



G20 GERMANY 2017
BUSINESS 20 DIALOGUE

G20 Responsiveness Report

B20 Evaluation of the Hamburg G20 Leaders' Declaration: Shaping an Interconnected World

Measuring the Responsiveness of the G20 to the B20 Recommendations

EVALUATION REPORT 2017



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Foreword



Jürgen Heraeus

B20 Germany Chairman

The G20 is sailing through heavy waters. Global challenges require global solutions. But global governance has become more difficult in recent years. The G20 Summit in Hamburg in July 2017 bore witness to this. On trade, the Leader's Declaration secured little more than the status quo. Only 19 out of the G20 members reaffirmed their commitment to implementing the Paris Climate Agreement. Nonetheless, the German G20 Presidency should be considered at least a partial success. The fact that the G20 Leaders agreed on a joint communication on trade, for example, was only possible due to the skillful negotiations of the German G20 Presidency. With an emphasis on digitalization, health, and the Compact with Africa Initiative, the German G20 Presidency has helped to shape an interconnected world.

Since December 1, 2017, G20 Argentina is officially in the driver's seat. With the motto *Building consensus for fair and sustainable development*, the first South American G20 Presidency will focus on *The Future of Work, Infrastructure for Development, and Sustainable Food Future*. I am sure that the Argentine G20 Presidency will deliver important results on these pressing issues. But it will not be easy. National go-it-alone strategies, increasing protectionism, and spreading anti-globalization movements are endangering the foundation of inclusive and future-oriented growth. International trade and investment have lifted billions of people out of poverty over the last decades. Not everybody has benefited sufficiently from globalization. But beggar-thy-neighbor policies and protectionism are not the right answer. Rather, governments must ensure that the benefits of open markets are spread more widely: through education and training, better functioning social systems and adjustment mechanisms, and investment in infrastructure. In these, business plays an important role.

The G20 needs reliable partners. During the German G20 Presidency, the B20 once again proved that the business community is a strong ally in an increasingly complex and uncertain world. As Chair of the German B20 Presidency, I am proud that over 700 companies and business associations from all G20 members and beyond developed actionable policy recommendations, which we presented to the G20 at the B20 Summit in May 2017.

B20 Germany worked on a wide range of topics. We developed, for example, policy recommendations on carbon pricing mechanisms to tackle climate change. We proposed measures related to fostering innovation on artificial intelligence. We also advocated for open and inclusive trade. In other words, the B20 provided the G20 with the expertise and knowledge necessary to design good policies for global economic governance.

B20 Argentina will build on many of the priorities of B20 Germany and will additionally add new priorities, such as the future of food. I am excited to see how B20 Argentina will innovate and shape its B20 process, and I am confident that under the Argentine Presidency, B20 will continue to be an important agenda-setter. I look forward to a meaningful and productive cooperation with B20 Argentina Chair Daniel Funes de Rioja and his team in the B20 Troika. I am convinced that the work of B20 Argentina will contribute to strong, sustainable and balanced growth and development worldwide. I wish B20 Argentina and G20 Argentina all the best for their respective presidencies.

Jürgen Heraeus

Preface

The Business 20 (B20) is the official G20 dialogue with the global business community. Developed under the theme *Building Resilience – Improving Sustainability – Assuming Responsibility*, the B20 Germany Policy Recommendations spanned the entire scope of the G20 Germany process: from the need to maintain an open, rules-based trading system, to facilitating sustainable finance and increased efforts to widen the inclusiveness and resilience of the labor market in the face of technological change. The B20 recommendations are therefore not limited to the question of generating economic growth. The overall aim of the B20 is to lead the global economy towards a sustainable and future-oriented path. B20 Germany has worked arduously to deliver concrete, actionable recommendations to the G20. In doing so, it has enabled political decision-making based on actual needs and real world solutions.

The B20 is an integral part of the G20 process, representing the entire G20 business community. The mission of the B20 is to support the G20 through consolidated representation of interests, concrete policy proposals, and expertise. Furthermore, the B20 promotes dialogue among policymakers, civil society, and business at the international level. Hence, the B20 dialogue is instrumental in enhancing the efficiency and legitimacy of the G20.

It is thus essential to assess how responsive the G20 has been to the B20 policy recommendations.

To do so, this report evaluates how the B20 Policy Recommendations are reflected in the G20 Leaders' Declaration and its annexes. The report is not meant to evaluate the implementation of G20 declarations, as it is too early for such an endeavor only a few months after the end of the presidency. Rather, through a qualitative-quantitative analysis, it analyzes the responsiveness of the G20 to the B20 in G20 communiqués.

The report is based on the analysis of all nine B20 focal areas, namely Trade and Investment; Energy, Climate, and Resource Efficiency; Financing Growth and Infrastructure; Digitalization; Employment and Education; Responsible Business Conduct and Anti-Corruption; Small and Medium-Sized Enterprises; the Health Initiative; and the Compact with Africa. It assesses the dedicated B20 policy papers and compares them to the official G20 documents.

The evaluation methodology was developed by the B20 team and is comprised of a quantitative and qualitative approach. It builds on previous endeavors of the Russian B20 Presidency and the annual B20/G20 evaluations of the International Chamber of Commerce (ICC).

Photo: B20 Summit 2017 in Berlin



The methodology quantifies both the number of B20 recommendations mentioned in the G20 documents and the degree of G20 responsiveness. In addition to the quantitative analysis, the report offers an in-depth qualitative evaluation of the G20 documents.

This method has been chosen for two reasons: first, the quantification provides a simplified result metric and allows for comprehensive comparison to future engagement cycles. Second, the qualitative analysis offers a framework for interpretation, as this kind of evaluation cannot be assessed in a purely mathematical manner. In other words, it contextualizes the quantitative findings.

The report is the product of the B20 Germany team and the Knowledge Partners of the respective B20 working groups. It certainly would not have been possible without their commitment, ingenuity, and thoroughness. Therefore, we thank our dedicated Knowledge Partners.

As the B20 is a continuous process, we hope that this method of assessing G20 responsiveness to B20 recommendations will endure in the future. We are convinced that evaluating the responsiveness of the G20 to its engagement partners enhances overall effectiveness, legitimacy, and performance over time and will have a positive effect on global governance.

Photo: Jürgen Heraeus, B20 Germany Chairman



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The global economy needs global governance. G20 is vital in tackling challenges like protectionism, climate change as well as deficits in education.

“

Executive Summary

The weeks before the G20 Summit made clear that negotiations between the heads of state and government in Hamburg would not be easy. From efforts to increase financial resilience, to combatting terrorism and tackling transnational health issues – global problems require global solutions. However, forging constructive compromise has become more difficult in the G20.

As expected, the G20 Leaders fought hard to agree on a joint Declaration at the Summit in Hamburg held from 7-8 July 2017 – and succeeded. They forged a consensus on trade, committing to open markets, to fight protectionism and to uphold a rule-based trading system. Regarding climate change, the G20 acknowledged the departure of the United States from the Paris Climate Agreement, while the 19 remaining members maintained their commitment to an “irreversible” agreement. Unfortunately, a close reading of the summit documents shows that many divides persisted. The Declaration often only secures the status quo; in few areas did the G20 Leaders commit to taking concrete action to ‘shape an interconnected world’, as per the motto of the German G20 Presidency.

Nonetheless, given the difficult negotiation climate, the Hamburg Leaders’ Declaration should be viewed as at least a partial success. The compromises that were forged reflect that international cooperation is indispensable in an increasingly volatile global political and economic environment. Furthermore, given the conflict-laden environment, the Hamburg consensus was the best anticipated outcome. It was only due to the skillful negotiations of the German G20 Presidency that consensus could be forged in most areas.

The G20 Germany cycle was a particularly challenging one. First, it was comparatively short. Having begun 1 December 2016 with a meeting of G20 Finance Ministers, G20 countries had only eight months to prepare

for the Hamburg Summit. This meant a difficult timetable for the G20 taskforces and working groups. The G20 Germany cycle was additionally demanding because national elections created a great degree of uncertainty (Italy, France), and for several countries, new governments (United States, United Kingdom) had joined the G20 negotiation table with little experience in global governance. In particular, the changes in the U.S. government made negotiations difficult as negotiation leaders were appointed only over the course of spring 2017. Furthermore, long-held consensus on trade and climate change policy eroded, making forging compromise all the more onerous.

Last but not least, the work program of G20 Germany was particularly ambitious. The motto of G20 Germany was “Shaping an Interconnected World”. It rested on three pillars: building resilience, improving sustainability, and assuming responsibility. Under this maxim, the Presidency covered a wide range of issues. Many of the topics of the German G20 Presidency have been on the G20 agenda for years, such as financial stability and trade. The Chinese G20 Presidency introduced climate change and digitalization, which also played a major role in the German Presidency, as priorities in 2016. A new focus of the German G20 Presidency was on health, and the “Compact with Africa”. In addition, new formats such as the pandemic preparedness exercise were introduced under G20 Germany. This translated to a multitude of working and taskforce meetings in a very short time and a formidable calendar for the Sherpa meetings.

G20 Germany took engagement with civil society very seriously. The G20 initiated an engagement process with the global business community (B20), labor unions (L20), NGOs (C20), science (S20), think tanks (T20), as well as women (W20), and youth (Y20). Engagement partners are an integral component of the G20 process and provide consolidated interest representation, speaking effectively



Photo: B20 Kick-Off Conference 2017 in Berlin

and legitimately with one voice for the entire G20 community which they represent. The B20 very much welcomes the interaction of G20 with the Engagement Groups.

The mission of the B20 is to support the G20 through expertise and concrete policy proposals. It develops consensus-based policy advice from the private sector with the objective of generating more and better jobs, sustained growth, and development.

B20 Germany was officially mandated by the G20 Presidency (specifically by the German Federal Chancellery). It had over 700 members – representatives of industry and business leaders – from all G20 members and beyond, organized in eight working groups. The guiding motto of these working groups was *Resilience, Responsibility, Responsiveness – Towards a Future-oriented, Sustainable World Economy*.

In accordance with the G20 Germany focal areas, B20 extended its working scope to three new priority areas: Digitalization, Health and Africa. Each “Taskforce” and “Cross-thematic Group” dealt primarily with three focus themes. The “Health Initiative” dealt with five main themes.

- ➔ Trade and Investment: Strengthen an Open and Inclusive Trading System; Make Use of Digital Trade Potential; Foster Investment Facilitation.
- ➔ Energy, Climate, and Resource Efficiency: Curtail Climate Change; Foster the Global Energy Transition; Advance Resource and Energy Efficiency.
- ➔ Financing Growth and Infrastructure: Boosting Infrastructure Finance, Designing Growth-Enhancing Financial Regulation; Establishing a Stable and Investment Friendly Environment.
- ➔ Digitalization: Foster Global Connectivity; Strengthen Industry 4.0 and the Industrial Internet; Embrace Artificial Intelligence.
- ➔ Employment and Education: Promote Open, Dynamic and Inclusive Labor Markets; Harness Technological Change; Create a Global Level Playing Field.
- ➔ Responsible Business Conduct: Establish Beneficial Ownership Transparency; Recognize Compliance Efforts; Enhance Responsible Business Conduct in Infrastructure Projects.

- SMEs: Facilitating SME Participation in Cross-Border Trade; Building Digital Capacities and Capabilities; Advancing Financial Inclusion.
- Health: Driving Innovation in Healthcare; Combating Antimicrobial Resistance (AMR); Fighting Neglected Tropical Diseases (NTDs); Improving Pandemic Preparedness and Response; Advancing Digital Health.
- Africa: Strengthening the Environment for Foreign Direct Investment; Boosting Investment in Infrastructure; Enabling Reliable and Affordable Energy; Increasing Digital Connectivity; Fostering Open and Inclusive Trade; Improving Good Governance and Responsible Supply Chains; Enabling Small and Medium-Sized Enterprises; Improving Financial Inclusion; Advancing Health; Advancing Employment and Education.

Overall Score

The German G20 cycle took place in a very challenging policy environment. This must be taken into account when evaluating the outcomes of the Hamburg Leaders' Summit. In addition, the G20 should not be judged solely on its track record of adopting and implementing resolutions. One of the group's key functions is to provide a

platform for informal, cross-sector and flexible exchange on the highest political level. The opportunity for global leaders to sit together at the G20 table cannot be overestimated. Constant communication supports a common problem analysis that enables the development of cooperative solutions in an atmosphere of trust, thereby facilitating the implementation of G20 resolutions.

In general, the Hamburg Summit was reflective of many business priorities, although often securing the status quo rather than advancing the respective topics. It is encouraging that in some areas the G20 succeeded in shaping future global governance.

Trade and Investment is a key topic for the G20. B20 Germany welcomes the inclusion of many priorities of the business community into the final G20 documents. All three recommendations of the B20 TF Trade and Investment were reflected in the G20 documents. While Recommendation 1 *Strengthen an Open and Inclusive Trading System* received a very high score of 80 percent, the score of Policy Recommendation 3 *Foster Investment Facilitation* received a score of only 20 percent. Thus, although it is encouraging that the topic of open and inclusive trade, as well as digital trade, are well-reflected, investment facilitation would require more attention in the

Photo: Klaus Helmrich (Member of the Executive Board, Siemens AG and Chair, B20 Taskforce Digitalization), Sabine Bendiek (Chairwoman of the Management Board, Microsoft Germany and Co-Chair, B20 Taskforce Digitalization), Gabriela Ramos (Chief of Staff and G20 Sherpa, OECD) and Monika Jones (moderator) at the B20 Summit 2017 in Berlin



future. In addition, B20 Germany would like to see more G20 engagement with regard to adapting trade rules to the digital age. Overall, the G20 responsiveness to the TF Trade and Investment receives an evaluation score of 51 percent and can be rated as sufficient.

The focus topics of the TF Energy, Climate, and Resource Efficiency (ECRE) were well-reflected in the B20 documents. Recommendation 3 *Advance Resource and Energy Efficiency* and its respective policy actions received a particular high score of 90 percent. While most of the policy actions of Recommendations 1 and 2 received solid scores, B20 Germany had hoped for more responsiveness towards the policy actions on carbon pricing (Policy Action 1.2) and predictable energy policies (Policy Action 2.1). Overall, the G20 responsiveness to the TF ECRE received a score of 66 percent and can be considered as adequate.

G20 responsiveness to the B20's work in the TF Financing Growth and Infrastructure received the highest rating in our evaluation. All three recommendations were reflected in the G20 documents, and the policy actions were largely congruent with G20 provisions. Policy Action 1.2 *Enhancing the Role of MDBs* and Policy Action 2.3 *Facilitating Digitalization of Finance* were even fully taken on board by the G20. With an overall score of 81 percent, the G20 responsiveness to the TF Financing Growth and Infrastructure can be rated as very good.

For a first time, B20 dedicated a TF to the topic digitalization. It is encouraging that the G20, in large parts, was responsive to the business recommendations on the subject, as all three recommendations were reflected in the G20 documents. The G20 were most responsive to Recommendation 2 *Strengthen Industry 4.0 and the Industrial Internet*, which received a score of 80 percent. Recommendation 3 *Embrace Artificial Intelligence* received the lowest evaluation score of 37 percent. While B20 Germany welcomes the inclusion of provisions on the Industrial Internet and Industry 4.0 and cybersecurity, we had hoped for more responsiveness on artificial intelligence (Recommendation 3) and cross-border data flows. With an evaluation score of 57 percent the G20 responsiveness to the work of the B20 TF Digitalization can be rated as sufficient.

