real growth story about Kenya's booming sector.

Rapid expansion

A start-up business in 2014, the company grew from zero to 26 stores – 10 acquisitions and 16 new branches in 2017. With aspirations to become the largest pharmaceutical retail chain in the East Africa market, their expansion is a reality – displaying a true sense of entrepreneurship in Africa.

Goodlife is a prime example of what happens when the public and private sector partner for social and economic development. In March 2015, the International Finance Corporation invested \$4.5 million into the business to assist with the company's expansion plans.

In addition to mobilising the necessary financial resources, Goodlife has made an effort to acquire the requisite technical and managerial skills to support its growth strategy.

A provider of human capital development solutions to private and public businesses across sub-Saharan Africa, AMSCO was instrumental in the recruitment and secondment of the company's Chief Executive Officer, Chief Operations Officer and Retail Human Resources Manager. Leadership, training support and skills transfer were required to build the business from ground up.

Goodlife is steadfast on harnessing its pharmaceutical management skills pool. This includes skills in supply chain management,



There are now 26 Goodlife pharmacies in East Africa



A start-up business in 2014, the company grew from zero to 26 branches



entrepreneurship, financial and marketing management.

Goodlife's staff numbers have grown, from 64 in 2014 to 172 in April 2017, and the staff retention rate currently stands at 91 per cent. Goodlife's growth is proof Africa needs innovative solutions for human capital at scale to generate growth. There's also a need for the public sector, private sector and service providers to work together to build the continent. We cannot change Africa by doing the same

things we have been doing. The continent requires a mind-set change from doing business as usual to partnership-driven capacity interventions.

AMSCO works with the private sector, governments, development financiers and development agencies to achieve large-scale socio-economic transformation of Africa.

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IN CONVERSATION



US withdrawal from the Paris Agreement was our biggest foreign policy error since the Iraq War



Editor John Kirton speaks to Larry Summers about prospects for the Hamburg Summit

Q What are the prospects for the Hamburg Summit?

A I view this G20 with more trepidation than ever before. The Hamburg Summit will test the viability of the G20 as a useful forum during the years of Donald Trump's presidency.

Q What was the vision you and Paul Martin had when you co-founded the G20 in 1999?

A The premise of the G20 is that there is a global community that can sometimes forge win-win agreements that are in the mutual interest of all. That was what Paul Martin and I had in mind when we worked to establish the group at the finance ministers' level in 1999. And it is what Presidents George Bush and Barack Obama intended in 2008 and 2009 when the group started meeting at heads' level.

Q Do the leaders at Hamburg share that vision today?

A Trump has implied and his leading advisers have stated that there is "no such thing as a global community" only the continuing struggle among countries and businesses for advantage. If the leading country in the world has that attitude, it is hard to see what a group like the G20 can do.

Q What is the most important challenge the Hamburg Summit will confront?

A The most important test of success this year will be whether the other members can persuade or pressurise the United States to renew its commitment to global collective action to solve essential problems.

An increasingly assertive and nationalist Russia and China will not be reluctant to fill voids left by a United States posture of withdrawal from global leadership. A repeat of the kind of US isolation we saw at the G7's Taormina Summit in May could have lasting consequences. Trust takes a long time to build but only a short time to dissipate.

US withdrawal from the Paris Agreement was our biggest foreign policy error since the Iraq War. It will demoralise the global effort against global climate change, hurt our economy by damaging renewable energy interests and sacrifice our credibility globally.

Larry Summers

Charles W Eliot University Professor and President Emeritus, Harvard University

Q How long do G20 leaders have to socialise President Trump into the cooperative culture of the G20?

A Things take longer to happen than anyone thinks they will and then happen faster than anyone thought they could. The effects of the United Kingdom's decision to leave the European Union are only starting to be felt. It took time for the narrow-minded pursuit of parochial interest that defined Versailles to have its terrible consequences. US abdication of global leadership on economic integration and trade, on development, and on global challenges such as climate change and pandemic risk could well have catastrophic consequences.

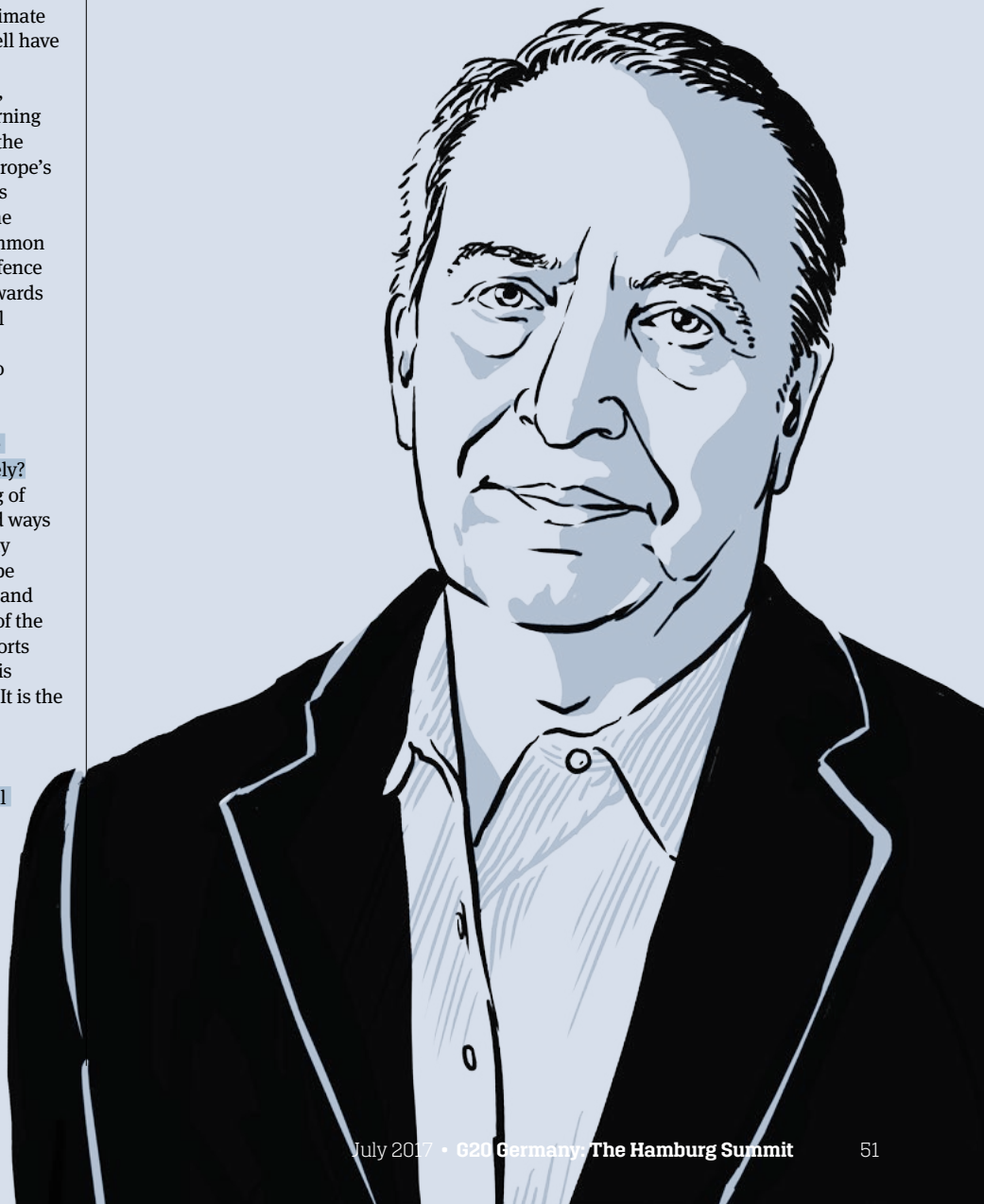
With political renewal in France, economic strengthening and the turning inward of the United Kingdom and the United States, this is continental Europe's hour. Europe should move boldly, as a France is suggesting, to provide the necessary underpinnings for its common currency. It must take on greater defence responsibilities, and must turn outwards rather than inwards and set a global direction on issues ranging from climate change to the Middle East to Africa's development.

Q What other key issues must the Hamburg Summit address effectively?

A We have only seen the beginning of refugee challenges. If we do not find ways of supporting more security, stability and prosperity in Africa, there will be grave humanitarian consequences, and major implications for the security of the developed world. Strengthening efforts for Africa as host country Germany is suggesting is not just morally right. It is the most effective forward defence of key security interests.

Q What challenges does the global economy produce?

A This year the biggest risks to the global economy may be geopolitical. Satisfactory if not impressive growth is the norm. It will be important to avoid collectively the kind of premature policy normalisation that has cut off recoveries in the past. **G20**



KEY TAKEAWAYS

Protectionism would have made the 2008 crisis a depression, not recession

The WTO offers dispute settlement, for members to settle their differences

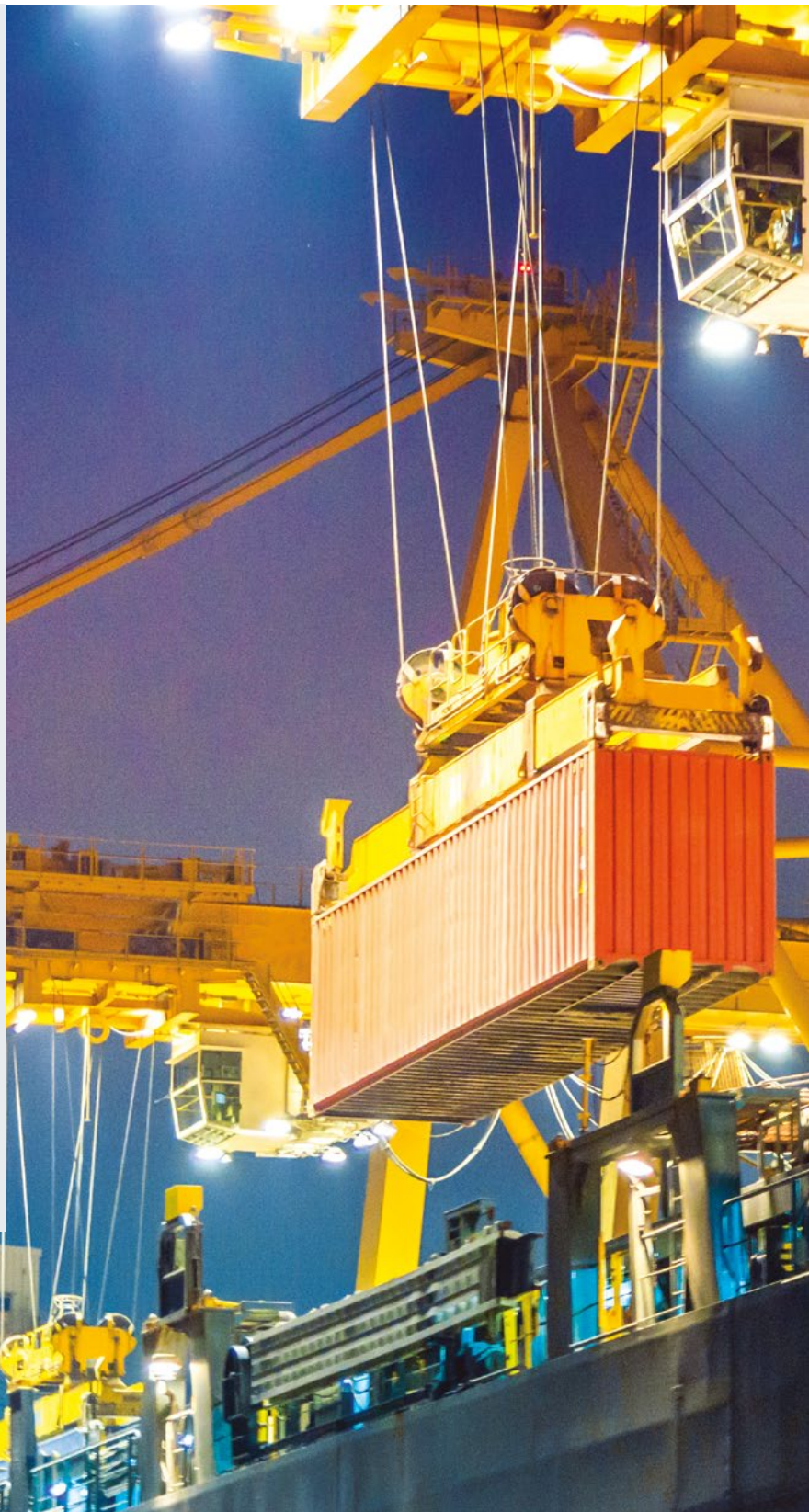
Roberto Azevêdo



Director General
World Trade Organization

Roberto Azevêdo was appointed Director General of the World Trade Organization in 2013, and reappointed for a second term to begin on 1 September 2017. He served on the WTO dispute settlement panels and, in 2001, he was named head of the Brazilian Foreign Ministry's Dispute Settlement Unit, where he remained until 2005. From 2006 to 2008 he was Vice Minister for Economic and Technological Affairs at the Foreign Ministry in Brasilia. In that capacity he was also Brazil's chief trade negotiator for the Doha Round and other WTO issues.

 @WTODGAZEVEDO
 www.wto.org



In light of globalisation protests, the case for trade needs to be won again

The WTO's Buenos Aires ministerial conference is a chance for progress



Strengthening trade through the WTO

*The only body dealing with trade rules at the global level is essential to keep protectionism at bay and for making the case for globalisation, writes **Roberto Azevêdo***

A strong trading system is essential for global economy stability. This is illustrated in a very simple comparison. In the crisis of the 1930s, in the absence of global trading rules, an escalation of protectionist measures wiped out two thirds of global trade. In contrast, in the case of the crisis of 2008, protectionism was kept at bay by the well-established multilateral trading system, helping to prevent recession from spiralling into depression. The share of world imports covered by import-restrictive measures implemented since the crisis is just five per cent. Of course, this figure could be even lower – but it shows that the World Trade Organization (WTO) did its job.

Membership
164

A supportive forum

The WTO was designed precisely to help the international community to avoid the mistakes of the past. Today it is the only body dealing with trade rules at the global level. The organisation provides a forum for policy dialogue and information sharing, where members can monitor each other's trade practices to ensure that agreements are being observed. If there are differences, the WTO offers a dispute settlement system, which helps members settle their trade differences in an open and transparent manner. The organisation also provides practical support for countries through a range of initiatives that build capacity and skills. This is all very important, and we need to continue building on this basis, strengthening →



In 2013, the WTO agreed the Trade Facilitation Agreement, which will cut trade costs by an average of 14.5 per cent



→ and improving the multilateral trading system and ensuring that the benefits of trade reach further and wider.

This is especially important in light of the growing backlash against globalisation in some countries. One concern is that trade leads to job losses, and although trade can have an impact on employment, many other factors – such as technology – have a much bigger impact. Studies show that eight in 10 jobs are lost to automation, innovative technologies and higher productivity. This means that if we treat disruptions in the job market solely as a trade problem, then we will only be responding to one part – the smaller part – of the picture. Closing ourselves to trade would only worsen the situation. It would not bring the jobs back, and it would make more jobs disappear.

Trade as a solution

Like trade, technology is indispensable for progress. So we need to adapt and work with these forces by using the right mix of policies to address this situation. We need to equip and support people to participate in the global economy. Governments have a range of policy options open to them here – particularly in education, skills and supportive labour policies – but different approaches are appropriate for different countries. Trade can be part of the solution. We need to keep using this invaluable tool to deliver more benefits to more people, and help more companies to reach new markets overseas. For example, small and medium enterprises face high barriers to exporting their products. More could be done to lower those barriers and help these companies, which are huge job creators, to trade.

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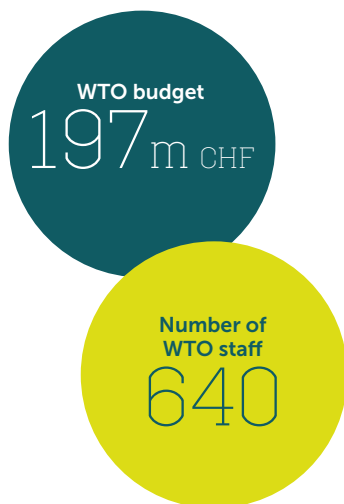
The value, in trillions of dollars, of the annual global trade in information technology products

The WTO can play an important role, by helping to deliver further reforms to make the system more inclusive. The organisation has had important breakthroughs on this front. In 2013, WTO members agreed the Trade Facilitation Agreement, which will cut trade costs by an average of 14.5 per cent. This impact would be greater than the elimination of all existing tariffs around the world, and the biggest benefits will be felt by the poorest countries. In 2015, members abolished export subsidies in agriculture. Furthermore, a group of WTO members struck a deal to eliminate tariffs on a range of new-generation IT products. Trade in these products is worth around \$1.3 trillion a year, which is bigger than the global automotive trade.

Welcome reforms

Taking these and other recent WTO agreements together, this adds up to the biggest package of global trade reform in a generation. But there is much more to do. WTO members are seeking areas where further steps could be taken. For example, reforms in longstanding and sensitive areas such as agricultural subsidies, ways to level the playing field for smaller companies or steps to support e-commerce, particularly in developing countries. At the end of 2017, the WTO will hold its biennial ministerial conference in Buenos Aires – and that could be an important opportunity for progress.

The WTO has been tested and proven as an essential part of global economic governance, but we must keep working to improve and strengthen the system in the years ahead. The leadership of the G20 will be a vital part of this effort. **G20**



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PORT OF TRIESTE



**Port Network Authority
of the Eastern Adriatic Sea**
Port of Trieste

Trieste, a sustainable rail port

Located in the heart of Europe, the Port of Trieste is the only Italian port with an international outlook, thanks to daily rail links to all major European destinations.

Anaturally deep sea floor – up to 18 meters – suitable for the latest generation of container ships and excellent, high-frequency intermodal connections to manufacturing and industrial hubs in northeast Italy and in Central and Eastern Europe make Trieste the ideal access point for trade to and from the Far East and throughout the Mediterranean.

Trieste has made multi-sectoriality its strength: it is the leading Italian port for total cargo handling and the leading oil terminal in the Mediterranean, in addition to being the main European access point for Ro-Ro traffic from Turkey. But first and foremost, Trieste is the leading Italian port for train traffic, which has grown by 68% in 2014-16, with over 7,600 trains handled in 2016.

Economic hinterland

More than 400 trains a month link Trieste to the manufacturing and industrial areas of Northeastern Italy and Central Europe. Different destinations in Germany, Austria, the Czech Republic, Hungary, Slovakia, Switzerland and Luxembourg serve a developing and highly organised economic hinterland.

In recent months was also added a new destination: Kiel, on the Baltic Sea, which allows the port to quickly re-route semi-trailers heading to Sweden, Norway, and soon Saint Petersburg as well.

The Port of Trieste has an internal rail network



**ZENO
D'AGOSTINO**
President
**Port Network
Authority of
the Eastern
Adriatic Sea**



Intermodal links

Italy

Padoa interport, Milano shunting, Bologna interport, Rubiera/Modena, Novara

Austria

Direct connection:
Villach Süd CCT, Wolfurt CCT, Graz Süd CCT, Salzburg Hbf CCT, Salzburg Hbf, Linz Stadhafen, Wien Fraudenu, Wels
Wien N.W. Bahnhof links to:
Praha, Brno, Rostock

Germany

Direct connection:
Kiel – Göteborg, Munchen, Ulm, Burghausen, Ludwigshafen, Frankfurt am M, Köln, Duisburg
Munchen Riem links to:
Köln, Duisburg, Leipzig, Berlin, Hamburg

Luxembourg

Bettembourg

Hungary

Budapest Bilk

Slovakia

Dunajská Streda

Czech Republic

Ostrava

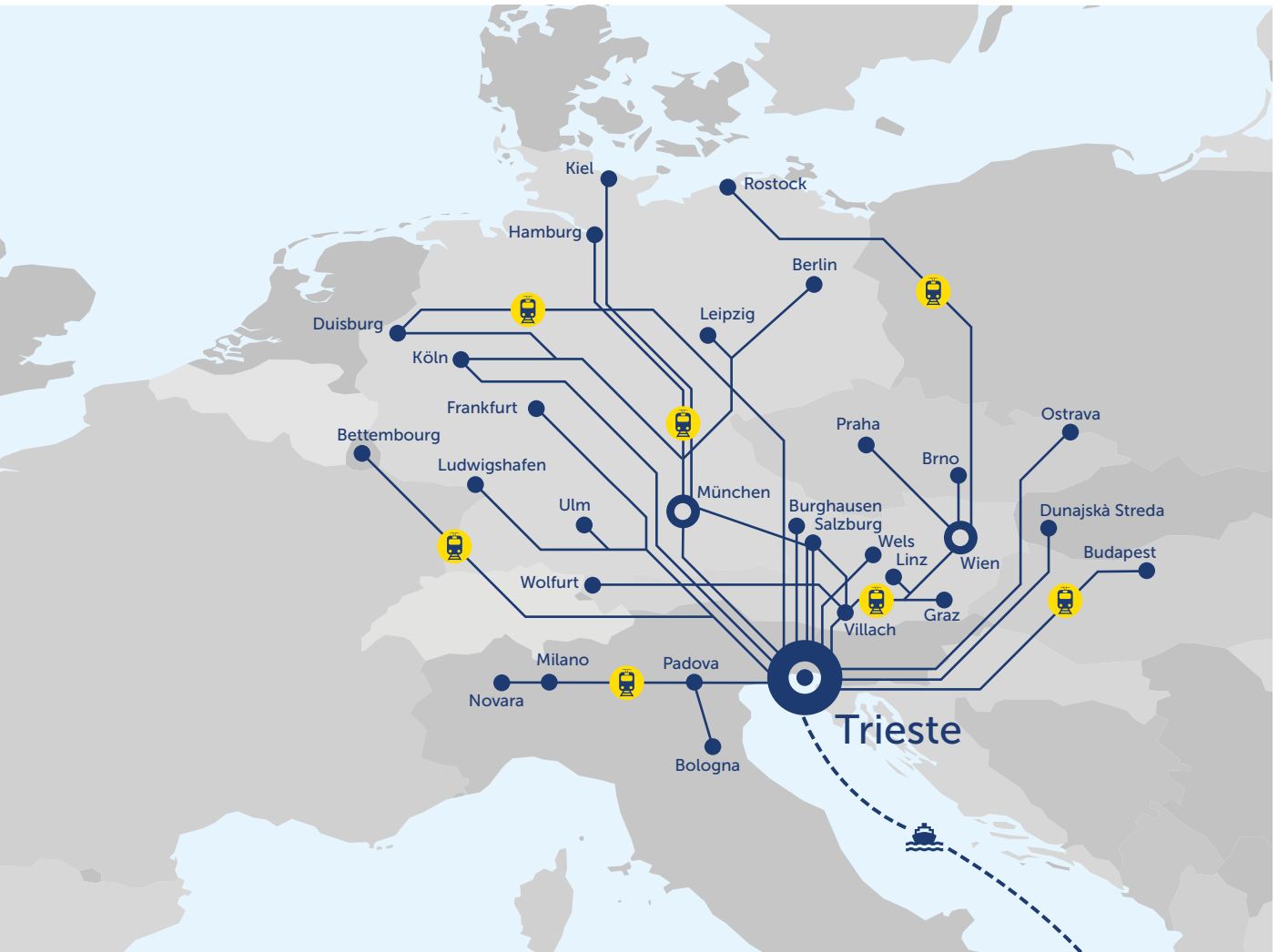
(70 kilometres of tracks) connecting the national and international network.

All docks are served by rail with the possibility of shunting and/or assembling freight trains directly in the various terminals. A direct junction and a flyover within the Port area grant easy access to the international motorway and national road networks.

A unique feature

Finally, its special regime as a free port is a unique feature at the international level, with numerous advantages such as major customs and tax incentives.

The Free Port of Trieste is a unique feature in the Italian and EU legal systems to the advantage of the economic activities of the area as a whole. The Customs clearance exemption entails a number of favourable conditions. Goods arriving from non-EU countries, for example, can be unloaded and stored (without time limits) without paying Customs duties or any other tax until such goods cross the borders of the Free Port to be imported into Italy/EU countries.



We are creating a great many jobs thanks to our dynamism over the last year and a half



Reaping the fruit

"The market rewards those who made certain types of investment. We have made them and now we reap the fruit" said Zeno D'Agostino, president of the Port Authority.

"I think the true strength of a port - added Zeno D'Agostino - lies in its ability to integrate with continental markets. If we consider this aspect, it is clear that while our maritime statistics are different from those of other Italian ports, we are second to

none when it comes to goods conveyed to railway links.

In my opinion, this means two things. The first is that railway links have become a strategic sector for the port. We are creating a great many jobs thanks to our dynamism over the last year and a half concerning the development of new intermodal services, almost all of which are international. We also have some national services, but 80% of the 7,600 trains we handled last year were either going to or coming from an international destination. This means we are developing a sustainable and high-value-added sector that can create jobs.

The second and more important one is that every time we manage a new intermodal service, we increase the port's competitiveness from the maritime point of view. Anyone deciding on which European or Mediterranean port to send or convey their goods through will focus on its ability to be integrated with the market. Therefore, while the railway creates value in and of itself, it also promotes and boosts the overall competitiveness of the port".

KEY TAKEAWAYS

The benefits of globalisation and free trade are being increasingly questioned

Nationalist policies together with slow growth threaten global trade

Fighting to preserve global trade

*To enhance prospects for international commerce and the role of the US and Europe, steps must be taken to mitigate bilateralism, writes **Claudia Schmucker***

After decades of growing interconnectedness between states, the benefits of globalisation and free trade are increasingly being questioned, particularly by the United States and the European Union. This discontent takes the form of populism, presenting itself in such forms as the US presidential elections and the Brexit decision in the United Kingdom.

This rise of nationalist and protectionist policies together with slow global growth and high income inequality poses serious problems for the future of global trade. These downside risks threaten to reduce trade and cross-border investment flows and, in turn, dampen the prospects for strong and inclusive global growth.

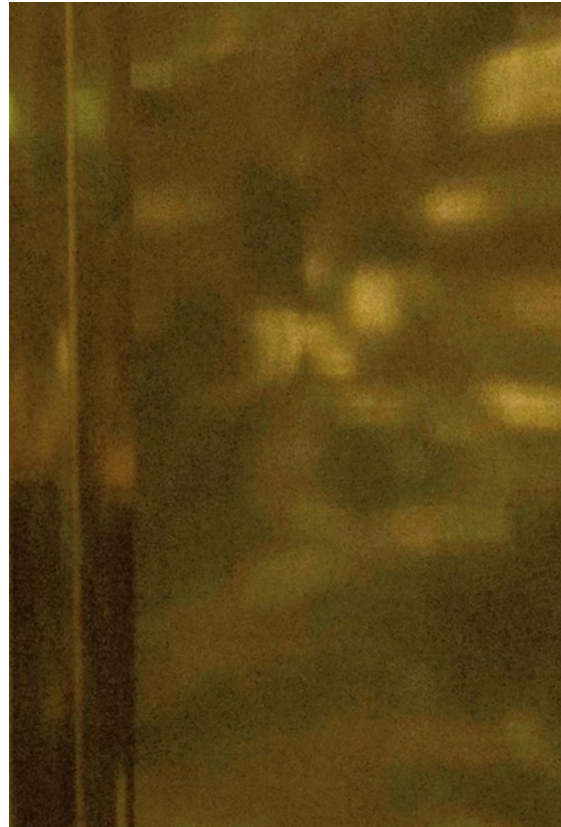
In the United States, trade policy under President Donald Trump threatens more bilateralism and protectionism. US trade policy is now characterised by unpredictability and a looming threat of retaliatory measures to correct trade imbalances with other countries and regions that are perceived as unfair. Brexit will take a toll on EU trade negotiations for years to come. In addition, the EU needs to reform its own trade policy to overcome

internal blockages – which have become apparent in the ratification process of the Comprehensive Economic Trade Agreement (CETA) with Canada.

From Taormina via Paris to Hamburg

The US emphasis on “America first” and fair trade create difficulties for global economic governance. Since 2008, G20 leaders have called for a moratorium on protectionist measures and promised to roll back existing trade barriers. But at the G20 finance meeting in Baden Baden in March 2017, US Treasury Secretary Steve Mnuchin was unwilling to sign up to these promises. The declaration thus stressed only the importance of trade, with no reference to protectionism.

This changed at the G7 Taormina Summit in May, where the other six members convinced the US to include a passage on protectionism, albeit in a weaker form. The communiqué states: “We acknowledge that free, fair and mutually beneficial trade and investment, while creating reciprocal benefits, are key engines for growth and job creation. Therefore, we reiterate our commitment to keep our markets open and to fight protectionism, while standing firm against all unfair trade practices.”



The commitment to free trade and an open rules-based trading system has always been at the core of the G20



Since 2008 G20 leaders have sought a moratorium on protectionist measures

The G20 and Germany and the EU need to set a positive trade agenda



Steve Mnuchin arrives
at Trump Tower in
Manhattan, New York, December 2016

DPA PICTURE ALLIANCE / ALAMY

This was considered a breakthrough for a successful G20 Hamburg declaration. However, two weeks later, at the Organisation for Economic Co-operation and Development's ministerial meeting in Paris in June, US Trade Representative Robert Lighthizer could not agree to common language so the chair issued a statement that included areas of "near consensus". These referred to particular trade aspects such as strengthening the importance of the World Trade Organization in the multilateral trading system and resisting all forms of protectionism. The United States then issued a separate statement on trade enforcement with no reference to protectionism.

What does this mean for Hamburg?

The outcome on trade remains unpredictable. The best hope is a reiteration of the Taormina declaration. The commitment to free trade and an open rules-based trading system has always been at the core of the G20. As a group with no input legitimacy (in terms of universal participation), it must achieve such legitimacy through its effectiveness (output legitimacy). Eliminating this text from the final declaration would weaken the impact of this informal group.

The German presidency must therefore maintain a constructive dialogue with the US administration and its more moderate voices, and count on old and new allies including Japan, China, Mexico and Argentina to send a strong signal at Hamburg in favour of free trade and the multilateral trading system. In the current climate of uncertainty and low growth, a clear and concerted signal by all G20 leaders is badly needed. Otherwise, the G20 will have failed.

The G20 and Germany and the EU also need to set a positive trade agenda to show that progress is possible. This relates to multilateral and plurilateral trade negotiations, and also encompasses support for an effective European trade policy that must include the full ratification of CETA as well as the conclusion of agreements with Japan, MERCOSUR and Mexico, possibly this year. The outcome of the Transatlantic Trade and Investment Partnership remains unclear, given developments in the United States and Europe. Deep and ambitious free trade agreements that shape globalisation without lowering standards constitute an effective tool against growing protectionist tendencies. **G20**

Claudia Schmucker



Head of the
Globalization and World
Economy Program
**German Council on
Foreign Relations**

Claudia Schmucker has been Head of the Globalization and World Economy Program at the German Council on Foreign Relations since 2002. Before joining the research institute, she was a project manager at the Centre for International Cooperation in Bonn. She has written widely on the global financial crisis and the role of the G20 and the International Monetary Fund as well as on the World Trade Organization and the world trading system.

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Confidence.. Distinction

KEY TAKEAWAYS

Capital requirements for banks are now 10 times higher than in 2008

Business strategies that relied on high-leverage, risky trading are disappearing

What a difference a decade makes

Ten years after the start of the global financial crisis, the G20 is building an efficient and resilient system that serves our domestic economies and supports sustainable cross-border investment and economic activity, writes **Mark Carney**

At the start of 2007, financial markets were calm. Yet by the summer of that year, the fault lines that would lead to the global financial crisis were exposed. In Washington in 2008, in the aftermath of the Lehman Brothers debacle, G20 leaders committed to radical reform of the financial system, and they charged the Financial Stability Board (FSB) with fixing the fault lines that caused the crisis.

The comprehensive reform programme had four main components

- Creating resilient banks;
- Ending the problem of financial institutions being 'too big to fail';
- Making derivative markets safer; and
- Transforming shadow banking into resilient market-based finance.

A decade on, this programme has largely been achieved. The financial system is safer, simpler and fairer.

A central achievement has been the transformation of banking. A decade ago, banks were woefully undercapitalised, with complex business models that relied on the goodwill of markets and, ultimately, taxpayers.

With capital requirements 10 times higher, banks have raised more than \$1.5 trillion of capital and are disciplined by a new leverage ratio that guards against risks that seem low but prove not.

Banks are also more robust because they have changed their funding models, not least due to new global liquidity standards.

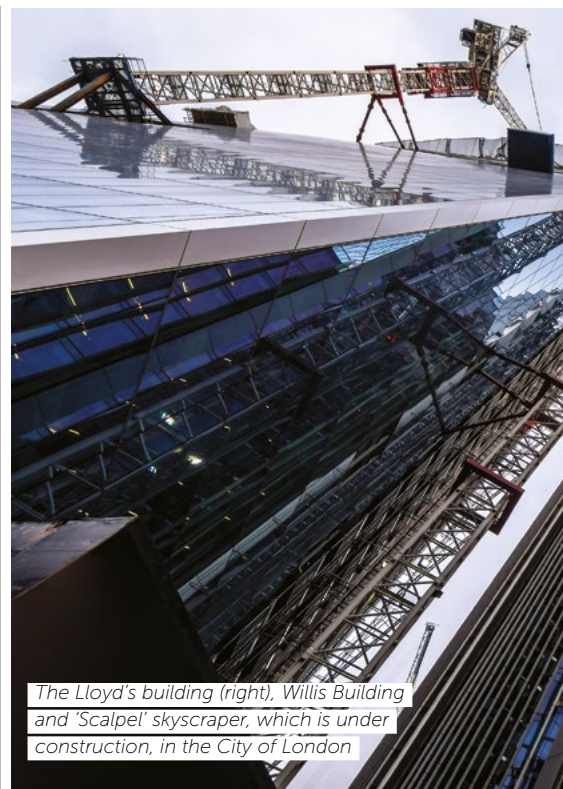
The financial system is simpler in part because banks are less complex and more focused. They lend more to households and businesses, and less to each other.

Business strategies that relied on high-leverage, risky trading activities and wholesale funding are disappearing, as intended. Trading assets have been halved; interbank lending is down by two thirds.

In parallel, the system is simpler because a series of measures is eliminating the fragile forms of shadow banking while reinforcing the best of resilient market-based finance.

A decade on from the asset-backed commercial paper crisis, the toxic forms of shadow banking at the heart of the crisis – with their large funding mismatches, high leverage and opaque, off-balance sheet arrangements – no longer represent a global financial stability risk.

And other, more constructive, forms of shadow banking, including money market



The Lloyd's building (right), Willis Building and 'Scalpel' skyscraper, which is under construction, in the City of London

funds and repo markets, are now subject to policy measures that reduce their risks and reinforce their benefits.

The financial system is also simpler because a more durable market infrastructure is untangling the previously complex – and dangerous – web of exposures in derivatives markets.

In Pittsburgh in 2009, the G20 announced reforms to make these markets safer and more transparent, including by requiring trade reporting and encouraging central clearing of over-the-counter trades. Central counterparties reduce contagion risks in banking, and they make the massive derivatives markets more robust. The extent to which they reduce overall systemic risks, however, depends on their resilience and resolvability and detailed guidance is being delivered to this end.

The return of responsibility

Reforms are ending the era of 'too big to fail' banks and addressing the root cause of misconduct. To bring back the discipline of the market and end a reliance on public funds – which saw \$15 trillion of public support being provided during the crisis – FSB members have agreed standards to ensure that major banks can fail safely in future and their most important

The system is demonstrating an ability to dampen shocks, not amplify them

We need to work together to identify vulnerabilities in a timely manner

EXFLOW / ALAMY STOCK PHOTO



\$15TN

The amount of public funds provided during the 2008 financial crisis to support ailing banks

activities can continue. So too is individual responsibility, as the root causes of misconduct are being addressed, including through measures to better align risk and reward in compensation and develop new market-based codes.

A decade's lessons

A decade on from the start of the crisis, the G20 is building an efficient and resilient financial system that serves our domestic economies and supports sustainable cross-border investment and economic activity.

The benefits are being realised. Credit is growing in all major economies. Sources of finance are increasingly diversified between banks and markets, helping to keep the cost of finance low. And the system is demonstrating an ability to dampen shocks, not amplify them. As the global recovery strengthens and broadens, now is the time to take advantage of these hard-won gains. That means adjusting the reform measures dynamically to maximise efficient resilience and avoid unintended consequences.

That means continuing to work together to identify emerging vulnerabilities in a timely and consistent manner. And that means not merely resisting the forces of fragmentation but actively building an open global financial system. **G20**

Mark Carney



Governor
Bank of England

Mark Carney is Chair of the Financial Stability Board. He is also Governor of the Bank of England and chairs the Monetary Policy Committee, Financial Policy Committee and the Board of the Prudential Regulation Authority. In addition he is First Vice-Chair of the European Systemic Risk Board, a member of the Group of Thirty and the Foundation Board of the World Economic Forum.

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THE LIECHTENSTEIN BANKERS ASSOCIATION

View of the Vaduz Castle, Government
and new Parliament building,
Vaduz, Liechtenstein



SHUTTERSTOCK / TRABANTOS

How small countries can contribute to meeting the SDGs

Accepting responsibility, investing sustainably

Germany's G20 agenda rests on three pillars: ensuring stability, improving viability for the future, and accepting responsibility. Germany is thus seamlessly building on the commitment made by the G20 at its last summit and the adoption of the action plan for sustainable development, as well as the Sustainable Development Goals (SDGs) defined by the UN in 2015. Particularly in the areas of stability, sustainability, and accepting responsibility, Liechtenstein has a lot to offer – and despite its small size, it can make an essential contribution to the international discussion and development.

When Germany took over as chair of the G20, Chancellor Angela Merkel said Germany was pleased to take on this role, referring to stability of the global economy as the top issue. A focus of the German presidency would be even tighter regulation of the financial markets. At the same time, the goal must be to undertake structural reforms, promote dynamic economic growth, and make the global economy fit for the future. According to her, one of the main concerns was to make progress on realising the UN's SDGs and the Paris Agreement on climate change. This means accepting responsibility – for ourselves and our future, but also for future generations.



The holistic social dimension of this sustainability approach shows that new ways of thinking and acting are urgently necessary. Only then can a compromise be reached between sustainability and development. “Sustainable development can be defined as meeting the basic needs of all, and extending to all, the opportunity to satisfy their aspirations for a better life without compromising the ability of future generations to meet their own needs,” is the wording of the Brundtland Report, which was published 30 years ago and for the first time defined “sustainable development”. One and a half years ago, the UN General Assembly finally adopted the Sustainable Development Goals. And this Agenda 2030 is in fact unique in that it aims to achieve an all-round improvement of the future: the future of our planet. “No one shall be left behind,” emphasised the UN Secretary-General at the time, Ban Ki-moon. “But the true test is yet to come – namely implementation.”

A question of allocation

Responsive and responsible leadership was also the motto of this year’s World Economic Forum in January in Davos. It quickly became apparent that the inclusion and mobilisation of private wealth can be crucially important for reaching the sustainability goals. According to Deutsche Bank, the global wealth of private households amounted to a total of \$250 trillion in 2015. Juxtaposed with this figure, the Brookings Institution expects that \$5–7 trillion will be needed each year to finance the defined sustainability goals. The assets managed worldwide by institutional investors such as pension schemes, investment funds, insurers, etc, are about \$83 trillion according to OECD estimates. Both investments of private wealth as well as investments by institutional investors tend to have a long-term orientation, as do the sustainability goals themselves. Private investments and investments by institutional investors could accordingly be employed worldwide to end hunger, ensure education, promote health and well-being, secure access to affordable and clean energy, support innovation and infrastructure projects, and fund climate protection measures. Or in the words of Philipp Hildebrand, vice chairman of BlackRock, the world’s largest asset manager, at the Frankfurt European Banking Congress in November 2015: sufficient capital is available; it is merely a question of the right allocation.

Incentives can for instance be created by further disseminating impact investments focused on the SDGs, and in particular by raising awareness and acceptance of the fact that environmental and social returns do not mean renouncing economic returns. This erroneous belief is rooted in the minds of investors and product providers – even though numerous studies have shown sustainable investments can lead to better financial returns in the long run. This means there is not only a need for action, but also information and education. The financial industry has an essential role in this regard.

Sustainable investments can lead to better returns in the long run



SIMON TRIBELHORN
Director
The Liechtenstein Bankers Association

The Liechtenstein Bankers Association

www.bankenverband.li



Taking a look at Liechtenstein

Stability and sustainability are probably among the most important challenges of today, and they increasingly shape political agendas. The example of Liechtenstein – a financial centre in the heart of Europe with an international orientation – shows that even small national economies can make an important contribution to reaching the SDGs as well as to stability and sustainability in general. Liechtenstein, with 37,000 inhabitants, offers the institutional framework for sustainable development: economic growth at a high level, low CO₂ emissions, and fast and unbureaucratic channels to act in a capable and adaptable way. With these indicators alone, the small country of Liechtenstein has an advantage over larger national economies in terms of initiating and realising sustainability. With its balanced, debt-free national budget and an AAA country rating confirmed over many years, Liechtenstein is also one of the most stable countries. This can be seen in its participation in automatic exchange of information, its effective measures against money laundering and terrorist financing, and its implementation of international regulations. Liechtenstein is a small country that acts sustainably. And despite all of the regulations and international obligations, the Liechtenstein financial centre is successful. In the 2016 Global Sustainable Competitiveness Index, Liechtenstein was ranked 13th of 180 and considered one of the most sustainably competitive and innovative countries. This ranking included criteria of the World Bank and the UN, such as a country’s management of resources, the availability of natural and intellectual capital, social cohesion and innovative potential.

Investing with impact

With more than 1,200 non-profit foundations and many years of experience and expertise in wealth management, the Liechtenstein financial centre also has the ideal preconditions for accepting a significant role in the responsible investments of assets and serve as an important bridge between investors who want to invest their money in a meaningful way and the existing financing gap for sustainable investment. LGT – Liechtenstein’s largest banking group – is a pioneer in this regard both nationally and internationally. With its subsidiary, LGT Venture Philanthropy, and its activities in sustainable investments, it has become one of the most important impact investors. The goal is to help low-income and disadvantaged people around the world directly. Numerous examples show that the investments needed for that are bearing fruit – such as the opportunity to increase the number of children with access to school in poorer regions by a factor of 10, or contributing to improved electricity supply by supporting the construction of small power plants in Indian villages.

Conclusion: in the Liechtenstein financial centre, sustainability is not merely a model for the future. It is the model for the future!



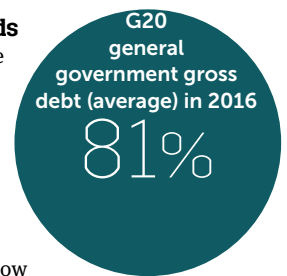
Reducing risk to enhance financial stability

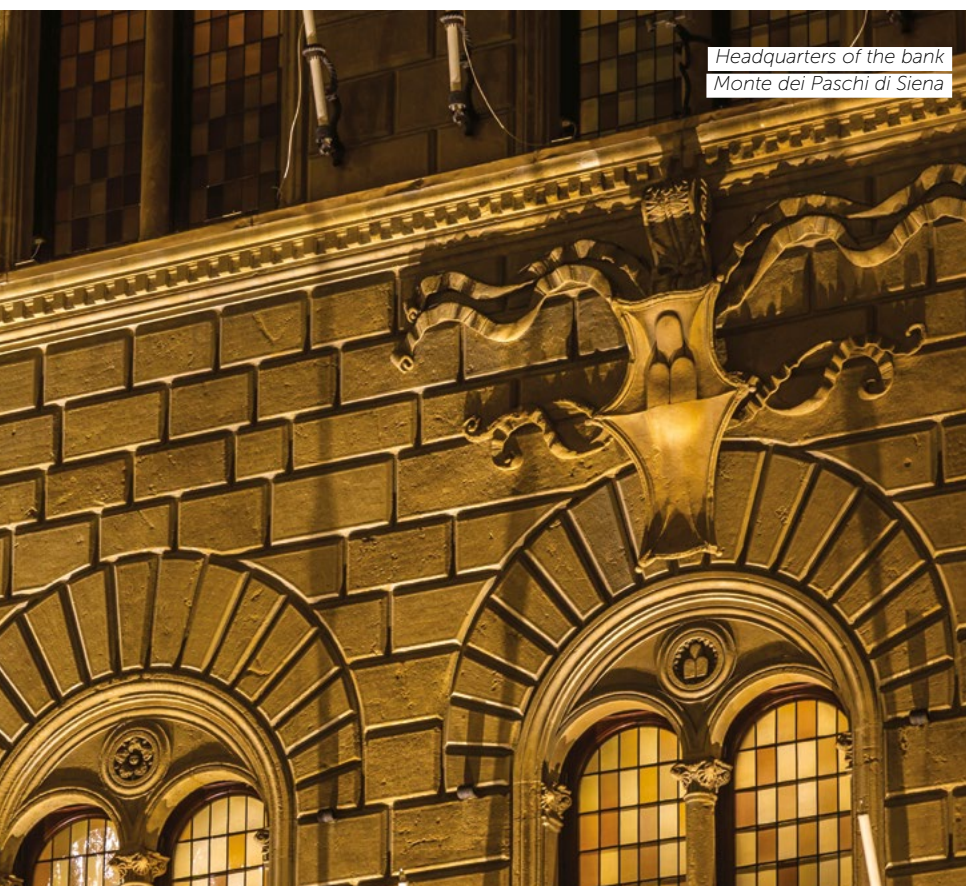
To mitigate the growing proportion of gross public debt, G20 leaders should explore ways to overcome the regulatory distance that exists between countries, writes **Chiara Oldani**

The evolving economic conditions of the world in 2017 and the divergent path of growth among G20 countries underline the need for financial regulatory convergence, reduced arbitrage, and common risk management principles and accounting standards. G20 members have steadily increased their public debts since 2010; in fact, in 2016 their average gross public debt reached 81 per cent of gross domestic product (see table 1). The sovereign debt crisis of 2010 has not yet been solved for some European countries and has been aggravated in other areas (such as Latin American countries and Singapore). The sustainability of public debt depends on growth that has not consolidated in some areas (see table 2). The stockpiling of public debt in the presence of slow growth makes policy coordination necessary in order to guarantee sustainability in the most adverse scenarios.

Flaws of buying government bonds

Since 2010, financial intermediaries have increasingly purchased governments' bonds, further strengthening the perverse relationships that contributed to the sovereign debt crisis. The world's oldest bank, the Monte dei Paschi di Siena, founded in 1472, in 2016 had €153 billions in total assets but only €442 million in capital, a negative cashflow (-€9 billion) and needed a recapitalisation of €7 billion in 2017 that has been guaranteed by the Italian government. History repeats itself regardless of any regulation →





Headquarters of the bank
Monte dei Paschi di Siena

Chiara Oldani



Professor of
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Chiara Oldani is Professor of Monetary Economics at the University of Viterbo “La Tuscia” and the Director of the Rome office of the G7 Research Group. Her research currently focuses on over-the-counter financial derivatives and the complex web of counterparty risk, widely considered a major precipitating factor of the global financial crisis.

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Table 1. G20 general government gross debt
(% of gross domestic product)

Country	2010	2011	2012	2013	2014	2015	2016
Argentina	42.62	38.06	39.43	42.20	43.59	52.03	51.27
Brazil	63.04	61.20	62.20	60.19	62.31	72.52	78.32
Canada	81.10	81.51	84.84	85.79	85.40	91.55	92.33
China	33.74	33.64	34.27	37.00	39.92	42.61	46.23
France	81.65	85.16	89.52	92.32	95.24	96.16	96.65
Germany	80.96	78.73	79.92	77.46	74.85	71.15	67.65
India	67.46	69.64	69.10	68.53	68.58	69.55	69.54
Indonesia	24.52	23.11	22.96	24.85	24.69	26.87	27.85
Italy	115.39	116.51	123.34	129.00	131.77	132.04	132.60
Japan	215.90	230.63	236.59	240.50	242.11	237.97	239.18
Korea	30.82	31.51	32.13	33.76	35.88	37.76	38.55
Mexico	42.23	43.20	43.17	46.35	49.49	53.73	58.10
Russia	10.56	10.91	11.76	13.08	15.64	15.94	17.04
United Kingdom	75.95	81.61	85.06	86.22	88.06	88.96	89.16
United States	95.65	99.92	103.37	105.38	105.23	105.61	107.35
Average	70.77	72.36	74.51	76.17	77.52	79.63	80.79

Source: International Monetary Fund, World Economic Outlook Database, April 2017

\$42k

average per capita income in OECD countries in 2016

€7BN

recapitalisation of Monte dei Paschi di Siena by Italian government

→ introduced to limit moral hazard in the financial system.

Financial stability is key

The European banking union is not yet complete, and the United Kingdom’s decision to leave the European Union and get rid of the EU’s heavy financial regulations and authorities is contributing to increasing financial instability. The United States has announced it will move away from the Dodd-Frank Wall Street Reform and Consumer Protection Act, leaving space for regulatory arbitrage across the Atlantic. The communiqué from the meeting of G7 finance ministers and central bankers in May in Bari, Italy, was silent on financial regulation coordination, debt management principles and financial market monitoring – all highly controversial topics. When the G7 leaders met in Taormina a few weeks later, they focused on political issues, not financial ones. So far, the G20 has proven to be the only wise institution that considers the global financial order to be a public good that should not be taken for granted and has acted to safeguard it. The Financial Stability Board actively promotes convergence and reduces arbitrage, but there are many free riders. Only first movers take advantage from deviating from financial rules in global financial markets.

Drawbacks of OTC contracts

Other than the moral hazard induced by the purchase of sovereign bonds, governments increasingly underwrite over-the-counter (OTC) contracts (likely to be with the same banks that purchase their bonds) to manage and hedge their interest payments, further fuelling the perverse relationship that is affecting the stability of the financial system. This trading is not properly described in the national and international statistics on debt.



At Hamburg the G20 leaders should overcome the regulatory distance that exists among countries



In order to address these technical but relevant financial issues, at Hamburg the G20 leaders should overcome the regulatory distance that exists among countries, and should push explicitly for the introduction of common risk management principles to safeguard financial stability for financial and non-financial operators’ debts. They should also promote the introduction of accounting standards for governments and public entities to describe their asset and liability management better, including the use of OTC contracts to hedge their growing debt. **G20**

Table 2. G20 gross domestic product at constant price (% change)

Country	2010	2011	2012	2013	2014	2015	2016
Argentina	10.13	6.00	-1.03	2.40	-2.51	2.65	-2.30
Brazil	7.53	3.97	1.92	3.00	0.50	-3.77	-3.60
Canada	3.08	3.14	1.75	2.48	2.56	0.94	1.43
China	10.61	9.50	7.90	7.80	7.30	6.90	6.70
France	1.97	2.08	0.18	0.58	0.64	1.27	1.21
Germany	3.95	3.72	0.69	0.59	1.60	1.48	1.77
India	10.26	6.64	5.48	6.54	7.18	7.93	6.83
Indonesia	6.38	6.17	6.03	5.56	5.01	4.88	5.02
Italy	1.69	0.58	-2.82	-1.73	0.11	0.78	0.88
Japan	4.19	-0.12	1.50	2.00	0.34	1.20	1.00
Korea	6.50	3.68	2.29	2.90	3.34	2.79	2.83
Mexico	5.11	4.04	4.02	1.36	2.26	2.63	2.30
Russia	4.50	4.05	3.52	1.28	0.72	-2.84	-0.25
United Kingdom	1.92	1.51	1.31	1.91	3.07	2.19	1.81
United States	2.53	1.60	2.22	1.68	2.37	2.60	1.62

Source: International Monetary Fund, World Economic Outlook Database, April 2017

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KEY TAKEAWAYS

The infrastructure gap in Asia is estimated in the trillions of dollars

The AIIB aims for sustainable economic growth by investing in infrastructure

Jin Liqun

President
Asian Infrastructure Investment Bank

Jin Liqun was appointed the inaugural President of the Asian Infrastructure Investment Bank (AIIB) in January 2016, having served as President-Designate since September 2015. Previously, he was Secretary General of the Multilateral Interim Secretariat, which prepared the legal, policy and administrative frameworks required for establishing the AIIB. Before working on the AIIB, Jin served in top management at the China International Capital Corporation Ltd, China Investment Corporation and the International Forum of Sovereign Wealth Funds, as well as the Asian Development Bank and China's Ministry of Finance.

 @AIIB_Official
 www.aiib.org



“
A new, 21st-century
internationalism
that promotes the
idea of shared
benefits is needed
”

Connecting the world

A multilateral approach is needed to facilitate Asian infrastructure development, writes Jin Liqun

The global importance of a robust and dynamic Asian economy is evident; however, Asia faces new and complex challenges stemming from rapid urbanisation, a massive infrastructure gap, the impact of climate change and environmental degradation. All this is underpinned by a young demographic and growing economy putting increasingly higher demands on existing resources and infrastructure.

The infrastructure gap in Asia is well documented. Estimated in the trillions of dollars, it is widely acknowledged to be beyond the scope of any one institution to solve single-handedly – be it government, social or corporate. This is where the importance of international collaboration and cooperation becomes evident. But this is not the globalisation of the 20th century. A new, 21st-century internationalism that promotes the idea of shared benefits is needed. And not just for Asia, but for the entire world.

Within this context the Asian Infrastructure Investment Bank (AIIB) was born. We are building a better tomorrow by engaging governments, the private sector, other multilateral development banks and civil society in support of a vision of common prosperity. Our mandate is to foster sustainable economic growth and development, as well as promote regional connectivity and cooperation, through investment in infrastructure and other productive sectors. Our core values of ‘Lean, Clean and Green’ underpin our decision-making.

Since launching in January 2016, the AIIB’s approved membership has expanded

from 57 to 80. It is truly global, with members from every continent and broad support from both regional and non-regional countries. This acknowledges the bank’s adherence to the values and principles of openness, transparency and accountability, and the recognition of the delivery of our commitments over the last 18 months.

Facilitating infrastructure projects

With a small and talented staff, we have approved \$2.49 billion in loans for 16 projects in nine countries. Our three thematic priorities of cross-border connectivity, sustainable infrastructure and private capital mobilisation guide investment decisions to build and improve members’ roadways, rails, ports, wastewater management systems, clean and efficient energy generation, improved access to telecoms, and development of sustainable cities.

The importance of quality infrastructure and regional connectivity also cannot be overstated. It is not just about the quality of an individual project, but also about the overall impact of infrastructure

development. It is crucial to ensure that all the infrastructure projects are coordinated, balanced and integrated to maximise benefits. An airport or seaport should not wait for the construction of roads or railways connecting it to be completed. Neither should a power plant wait for the transmission or distribution system to be finished. That is why AIIB emphasises resource allocation in the context of national and regional connectivity and development.

Moving to a low-carbon future

We are committed to the principles of sustainable development in conceptualising, designing and implementing our investments, and we actively work to facilitate our clients’ transition to a less carbon-intensive energy mix as they develop and improve their infrastructure and increase energy access.

The AIIB plays a key role as a facilitator to help members move to a low-carbon future. We work together to ensure our investments in infrastructure can achieve maximum results to promote growth, productivity and to meet their Nationally Determined Contributions under the Paris Agreement.

The AIIB continues to strengthen its institutional foundation and build up its internal capacity. We are striving to build a 21st-century multilateral institution that achieves results by doing development differently. By operating true to our values and core principles, and by benefiting from the wide experience of our shareholders, partner multilateral development banks and the private sector, we believe we can realise our grand vision of a future of shared benefits across Asia and beyond. **G20**

\$2.49BN

Loans approved for 16 infrastructure projects in 9 countries by the AIIB

KEY TAKEAWAYS

Private-public partnerships should be tried on a 'learn by doing' basis

The Compact with Africa initiative is vital to lift economic and social development

Harnessing dynamic potential

International collaboration will help facilitate private investment in Africa, a key initiative of Germany's G20 presidency, write Mark Moseley and Stephanie Barker

As German Chancellor Angela Merkel stated in her opening speech to the G20 Africa Partnership Conference on 12 June 2017, the economies of many African countries are remarkably dynamic, revealing the great potential that lies within the continent. But the key to unlocking this potential and helping African countries on their pathway to development must be international collaboration and cooperation, with particular focus on private sector participation. The Compact with Africa, a key initiative of Germany's G20 presidency, provides a framework for supporting private investment through the development of comprehensive, country-specific compacts.

The Global Infrastructure Hub (GI Hub), with its G20 mandate to increase the quantity and quality of infrastructure globally, was invited to participate in the G20 Africa Advisory Group's Compact with Africa meeting in Wiesbaden in January 2017. The GI Hub was asked to share its thoughts on private investment in infrastructure projects in Africa.

The GI Hub recommended a coordinated approach to establishing viable infrastructure project pipelines in Africa, involving the cooperation among key →



Kenya's first female train drivers operated the first passenger train connecting Mombasa with Nairobi when the service started in May 2017



XINHUA / ALAMY

2.5BN Africa's population is expected to double to this figure by 2050

10x Africa's youth population versus the EU's (by 2050)

Mark Moseley



Chief Operating Officer
Global Infrastructure Hub

Mark Moseley was appointed Chief Operating Officer of the GI Hub in April, having joined the GI Hub in 2015 pursuant to a secondment with the World Bank, where he was Lead Lawyer in the Public-Private Partnerships Group, and Task Team Leader for the WB Public-Private Partnerships Infrastructure Resource Center Website Project.

Stephanie Barker



Analyst
Global Infrastructure Hub

A recent graduate of the University of Sydney, Stephanie Barker has a double Bachelor's Degree in Commerce and Arts, and undertook two international exchanges during her degree course: one at the George Washington University in Washington DC; and the other at Sciences Po in Paris.

→ government stakeholders, multilateral development banks (MDBs), project preparation facilities, bilateral development finance institutions, other international organisations and potential private sector investors. The GI Hub referred to the various tools that it has developed to help governments and private investors. These include the InfraCompass tool, which helps governments identify reform initiatives to facilitate private investment; the Global Infrastructure Hub Project Pipeline database, which gives governments the opportunity to showcase new projects to prospective investors; and the Global Infrastructure Outlook tool, which provides detailed global, regional and country-level forecasts of annual infrastructure needs and gaps up to 2040. All these tools are available, free, at the GI Hub website.

In regard to leading practices in energy procurement, the GI Hub proposed the Clean Energy for Africa initiative. This would involve developing best-practice case studies of procuring clean energy generation from international independent power producers, using these case studies to create standardised approaches to designing and implementing effective procurement. The initiative is being developed with the African Development Bank.

Following the Wiesbaden meeting, the GI Hub was invited to speak at the G20 Africa Partnership Investing in a Common Future Conference in Berlin in June 2017, where



Africa's massive infrastructure gap places a heavy burden on its productivity. Private investment can close it



the central theme of discussions was the necessity of private sector investment in African infrastructure.

Mark Moseley, GI Hub Chief Operating Officer, spoke at the session on Preparing Viable Projects, which explored approaches to improving project preparation and standardisation. He raised two key concerns. The first relates to coordination among donors, particularly when it comes to planning, prioritisation and project preparation. It is crucial that MDBs and other relevant organisations do not act at cross purposes, and collaborate to ensure efficient project preparation. Second, countries should be encouraged to experiment with private-public partnerships on a 'learn by doing' basis via pilot projects, as opposed to waiting until their legal, regulatory and institutional frameworks are fully perfected. Experimenting will allow for lessons to be learned, which can then help improve existing processes and frameworks.

Africa's massive infrastructure gap places a heavy burden on the continent's productivity. Private investment can close this gap. It is the GI Hub's aim that the very productive discussions that took place at the Africa Advisory Group meetings and the G20 Africa Partnership conference will be furthered at the Hamburg Summit in July of this year. The GI Hub is eager to support the Compact with Africa initiative, which is vital to lifting economic and social development levels throughout the continent. **G20**

Improving sustainability

COMPLIANCE SCORES

*The average level at which G20 members have complied with
their priority sustainability commitments since 2016*



+0.32 **66%**

+1 means full compliance, 0 means work in progress or partial compliance, and -1 means no compliance or action antithetical to the commitment. Based on a study by the G20 Research Group

CLIMATE FOR CHANGE

*The G20, cooperating together and supporting vulnerable countries, has the power to propel the global economy towards the low-carbon, resilient and prosperous future defined by the Paris Climate Change Agreement, writes **Patricia Espinosa***

ISTOCK / SUNLOW



It is a busy year for the government and people of Germany: five months after the country hosts the G20 summit in Hamburg, the eyes of the world will be on the former capital city of Bonn for the 2017 United Nations climate conference.

The links are not merely geographical

The G20 members, acting nationally, cooperating together and supporting vulnerable countries beyond their group, have the power to propel the global economy towards the low-carbon, resilient and prosperous future envisioned in the Paris Climate Change Agreement as part of the wide-ranging Sustainable Development Goals.

This was underlined in a recent report by the Organisation for Economic Co-operation and Development (OECD) called *Investing in Climate, Investing in Growth*.

It argues that “bringing together the growth and climate agendas” could add one per cent to average economic output in the G20 by 2021 and lift 2050 output by up to 2.8 per cent.

If the economic benefits of avoiding climate change impacts such as coastal flooding or storm damage are factored in, the net increase to gross domestic product in 2050 would be nearly five per cent.

A just transition

The report singles out infrastructure investment as crucial. Limiting the global temperature rise to well below 2°C, in line with one of the Paris Agreement’s temperature goals, will require close to \$7 trillion a year between now and 2030.

But the study points out that this is only around 10 per cent more than investing in carbon-intensive infrastructure and indeed would help save money – as well as help save the planet – because of increases in energy efficiency leading to annual fuel savings globally of around \$1.7 trillion.

The report makes recommendations that underline the importance of integrating the aims and ambitions of the Paris Agreement in national economic policies – for example, the strengthening of climate mitigation policies including carbon pricing, fossil-fuel subsidy reform, smart regulations and the use of public procurement to help drive low-carbon growth.

The report also underlines the importance of private sector investments and support from local government, companies and workers is not just a transition, but a just transition.



Annual cost of
keeping temperature
rise below 2°C

\$7 TN



Patricia Espinosa



Executive Secretary
**United Nations
Framework
Convention on
Climate Change**

Patricia Espinosa took office as Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC) in July 2016. She served as Mexico's ambassador to Germany from 2012 to 2016 and from 2001 to 2002, and as Minister of Foreign Affairs from 2006 to 2012. She chaired the 16th Conference of the Parties to the UNFCCC leading to the adoption of the Cancun Agreements and was named by the UN Secretary-General to the High-Level Panel of Eminent Persons on the Post 2015 Development Agenda.

 @PEspinosaC
 newsroom.unfccc.int

KEY TAKEAWAYS

The 2017 UNFCCC conference in Bonn will evaluate how best to assess countries' progress since Paris 2015

More and more companies are promising deforestation-free commodity supply chains

Despite US withdrawal from the Paris Agreement, international solidarity is strong

→ Continuing Paris in Bonn

The OECD report is timely – in November more than 190 countries, presided over by the island state of Fiji, will be hosted by the UN Framework Convention on Climate Change in Bonn on the banks of the Rhine.

The 2017 UN climate conference needs to make important strides towards finishing the guidelines needed to fully implement the Paris Agreement while also setting the stage for a dialogue in the following year on achieving the agreement's even lower goal of 1.5°C.

The Bonn conference will also prepare for an assessment or stocktake, planned for 2018, that will seek to evaluate how all the countries' efforts are collectively getting the world on track to achieve the Paris Agreement.

Higher ambition is needed, and needed quickly, as the OECD and other reports say. The current set of national climate action plans are a marked improvement over what was on the table pre-Paris 2015, but they are still behind the curve.

Preserving forests

It is not just hard infrastructure such as the power, buildings and transportation sectors where climate-friendly investment is needed – there also needs to be smarter management of the world's soft infrastructure, including forests and agricultural systems.

There is positive news here too. CDP, the former Carbon Disclosure Project, is reporting that ever more companies are joining an international initiative under the post-Paris global climate action agenda aimed at deforestation-free commodity supply chains.

Deforestation itself is responsible for as much as 15 per cent of global greenhouse gas emissions



New ones include McDonald's Latin American franchise Arcos Dorados, Swiss fragrance and flavour company Firmenich, Brazilian meatpacker JBS, American healthcare company Johnson & Johnson, Brazilian paper producer Klabin and Canadian restaurant group Restaurant Brands International.

Forests play a critical role in reducing global warming, and deforestation itself is responsible for as much as 15 per cent of global greenhouse gas emissions, as well as habitat loss and social conflict.

Momentum since Paris has been nothing short of breathtaking – the agreement came into force less than 12 months after being adopted and to date over 150 Parties to the Agreement have ratified it.

The announcement by the United States in June that it would withdraw from the Paris Agreement has triggered widespread disappointment but also unprecedented solidarity among all other nations and cities, states and the private sector in the US and beyond.

There's a new reality in global climate action

That reality is that this is not like a chain, broken by one link, but an ever deeper and widening web of internationally aligned self-interest that bodes well now and over the years and decades to come.

With the Prime Minister of Fiji, Frank Bainimarama, the Government of Germany and the City of Bonn, I look forward to welcoming all the parties to the Paris Agreement in November so we together can accelerate implementation further and faster everywhere and write the next historic chapters of our shared future. **G20**

A life in development

Suleiman Jasir Al-Herbish, the Director-General of the OPEC Fund for International Development, talks about his passion for alleviating energy poverty around the world

Suleiman Jasir Al-Herbish has been Director-General of the OPEC Fund for International Development (OFID) since 2003. He has made OFID's work more relevant and visible, and strengthened cooperation with other development organisations. Throughout, Al-Herbish has been particularly vocal about alleviating energy poverty. His second book of highlights – *Uniting against poverty: OFID's Suleiman Jasir Al-Herbish and the fight for sustainable development* – was recently published. Below are edited extracts from interviews with Mr Al-Herbish.

'My family was not poor, but my whole city – Ar Rass in Saudi Arabia – was poor in terms of electricity, facilities and infrastructure. When I was a child, we didn't even hear about electricity. I would study until midnight under the light of the kerosene lantern with my mother at my side (I was the only boy and she spoiled me). When I was done with my homework, she would blow out the flame with a "Pfffeww". Later, I moved to Riyadh. Not even then did I have electricity. In the evenings I would go to the mosques – where there was electricity – to study. This problem has always remained in the back of my mind. It is something, I think, that has driven me on.

About 1.2 billion people still live without electricity and 2.7 billion are without clean cooking facilities. This has been my focus for most of my career. For me, being Director-General of OFID is the best job in the world.'