The responsiveness of the G20 to the TF Employment and Education can be rated as good with a score of 74 percent. All recommendations of the taskforce were reflected in the G20 documents. The G20 was particularly responsive to the B20 Recommendation 2 *Harness Technological Change* and its respective policy actions (score: 97 percent). Recommendations 1 and 3 also received high scores (70 and 57 percent).

Two of the three recommendations of the Cross-thematic Group (CTG) Responsible Business Conduct and

Photo: B20 Health Conference 2017 in Berlin



Anti-Corruption were reflected in the G20 documents. Recommendation 1 *Establish Beneficial Ownership Transparency* was well-reflected (score of 77 percent). The recognition of compliance efforts (Recommendation 2) was also reflected in the G20 documents (50 percent score), although *Encourage Self-Disclosure and Self-Cleaning* (Policy Action 2.2) should receive more attention in the future. B20 regrets that Recommendation 3 *Enhance Responsible Business Conduct in Infrastructure Projects*, was not reflected at all in the G20 provisions. Infrastructure projects are characterized by a variety of risks, including corruption. B20 Germany encourages the G20 to address this topic in the future. Overall, the G20 responsiveness to the results of the CTG RBC&AC receives an evaluation score of 42 percent and can thus be rated as sufficient.

SMEs unfortunately received less attention in the G20 documents as B20 Germany would have wished. Although SMEs are a cross-cutting issue, the G20 only addressed two of the three B20 recommendations. Recommendation 3 *Advancing Financial Inclusion* was partly reflected (evaluation score 63 percent), as was Recommendation 2 *Building Digital Capacities and Capabilities* (evaluation score 50 percent). Although SMEs would benefit greatly from the creation of a more business-friendly and integrated international economy, the B20 Recommendation 1 *Facilitating SME Participation in Cross-Border Trade* was not adequately addressed in the G20 documents. The G20 responsiveness to the B20 work receives an evaluation score of 38 percent and can thus be rated as fair.

The Health Initiative was another new focus under the B20 Germany Presidency. Although health was also a priority

of the G20, the business recommendations have not been reflected very well in the G20 documents. Four of the five recommendations have been addressed in the G20 documents, but Recommendation 2 *Combating Antimicrobial Resistance (AMR)* was the only one that was well-reflected in the G20 documents (evaluation score of 80 percent). On the other hand, Recommendation 1 *Driving Innovation in Healthcare* was hardly reflected in the G20 provisions (evaluation score 17 percent). Recommendation 5 *Advancing Digital Health* was unfortunately not mentioned at all. The G20 responsiveness towards the B20 Health Initiative receives an evaluation score of 37 percent and can thus be rated as fair.

The Partnership with Africa was a priority of the German G20 Presidency. In accordance with the G20, B20 Germany included Africa in its focus topics. B20 Germany welcomes the inclusion of many business priorities into the G20 provisions. Six of the 10 recommendations were reflected in the G20 documents. The G20 clearly put an emphasis on Investment in Infrastructure and Employment and Education. Both recommendations of B20 Germany with this focus (Recommendation 2 and Recommendation 10) received very high responsiveness scores of 90 percent and 100 percent, respectively. Regrettably, the B20 Germany recommendations on *Fostering Open and Inclusive Trade, Improving Good Governance and Responsible Supply Chains, Enabling Small and Medium-Sized Enterprises*, and *Advancing Health* were not reflected by the G20. The G20 responsiveness to the B20 recommendations on Africa receives an evaluation score of 47 percent and can thus be rated as sufficient.

Topics	Overall Responsiveness Score		
	Number of Recommendations mentioned	Average Score %	G20 Responsiveness
Trade and Investment	3 of 3	51	Sufficient
Energy, Climate, and Resource Efficiency	3 of 3	66	Adequate
Financing Growth and Infrastructure	3 of 3	81	Very good
Digitalization	3 of 3	57	Sufficient
Employment and Education	3 of 3	74	Good
Responsible Business Conduct and Anti-Corruption	2 of 3	42	Sufficient
SMEs	2 of 3	38	Fair
Health Initiative	4 of 5	37	Fair
Compact with Africa	6 of 10	47	Sufficient

Evaluation Methodology

The primary goal of this review is to measure the responsiveness of the G20 to the B20 recommendations in the final G20 documents.

Objective and Foundation of Research

In order to determine the degree of G20 responsiveness to the B20 recommendations, the report compares the B20 recommendations and G20 commitments by topic.

The base for the analysis are the B20 Summary of Recommendations and the B20 policy papers, as well as the G20 Leaders' Declaration, the referenced documents in the Leaders' Declaration and the annexes to the Declaration.

The analysis focuses on the following B20 topics: Trade and Investment; Energy, Climate, and Resource Efficiency; Digitalization; Financing Growth and Infrastructure; Employment and Education; SME; Responsible Business Conduct and Anti-corruption; Health; and Africa.

For each of these (apart from Africa), the respective B20 taskforce, cross-thematic group, or initiative developed three high-level recommendations (in the case of health, five). Each of these featured two or three actions, for which owners (those responsible for implementation) and timing were identified. The ten high level recommendations regarding Africa were derived from the policy papers; no individual actions were identified.

Approach

The analysis is guided by two questions:

1. Is the general topic of the B20 recommendation acknowledged in the G20 documents? (Score I)
2. To what extent is the B20 recommendation reflected in the G20 documents? (Score II)

The first score is quite straightforward as it relates only to the high-level B20 recommendations. Answering the second question requires more differentiations.

Procedure:

1. Is the general topic of the recommendation mentioned in the G20 documents in a broader sense? Here, no assessment is made regarding how the issue was mentioned. If the topic was not mentioned at all, the score on responsiveness would consequently be 0.
2. If the general topic of the high-level recommendation was acknowledged in the G20 documents, the next step was to examine in detail how (to what extent) the B20 recommendation was translated into the G20 document. The units of analysis here are the policy actions.

Regarding the policy actions, three indicators are used: goal, measure, and owner. Each of the three is in turn divided into subcategories relating to their congruence and each of these scores different points, weighed according to their relevance. The total score adds up to 100 points.

Definition of Indicators and Score







1. **Goal:** Does the goal of the B20 recommendation match the goal of the G20 commitment? In other words, we measure the congruence between the B20 recommendation and the G20 commitment. Congruence in the goals is given the greatest weight in our analysis. The highest score that can be achieved is 50 points in cases of full congruence. 30 points are granted in cases of medium congruence, 10 points in cases of low congruence, and 0 points in cases of no congruence.

- 2. Measure:** Are the same or similar measures suggested in the G20 documents as in the B20 recommendation? The highest score which can be attained is 40 points for full congruence. 30 points are scored if there is some congruence regarding the measures (medium congruence). If there are extensive differences between the measures, 10 points are allocated (low congruence). 0 points are granted if no measures are congruent or if measures stand in opposition to one another (no congruence).
- 3. Ownership:** Are the same owners of a measure identified to execute the measure? If all or some addressees are congruent, 10 points are allocated. If different or no actors are mentioned, 0 points are granted.

To conclude the analysis of the individual policy action, the assorted scores are added together. The maximum score per policy action is 100 points in total (goal: 50 points, measure: 40 points, owner: 10 points).

All policy actions and recommendations are considered to be of the same importance; hence, no weighting is undertaken. Therefore, as a final step, the average of all recommendations is calculated in order to draw an overall conclusion regarding the quality of G20 responsiveness.

Score Criteria			
		Score	Points
Goal	Do the goal of the B20 recommendation and the goal of the G20 commitment match?	Full congruence	50
		Medium congruence	30
		Low congruence	10
		No congruence	0
Measure	Are the same or similar measures suggested in the G20 documents as in the B20 recommendation?	Full congruence	40
		Medium congruence	30
		Low congruence	10
		No congruence	0
Ownership	Are the same owners identified to execute the measure?	Identical or similar	10
		Different or no actors	0

Scoring Index		
Score %	Quality of responsiveness	Color
100-91	Excellent	
90-81	Very good	
80-71	Good	
70-61	Adequate	
60-41	Sufficient	
40-21	Fair	
0-20	Poor	

Reviewed Documents

We reviewed the following documents.

Summit Documents

- G20 Leaders' Declaration: Shaping an Interconnected World

Agreed Documents

- G20 Africa Partnership
- G20 Hamburg Action Plan
- G20 Hamburg Climate and Energy Action Plan for Growth
- G20 High Level Principles on Countering Corruption in Customs
- G20 High Level Principles on Organizing Against Corruption
- G20 High Level Principles on the Liability of Legal Persons for Corruption
- G20 Initiative “#eSkills4Girls”. Transforming the Future of Women and Girls in the Digital Economy
- G20 Initiative for Rural Youth Employment. Supporting the Next Generation” in Rural Development
- G20 Resource Efficiency Dialogue
- Hamburg Annual Progress Report on G20 Development Commitments
- Hamburg Update. Taking forward the G20 Action Plan on the 2030 Agenda for Sustainable Development
- Women Entrepreneurs Finance Initiative

Ministerial Declarations and Annexes

- A ROADMAP for Digitalisation. Policies for a Digital Future, Annex paper 1 to the Declaration of the Ministers responsible for the Digital Economy.
- Berlin Declaration of the G20 Health Ministers. Together Today for a Healthy Tomorrow
- Communiqué. G20 Finance Ministers and Central Bank Governors Meeting
- Digital Skills in Vocational Education and Training, Annex paper 2 to the Declaration of the Ministers responsible for the Digital Economy
- G20 Digital Economy Ministerial Declaration. Shaping Digitalisation for an Interconnected World
- G20 Priorities on Digital Trade, Annex Paper 3 to the Declaration of the Ministers responsible for the Digital Economy
- Towards an Inclusive Future. Shaping the World of Work. G20 Labour and Employment Ministers Meeting 2017

Working Group Documents

- GPF 2017 Financial Inclusion Action Plan
- GPF Report Alternative Data Transforming SME Finance
- GPF Guidance Note on Building Inclusive Digital Ecosystems
- GPF 2017 Progress Report to the G20 Leaders
- The GPF G20 Financial Inclusion Action Plan Progress Report 2014-2017

Limitations

Our analysis naturally has constraints – we neither analyze the quality of the B20 policy recommendations and G20 commitments, nor do we assess their implementation. To quantify results, we must drastically simplify complex syntax. In this process, results are subjective to the accessor.

Comparison

Our evaluation is based on, but not identical, to the ICC G20 Business Scorecard. To allow for a – although limited – comparison of G20 Germany responsiveness to previous G20 cycles, we have included tables (where applicable), highlighting the scores allotted by the ICC in previous years.

Photo: Federal Chancellor of the Republic of Germany Angela Merkel and B20 Germany Chairman Jürgen Heraeus together with the presidents of BDI, BDA and DIHK (Dieter Kempf, Ingo Kramer, Eric Schweitzer), as well as representatives of the seven B20 Taskforces (Gerhard Braun, Kurt Bock, John Cryan, Daniel Funes de Rioja, Klaus Helmrich, Lynette Magasa, Emma Marcegaglia, Klaus Moosmayer, Rudolf Staudigl, and Dany Qian)

BUSINESS 20 DIALOGUE







Trade and Investment

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NS-PAUL BURKNER
CHAIRMAN
WORLD ECONOMIC FORUM

SUNIL BHARTI MITTAL
CHAIRMAN

EMMA MARCEGAGLIA
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VICE-CHAIR AND SHERPA
OECD

PHIL O'REILLY
CHAIRMAN
BUSINESS AT OECD (BIAC)

SABINE BENDIEK
CHAIRWOMAN MANAGEMENT BOARD
MICROSOFT GERMANY



Introduction

Trade promotes prosperity worldwide. Between 1990 and 2014, world trade increased about fivefold and global per capita income grew by a factor of 2.5. This has had a very real and positive effect on peoples' livelihoods: hundreds of millions of people have been lifted out of poverty and have seen their living standards and incomes improve. Given the important contribution of trade and investment to sustainable development, current trends are more than worrisome. Not only is trade growth sluggish at best and protectionism is a widespread phenomenon, but anti-globalization sentiment is on the upswing and national go-it-alone and beggar-thy-neighbor policies are endangering the rules-based, open, and fair multilateral trading system.

The G20 had to drive a hard bargain to achieve a joint text on trade and investment at the Hamburg Summit. All efforts during the preparations to agree on a substantial text had failed. The declaration by the G20 Finance Ministers and Central Bank Governors in Baden-Baden in mid-March 2017 was more than disappointing. The G7

Taormina Leaders' Declaration had raised some hopes. However, the G7 text on trade was not confirmed at the OECD Ministerial Meeting in June 2017, the last test prior to Hamburg. The fact that the G20 Leaders were able to agree on a joint Declaration in Hamburg with comprehensive language on several trade and investment aspects at all should thus be rated a success – even if many commitments fall short of the G20 Hangzhou Leaders' Declaration.

The B20 gave three policy recommendations in its policy paper “Creating Benefits for All: Driving Inclusive Growth through Trade and Investment”:

1. *Strengthen an Open and Inclusive Trading System*
2. *Make Use of Digital Trade Potential*
3. *Foster Investment Facilitation*

Trade and investment has played an increasingly contentious role in many developed and developing nations in recent years. This was exemplified by the Brexit vote, the

election of Donald Trump as the President of the United States, and the relatively strong showing of nationalist parties in some European elections.

The election of Donald Trump brought a sharp break from the Obama administration on trade policy, as well as a potential break with the broader developed world consensus on prioritization of an open global trading system. As a result of these developments, the G20 documents contained relatively scarce language on trade and investment.

Of the nine policy actions proposed by the B20, six received a mention in the G20 documents. Broadly, the

G20 language aligns with the B20 recommendations. However, with the exception of some G20 commitments related to making better use of digital trade potential, commitments are abstract with relatively little detail.

Recommendation 1 *Strengthen an Open and Inclusive Trading System* received the highest responsiveness rate at 80 percent. Recommendation 2 *Make Use of Digital Trade Potential* scored the second highest, at 53 percent. Recommendation 3 *Foster Investment Facilitation* had little overlap with the final G20 documents, with G20 responsiveness at only 20 percent.