'One very special high point of my career was the \$1 billion resource replenishment we received from our member countries in 2012. This was the first resource boost in 30 years and a resounding endorsement of our work. I was in the OFID headquarters shortly after, preparing

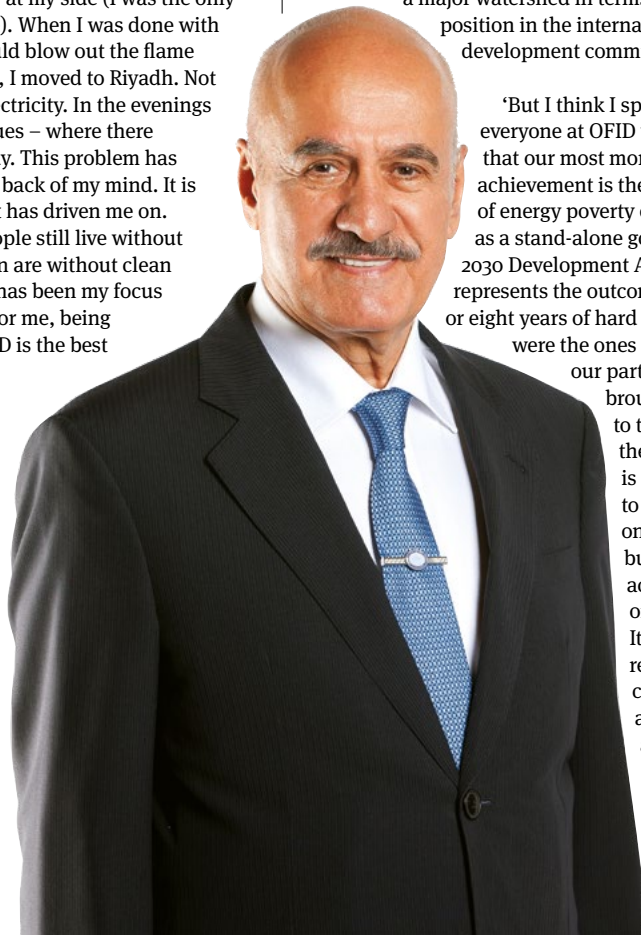
for a follow-up meeting. One of my colleagues said: "We need you in the conference room. Just for a minute." I went and found everybody was there. They applauded me. I have to admit that I cried. My colleagues applauded again. There are many of us in OFID that are not just with the organisation. We are of the organisation.'

'Another highlight was the inclusion of energy poverty eradication in the outcome document of the Third OPEC Summit in Riyadh in 2007. Not many people know that the relevant article of the Riyadh Declaration was actually drafted here in OFID. We were the ones who took the idea to our member countries. They took it on board and made it a decision of the summit. Their call – on all OPEC aid institutions including OFID – was the springboard that launched OFID on a new path and marked a major watershed in terms of OFID's position in the international development community.'

'But I think I speak for everyone at OFID when I say that our most momentous achievement is the inclusion of energy poverty eradication as a stand-alone goal in the 2030 Development Agenda. It represents the outcome of seven or eight years of hard advocacy. We were the ones – working with our partners – who brought this issue to the attention of the world. There is still a distance to go to deliver on the agenda, but energy access is finally on the agenda. It is also now recognised as central to the achievement of all Sustainable Development Goals.'



Our most momentous achievement is the inclusion of energy poverty eradication as goal in the 2030 Development Agenda



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Uniting against Poverty

JUPITER OXYGEN CORPORATION

Mo Rami



Head of Global Development
G7G20

Mo Rami is Head of Global Development at G7G20. In April 2017 he spoke to Dietrich M Gross about the Jupiter Oxygen story

Building a bridge to energy security

Mr Gross, you participated at COP21, which achieved the Paris Agreement. What was your main takeaway from this meeting?

The Paris Agreement is a historic achievement and turning point that is taking the climate change discussion from talk to action.

I experienced first-hand the dynamic of 200 nations coming together on clean energy technology and climate during COP 21 in Paris. This has encouraged me to significantly increase business engagement and investment in clean energy, particularly in advanced fossil energy technology and carbon capture in North America and Asia.

As an entrepreneur and family-business owner for over 25 years in the United States, I strongly believe that the Paris Agreement presents a tremendous business opportunity, one not to be missed. We are confident that the global demand for clean energy technologies can reach a \$1 trillion market annually by 2030.

We discovered that we could significantly increase fuel efficiency and double product throughput, which of course meant higher productivity and reduced costs. In addition, we realised that we had significantly reduced our carbon footprint, an important issue that was coming into clearer focus at the time. This was the first step.

You spun off the Jupiter Oxygen Corporation (JOC) as a technology development company. How did you develop the JOC technology for carbon capture, utilisation and storage (CCUS) and how does it contribute to reducing GHG emissions?

Beginning in 2001, we established our technology company, Jupiter Oxygen, and took our proprietary process to the next level. We realized that our technology could result in the capture of CO₂ at the end of the combustion process, and that it could contribute to addressing climate change. We worked for over 10 years with the US Department of Energy to develop a technology for cost-effective capture carbon.

Our high-flame temperature, oxy-combustion process with carbon capture improves fuel efficiency and captures more than 95 per cent of CO₂. It also controls air pollutant emissions, like NO_x, SO_x, particulate matter and mercury, and recycles process water, a critically constrained resource in many developing countries. The process can be applied to both newly built and retrofit coal-fired power plants. It creates an income-generating use for the captured CO₂ and other by-products. Taken together, these products can offset the additional technology cost.

These attributes created a win-win, practical application for the captured CO₂. Remember, we can capture at least 95 per cent of the CO₂ from the plant. If we co-locate a power plant near to deep, uneconomic coal seams, we can inject the captured



The Paris Agreement presents a tremendous business opportunity



What is the Jupiter Oxygen story? How did innovation in clean energy technology drive the development of your business?

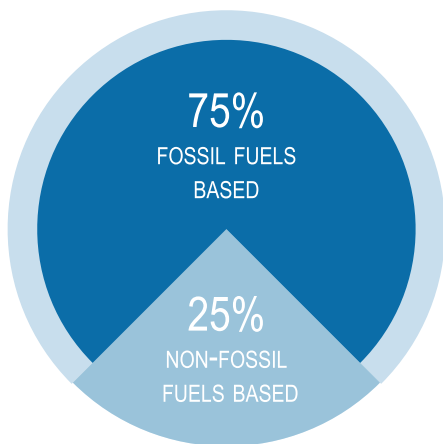
One of our family-owned businesses (Jupiter Aluminum Corporation) recycles aluminum scrap at its main plant in Hammond, Indiana. When I started that business in 1992, fuel costs were moderate, but they quickly increased. We needed to reduce costs. As I came originally from Germany, where the steel industry typically uses oxygen to improve heating processes, I decided to experiment with oxy-combustion applications in our aluminum re-melt furnaces. This led to the development of high flame-temperature oxy-combustion for industrial use.

CO₂ into the seams, which forces out coalbed methane. Not only is methane a useful fuel for the domestic economy, with lower CO₂ emissions than coal or oil, but the beauty of this application is that it securely sequesters the CO₂ for centuries – and without a major cost penalty. This is particularly useful and valuable in developing countries.

How big a role do you see for CCUS technology in achieving the Paris Agreement, particularly in developing countries?

Jupiter Oxygen is not alone in the CCUS business – a full array of CCUS technologies will be needed. The rapid commercial introduction and widespread deployment of energy-efficient and capital-efficient technologies for carbon capture will be absolutely critical for achieving the goals of the Paris Agreement and limiting future global temperature increases to 2°C or less. Indeed, according to the International Energy Agency, the Paris target can only be achieved if 95 per cent of coal-fired power plants, as well as 40 per cent of all gas-fired power plants, use carbon capture technology by 2050.

Employing CCUS will be essential to meeting the national development priorities of developing countries. Developing countries will have exponentially increasing demands for both heat and electricity during the next several decades as populations grow and standards of living rise. Mr Rami, please be aware that projected energy use in 2040 is still 75 per cent fossil fuels based, and only 25 per cent non-fossil fuels based, according to the IEA's central scenario. It is inevitable that many of these demands will be met by burning cheap local coal, even in countries where there is a major effort to increase the use of modern renewable energy technologies. Developing countries also want to limit their carbon emissions. Pairing this increased



International Energy Agency
World Energy Outlook 2015
Executive Summary, Central Scenario



Dietrich M Gross
CEO & Chairman
Jupiter Oxygen Corporation

use of coal with carbon capture allows them to meet their national climate commitments, or Nationally Determined Contributions (NDCs), to the United Nations, and will contribute to the worldwide limits on atmospheric emissions of CO₂ under the Paris Agreement. CCUS technologies are attractive because the utilisation of captured CO₂ to enhance coal-bed methane production converts CO₂ from a costly waste product to a value-added commodity. Successful demonstration and deployment of CCUS technologies will be crucial to establishing CCUS as a low-carbon technology strategy for emerging economies that continue to be heavily dependent on coal to fuel their economic growth.

What would be needed to scale up CCUS to achieve the 2°C goal?

In order for CCUS technologies to make the large contribution to carbon reductions I spoke about before, we need a full court press to deploy these technologies at commercial scale. The G20 leaders have an important role to play in this effort, in partnership with private sector entrepreneurs and business leaders. The leaders of the G20 should support R&D into advanced CCUS technologies and they should urge the multilateral development banks to increase efforts on 'crowding in' private finance. They should also encourage national development banks and bilateral aid agencies to provide the risk-management tools that will allow private investors and entrepreneurs to underwrite the development of CCUS technologies at full scale, particularly in developing countries. In addition, G20 leaders should make all possible efforts to promote domestic investment in these technologies.

We must implement these steps with a sense of urgency in order to meet the economic, energy, and environmental demands of a sustainable future.

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IN CONVERSATION



We need the G20 to lead on the shift to a green economy



Editor John Kirton speaks to Erik Solheim, Executive Director, United Nations Environment Programme about progress to date

Q How much progress is being made meeting the 2030 Agenda's Sustainable Development Goals (SDGs) for climate change?

A We're certainly moving in the right direction, but the challenge is that we still need to move much faster. On climate change, the science tells us there is a very short window for decisive action to avoid serious warming. Our latest report on the global emissions gap showed that even if all the Paris commitments are met – including those from the United States before President Donald Trump announced he was pulling out – we're still headed for a temperature rise of between 2.9°C and 3.4°C this century. That's too far above the minimum goal of limiting temperature rise to 1.5°C. But we've seen a remarkable shift in China and India, with both moving rapidly

towards renewables. So I'm optimistic that we'll continue to see exponential progress.

On biodiversity, I see Africa as being a particular challenge. The population growth projections are staggering, and large parts of the continent are developing rapidly. But development and environmental protection are not incompatible – we just need to help make rapid progress on urban planning, agricultural efficiency and the expansion and management of protected areas.

We're working hard on oceans, and I'm encouraged by the amount of global attention that is focusing on their state of health. Our #CleansSeas campaign has made great progress on marine litter.

Q Who is mobilising the financial resources needed to meet these goals?

A We have strong support from several

donors. Sweden recently gave additional support for our oceans work, and Canada was this year's host of World Environment Day. We're grateful for all member states who support our work and our campaigns.

I'm also encouraged by the partnerships we're building with the private sector. Covestro, the materials and polymers company that supported the Solar Impulse flight, is also backing our Young Champions [of the Earth] initiative. We hope this help drive innovation for the environment. We need to build more partnerships like this.

Q How is the United Nations Environment Programme (UNEP) contributing to the effort?

A At the moment, we're running three major campaigns, each of which is gaining good traction. Our WildforLife campaign is taking on the illegal trade in wildlife, and we've seen positive results in parts of the world where we need to make an impact, such as cutting demand for ivory and rhino horn in parts of Asia. Our CleanSeas campaign, through which we're trying to get damaging single-use plastics and microbeads phased out, is also going from strength to strength. We are also campaigning on air quality with the BreatheLife initiative, and many cities are getting on board. Tackling urban pollution as a public health issue is hugely important, as positive changes will also accelerate climate action. Towards the end of the year we will host our Environment Assembly, and the theme is a pollution-free planet – and member states will have an opportunity to step up their commitments.

Q What additional resources and authority does UNEP need to play a stronger role?

A What we'll always have a need for is more leadership, and the scope of scale of the challenges means we'll always have space for countries to step up and inspire. It's great to see Kenya as one of the global leaders in geothermal. Costa Rica and Gabon are leading on protecting marine areas. China is leading on environmental technologies and innovation. India is becoming a leader on solar installations, and so on. I see climate action as a very positive force that can break down barriers and bring about greater cooperation.

www.unep.org
 @ErikSolheim

Erik Solheim

*Executive Director, United Nations
 Environment Programme*

Q What challenges lie ahead to meet the key ecological Sustainable Development Goals?

A The challenge is a fundamental one: getting off a business as usual approach and embracing innovation and change. It's a case of shifting mindsets, and getting away from the old mentality that economic growth and protecting the environment are incompatible, and that climate action is a burden. So the big challenge remains to convince the naysayers and those on the fence that this is an unprecedented opportunity – for better paid and better quality jobs, for more vibrant and inclusive economies and healthier societies. Essentially, we have to move the markets to embrace circular economies and low carbon growth.

Q How much has the US decision to withdraw from the Paris Agreement harmed any advances?

A The decision to withdraw is certainly a big disappointment, but some of the fallout from the announcement has been very positive – and this has shown that the momentum we have is unstoppable. We've seen many US states and cities step up their commitments. There's been fantastic support from the private sector too.

Globally, I think it has only added to the sense of urgency and resolve. The European Union, China, India, Canada and many other nations have been stepping forward to seize the initiative.

Q How can the G20 leaders at their Hamburg Summit best move ahead?

A By ensuring environmental issues and climate change have their place at the centre of the discussions. It is after all about finding a global response to global issues. I'm encouraged that the sustainable use of natural resources is on the agenda, as there are huge benefits – and economic opportunities – in closing loops and building less wasteful, more circular economies. In other words, we need the G20 to lead on the shift to a green economy. **G20**



AKZONOBEL

Meeting the ecological challenges of urbanisation

To mitigate the impact of the frenetic pace of urbanisation that the world is seeing, a tremendous effort in research and development is necessary. Indeed, it is more than ever essential to support improvements in sustainability by using renewable energies whilst decreasing carbon footprint and reducing waste and pollution generation. At AkzoNobel, we believe that we can play a key role in addressing parts of these challenges through innovative solutions.

AkzoNobel is constantly developing better and more sustainable products, delivering essential ingredients, essential protection and essential colour to help create more “Human Cities” around the world for a more liveable and inspiring life.

Our commitment to sustainability is evidenced by our consistent high ranking over the last 10 years on the Dow Jones Sustainability Index (ranked first consecutively for four years) and our Planet Possible programme which is dedicated to constantly finding ways to deliver more with less.

AkzoNobel is a leading paints and coatings company with worldwide recognized brands such as Dulux and Sikkens. Our Global Research, Development and Innovation (RD&I) Centre for Exterior Wall Paints is located in Singapore, a vibrant innovation hub in

Asia. Our research programmes are mainly focusing on sustainability, energy efficient solutions, durability and protection, and of course bringing aesthetic delight to exterior façades.

Pollution control and self-cleaning

According to the World Health Organization, 92 per cent of people across the world breathe in unhealthy



Our research mainly focuses on sustainability, energy efficiency, durability and aesthetics





*Pamela Phua, Director, RD&I
Exterior Wall Paints Expertise & Research Group, Global
South East South Asia & Middle East
AkzoNobel Decorative Paints*

air, resulting in millions of deaths every year. Rapidly evolving into a global health crisis, worsening air pollution in the form of thick smog continually engulfs Asia's megacities like Beijing and Delhi as well as Europe's metropolises such as Paris and London.

To support urban communities to combat pollution, AkzoNobel embarked on a programme to deliver next-generation depolluting paint based on the technology of photocatalysis of titanium dioxide. By absorbing sunlight, specifically ultraviolet radiation, photoactive titanium dioxide particles can be activated in the presence of oxygen and moisture to produce free radicals. These highly active radicals are capable of degrading pollutants like nitrogen oxide and sulphur oxide, thereby contributing to the abatement of noxious emissions from motor vehicles and other human activities. However, the radicals can also decompose organic constituents in the paint and consequently impair the paint durability with excessive chalking. This challenging obstacle was overcome by a specially formulated inorganic film having a higher resistance to radical attack.

While cleaning up the air, our photocatalytic paint can also deliver outstanding self-cleaning properties with low dirt pick-up to building façades. This eco-positive benefit derives from both the degradation of the dirt particles by the radicals and the photo-induced super-hydrophilicity effect, where the latter is manifested by a water-loving surface that allows rain to spread readily on the surface, under the dirt, suspend it and wash it away.

Water-repellent coating

Alternatively, a façade that stays clean can also be delivered via super-hydrophobicity. To this end, AkzoNobel are developing an extremely water-repellent coating with inherently low surface energy, enhanced by multi-scale surface topography. In essence, water beads form and roll off easily, or →

AKZONOBEL



All images are courtesy of AkzoNobel

→ simply do not stick at all, on the coating. Owing to the extreme resistance to rain, mud, stains and dirt, the coated surface will stay dry and clean. This new technology will help urban communities reduce their environmental footprint through significant reduction in the energy and chemical detergents used in building maintenance. This is particularly important for fast-growing cities in emerging markets that are populated with high-rise residential and commercial buildings.

For many cities around the world, for example San Francisco and Paris, it remains a perennial challenge to keep public places clean and the walls away from such abuses as public urination and spitting. In particular, in its fervent pursuit to embrace the issue as a national agenda, the Government of India has embarked on an strong nationwide campaign called “Swachh Bharat Abhiyan” to promote public cleanliness in all of its cities and towns. AkzoNobel’s super-hydrophobic coating is an innovative solution to address such needs. It can protect walls by resisting the adhesion of urine, spit and other stains, thereby deterring public urination and spitting. In line with our Human Cities initiative, our innovation has vast potential to help transform and maintain the cleanliness of urban areas, providing the communities with more liveable neighbourhoods and inspiring surroundings.

Keeping pace with new construction trends

Compared to other industries, the buildings and infrastructure sectors has seen much slower increases in productivity and have been slower to adopt new technologies. However, major transformations are now happening.

Prefabrication and modularisation are now playing an increasingly important role in shaping the evolution of the construction industry; as driven by cost, schedule, safety and environmental benefits. Project schedules can be made more productive with shorter site-built construction time and less weather delays, leading to significant labour cost reduction. Work sites’ safety is also improved with fewer weather-related complications and less work at heights. Construction-site waste is also reduced, leading to a lower environmental impact.

One good example is the rising trend in the use of thermal insulation decorative boards in China where such boards deliver both aesthetics and insulation in one solution. Unlike a traditional external thermal insulation composite system (ETICS/EIFS) where every layer is painstakingly applied and put together



Our innovation has vast potential to help transform and maintain the cleanliness of urban areas





on site, the coating layers are systematically applied and combined with the insulation layer in a factory environment. This enables a much higher construction efficiency and better quality control than conventional ETICS/EIFS which can be highly subjective to the reliability and quality of workmanship.

The controlled application processes also allows access to a much wider technology platform, some of which would have been inhibitive to use in traditional exterior wall paint. For instance, with UV or high-temperature curing, new technologies can be considered such as UV-cure binders, fluorocarbon polymers and sol-gel processes. Advanced manufacturing processes, with new technologies including 3D printing, will allow more sophisticated coating systems design, opening the way to advanced functionalities such as solar energy harvesting through photovoltaics, or thermoelectric features.

Last, but not least, as the current market is mainly driven by solvent-based solutions, AkzoNobel's objective and motivation is to develop, deliver and promote water-based solutions to contribute to the reduction of VOC emission, while maintaining an equivalent performance.

AkzoNobel's research community and our partners are working hard to extend exterior wall paint functionality and durability to up to 30 years. This will enable a much longer maintenance and repainting cycle, thus reducing building maintenance costs and environmental impact.

Save energy by keeping buildings cooler

For cities experiencing seasons with high temperatures, cooling building is a significant source

of energy consumption. The Intergovernmental Panel on Climate Change anticipates that by 2100 the need for electricity to power cooling will have increased to more than 30x the level of year 2000. To decrease this need for cooling, the choice of the paint on the building has an important role as it can absorb more, or less of the solar energy, subsequently transmitting this as heat energy to the building. Traditionally the only way to influence this was to recommend white or light shades which reflect light, notably visible light which contributes to 50 per cent of the total solar energy. AkzoNobel has successfully developed a first generation of paints that offer vivid colours together with the ability to keep the surface cooler. This technology, KeepCool, is based on special pigments that have been selected based on their ability to reflect better in the near infrared region of the solar spectrum, which contributes to 40 per cent of the solar energy. The result is that the surface can be 5 degrees Celsius lower than without this technology, leading to a potential 10 to 15 per cent energy saving for the building.

AkzoNobel is already progressing the second generation of thermal energy management, incorporating objects of a same size order as the wavelengths of light intended to scatter, but with a refractive index very different from its surrounding medium. This allows light diffraction and scattering back part of the incoming energy.

At AkzoNobel we are working every day to propose the most sustainable and performing products to our customers. With their trust and support, we will continue to be a pioneer in the market on sustainability and innovation.

AkzoNobel Research
Development & Innovation,
Director,
Global Exterior Wall Paint Expertise & Research Group

AkzoNobel Research
Development & Innovation
Director, South East, South Asia and Middle East

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KEY TAKEAWAYS

Creating smart cities would save more than \$3 trillion over the next 15 years

More than 300 US Climate Mayors have pledged to adopt the Paris Agreement

G20 leaders: are you ready to save our planet?

To deliver on the goals of the Paris Agreement requires unprecedented action: urgent reforms are needed in energy, transport, food and waste, writes **Anne Hidalgo**

As mayors of many of the world's great cities, and on behalf of the hundreds of millions of citizens that we represent, we urge you – G20 heads of state and government – to deliver on your commitments to tackle climate change, one of the world's most pressing issues.

Given the US intention to withdraw from the Paris Agreement, the resolve of the other 19 leaders at the G20 Hamburg Summit to safeguard the future of our planet is more important than ever. Local leaders around the world stand together with you, redoubling our commitment to bold action on climate change, working with business leaders and citizens worldwide. We are inspired by the courage of more than 300 Climate Mayors from cities across the United States who have committed in the past weeks to adopt, honour and uphold the Paris Agreement. Hundreds of US cities, universities and businesses have declared “we are still in” and committed to pursue ambitious climate goals, and to ensure that the US remains a global leader in reducing emissions. This group is now working on the creation of ‘America’s pledge’, an unprecedented effort to aggregate carbon reductions by cities, regions and businesses to ensure that the US achieves its Paris Agreement pledge.

To deliver on the goals of the Paris Agreement requires unprecedented action: urgent reforms are needed in energy, transport, food and waste – driving investment in low carbon economies that will create jobs and improve public health.

In our cities, we are already implementing the policies and projects

needed to deliver on the ambition of the Paris Agreement. As mayors, we are committing to bold emission reductions plans, tackling air pollution and investing in sustainable infrastructure that makes our cities resilient to the effects of climate change. We are taking these measures because creating smart cities offers unprecedented opportunities. Research by The New Climate Economy revealed that creating compact and connected cities, built around mass public transport would save more than \$3 trillion in infrastructure investments over the next 15 years. These cities will also be more economically dynamic, healthier, equitable and have lower emissions.

We must all work together to save the planet. As cities roll out fleets of electric busses and our citizens choose to leave their polluting cars for electric vehicles, nations must speed up the process of ensuring 100 per cent of electricity is produced from renewable sources. As mayors and businesses bring forward plans for sustainable infrastructure in our cities, national governments should ensure that financing is available for cities from



You have the privilege of leadership at a unique time in history to help realise the potential of the Paris Agreement



Anne Hidalgo

Chair,
C40 Cities Climate Leadership Group

Anne Hidalgo, the first woman to be elected Mayor of Paris, took office in April 2014. After co-hosting the Climate Summit for Local Leaders in December 2015 with Michael Bloomberg, the United Nations Secretary-General's Special Envoy for Cities and Climate Change, she was elected to chair C40 Cities. A former Labour inspector, she held several positions in national and international organisations before becoming First Deputy Mayor of Paris in 2001.

 @Anne_Hidalgo
 @c40cities
 www.c40.org

international climate funds and development banks. As autonomous vehicles arrive in our cities, we must work together to create a regulatory system that ensures this shift will help cut emissions rather than add to them.

You have the privilege of leadership at a unique moment in history to help realise the potential of the Paris Agreement. The cities of the world and their citizens have a shared vision for a just and sustainable future – one that will make our communities cleaner, healthier, happier and more prosperous. Together with business leaders we have already decided on a climate-safe future of opportunity, optimism and innovation – there is no alternative.

As C40 mayors we will continue to lead on climate action in the most important cities of the world, standing for our people, the planet and global prosperity. We seek to strengthen a pragmatic and positive alliance with you, in the service of our citizens. We look forward to working with you. Don't miss this opportunity to deliver new hope for tomorrow. **G20**



Signatories:

Anne Hidalgo,

Mayor of Paris and Chair of C40

Ahmed Aboutaleb, Mayor of Rotterdam

Elisabeth Ackermann,

President of the Executive Council
of the Canton of Basel-Stadt

Steve Adler, Mayor of Austin

Wasim Akhtar, Mayor of Karachi

Muriel Bowser, Mayor of Washington DC

Manuela Carmena, Mayor of Madrid

Herbert Constantine M Bautista,

Mayor of Quezon City

Ada Colau, Mayor of Barcelona

Denis Coderre, Mayor of Montréal

Marcelo Crivella, Mayor of Rio de Janeiro

Robert Doyle, Mayor of Melbourne

Rahm Emanuel, Mayor of Chicago

Helen Fernández, Mayor of Caracas

Phil Goff, Mayor of Auckland

Rafael Greca, Mayor of Curitiba

Hanna Gronkiewicz-Waltz,

Mayor of Warsaw

Fumiko Hayashi, Mayor of Yokohama

Frank Jensen,

Lord Mayor of Copenhagen

Raymond Johansen,

Governing Mayor of Oslo

Georgios Kaminis,

Mayor of Athens

Mohammad Sayeed Khokon,

Mayor of Dhaka South

Yuriko Koike, Governor of Tokyo

Eberhard van der Laan,

Mayor of Amsterdam

Horacio Rodríguez Larreta,

Mayor of Buenos Aires

Ed Lee, Mayor of San Francisco

Patricia de Lille, Mayor of Cape Town

Miguel Ángel Mancera,

Mayor of Mexico City

Clover Moore,

Lord Mayor of Sydney

Michael Müller,

Governing Mayor of Berlin

Ed Murray, Mayor of Seattle

Antônio Carlos Peixoto

de Magalhães Neto, Mayor of Salvador

Claudio Orrego, Governor of Santiago

Enrique Peñalosa, Mayor of Bogotá

Mauricio Rodas, Mayor of Quito

Gregor Robertson, Mayor of Vancouver

Giuseppe Sala, Mayor of Milan

Yousef Al Shawarbeh, Mayor of Amman

Mohammed Adjei Sowah, Mayor of Accra

John Tory, Mayor of Toronto

Karin Wänngård, Mayor of Stockholm

Martin J Walsh, Mayor of Boston

Ted Wheeler, Mayor of Portland

Wong Kam-sing, Secretary for the

Environment of Hong Kong Special

Administrative Region Government

Park Won Soon, Mayor of Seoul

Professor Dr Eckart Würzner,

Lord Mayor of Heidelberg

KEY TAKEAWAYS

Trade fosters a resilient, responsive and responsible global economy

The G20 is an important agenda-setter for global economic governance

Responding to the challenges of globalisation

The B20 supports the G20 in its drive to reach a future-oriented world economy, writes **Dr Jürgen Herhaus**

Our world is not only becoming more and more interconnected, but also more and more people are feeling left behind or overwhelmed by an ever faster changing world. Recent elections and referenda in both emerging and developed countries have shown that a growing proportion of our citizenry seem to be discontent with the political establishment.

Globalisation and technological change are tremendously beneficial. Between 1990 and 2014, world trade increased about fivefold and global per capita income grew by a factor of 2.5. This had a very real and positive effect on people's lives: Hundreds of millions of people have been lifted out of poverty and have seen their living standards and incomes improve. Trade fosters a resilient, responsible, and responsive global economy by boosting growth, employment, welfare, purchasing power, and productivity. Both exports and imports enhance economies of scale, specialisation, and competition, while lowering input prices. Imports significantly contribute to consumer welfare, as trade provides access to a more diverse range of goods and services at lower prices. This is especially beneficial for lower-income households. At the same time, not everybody has benefited sufficiently from globalisation. Globalisation creates more competition – and not all companies will be able to succeed.

Focusing on anti-globalisation

The current anti-globalisation sentiments, which we are witnessing in many industrialised countries in particular, are

not just the result of bad communication. Without a doubt, both governments as well as the business community have not sufficiently explained the benefits of globalisation. They are, however, also the result of increasing income inequalities in many countries and a persistent high unemployment rate, in particular among young people. Therefore, the themes of this year's G20 presidency are well chosen: Building Resilience, Improving Sustainability, and Assuming Responsibility. They are essential to ensure that growth is not only dynamic but also inclusive and sustainable.

National go-it-alone strategies are destined to fail in tackling today's challenges but also in realising the many benefits that globalisation and technological change offer. That is why the G20 is so important. While the communiqués of the G20 are not legally binding, the G20 is an important agenda-setter for global economic governance. It holds the necessary weight and legitimacy: its members are not only responsible for 85 per cent of global gross domestic product and three-quarters of global exports, but also represent about two-thirds of the world's population. Most issues require intensive global cooperation – may it be climate change, trade disputes and rules, migration, digitalisation, resource efficiency, the investment gap (particularly in infrastructure), or the fight against corruption, to name just a few. The G20 may not be an international organisation like the IMF or the WTO in which member states agree on conventions that are binding →



The B20 asks the G20 to reaffirm its commitment to the protectionist standstill



A woman paints a banner protesting against the G20 Summit in Hamburg

DANIEL BOCKWOLDT/DPA/ALAMY LIVE NEWS

2.5

times increase in global per capita income in 1990–2014

2/3

of world population is in G20 countries

Dr Jürgen
Heraeus



Chairman
**B20
Germany**

Dr Jürgen Heraeus represents the global business community in the G20 process as B20 Chairman. He is Chairman of the Supervisory Board of Heraeus Holding GmbH and also serves as honorary Chairman of the German United Nations Children's Fund, UNICEF.

@b20

www.b20germany.org

→ under international law, however, the G20 has become the premier forum for global governance, an important agenda setter, and the cornerstone of global regulation.

The work of the B20

In a more and more complex world, the G20 relies on strong and reliable partners. The G20 finds these in the G20 engagement groups: the Business 20, the Civil 20 (C20), the Labour 20, the Science 20 (S20), the Think Tank 20, the Women 20 (W20), and the Youth 20 (Y20). All of them assist the G20 with their particular knowledge and expertise, bringing different perspectives to the table. B20 Germany has 706 members from 39 countries, organised in eight working groups: Trade and Investment; Financing Growth and Infrastructure; Digitalisation; Energy, Climate and Resource Efficiency; Employment and Education; SMEs; Responsible Business Conduct; and Health. Based on the principle of consensus, these groups developed recommendations to the G20 which were presented in early May to German Chancellor Angela Merkel. While finding consensus seems to have become more difficult within the G20, this is not reflected in the business community. The G20 business community stands united on many – politically – controversial issues. Two examples: trade and climate change:

First, trade: the B20 strongly believes that trade promotes prosperity worldwide. We call upon the G20 to reaffirm its commitment to an open and rules-based trading system. We would like the G20 to reaffirm its commitment to the protectionist standstill and rollback. We would also like to see the G20 work towards a more progressive future trade agenda that reflects the changing landscape of trade, for example, paying much more regard to digital trade. The G20 members should also reinforce their commitment to the multilateral trading system. The G20 needs to



In a more and more complex world, the G20 relies on strong and reliable partners



ensure that trade is open and rules-based. At the same time, governments and businesses also need to ensure that the benefits of trade are widely shared throughout the entire economy. We need to redouble our efforts to improve education and lifelong learning to help people seize new opportunities in a changing world.

Action needed on climate change

Second, climate change and energy transition: The effects of climate change have made action inevitable. Meeting the future demand for reliable, affordable, and sustainable energy will require significant and timely investment in resource-efficient and climate-friendly infrastructure. With the Sustainable Development Goals and the Paris Agreement, governments committed to taking decisive action towards sustainable development and against global warming. However, we will only be able to curtail climate change if businesses keep finding innovative solutions. For this, we need a predictable and stable climate and energy policy framework that is market-oriented, cost-effective, and strengthens competition among technologies. The G20 members should therefore become leaders in the implementation of the Paris Climate Agreement. We would like the G20 members to come up with predictable market-based policies on climate change. We would also like the G20 members to drive forward the energy transition.

As business, we want to play our part and support the endeavours of the G20. We want to assume responsibility and contribute to finding the best solutions for today's challenges and opportunities such as climate change, digitalisation, or sustainable growth. We aim to be responsive to the varying needs in all sectors and countries of the G20. And we want to build resilient, future-oriented economies. **G20**

Amazing innovations for a sustainable future

Working towards an economic model that reduces waste, emissions and water consumption isn't just a box we tick at Arçelik – it's at the centre of everything we do. That means staying ahead of the curve when it comes to discovering innovations.

My vision and that of Arçelik's employees is far bigger than simply creating improvements in one factory or another. For us, the vision of cultivating sustainability carries across all brands and industries.