Trade and Investment Overall Score		
Recommendations	Points	Score in %
Recommendation 1: Strengthen an Open and Inclusive Trading System – The G20 should confirm its unconditional commitment to open and inclusive trade that is underpinned by transparency and robust adjustment assistance programs, resistance to protectionism in all forms, and a strong, nondiscriminatory rules-based global trading system.	240 of 300	80
Recommendation 2: Make Use of Digital Trade Potential – The G20 should facilitate an enabling environment for digital trade by accelerating capacity building, encouraging implementation of interoperable and nondiscriminatory e-commerce-related policies, and calling for a WTO negotiation mandate on digital trade.	160 of 300	53
Recommendation 3: Foster Investment Facilitation – The G20 should foster a reliable legal environment, enhance sustainable investment facilitation, and identify the benefits and drawbacks of a multilateral investment framework.	60 of 300	20

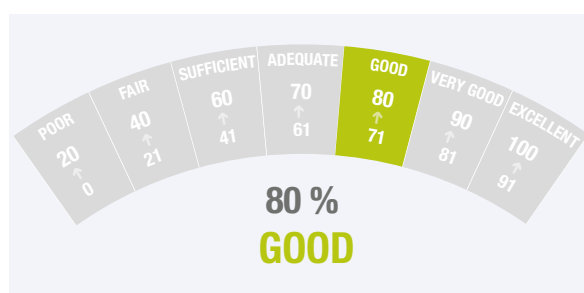
Comparison Trade and Investment Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany “Trade and Investment”	Sufficient
Comparison: ICC Evaluation B20 China “Trade and Investment”	Fair
Comparison: ICC Evaluation B20 Turkey “Trade”	Poor
Comparison: ICC Evaluation B20 Australia “Trade”	Fair

Recommendation 1

The B20 TF Trade and Investment formulated three policy actions under this recommendation:

- 1.1 Enhance Communication and Inclusiveness
- 1.2 Implement Protectionism Standstill and Rollback
- 1.3 Advance Liberalization under the WTO Framework

With a total score of 100 points, Policy Action 1 had the highest responsiveness rating. Both Policy Action 2 and Policy Action 3 earned 70 points.



Trade and Investment Recommendation 1 Score

Recommendation 1	Goal	Measure	Owner	Total
Policy Action 1.1: Enhance Communication and Inclusiveness – The G20 should establish a common understanding of the effects and benefits of trade, communicate trade issues better, improve assistance for those displaced by trade, and put a focus on making trade more inclusive.	50	40	10	100/100
Policy Action 1.2: Implement Protectionism Standstill and Rollback – G20 members urgently need to honor their commitment to halt and roll back protectionist measures, improve their track record of related notifications, and provide greater transparency on the damages of trade barriers.	30	30	10	70/100
Policy Action 1.3: Advance Liberalization under the WTO Framework – G20 members should pursue further negotiation tracks, preferably under the WTO umbrella, including negotiations on sectoral and plurilateral agreements.	30	30	10	70/100

In nearly ten years since the start of the financial and economic crisis, the leadership of the G20 in curtailing protectionist measures has been credited as a key factor in preventing an even deeper global recession. The B20 commended those efforts and strongly recommended that the G20 continued to build upon them by preventing new protectionism and updating and strengthening the rules that govern an open and rules-based trading system. At the same time, there is a growing acknowledgement that trade creates both “winners and losers” and that governments, the private sector, and other institutions must support those who have lost their jobs to foreign trade.

Policy Action 1.1 – Enhance Communication and Inclusiveness

In line with B20 recommendations, the G20 Leaders called on the OECD, WTO, World Bank Group, and IMF to continue work to better understand trade impacts and to report back on progress in 2018. At the same time, the G20 Leaders recognized that the benefits of international trade and investment have not been shared widely enough. In this regard, G20 members are planning to exchange experiences on the mitigation of the adjustment costs of trade and investment liberalization and technological change, and on appropriate domestic policies, as well as to enhance international cooperation towards inclusive and sustainable global growth. They did not, however, agree on a concrete set of policy measures to be undertaken by countries to improve the inclusiveness of trade.

Policy Action 1.2 – Implement Protectionism Standstill and Rollback

In late 2016, the B20 conducted a survey among its members in order to evaluate the trend in trade policies from a business perspective. The results do not only confirm that trade barriers have been rising across the board – not a single one of the 25 surveyed trade-restrictive measures has decreased over the past five years, according to B20 members. The survey results also demonstrate several key lessons regarding how the WTO monitoring and its biannually published report on G20 trade measures, the main G20 instrument to enforce the protectionism standstill and rollback, could be further strengthened and refined.

The G20 Leaders note that international trade and investment are important engines for growth, productivity, innovation, job creation, and development. They commit to keeping markets open, noting the importance of reciprocal and mutually advantageous trade and investment frameworks and the principle of non-discrimination. The principle of “reciprocity” was already introduced in the G7 Taormina Declaration, albeit in regard to outcomes (“reciprocal benefits”), not systemic frameworks.

Furthermore, the G20 Leaders promised to continue to fight protectionism, including all unfair trade practices, and to recognize the role of legitimate trade defense instruments in this regard. This emphasis on the use of remediation instruments in the face of unfair trade practices is stronger than in the G7 Taormina declaration, and its ultimate meaning is open to interpretation. While it could hint at conformity with the WTO rules, the language leaves an opening for nationally determined responses, falling short of the clear commitment against all forms of protectionism called for by the B20.

In order to ensure a level playing field, the G20 members wish to promote a favorable environment for trade and investment. They appreciate the monitoring activities by the WTO, UNCTAD, and OECD within their existing mandates and commit to further reinforce G20 trade and investment cooperation. The German G20 Presidency aimed to strengthen the monitoring capacities of the WTO. The reference “within their existing mandate” is a clear sign that some G20 members have little interest in giving the WTO, UNCTAD, and OECD greater leeway in monitoring the trade policies of G20 members. Most disappointingly, G20 Leaders did not explicitly

call for a rollback of protectionist measures or any metrics by which to measure success in the reduction of protectionism.

Policy Action 1.3 – Advance Liberalization under the WTO Framework

The G20 Leaders also acknowledge the essential role of the rule-based international trading system. It is noteworthy that the Declaration does not name “multilateralism” as a key feature of the international trading system, thus falling behind the 2016 Hangzhou Declaration. While the G20 welcomes the entry into force of the WTO Trade Facilitation Agreement and promises swift implementation, any mention of further advancing the DDA agenda, included in the Hangzhou Declaration, is omitted. The Declaration maintains reference to the next WTO Ministerial Meeting, which the G20 members pledge to support. The G20 members also commit to improving the functioning of the WTO to ensure the effective and timely enforcement of trade rules and commitments as well as improve its negotiating, monitoring, and dispute settlement functions. The Declaration also briefly mentions plurilateral and regional trade agreements, noting the importance of their openness, transparency, inclusivity, and WTO-compatibility. However, the members again fall short of their Hangzhou commitments, in which they acknowledged that such initiatives – explicitly also referring to the Environmental Goods Agreement – can facilitate trade liberalization efforts. There seems to be no longer consensus that the multilateral trading system should play the central role in governing today’s global trade. This is a great disappointment.

The G20 Leaders were much more successful regarding the issue of steel markets. Competition on global steel markets has been distorted for years, leading to considerable stress in many G20 countries. The G20 Leaders recognized the sustained negative impact of excess capacity in industrial sectors on domestic production, trade, and workers. Therefore, they committed to further strengthening their cooperation. While the Hangzhou Declaration called for increased attention to potentially market-distorting subsidies, the 2017 Declaration goes a step further, calling for the removal of all subsidies and governmental support that yield market-distorting outcomes. The G20 Leaders call on the members of the Global Forum on Steel Excess Capacity, facilitated by the OECD, as mandated by the Hangzhou Summit, to fulfil their commitments on enhancing

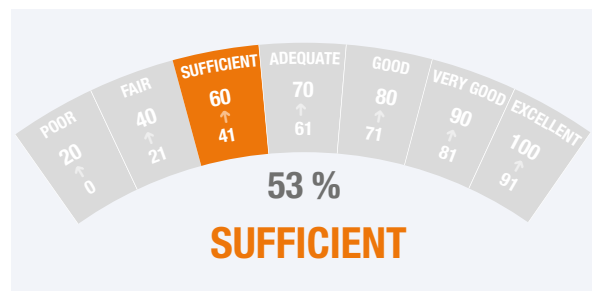
information-sharing and cooperation by August 2017, and to rapidly develop concrete policy solutions that reduce steel excess capacity. They look forward to a substantive report with concrete policy solutions by November 2017, as a basis for tangible and swift policy action, and follow-up progress reporting in 2018. We welcome this clear timeline for action.

Recommendation 2

The taskforce formulated three policy actions under this recommendation:

- 2.1 Accelerate Capacity Building
- 2.2 Ensure Sound e-commerce-Related Policies
- 2.3 Adapt Trade Rules to the Digital Age

With 90 points, Policy Action 2.1 had the highest responsiveness rate, followed by Policy Action 2.2 with 70 points. Policy Action 2.3 was not mentioned in the G20 documents.



Trade and Investment Recommendation 2 Score				
Recommendation 2	Goal	Measure	Owner	Total
Policy Action 2.1: Accelerate Capacity Building – G20 members should accelerate the inclusive buildup of e-commerce capacities, especially in developing countries and for MSMEs.	50	30	10	90/100
Policy Action 2.2: Ensure Sound e-commerce-Related Policies – G20 members should ensure that e-commerce-related policies are interoperable as well as nondiscriminatory and strengthen the regulatory dialogue with all relevant stakeholders.	30	30	10	70/100
Policy Action 2.3: Adapt Trade Rules to the Digital Age – The G20 should instigate a WTO negotiation mandate on digital trade at the next WTO Ministerial Conference, which should address free cross-border data flows, trade in digital products and services, trade facilitation, regulatory coherence, and other identified legal gaps.	0	0	0	0/100

Digital trade is referenced across a wide range of G20 documents. Within the Leaders’ Declaration, it is incorporated into both the sections on trade and investment as well as digitization. While digital trade is mentioned, the documents come up relatively short on specific policy guidance. On the positive side, the G20 Digital Economy Ministerial Declaration contains several sets of commitments, particularly related to capacity building and e-commerce.

Policy Action 2.1 – Accelerate Capacity Building

This policy action was reflected in both the G20 Leaders’ Declaration and the Digital Economy Ministerial Declaration. The Leaders’ Declaration notes the need for “intensified and concerted action” to “enhance the ability of developing and least developed countries to more fully engage in digital trade.” The Ministerial Declaration includes similar language and also specifies a number of steps agreed to by the G20 to increase digital trade and support developing markets. Among these are specific actions that the B20 recommended, such as supporting the *e-Trade for All* initiative. However, several B20

recommendations were not reflected in G20 documents, such as developing and implementing country-specific initiatives to improve e-commerce readiness and digital literacy of developing countries and MSMEs.

Policy Action 2.2 – Ensure Sound e-commerce Related Policies

This policy action also received mentions in both the Leaders' Declaration and Digital Economy Ministerial.

G20 Leaders agreed to promote effective cooperation of all stakeholders and to encourage the development and use of market- and industry-led international standards for digitized production, products and services that are based on the principles of openness, transparency, and consensus. They also underline that such standards should not act as barriers to trade, competition, or innovation.

The G20 Leaders supported the free flow of data while respecting applicable legal frameworks for privacy, data protection, and intellectual property rights. The Leaders promised to constructively engage in WTO discussions and in other international fora relating to e-commerce.

The G20 wishes to sustain and improve, where applicable, predictable and transparent frameworks on digital trade. In the Ministerial Declaration the G20 agreed to hold digital trade high on the agenda. There was no explicit mention to make policies interoperable, but it was implied through language imploring greater cooperation and improved frameworks on digital trade. Additionally, there was no mention of engaging with private stakeholders or the eWTP.

Policy Action 2.3 – Adapt Trade Rules to the Digital Age

This recommendation did not receive an explicit mention within the final G20 documents.

Digital trade adds many dimensions to the world of trade – for example, new types of products, new channels of trading, new categories of global value chains, and new trade participants. Entire industries have seen shifts in their fundamental operating models, with the result that trade rules written 20 years ago are not entirely relevant for today's realities.

However, the G20 neither addressed chapters on e-commerce in free trade agreements, nor did they commit to

Photo: Stormy-Annika Mildner (B20 Sherpa and Head of Department, External Economic Policy, BDI), Roberto Azevêdo (Director General, World Trade Organization), Emma Marcegaglia (President, BusinessEurope and Chair, B20 Taskforce Trade and Investment) and Sunil Mital (Chairman, ICC and Co-Chair, B20 Taskforce Trade and Investment) at the B20 Summit 2017 in Berlin



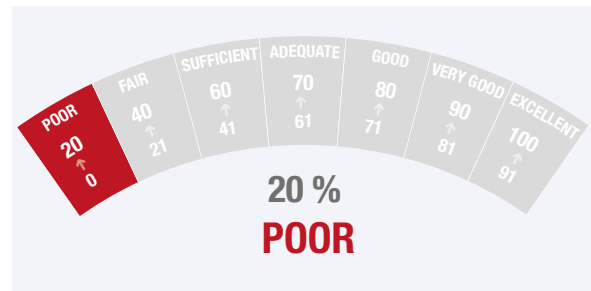
commencing negotiations on rules for digital trade in the WTO. This is a missed opportunity.

Recommendation 3

The taskforce formulated three policy actions under this recommendation:

- 3.1 Strengthen a Reliable Legal Environment
- 3.2 Support Sustainable Investment Facilitation
- 3.3 Explore a Potential Multilateral Investment Framework

Investment facilitation received comparatively little attention in the final G20 documents. Policy Actions 3.1 and 3.2 received 30 points each, while Policy Action 3.3 was not reflected.



Trade and Investment Recommendation 3 Score				
Recommendation 3	Goal	Measure	Owner	Total
Policy Action 3.1: Strengthen a Reliable Legal Environment – The G20 should further develop and build on the G20 Guiding Principles for Global Investment Policymaking, make progress on a concrete G20 Investment Facilitation Package, and support the resumption of a dialogue in the WTO on strengthening the coherence of trade and investment policies.	10	10	10	30/100
Policy Action 3.2: Support Sustainable Investment Facilitation – The G20 should enhance international support programs for investment in developing countries to meet the Sustainable Development Goals (SDGs).	10	10	10	30/100
Policy Action 3.3: Explore a Potential Multilateral Investment Framework – Building on the Guiding Principles for Global Investment Policymaking, the G20 should mandate the OECD, UNCTAD, UNCITRAL, and the WTO to prepare a study on the benefits, challenges, drawbacks, and potential components of a multilateral investment framework.	0	0	0	0/100

The G20 members recognized the important role that international investment can play to promote inclusive economic growth, job creation, and sustainable development, when there is an open, transparent, and supportive global policy environment. The G20 members are planning to identify strategies to facilitate and retain foreign direct investment.

measures correspond very well with B20 requests to facilitate investment and enable people to cope with structural changes (e.g. triggered by trade). One of many examples is the commitment of the European Union to foster investment by extending the European Investment Plan and to increase the overall flexibility of the EU budget in order to support job creation, investment, and economic growth.

In addition to the G20 Declaration, the Leaders agree upon the “G20 Hamburg Action Plan” that sets out the G20’s strategy for achieving strong, sustainable, balanced, and inclusive growth. The Hamburg Action Plan includes new policy actions to tackle economic challenges by using monetary, fiscal, and structural policy tools. Some of the

Overall, the Declaration nonetheless largely falls short of expectations. Building on the Hangzhou Declaration, B20 had hoped for a clear commitment by G20 members to implement the G20 Guiding Principles for Global Investment Policymaking and a roadmap with more concrete actions.

Policy Action 3.1 – Strengthen a Reliable Legal Environment

This recommendation received little attention by G20 Leaders apart from within the context of the Compact with Africa. The respective document annexed to the Leader’s Declaration acknowledges the importance of investment for sustainable development. The individual compacts serve to “improve the business framework by implementing reliable regulation and institutions, improving investor protection and dispute resolution mechanisms, providing political risk insurance, improving project preparation facilities and standardizing contracts” (Annex Africa Partnership). This is, however, not an issue exclusively relevant for African countries. Therefore, B20 would have liked a broader approach towards this issue by the G20.

Policy Action 3.2 – Support Sustainable Investment Facilitation

Investment facilitation is critical in order to foster growth-inducive investments. On one hand, this includes efforts to remove barriers to FDI, such as impeding policies, administrative obstacles, and logistical barriers. On the other hand, investment facilitation means technical support to improve investment capacity. These efforts have broad benefits: they help investors as well as recipient markets, and complement countries’ unilateral efforts to encourage FDI inflows. Investment facilitation is thus also crucial for reaching the SDGs.

This recommendation was acknowledged indirectly in two sentences in the Leader’s Declaration related to encouraging international investment. One sentence acknowledges the role that investment plays in inclusive economic growth, job creation, and sustainable development, and notes that investment “requires an open, transparent, and conducive global policy environment.” In terms of action, the documents only say that the G20 will “seek to identify strategies to facilitate and retain foreign direct investment”.

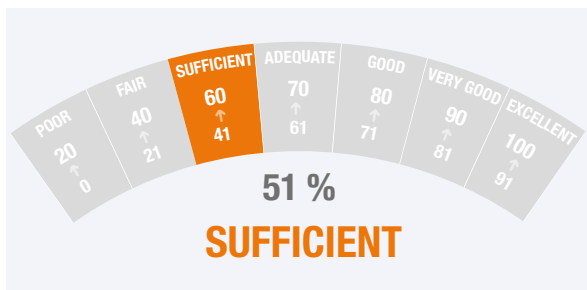
Photo: Dieter Kempf (President, BDI) and Sabine Bendiek (Chairwoman, Management Board, Microsoft Germany and Co-Chair, B20 Taskforce Digitalization) at the B20 Summit 2017 in Berlin



Policy Action 3.3 – Explore a Multilateral Investment Framework

Foreign direct investment is confronted with a multitude of political risks. International Investment Treaties (IIAs) help to mitigate these risks. Since the signing of the first such agreement in the late 1950s, a complex web of bilateral and regional agreements has evolved to regulate global investment, each with slightly different provisions and rules. Divergences between IIAs exist especially with regard to issues like investment promotion, corporate social responsibility, and transparency. B20 Germany recommended that the G20 mandate OECD, UNCTAD, UNCITRAL, and the WTO to prepare a study on the benefits, challenges, and drawbacks of developing agreements on the plurilateral and multilateral level. This recommendation was not reflected by the G20.

Conclusion



Based on our evaluation, the overall average G20 responsiveness to the B20 recommendations on trade and investment was 51 percent.

The Hamburg Leaders’ Declaration is, as expected, less ambitious and concrete than the Hangzhou Declaration with only a few exceptions (excess capacities, sustainable globalization, and human rights). Several concrete actions agreed to in 2016 are no longer mentioned and

may no longer be joint projects (e.g. tackling the remaining issues of the Doha Development Agenda, Environmental Goods Agreement, and Guiding Principles for Global Investment Policymaking, etc.). While most if not all B20 recommendations were touched upon, we are disappointed regarding the vagueness of the Declaration and the lack of concrete actions. There are several indications in the text that are alarming. For example, stressing of the legitimacy of trade defense instruments could relate to the plan of some G20 members to more actively use these policy tools. The protectionism standstill and rollback is not mentioned explicitly. The wording of the paragraph on monitoring of potentially protectionist measures suggests that the consensus is limited only to the existing mandate until 2018.

The G20 was most responsive to B20 recommendations on strengthening an open and inclusive trading system, although there was scarce detail within the final G20 Leaders’ Declaration on these topics. G20 showed the greatest responsiveness to B20 recommendations on digital trade, due primarily to their coverage in the Digital Economy Ministerial. Fostering Investment Facilitation received insufficient mention.

Despite this outcome, B20 was able to make a strong case for open, rules-based, and fair trade. The B20 underlined the importance of trade for sustainable development. The B20 survey on trade restrictions, which was published in a WTO Report on protectionism, made impediments to trade visible for G20 Leaders. Finally, B20 provided very concrete, actionable policy proposals. Trade and Investment will likely remain a divisive issue in coming G20 summits. Thus, it will be further important for the B20 to push against protectionist temptation. The B20 should continue to elaborate on policies and actions that can help to spread the benefits of trade and investment among a broader section of the population, and support workers who struggle accessing the benefits of globalization.



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Free, fair and rules-based trade and investment contribute to welfare all over the world, independent of geography or developmental status.

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Photo: Emma Marcegaglia (President Business Europe and Chair, B20 Taskforce Trade and Investment)

Energy, Climate, and Resource Efficiency

TOWARDS A JUST, INCLUSIVE AND SUSTAINABLE
ECONOMY: ENERGY, CLIMATE CHANGE
AND RESOURCE EFFICIENCY

KURT BOCK
CHIEF EXECUTIVE OFFICER
E.ON

KAMEL BEN NACEUR
NEW DIRECTOR FOR SUSTAINABLE
TECHNOLOGY AND OUTLOOK

ELMAR DEGENHART
CHIEF EXECUTIVE OFFICER
CONTINENTAL AG

OTTMAR EDENHOFER
DEPUTY DIRECTOR AND CHIEF ECONOMIST
WORLDWIDE INSTITUTE FOR CLIMATE
IMPACT RESEARCH

DANY QIAN
VICE PRESIDENT
JPMORGAN

SIMONE MORI
EXECUTIVE VICE PRESIDENT AND
HEAD OF EUROPEAN AFFAIRS
ENEL



Introduction

Economic growth has moved billions of people out of poverty and is indispensable for the fulfillment of the 2030 Agenda and the SDGs. At the same time, economic growth and a growing world population are increasing the stress on ecosystems and natural resources that are already scarce today, such as agricultural land, terrestrial and marine wildlife, water, and minerals. The effects of climate change have made action inevitable. Through the SDGs and the Paris Agreement, governments committed to taking decisive action towards sustainable development and against global warming. Business plays a central role in both achieving the SDGs and curtailing climate change. However, to provide the necessary business solutions, companies need a predictable and stable climate and energy policy framework that is market-oriented, cost-effective, and strengthens competition among technologies. The G20 still has a very long way to go to establish such a framework.

Negotiations on climate change policies were the most difficult in all G20 Germany tracks. The election of U.S. President Donald Trump brought a sharp break from the Obama Administration on climate policy, as well as a potential break with the broader developed world consensus about fighting global warming by reducing GHG emissions as agreed upon internationally in Paris 2015. As a result of these developments, the G7 Summit in Italy had already shown the increasing rift, as the six heads of state and government struggled to deliver a joint message on their commitment to implement the Paris Agreement.

Similarly, the G20 acknowledged the departure of the United States from the Paris Climate Agreement, while the 19 remaining members maintained their commitment to an “irreversible” agreement.

The B20 Germany Taskforce on Energy, Climate, and Resource Efficiency (ECRE) formulated three policy recommendations in its policy paper “A Climate for Change: Embracing the Transition towards Energy-Efficient, Climate and Resource-Friendly, Competitive Economies”:

1. *Curtail Climate Change*
2. *Foster the Global Energy Transition*
3. *Advance Resource and Energy Efficiency*

Of the seven policy actions proposed by the B20, six of them received a full mention in the G20 materials

(Leaders’ Declaration, G20 Hamburg Climate and Energy Action Plan for Growth, Resource Efficiency Dialogue) while the policy action on carbon pricing was only partially mentioned with regard to phasing out inefficient fossil fuel subsidies.

The third recommendation on resource efficiency received the highest responsiveness rate with 90 percent. Recommendations 1 and 2 on climate change and energy received sufficient rates of 55 and 53 percent, respectively. The average score of the three policy recommendations on climate, energy, and resource efficiency was 66 percent.

Energy, Climate, and Resource Efficiency Overall Score		
Recommendations	Points	Score %
Recommendation 1: Curtail Climate Change – The G20 should curtail climate change by implementing the Paris Agreement and developing consistent and robust carbon pricing.	110 of 200	55
Recommendation 2: Foster the Global Energy Transition – The G20 should accelerate the market readiness and deployment of low-carbon technologies through effective and predictable energy policies, a joint innovation agenda, and strengthened Energy Access Action Plans.	160 of 300	53
Recommendation 3: Advance Resource and Energy Efficiency – The G20 should advance resource and energy efficiency by establishing a Resource Efficiency Platform and translating the Voluntary Energy Efficiency Investment Principles into a policy toolkit.	180 of 200	90

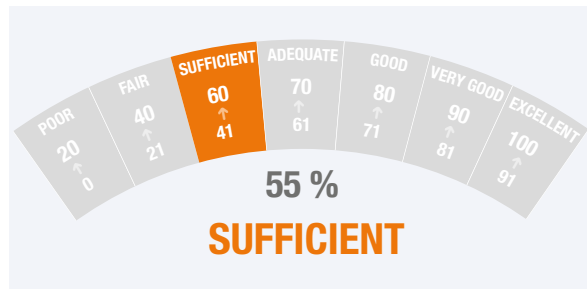
Comparison Energy, Climate, and Resource Efficiency Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany “Energy, Climate, and Resource Efficiency”	Adequate
Comparison: ICC Evaluation B20 China “Energy and Environment”	Fair
Comparison: ICC Evaluation B20 Turkey “Energy and Environment”	Fair
Comparison: ICC Evaluation B20 Australia “Energy and Environment”	Poor

Evaluation: Recommendation 1

The B20 Taskforce ECRE formulated two policy actions under Recommendation 1:

- 1.1 *Implement the Paris Agreement*
- 1.2 *Drive Carbon Pricing*

With 80 points, Policy Action 1.1 had the highest responsiveness rating. In contrast, Policy Action 1.2 only earned 30 points.



Energy, Climate, and Resource Efficiency Recommendation 1 Score				
Recommendation 1	Goal	Measure	Owner	Total
Policy Action 1.1: Implement the Paris Agreement – The G20 governments should support the UNFCCC in developing an effective Paris rule book with close business participation, submit NDC with high and comparable ambition levels, and develop transparent national long-term low GHG emission development strategies.	40	30	10	80/100
Policy Action 1.2: Drive Carbon Pricing – The G20 should establish an intergovernmental G20 Carbon Pricing Platform as a forum for strategic dialogue to create a basis for global GHG emissions pricing mechanisms, and to phase out inefficient fossil fuel subsidies, using its revenues to finance an energy transition that benefits everyone.	10	10	10	30/100

The B20 welcomes that the G20 acknowledged the link of “a strong economy and a healthy planet” in the G20 Hamburg Declaration. B20 further appreciates the G20’s recognition of “opportunities for innovation, sustainable growth, competitiveness, and job creation of increased investment into sustainable energy sources and clean energy technologies and infrastructure”. It is important that the G20 members reiterate their commitment to collectively mitigate greenhouse gas emissions, through “increased innovation on sustainable and clean energies and energy efficiency, and work towards low greenhouse-gas emission energy systems”. We note the call for more collaboration among G20 members and international cooperation with regard to long-term energy strategies involving energy security, technologies, and energy access.

Policy Action 1.1 – Implement the Paris Agreement

B20 regrets the fact that for the first time a G20 Declaration includes an individual paragraph from one G20 member – in that case, the United States. At the Hangzhou Summit of 2016, the G20 still committed to address

climate change, to join the Paris Climate Agreement, and to work towards its timely implementation. In contrast, the Hamburg Declaration notes that the United States “will immediately cease the implementation of its current nationally-determined contribution”, and intends to collaborate on fossil fuels and renewable energy sources. Regarding the annexed G20 Hamburg Climate and Energy Action Plan for Growth, the United States reserves its position. This is a major setback for international climate change policy.

In contrast, B20 welcomes the clear signal by the 19 G20 Leaders that the Paris Agreement is irreversible and that they fully commit to the UNFCCC process. The declaration calls on all 19 members to move more swiftly towards the Agreement’s full implementation, while repeating the Paris wording that this can only be done at different speeds, depending on national circumstances and capacities. This gives business at least a degree of planning certainty and reaffirms the Paris Climate Agreement as the guiding framework for national climate and energy policies.

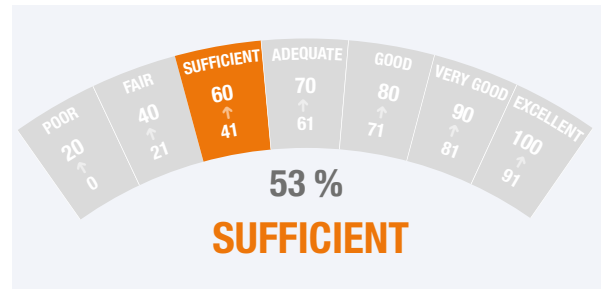
Furthermore on climate change, the B20 welcomes the G20 commitment outlined in the G20 Hamburg Climate and Energy Action Plan for Growth to implement current and future Nationally Determined Contributions (NDCs) in line with the Paris Agreement. Reflecting B20 recommendations, the G20 Leaders call on all members to communicate long-term low greenhouse gas emission development strategies by 2020.

Policy Action 1.2 – Drive Carbon Pricing

We are, however, disappointed, that the G20 failed to agree on a concrete plan to drive carbon pricing (e.g. via an inter-governmental G20 Carbon Pricing Platform, as suggested by the B20).

The B20 welcomes the continued commitment of the G20 to phase out inefficient fossil fuel subsidies and to establish a peer review of inefficient fossil fuel subsidies that support unnecessary consumption. We also appreciate that the G20 recognizes the need to support socio-economically disadvantaged people (see G20 Hamburg Climate and Energy Action Plan for Growth). The G20 Leaders did, however, not decide upon a concrete timeline for the phase-out of inefficient fossil fuel subsidies. The G20 had already committed to phase out inefficient fossil fuel subsidies over the “medium term” in 2009, with little real follow-up action.

Evaluation: Recommendation 2



The taskforce formulated three policy actions under this recommendation:

- 2.1 *Develop Effective and Predictable Energy Policies*
- 2.2 *Accelerate Energy Innovation*
- 2.3 *Enhance Energy Access*

With 70 points, Policy Action 2.2 had the highest responsiveness score, followed by Policy Action 2.3 with 60 points and Policy Action 2.1 with 30 points.

Energy, Climate, and Resource Efficiency Recommendation 2 Score				
Recommendation 2	Goal	Measure	Owner	Total
Policy Action 2.1: Develop Effective and Predictable Energy Policies – The G20 should promote effective and predictable policies for accelerated investments into low-carbon technologies by broadening the technology scope of the G20 Voluntary Action Plan for Renewable Energy and developing an energy policy toolkit.	10	10	10	30/100
Policy Action 2.2: Accelerate Energy Innovation – The G20 should develop a G20 Energy Innovation Action Plan to accelerate the market readiness of innovative technologies, business models, and digital solutions that can contribute to large GHG emissions reductions within the next decades.	50	10	10	70/100
Policy Action 2.3: Enhance Energy Access – The G20 should strengthen the G20 Energy Access Action Plans by supporting the development of national, urban and rural action plans, and by mobilizing private sector participation in sustainable infrastructure development.	50	10	0	60/100

Policy Action 2.1 – Develop Effective and Predictable Energy Policies

Regarding energy, the B20 acknowledges the willingness of G20 members to exchange best practices on national long-term low greenhouse gas emission energy sector strategies. B20 also welcomes that the G20 notes the role of the IEA, IRENA, and other international organizations to monitor and report on the transformation process. B20 appreciates that the G20 Hamburg Climate and Energy Action Plan for Growth recognizes the fact that “robust, long-term energy sector development strategies and their timely implementation will increase investor certainty, attract necessary investments and help minimize the unexpected devaluation of assets in the energy sector.”