At Arçelik, we do not develop a new business plan or make a new investment without focusing on our goal for a more sustainable model – how we can reduce waste, emission and water consumption.

Keeping an eye on developing technology is the best way for us – and everyone – to stay ahead of the curve. So here are a few initiatives we're already participating in, as well as the biggest advances I see for the future.

Closing the loop

Our strategies are formed to correspond to the United Nations Sustainable Development Goals (SDGs), and we meet multiple environmental ISO accreditations with the waste, energy and water management systems we have already deployed.

Recycling is crucial to reducing unnecessary waste, and our industry-leading plants are designed with this in mind. We're working towards the ambitious target of becoming a net-zero-emissions company by 2025 by implementing renewable energy and boosting energy efficiency across all of production and distribution facilities.

One of the initiatives I'm most proud of is our closed-loop water cycle approach, which allows us to recover used water and put it to new use in our plants. Focusing on these projects, we have managed to save around a million cubic litres of water in the last five years.

Plastic-eating worms

Along with the developments in water management, there are promising studies on recycling. The benefits we all enjoy from plastic packaging and products are huge, but there are hefty consequences to consider when it comes to those tricky-to-recycle items.

With this in mind, I'm really excited about a recent study that revealed mealworms are able to live on



Styrofoam and other forms of polystyrene. Another study also highlighted that wax worms, which are commercially bred for fishing bait, can biodegrade the plastic used in shopping bags at very high speeds.

Although it is imperative that we all learn to reduce the volume of waste we produce, the possibility that insect larvae could help digest plastic waste signals a potentially interesting breakthrough.

Cleaning up our oceans

Speaking of waste, another issue on the front burner is its effects on oceans. Thankfully, there are people developing extraordinary ways to protect this precious natural resource. The Ocean Cleanup constitutes a great example: an organisation working to tackle the five trillion pieces of plastic that currently clutter our oceans, including an ingenious floating system that can capture and contain plastic waste far more efficiently than any traditional nets or vessels.

After all, to create a more sustainable future – reduce waste, emissions and water consumption – we must look to the amazing advances happening across the world. It's not only our, as Arçelik, but also the whole industry's responsibility to share our innovations and be receptive to scientific breakthroughs across all industries. That way we can find the best way forward, no matter what corner it comes from.

*Hakan Bulgurlu,
CEO*

www.arcelikas.com

Arçelik A.Ş.



World Bank President Jim Yong Kim visits Rwanda's KLab and meets with young ICT entrepreneurs and innovators

*Freeing up capital would have a powerful effect on the region's developing economies, writes **Jim Yong Kim***

To transform Africa, we must transform development finance



Jim Yong Kim



RYAN RAYBURN / WORLD BANK

President World Bank Group

Jim Yong Kim is the 12th President of the World Bank Group. Under his leadership, the organisation has established twin goals: ending extreme poverty by 2030 and boosting shared prosperity for the poorest 40 per cent of the population in developing countries. Kim previously served as President of Dartmouth College and held professorships at Harvard Medical School and the Harvard School of Public Health. He also served as the Director of the World Health Organization's HIV/AIDS Department from 2003 to 2005, and he is a co-founder of Partners In Health, a non-profit medical organisation.

🐦 @JimKim_WBG
 🌐 www.worldbank.org

Over the last few decades, the world has made tremendous strides helping people lift themselves out of poverty. In the 1980s, the share of people living in extreme poverty was 41 per cent; today, it is less than 10 per cent – and the global population has grown by 3.5 billion people.

This dramatic reduction in poverty is the largest in history, but from here, the work gets harder. To end extreme poverty by 2030 and achieve the Sustainable Development Goals, we have to fundamentally rethink development.

We know that official development assistance will not be enough. Two

years ago, when the United Nations and development banks met in Addis Ababa to discuss the resources needed to achieve the global goals, we decided that we had to move the discussion from 'billions' in official development assistance to 'trillions' in investments of all kinds: public and private, national and global.

Even as we work to increase the scale of development finance, demand is growing, because aspirations are rising all over the world. The internet, smartphones and social media allow everyone to know exactly how everyone else lives. A team of World Bank economists looked at data from the World Values Survey and the

Gallup World Poll. They found that as people get access to the internet, their reference income – the income to which they compare their own – begins to change. And we believe that as reference incomes become more globalised, aspirations will rise, leading to a convergence of aspirations all over the world.

To move from billions to trillions and to meet the rising aspirations of all seven billion, we need to systematically crowd in commercial financing wherever possible. That starts with creating markets to bring private sector rigour and innovation to developing countries. Risk – both perceived and real – is a major deterrent to private →

\$8.5 TRN

invested in negative interest rate bonds

10%

people worldwide in extreme poverty

SARAH FARHAT / WORLD BANK



World Bank President Jim Yong Kim, visits the site of Zipline, the drone delivery project, in Muhanga, Rwanda's Southern Province

→ investment in emerging markets. So development finance must focus on systematically de-risking projects, sectors and entire countries.

That means using public funds to create the conditions for private investment. Where the risk is too high, we can guarantee some of the investment or take on part of the risk, helping to crowd in private capital. We should only consider public financing when we have exhausted these options.

We urgently need this approach in Africa, especially for critical investments in infrastructure. Africa's infrastructure needs are estimated at \$93 billion a year, about 15 per cent of the region's gross domestic budget. But only \$45 billion is invested in infrastructure, and more than half of that is funded by the public sector.

Despite weakened growth over the last couple of years, due in large part to falling commodity prices, Africa's prospects are still promising. In 2015, seven of the world's 20 fastest-growing economies were in Africa. Economic growth in 2016 was 1.3 per cent, the lowest in more than two decades, but it is expected to recover to 2.6 per cent in 2017.

The conditions are in place to accelerate growth and reduce poverty. The G20, under Germany's leadership, launched the Compact with Africa, led by the World Bank Group, the International Monetary Fund and the African Development Bank. Under the compact, African countries agree to implement key reforms to spur growth led by the private sector. International partners agree to provide more assistance

for reforms, project preparation and risk mitigation, and to encourage investment from business sectors in G20 members.

Already, Côte d'Ivoire, Morocco, Rwanda, Senegal and Tunisia have signed on to the compact, and there is appetite among other African states to join them. This will show private investors that their governments are serious about reforms and bringing in direct investments. Countries signed on to the compact will benefit from the support of international organisations and G20 members to attract investment in their countries.

The World Bank Group works across three fronts to crowd in private capital. World Bank policy lending helps countries promote a stable macroeconomic environment and institute reforms that attract financing – for example, by reducing the time and cost of doing business, or removing the bottlenecks to critical infrastructure services.

The World Bank Group's private sector arm, the International Finance



We have to be the honest broker that sits between the global market system and the interests of poor people



Corporation, de-risks projects by providing long-term capital, debt in local currency to mitigate foreign currency exposure, credit enhancements and other tools. And the Multilateral Investment Guarantee Agency provides political risk insurance and credit enhancement for equity and debt investors.

There has never been a better time to find win-win solutions, where investors get a reasonable return, and developing countries maximise sustainable investments. We estimate that \$8.5 trillion is invested in negative interest rate bonds, \$24 trillion is in low-yield government securities, and \$8 trillion is sitting in cash, waiting for better investment opportunities.

We can move that capital off the sidelines, invest in developing countries and make it work for the poor. But we have to be the honest broker that sits between the global market system and the interests of developing countries and poor people.

Across the continent, we are seeing signs of Africa's transformation. Ethiopia, Rwanda and Côte d'Ivoire are building modern infrastructure, reducing the cost of transportation and bringing down barriers to trade. Mobile phones in the hands of two out of three Africans are connecting the continent, providing millions with access to services like mobile banking.

And across Africa we are seeing new opportunities to leapfrog development. The World Bank Group's Scaling Solar programme helped unlock investment in Zambia's first large-scale solar plants. Zambia now has some of the cheapest solar power in the world. The Rwandan government worked with the Silicon Valley company Zipline to design autonomous drones that can deliver blood anywhere in the country in 20 minutes – a project that is saving lives, linking urban and rural areas, and could transform workforce development.

If we can move capital off the sidelines, countries in Africa can build stronger institutions; educate a new generation of scientists, doctors, entrepreneurs and community leaders; and invest more in social protection programs. They can build more highways, urban rapid transit systems and high speed electric trains. They can move from conventional power to large-scale renewable energy.

We need to embrace the notion that our greatest moral responsibility is to create equality of opportunity, so everyone has a chance to achieve their highest aspirations. With a new approach to development, we can make those aspirations a reality. **G20**



Prince Sultan Bin Abdulaziz
International Prize for Water



Recognizing Innovation

Winners for the 7th Award (2016)



Creativity
Prize

Creativity Prize

The Prize was shared by two teams of researchers:

1) Dr. Rita Colwell (University of Maryland at College Park) and Dr. Shafiqul Islam (Tufts University, USA)

for using chlorophyll information from satellite data to predict cholera outbreaks at least three to six months in advance.

2) Dr. Peter J. Webster (Georgia Institute of Technology, USA)

for applying knowledge of the effects of ocean-atmosphere interactions on monsoon strength to provide one to two-week lead time forecasts of monsoonal floods for highly populated coastal regions.



Dr. Rita Colwell



Dr. Shafiqul Islam



Dr. Peter J. Webster



Surface Water
Prize

Surface Water Prize

Dr. Gary Parker (University of Illinois Urbana-Champaign, USA)

for contributing to our understanding of meandering rivers, the shapes they take, and how they change themselves and their floodplains as they migrate.



Dr. Gary Parker



Groundwater
Prize

Groundwater Prize

Dr. Tissa H. Illangasekare (Colorado School of Mines, USA)

for improving the fundamental understanding of fluid flow and chemical transport in porous media, leading to the reliable prediction of the long-term fate of pollutants in groundwater systems.



Dr. Tissa H. Illangasekare



Alternative Water
Resources Prize

Alternative Water Resources Prize

Dr. Rong Wang & Dr. Anthony G. Fane (Nanyang Technological University, Singapore)

for developing hollow fibre membranes that combine forward osmosis with a reverse osmosis (RO)-like inner selective layer and a previously undiscovered positively charged nanofiltration (NF)-like outer selective layer, which effectively reduces the effects of scaling and flux losses.



Dr. R. Wang Dr. A. G. Fane



Water Management &
Protection Prize

Water Management and Protection Prize

Dr. Daniel P. Loucks (Cornell University, USA)

for the development and implementation of systems tools that provide an effective, dynamic, and successful framework for addressing practical water resources management problems worldwide.



Dr. Daniel P. Loucks

Nominations are open for the 8th Award. Nominations can be made online until 31 December 2017.

www.psiipw.org
email: info@psiipw.org

KEY TAKEAWAYS

Education is a stand-alone goal of the Agenda for Sustainable Development

There are 264 million children, adolescents and youth out of school

Irina Bokova



UNESCO/MICHEL RAVASSARD

Director General
UNESCO

Irina Bokova has been the Director General of UNESCO since 15 November 2009. She was elected twice as Member of Parliament in Bulgaria and she served as the government's First Secretary of European integration. She was Minister for Foreign Affairs a.i., as well as Bulgaria's Ambassador to France, Monaco and UNESCO and Personal Representative of the President of the Republic of Bulgaria to the Organisation Internationale de la Francophonie.

 @IrinaBokova
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Transforming education to transform the world

*Education is a powerhouse force for eliminating poverty, bolstering health and deepening the sustainability of all development, writes **Irina Bokova***

How can we cooperate better in future for the sake of our children? How can we safeguard inclusiveness and ensure the fruits of prosperity and growth are distributed fairly?

These are the questions posed by Chancellor Angela Merkel to guide the German presidency of the G20. There are many answers, but I believe there is a single one that every family and every society knows is the most powerful force for transformation – education. Germany's G20 presidency is guided by three priorities – building resilience, improving

sustainability, assuming responsibility – and education stands at the heart of each.

Education is a basic human right. It is also a powerhouse force for eliminating poverty, bolstering health and deepening the sustainability of all development. Our figures are clear. If all students in low-income countries left school with basic reading skills, 171 million people could be lifted from poverty. If all adults completed secondary education, this would lift 420 million people out of poverty, reducing the total number of poor people by more than half globally and by almost two thirds in sub-Saharan Africa and South Asia.

Only 1% of poor rural young women complete secondary school

By making education a priority the G20 can show the way



Young students in an elementary school in rural eastern Uganda

ZSOLT REPASY / ALAMY STOCK PHOTO

This is why education is a stand-alone goal of the 2030 Agenda for Sustainable Development and vital for achieving all of the Sustainable Development Goals (SDGs) – because it has the power to make the world a better place.

For the moment, the world is falling far short. There are 264 million children, adolescents and youth out of school today. Most are girls – only one per cent of poor rural young women in low-income countries complete secondary school, and two thirds of the 758 million of illiterate adults in the world are women. Sustainable development requires high-skilled workers with relevant training – yet, by 2020, the world could have 40 million too few workers with tertiary education relative to demand. Today only 46.6 per cent of women participate in the labour market, compared to 76.1 per cent of men. At the same time, education faces a deepening funding gap. Aid to education today is six times below the level that is required to reach SDG 4 by 2030.

The proportion of education in total aid has fallen from 10 per cent in 2009 to 6.9 per cent in 2015, and this has been further compounded by insufficient domestic spending.



If all students in low-income countries had basic reading skills, 171 million people could be lifted from poverty



Without a change of course, ‘business as usual’ will drive the world into a deep education crisis.

This cannot be allowed, and this is where the G20 is essential. Including the world’s leading economies, four fifths of gross world product and three quarters of global trade, the G20 has a leadership responsibility in education. This is the responsibility, first, to lead by example. Two years ago, G20 members committed to a 25 per cent reduction in the inequality between men and women by 2025 – it is

vital to meet this target, to make inclusive development real for both women and men. This means also increasing levels of domestic spending on education. An estimated third of out-of-school girls live in G20 members – this cannot stand.

This is also a responsibility to lead in supporting progress, by living up to the commitment of the 0.7 per cent target for official development assistance, of which 15 per cent should be for education. To take the 2030 Agenda forward, we must also act in new ways, bridging the education, health and social sectors to bolster social resilience and connect the dots between poverty and prosperity, while fighting exclusion and violent extremism and advancing dialogue and solidarity.

These recommendations are set out in UNESCO’s Global Education Monitoring Report on Partnering for Prosperity, to harness all new sources of dynamism, extend the reach of education and enhance its quality – including by making the most of new information and communication technologies.

The 2030 Agenda for Sustainable Development promises to leave no one behind. By making education a priority the G20 can show the way, making this pledge a reality for societies everywhere. **G20**

KEY TAKEAWAYS

The EBRD targeted 40% of annual investment to climate finance in 2015

In 2016, the EBRD delivered 29 projects with a gender element

G20 summit must not lose sight of key development goals

Multilateralism and internationalism remain the strongest drivers for consistent economic inclusion, writes Sir Suma Chakrabarti

The G20 summit in Hamburg is taking place against a backdrop of persistent political uncertainty but also – at long last – cautious economic optimism.

The latest set of economic forecasts published by the European Bank for Reconstruction and Development (EBRD) predict growth in all but two of the 36 countries in which it invests. In the overwhelming majority, that growth will be faster than in 2016.

Moreover, the growth gap in the EBRD regions between a struggling East and more buoyant West has started to narrow. Eastern economies are picking up on the back of stronger oil prices and as Russia – so important elsewhere in the region, and especially the Caucasus and Central Asia – pulls out of recession.

But transition gaps remain across all the EBRD regions, even in some of the more advanced economies where the challenges may differ slightly.

Record investment levels

Clearly, major flows of investment capital are needed to continue the economic modernisation of these countries, supported by the EBRD, which invests to help ensure economies are competitive, inclusive, well governed, green, resilient and integrated.

Over the past two years, the EBRD has been investing at record high levels despite economic challenges. In 2016, it provided financing of €9.4 billion, investing in 378 projects.

The EBRD has also continued to take equity stakes in firms, which can have longer-term impacts on company strategy

and help to create greater value. This private sector focus means that the EBRD can deliver private sector financing for the development agenda at a time of strapped public budgets.

At the same time, the bank is emphasising the transition qualities that best equip countries for the 21st century.

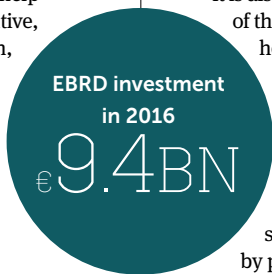
It has underscored its commitment to inclusive growth in its first Economic Inclusion Strategy, launched in May 2017 in Cyprus. The strategy aims to broaden and deepen the bank's response to those on the margins of economic activity, including women, young people and those in remote areas. Already in 2016 the EBRD delivered 29 projects with a gender equality element.

EBRD's support for policy reform reflects its resolve to improve governance. It works with authorities to step up the fight against corruption and raise standards in such areas as the judiciary. Investment councils have been set up in several EBRD countries of operations to address these challenges.

The EBRD demonstrated its green credentials in 2015, setting a target of dedicating 40% of annual investments to climate finance, compared with a previous average of around 25%.

It is also supporting the resilience of the economies in its regions, helping to prepare them to strengthen capital markets and reduce dependence on foreign currency borrowing.

It continues to address the problem of non-performing loans that are still hampering growth, by promoting economic diversification and further developing the small and medium-sized enterprise sector to create a stronger economic



Sir Suma Chakrabarti

President
European Bank
for Reconstruction
and Development

Sir Suma Chakrabarti is the sixth President of the European Bank for Reconstruction and Development and was re-elected for a second four-year term in 2016. Before arriving at the EBRD he held the position of Permanent Secretary at the UK Ministry of Justice and was its most senior civil servant. Previously, Sir Suma headed the UK's Department for International Development. He also worked in the UK Treasury and in the Cabinet Office.

[@ebdrsuma](https://twitter.com/ebdrsuma)
www.ebrd.com



The EBRD predicts growth in all but 2 of the 36 countries in which it invests

In May 2017 the EBRD launched its first Economic Inclusion Strategy

EBRD / ANDY LANE



The bank underlines the transition qualities that best equip countries for the 21st century



foundation. The EBRD is also promoting integration, supporting cross-border investments that help transfer skills and finance, providing backing for foreign trade via trade facilitation programmes and emphasising infrastructure developments.

Uncertain prospects

All this work goes on as EBRD countries still face significant risks to their economic well-being. Uncertainties remain regarding the economic policies of the new US administration and the possibility of more protectionism globally. The United Kingdom's departure from the European Union will likely further affect investor sentiment.

China faces considerable challenges in rebalancing its own economy, and other countries, including those in the EBRD regions, remain very sensitive to any indications of a potential further slowdown.

And oil price volatility is a major source of risk for Russia and for countries in Central Asia, Eastern Europe and the Caucasus that have close economic links with Russia.

It is therefore all the more crucial that G20 leaders act decisively to restore greater economic confidence and continue to deliver solutions to serious challenges.

Even if globalisation has not succeeded in consistently raising world levels of prosperity, multilateralism and internationalism remain our strongest drivers for economic development.

It is only 18 months since the Paris Agreement received universal backing on climate change, and maintaining that consensus is crucial.

These are just two of the key elements of the Sustainable Development Goals that have set the development agenda up until 2030. In Hamburg this week, we need to ensure that these goals are kept firmly in our sights. **G20**

KEY TAKEAWAYS

Investing in infrastructure is an essential part of development

The IsDB continues its development work on Islamic finance infrastructure

HE
Dr Bandar
MH Hajjar



President
**Islamic
Development
Bank**

HE Dr Bandar MH Hajjar became President of the Islamic Development Bank (IsDB) Group in October 2016, having served as Saudi Arabia's Minister of Hajj from 2011 to 2016. A former professor of economics, he was a member of the Shura Council in Saudi Arabia for 12 years, representing the Council in the Arab Parliamentary Union and the Inter-Parliamentary Union for two years. He also served as Chair of the Coordinating Council for Monitoring Municipal Elections as well as the National Society for Human Rights.

[@isdb_group](https://twitter.com/isdb_group)
www.isdb.org

Strategic steps to foster growth

Public and private sector investment: a key to development in Muslim countries, writes HE Dr Bandar MH Hajjar

Investing in social and economic infrastructure is an indispensable component of any successful development strategy. Scaling up public and private investments in health and education as well as in power generation, transportation and communications is critical to boosting the economy's potential to grow, create prosperity, foster well-being and – above all – eliminate poverty in a way that is self-sustaining over the medium and long term. By the same token, investing in infrastructure is the key vehicle with which the global community – including the 57 member countries of the Islamic Development Bank (IsDB) Group – will be able to realise its ambitious 15-year vision spelled out by the universal adoption of the Sustainable Development Goals in 2015.

Making strategic private and public investments across a broad range of sectors is especially important for those countries that aspire to take an accelerated growth path by leapfrogging phases of economic and social development that once took decades to traverse. This includes the IsDB members, most of which are developing countries facing development challenges such as high rates of poverty and inequality, poor living standards, insecurity and, often, an acute lack of economic diversification and therefore a high degree of vulnerability to external shocks.

Economic and social development

Over the past several decades, the IsDB member countries have made steady progress on most measures of economic and social development (see table). During the past 15 years alone, the composite human development index, which is published annually by the United Nations Development Programme and endeavours to capture the multifaceted nature of human development, improved by more than 20 per cent for the members of the IsDB Group as a whole.

Most of this progress has been a result of the increases in public and private sector investment in health, education, water, sanitation, electricity and other types of hard and soft infrastructure, which substantially improved the access to basic services and the quality of life of the members' people and their communities.

However, many challenges still remain. On average, the IsDB member countries are still lagging behind their developing country peers. Meanwhile, unequal access to services and the lack of economic opportunities available to some sections of the population continue to exacerbate the urgent problem of fragility in a number of most vulnerable member countries.

Investment projects

This presents an opportunity for the IsDB Group and its development partners to continue and further strengthen their involvement in helping the IsDB members address the challenges, especially by providing financing for both public and private investment projects.

Over the past five years the IsDB Group has approved nearly \$26 billion of financing for investment projects in its member countries spanning Asia, sub-Saharan Africa, the Middle East and North Africa, Europe and Latin America. This included more than \$13 billion of financing for transportation and energy infrastructure, \$3.4 billion for agriculture projects, \$3.1 billion for investment in basic public services such as water and sanitation, and \$2.9 billion for health and education.

Economic and social infrastructure investment continues to receive the largest share of IsDB Group's long-term financing – close to 95 per cent in 2016 – including through the group's support of public-private partnerships, the Arab Financing Facility for Infrastructure, the IDB Infrastructure Fund and the new Mudaraba-based Islamic

IsDB member countries lag behind their developing country peers

The IsDB supports the G20's focus on strengthening sustainable growth

A technology exhibition funded by the Islamic Development Bank in Jeddah, at the Islamic University in Gaza city



MOHAMMED ASADI/APA IMAGES/ZUMA WIRE/ALAMY

Infrastructure Investment Facility.

Meanwhile, the IsDB continues its work on developing and enabling Islamic finance infrastructure in order to mobilise more domestic and international funds to help close the infrastructure finance deficit in its members and in the developing world at large. The IsDB has also stepped up its efforts, in collaboration with other multilateral development banks as well as the private sector and the philanthropic donor community, to address the huge investment needs of post-conflict and conflict-affected countries such as Syria, Yemen, Iraq, Jordan and Lebanon.

A unique approach

The IsDB Group strongly supports the G20's focus on strengthening sustainable and balanced global economic growth and on coordinating measures aimed at tackling and preventing financial crises. The IsDB's own unique approach, which emphasises the use of innovative asset-backed as well as non-debt-creating modes of financing, provides a viable alternative to the conventional debt-based financial instruments and may also be less vulnerable to financial shocks, instability and crises. The IsDB therefore calls on the G20 leaders to consider a further mainstreaming of Islamic finance into the global financial system and to encourage its use in financing public and private investment projects. **G20**

Progress made by IsDB member countries on most measures of economic and social development

		Most Recent			Past		
		IsDB MCs ¹	LMIC ²	Year	IsDB MCs ¹	LMIC ²	Year
Electricity	Percent of population with access to electricity (%)	75.8	81.6	2012	58.6	70.2	1990
Water	Improved water source (% of population with access)	83.0	89.4	2015	72.8	75.2	1995
Sanitation	Improved sanitation facilities (% of population with access)	60.4	61.5	2015	48.2	46.7	1995
Transport	Quality of trade and trans-related infrastructure (1 = low, 5 = high)	2.6	2.4	2016	2.3	2.2	2007
ICT	Internet users (per 100 people)	30.0	36.8	2015	1.2	1.5	2000
Health	Hospital beds (per 1,000 people)	1.1	2.2	2012	1.8	3.0	1990
Education	Literacy rate, adult total (% of people aged 15 and above)	72.0	82.3	2015	52.1	69.7	1980–1990
Income	Gross domestic product per capita (current US dollars)	3,588	4,345	2015	1,097	1,070	1995

¹ Member countries of the Islamic Development Bank Group (weighted average)

² All low- and middle-income countries.

ICT = information and communications technologies

Source: World Bank, IsDB calculations

FRAUNHOFER

Unleashing the power of data and nature

Countries are constantly transforming their economies to act on opportunities and to respond to challenges that must be tackled today for a successful future. Many believe digitalisation to be the holy grail of solving today's and tomorrow's pressing problems. But this might not be enough. In times of ever-complex and resource-depleting scenarios, we need to expand our horizons and learn from the mistress of connectivity and efficiency – from Mother Nature.

The foundation: fast, safe and secure

Already, digitalisation is triggering paradigm shifts in many industries – turning everything upside down, and fast. A major resource for enterprises to succeed in this endeavour is data. As companies are already moving from big data to smart data, the existence of lightning-fast, reliable, secure and trustworthy data exchange is a crucial prerequisite.

In our application-oriented research we address these requirements. Just imagine a future automated manufacturing process with connected appliances, controlled in real time by many stakeholders along a complex worldwide value network – a perfect system, except that it will be vulnerable to technical interruptions or delayed data transfer and hackers, who might slow it down, mix it up or destroy it completely. This will have a tremendous impact on the entire value network – with potentially systemic relevance. So, what to do about it?

Disruptive: Industrial Data Space

Global players in an Industrie 4.0 smart manufacturing setting must safeguard their data. Therefore, we are actively involved in developing leading cybersecurity technologies. And we share our cyber knowledge with stakeholders: our Fraunhofer



*Biologisation
of technology
promises to
be a world-
changing
radical
development*



academy has just opened unique learning labs for cybersecurity in Germany where future IT experts can be trained in combating possible threats.

Companies also need to be able to exchange data, but even more importantly, they want to keep their data and maintain data sovereignty. For that reason, we've established the cross-sectoral Industrial Data Space Association with 70 companies from 12 countries. This fast-growing initiative, covering a wide range of industries such as automotive, IT, pharmaceutical and insurance, has developed a virtual data space in which members can exchange and link their data in a trusted business ecosystem.

The Industrial Data Space leverages existing standards, technologies and accepted governance

FRAUNHOFER / BERNHARD HUBER



models. It provides an unprecedented opportunity for smart service scenarios and innovative business processes. This smart approach has been adapted to the needs of more industries; so-called Material and Medical Data Spaces are already in the making.

Learning is key

We are thinking further ahead: artificial intelligence (AI), one of the most important aspects of our future digital age, is experiencing a major boom. But what is happening inside the intelligent black boxes of machines that keep on learning by themselves? How do we know how and why these machines decide for or against something? We have developed a tool to lift the secrets of the black box, which makes the results

of complex learning methods transparent. It ensures that the AI ‘has learned the right things’ and applies its properly attained knowledge as intended.

Always remember Mother Nature

As exciting as our current digitalisation efforts are, we should always remind ourselves that digitalisation is by no means an end in itself. Futuristic scenarios might fall flat if we do not understand the mechanics of complex intelligent systems, the effects of human-machine interactions, how to save resources and avoid waste. To get there, we need to expand our horizons. At Fraunhofer, we believe ‘biologisation of technology’ combined with digitalisation is the logical next step to tackle these issues. In fact, biologisation and digitalisation are converging processes, which are mutually dependent and exacerbating.

In nature, the most important driver for optimisation is competition for resources. We should follow this theme and study from a worldwide pool of animals, plants and microorganisms, all of which are highly successful and optimised by evolution. Each species offers a wealth of complex effectors, sensors, actors and efficient principles to understand and to transfer insights into stunning applications. Biologisation is not yet quite on the international agenda, but it promises to be a world-changing radical development, with strong economic impact.

Principles of nature in action

Some examples: in a biologised intelligent manufacturing process 3D printers or cell cultures will play major roles to produce individual products. Guided by biological sensors, intelligent machines will work autonomously; swarm intelligence may replace a central manufacturing control system. Following nature will bring us to a highly eco-efficient production. We looked at many technologies inspired by nature. Some of our inventions such as smart materials, exoskeleton structures, cobots (cooperative robots) or soft bots lead the way in the young research field of biologised robotics. Regarding autonomous vehicles, mobility networks can also benefit profoundly from a combination of digitalisation and biologisation. Fraunhofer concentrates on AI in vehicles, bionic connection systems as well as on social symbiosis based on emotional modelling. In the next few years, we will see many technological breakthroughs in these areas.

Connecting the dots

Only an interdisciplinary joint approach from various scientific fields and technologies such as neurosciences, IT, material sciences, biotech, medical technology and AI will make sense of Mother Nature’s powerful lessons. Unique and truly radical innovations will have to be developed to conquer major challenges and open new opportunities for the ongoing transformation of economies and societies. For the benefit of the planet and Mankind.

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KEY TAKEAWAYS

By 2020, more than 20 billion devices will be connected to the internet

The Bank of Bangladesh cyberattack resulted in the theft of \$80+ million

How to solve the internet's fundamental weakness

The internet is a global commons – but it's under threat. The G20 is well placed to address the main challenges to the net's efficacy, writes Michael Chertoff

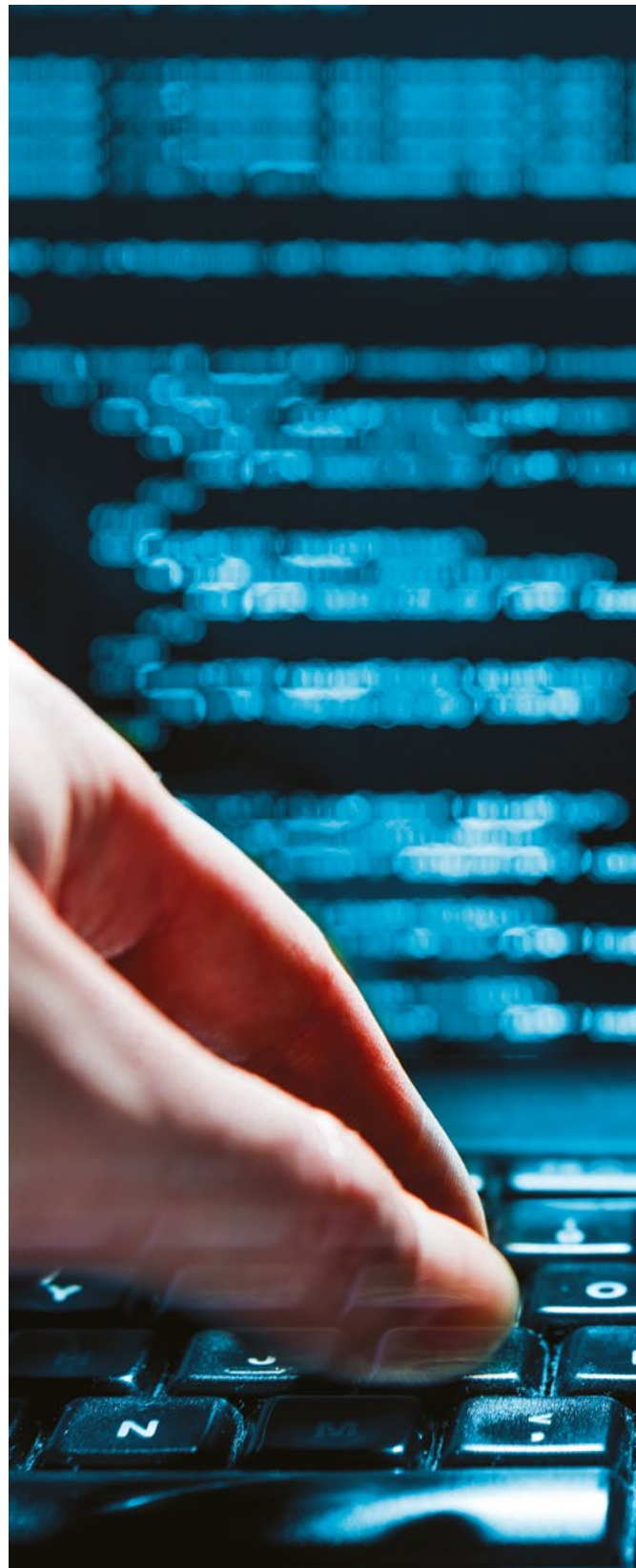
In the past two decades, the internet has evolved into the principal engine of the global economy. Information technology (IT) transmits and holds our personal and business data. It executes the majority of global financial transactions; directs many control systems that operate our physical infrastructure, such as energy, water and transportation; and, increasingly, connects and manages everyday devices, from kitchen appliances to medical implants. Estimates assert that the internet currently adds \$4 trillion to the global economy. And, by 2020, it's estimated that more than 20 billion devices will be connected to the internet.

But the internet-driven economy has a fundamental weakness: the internet was not developed based on the concept of trust by design.