Policy Action 2.2 – Accelerate Energy Innovation

While B20 notes the importance attributed by the G20 to energy innovation and the reference to Mission Innovation, it is disappointing that the G20 did not decide on any concrete action, such as a road map, as recommended.

Policy Action 2.3 – Enhance Energy Access

On energy access, the B20 appreciates G20 efforts to further implement the two regional energy access action plans – however, the G20 stop short of anything more detailed. A clear linkage could have been made to the Compact with Africa initiative that foresees a better environment for investments in infrastructure in Africa, with a main focus on energy infrastructure. This is also true for the aforementioned African-led Renewable Energy Initiative (AREI).

Recommendation 3

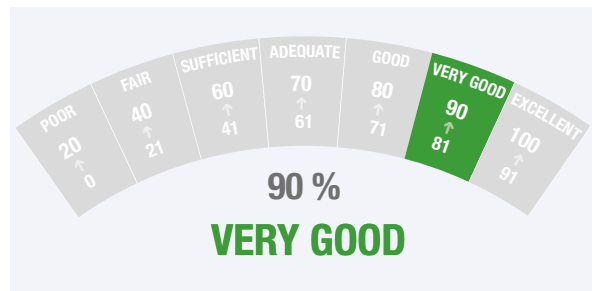


Photo: Barbara Hendricks (German Federal Minister for the Environment, Nature Conservation and Nuclear Safety, 2013-2018) at the B20 Summit 2017 in Berlin



The taskforce formulated two policy actions under this recommendation:

3.1 *Improve Resource Efficiency*

3.2 *Accelerate Energy Efficiency*

With a score of 100 points, Policy Action 3.1 had the highest responsiveness rating. Policy Action 3.2 earned 80 points.

Energy, Climate, and Resource Efficiency Recommendation 3 Score				
Recommendation 3	Goal	Measure	Owner	Total
Policy Action 3.1: Improve Resource Efficiency – The G20 should establish an intergovernmental G20 Resource Efficiency Platform as a forum for international collaboration with the goal of reducing the resource intensity of the world economy.	50	40	10	100/100
Policy Action 3.2: Accelerate Energy Efficiency – The G20 should accelerate the efforts within the G20 Energy Efficiency Leading Programme by translating the Voluntary Energy Efficiency Investment Principles into a policy toolkit.	40	30	10	80/100

The B20 welcomes that G20 Leaders commit to sustainable growth. In this regard, the relevance of the 2030 Agenda is further stressed and all G20 members and respective stakeholders are called upon to strive for its ambitious and integrated implementation.

Policy Action 3.1 – Improve Resource Efficiency

The B20 appreciates that the G20 committed to launching the G20 Resource Efficiency Dialogue with its goal to exchange best practices in order to improve the efficiency and sustainability of natural resource use across the entire life cycle. B20 welcomes that international organizations, business, academia, civil society, and other stakeholders will be invited to contribute to this dialogue. Now, the G20 Resource Efficiency Dialogue needs to be filled with life. It could foster the exchange of best practices, for example, on resource-efficient solutions along the entire life cycle, such as for industrial and urban development, infrastructure, waste management,

water use, production processes, consumption patterns, and business models.

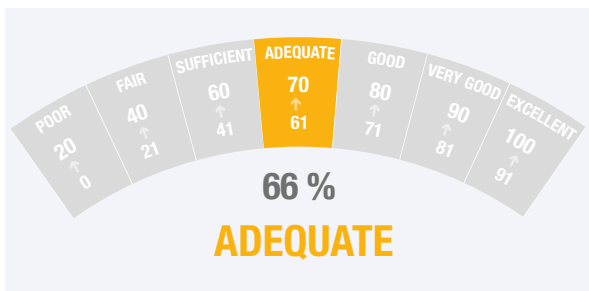
Policy Action 3.2 – Accelerate Energy Efficiency

Regarding energy efficiency, the B20 welcomes the continued efforts of the G20 to strengthen international collaboration on energy efficiency and thus notes with interest the initiative of the G20 to establish an Energy Efficiency Hub and taskforce. While the G20 Energy Efficiency Leading Program (EELP) will be continually implemented, the Action Plan does not, unfortunately, entail any concrete measures, such as an investment toolkit, as recommended by the B20.

The B20 appreciates that the G20 highlighted the constructive dialogue with the engagement groups, including B20, in the area of energy and climate in the G20 Hamburg Climate and Energy Action Plan for Growth, and advocated for its continuation under the Argentinian Presidency.

Conclusion

Overall, G20 responsiveness to the B20 recommendations on climate, energy and resource efficiency were mixed, averaging 66 percent.



It is disappointing that the G20 did not deliver a joint message on climate protection and did not come up with mechanisms on carbon pricing. However, B20 positively notes the commitment of the remaining 19 G20 members to implement the Paris Climate Agreement.

The G20 Hamburg Climate and Energy Action Plan for Growth helped to draft a more detailed action agenda. However, B20 regrets that carbon pricing and energy policies received insufficient mention by the G20. B20 welcomes the high G20 responsiveness regarding resource efficiency. The launch of the G20 Resource Efficiency Dialogue is progress in the right direction.

Climate and energy, and especially the interlinkage between the two, are likely to remain challenging issues at the G20 level. As a main forum for international economic cooperation, the G20 should take the lead in maintaining the momentum of the Paris Agreement and support the international bodies responsible for its implementation. Climate and energy policies are cross-cutting topics that are closely connected to existing core themes of the G20, such as finance, growth, and development. B20 will continue to push for market-based solutions on climate change, such as carbon pricing.

Photo: Kurt Bock (CEO, BASF SE and Chair, 2011-2018, B20 Taskforce Energy, Climate, and Resource Efficiency)



We need to change how we produce and consume energy in all parts of our societies. At the same time, we need to ensure competitiveness, economic growth and jobs, thus enabling businesses to use their innovative power to protect the climate and enable the transition towards a sustainable world economy.



Financing Growth and Infrastructure



Introduction

An open and resilient financial system is crucial to support sustainable growth and development. The most recent economic and financial crisis exposed many shortcomings in the regulation and supervision of the financial system. The G20 played an important role in managing the crisis, and recent regulatory reforms – both domestic and international – have made markets more resilient. Since then, we have come a long way – but not far enough by a long chalk. There is still much to do regarding financial inclusion, digital finance, and infrastructure investment. Furthermore, not all regulations have had an undisputably positive effect. The business community is worried about the implications of certain measures on investment, productivity, and growth prospects – particularly of SMEs – as well as trade. All international financial standards should be balanced, based on an explicit cost/benefit analysis and take into account both financial stability and growth objectives. This is, thus far, not the case.

The B20 Taskforce Financing Growth and Infrastructure (FGI) formulated three policy recommendations in

its policy paper “Investing in Resilient, Future-Oriented Growth: Boosting Infrastructure Investment and Balancing Financial Regulation”:

1. *Boosting Infrastructure Finance*
2. *Designing Growth-Enhancing Financial Regulation*
3. *Establishing a Stable and Investment Friendly Environment*

All three recommendations are reflected in the G20 Leaders’ Declaration and its annexes. The third recommendation on *Establishing a Stable and Investment Friendly Environment* received the highest responsiveness rate with 90 percent. Recommendation 1 on *Boosting Infrastructure Finance* also received a rather high rate of 87 percent. In contrast, Recommendation 2 on *Designing Growth-Enhancing Financial Regulation* received an adequate rate of 67 percent. This results in an average of 81 percent for all three policy recommendations related to financing growth and infrastructure.

Financing Growth and Infrastructure Overall Score		
Recommendations	Points	Score %
Recommendation 1: Boosting Infrastructure Finance – G20 members should boost infrastructure finance by developing and promoting bankable and investment-ready infrastructure project pipelines, enhancing the role of Multilateral Development Banks (MDBs) as catalysts for private sector investment, and fostering green finance markets.	260 of 300	87
Recommendation 2: Designing Growth-Enhancing Financial Regulation – The G20 should reaffirm its support for international cooperation, while calling on international financial standard-setting bodies and national regulators to increase regulatory coherence, transparency in the development and implementation of regulation, and accountability to all G20 objectives, as well as facilitate the digitalization of finance.	200 of 300	67
Recommendation 3: Establishing a Stable and Investment Friendly Environment – The G20 members should improve conditions for foreign direct investment by supporting a stable legal and regulatory environment – including greater tax certainty.	180 of 200	90

Comparison Financing Growth and Infrastructure Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany “Financing Growth and Infrastructure”	Very good
Comparison: ICC Evaluation B20 China “Financing Growth”	Good
Comparison: ICC Evaluation B20 Turkey “Financing Growth”	Good
Comparison: ICC Evaluation B20 Australia “Financing Growth”	Good

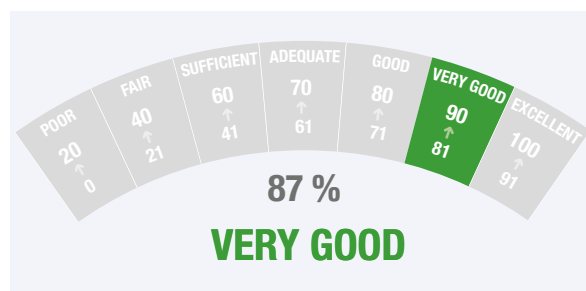
All eight policy actions proposed by the B20 received a full mention in the G20 final published materials. The B20 is particularly pleased to see that the G20 has built upon B20 work to move forward the agenda of building resilience and supporting economic growth.

Most of the relevant G20 commitments are aligned with the FGI recommendations. The B20 welcomes that the G20 committed to an open and resilient financial system, which is grounded in international standards, and which supports sustainable growth. B20 commends that the G20 underlined the need for strong, effective, and representative global economic and financial institutions. Furthermore, the B20 appreciates the reflection of its recommendations on infrastructure development in the G20 Declaration. We particularly note that the G20 recognized the need to enhance the role of Multilateral Development Banks (MDBs) to crowd in private investment in order to close the infrastructure financing gap.

However, the extent to which the B20 recommendations were integrated varies, in terms of detail and the level of commitment. Some of the issues raised by the

TF Financing Growth and Infrastructure received limited attention, or no specific actions or follow-up measures were identified. Such issues include the need for developing infrastructure project pipelines, the development of green finance, ex-ante evaluation of proposed financial regulation, and RegTech.

Recommendation 1: Boosting Infrastructure Finance



The taskforce formulated three policy actions under Recommendation 1:

1.1 *Developing and Promoting Bankable and Investment-Ready Infrastructure Project Pipelines*

1.2 *Enhancing the Role of MDBs*

1.3 *Fostering Green Finance*

With 100 points, Policy Action 1.2 scored the highest responsiveness rating, followed closely by Policy Actions 1.1 and 1.3 with 80 points each.

Financing Growth and Infrastructure Recommendation 1 Score

Recommendation 1	Goal	Measure	Owner	Total
Policy Action 1.1: Developing and Promoting Bankable and Investment-Ready Infrastructure Project Pipelines – The G20 should ask the Global Infrastructure Hub (GIH), in conjunction with the World Bank and other MDBs, to develop and promote bankable and investment-ready infrastructure project pipelines through dedicated portals allowing access to project information, through the standardization of documentation, and by sharing and adopting best practices on private finance for public infrastructure.	50	30	0	80/100
Policy Action 1.2: Enhancing the Role of MDBs – The G20 should encourage MDBs to further expand their role as catalysts for private sector investment, for example, through extending guarantees and co-financing, with a clearer focus on the construction phase of infrastructure projects, and enhanced exchange with private stakeholders.	50	40	10	100/100
Policy Action 1.3: Fostering Green Finance – The G20 and G20 members should foster the growth of green finance markets through commonly accepted terminologies and concepts, improved publication of information, and the development of international standards for proportionate and consistent market regulation.	40	30	10	80/100

Policy Action 1.1 – Developing and Promoting Bankable and Investment-Ready Infrastructure Project Pipelines

Under the pillars “Building Resilience”, “Assuming Responsibility”, and “Improving Sustainable Livelihoods” the G20 Leaders’ Declaration very much reflects Recommendation 1 of the TF Financing Growth and Infrastructure.

However, the three proposed policy actions of Recommendation 1 were not reflected to the same extent. The G20 Leaders’ Declaration fully aligns with Policy Action 1.1, but fell short of describing the measures that need to be taken for implementation. No clear direction was provided related to the improvement of the infrastructure project pipeline or the promotion of dedicated portals for allowing access to project information.

Policy Action 1.2 – Enhancing the Role of MDBs

Much of the emphasis in the G20 documents on infrastructure project development rests on enhancing the role of MDBs to act as catalysts to crowd-in private

investment, clearly reflecting Policy Action 1.2. The G20 Leaders’ Declaration and the “Hamburg Principles and Ambitions” define a pragmatic approach to better quantify the ability of MDBs to facilitate private investments in infrastructure, as also requested by the TF Financing Growth and Infrastructure. This entails, for example, a target of a 25-35 percent increase in mobilization over the next three years. B20 also welcomes the call for an integrated MDB implementation report by the G20 Leaders’ Summit in 2018 and annual reporting on crowd-in. The special character of the Principles and other initiatives such as the Global Infrastructure Connectivity Alliance (GICA) are further underlined in the Hamburg Action Plan. However, the B20 regrets that the G20 did not highlight the importance to facilitate the construction phase of infrastructure projects. The B20 is furthermore disappointed that the G20 did not mention the need to increase collaboration and information-sharing between MDBs and private stakeholders, as explicitly noted in Policy Action 1.2.



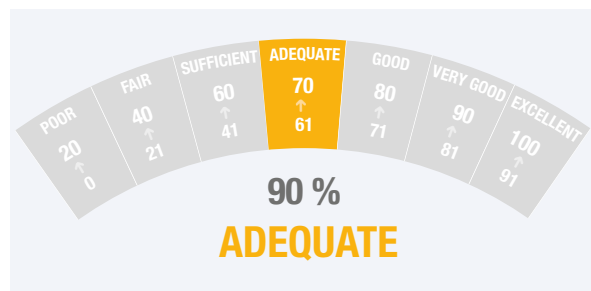
Photo: Representatives of the Financing Growth and Infrastructure Chair and Co-Chairs at the B20 Kick-Off Conference 2017 in Berlin

Policy Action 1.3 – Fostering Green Finance

Finally, in the area of green finance and financial disclosure, a minor improvement was achieved. While it was omitted from the Baden-Baden Communiqué of the G20 Finance Ministers, the work of both the G20 Green Finance Study Group and the Taskforce on Climate-Related Financial Disclosure (TCFD) is at least mentioned in the Hamburg Action Plan. However, no specific steps were identified, as suggested in Policy Action 1.3, in terms of calibration of the regulatory framework and the implementation of climate-related financial disclosure that remains on a voluntary basis.

The B20 would like to see the G20 to more strongly foster the growth of green finance markets through commonly accepted terminologies and concepts, and improved publication of information. The G20 should encourage the development of international standards for proportionate and consistent market regulation. Regarding climate-related financial disclosure, G20 members should build on the recommendations of the TCFD and work towards their implementation, in particular through harmonized metrics endorsed by relevant industries and associations.

Recommendation 2: Designing Growth-Enhancing Financial Regulation



The B20 Taskforce FGI formulated three policy actions under Recommendation 2:

- 2.1 *Enhancing Evidence-Based Standard Setting*
- 2.2 *Strengthening Financial Regulatory Coherence*
- 2.3 *Facilitating Digitalization of Finance*

With a total score of 100 points, Policy Action 2.3 had the highest responsiveness rating, while Policy Actions 2.1 and 2.2 only garnered 50 points each.

Financing Growth and Infrastructure Recommendation 2 Score				
Recommendation 2	Goal	Measure	Owner	Total
Policy Action 2.1: Enhancing Evidence-Based Standard Setting – The G20 should prompt international financial standard-setting bodies to adhere to good regulatory practices and to more rigorously evaluate potential effects of new rules on the economy, to support and balance stability and economic growth.	40	10	0	50/100
Policy Action 2.2: Strengthening Financial Regulatory Coherence – The G20 should request the FSB to set up a more formal mechanism for continuous and systematic cross-border dialogue between national regulators to improve coherence in the implementation and interpretation of international standards.	50	0	0	50/100
Policy Action 2.3: Facilitating Digitalization of Finance – The G20 members should facilitate the digitalization of finance by creating an innovation-friendly environment that favors sustainable growth and digital financial inclusion, while at the same time carefully designing rules that address risks and guarantee a level playing field across all players and countries.	50	40	10	100/100

Recommendation 2 of the TF Financing Growth and Infrastructure focused on *Designing Growth-Enhancing Financial Regulation*. The G20 Leaders Declaration with its “commitment to international economic and financial cooperation and strong, effective, and representative global economic and financial institutions” strongly reflects the B20 recommendation. The policy actions of Recommendation 2 are to a large extent mirrored in the G20 objectives.

Policy Action 2.1 – Enhancing Evidence-Based Standard Setting

B20 welcomes that the G20 reaffirmed its commitment “to the finalization and timely, full and consistent implementation of the agreed G20 financial sector reform agenda”, and more specifically, the finalization of Basel III reform. It is noteworthy that the Hamburg Action Plan clearly mentions the support for the activities of the Basel Committee on Banking Supervision’s (BCBS), the Financial Stability Board (FSB), and the International Organization of Securities Commissions (IOSCO) in that regard.

The B20 appreciated that the G20 Leaders “support the FSB’s work to analyze the effects of financial regulatory reforms and the structured framework for post-implementation evaluation”. The Hamburg Action Plan further incorporates the FSB’s third annual report on the implementation and effects of reforms and the FSB structured framework for the post-implementation evaluation of the

effects of G20 financial regulatory reforms. However, the B20 is disappointed to see that there is nothing more concrete to really ensure the mitigation of unintended consequences. The B20 thus remains concerned that the finalization of Basel III will have unintended effects on already subdued economic growth.

Policy Action 2.2 – Strengthening Financial Regulatory Coherence

There is no mention in the G20 Documents of the B20 proposal to set up a mechanism for continuous and systematic cross-border dialogue between national regulators to improve coherence in the implementation and interpretation of international standards. At the same time, there is no mention of the proposed action to carry out Quantitative Impact Studies on proposed and current standards, or any other action, that would *ex-ante* ensure the mitigation of potential unintended consequences. All international financial standards should be designed based on an explicit cost/benefit analysis, taking into account both financial stability and growth objectives. The economic consequences of proposed standards, between and within various jurisdictions, should be evaluated before their adoption.

The B20 notes positively that the Hamburg Action Plan hints at the willingness of the G20 to continuously enhance the monitoring of reforms to ensure their consistency with the G20’s overall objectives. However, it remains unclear



Photo: Pierre Nanterme (Chief Executive Chief Executive Officer, Accenture and Co-Chair, B20 Taskforce Digitalization) and Wolfgang Schäuble (German Federal Minister of Finance, 2009-2018) at the B20 Summit 2017 in Berlin

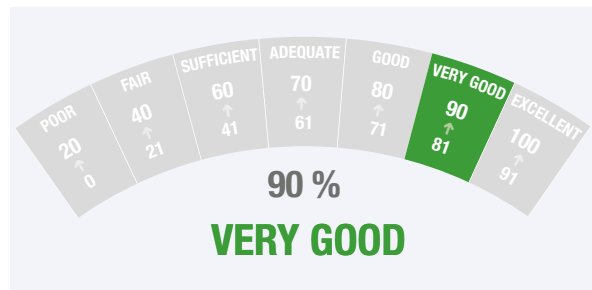
how policy coherence would be increased. The G20 Leaders, unfortunately, did not follow the B20 recommendation to mandate the FSB to set up a more formal mechanism for continuous and systematic cross-border dialogue with and between national regulators, including addressing possible unintended consequences of conflicting objectives across regulation.

Policy Action 2.3 – Facilitating Digitalization of Finance

Regarding the facilitation of Digitalization of Finance, the Hamburg Action Plan recognized the need to boost digital financial inclusion, while addressing risks and guaranteeing a level playing field. This is in line with Policy Action 2.3. Both the G20 and B20 have identified the FSB as the appropriate body to manage this. B20 recommendations and G20 commitments are aligned in terms of goals and measures. However, the FSB document on the impacts of technology-enabled financial innovation (FinTech) on financial stability, endorsed by the G20, falls short on identifying best practices and ensuring cross-country coherence in regulation. Concrete actions to enhance RegTech development and adoption, as recommended in Policy Action 2.3, are also missing. These topics are still not adequately addressed by regulators. In general, especially regarding on digital finance and FinTech, B20

is disappointed that the Hamburg Action Plan neglects to mention the cooperation with the private sector.

Recommendation 3: Establishing a Stable and Investment Friendly Environment



B20 formulated two policy actions under Recommendation 3:

- 3.1 *Improving Legal and Regulatory Frameworks*
- 3.2 *Ensuring Greater Certainty in Taxation*

With 90 points each, Policy Actions 3.1 and 3.2 both received high responsiveness ratings.

Financing Growth and Infrastructure Recommendation 3 Score				
Recommendation 3	Goal	Measure	Owner	Total
Policy Action 3.1: Improving Legal and Regulatory Frameworks – The G20 members should, in building on the G20 Guiding Principles for Global Investment Policymaking and the development of the G20 Investment Facilitation Package, put particular emphasis on the stability and certainty of legal and regulatory frameworks for foreign direct investors.	50	30	10	90/100
Policy Action 3.2: Ensuring Greater Certainty in Taxation – The G20 members should enhance the certainty of tax systems to support a stable international tax environment by prioritizing consistency, simplification, support for investment, and capacity building in tax authorities.	50	30	10	90/100

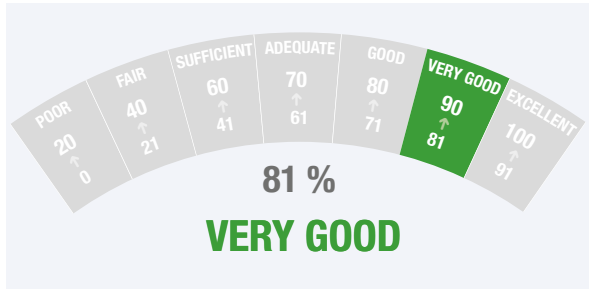
Policy Action 3.1 – Improving Legal and Regulatory Frameworks

The objective of B20 Recommendation 3 is to create an investment-friendly environment by calling on the G20 to take action in two main areas: regulatory certainty and tax certainty. B20 appreciates the commitments under the Hamburg Action Plan and the Hamburg Update: Taking Forward the G20 Action Plan on the 2030 Agenda for Sustainable Development to “an open world economy and to further work towards trade and investment facilitation and liberalization” and to reconfirm the G20 Guiding Principles for Global Investment Policymaking. However, the G20 Guiding Principles remain non-binding for G20 members, and there is no additional emphasis on creating stability and the certainty of legal and regulatory frameworks.

Policy Action 3.2 – Ensuring Greater Certainty in Taxation

Policy Action 3.2 recognized the earlier commitment of G20 Leaders to intensify joint efforts to enhance tax certainty and their commitment to work towards a globally fair and modern international tax system through the implementation of the Base Erosion and Profit Shifting (BEPS) package. B20 Germany called on G20 members to consider practical tools for enhanced tax certainty, as proposed in the OECD and the IMF report of March 2017. This is important to create greater certainty for businesses, despite the fact that the nature of the implementation of the OECD/IMF tools remain on a voluntary basis. However, B20 would have liked to see a stronger commitment of the G20.

Conclusion



The TF Financing Growth and Infrastructure had a significant impact on the work of the G20, raising awareness on a wide range of important topics for the business community and proposing concrete action to solve related issues (e.g. green finance, digital finance, growth-enabling regulation, etc.). This draws on the positive results of previous B20 cycles.

In the realm of finance, the G20 was able to build on past work and move the agenda forward. The G20 Leaders’ Declaration and annexes show a solid level of G20 responsiveness to B20 recommendations. B20 regrets, however, that G20 commitments often lack the necessary detail for their implementation. Based on our evaluation, the overall average G20 responsiveness to the B20 recommendations on financing growth and infrastructure is 81 percent.

Photo: Oliver Bäte (CEO, Allianz SE and Chair, B20 Taskforce Financing Growth and Infrastructure)



I applaud the G20’s commitment to international economic and financial cooperation, as this will ultimately create opportunities and wealth for more people across the globe.



Digitalization

FRITZ KRETZSCHMAR
FEDERAL MINISTER
FOR ECONOMIC AFFAIRS AND ENERGY

KLAUS ROSENFELD
CHIEF EXECUTIVE OFFICER
SCHAEFFLER AG

YOUNG-GUY HWANG
CHIEF EXECUTIVE OFFICER
SK TELECOM

MARY ANDRINGA
CHAIR OF THE BOARD
VERMEER CORPORATION



Introduction

B20 Germany made three policy recommendations in its policy paper “Digitalization for All: Future-Oriented Policies for a Globally Connected World”:

1. *Foster Global Connectivity*
2. *Strengthen Industry 4.0 and the Industrial Internet*
3. *Embrace Artificial Intelligence*

Harnessing digitalization has also been a key topic in this year’s G20 Leaders’ Declaration. The G20 focused prominently on bridging digital divides, development of the digital economy, trust in digital technologies, secure ICT environments, and e-commerce. Furthermore, the G20 clearly emphasized the role of digitalization for workforce development, as well as empowerment and inclusion of women and girls.

The G20 Leaders rightly acknowledged that digital transformation is a driving force of global, innovative, inclusive, and sustainable growth. They also pointed out that digitalization can contribute to reducing inequality and achieving the goals of the 2030 Agenda for Sustainable Development.

In addition to the G20 Leaders’ Declaration, digitalization was addressed in several other G20 documents. These include the G20 Hamburg Action Plan, the Hamburg Update, the G20 Initiative “#eSkills4Girls”, and the G20 Digital Economy Ministerial Declaration, including its annex papers “A Roadmap for Digitalisation”, “Digital Skills in Vocational Education and Training” and “G20 Priorities on Digital Trade”.

All three of the aforementioned B20 recommendations were addressed in the official G20 documents – however, this was accomplished in different levels of detail. While the B20 recommendations on global connectivity and I4.0&II were mentioned more clearly by the G20, the topic of artificial intelligence (AI) was not indicated directly. Apart from the reference to Japan’s 2017 Growth

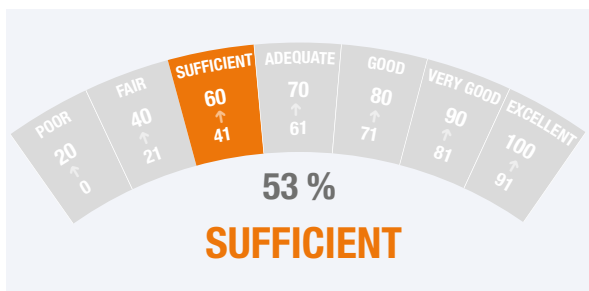
Strategies in the Hamburg Action Plan, which includes, among other initiatives, the greater use of AI, artificial intelligence was not directly mentioned in the final G20 documents.

The B20 recommendation on global connectivity scored a G20 responsiveness of 53 percent. With 80 percent, Recommendation 2 reached the highest score of all three recommendations. G20 responsiveness to AI, however, scored only 37 percent.

Digitalization Overall Score		
Recommendations	Points	Score %
Recommendation 1: Foster Global Connectivity – The G20 should foster global connectivity through the definition of a harmonized cybersecurity baseline framework, by supporting norms for responsible state behavior, by enabling free and trustworthy cross-border data flows, and by fostering investment in ICT infrastructure as well as in skill and capacity building.	160 of 300	53
Recommendation 2: Strengthen Industry 4.0 and the Industrial Internet – The G20 should support the dissemination of Industry 4.0 and the Industrial Internet (I4.0&II) by fostering innovation, ICT infrastructure deployment, and the development and use of global standards.	240 of 300	80
Recommendation 3: Embrace Artificial Intelligence – The G20 should support the evolution of human-centric artificial intelligence (AI) and related technologies by ensuring informed public dialogues on opportunities and challenges, supporting development and deployment of innovation, and accelerating the rollout of smart infrastructure.	110 of 300	37

Comparison Digitalization Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany “Digitalization”	Sufficient
Comparison: ICC Evaluation B20 China: no taskforce on digitalization	N/A
Comparison: ICC Evaluation B20 Turkey: no taskforce on digitalization	N/A
Comparison: ICC Evaluation B20 Australia: no taskforce on digitalization	N/A

Recommendation 1



- 1.1 Improve Cybersecurity
- 1.2 Enable Cross-Border Data Flows
- 1.3 Expand ICT Infrastructure

With 90 points, Policy Action 1.3 received the highest rating, while Policy Action 1.1 earned 50 points and Policy Action 1.2 only 20 points.

The B20 TF Digitalization formulated three policy actions for Recommendation 1 “Foster Global Connectivity”:

Digitalization Recommendation 1 Score				
Recommendation 1	Goal	Measure	Owner	Total
Policy Action 1.1: Improve Cybersecurity – The G20 should improve cyberrisk management by encouraging the development of a harmonized cybersecurity baseline framework as well as of a concept for a global interoperable information-sharing platform under OECD guidance, and support a process leading to norms for responsible state behavior.	10	30	10	50/100
Policy Action 1.2: Enable Cross-Border Data Flows – G20 members should commit in trade agreements not to prevent the free flow of data across borders – without prejudice to clearly defined exceptions for the protection of privacy and security. Furthermore, G20 members should strengthen efforts for interoperable data protection standards, facilitate the use of the accountability principle, and pursue additional bilateral and plurilateral agreements that enable cross-border data flows consistent with privacy and data protection requirements.	10	10	0	20/100
Policy Action 1.3: Expand ICT Infrastructure – To foster affordable broadband access for all, G20 members should encourage private investments in ICT by considering the established and important principle of technological neutrality, through a simplified, market-oriented, and transparent regulatory environment, and through incentives to invest in less profitable areas, as well as by fostering investments for skill and capacity building.	50	30	10	90/100

Policy Action 1.1 – Improve Cybersecurity

The G20 Leaders' Declaration reaffirms “the importance of collectively addressing issues of security in the use of ICTs”. However, the G20 neither explicitly addressed cybersecurity nor the development of a harmonized cybersecurity baseline framework, as called for by the B20. The Digital Ministers underlined the necessity to strengthen trust in the digital economy by the exchange of experiences, among other measures. Although this intention does not, in detail, reflect the concept of a global interoperable information-sharing platform as proposed by the B20, it can be considered a relevant step to improve cyberspace security.