Because anyone can connect to the internet, it has become ripe for exploitation by those seeking to steal money or intellectual property, recruit terrorists, reveal embarrassing information or even damage or destroy critical infrastructure.

Real-world damage and theft

Recent events demonstrate that the frequency and scale of attacks have increased to the point that the efficacy of the internet as a global resource must be called →



The net needs the global community to cooperate in its governance

The G20's solution should include: a specific ban; testing; and new principles



ISTOCK / SCYTHERS

Michael Chertoff



Executive Chair
and Co-founder
**The Chertoff
Group**

Michael Chertoff is Executive Chair and Co-founder of The Chertoff Group, a global security and risk management advisory firm. During 2005 to 2009, he served as Secretary of the United States Department of Homeland Security. Earlier in his career, he served as a federal judge on the US Court of Appeals for the Third Circuit and head of the US Department of Justice's Criminal Division where he investigated and prosecuted cases of political corruption, organised crime, corporate fraud and terrorism – including the investigation of the 9/11 terrorist attacks.

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We have begun to see physical manifestations of cyberattacks, such as the 2015 electric grid shutdown in Ukraine



Exercises on cyberwarfare and security at the NATO CWIX

interoperability exercise in Bydgoszcz, Poland, June 2017

→ question. The 2016 Bank of Bangladesh cyberattack resulted in the theft of over \$80 million from the bank's account at the Federal Reserve. More recently, widespread failures to patch software led to a global outbreak of ransomware that threatened to shut down healthcare IT services.

Similar failures to build security into proliferating internet-connected smart devices such as cameras and thermostats led to the Mirai episode, in which millions of such insecure devices were absorbed into a massive zombie botnet that mounted a devastating denial-of-service attack that shut down an internet domain registry.

And we have begun to see physical manifestations of cyberattacks, such as the 2015 electric grid shutdown in Ukraine.

Nation states increasingly react to perceived social and even politically threatening activity on the net by imposing rules on internet providers that would limit content or impose inconsistent obligations in data handling. Taken to their conclusion, these efforts would fragment and splinter the internet, destroying its fundamental value in seamless global interconnectivity.

What is to be done?

Today's internet plays the same role for humanity as the seven seas have played throughout human history – as a global commons. And as a global commons, the

internet can achieve its full potential only if all members of the global community cooperate in governance.

The G20 is well placed to address three challenges to the efficacy of the internet.

First, the G20 should endorse a norm that would forbid national attacks on the integrity of data in the global financial system. The economies of all states are interdependent and, as demonstrated by the 2008 financial crisis, a loss of trust in any part of the international financial system sends shock waves to every economy.

Second, the G20 should endorse the development of global testing and certification standards for internet-connected devices. These devices – often with minimal security – raise risks to data and infrastructure in all countries. As demonstrated by the Mirai exploit, insecure devices pose a threat not only to the network of the device operator, but also to third parties whose devices can be converted into remotely controlled malicious botnets.

Third, the G20 should endorse the development of principles for conflict of laws that would protect the core infrastructure of the internet's physical and logical layers, and also prevent individual states from imposing inconsistent legal obligations on data handling and protection or unduly and unreasonable burdening of free expression. **G20**

4 TRILLION

The amount in dollars that the internet currently adds to the global economy

KEY TAKEAWAYS

In OECD states, 5.5 per cent of men are in ICT, but only 1.4 per cent of women


SDG 5 aims to achieve gender equality and empower all women and girls

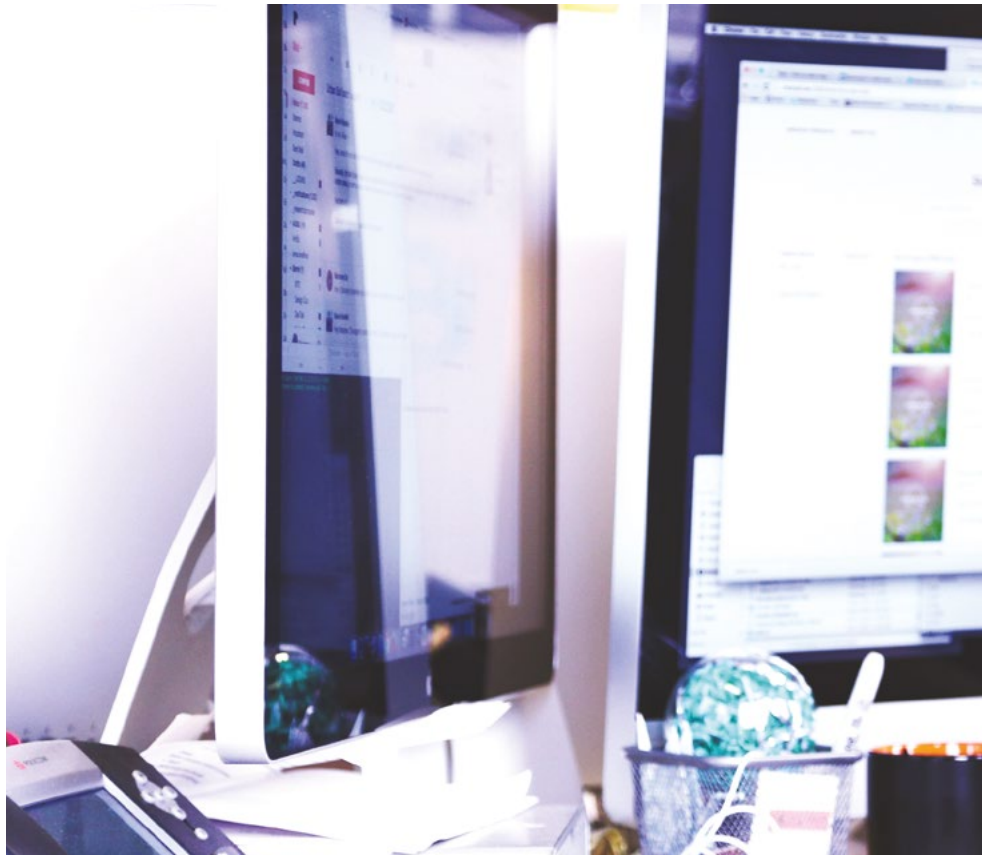
Heidi
Ullrich



Research Associate
G20 Research Group

Heidi Ullrich, PhD, is Vice President for Policy Development and At-Large Relations at the Internet Corporation for Assigned Names and Numbers (ICANN). She has lectured and written extensively on G7 activities and summits as a Research Associate of the University of Toronto G7 and G20 Research Groups. This article is written in her personal capacity.

 www.g20.utoronto.ca



Closing the gap

*More focused action on ICT skills development is required in order to reduce the digital gender divide, writes **Heidi Ullrich***

The global economy is intricately linked to digitalisation and information and communication technologies (ICT). This trend will continue to expand exponentially as the digital revolution continues in areas such as nanotechnology, artificial intelligence and the internet of things. However, across the G20, and beyond, the digital gender divide threatens to exclude women and girls from this vital part of the global economy. G20

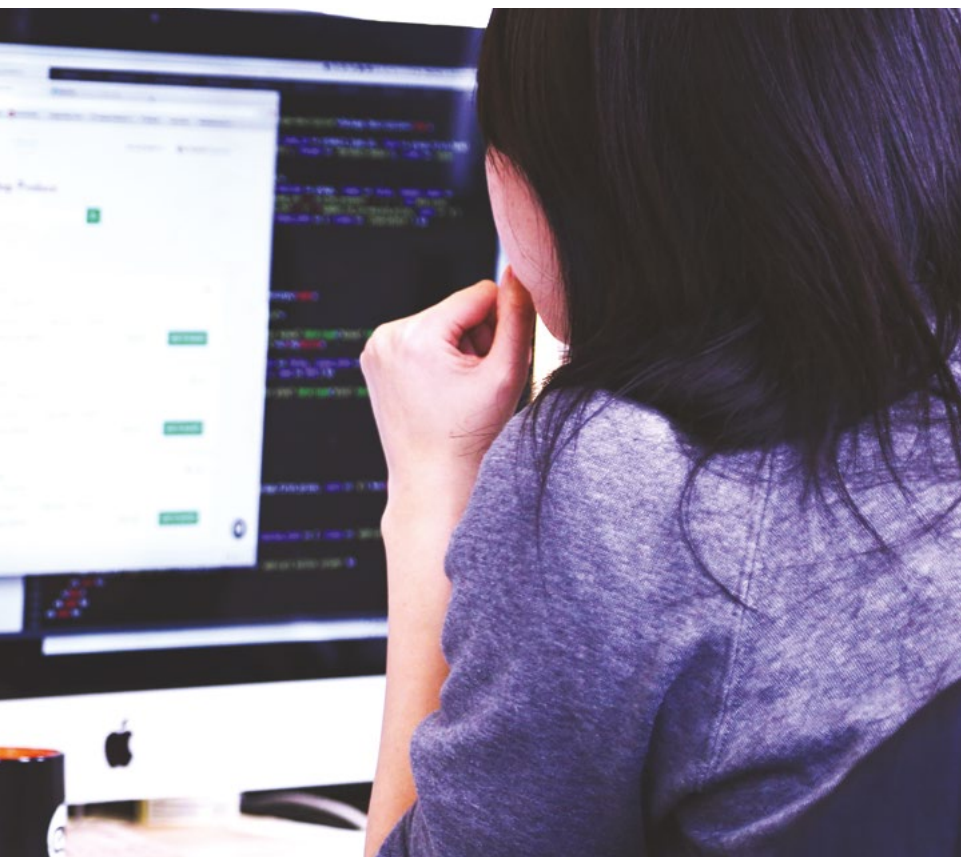
leaders need to take more focused action, including agreeing to comprehensive and implementable commitments spanning education and ICT policies, to close the gender gap in ICT skill development.

Digital gender divide

The digital gender divide is striking for its economic, social and political impact across the G20. A 2016 report by the Organisation for Economic Co-operation and Development (OECD) shows the gender

The OECD Going Digital programme has three pillars to help women

250 million fewer women than men are online today



gap for ICT specialists is extreme across the G20. Although 5.5 per cent of males in the labour force of OECD countries are ICT specialists, the number drops significantly for females at only 1.4 per cent. Moreover, the report highlights the likely shortage of ICT professionals over the next decade. This shortfall has significant implications for women's economic empowerment and, more broadly, for inclusive, sustainable global economic growth and development.

Full participation

In 2015, the Sustainable Development Goals (SDGs) were adopted by more than 150 countries as part of the United Nations 2030 Agenda for Sustainable Development. SDG 5 is to achieve gender equality and empower all women and girls, with a sub-goal that focuses on ICT as a factor in women's empowerment: "Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women."

The G20 has also recognised the importance of ensuring that all citizens have the skills necessary to participate fully

250M

The discrepancy between the number of men and women online

in the digital global economy of the future. At last year's summit in Hangzhou, G20 leaders established the G20 Task Force on the Digital Economy, which acknowledged the need for digital inclusion.

In the run-up to the Hamburg Summit the G20 digital economy ministers met for the first time, in Düsseldorf on 6–7 April. They issued a declaration on "Shaping Digitalisation for an Interconnected World", in which they stated:

"Half the population of the planet are women yet 250 million fewer women than men are online today. Taking this into consideration, we intend to promote action to help bridge the digital gender divide and help support the equitable participation of women and girls in the digital economy. The G20 Ministers responsible for the digital economy welcome the efforts made by the G20 Development Working Group and the initiative #eSkills4girls to help improve digital skills and employment perspectives for girls and women in emerging and developing countries. We also bear in mind the importance of initiatives to digitally include other underrepresented or disadvantaged groups."

The OECD, a partner of the G20, has developed two key programmes that provide G20 governments with a strong framework for bridging the gender divide. The first is the Going Digital programme, with three pillars: an integrated policy framework, specific policy issues related to the digital economy, and an analysis of the challenges related to digital transformation, including ways to ensure digitalisation provides benefits for all of society.

Skills strategy

The second is the OECD Skills Strategy, which also has three pillars: developing relevant skills, ensuring sufficient supply of skills and implementing skills effectively.

The previous actions of the G20, and the number of potentially strong programmes that the OECD has started to implement, provide a good basis for including women and girls in ICT. However, the G20 leaders meeting in Hamburg can ensure that the digital revolution is one of inclusion, equality and empowerment within the global economy for both girls and women through agreeing to comprehensive and implementable commitments that will provide measurable results. **G20**

Transcending borders to leave no one behind

*To ensure a climate of inclusion, the G20 needs to focus on enhancing equality, writes **Michel Sidibé***

Our multipolar world is unravelling, and progress towards global unity is at growing risk, as recent events have triggered a climate of uncertainty and agitation. Some voices predict the rapid collapse of the current world order that emerged following the Second World War and ensured a relatively peaceful balance of powers – if extreme global inequality – and with it the breakdown of multilateralism and global citizenship.

Such fears may be well founded, but none of this is inevitable. The victory of the new French president, pro-EU centrist Emmanuel Macron, for example, is a call from the people of France to continue the march towards a more open, equal and progressive society.

One key priority put forward by the G20's German presidency is improving sustainability. But this will not be achieved in the present climate unless we all pull together. I salute Chancellor Angela Merkel's strong emphasis on the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. When these key multilateral agreements were adopted two years ago, they exemplified the international community's commitment to solve planetary issues collectively, and as a priority. They revealed a willingness to look beyond the G20's borders and towards the rest of the world. But, in this emerging world disorder, can these agreements retain any legitimacy or relevance?

The recent negotiations among G20 finance ministers and central bank governors show how renewed protectionism has eroded long-standing commitments to open trade. In fact, trade was barely mentioned at all in their communiqué in March, which also reflected the G20's drastic shift in its readiness to finance measures against climate change. When the world's most influential countries are tempted to look inwards, institutions such as the G20 must exercise active leadership, pushing individual members to align their interests through collaborative action. In this alarming →





Michel Sidibé



Executive Director
UNAIDS

Michel Sidibé was appointed Executive Director of UNAIDS and Undersecretary General of the United Nations in 2009, having joined UNAIDS in 2001. In 1987, he joined UNICEF in the Democratic Republic of Congo after working to improve the health and welfare of the Tuareg people, and serving as Country Director for the Terre des Hommes International Federation. He was with UNICEF for 14 years, overseeing programmes in 10 African countries and acting as a country representative in several.

 @MichelSidibe
 www.unaids.org

\$14BN

The amount needed by 2020 to help Africa's effort to end AIDS

10

out of 25 of the world's fastest-growing economies are in Africa

→ context, I see five areas that require immediate attention by the G20.

A world without borders?

We are living amid the largest refugee flows since the Second World War. In such crises, healthcare is often first to be neglected, putting national and international health security at risk. The G20 could play a much more strategic role by fostering stronger systems for health and investing in continuity of care – even if only for self-interest. In doing so, it could help minimise health crises that might impair sustainable economic growth.

Africa faces a community health worker shortage and a mobile population – a difficult combination, as the Ebola crisis tragically revealed. Community systems are well positioned to deliver preparedness and prevention and to reach individuals who are being left behind because of prejudice, poverty, migration, punitive laws or simply because they live in remote areas. These local systems are integral to cost-effective and resilient systems for health. That is why economic experts, health ministries and health professions' organisations have endorsed the creation of a global coalition of community health workers. I urge the G20 to support community health systems, staffed with skilled health workers, including through this initiative.

A world trying to reinforce borders

Countries have adopted diverse strategies to protect their borders. But we have a moral obligation to question their motives for doing so. For many of the millions of people living with HIV around the world, decades-old travel restrictions are a reminder that they are not free to move internationally. Today, 35 countries, territories and areas still impose some form of restriction on the entry, stay and residence of people living with HIV. Unjustly criminalised people and fragile communities remain at higher risk of HIV. Instead of reinforcing borders, we should be strengthening global bonds to end the conspiracy of confinement. I call on the G20 to unite in the fight against hate, stigma and discrimination.

Building resilient societies should also be a priority in protecting fragile communities at home and abroad. G20 leaders need to invest in new mechanisms that create jobs for young people. Today, six out of 10 Africans are under 25 years old.



I welcome Chancellor Merkel's call to strengthen the G20's partnership with African countries



Lack of economic opportunity is among the primary drivers of migration flows, along with other factors such as poor governance, human rights violations and ethnic conflicts. Fostering employment could positively leverage the demographic dividend and encourage youth to be part of economic growth and speed up the industrialisation of their country. The G20 must prioritise young people as positive agents of change

Working across borders to boost inclusive growth

The G20 is a synonym for partnership and cooperation. We must use this extraordinary platform to share best practices and values. Cooperation will lead to more inclusive growth at home and abroad.

We do not seek growth for its own sake. Growth, with fair distribution, ensures that all citizens benefit from prosperity. But tax avoidance subtracts billions of dollars from developing countries that rely heavily on global corporate income tax. By pursuing actions in line with the initiative of the G20 and the Organisation for Economic Co-operation and Development against corporate tax avoidance, the G20 can prevent further increases in the equity deficit and enable a more sustainable international tax environment for the benefit of all – not just a few.

I welcome German Chancellor Angela Merkel's call to strengthen the G20's partnership with African countries for sustainable economic growth and stability.



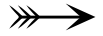
A community health worker explains various forms of contraception during an outreach session in a market, Kisumu region, Kenya

KEY TAKEAWAYS

The G20 could foster stronger health systems to enhance Africa's outlook

Gender-inclusive growth benefits all of humanity

Opportunity for all should be a priority



TOM GILKS / ALAMY STOCK PHOTO

I believe these efforts must prioritise investments in the health of people. These will be smart investments, because we are optimistic about Africa's direction. The continent now hosts 10 of the 25 fastest-growing economies in the world. For the first time in the history of the AIDS epidemic, Africa has reached the tipping point: more Africans are newly initiating antiretroviral treatment than are being newly infected with HIV. Yet AIDS remains the number-one cause of death in Africa. It is only through effective long-standing partnerships at the country and regional levels, that the vision of ending AIDS will become a reality. In recent years, several countries have been increasing domestic AIDS investments through various mechanisms and have focused resources on high-impact programmes. But significant

additional funding will be required to be on track to end AIDS by 2030. I call on the G20 to support Africa's effort to end AIDS, which will require \$14 billion from global AIDS financing to be frontloaded by 2020.

Overcoming borders to promote gender equality and human dignity

The G20 is committed to working towards a just society that respects human rights and pursues gender equality. The Women 20 promotes gender-inclusive growth and advances the G20's commitments on gender equality and women's economic empowerment. In Africa, AIDS is the leading cause of death among adolescents 10–19 years old – the future of the continent. Adolescent girls and young women are up to eight times more likely to be infected than their male peers. This is a

moral injustice. We must never accept any measure of discriminatory social or gender norms and violence, which continue to render women and girls more vulnerable to HIV. I urge the G20 to foster gender-transformative laws, policies and practices and to champion the full range of women's human rights, at home and abroad.

Borderless partnerships to foster interconnected communities

In our experience of the global AIDS response, we understand that granular responses work best, because they can draw on the expertise of local actors and respond to the realities on the ground. I applaud the G20's involvement of international and regional stakeholders by inviting the African Union, NEPAD, and several United Nations agencies, such as the World Health Organization, to join the G20 discussions. Our success in reaching any ambitious goals at global or local level – such as the goals of the 2030 Agenda – will rely on an active and vibrant civil society carrying out a range of essential functions – from service provider to advocate, from watchdog to whistle-blower. However, funding and political space for civil society are rapidly shrinking. These organisations urgently need investment.

Supporting issue-based partnerships is one way of fostering unity of purpose and country-level results. One such unique partnership is UNAIDS – a joint programme uniting 11 co-sponsoring UN agencies, plus governments and civil society, in providing global leadership for the AIDS response. By supporting issue-based partnerships, the G20 can accelerate the implementation of the 2030 Agenda, strengthening the capacity of civil society to keep governments accountable and give agency to the diverse movements they represent.

Years of compliance assessments show that the G20 embodies more than a platform for words. Now it must continue to lead us on the road towards social justice. Towards greater distribution of opportunity for people who are left behind or left out. Towards a sustainable and inclusive world for all.

This generation of G20 leaders has the power to make a difference by transcending the borders that artificially keep us apart, despite our common ambition. This must be the G20 imperative. **G20**

A common global approach

About 200 years ago the German discoverer and scientist Alexander von Humboldt traveled the world to conclude that our planet is like a living organism in which all phenomena are interconnected. Economy and human activity cannot be seen separate from ecology. Man and nature are one. Economy and ecology are global. And the political sphere is connected to all.

We now live in a world where this belief is undeniably true and understanding becoming clear and clear. As such it is a fitting reminder of this exceptional scientist that the G20 is coming together in Germany to discuss society's most pressing topics under the umbrella of 'shaping an interconnected world'.

An interconnected world: health at the centre?

Now, more than ever, growth, trade and investment, financial markets, tax cooperation and political topics such as displacement of populations, terrorism, corruption or food security are linked to climate change, energy policies, global health, digitalisation and gender issues.

As the world's most broadly based healthcare company, Johnson & Johnson has a legacy of combining innovation, science, and ingenuity to tackle some of the most pressing public health challenges of the day. As we look to the challenges and opportunities ahead we are driven by the overriding belief that good health changes everything. Good health drives human progress and prosperity and well-being mean little without healthy people, communities, countries and planet.



Innovation helps to make possible the development of ever-more effective treatments

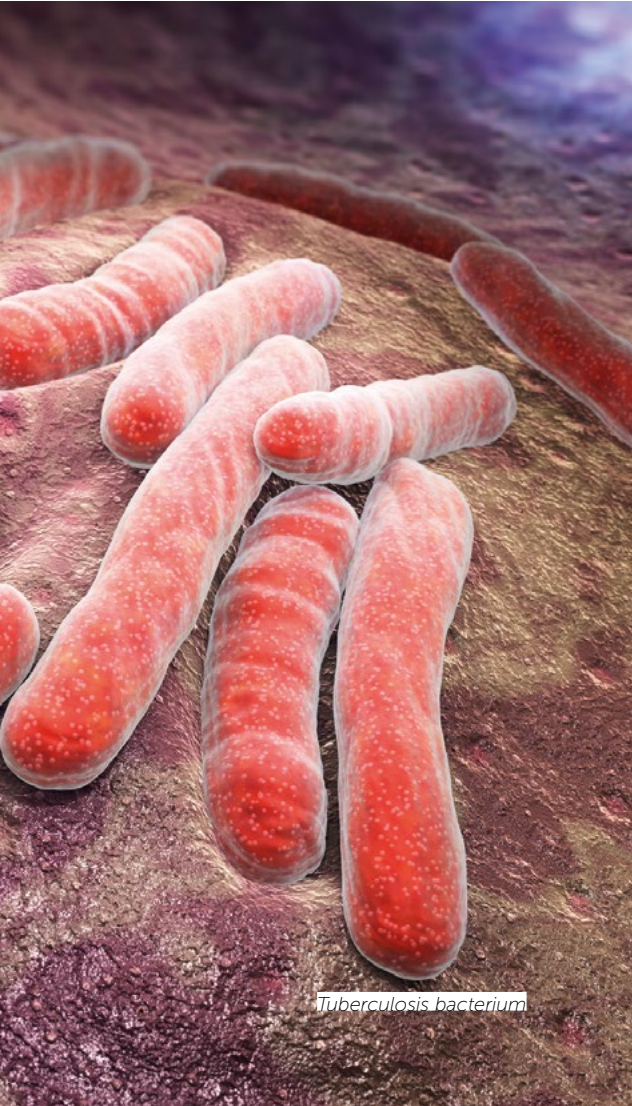


Complex interconnected challenges

That's why we're dedicated to answering the most challenging healthcare questions. To applying science, ingenuity and the brightest minds in the service of humanity. To being first on the ground to combat infectious diseases, drive advances in maternal and child health, provide access to essential surgery and support health workforce training, in a way that supports a healthy environment. To building partnerships in every corner of the globe to ensure healthier lives.

Healthcare has never been faced with so many challenges and many are of a global nature, so it is natural that intergovernmental structures such as the UN & the G20 address these collectively and design policies that do not contradict or harm the opportunity for success. That is why we support the explicit way in which the goals of this G20 summit

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Tuberculosis bacterium

are aligned with the United Nation's Sustainable Development Goals (the 2030 Agenda).

At Johnson & Johnson we understand the need for a global, aligned and focused approach. It is why we set up our Global Public Health (GPH) team to focus on addressing critical public health challenges like HIV, TB and other pandemic threats. Bringing together the capabilities, resources and expertise from across our company we are redefining what it means to do business in resource-poor settings, forming unconventional partnerships to accelerate the pace of innovation needed to broaden our reach, deepen our impact and be better prepared to address future health threats.

Addressing critical public health challenges, pandemic threats, our ability to deliver healthcare solutions to people and the sustainability of healthcare systems worldwide require that same



**BEATRICE
TARDIEU**

Communications
and Public
Affairs Director

Janssen EMEA

thinking. International security and health security are inextricably linked. Coming together, and investing in new innovations and strengthening healthcare systems and regulations, we can ensure we are prepared to protect the world's most vulnerable people from disease outbreaks. The lessons learned from the Ebola and Zika outbreaks serve as a wakeup call to how ill-equipped we are as a global community to respond, let alone prevent them from happening in the first place.

The example of antimicrobial resistance (AMR)

AMR is putting huge pressure on healthcare systems around the world. Whether used to treat bacterial infections, tuberculosis, malaria or HIV – antibiotics are a crucial part of modern life but their use is threatened as infectious diseases become resistant to a growing number of them. Across the EU, 25,000 people die each year from drug-resistant infections. Worldwide, it is suggested that this number will be 10 million by 2050. This is nearly 2 million more deaths than attributed to cancer. Without new treatments or vaccines and appropriate funding mechanisms, AMR has the potential to take us back to a 'pre-antibiotic era', resulting in significant mortality and a loss of 5-6 per cent of the world's GDP.

Drug resistant tuberculosis is a disease that has been particularly susceptible to AMR and is currently one of its most concerning examples. Multidrug resistant form of TB (MDR TB) remains a major challenge in many countries. The fact that TB is a low priority for many countries, and insufficient TB budgets limits progress in addressing TB. After years of declining incidence rate, many G7 countries started experiencing growing MDR-TB incidence rates that are comparable to the world average.

In our industry, we're working together to respond to this need, and positive steps have been taken by regulatory bodies such as the European Medicines Agency and the US Food and Drug Administration. At Janssen & Johnson we committing further investment into the research and development of innovative diagnostics and treatments, and we will collaborate with others to find the most beneficial solutions.

Back to von Humboldt and the global holistic approach

It is evident that with increased globalisation the only way to respond effectively to the growing burden of disease is a cross-border approach. A healthy population is essential to delivering sustainable and inclusive economic growth and security.

Alexander von Humboldt believed in the free exchange of information, in uniting scientists and in fostering communities across disciplines. He also believed that nature, man, economy and politics were one complex interconnected reality. We call leadership from the G20 countries to follow his example, to work with us to ensure that the world has an insurance policy that safeguards a healthy future for the generations to come.



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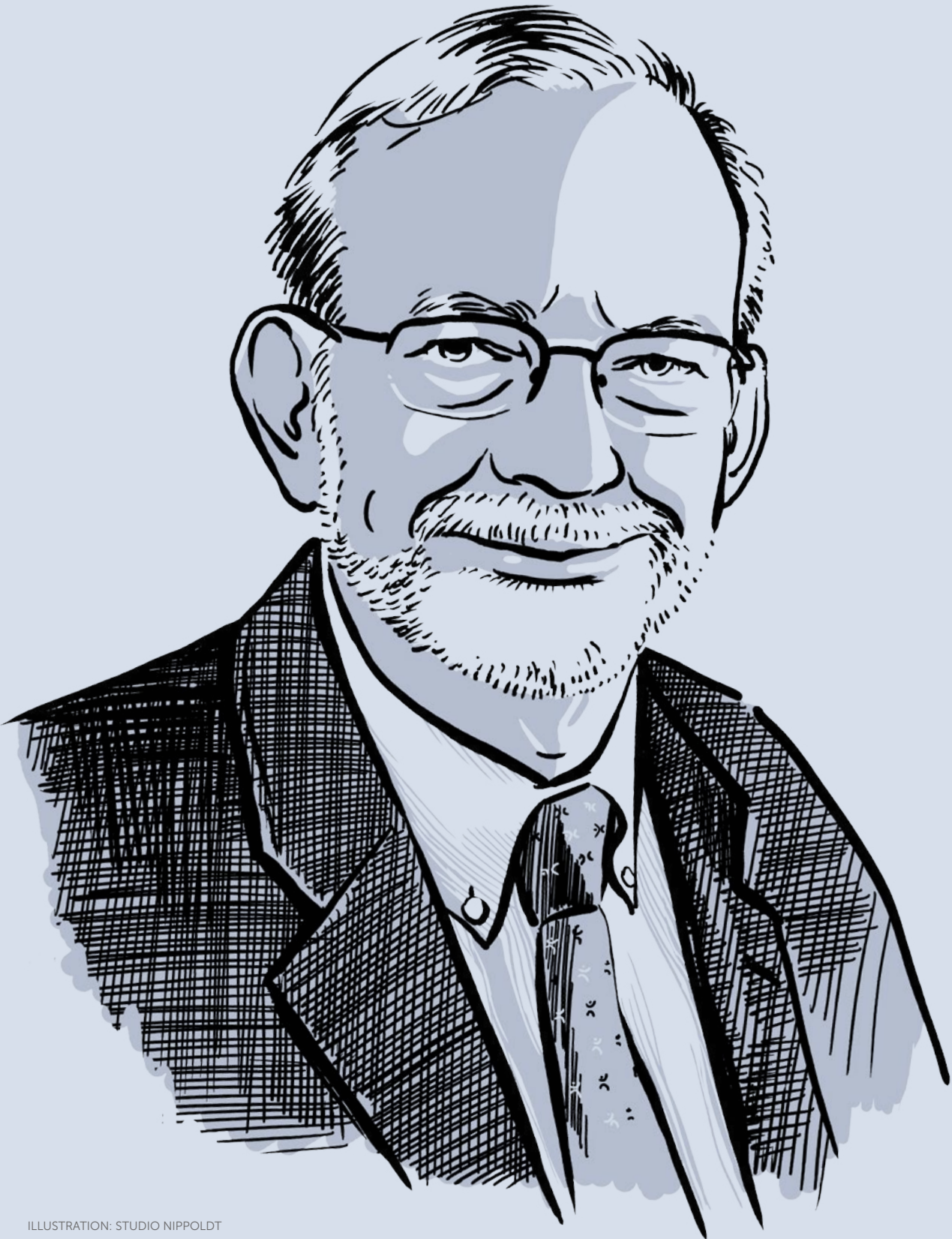


ILLUSTRATION: STUDIO NIPPOLDT

IN CONVERSATION

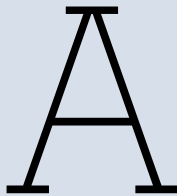


An estimated 25 million children living in conflict zones are out of school. Many have never seen the inside of a classroom



Anthony Lake

Executive Director, UNICEF



round the world today, there is a growing global ‘movement’ of children and adolescents – but not the kind of movement that generates many ‘likes’ on social media.

It is a movement made up of 50 million children on the move.

More than half of them have been forcibly displaced by conflict. Some are escaping violence and persecution. Others are searching for a way out of crushing poverty or the intensifying impact of climate change. Some have experienced the compounded harm of all of these horrors and hardships.

All are vulnerable: to the dangers of the journey itself, all too often deadly; to smugglers and traffickers who prey on these children for profit; to being detained or deported; to hunger, malnourishment, disease; to discrimination, xenophobia and violence; and to a gaping absence of opportunity.

Safe channels

Children and adolescents travelling without their families are the most vulnerable to violence, exploitation and trafficking. In 2015–16 alone, about 300,000 unaccompanied children sought asylum in 80 countries – just a fraction of the total number of child refugees and migrants travelling on their own.

This movement of children on the move will grow unless we do more to confront and overcome the root causes that drive so many from their homes. Most fundamentally, the protracted conflicts that have displaced so many millions of people must be resolved, and the political, economic and environmental forces that disadvantage millions more must be confronted.

But success will not come overnight – and these children need help today. Broadly, that means creating safe and legal channels for children to safely



In 2015–16 alone, about 300,000 unaccompanied children sought asylum in 80 countries



migrate and seek refuge, which can help keep them out of the reach of smugglers and traffickers. It means finding alternatives to detention, where they are particularly vulnerable to harm. It means keeping families together and giving children legal status. And it means challenging xenophobia and discrimination and other barriers that prevent them from accessing health and other services.

Some governments are already taking action. Italy recently enacted the first comprehensive law to protect unaccompanied children. The European Union recently adopted new policy guidance to protect migrant and refugee children, including appointing guardians for unaccompanied children and improving data collection to monitor the situation and safety of children on the move.

These practical measures provide a model for all countries to protect uprooted children’s lives and also their well-being. But we must also take steps to protect their futures – by investing in their education.

Uprooted children leave behind so much more than their homes: family, friends, treasured toys and the ordinary routines of childhood. All too often, they also leave

behind their education – and a better chance to reach their full potential.

Today, only half of primary school-aged refugee children are enrolled in school. Secondary school enrolment of refugee children is less than 25 per cent. Refugee children are five times more likely to be out of school than their non-refugee peers.

Education in emergencies

If the lens widens to include all children affected by conflicts and emergencies, the numbers are commensurately alarming. An estimated 25 million children living in conflict zones are out of school. Many have never seen the inside of a classroom.