Policy Action 1.2 – Enable Cross-Border Data Flows

Regarding cross-border data flows, the G20 Leaders' Declaration endeavors “to support the free flow of information.” However, the G20 Leaders did not explicitly state that they would commit in trade agreements not to prevent the free flow of data across borders, which has been requested by the B20.

Policy Action 1.3 – Expand ICT Infrastructure

With a total score of 90 points, Policy Action 1.3 (ICT Infrastructure) achieved the highest rating, followed by the Policy Actions on cybersecurity (50 points) and cross-border data flows (20 points).

The Leaders' Declaration clearly states that the G20 will “strive to ensure that all our citizens are digitally connected by 2025.” The B20 similarly put “broadband access for all” at the center of its policy action. Regarding the proposed measures, a significant congruence with B20 recommendations can be observed. In the “Roadmap for Digitalisation”, the G20 Digital Ministers stated that they intend to “stimulate investment in digital infrastructure”.

Recommendation 2

With regard to Industry 4.0 and the Industrial Internet (I4.0&II), the B20 formulated the following policy actions:

- 2.1 Facilitate Innovation
- 2.2 Foster ICT Infrastructure for I4.0&II
- 2.3 Encourage Development of Global and International Standards

Policy Action 2.3 was fully congruent with G20 provisions and receives the highest responsiveness rating of 100 points. With 70 points each, Policy Actions 2.2 and 2.1 also scored high responsiveness ratings.



Digitalization Recommendation 2 Score				
Recommendation 2	Goal	Measure	Owner	Total
Policy Action 2.1: Facilitate Innovation – G20 members should facilitate the use and dissemination of technology solutions for I4.0&II by increasing awareness of use cases and opportunities through the initiation of an international knowledge exchange platform of practice at the OECD and World Bank Group, and by supporting demonstration systems of private organizations and academia.	30	30	10	70/100
Policy Action 2.2: Foster ICT Infrastructure for I4.0&II – The G20 should encourage public-private cooperation for setting specific I4.0&II ICT infrastructure goals that serve business needs, implement forward-looking ICT infrastructure policies, and facilitate new business models as well as the use of new technologies by avoiding burdensome, needlessly constraining regulations.	30	30	10	70/100
Policy Action 2.3: Encourage Development of Global and International Standards – G20 members should foster the development and use of globally interoperable standards and specifications by supporting industry-led multistakeholder cooperation and market-driven standardization initiatives, as well as referring to consensus-based globally relevant standards and specifications in public procurement.	50	40	10	100/100

Policy Action 2.1 – Facilitate Innovation

The G20 addressed the need to foster innovation. According to the Roadmap for Digitalisation, the G20 want to “encourage continued development of the IoT and the digitalisation of production” inter alia by sharing “information and experiences to support improving access, adoption and effective use of digital technologies.” However, the G20 did not commit to initiate an exchange platform of best practice at the OECD and World Bank Group, as called for by the B20.

Policy Action 2.2 – Foster ICT Infrastructure for I4.0&II

The G20 Digital Ministers stated that they intend to encourage continual investment in the development of digital infrastructures to meet existing and future demand. Although the G20 intend to “promote a competitive environment and pro-investment policies that stimulate investment in digital infrastructure” they did not explicitly address the need to avoid burdensome, needlessly constraining regulations, as the B20 TF Digitalization requested.

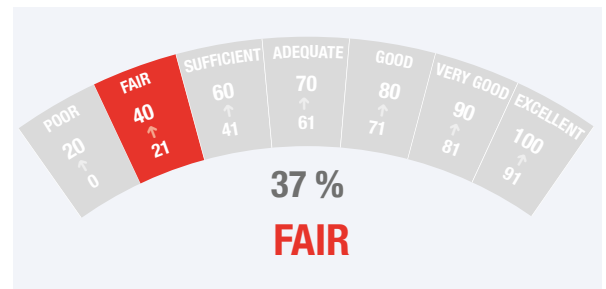


Photo: Brigitte Zypries (German Federal Minister of Economics and Energy, 2017-2018) at the B20 Summit 2017 in Berlin

Policy Action 2.3 – Encourage Development of Global and International Standards

In both the G20 Leaders' Declaration and the Digital Economy Ministerial Declaration, the G20 committed to international standards. Accordingly, the G20 want to “promote effective cooperation of all stakeholders and encourage the development and use of market- and industry-led international standards for digitised production, products and services that are based on the principles of openness, transparency and consensus” – a distinct pledge, also demanded by the B20.

Recommendation 3



B20 formulated three policy actions to embrace AI:

- 3.1 *Encourage an Informed Public Dialogue*
- 3.2 *Provide a Favorable Ecosystem*
- 3.3 *Facilitate Smart Infrastructure*

Policy Actions 3.1 and 3.3 earned only 30 points each. Policy Action 3.2 was reflected more clearly in the G20 documents and scored 50 points.

Digitalization Recommendation 3 Score				
Recommendation 3	Goal	Measure	Owner	Total
Policy Action 3.1: Encourage an Informed Public Dialogue – The G20 should encourage the OECD to set up a multistakeholder initiative to analyze potential applications, benefits, and challenges of AI, and provide guidance for governments on an informed public dialogue on AI.	10	10	10	30/100
Policy Action 3.2: Provide a Favorable Ecosystem – G20 members should develop forward-looking policies that support the rollout of AI by adjusting regulations to facilitate the use of emerging technologies, such as big data, and foster related investment and innovation.	30	10	10	50/100
Policy Action 3.3: Facilitate Smart Infrastructure – The G20 and its members should support the implementation of smart infrastructure by mandating the Global Infrastructure Hub (GIH) to make available – jointly with the private sector – use and business cases to illustrate potential benefits, reducing barriers to foreign direct investments in ICT and smart infrastructure, and complement private investments in less profitable deployments.	10	10	10	30/100

Policy Action 3.1 – Encourage an Informed Public Dialogue

The G20 Digital Ministers acknowledged the need to adapt “policies in an increasingly digital and information and knowledge driven global economy.” As stated in the Roadmap for Digitalisation, G20 intends to “share best practices and lessons learned regarding the impacts of

digitalisation and policy approaches to adapt to a knowledge driven global economy.” However, the B20 regrets that its recommendation to encourage the OECD to set up a multi-stakeholder initiative to analyze potential applications, benefits, and challenges of AI and to provide guidance for governments on an informed public dialogue on AI, was not taken further by the G20.

Photo: Mary Andringa (Chair of the Board, Vermeer Corporation and Co-Chair, B20 Cross-thematic Group SMEs) at the B20 Summit 2017 in Berlin



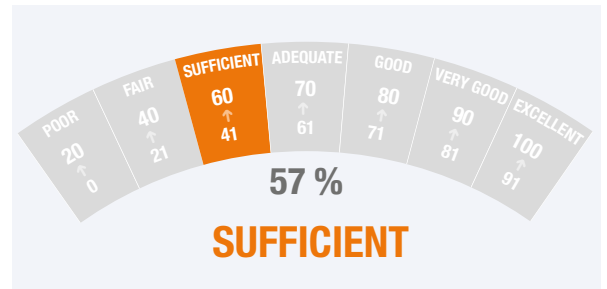
Policy Action 3.2 – Provide a Favorable Ecosystem

The B20 appreciates that the G20 Digital Ministers committed to “promote a more entrepreneurial friendly environment.” Nonetheless, the G20 fell behind B20’s expectations regarding the provision of a favorable ecosystem, by saying little about adjusting regulations.

Policy Action 3.3 – Facilitate Smart Infrastructure

Regarding smart infrastructure, the G20 only marginally addressed its overall economic and social potential through references to smart cities, smart mobility, IT security, and smart farming. Besides sharing best practices, encouraging centers of excellence, and learning partnerships, the G20 remained vague regarding specific measures. G20 showed little responsiveness to suggestions made by the B20, which include reducing barriers to foreign direct investments in ICT and smart infrastructure, and complementing private investments in less profitable deployments.

Conclusion



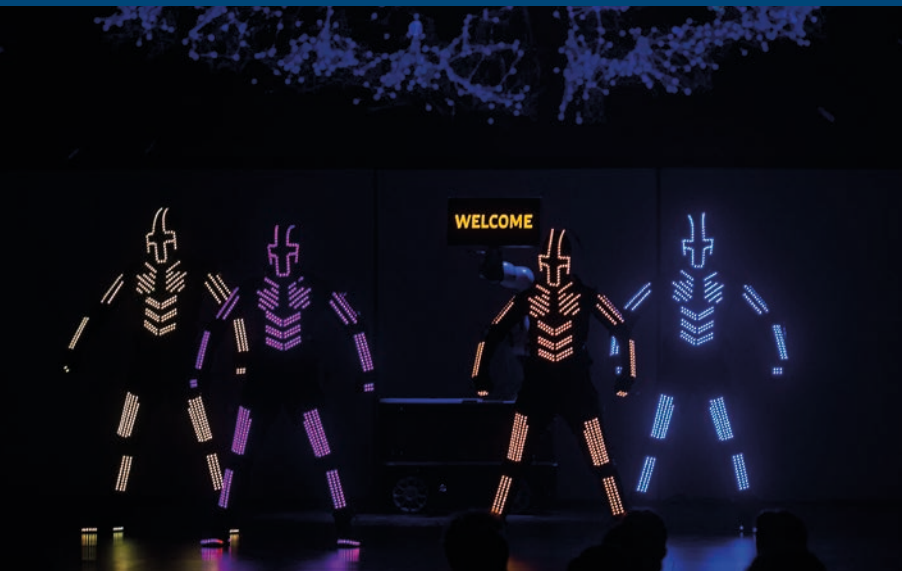
Overall, the G20 scored an average responsiveness rating of 57 percent on digitalization. The G20 addressed many of the most pressing issues. However, G20 commitments often lack the necessary detail for successful implementation. Thus, B20 recommendations can serve as a solid basis for future initiatives by individual G20 member states as well as by the Argentinean G20 Presidency in the next G20 cycle. In particular, the B20 hopes that G20 will place a greater emphasis on AI.

Photo: Klaus Helmrich (Member of the Executive Board, Siemens AG and Chair, B20 Digitalization Taskforce)



G20 GERMANY 2017

BUSINESS 20 DIALOGUE





Employment and Education



Introduction

The B20 formulated three policy recommendations in its policy paper “Open, Dynamic and Inclusive Labor Markets: Harnessing the Potential of Technological Change and Creating a Global Level Playing Field”:

1. *Promote Open, Dynamic and Inclusive Labor Markets*
2. *Harness the Potential of Technological Change*
3. *Create a Global Level Playing Field*

Each of the three policy recommendations were reflected in at least one of the reviewed G20 documents. With a score of 97 percent, Recommendation 2 received the highest G20 responsiveness among the three recommendations. Looking at the total scores, however, does not show the whole picture. G20 responsiveness to the goals of Recommendation 2 was solid, but G20 actions seemed to be limited to specific country actions, women and girls, and rural Africa. Thus, G20 responsiveness to the actions identified by the B20 was somewhat lower.

Recommendation 1 earned the second highest overall responsiveness rating with 70 percent, scoring full compatibility on measures on Policy Action 1.1 (promoting diverse forms of work) and 1.2 (promoting female workforce participation).

Recommendation 3 scored considerably lower with an overall score of 57 percent, due to lesser G20 responsiveness to B20 measures across all policy actions. It is worth noting that Policy Action 3.3 – promoting guiding principles on human rights – received the maximum responsiveness score in terms of goals, but scored low on measures, suggesting that the steps towards implementation are either not fully transparent or require further improvement, even if the goals are acknowledged.

A note of caution is in order as B20 and G20 goals and measures are not presented in the same way. Hence, best efforts were taken by B20 Germany to match the intent of relevant sections of the G20 content to the B20 documents. Although some specific G20 actions may be fully congruent with B20 actions, they were calculated as medium, if they were specific to one group or country.

Employment and Education Overall Score		
Recommendations	Points	Score %
Recommendation 1: Promote Open, Dynamic and Inclusive Labor Markets – G20 members should promote open, dynamic and inclusive labor markets by removing structural and legal barriers, promoting diverse forms of work and female employment, and by bringing labor migration policies in line with labor market needs.	210 of 300	70
Recommendation 2: Harness Technological Change – G20 members should harness the potential of technological change through better education and training, entrepreneurship, and innovation frameworks.	290 of 300	97
Recommendation 3: Create a Global Level Playing Field – G20 members should create a global level playing field and promote fair competition.	170 of 300	57

Comparison Employment and Education Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany “Employment and Education”	Good
Comparison: ICC Evaluation B20 China “Employment”	Good
Comparison: ICC Evaluation B20 Turkey “Employment”	Fair
Comparison: ICC Evaluation B20 Australia no taskforce on Employment and Education	N/A

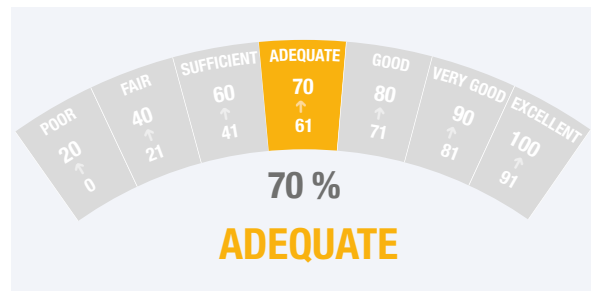
Recommendation 1

B20 formulated the following three policy actions:

- 1.1 *Promote Diverse Forms of Work*
- 1.2 *Promote Female Employment*
- 1.3 *Adopt Migration Policies in Line with Labor Market Needs*

Policy Action 1.2 earned the highest rating possible with 100 points. Policy Action 1.1 received 60 points and Policy Action 1.3, 50 points. Overall, the G20 documents

partially reflect the B20 policy goals and measures, in particular those supporting and enabling female labor market participation. Conversely, actions for migration goals are limited.



Employment and Education Recommendation 1 Score				
Recommendation 1	Goal	Measure	Owner	Total
Policy Action 1.1: Promote Diverse Forms of Work – Governments should remove legal and structural barriers on the labor market and promote diverse forms of work (e.g. diverse forms and terms of employment and work organization).	10	40	10	60/100
Policy Action 1.2: Promote Female Employment – Governments should ensure policy frameworks that improve female entrepreneurship and female labor market participation.	50	40	10	100/100
Policy Action 1.3: Adopt Migration Policies in Line with Labor Market Needs – G20 countries should bring labor migration policies in line with labor market needs including those of enterprises.	30	10	10	50/100

Photo: Sunil Bharti Mittal (Chairman, International Chamber of Commerce and Co-Chair, B20 Taskforce Trade and Investment), Hans-Paul Bürkner (Chairman, The Boston Consulting Group and Co-Chair B20 Taskforce Digitalization) and Gabriela Ramos (OECD Chief of Staff and Sherpa to the G20) at the B20 Summit 2017 in Berlin



Policy Action 1.1 – Promote Diverse Forms of Work

The G20 acknowledged the goal of increasing diversity of employment. To achieve this, the G20 mentioned various measures such as advancing policies for expanding social protection coverage for all (Hamburg Action Plan) and facilitating entrepreneurship, while addressing informality. In addition, there are specific country actions from Brazil, Canada, and France, which also include steps to reducing informality.