Children do not need education even in emergencies; they need education especially in emergencies. Without an education, how will these children gain the knowledge and skills they need to chart their own futures – and to someday build a more peaceful future for their societies? And how can we hope to achieve any of our development goals when we are not providing children with the tools they need to carry progress forward as adults – essential to sustainable development?

And yet, education in emergencies is severely underfunded. Since 2010, less than two per cent of humanitarian funding has been spent on education – a gap of \$8.5 billion. As the world comes together to achieve the Sustainable Development Goals – and to fulfil their promise to “ensure inclusive and equitable quality education” for all – we need to fill this gap.

New global funds to secure stable funding for education in emergencies, as do Education Cannot Wait and new funding mechanisms to support it, are a step in the right direction.

For whether a refugee or migrant, a child is a child. And every child has the right to an education. Their future – and our own – depend on it. **G20**

B20 MESSAGE TO G20 – HEALTH DRIVES SOLUTIONS BUILT ON COLLABORATION AND PRO-INNOVATION ECOSYSTEMS



Thomas Cueni
Director General, International Federation
of Pharmaceutical Manufacturers and Associations – IFPMA



The fact that “health” has entered into the G20 agenda is not surprising. Economic development and health development go together – health is wealth. But as governments find their limited resources spread ever wider, and their populations, luckily, living longer there are stark choices that must be made. Equipping health systems to maintain and improve the health and productivity of ageing populations, while continuing strides made in the fight against the world’s most prevalent diseases, were among the challenges that shaped the five recommendations of the B20 Health Initiative:

- Driving innovation in healthcare, creating and nurturing innovation ecosystems to collectively address health challenges
- Advancing the fight against neglected tropical diseases (NTDs), which disproportionately impact people in countries with weak health systems
- Combatting antimicrobial resistance (AMR) to preserve the many health gains of the past 100 years
- Improving pandemic preparedness and response, learning from ongoing efforts to prevent flu epidemics and fast track solutions for new epidemics like Ebola and Zika



Before completing the list of B20 recommendations, it is worth highlighting that innovation ecosystems, AMR, NTDs and pandemic preparedness response all share at their core the concept of “collaboration” or “partnership” as the main solutions.

The inventions of yesterday and today are contributing to enormous strides in life expectancy and mortality rates in just one generation, with rates plummeting by nearly one third. The great advances in oncology treatment, rheumatoid arthritis, or indeed how AIDS has evolved from a death sentence into a chronic disease show that the biopharmaceutical industry is delivering new solutions. Sustainable innovation requires countries to create a climate that promotes knowledge exchange through collaboration across sectors, along with investment in educational infrastructure and public-private research programs. We can no longer rely on smart people from one organisation, one company or even one country. We must utilize a global network with a wide range of expertise and experience coupled with a high level of synchronization. Much like an orchestra, each partner has a unique role to play but all must work together in harmony to produce a masterpiece. This can only happen through the cultivation of predictable, transparent and robust legal and regulatory regimes – ensuring effective intellectual property (IP) systems that incentivize investment and regulatory standards that converge to form common standards of excellence.

Earlier this year, the NTD Summit demonstrated undeniably that collaboration can change the lives of literally millions of people. In 2015 alone, one billion people were reached with treatments for NTDs as part of a 10 year commitment made by the World Health Organization (WHO), philanthropists, and research-based biopharmaceutical companies. This effort is just one example of the over 300 global health partnerships involving the biopharmaceutical industry, providing donations, training and capacity building, R&D and much more. There have also been longstanding collaborations between the WHO and the biopharmaceutical industry for pandemic preparedness, and more recently partnering with regulators and scientists to lead the way in discovering treatments for Zika in record breaking time. The next great frontier for collaborative action is AMR; at the B20 Health Conference we launched the AMR Industry Alliance with the aim of tracking and reporting on how the community of the life-sciences industries are living up to their commitments.

The final recommendation: advancing digital health, remains fundamentally linked to health system sustainability by measuring value, based on outcomes, and reducing all forms of waste in the health system – not just CO2! Bringing all this together highlights the effectiveness of competitive research and policies that reward the successful innovator through the respect of intellectual property rights and recognition of therapeutic value. Ultimately, success in driving innovation in healthcare and advance the ways in which health systems can cope with existing challenges will be our legacy for future generations.

DSM SINOCHEM PHARMACEUTICALS

Antibiotics have saved billions of lives. Now we must work together to save them

Since Alexander Fleming discovered penicillin in 1928, antibiotics have saved billions of lives. Modern healthcare is unthinkable without them. Ironically, however, we are now moving towards a post-antibiotic era due to widespread misuse and irresponsible behaviour. Unless we take immediate action to save them, society will pay a heavy price in the form of antimicrobial resistance (AMR).

AMR: a global problem

In its concluding report, the Review on AMR estimated that drug-resistant infections will kill more people than cancer by 2050, resulting in a staggering 10 million deaths and a cost to the world economy of \$100 trillion every year. The crisis is already underway. Some estimates indicate that AMR causes 700,000 deaths globally annually, others refer to the 410,000 children under five years old who die from pneumonia in India, and the 56,000 newborns who regrettably pass away there every year because of infections that are resistant to first-line antibiotics. All personal tragedies. Meanwhile, isolation treatments are driving up healthcare costs everywhere in the world.

AMR is a natural phenomenon, but it is accelerated and spread by human behaviour such as poor sanitation, low infection prevention and control, antibiotics misuse and pollution of the environment, and international travel and food trade.

In 2014, a drug-resistant bacterium was found in India that has since then been identified in more than 70 countries worldwide – global proliferation in just two years – while reports indicate that increasing numbers of travellers frequently return home with superbugs in their digestive systems.

To prevent these chilling scenarios from becoming an unstoppable epidemic, we need to act fast to curb all causes of AMR and develop strong alternatives.

Recent research on antibiotics pollution

The areas surrounding pharmaceutical-ingredient manufacturers have repeatedly been identified as a source for resistance, in particular in India but also in the People's Republic of China. This does not come as a surprise, because 80 to 90 per cent of all antimicrobials are made in these countries.

Pollution – especially of watercourses downstream from production facilities – and insufficient wastewater management facilities lead to high concentrations of various antibiotic drugs in the environment. These not only contaminate surface, ground and drinking water, but also create perfect hotspots for multiple drug-resistant bacteria to develop.

The Review on AMR mentions an estimated amount of 30,000 to 70,000 tonnes of antimicrobial activity waste that is generated by the supply chain. Scientific studies on industrial antibiotics pollution report concentrations of antibiotics in the close proximity of some pharmaceutical plants that are hundreds, thousands, and even 10,000 times higher than in clean water. A recent study even measured levels of fluconazole (an anti-fungal) approximately 950,000 times higher than suggested environmental limits.

The industry as a whole must take leadership in safeguarding the future of antibiotics and battle antibiotics pollution from manufacturing. In fact, it is in the interest of the industry – together with third-party stakeholders – to secure business continuity and stop irresponsible manufacturing practices that are associated with the selection and spread of multiple drug-resistant bacteria. We should stop buying, using and selling irresponsibly made antibiotics and we need mechanisms to increase transparency for pharmacists, physicians, payors and patients.



We must all take, use and make antibiotics responsibly



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ABOUT

DSM Sinochem Pharmaceuticals is a leading generic manufacturer of sustainable antibiotics with manufacturing sites in Europe, Mexico, India and China. We have basic measures in place to make antibiotics responsibly: we implemented enzymatic biotechnology in the 1990s; we operate dedicated wastewater treatment plants 24/7 and 365 days a year as an integral part of our manufacturing process at all our sites; and we frequently test our effluent on antimicrobial activity before discharge.

We are a signatory company to the Davos Industry Declaration, the UNGA Industry Roadmap on combating AMR, and the AMR Industry Alliance.

Saving existing antibiotics

Of course we must develop new antibiotics, treatments, vaccines and diagnostics to secure modern healthcare and stay ahead of the increasing prevalence of AMR. These new alternatives and tools must be made available for those who need them. No one argues about that, although it will take time and development remains uncertain while we still need to define models to make them economically sustainable. But it has to be done.

However, to preserve the effectiveness of existing antibiotics for patients today and in the future, we must all ‘take, use and make antibiotics responsibly’ and stop relying on irresponsibly made antibiotics. This requires behavioural change and cleaning up our supply chains by defining mechanisms to stop antibiotics pollution associated with drug manufacturing, which is a significant cause of concern.

Public-private collaboration is vital

For all of the above, public-private engagement is imperative if we want to stand a chance against the rapid emergence of multiple drug-resistant bacteria. The private sector cannot do without the public sector, and vice versa.

A single company can only do so much, just as a single country cannot keep out multiple drug-resistant bacteria. Concerted industry-wide efforts

are essential, just as concerted inter-agency alignment is imperative.

An encouraging beginning has been made. Many countries have shared their National Actions Plans on AMR, including India – which recently published an ambitious plan covering all the relevant angles. In addition, an Inter-Agency Coordination Group on AMR has been established, and the AMR Industry Alliance has been announced, representing signatories of the Davos Industry Declaration (Jan, 2016) and the UNGA Industry Roadmap on combating AMR (Sept, 2016). Established this May, the AMR Industry Alliance will govern progress on the commitments made, and will report the industry’s progress in the fight against AMR. It is essential that both initiatives find each other soon.

While these are important and encouraging initiatives, it is vital that other stakeholders in the supply chain take leadership too, including healthcare suppliers and professionals, physicians, pharmacists and payers – such as wholesalers, health insurance companies and hospitals.

We all must take responsibility to curb the misuse of antibiotics and stop irresponsible manufacturing through, among other measures, the inclusion of environmental criteria in purchasing decisions and allowing labelling for safe antibiotics.

We all must take leadership, and no one is exempted.

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Lord Jim
O'Neill



Former Chair
**Review on
Antimicrobial
Resistance**

Jim O'Neill is the former Chair of the Review on Antimicrobial Resistance, the former Chair of Goldman Sachs Asset Management and an Honorary Professor of Economics at Manchester University. Until October 2014, he chaired the UK's Cities Growth Commission, and he served as Commercial Secretary to the Treasury of the United Kingdom from 2015 to 2016.

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The German G20 and antimicrobial resistance

*The reward for antibiotic research is very unfavourable, which is why we have proposed a \$1bn prize, writes **Lord (Jim) O'Neill***

Chairing the Review on Antimicrobial Resistance was one of the most interesting things I have ever done in my professional life. It was obviously very important, but also highly stimulating because of the complex nature of the problem and finding solutions. I like to think that my review played a significant role in persuading the G20 to feature antimicrobial resistance (AMR) on the agenda of the Hangzhou Summit in 2016, as well as the so-called high-level agreement at the United Nations. Among the important aspects of those two events was the promise to carry over into the future both the momentum on the topic and steps towards delivering policy for a lasting solution.

While considering Germany's presidency of the G20, I find my mind thinking about 'under promise and over deliver' in terms of strategy.

It was quite clear during the 18–24 months of our review that the German government regarded AMR as a major priority, just as the United Kingdom did – at least under David Cameron – and that it would try to carry over some of the momentum for its G20 presidency when it took over from China last year. Indeed, I occasionally found myself wondering whether Germany was holding back a degree of support for 2016 policy initiatives, to make it easier to preside over this part of its own 2017 G20 agenda. What seems reasonably clear is

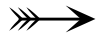
that Germany has not created much public noise on the topic so far, hence my phrase – although I know there has been quite a lot of discussion and debate taking place.

I hope Germany and the G20 do deliver on some key parts, especially the role of new drugs, and the financing of them.

Other crucial aspects of the AMR challenge are more naturally led by the UN efforts, especially those pertaining to awareness, stewardship, surveillance and improved preventive steps in the low-income world.

Of course, the efforts of the UN, as well as the crucial roles played by the World Health Organization (WHO), Food and Agriculture Organization, and the World Organisation for Animal Health are all intertwined with what the G20 does. In my view, and hence why I was pleased with the 2016 outcome, the G20 is the right place for policy initiatives for new drugs and diagnostics. The G20, by definition, covers the world's largest and many of its richest economies, and is the home of most of the crucial pharmaceutical companies. As our Review – among others – showed, there is a clear case of market failure when it comes to both new antibiotics and useful diagnostics.

The current business model for most pharma companies finds the risk reward for antibiotic research very unfavourable, with significant costs, high risks of failure and a less attractive revenue model than that existing for many other drugs and products. Because of this, we proposed a 'market entry



Antimicrobial susceptibility test

reward' that would provide a large payment, \$1 billion or more, for the successful producer of the right new antibiotic. A company would be entitled to this reward only if it also agreed to very clear terms of distribution and affordability, so it wouldn't be free to try to maximise sales or price.

Importantly, we also recommended that the successful producer of new state-of-the-art diagnostic techniques that would allow for vastly improved correct diagnosis (in all likelihood, vastly reduced demand and usage) should also be eligible for the market entry reward.

I am encouraged by two different observations that progress in this direction is being made.

First, WHO recently announced a list of the necessary new drugs that are deemed necessary and worthy of such market entry rewards. This might not sound like much, but it has been some time in the works.



We proposed a 'market entry reward' that would provide a large payment, \$1 billion or more, for the successful producer



I assume it is no coincidence that it has come during the German G20 presidency.

Second, others have recently published recommendations that sound remarkably similar to our reward idea, including the Boston Consulting Group, which is advising the German G20. It was also very interesting that in early April some members of the US Congress proposed something similar.

So I hope the German government follows through on all this promise, and that the issue is not just kicked down the road for others to follow.

What has been less well discussed is where the money for such rewards might come from. In our review, we suggested alternatives ranging from governments to the industry itself. Without agreement, the rewards cannot be financed. I hope this is something that will, in principle, be aired in the G20 statement at Hamburg, with details to follow. That would represent a truly successful German G20 presidency. **G20**



14 Countries/areas
65 Cities
113 Hospitals



* The number of participating hospitals in each country is in the parenthesis

Looking into Asia's answer to antimicrobial resistance

Infectious diseases still remain a serious healthcare threat despite remarkable advances in modern medicine. The treatment of infectious diseases is becoming more difficult due to the widespread emergence of antimicrobial resistance (AMR), which often leads to treatment failure and death. A recent report forecasted that AMR would kill 10 million people a year worldwide by 2050, which exceeds the number of cancer-related deaths. AMR also causes devastating economic damage with increased healthcare cost. Global organisations including the WHO, UN, APEC, G7 and G20 have already emphasised the critical importance of AMR issues to prevent a catastrophic situation in the near future.

In particular, Asian countries have the most serious situation of AMR in major pathogens. Despite the critical situation in the region, AMR has not been recognised as an important public health issue



Jae-Hoon Song
MD, PhD
 Founder and Chairman
 APFID;
 Organiser
 ANSORP

in most Asian countries due to a lack of awareness and limited healthcare infrastructure and resources. Since AMR can spread between countries or even continents, international cooperation for detection, prevention and control is vital.

For this purpose, Professor Jae-Hoon Song, Samsung Medical Center, Sungkyunkwan University School of Medicine, Korea, organised the Asian Network for Surveillance of Resistant Pathogens (ANSORP) in 1996, the first international surveillance network of AMR and infectious diseases in Asia. Dr Song also founded the Asia Pacific Foundation for Infectious Diseases (APFID) in 1999, a non-profit foundation to initiate and support the international collaboration for control and prevention of AMR and infectious diseases in the Asia-Pacific area.

APFID cares about the future of health in Asia
 APFID's goal is to contribute towards improving

public health in Asia through international collaboration for control and prevention of infectious diseases and AMR. APFID facilitates such international activities via collaborative research, technical development, exchange of ideas and information and strategic planning. APFID focuses on five major international programmes (CARES): Conference (International Symposium on Antimicrobial Agents and Resistance, ISAAR), Alliance (Initiatives to Control Antimicrobial Resistance, I CARE), Resource (Asian Bacterial Bank, ABB), Experiment (Infectious Disease Research Institute) and Surveillance (ANSORP).

ISAAR: exchanging information on AMR and emerging infectious diseases

ISAAR was first held in 1997 to facilitate the exchange of data, information and expertise on AMR. This biennial meeting is considered one of the most representative global conferences in infectious disease field with 2,000 participants from over 40 countries. APFID will celebrate its 20th anniversary on Sep 14-16, 2017 in Busan, Korea, with the subtitle “combating antimicrobial resistance and emerging infectious diseases: today and tomorrow”.

I CARE: strategising the international plan to combat AMR

APFID has proposed the strategic plan to combat AMR, I CARE (Initiative to Control Antimicrobial Resistance), which consists of six major action plans: 1) surveillance of AMR and antibiotic use; 2) increased awareness of AMR; 3) appropriate use of antibiotics; 4) infection control and prevention; 5) vaccination; and 6) relevant policy and regulation. These strategies highlight the multifaceted approach required for the successful control and prevention of AMR. In 2014, APEC officially adopted the I CARE strategies as the first international strategies to combat AMR in the AP region. From 2017, APFID has activated an international campaign – “SuperU” – under the auspices of APEC to increase the awareness of AMR and to promote the appropriate use of antibiotics in the Asian region.

SuperU campaign: promoting the prevention of AMR

The most essential strategy to control and prevent AMR is to increase the awareness of AMR and to promote appropriate use of antibiotics through educational and campaign activities. APFID introduces the first international campaign entitled “SuperU” (SuperU against superbug) throughout Asia from 2017. APFID is starting to roll out the campaign through online platforms, including a website (www.icareproject.org), YouTube and Facebook (www.facebook.com/youaresuperu), as well as offline resources such as posters, leaflets, etc. The SuperU campaign includes an educational programme for young children and adolescents by “SuperMom” as



Founded in 1999, the APFID has dedicated its efforts to fostering global cooperation for the effective control and prevention of AMR in Asia and beyond



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a teacher. APFID is seeking for local and international sponsors and partners for the SuperU campaign.

ABB: providing resources for research and development

ABB is the infrastructure for basic research and R&D of novel antimicrobial agents by providing bacterial strains to investigators and researchers throughout the world. ABB has been collecting bacterial strains from patients in Asian countries, obtained from

ANSORP surveillance studies. ABB has characterised and stored over 50,000 strains at an APFID reference laboratory in Seoul, Korea.

ANSORP: detecting AMR in Asia through international surveillance

Since its inception in 1996, ANSORP has performed many international surveillance studies on AMR in major pathogens such as *S. pneumoniae*, *S. aureus*, enteric pathogens, Gram-negative bacteria as well as community-acquired and hospital-acquired pneumonia in Asian countries. In order to generate representative and reliable data on

AMR, the ANSORP system has expanded to include more than 110 hospitals in 14 Asian countries. ANSORP data was the first to reveal that Asian countries are the epicentre of AMR with the highest prevalence rates of AMR in major pathogens. ANSORP created a model of cooperation, consisting of diverse countries including developed, developing and underdeveloped countries in the region.

Committed to the future of health in Asia by combating AMR

The most urgent agenda is to prevent the further aggravation of the AMR crisis and to revive the miracles of antibiotics to save human lives from deadly infectious diseases. Effective international collaboration is critically required for successful control and prevention of AMR in the globe. Although WHO’s “Global action plan to combat AMR” (2015) is a key platform for AMR control, regional and national effort is also pivotal. APFID is committed to the better future of health in Asian countries by control and prevention of AMR and other infectious disease threats. APFID will strengthen the efforts for more active cooperation and partnerships with Asian countries as well as with international organisations to improve the situation of AMR in Asia. APFID will continue to perform international surveillance of AMR, to introduce an international campaign programme to increase awareness, and to promote the exchange of information in the region. Philanthropic donation and sponsorship for international programmes of APFID will help achieve these goals to make better future of health in Asia and beyond (www.apfid.org).

KEY TAKEAWAYS

Most of the world's workers do not think they have a good job

Global economic growth to stay below long-term trends in 2017 and 2018

The future of work and shaping a more inclusive globalisation

*Concerted and coordinated action is needed to establish fairer prospects for all, writes **Guy Ryder***

When they met in Hangzhou last September, the G20 leaders were concerned about a backlash against globalisation and how many people were feeling left behind by fast-paced economic change. When they meet again in Hamburg, the leaders will be expected to show how the G20 is acting to make growth more inclusive.

Perceptions of the fairness of globalisation are closely connected to people's prospects at work. The Gallup World Poll finds that most of the world's workers do not think they have a good job. The impact on jobs of the intertwined forces of technological change and increased competition for global markets adds to anxiety.

The G20, the International Labour Organization (ILO) and others are analysing the technological, demographic, societal and economic trends. The ILO is engaged in a global initiative of research in preparation for our centenary in 2019. Throughout our history, the goal is to shape a future of work that meets people's needs and is a foundation for social justice and fair globalisation.

Effects of technological change

Technological changes are inevitably dynamic processes that involve destroying and creating jobs as well as transforming existing jobs, particularly in how work is organised. The extent and speed of technological changes have always been subject to economic and social debates, typically with views diverging between optimists and pessimists.

The outcome of the Fourth Industrial Revolution might not be as negative as some suggest. Creating more jobs than destroying them is possible in the near future. However,

many other issues deserve serious policy debate, and the economic and social outcomes of technological changes depend on how countries address three key issues:

- how to avoid destroying good jobs and creating bad ones, even though total employment increases;
- how to manage adjusting to technological change not just by market processes but also through social and economic policies; and
- how to distribute productivity gains between economic and social groups at a time when overall income inequality has already reached a historic high.

These issues will be on the G20 agenda for many years. We must prepare for change in work even as its contours shift and ensure that our policy toolbox is ready.

Deceleration in wage growth

Despite a mild pickup since 2016, global economic growth will remain below long-term trends in 2017 and 2018. The ILO thus expects global unemployment to increase by over three million in 2017 to exceed 200 million.

Global real wage growth started to recover in 2010, but decelerated to 1.7 per cent in 2015, its lowest level in four years. If China – where wage growth was fastest – is excluded, it fell to 0.9 per cent in 2015. Initial reports for 2016 point to real wage declines in Brazil, Indonesia, Mexico, Russia, South Africa and Australia but some pickup in Germany and the United States. Wage inequality has increased in many countries, exacerbated by declining collective bargaining coverage in several.

Workers in the middle class of developing and emerging countries living



G20 labour and employment ministers have built a strong consensus on policies for inclusive growth



Expected increase in global unemployment in 2017

3M

Number of global workers below poverty threshold of \$3.10 a day

760M

The lack of opportunities for decent work has a destabilising effect

Weak wage and job growth drag down household consumption



Visitors to the Russian science city of Innopolis try augmented reality glasses

YEGOR ALEYEV/TASS/ALAMY LIVE NEWS

on incomes of between \$5 and \$13 a day now constitute 38 per cent of the 3.2 billion world employment total. This group has grown as extreme and near poverty has fallen and workers move from vulnerable to more stable wage employment.

Absence of opportunities

This movement out of poverty into higher income ranges has slowed. Globally, 760 million women and men are working but unable to lift themselves and their families above the poverty threshold of \$3.10 a day. South Asia and Africa, where the age profile is still young, account for three-quarters of working poverty. The absence of opportunities for decent work is dangerously destabilising for economic, social, environmental and political development and jeopardises the 2030 Agenda for Sustainable Development.

Weak wage and job growth drag down household consumption, domestic demand and thus sustainable business investment – particularly relevant in today's global economic context characterised by sub-par and fragile growth.

More and better jobs must be generated to answer widespread concerns that globalisation is not generating enough

decent work in emerging and advanced economies. G20 labour and employment ministers have built a strong consensus – including through consultations with their social partners – on the employment and social policies for inclusive growth.

The Labour and Employment Ministers' Declaration calls for employment and social policy packages for inclusive growth so that the global economy works for everyone. Measures give the G20 members options to harness the changes occurring in the world of work so that more jobs with better working conditions can be created. On the future of work, ministers adopted detailed policy recommendations for countries to shape a future that works for people worldwide, covering skills development, social protection, regional programmes and sustainable enterprises.

In Hamburg, G20 leaders will be able to use the agreements forged by their labour and employment ministers to spur on the hesitant recovery by agreeing to national actions that together have a multiplied impact on the global economy. By linking to the jobs agenda and people's concerns, they can show that the multilateral system is able to shape a fair globalisation and a future of work that people want. **G20**

Guy Ryder



Director-General
**International
Labour
Organization**

Guy Ryder has been Director-General of the International Labour Organization (ILO) since 2012, having held various senior positions in the ILO from 1999 to 2002 and again since 2010. He leads the organisation's action to promote job-rich growth and to make decent work for all – a keystone of strategies for sustainable development. He has a background in the trade union movement and is the former General Secretary of the International Trade Union Confederation.

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KEY TAKEAWAYS

Even in G20 countries, 2.5 times as many men take out business loans

Mothers in developing countries face a 42 per cent pay penalty

Empowering women in the informal sector: moving the bigger wheels

Despite some recent victories, women struggle daily for dignity, recognition and support, writes **Phumzile Mlambo-Ngcuka**

Millions of women have no access to formal, full-time employment. Instead, more than 70 per cent of working women are engaged in the informal economy, often with low pay and little access to social protection.

In India, 120 million women work informally. Women are the working poor in developing and developed countries, in rapidly growing urban communities and remote rural villages. They are the low-cost farmworkers and fishers, flower sellers and street-food vendors, care and domestic workers, and home-based producers of garments and car parts. They are the displaced migrant and refugee women, supporting their families while on the move and in countries of destination. They are the under-the-radar and undervalued cogs in the wheels of the formal economy.

Lack of benefits

Despite being valuable economic agents who contribute to families, communities and economies, these women struggle daily for dignity, recognition and support. Compared to women in formal jobs, women in the informal economy do not benefit from laws that guard against discrimination and sexual harassment, and they are often left out of family-friendly policies such as paid maternity leave, pensions, health insurance

and paid sick leave. These omissions disproportionately affect women, who already do an average of 2.5 times as much unpaid care work as men, such as caring for children, the elderly, sick and disabled. Too often, they miss out on the critical technological advances and opportunities offered by the changing world of work.

Informal workers themselves – such as the waste pickers in Brazil, Colombia and India – are successfully mobilising through local associations to negotiate the changes they need. In Ghana, Pakistan and Thailand, women have scored victories with national and local governments to pass laws that regulate and protect home-based workers,

remove taxes for female market porters, and extend social protection options. But they need support from the top.

The G20 has committed to address informality, including by strengthening labour markets and putting in place appropriate social protection systems. Such measures

must recognise women's key role in the informal sector and support their economic empowerment, including through access to city contracts, safe, quality vending locations and basic infrastructure services.

Gender gap

Strengthening labour markets more broadly means addressing the persistent



Garment workers demonstrate for safety for women in the workplace

structural barriers to women's economic empowerment, enabling women's labour-market participation, and promoting decent work with equal pay for work of equal value. The G20 has made strong commitments to support women's employment, especially through its target to decrease the gender gap in labour-force participation by 25 per cent by 2025. This is an ambitious but very necessary goal, considering the average gap exceeds 20 per cent in G20 countries, and has decreased by barely one per cent in the last 10 years. Gender pay parity also remains a distant reality in most G20 countries, with very few performing better than the global average of 23 per cent. If women were equal to men

REHMAN ASAD/ALAMY LIVE NEWS



in the world of work, the global economy could grow by \$12 trillion or more by 2025. This opportunity cannot be ignored.

G20 governments can also support women to start and grow their own businesses. The number of men who take out loans to start, operate and expand their business is 2.5 times the number of women in G20 countries. Some gender differences stem from laws governing inheritance, property rights and land tenure, but they are exacerbated by the gender gaps in access to finance faced by female entrepreneurs.

We look to the G20 to address the major gaps in support systems to reconcile work and family responsibilities. The expectation that women act as the primary

“*Women do 2.5 times as much unpaid care work as men, such as caring for children, the elderly, the sick and the disabled*”



caretakers for families often leads to women’s exclusion from paid work, as well as occupational segregation and what the International Labour Organization terms the “motherhood pay gap”. Mothers in developing countries face a 42 per cent pay penalty. Shared parental leave policies and affordable childcare are essential to bridge these gaps and support reorienting the caregiving balance within households. Investment in social infrastructure and social protection is therefore key.

To boost the pipeline that moves girls and women out of poverty into fulfilling and valued careers demands increased technical vocational education and training and opportunities in science, technology, engineering, arts and mathematics. G20 members should increase girls’ take-up of these subjects, overturn stereotypes about jobs women can do, and develop strategies to increase the number of women in technology careers and the green economy.

How G20 can help

There are several ways the G20 can act now to increase efforts to advance gender equality in the world of work. Monitoring the ‘25 by 25’ target is essential, with action plans and annual reporting on gender indicators. G20 governments should actively engage the private sector in partnership to increase women’s labour-market participation and outcomes. The Women’s Empowerment Principles, jointly promulgated by the United Nations Global Compact and UN Women, can serve as a guide. And G20 leaders should take full advantage of the robust advocacy and gender analysis capacity of the Women 20 engagement group, now in its third year and continuing to get stronger. We urge all stakeholders to embrace partnership with the W20, which has a tremendous opportunity to be a driving force in supporting G20 members to uphold their commitments to gender equality, including the economic empowerment of women in both the formal and informal economy. **G20**

Phumzile
Mlambo-
Ngcuka



Executive
Director
UN Women

Phumzile Mlambo-Ngcuka has been United Nations Undersecretary General and Executive Director of UN Women since 2013. From 2005 to 2008, she served as Deputy President of South Africa. Before that she served as South Africa’s Minister of Minerals and Energy and Deputy Minister in the Department of Trade and Industry. She is the founder of the Umlambo Foundation, which supports leadership and education.

🐦 [@phumzileunwomen](https://twitter.com/phumzileunwomen)
🌐 www.unwomen.org

THE ADECCO GROUP

Transforming the world of work

The world around us is seeing unprecedented change. Taxis come from Uber, pizzas through Deliveroo, books and music via Amazon. Technology and the dramatic rise in connectivity have transformed our lives.

This revolution is barely at its beginnings – and it is also affecting the world of work. Digitisation, robotisation and artificial intelligence are fundamentally changing the way we work. As in previous industrial revolutions, some low-skilled jobs are disappearing amid advancing machines. Automation is also moving into higher-skilled areas, prompting further adaptation and transformation. At the same time, newly emerging professions require people to develop completely new skills and adopt new attitudes to work.

The advancement of automation and technology has also increased the importance of soft skills. As workplaces adapt to technology, workers increasingly move between roles, teams and even sectors, requiring them to interact with new people of different backgrounds and cultures.

In short, both the way we work – and the work itself – is in flux.

A range of different forms of work now exist: fixed or open-ended, direct employment in an outsourced workplace, agency work, platform, cooperatives of freelancers, direct employment, and the list goes on.

Such diversity is a reality and is to be welcomed. With unemployment stubbornly high in many countries (alarmingly so among young people not in education or training) and many women still outside the workforce, diverse forms of work can drive inclusion and bring more people into the labour market.



ALAIN DEHAZE
Chief
Executive
Officer

**The Adecco
Group**



The rules must match

But catering for diversity needs appropriate rules and policy. There are still many barriers to diverse forms of labour for all. We must remove restrictions and regulations burdening the providers of different forms of work. The role, for example, of workforce solutions companies like The Adecco Group in preparing the engaged and thriving workforce of tomorrow needs to be fully recognised, not hampered.

Research by the OECD shows temporary agency work is much more strictly regulated than fixed-term contracts. On average, the OECD's index of employment protection legislation is 2.51 for temporary agency work, whereas it is only 1.65 for fixed-term contracts. That means there is no level playing field between forms of work, and workers not in open-ended employment are suffering discrimination.

The Smart Regulation Index compiled by the World Employment Confederation and the Boston



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ISTOCK



Think again about work

But if we want to understand this new world of work – and adapt to it successfully – we must reassess how we think and talk about work. All too often, platforms, agency work, freelance cooperatives and the like are described as “new”, implying “traditional” labour is more stable or reliable. But “non-traditional” employment relationships are becoming the new norm. Denis Pennel, Managing Director of the World Employment Confederation, notes permanent full-time contracts characterised the second half of the 20th century, but were never a “global norm”. The ILO’s World Employment and Social Outlook shows that, even today, just 17% of the global workforce has a full-time, open-ended contract. France and Belgium alone have more than 30 different labour contracts. Such heterogeneity is a reality in today’s world of work and reflects the immense diversity of our modern workforce.

Diversity is good

The growing diversity of employment relationships is good for everyone. Employers have sharply differing priorities and requirements in an era defined by machines taking over and three generations working alongside each other. Mothers of young children, millennials and the semi-retired have disparate drivers and each needs flexibility at work to balance its priorities. Only through a variety of contracts and working structures can we meet these varied goals and bring more people into the labour market – another essential amid accelerating demographic change.

Agency work and self-employment have been around for a long time. Diverse forms of work bring new opportunities – and changing technology alone means they are here to stay. We should embrace such heterogeneity, because it can help to build prosperous and sustainable societies – if we allow it.

Consulting Group shows a clear, positive correlation between “smart regulation on agency work” and competitiveness. In other words, appropriate regulation striking a balance between flexibility and security is crucial to increasing labour market efficiency and national competitiveness.

Workers do of course require appropriate job protection. All too often, existing policies and regulations are aimed at what is perceived to be “traditional” forms of labour, ignoring the unique needs and different forms of labour gaining ground. So-called “flexicurity” measures, as pioneered in Denmark, should blossom, as they better reflect the balance between business’s economic need for flexibility and the obligation to support employees striving to build sustainable lives, regardless of the duration of their labour contracts.

Finally, governments should introduce active labour market policies, such as training schemes, to support workers’ employability, and linking subsidies to employment measures.

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KEY TAKEAWAYS

Compliance on wage gap reduction among the G20 members is 58 per cent

G20 members may contribute to a World Bank fund for female-led businesses

SEEKING TO SUPPORT WOMEN'S EMPOWERMENT



ODD ANDERSEN/AFP/GETTY IMAGES

G20 leaders could launch a
G20 women's business council

The G20 must not allow its focus on
female empowerment to be hijacked

*For an effective communiqué on facilitating female empowerment, the G20 needs to focus on specific funding, firm pledges and close scrutiny of previous commitments, writes **Julia Kulik***



*Ivanka Trump, Christine Lagarde and Angela Merkel
at the Women 20 Summit in Berlin in April 2017*



25%

At its 2014 summit in Brisbane the G20 committed to reducing the gap between men and women in the labour force by 25% by 2025



This year's G20 summit in Hamburg will continue the institution's focus on female empowerment as a driver of economic growth. G20 leaders will be hosted by German Chancellor Angela Merkel, who has attended every summit since its inception in Washington in 2008. As a veteran and as host of the G7 summit in Schloss Elmau in 2015, which made significant achievements for female economic empowerment, Merkel is well positioned to widen the scope of the G20's work on gender equality. However, the G20 is a consensus-building institution at its core and this year it will face significant challenges. The withdrawal of the United States from the Paris Agreement has already jeopardised the G20's ability to take any significant action on climate change. It is also difficult to know if a truly effective G20 strategy for female economic empowerment is possible when negotiations include a US president whose administration has consistently taken regressive positions on violence against women, equal pay, abortion, family planning and contraception, and access to healthcare – all fundamental components of gender equality and female empowerment.

The 25 by 25 target

The Hamburg Summit will mark three years since the G20 committed to reduce the gap between men and women in the labour force by 25 per cent by 2025 at its 2014 summit in Brisbane, Australia. According to assessments done by the G20 Research Group, the G20 members have complied with this commitment and related ones from that same summit at an average of

roughly 58 per cent, that is, they have begun implementing strategies to meet their final goals. The deadline to meet this target may still be years away, but this year's Germany presidency has pledged to review the progress made at this year's summit, which should encourage more action to be taken.

G20 countries are expected to contribute financially to a facility operated by the World Bank to support female-led small- and medium-sized firms in developing countries.

As part of their strategy to empower women, the G20 leaders could launch a G20 women's business council that will bring together high-profile female business leaders to discuss the challenges facing female entrepreneurship. It is unclear what function this council will serve, especially with the presence of the Women 20 (W20), which has convened at each summit since 2015 to discuss these issues. Will this council be merely ceremonial, or will it delve into the specific policy intricacies? If it is the latter, it will be important to see recommendations on improving financial inclusion and access to finance for women, correcting the imbalance of unpaid care work, creating gender-responsive procurement policies, and eliminating violence and discrimination in the workplace.

Each G20 summit faces constantly evolving global challenges, and this year is no different. Hamburg will host an increasingly isolationist US president who threatens the main objective of the G20, namely to reach consensus. Women and girls drive strong, sustainable, balanced and inclusive growth and the G20 communiqué must reflect that fact – not just with broad sweeping statements, but with earmarked funding, specific policy recommendations and goals, and a review of past commitments. The G20 must not allow its increasingly expanding focus on female empowerment and gender equality to be hijacked or diluted by those with opposing views. **G20**

Julia Kulik



Director of Research
G20 Research Group

Based at the Munk School of Global Affairs at Trinity College in the University of Toronto, Julia Kulik is also Director of Research for the G7 Research Group, the BRICS Research Group and the Global Health Diplomacy Program. She has written on G20, G7/8 and BRICS performance, particularly on the issues of gender equality and regional security. Kulik leads the groups' work on gender, women's health, regional security and summit performance.

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Assuming responsibility

COMPLIANCE SCORES

*The average level at which G20 members have complied with
their priority responsibility commitments since 2016*



+0.39 **70%**

+1 means full compliance, 0 means work in progress or partial compliance, and -1 means no compliance or action antithetical to the commitment. Based on a study by the G20 Research Group

Building a comprehensive response to refugee flows

*How we respond to the plight of the world's 21 million refugees is a compelling concern in a deeply interconnected world, writes **Filippo Grandi***

Around the world, thousands of refugees cross borders searching for safety, and millions more face a precarious future in countries that are themselves confronted by sharp development challenges. Refugees find themselves in exile not by choice, but because of extraordinary brutality – in Iraq, Nigeria, South Sudan, Syria, Ukraine, Yemen and elsewhere – waged with a reckless disregard for innocent civilians, or the entrenched nature of protracted conflicts as in Afghanistan and Somalia. The deadly intersections of violent conflict with famine, poor governance, inadequate development, environmental degradation and other factors that destroy lives and livelihoods uproot thousands of people from their homes and communities every day.

How we respond to the plight of the world's 21 million refugees is a compelling international concern in our deeply interconnected world. Yet the impacts fall overwhelmingly on countries in the developing world that receive refugees directly from conflict zones, keep their borders open, and grant protection and hospitality. The road to post-conflict recovery and stability is long and uncertain, and refugees can remain in exile for decades, with enormous consequences.

Globally, refugees average less than one per cent of the populations of hosting countries, but often double or treble the size of the local communities who receive

them. Health and education services are often overwhelmed, competition for scarce natural resources and employment opportunities is intensified, and government capacities are invariably overstretched. Although the presence of refugees is often the most visible consequence of a nearby conflict, lost regional and national trade, business and commercial opportunities are the most economically damaging.

With the right policy approaches and investments, the presence of refugees also benefits host communities. But without adequate support, protection systems may buckle and refugee assets become depleted. Without prospects to rebuild their lives, refugees find themselves excluded and abandoned, or even propelled into dangerous journeys.

The New York Declaration for Refugees and Migrants, adopted by all 193 United Nations members in September 2016, provides for more predictable international support for countries affected by large-scale movements, as well as for refugees. It focuses on building social cohesion through including refugees in local economies and national education, health and other service delivery systems, and scaling up service delivery, strengthening inclusion and increasing economic opportunities.

This can only be achieved through a comprehensive response that engages public and private sector actors and encompasses both refugees and host communities. Humanitarian action is key

to meeting immediate needs and addressing shocks, and ensuring access to protection, especially for the most vulnerable. But it must be complemented by investments in economic and social integration and self-reliance that combine trade, market access and development. These investments should be made as early as possible, within a government-led framework, to reduce aid dependency and foster self-reliance, and enable refugees to enjoy dignified lives and contribute to a productive and stable future.

This approach is central to the declaration's Comprehensive Refugee Response Framework, being developed in several hosting countries and situations. It will form the basis of a global compact on refugees, to be elaborated by the UN High Commission on Refugees in 2018.

The World Bank plays an important role by mobilising additional funding for the poorest hosting countries through the International Development Association. This includes grants and loans for refugees and host communities, technical assistance for host governments, and investment finance to improve economic opportunities, support infrastructure development and strengthen service delivery. The World Bank's Global Concessional Financing Facility also helps middle-income countries affected by refugee crises. Other innovative and targeted interventions can also help stabilise refugees and local populations and contribute to their socio-economic prospects, boosting national development – including trade incentives, enhanced





ISTOCK / TATAMIS

Refugee child in front of hundreds of tents, during sunrise in Idomeni refugee camp, Greece.



Greater political and economic investments in regions of origin will bring stabilisation to the lives of refugees



market access, special economic zones and other employment-creating initiatives tailored to the regional and local context and the skills and aspirations of refugee and host communities.

Creatively applied and resourced, this approach can shift the international response. The policy to allow refugees to become productive assets by granting them opportunities to seek employment and establish enterprises, and to include them within national programmes, is gaining ground. It must be underpinned by strong technical and financial support to build the capabilities of national systems.

This support must also fit into a wider framework of international solidarity, based on a commitment to shouldering a shared responsibility. Greater political and economic investments in regions of origin will bring stabilisation and predictability to the lives and expectations of refugees. Some refugees will continue to move as part of

mixed migratory flows. Responses aimed at ensuring fair, efficient and humane systems for receiving and responding to them will still need to remain and be improved.

The New York Declaration also emphasises the need for more concrete, predictable and equitable ways of easing pressures on host countries by expanding access to third-country solutions – including through resettlement and humanitarian admission. Addressing state fragility and the root causes of flight is also essential, to resolve the plight of internally displaced people and to stabilise and resolve broader population movements. Enhancing protection and finding solutions for the internally displaced often lays the ground for the return and reintegration of refugees.

The G20 has underscored its commitment to concrete action in the field of migration and refugee movements, to strengthen efforts to provide protection to refugees and to tackle the root causes of displacement. It can make a powerful contribution to adopting the Comprehensive Refugee Response Framework and the two global compacts.

Responding effectively to large movements of refugees and migrants is a priority to ensure global stability and public confidence, as well as protecting the rights of individuals. This challenge can be addressed only through international cooperation and greater responsibility sharing. The New York Declaration laid the ground for a solid way forward, and G20 engagement and support are essential to translate promise into outcomes. **G20**



High Commissioner
for Refugees
United Nations

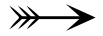
Filippo Grandi became the 11th United Nations High Commissioner for Refugees (UNHCR) on 1 January 2016. He served as Commissioner General of the United Nations Relief and Works Agency for Palestine Refugees, UNRWA, from 2010 to 2014, having been the organisation's Deputy Commissioner General since 2005. Previously, Grandi served as Deputy Special Representative of the UN Secretary General in Afghanistan, following a long career with NGOs and later with UNHCR in Africa, Asia, the Middle East and Geneva.

[@RefugeesChief](https://twitter.com/RefugeesChief)
www.unhcr.org



Young shepherds in Nairobi, Kenya

JOERG BOETHLING / ALAMY



Give Africa a high five

*Over the next eight years, the African Development Bank intends to help to double African economies' GDP to \$1.72 trillion, writes **Akinwumi Ayodeji Adesina***

The future of Africa keeps getting postponed. It was once seen from the postwar settlement perspective, then it was about the “winds of change”, then it was about the beginning of the third millennium, then it was about 2020 vision, and most recently it was pushed back to 2063. But I am interested most of all in the next 10 to 13 years, the span of the African Development Bank’s own strategy of the High 5s: Light Up and Power Africa; Feed Africa; Industrialise Africa; Integrate Africa; and Improve the Quality of Life of Africans.

Relationships and synergies

We have already started to connect together the productive win-win relationships through investments in power generation, energy, agro-aligned industrialisation and food processing, and by leveraging the synergies among infrastructure, regional integration, the regulation of enterprises, employment, health and innovation.

But these relationships and synergies cannot happen without political stability, civil peace, good governance and stable communities. Africa cannot afford any more triangles of despair, where youth unemployment, social conflict and environmental degradation compete in a deadly race to dereliction.

No investor will put money into an environment or a community ravaged by discord, violence and hatred. Peace and stability and much more besides are the preconditions for investment and economic recovery. There can be no development where there is insecurity. And there can be no development without power and light.

You can’t do anything in the dark. Very little business, education, healthcare or entertainment can be done without some form of power. Around 645 million people do not have access to electricity. African politicians realise that to stay in power, they have to give power. The African Development Bank (AfDB) has committed to investing about \$12 billion between 2016 and 2020 and expects to leverage →

KEY TAKEAWAYS

AfDB has committed \$24 billion to African agricultural industrialisation

About 645 million Africans do not have access to electricity

Akinwumi
Ayodeji
Adesina



President
**African
Development
Bank**

Akinwumi Ayodeji Adesina took office as President of the African Development Bank Group on 1 September 2015. A development economist, he was Nigeria's Minister of Agriculture and Rural Development from 2011 to 2015. He has also served as Vice President, Policy and Partnerships, of the Alliance for a Green Revolution in Africa and held several leadership positions at the Rockefeller Foundation in New York, in addition to serving as an economist at the International Institute of Tropical Agriculture, the West Africa Rice Economics Task Force and the International Crop Research Institute for the Semi-Arid Tropics.

🐦 @akin_adesina
🌐 www.afdb.org

→ another \$45–\$50 billion in co-financing for energy projects in Africa during the same period. Our African sun must do more than just nourish crops. It must heat or cool our homes and help to transport our goods. We must do everything to light up and power Africa now.

Agri-industrialisation

With a shift in demographic trends, the food and agribusiness industry in Africa is projected to grow to \$1 trillion by 2030, with new and impatient African urban markets demanding a generous width of choice and high-quality food products.

The last 40 years have showed that Africa could not feed itself. The next 40 years will show that it can, and that it will. The AfDB has committed \$24 billion towards agriculture and agricultural industrialisation. This picks up and runs with the great challenge of creating quality jobs through the transformation of rural Africa.

Land for food and offices

The African continent also has plenty of land for extra production, with more than 65 per cent of all the uncultivated arable land left in the world. Africa will therefore be able to feed its own two billion people, as well as the other billions on this planet.

And it will keep the added value in growing and processing its food, for we cannot keep paying \$35 billion a year, rising fast to \$110 billion a year by 2030, for the crippling luxury of importing food



The AfDB stands ready to partner G20 members to unlock the enormous potential of African economies



that we should be growing, processing and consuming ourselves.

Africa's youth population will be 840 million by 2050. Africa will be the workshop and the foreign investment focus of the world, with a young, skilled and hard-working labour force, and plenty of sites for factories and offices. Over the next 10 years, the AfDB will facilitate investment of \$56 billion in implementing six industrialisation programmes. Its ambition is to help to double the industrial GDP of African economies to \$1.72 trillion by 2025.

Only the private sector can put Africans back to work, because it is critical to the huge investments that are needed for industrialisation. The High 5s articulate bold ambitions for Africa that can be achieved only through partnerships involving the private sector, particularly those with the G20 members.

AfDB's investment in six industrialisation programmes

\$56 BN

Unlocking potential

Although some African countries may still need development assistance from G20 members, hard-nosed practical investments might better affect Africa's development.

Initiatives with minimal effects on the G20's public budgets include financing infrastructure and power generation through public-private partnerships and promoting foreign direct investment.

The AfDB stands ready to partner G20 members to unlock the enormous potential of African economies. Africa looks forward to the G20 countries' continued support. The High 5s will accelerate and transform Africa's development. Let us give Africa a strong and confident high five! **G20**

Invest in Morocco



Morocco has modernised its economy to become a highly attractive platform and a truly regional hub for investors.

With its solid macroeconomic fundamentals, unique set of free-trade agreements (FTAs), competitive labour costs, world-class infrastructure, business-friendly environment and attractive set of incentives, Morocco has all the ingredients to become a location of the future.

Preserving macroeconomic stability is a major concern for the Moroccan government: several actions have been undertaken to put the country on the path of strong and sustainable growth.

Human resources constitute a key asset for investment competitiveness and value creation: education level, cultural openness, language skills, new technologies, commitment to entrepreneurship, a capacity to change and competitive labour costs.

Thanks to its geostrategic location, Morocco is at the crossroads of the main international exchange routes, linking the US, Europe, Africa and the Middle East. For this purpose, and in order to make its unique position more advantageous, Morocco has signed FTAs, offering investors free duty access to a market of more than one billion consumers.

Furthermore, Morocco has also launched large-scale projects aimed at elevating its infrastructure to international standards: Tanger-Med Port, highway network, high-speed train, international airports (the largest airport hub in the region).

Additionally, numerous strategic sector-based plans were launched by the country, to ensure strong and sustainable economic growth. This reform momentum is marked by an innovative contracting approach and public-private partnership. These strategies are part of a process to speed the development of strategic sectors.

Under the vision of His Majesty King Mohammed VI, Morocco is keen to strengthen its position as an African leader which was marked by the various visits of His Majesty to several African countries.

A new regional hub

The economic strategy developed by Morocco towards Africa aims to establish the kingdom as a regional hub for co-development, in several key sectors.

The economic and trade bilateral cooperation have always constituted an effective driver of action in the Moroccan strategy towards African countries. Economic relations between Morocco and African countries are governed by a solid legal framework of more than 500 cooperation agreements.

Commerce between Morocco and Africa has had a significant increase in the last decade, reflecting the country's efforts of diversification and reinforcement of trade with southern countries. Morocco is a platform "par excellence" for foreign companies to project their activities in sub-Saharan Africa due to a deep knowledge of African markets, very frequent airline connections and a strong presence in Africa of the Moroccan banking sector.

Moroccan investments in Africa consist essentially of direct investments in sub-Saharan Africa, which represents a major part of the total Moroccan FDI outflows in Africa and worldwide. There are around 210 Moroccan companies in Africa. They mostly invest in real estate and construction, services, banking, mining sector and pharmaceutical.

In a nutshell, thanks to all the above mentioned actions which give visibility and confidence to foreign investors, the country is today an ideal location in the region for the development of business opportunities, increased competitiveness and access to fast-growing domestic and regional markets.



Thanks to its location, Morocco is at the crossroads of the main exchange routes, linking the US, Europe, Africa and the Middle East



www.invest.gov.ma

Alain Ebobissé
CEO, Africa50

IN CONVERSATION



Africa50: an innovative platform for infrastructure development in Africa

Alain Ebobissé, CEO of Africa50, talks about collaboration with G20 countries and how Africa50 is a bridge between investors and government shareholders

Q Could you tell us a little bit about the genesis of Africa50?

A We were founded at the initiative of the African Development Bank (AfDB) to help speed up infrastructure development in Africa, particularly through private sector investment, because the public sector alone cannot cover the estimated \$50 billion yearly investment shortfall. Aside from the AfDB, we now have 23 African countries and two African central banks as shareholders, and capital of over \$800 million. We hope to sign up most African countries as well as institutional investors in the medium term, and to raise our capital to \$3 billion.

Africa50 consists of two complementary entities – Project Development and Project Finance – that allow us to support the entire project cycle. Our project development arm increases the number of 'bankable' infrastructure projects that are ready to be financed, which is a key constraint to infrastructure development in Africa. We provide financing at early stages

www.africa50.com

and actively contribute to project development, including mobilising government support to complete projects.

Through our project finance arm, we invest equity or quasi-equity in projects that are near or beyond financial close. As in project development, we leverage our capital by seeking minority stakes in projects sponsored by strong partners.

Q What distinguishes you from private equity funds, or development finance institutions such as the African Development Bank?

A Africa50 is more developmental than private infrastructure funds and more commercial than most development finance institutions, so we fall somewhere between the two. In fact, we act as a convener of stakeholders for infrastructure development. Aside from supporting the entire project cycle, we are more positive on risk in Africa, being an African institution. Moreover, we can act as a bridge between our government shareholders and investors, mobilising government support to facilitate project implementation.

Although we are independent of the AfDB, we appreciate its strategic support as a major shareholder, particularly through our board of directors, chaired by AfDB President Dr Akinwumi Adesina.

Q What kinds of projects do you invest in and how are they selected?

A We focus on medium- to large-scale projects in our shareholder countries, particularly in the power and transport sectors. We are fundamentally a development institution, so the projects must have a strong development impact and meet international environmental and social standards. However, since our role is to catalyse private sector investment, our projects must also generate sufficient return on our capital.

Q What is the role of developed countries, such as those in the G20, in Africa50? Can they become shareholders?

A G20 countries provide substantial support and funding for infrastructure in Africa, from which Africa50 benefits. We are working with their DFIs, governments and investors, and will expand these partnerships. Under our articles of association, international financial institutions or public financial institutions from any country can become shareholders. To mobilise long-term savings from within and outside Africa we have launched fundraising with institutional investors, such as pension and sovereign wealth funds, from G20 countries and with similar institutions in Africa. **G20**





MAURITIUS
INTERNATIONAL FINANCIAL CENTRE
PROMOTED BY THE FSPA



Why Mauritius for Africa?

The **Mauritius IFC** is internationally recognised as a well-regulated and transparent jurisdiction. With more than two decades' track record in cross border investment and finance, Mauritius offers an unparalleled platform of substance for investing into the growing African continent, amongst other emerging economies.

- Tried and proven jurisdiction
- Risk mitigating platform
- Set of sophisticated products
- Extensive network of bilateral agreements
- Ease of doing business
- Competitive and friendly investment climate
- Bilingual professionals, fluent in English and French
- Hybrid legal system (English Common Law and French Civil Law)
- Most innovative African Stock Exchange for 2015
- Arbitration Centre of reference

THINK MAURITIUS IFC AS YOUR INNOVATIVE PLATFORM TO INVEST IN AFRICA



USD 19.4 billion
FDI to Africa from Mauritius



90%
Leading Africa DFIs
structured in Mauritius



70%
New structures (GBC1)
focused on Africa



954
Global Funds



> USD 85 billion
Assets Under Management



USD 12 billion
Market Capitalisation



5.7%
Financial Services Sector
Growth Rate



12.1%
Contribution to GDP for the
Financial Services Sector



>15,000
Jobs in the
Financial Services sector

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Email: link@fspa.mu

Connect with us #MauritiusIFC:   

Mauritius is the ideal investment platform for sustainable development in Africa

How is Mauritius responding to the call of the G20 to intensify cooperation on sustainable development in Africa.?

Mauritius has developed very good bilateral relations with many African countries, being a member of the major regional organisations, including the AU, SADC, COMESA and the IORA. Economic cooperation with Africa has further intensified with the signature of 23 Investment Promotion and Protection Agreements (IPPAs) and other bilateral agreements, which investors can take advantage of, by using the Mauritius International Financial Centre (IFC). These IPPAs guarantee investments, thus positioning the Mauritius IFC as a risk mitigating platform to invest across the continent.

The Africa strategy of Mauritius, aims at further consolidating our relations with the other African countries, while boasting socioeconomic developmental projects across the continent. For instance, in 2014, total inbound investments in Africa stood at \$54 billion, out of which 36 per cent went through Mauritius, which equals \$19.4 billion.

In addition, Mauritius is compliant with international norms and standards: the OECD rated Mauritius IFC as a “largely compliant” jurisdiction for the Global Forum on Transparency and Exchange of Information for Tax Purposes. Furthermore, in its second peer review, the OECD had concluded that the Mauritius Exchange of Information system was effective, efficient and compliant with the international standards.

It is worth noting that Mauritius is forming models of collaboration to enhance expertise sharing; and developing special economic zones in key African countries, including Ghana, Senegal and Madagascar.



“The country’s resilience to the global crisis of 2008 is evidence of the country’s good governance and economic robustness”



What is Mauritius doing to facilitate investment projects in Africa?

Mauritius has matured into a substantive, transparent and well-regulated IFC of repute, with a proven track record in cross-border investment and finance. The Mauritius IFC is further diversifying its product offerings to attract and mobilise more investments in emerging African countries. A series of attractive measures and schemes has been introduced to give prominence to existing markets and to further facilitate development and economic growth in Africa.

The Global Competitiveness Report 2016-17 stated that in addition to monetary stimulus measures, competitive reforms are essential to sustain growth. From this outset, the recently promulgated Business Facilitation (Miscellaneous Provisions) Act aims at further improving the doing business environment.

Activities such as investment banking, asset and fund management, wealth management, global legal advisory services, regional headquartering and treasury management have been introduced to Mauritius, to diversify its product base and foster a competitive business climate.

Government institutions are also in place to assist investors in facilitating their investment projects and enhancing their business activities in Africa. Government is making all the necessary efforts to ensure that policies and regulations are investor friendly and better control is implemented to ensure best practices in a good governance environment.

What are the competitive advantages of Mauritius as an IFC?

Mauritius is actually the fastest-growing wealth market in Africa and seriously positioning itself



The Honourable Dharmendar Sesungkur

**Minister of Financial Services,
Good Governance and
Institutional Reforms**

Sudhir Dharmendar Sesungkur is fellow member of the Association of Chartered Certified Accountants, UK. Hon Sesungkur is a licensed auditor of the Financial Reporting Council, member of the Mauritius Institute of Public Accountants and fellow member of the Mauritius Institute of Directors.

Until recently, he was the Managing Partner of Mazars SCRL. Prior, Hon Sesungkur worked for over 12 years with PwC and has led various key assignments for multinational groups and projects across Africa financed by international funding institutions such as the World Bank, International Monetary Fund, USAID, UNDP and the Global Fund.

as an arbitration centre for sub-Saharan countries. The country's resilience to the global crisis of 2008 is evidence of the country's good governance and economic robustness.

Mauritius tops a number of rankings in Africa by international institutions, including the World Bank's Ease of Doing Business Index; the African Index on Economic Transformation; the Mo Ibrahim Index of African Governance; the World Economic Forum Global Competitiveness Report and the Fraser Institute on Economic Freedom of the World Ranking, among others.

Mauritius stands as an investment platform of choice for emerging markets offering an attractive and compliant jurisdiction with political stability. It also boasts a multilingual workforce with emphasis on English and French, and proven strong capabilities and competencies in legal, accountancy, wealth management services and investment structuring and administration.

Furthermore, leveraging on its capital market, the Stock Exchange of Mauritius (SEM) is the only exchange in Africa that offers a multi-currency trading/settlement platform, reducing currency conversion costs for investors and providing hedging facilities. Mauritius remains a significant facilitator of growth and sustained development in Africa.

More importantly, Mauritius remains a credible financial centre that adheres to best norms and

practices. We are committed to transparency and exchange of information, as well as the implementation of minimum standards, through the signature of various MOUs with other countries and international organisations.

One of the goals of the G20 2016 was initiating cooperation to support industrialisation of Africa and elsewhere. How is Mauritius participating?

Mauritius shares strong links with G20 countries including the Western world, as well as emerging Eastern economies. These countries have huge appetites for investment in Africa. We are leveraging our long-standing relationships to further facilitate investment in key projects across Africa.

Trade between the emerging Eastern economies and the African continent has increased tenfold over the last decade. According to the latest figures from the Chinese Government, Chinese FDI to Sub-Saharan Africa surpassed \$3 billion, which represents seven per cent of global investments in the region.

Thanks to its location and robust regulatory framework, Mauritius is developing as the IFC of choice for Africa. China chose Mauritius as the next renminbi trading hub for the region. G20 countries are a major driving force for the industrialisation of Africa and least developed countries. We believe Mauritius can be the ideal partner of investors exploring opportunities in these countries.



www.mauritiusifc.mu

KEY TAKEAWAYS

The San Jose Principles of May 2017 set the framework for FATF collaboration

Under the Argentine presidency FATF will increase engagement with prosecutors

Serious crime and terrorism can be combated

The Financial Action Task Force is essential for the safety and security of the global financial system, writes Santiago Otamendi

Over the last 27 years the Financial Action Task Force (FATF) has contributed to safety and security and helped to protect the integrity of the global financial system. It does so by developing policy recommendations, based on evidence from member countries of how criminals launder the proceeds of crime and how terrorists raise and access funds. FATF, its regional bodies, the International Monetary Fund and the World Bank assess 198 jurisdictions for effective implementation of the FATF Recommendations. The published peer reviews help countries to understand the actions they need to take and help financial institutions understand the risks they are exposed to.

Combating terror financing

This is an ongoing process. Where there is crime generating proceeds, there is very likely to be money laundering. Similarly, money launderers and terrorists continue to find new ways to launder the proceeds of crime and to raise and access funds. FATF's Standards must adapt accordingly. Terrorist financing is the top priority for the FATF. Indeed, it has made significant progress

EFE/KAI FORSTERLING



Spanish Economy minister
Luis de Guindos and the
IMF's managing director
Christine Lagarde

“
Supporting financial inclusion has always been at the core of FATF’s mission”



by continually updating its knowledge on evolving terrorist financing methods so that countries can take informed action, by strengthening the standard that addresses criminalisation of terrorist financing and by providing guidance to countries to effectively implement this standard. FATF is currently focusing on more effective information sharing, a crucial element to combating terrorist financing. Terrorist attacks continue to demonstrate the scope for better sharing of information between authorities and between countries.

Money laundering

Supporting financial inclusion has always been at the core of FATF’s mission, to mitigate the risks of cash and informal channels, and enable financial institutions, lawyers, accountants and others to help authorities to detect and investigate crime and terrorism. The rapid evolution of financial innovation already plays an important role in providing underserved groups access to financial products. The FATF has joined forces with the fintech and regtech community to foster innovation that is resilient to money laundering and terrorist financing. This not only benefits society but is also essential for these new businesses to thrive. The San Jose Principles agreed at the FATF FinTech and RegTech Forum in May 2017 set the framework for future collaboration. This should lead to an understanding of opportunities and risks that keeps pace with innovations in the financial services sector, and supports financial inclusion.

Information sharing

Recently, the FATF has developed close collaboration with the private sector, to raise awareness of the risks in particular sectors and their critical role in helping detect and report suspicious activity. Financial Intelligence Units now exist in most countries as a direct result of the FATF Standards. Those units meet often to discuss difficulties assessing and sharing information on suspicious transactions domestically and internationally.

Effective anti-money laundering and counterterrorist financing regimes rely on the engagement and success of the judicial system, on effective, proportionate and dissuasive sanctions and on the freezing and confiscation of criminal assets. Over the next 12 months, under the Argentine presidency, the organisation will increase its engagement with the prosecutorial services and the criminal justice systems to improve this important component of anti-money laundering and counterterrorist financing regimes.

Today, most countries have sound legal, regulatory and operational frameworks in place. They must now prioritise making these measures work in practice, in particular those that detect and prevent the misuse of legal persons and arrangements for serious crime, including corruption and terrorism. The G20 can lead by example by promoting among its members the full and effective implementation of the FATF Recommendations, and by actively participating in the FATF’s work. **G20**

FATF’s age

27

FATF members

198

Santiago Otamendi



President Financial Action Task Force

Santiago Otamendi became President of the Financial Action Task Force for one year, beginning 1 July 2017. He is the Secretary of Justice at Argentina’s National Ministry of Justice and Human Rights. Having held various offices in the country’s criminal court system, from 2012 to 2014 he was Secretary General for Access to Justice and Human Rights at the General Prosecutor’s Office. He has also served as Director of International Affairs of the Argentine Federation of the Judiciary.

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Fostering the 2030 agenda via food and agriculture

The 2030 Agenda recognises that we can no longer look at food, livelihoods and the management of natural resources separately, writes José Graziano da Silva

The unprecedented commitment made by all United Nations members to end poverty, achieve zero hunger and make the transformation to sustainable development is now 18 months into its 15-year horizon.

Following the G20 summit in Hamburg, the first proper progress report on the 2030 Agenda for Sustainable Development will be presented in New York at the UN's High-Level Political Forum. Specific Sustainable Development Goals (SDGs) will be reviewed. This includes SDG 1 (no poverty), SDG 2 (zero hunger), SDG 3 (good health and well-being), SDG 5 (gender equality), SDG 9 (industry, innovation and infrastructure) and SDG 14 (life below water).

The clock is ticking

While governments integrate the SDGs into national plans, commensurate action is needed to focus policy, invest resources and combine forces in areas that can deliver real transformation.

The 2030 Agenda recognises that we can no longer look at food, livelihoods and the management of natural resources separately.

Trends in population growth, urbanisation, dietary changes, competition over natural resources and climate change all challenge the capacity of food systems

to provide sufficient, safe, affordable and nutritious food for all in a sustainable way.

Protracted conflict, made worse by extreme weather events, disrupts agricultural production and exacerbates food insecurity. Today, millions are on the brink of famine in South Sudan, Somalia, Yemen and northeastern Nigeria. Most daunting are the challenges facing Africa and Africa's youth, two of the main focus areas of this G20 presidency.

But the SDGs speak to us all, poor and rich countries alike.

Poverty, food insecurity and malnutrition are global problems with economic and political consequences for everyone. The deterioration of our lands, oceans and forests affects the whole planet. Climate change knows no borders.

The pressure is immense, but so is the opportunity to construct a fairer world and a healthy, productive planet.

Our interventions must be targeted, precise and long lasting. Accelerated investment in food and agriculture, and in rural economies will drive change. To leave none behind, we must direct our attention to rural people who number 3.5 billion and make up 80 per cent of the extreme poor.

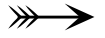
Access and opportunity

Access to food and support to livelihoods through social protection measures →



P154

for more on food security, by David Beasley



Four women working in a potato field in Bangladesh

ISTOCK/SAIF6996



KEY TAKEAWAYS

Eighty per cent of the extreme poor live in rural areas

Working together, we can achieve zero hunger by 2030

José Graziano da Silva



Director General
**Food and Agriculture
Organization of the
United Nations**

José Graziano da Silva took office as the Director General of the Food and Agriculture Organization of the United Nations in 2012, having served as head of the Regional Office for Latin America and the Caribbean since 2006. An agronomist and academic, in 2001 he led the team that designed Brazil's Zero Hunger (Fome Zero) programme. In 2003, he was put in charge of its implementation by President Luiz Inácio Lula da Silva, who named him Special Minister of Food Security and the Fight against Hunger.

[@grazianodasilva](https://twitter.com/grazianodasilva)
www.fao.org

A farmer clearing an area to plant some rice seeds in a flooded land in terraces, Ubud, Bali, Indonesia

→ are crucial in lifting millions out of hunger and poverty, and in driving growth. Strengthening access to natural resources and to markets will not only improve incomes and productivity, but also promote entrepreneurial activity and sustainable farming approaches. Specific challenges facing rural women and youth must be addressed.

Access to investment and finance will help farmers, along with micro, small and medium enterprises, plan and build for the future. Access to environmentally sound technologies will help people in developing countries share in the benefits of scientific progress.

Investment in rural infrastructure, roads and transportation, electrification and communication will help rural youth access jobs, slowing down distress migration and the exodus to cities where many end up in slums. The G20 can lead by example, pioneering the policy changes that will transform our societies.

It is fundamental to build the resilience of farmers, especially smallholders and family farmers of developing countries, in order to adapt to the impacts of climate change. This will also provide the co-benefit of mitigating greenhouse gas emissions.

Nourishing people and nurturing the planet must go hand in hand. There are more mouths to feed than ever before, yet natural resources are diminishing. We must reverse the impact of short-sighted, input-intensive agriculture techniques that have damaged ecosystems, reduced biodiversity and contributed to a third of the planet's soils becoming degraded.



SUNSHINE PICS / ALAMY



There are more mouths to feed than ever before, yet natural resources are diminishing



The G20 Action Plan on the 2030 Agenda signals its commitment to implementing the SDGs. The G20 encompasses key players in the global food system, and possesses unique strength as a coordinating forum. Its collective action will be crucial to enhancing policy coherence and driving actions that transform our societies.

The Food and Agriculture Organization of the United Nations (FAO) works with countries and partners to develop and implement programmes targeting the poor, and to monitor their impact. FAO has developed specific approaches in different areas such as agroecology, agro-forestry and biotechnology that marry traditional and modern technology with the aim of using less natural resources in the food production process.

Measuring performance is critical. At the upcoming UN forum we will see where we are on the sustainable development path and what we need to do to stay on course. As custodian of 21 indicators across the SDGs and contributor to other six indicators, FAO helps countries track progress more often and accurately than ever before, and to ensure future plans, policies and investments are evidence based. The 2030 Agenda cannot be achieved in isolation. All actors must come together to ensure that the challenges facing our planet today do not become fully fledged crises tomorrow.

By ploughing the path of sustainability, striking partnerships and dedicating resources to areas with greatest impact potential, the G20 can lead the way for others to follow. Together we can achieve zero hunger by 2030. **G20**

The G20 must confront the world's challenges

*With sufficient funds, the humanitarian community has the expertise and technical capabilities to stave off famine and save lives, writes **David Beasley***

As world leaders gather in Hamburg for the G20 summit, it is vital they come together with a renewed commitment to confront the urgent and growing humanitarian challenges the world now faces.

This task has never been more important, because the challenges have never been so great. They will be resolved only if the international community is prepared to face them together.

When the World Food Programme (WFP) was set up in 1961, it focused on delivering food aid in the immediate aftermath of emergencies and natural disasters. But today we are in a different world.

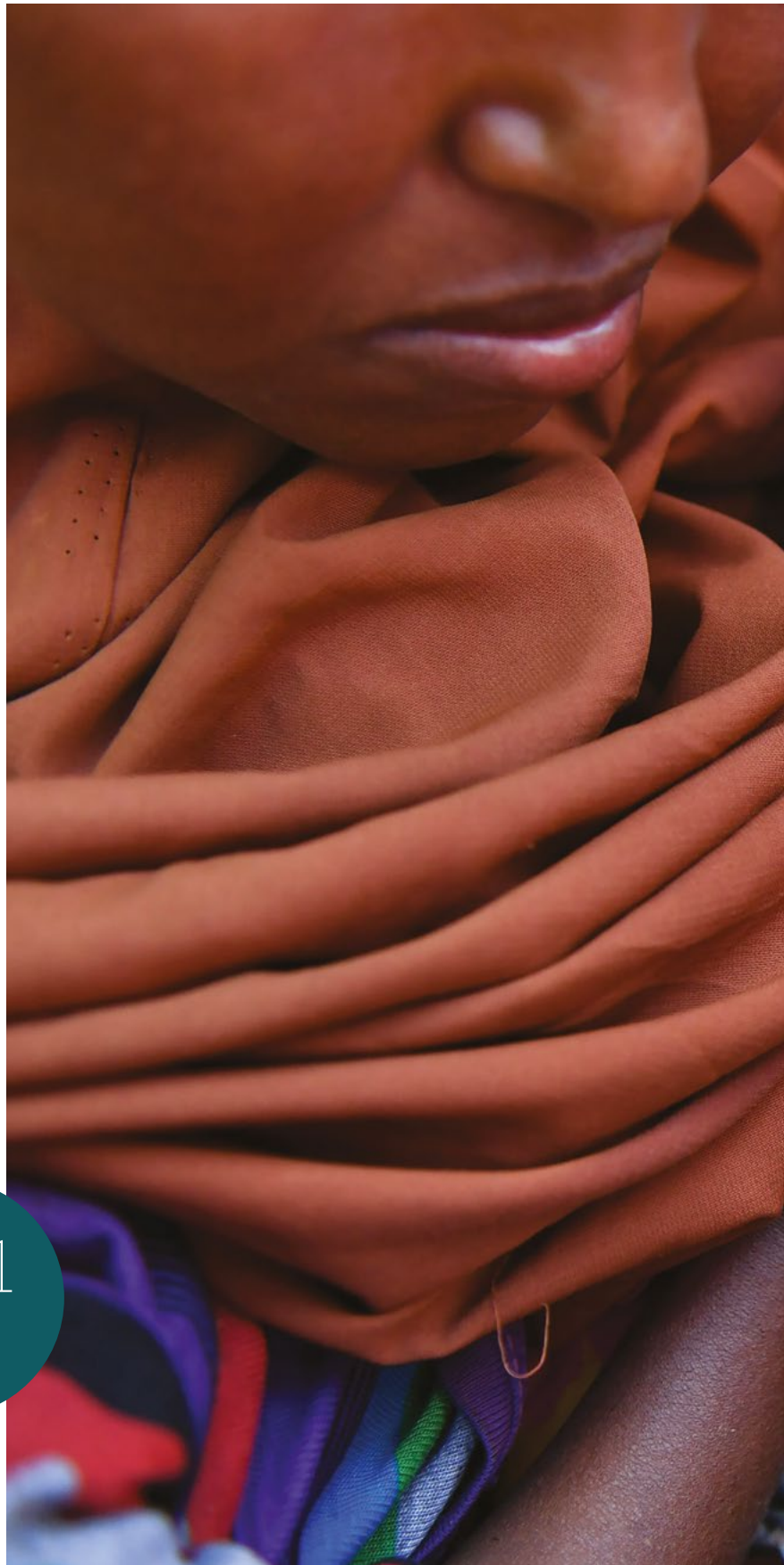
WFP has to deal with the consequences of protracted conflicts and complex crises, which leave millions of people not knowing where they will find their next meal. Our task now is to support families to feed themselves today and to build the resilience and self-sufficiency that will allow them to thrive in the long term.

A new Marshall Plan

The Marshall Plan, launched in the aftermath of the Second World War, was intended to rebuild countries shattered by war by investing in the necessary conditions for peace and prosperity. Seventy years later, the world needs a similarly ambitious plan to confront the humanitarian crises we face.

There are 795 million people in the world who know the pain of long-term hunger. There are also →

1961
World Food Programme
set up



XINHUA / ALAMY STOCK PHOTO

A malnourished child is measured by UNICEF staff in Doolow, Somalia



David Beasley



Executive Director
**United Nations
 World Food
 Programme**

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108M

Number of people, in 48 countries, who need life-saving assistance

65M

Number of people forcibly displaced from their homes in the last 12 months

→ 108 million people, in 48 countries, who need urgent life-saving assistance because of human-made crises and natural disasters. That is an increase of 35 per cent from the 80 million people who needed that assistance last year. At the same time, the number of people forcibly displaced from their homes has surged to more than 65 million – an all-time high in the postwar period.

Conflict causes hunger

Why have these numbers skyrocketed? Armed conflict. Ten of the 13 biggest hunger emergencies we face in 2017 are caused by armed conflict. The results are as tragic as they are predictable. Communities and social bonds are destroyed, hunger soars as food gets scarce, and families are forced to flee in search of food and safety.

These devastating consequences are clear to see in the four countries where, without coordinated action by the international community, famine now threatens the lives of 20 million people.

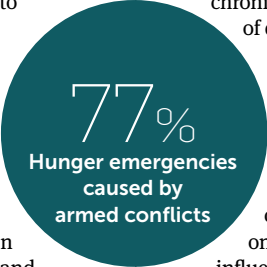
In Nigeria, South Sudan and Yemen, conflict is the root cause of widespread hunger and malnutrition. In Somalia, conflict is exacerbating the already devastating effects of the drought gripping the Horn of Africa.

In these four countries alone, 600,000 children could die of malnutrition and associated illnesses in the next three months unless they receive urgent treatment. That is equivalent to one child every 12 seconds.

The need for G20 leadership

If we do not act now, the outlook is bleak. But with sufficient funding and unimpeded access to civilian populations, the humanitarian community has the expertise and technical capabilities to stave off famine and save lives.

So when the G20 members – the richest and most influential countries in the world – meet in Hamburg, they should commit to providing substantial additional resources for this vital work.



JONATHAN THURLOW / ALAMY STOCK PHOTO

Children have porridge for breakfast at Turi Sulgwita Primary School, Nakuru County, Kenya



We need to see political leadership from the G20 as part of concerted efforts to end conflicts and to secure peace



Flexible, multi-year funding will provide the bedrock for meeting immediate humanitarian needs, while enabling investment in long-term development initiatives. It will support not just clean water but education for every child and an end to chronic hunger and the eradication of diseases such as malaria.

We also need to see political leadership from the G20 as part of concerted efforts to end these destructive conflicts and secure peace. The international community can bring pressure to bear on the warring parties and this influence must be harnessed.

No child should know the misery of hunger. No family should have to flee for their lives. No community should be torn apart by conflict and hate. The G20 summit is an opportunity to make progress on this agenda and transform the lives of millions of people. We must not let it go to waste. **G20**

795M

in the world who know the pain of long-term hunger

Strengthening the G20 system

COMPLIANCE SCORES

*The average level at which G20 members have complied with
their overall commitments since 2016*



+0.40 **70%**

+1 means full compliance, 0 means work in progress or partial compliance, and -1 means no compliance or action antithetical to the commitment. Based on a study by the G20 Research Group

IN CONVERSATION



The recent change in the perspective of the US does not change the goal of the G20



Members of the G20 must not flinch as they seek to advance the consensus among themselves on the issues that count, writes the Right Honourable Paul Martin, former Prime Minister of Canada

The G20 arose from the realisation of finance ministers at the time of the Asian financial crisis that a steering committee of the world's most important regional and global economies was necessary. That would mean that membership could not be limited only to countries with compatible perspectives and compatible political systems, as is the case with the G7. Thus the recent change in the global perspective of the United States, while unfortunate, nonetheless does not change the goal of the G20, which is to make the inevitability of global interaction work for all of the world's countries.

That said, members of the G20 must not flinch as they seek to advance the consensus among themselves on the issues that count. The issue now facing the G20 is how it will execute under current circumstances.


In response, let me cite four issues that illustrate the approach required.

Four challenges

First, the G20 cannot back away from the Paris Agreement on Climate Change. Furthermore, it should recognise the burden the oceans are bearing. The G20 should listen to those who have proposed a sustainable 'blue economy' development framework. Such a framework would ensure the investment related to conserving ocean and coastal resources is done in ways that allow for a diversity of activities, from traditional ocean sectors to new businesses focused on ocean health – all managed in a coordinated way, within a comprehensive framework of ecosystem-based management. This would ensure that marine and coastal development that enhances economic growth follows a trajectory that is environmentally sustainable, socially inclusive and equitable, and which is in sync with the Sustainable Development Goals and related targets.

Second, the weakening of financial and other support to the great international institutions must be reversed – from the WHO to the UN High Commissioner for Refugees, from the World Trade Organization to the G20's own Financial Stability Board. This will be essential as memories fade of the financial institution regulatory capture that led to the 2008 recession.

Third, G20 members must confirm their commitment to new priorities,

 www.paulmartin.ca

Paul Martin

Former Prime Minister of Canada

particularly Canada's welcome focus on "gender equality and the empowerment of women and girls as the most effective way to challenge poverty and inequality". This priority works to ensure women and girls the world over are empowered to reach their full potential. This is as much an economic issue as it is a social responsibility. In order to keep up with the constant waves of technological advance, generation after generation will require new skills invented for worlds we can barely imagine. Young people – girls and boys – must be developers of technology rather than simply consumers.

Fourth, the G20 must support new initiatives such as Germany's Compact with Africa, incorporating at the same time several of the recommendations in Germany's proposal to the European Union for an African Marshall Plan. When it comes to Africa, the first thing to recognise is that 'donor money won't do the job, investment will' – investment in energy, schools, hospitals and the sinews of trade, ie infrastructure. Fifteen years ago it was recognised across the continent that Africa must build a common market based on regional trade agreements already in place. Since then, little has happened: in some places, the will is not there but primarily the cross-border infrastructure that supports intercontinental trade everywhere else simply does not exist in Africa. Infrastructure is now being pushed by world governments mostly in terms of economic stimulus. The reality is that without physical infrastructure there will be no economy to stimulate.

African jobs

The jobs that Africa's ballooning population will require if the poverty in its growing cities is to be overcome must be found. According to the African Development Bank, across the continent "10 to 12 million youth enter the workforce each year, [but] only 3.1 million jobs are created". This has obvious and far-reaching implications not only for Africa but for those countries that seek to deal fairly with mass migration and refugees – this will be even more the case in 2050 when the continent contains a fourth of the world's population. **G20**



KEY TAKEAWAYS

From 2008 to 2015, G20 leaders made 1,863 politically binding commitments

Germany's overall compliance is 84 per cent, ranking second after the UK

Brittaney Warren



Researcher
G20 Research Group

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ISTOCKPHOTO



On the road to Hamburg

G20 rates of compliance vary across commitments. Brittaney Warren writes about the progress made since the Hangzhou Summit

At their summits from 2008 to 2015, G20 leaders made 1,863 collective, politically binding, future-oriented commitments spanning 23 distinct issue areas as identified by the G20 Research Group. With the nearly 200 most important and representative commitments compliance has averaged 70 per cent. With compliance with selected commitments made at the 2016 Hangzhou Summit at 72 per cent by February 2017, the G20's

compliance should remain solid when its leaders meet at Hamburg on 7–8 July.

Compliance overall

Compliance is a substantial 74 per cent on the subjects in the first of the three thematic pillars set by Germany as this year's G20 host. The first pillar of building resilience includes the G20's traditional areas of focus, directly related to its first foundational mission of ensuring global financial stability. Compliance is a strong 80 per cent

Germany has fully complied at 100 per cent with commitments on migration

Leaders should include a one-year not a multi-year timetable in commitments



Hamburg harbour bridge

on macroeconomic policy and a substantial 75 per cent on financial regulation.

Significant compliance comes on international and development taxation at 78 per cent and 76 per cent, respectively, and labour and employment at 78 per cent. Compliance is low on reforming international financial institutions at 68 per cent and trade at 63 per cent.

The second pillar of improving sustainability has low compliance of only 66 per cent. It includes health at 77 per cent, energy at 73 per cent, development and climate change at 66 per cent each, gender at 61 per cent, and information and communications technology at 55 per cent.

The third pillar of assuming responsibility has solid compliance of 70 per cent. It includes terrorism at 87 per cent, migration and refugees at 80 per cent, food and agriculture at 70 per cent, crime and corruption at 57 per cent, and Africa-related commitments at 46 per cent.

Among G20 members, host Germany's overall compliance is a very strong 84 per cent, ranking second after the United Kingdom. It also leads the pack on the critical issue of climate change at 89

per cent. On other important issues on the agenda at Hamburg, Germany has fully complied at 100 per cent with the commitments on migration and refugees, Africa and terrorism. It has an average of 59 per cent on food and agriculture and 36 per cent on crime and corruption.

Hangzhou highlights

The G20's overall compliance from the Hangzhou Summit of 72 per cent is led by innovation-driven growth at 95 per cent and macroeconomic policy at 83 per cent. In the middle come migration and climate change at 73 per cent and 68 per cent, respectively. At the bottom come gender at 45 per cent and the phase-out of fossil fuel subsidies at 10 per cent.

Improving compliance

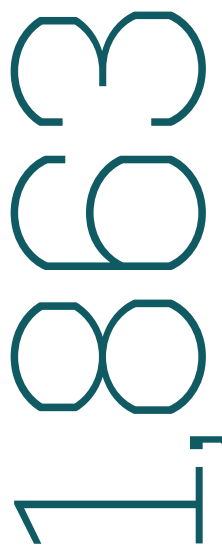
What can G20 leaders do to improve compliance? There are several low-cost accountability measures that help or hinder compliance that the leaders control.

Key among these are compliance catalysts. These are words, phrases or factors that are embedded in a commitment, providing instructions or clues about how to implement or comply.

Commitments that referenced a core international organisation in the same issue area as the commitment tend to have higher compliance. Commitments with a multi-year timetable tend to have lower compliance, as do those that specify an agent or refer to international law. Compliance is also higher when there is a pre-summit ministerial meeting responsible on the same subject.

For instance, on climate change, those commitments that reference the United Nations Framework Convention on Climate Change (UNFCCC) have had higher compliance. Although the UNFCCC is a legal framework, its secretariat plays the role of core international organization in the absence of any specialised and independent international environmental organisation. Conversely, low compliance with the commitment to phase out inefficient fossil fuel subsidies is partly explained by the presence of a multi-year timetable, which allows leaders to delay.

Thus, to improve compliance, the G20 leaders at Hamburg should refer to a core international organisation and include a one-year rather than a multi-year timetable in their commitments. They should also institute pre-summit ministerial meetings on climate change and the environment. **G20**



From 2008 to 2015, G20 leaders made this number of commitments spanning 23 distinct issue areas

KEY TAKEAWAYS

For 2018, Argentina will focus on employment and inclusive growth

Argentina plans to delink the discussions on energy and climate change

MARK RUBENS/ISTOCKPHOTO



Continuing progress

*Argentina will focus on employment and inclusive growth during its 2018 G20 presidency, write **John Kirton** and **Sabrina Shaw***

As Argentina prepares to assume the 2018 G20 presidency on 1 December 2017, its approach and agenda are taking shape.

Argentina sees the G20 as the key forum for multilateral economic and financial coordination, increasingly significant for dealing with global policy. It has been working closely with Germany to coordinate the 2017 focus on “shaping an interconnected world”, culminating in German Chancellor Angela Merkel’s visit to Buenos Aires to meet with Argentine President Mauricio Macri on 8 June.

For 2018, Argentina will focus on employment and inclusive growth, from the perspective of emerging economies and Latin America in particular. It will highlight economic growth that empowers employment opportunities and reduces social inequality. It will emphasise

The African Union and NEPAD as well as Latin American leaders will be invited

investment, the future of work, poverty reduction, anti-corruption and anti-money laundering. It will include financial regulations consolidating what has been accomplished since the financial crisis. Argentina will broaden the Compact with Africa, launched under Germany's presidency, to embrace Latin America. It will probably address the 2030 Agenda's Sustainable Development Goals. With the withdrawal of the US from the Paris Agreement, Argentina plans to delink the discussions on energy and climate change, seeking advances on renewable energy and energy efficiency. As host and honest broker, Macri has adjusted the narrative of his G20 presidency to reflect US priorities while not compromising some, if limited, attention to environmental issues.

Argentina will continue the G20 dialogue on migration, also reflecting the priorities of its Mexican partner. All issues will be addressed in ways that bring the voices of the emerging world into global governance, by securing a common agenda for Latin America in particular.

Argentina will focus on improving employment opportunities and understanding job markets for tomorrow's workforce. It hopes to develop better indicators, perhaps through a global laboratory to facilitate identifying new employment opportunities. This information would support multilateral organisations in helping countries build open societies and address poverty and inequality.

Argentina also considers the G20 to be vital for trade, which drives the global economy. It will work to strengthen the multilateral trade system through the World Trade Organization (WTO), particularly as host of the WTO ministerial conference in December 2017. It will emphasise the complementarity of regional trade agreements within the WTO system and the integration of small and medium-sized enterprises and low-income countries into global value chains to foster resilient

Argentina will continue the G20 dialogue on migration

economies. It will highlight agriculture, an issue sensitive for Argentina's interests and where the G20 has been active. Argentina will stress more efficient production, through reducing tariffs and non-tariff trade barriers, to reduce hunger, combat poverty and generate quality employment. Argentina sees the G20 as an ideal forum to pursue its own agricultural potential and access to international markets.

Argentina will also advocate improving transparency by making it progressively difficult to conceal the proceeds of corruption and for perpetrators to avoid detection. It will also include environmental and social issues, notably the effects the digital revolution on the workforce of the present and future.

Blending continuity and innovation, in process and policy,

Argentina aims to build concrete, action-oriented bridges, and broaden the opportunity for emerging economies to contribute to global decision-making.

Argentina views civil society and the private sector as critically important elements of the G20 process. It wants to move beyond dialogue with civil society to secure its engagement and commitment to help achieve inclusive outcomes. It has already had active input from key think tanks, the personal representatives of the leaders of Mexico and Brazil, and the private sector, through Business 20 (B20).

Argentina will, as usual, invite to its summit the leaders of the two major regional African organisations – the African Union and the New Partnership for Africa's Development (NEPAD) – and add leaders from Latin America.

Argentina's presidency will show the G20 is a club of systemically significant equals, as it belongs neither to the G7 nor the BRICS grouping of Brazil, Russia, China, India and South Africa. It correctly sees the G20 as the one international institution where emerging and developed countries operate as peers, unlike the multilateral organisations where developed countries continue to set the rules. **G20**



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P160

for more on G20 promises
by Brittany Warren

Dennis
Snower



Co-chair
Think 20

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The Think 20 in 2017

*Representing the think tanks that provide policy advice to the G20, the Think 20 summit helps form responses to global concerns, writes **Dennis J Snower***

The Think 20 (T20) represents the think tanks that are concerned with providing policy advice to the G20. It is a large, intellectually powerful group of institutions from G20 members, capable of becoming an intellectual backbone of the G20.

The annual T20 summit has been an extremely productive and vibrantly creative event. Under Germany's G20 presidency, the 2017 T20 organised its work around task forces, all of which produced policy briefs on topics relevant to the agenda of the G20's Hamburg Summit. The policy briefs propose research-based solutions for major problems that the G20 addresses, and are publicly available on the G20 Insights Platform. The 2017 T20 also initiated a policy dialogue on these proposals to bring the main proposals to the attention of G20 policymakers and receive feedback from them.

This organisation has proved extraordinarily successful, generating more than 70 policy briefs on a dozen different policy areas. The organising teams have been overwhelmed by the creativity and insight shown by the participating think tanks. An effort will be made to monitor the proposals that have received attention as well as policy implementation. This has been an extremely exciting and promising process.

The G20 faces very challenging times. The world confronts a host of global problems that no country individually can solve on its own. Each T20 policy area deals with a particular set of such

problems: climate change, global financial vulnerabilities, upheavals of the New Digital Age, forced migration, hunger and food insecurity, stagnant and volatile growth, protectionism, the development of Africa, and much more. Addressing such problems requires multilateral cooperation, but the public appetite for multilateralism is, in many countries, declining.

Through the integration of the world economy, today's global problems have proliferated, crossing national and cultural boundaries. But there has been no corresponding integration of global society. Social and political affiliations remain fragmented, preventing the people of the world from addressing the problems that they have in common.

In reading the many policy briefs generated at the T20 this year, I have been on the lookout for a common theme and this is what I have found: a thriving economy requires a thriving society in order for people to be willing to exploit the opportunities that arise and to tackle common problems together. Similarly, a thriving world economy requires a cooperative global community. But global societies are divided. Global collective problems such as climate change and financial crises are not addressed through collective policy responses, and global inequities such as the widening gap between the richest and poorest countries remain largely unaddressed.

Under these circumstances, aggregate economic progress (measured in terms of



the growth of gross domestic product) can become decoupled from social progress. That is the central challenge that the G20 faces today.

The priorities of Germany's G20 presidency are building resilience, improving sustainability and assuming responsibility. In addition to economic growth, social inclusiveness and environmental sustainability, they include strengthening the world economy against economic, political, social and environmental shocks. This broad G20 agenda reflects the recognition that economic, environmental and social problems are so interconnected that they must be understood as arising from a holistic economic, environmental and social system that spans the globe. The 2030 Agenda and its Sustainable Development Goals (SDGs) constitute an overarching framework for designing policies for this holistic system. The G20 policy agenda can also be seen as an implicit acknowledgement that economic progress is no longer closely linked to social progress, so that more than traditional economic policy is required. This is the sense in which the T20 has engaged in Germany's G20 process.



Human well-being springs from many sources that are unrelated, or at best tangentially related, to economic success



Beyond that, however, many T20 policy briefs suggest a new development of G20 policymaking. Once social progress becomes decoupled from economic progress, it becomes important to recognise that human well-being springs from many sources that are unrelated, or at best tangentially related, to economic success: a sense of personal and social achievement, engagement with the world through intrinsically meaningful activities that develop our capacities, tolerance and respect for oneself and others, a sense of belonging, and the opportunity to promote the happiness and relieve the suffering of others.

The 2030 Agenda and SDGs potentially provide a framework for doing so. On this account the leadership of the T20 and the United Nations Sustainable Development Solutions Network (SDSN) have agreed to investigate the feasibility of long-term transformations required for implementing the SDGs. Under this Long-Term Transformation Pathways Initiative (LTTPI), participating research institutions from the T20 and the SDSN will collaborate in analysing what is required to undertake profound transformations of countries' energy systems, food production, industry, cities and ocean management. **G20**

KEY TAKEAWAYS

Since 2008 BRICS declarations often refer to the G20

BRICS finance ministers usually meet at G20 finance ministerial meetings

Spotlight on BRICS

G20-BRICS cooperation will make global governance more effective, write Marina Larionova and Andrey Shelepov

The G20 and the BRICS group of Brazil, Russia, India, China and South Africa have been working on shared agendas since the BRICS leaders' first meeting in 2009. Despite the widespread belief that the BRICS competes with the G20, the BRICS recognises the G20 as a key forum for dialogue and coordination on international economic and financial issues. Its members support G20 decisions and work with other G20 members to implement them. They coordinate their own positions within the G20 to achieve the common goals of stimulating economic growth, reforming international financial institutions (IFIs), improving financial market regulation and ensuring a fair world order. BRICS declarations frequently refer to the G20 since 2008, with the highest number (44) during the Russian BRICS presidency in 2015.

Since 2011, the BRICS has organised an informal meeting on the sidelines of G20 summits to deal with its own priorities and the issues on the G20 agenda, with the balance depending on the current situation in the global economy and international relations. Before the G20's Cannes Summit in 2011 BRICS leaders discussed restoring global stability and resuming growth,

and obstacles to IFI reform. In 2012 in Los Cabos, they discussed intra-BRICS cooperation, including swap arrangements among national currencies and reserve pooling, and dealt with the eurozone crisis then threatening global financial and economic stability; they agreed to increase their contributions to the International Monetary Fund (IMF) by \$75 billion. In 2013 in St Petersburg, BRICS leaders focused on their own priorities and endorsed the progress in negotiating their New Development Bank and Contingent Reserve Arrangement. The establishment of these new BRICS institutions also dominated the discussion before the 2014 Brisbane Summit. At Antalya in 2015, the balance shifted towards the G20 priorities. BRICS leaders condemned major terror attacks and committed to cooperate beyond the forum membership to combat this threat. Last year, during the Chinese G20 presidency, wide-ranging discussions were held on the Hangzhou Summit agenda, including strong, sustainable and balanced growth, innovation, free trade, the IMF quota review, corruption, energy and the 2030 Agenda for Sustainable Development.

BRICS finance ministers also usually meet on the margins of the G20 finance ministerial meetings and BRICS foreign



BRICS leaders could develop a more coordinated strategy for their joint work in the G20

The BRICS intention to act in alliance with the G20 remains largely unrealised

Hamburg could improve the effectiveness of BRICS cooperation



ministers coordinate their positions on the eve of the G20 summits.

However, this engagement is not mutual. The BRICS is mentioned only once in all G20 documents, in the Action Plan to Support the Development of Local Currency Bond Markets.

The BRICS intention to act in alliance with the G20 remains largely unrealised. It cannot find a balance between its broader agenda and specific economic and financial challenges discussed by the G20. When they meet just before the Hamburg Summit, BRICS leaders could develop a more coordinated strategy for their joint work in the G20 to move from articulating mutual interest and declarative support to enhancing practical cooperation.

The potential for intra-BRICS cooperation within the G20 is also underutilised. Despite the commitment to exchanging and coordinating positions on the G20 agenda to accommodate the interests of emerging market economies and developing countries, the BRICS has been unable to come up with a consolidated stance that significantly affected G20

outcomes. It has only managed to represent an alternative voice on IMF and World Bank reform. The Hamburg Summit could improve the effectiveness of BRICS cooperation within the G20, given that China held the G20 presidency in 2016 and holds the 2017 BRICS presidency and its priority to “enhance communication and coordination in the G20, UN, World Bank, IMF, WTO and other major international organizations and cooperation frameworks to improve global economic governance and promote a more equitable, reasonable and efficient international order”.

The G20 for its part should pay more attention to the BRICS. Although G20 documents do not refer directly to the BRICS, the New Development Bank is included in the G20 alliance of multilateral development banks to facilitate infrastructure

investment. Given the common challenges facing advanced and developing economies in the G20, recognising the role of the BRICS in achieving G20 commitments in the Hamburg communiqué could be a major step towards improving G20 effectiveness and strengthening its leadership in global governance. **G20**



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KEY TAKEAWAYS

Brexit and the US withdrawal from the Paris Agreement pose challenges

The G7 foreign ministers' meeting in April showed divisions between the UK and others

The EU's contribution to the G20 in times of antiglobalisation

*The EU's members should continue highlighting the benefits of regional and global multilateral cooperation, writes **Jan Wouters***

The European Union and the G20 both mark, in their own very different ways, a changing world order in which states are cooperating ever more closely on tackling transnational challenges. Both bodies have also been undergoing significant changes. To address the 2008 global financial crisis, the G20 was elevated to the leaders' level, and has become the "premier forum for international economic cooperation". The EU has also increasingly deepened cooperation among its member states. Over the past decades, the EU has brought together an increasing number of European countries in a strongly integrated "ever closer union" with a broad and deep delegation of powers to supranational institutions, resulting in the world's largest single market and second largest currency, the euro.

The EU in the G20

The EU has been a member of the G20 since its start. Complementarily, the EU members United Kingdom, France, Germany and Italy are full members of the G20 in their own right, and other EU members such as Spain and the Netherlands are regularly invited to G20 meetings. The EU and its participating members contribute actively

to the G20, and have generally done very well in implementing the G20 agenda and commitments.

Challenges

However, both the EU and the G20 currently face serious challenges. The EU is, for the first time ever, losing a member (the UK), and the functioning of the G20 has become more cumbersome in recent years because of more outspoken disagreements among its members (see, for example, the annexation of Crimea by Russia, and differing approaches towards Syria).

The 2017 Hamburg Summit is the first since the election of Donald Trump as president of the United States. It is also the first summit since the UK invoked Article 50, officially notifying the EU of its decision to withdraw. These issues pose serious challenges to the G20's functioning. Whereas during the Hangzhou summit in September 2016, the United States and China decided to ratify the Paris Agreement on climate change, President Trump announced the US withdrawal from the agreement on 1 June of this year (even though under the agreement's terms no party can formally withdraw before November 2020, close to the end of the President's current term).



NATHANIEL NOIR/ALAMY LIVE NEWS

The G20 must overcome increasingly divergent policy approaches

Angela Merkel's call for investment in Africa clearly shows a global outlook



With regard to the EU in the G20, the main question is whether Brexit will change the rules of the game. The fact that cooperation between the UK and the other EU members in the G20 is no longer a given was clear at the G7 foreign ministers' meeting in Lucca in April 2017. The UK's proposal of additional sanctions against Russia was resisted by Italy and Germany and failed to make it into the final communiqué. One open question is whether the UK will continue to play in line with the European bloc or move closer towards its transatlantic partner(s). The fact that the other three EU members of the G20 delivered a joint declaration condemning the US decision to leave the Paris Agreement but did not receive support from UK Prime Minister Theresa May possibly illustrates some new tendencies.

However, the EU's contribution to the G20 will be more necessary than ever. The G20 must overcome increasingly divergent policy approaches because global cooperation is at a low owing to the positions of the United States, Russia and Turkey. As a bloc, the EU members should continue highlighting the benefits of regional and global multilateral cooperation in dealing with cross-border issues that affect all. The theme of Germany's G20 presidency, Shaping an Interconnected World, shows that EU members are taking up this challenge. EU leadership may be necessary to keep an open, multilateral approach and to move the global agenda forward when it comes to, among other issues, climate change, migration, counter-terrorism and development. German Chancellor Angela Merkel's call for greater investment in Africa clearly shows the global outlook that European countries have maintained. **G20**

Jan
Wouters



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INDEX OF ADVERTISERS

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AMSCO BV	49
Kuwait Direct Investment Promotion Agency	55
Port of Trieste	56
Arab African International Bank (AAIB)	60
Liechtenstein Bankers Association	64
Islamic Corporation for the Development of the Private Sector (ICD)	69
The OPEC Fund for International Development (OFID)	79
Jupiter Oxygen	80
AkzoNobel	86
Arçelik A.S.	93
Prince Sultan Institute	97
Fraunhofer-Gesellschaft	104
IULM Communication Management	106
Janssen	116
IFPMA	121
DSM Sinochem	122
Asia Pacific Foundation for Infectious Diseases (APFID)	126
DSM Sinochem	132
The Adecco Group	132
Moroccan Investment Development Agency (AMDIA)	143
Financial Services Promotion Agency, Mauritius (FSPA)	145, 146
Newsdesk Media	171



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