Policy Action 1.2 – Promote Female Employment

Policy Action 1.2 scored full marks on G20 responsiveness. The G20 clearly stated goals, including closing the gender gap and recognizing the full range of structural enablers to women in the workforce – skills, entrepreneurship, STEM education, and so on. Likewise, the G20 specifically acknowledged the importance of harnessing new technologies to support women, as the B20 recommended. There are also clear measures in the recently launched #eSkills4Girls initiative and women entrepreneurship financing initiative. B20 regrets, however, that the removal of legal restrictions to women entering the workforce seems only to be addressed within certain country measures.

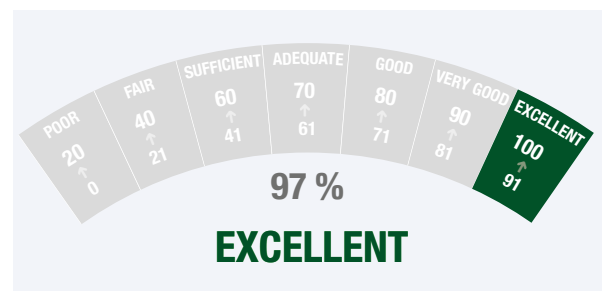
Policy Action 1.3 – Adopt Migration Policies in Line with Labor Market Needs

Regarding migration and integration, G20 focused on both migrants and refugees but did not sufficiently differentiate between different groups. The TF Employment and Education specifically distinguished between economic migrants and refugees, underlining that migration needed to be a “win-win” for migrants as well as the countries of origin and the receiving countries. This was not sufficiently reflected by the G20.

The TF Employment and Education also recommended that governments implement easily understandable, employment-friendly immigration laws. B20 notes with disappointment that the G20 showed little responsiveness to this recommendation. This policy action thus has the least congruence on measures.

With regards to ownership, the B20 more generally called on national governments to implement measures, while the G20 identified specific owners, including the OECD, in cooperation with the ILO, IOM, and UNHCR.

Recommendation 2



The G20 showed the strongest responsiveness to Policy Recommendation 2 of the three recommendations made by the TF Employment and Education.

- 2.1 *Establish Regulations that are Conducive to Business Innovation*
- 2.2 *Invest in Skills Development*
- 2.3 *Promote Entrepreneurship*

Policy Actions 2.1 and 2.3 earned, with 100 points each, the highest G20 responsiveness possible. With 90 points, Policy Action 2.2 also received a commendable responsiveness rating.

G20 and B20 goals are fully congruent with regard to harnessing technological change. The G20 showed high responsiveness to the B20 recommendation on skills development, as well as engaging with social partners in this effort, promoting an environment conducive to business innovation and to promoting entrepreneurship. The B20 welcomes the measures identified by the G20 to support skills and entrepreneurship. However, B20 regrets that they focus only exclusively on women and girls as well as Africa’s development, resulting in medium scores on measures.

Employment and Education Recommendation 2 Score

Recommendation 2	Goal	Measure	Owner	Total
Policy Action 2.1: Establish Regulations that are Conducive to Business Innovation – G20 countries should implement clear and consistent regulations while reducing bureaucracy and legal barriers to drive innovation.	50	40	10	100/100
Policy Action 2.2: Invest in Skills Development – G20 countries should urgently invest in skills development by identifying jointly with the business community the skills needs of each country and establish in cooperation with the social partners vocational training programs that instruct workers in skills that make them competitive in the new economy.	50	30	10	90/100
Policy Action 2.3: Promote Entrepreneurship – G20 countries should promote entrepreneurship and entrepreneurship education.	50	40	10	100/100

Policy Action 2.1 – Establish Regulations that are Conducive to Business Innovation

B20 notes positively that the G20 committed to implement policies that are conducive to innovation, including the reduction of bureaucracy. In some cases, G20 hinted at simplifications for business. G20 was more concrete regarding some country measures and policies targeting development in Africa, as well as women and girls. However, there is no mention of measures across G20

countries that go beyond the specific country examples. Hence, the G20 scored only medium responsiveness to the B20.

Policy Action 2.2 – Invest in Skills Development

B20 appreciates the high G20 responsiveness to B20 recommendations on investing in skills development and doing so in collaboration with social partners. G20 responsiveness was particularly high regarding actions

Photo: Susanne Hoffmann (Director General for European and International Employment and Social Policies, Federal Ministry of Labour and Social Affairs), Gerhard F. Braun (Vice President, BDA and Chair, B20 Taskforce Employment and Education) and Klaus Moosmayer (Chief Compliance Officer, Siemens AG, Anti-Corruption Chair, BIAC and Chair, B20 Cross-thematic Group Responsible Business Conduct and Anti-Corruption) at the B20 Summit 2017 in Berlin



relating to women and girls, as well as rural development in Africa. The G20 promoted an eSkills initiative for women and girls. There are also some specific country measures that are in full congruence with the policy actions proposed by the B20. However, the G20 did not agree on measures concerning all G20 countries. The G20 also neither reflected on the ILO training strategy nor the G20 apprenticeships initiative. Thus, G20 responsiveness to the B20 was ranked as medium.

Policy Action 2.3 – Promote Entrepreneurship

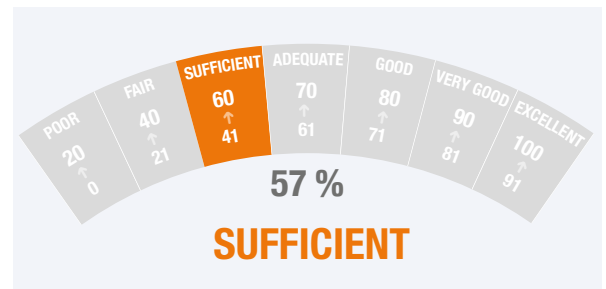
B20 is delighted that B20 and G20 goals on the promotion of entrepreneurship are fully congruent. The measures identified by the B20 and G20 showed medium congruence.

Again, G20 measures are limited to women and girls as well as development in Africa. Countries have agreed to the #eSkills4Girls initiative, the establishment of a business leaders' taskforce, the Africa partnership, and the women entrepreneurs financing initiative. The G20 highlighted some country-specific measures that appear to target certain market needs, such as industry development in Russia and public administration reforms in Spain.

However, entrepreneurship education, as recommended by B20, is neither included in the goals nor in the measures. Additionally, there is no mention of the G20 SMART Innovation Initiative, convening of the G20 SMART Innovation Forum, the establishment of G20 SMART industrial park to boost "G20 Young Entrepreneur Partnership", and the setup of the G20 SMART Innovation Fund and the Action Entrepreneurship Plan (established in 2016) that had been proposed by the B20.

A number of the G20 documents go beyond the B20 recommendations relating to ownership. The B20 more generally call on national governments to implement measures, while the G20 identify specific owners, including the World Bank, women entrepreneurs finance initiative and UNESCO, UN Women, ITU, and OECD to lead development of the platform on #eSkills4Girls.

Recommendation 3



G20 showed the lowest responsiveness to Recommendation 3 out of all the recommendations of the TF Employment and Education.

B20 formulated the following three policy actions:

- 3.1 *Implement and Enforce National Legislation*
- 3.2 *Build on Existing Initiatives*
- 3.3 *Promote the UN Guiding Principles and the OECD MNE Guidelines*

Policy Action 3.3 has a high responsiveness rating with 70 points. Policy Actions 3.2 and 3.1 earn 50 points each.

Globalization and interconnectedness have provided global economies with a wealth of opportunities. However, it is equally true that obstacles to achieving inclusive and sustainable globalization remain, and this is recognized by the G20. In particular, human rights infringements and problems regarding safe and healthy working conditions remain concerning.

Employment and Education Recommendation 3 Score				
Recommendation 3	Goal	Measure	Owner	Total
Policy Action 3.1: Implement and Enforce National Legislation – G20 countries should ensure better implementation and enforcement of legislation at the national level. It is the duty of the State to protect people in its territory against human rights infringements and it is the responsibility of companies to comply with national laws and respect human rights.	30	10	10	50/100
Policy Action 3.2: Build on Existing Initiatives – G20 members should build on the German G7 Presidency as well as the ILO ILC Discussion on Decent Work in global supply chains and strengthen existing initiatives on promoting sustainable supply chains.	30	10	10	50/100
Policy Action 3.3: Promote the UN Guiding Principles and the OECD MNE Guidelines – The G20 should promote the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises in order to strengthen responsible business conduct and shape a global level playing field.	50	10	10	70/100

Policy Action 3.1 – Implement and Enforce National Legislation

Policy Action 3.1 highlights the duty of the state to protect the people in its territory against human rights infringements in order to create a global level-playing field. This is reflected in the G20 documents. However, the G20 did not commit to do so by ensuring better implementation and enforcement of legislation at the national level, as suggested by the B20. There is, thus, medium congruence of B20 and G20 goals and low congruence regarding the measures.

Regarding ownership, there is partial congruence. While it is clear that enterprises have to comply with law and human rights standards, businesses can only deliver if minimum standards defined by national legislation are effectively enforced by the respective governments. The G20 Leaders did not include any recognition of this principle or commitment to increasing national legislation standards in their Declaration. Thereby, they disproportionately place the responsibility on companies to improve working conditions throughout the supply chains.

The G20 additionally “encourage multinational companies to conclude international framework agreements as appropriate.” This is inappropriate, as it disrespects the autonomy of Social Dialogue. Rather than strengthening the myriad of initiatives regarding global supply chains already in place, it also contradicts the B20 call to avoid the creation of further new initiatives.

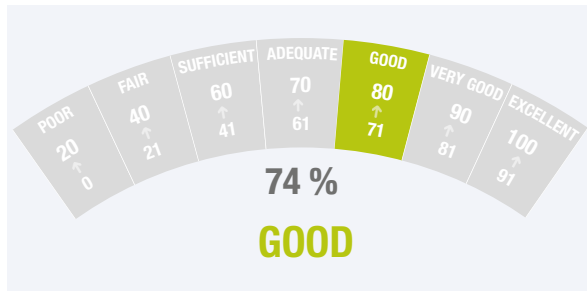
Policy Action 3.2 – Build on Existing Initiatives

B20 regrets that the G20 showed only medium responsiveness to the proposed policy action. In particular, the G20 did not acknowledge that new efforts on social protection might stand in competition with existing initiatives. For that reason, the measures regarding Policy Action 3.2 achieved only low congruence. As the G20 relates to the G20 members as owners of the actions, there is congruency on owners.

Policy Action 3.3 – Promote the UN Guiding Principles and the OECD MNE Guidelines

The B20 welcomes that the G20 committed “to fostering the implementation of labor, social and environmental standards and human rights in line with internationally recognized frameworks, such as the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Those countries that adhere to the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines) commit to fostering them and welcome others to follow.” The G20 also welcomes the Vision Zero Fund to prevent workplace-related deaths and injuries and encourages enterprises and others to join. Therefore, for Policy Action 3.3, we deem full congruence.

Conclusion



The lack of G20-B20 alignment is mainly not the result of different goals, as all goals scored medium or high congruence, save for Policy Action 1.1. Rather, G20 deviates from B20 recommendations much more in regards to how these goals might be reached, i.e. on the measures. This could be the result of differences in country priorities among the G20 membership.

Overall, further dialogue is needed between the G20 and the business community to better understand how to improve the process.

B20 regrets that the recommendations of the TF Employment and Education are not fully reflected in the G20 documents. Still, we acknowledge that the overall average score is 74 percent which is high compared to other issue areas.

Photo: Gerhard F. Braun (Vice President, BDA and Chair, B20 Taskforce on Employment and Education)



“ The G20 plays a key role in providing broader access to labor markets, aligning education with labor market needs, and creating a global level playing field while implementing and enforcing commitments regarding human rights and international labor standards. ”

Responsible Business Conduct and Anti-Corruption

MARIOJA
DIRECTOR GENERAL FOR EUROPEAN AND INTERNATIONAL EMPLOYMENT AND SOCIAL POLICIES
FEDERAL MINISTRY OF LABOUR AND SOCIAL AFFAIRS

KLAUS MOOSMAYER
CHIEF COMPLIANCE OFFICER
SIEMENS AG

STEPHANIE BSCHORR
PRESIDENT ASSOCIATION OF WOMEN ENTREPRENEURS (VDU E.V.)

SHEA GOPAUL
FOUNDER AND EXECUTIVE DIRECTOR
GLOBAL APPRENTICESHIPS NETWORK
GAN



Introduction

Combatting corruption is fundamental for the sustainability of economic stability and growth, maintenance of societal security, protection of human rights, poverty reduction, preservation of the environment for future generations and concentration on reducing organized crime. Quantifying the size or economic, political, and social costs of corruption is extremely difficult, due to the methodological challenges inherent to the measurement of such a hidden phenomenon. It is frequently cited that the overall cost of corruption is estimated at more than five percent of global gross domestic product (GDP) (USD 2.6 trillion) with over USD 1 trillion paid in bribes each year. Corrupt behavior leads to suboptimal economic performance wherever it is present. It is estimated to raise the costs of doing business by up to ten percent and affects a company's competitiveness across a number of dimensions, including its external business relations, its interaction with regulators, its public reputation, and the morale of its employees. Corruption also leads to the inefficient use of public resources and undermines the state's ability to deliver inclusive economic growth.

B20 recognizes the efforts of the G20 to combat corruption. The topic of Anti-Corruption and Responsible Business Conduct not only found its way into the Leaders' Declaration, but also resulted in the endorsement of four sets of High Level Principles aimed at fostering integrity in the public and private sector. This reflects the importance of the issue and is strongly welcomed by the B20. The Principles are as follows: the High Level Principles on the Liability of Legal Persons; the G20 High Level Principles on Countering Corruption in Customs; the G20 High Level Principles on Organizing against Corruption, and the High Level Principles on Combatting Corruption Related to Illegal Trade in Wildlife and Wildlife Products. The first three in particular are reflective of the B20 focus.

The issue was also addressed in the Hamburg Action Plan and the Hamburg Update: Taking Forward the G20 Action Plan on the 2030 Agenda for Sustainable Development.

The G20 acknowledged in its High Level Principles: "corruption hampers the efficient and effective operation of government, its fairness and impartiality of decision-making and the delivery of government services. A

public administration, resilient against corruption, underpinned by a culture of integrity, accountability and transparency not only fosters citizens' trust but can also affect the attractiveness of a country as a business location."

The Leaders Declaration emphasizes: "We remain committed to fighting corruption, including through practical international cooperation and technical assistance, and will continue to fully implement the G20 Anti-Corruption Action Plan 2017-18. We endorse four sets of High Level Principles aimed at fostering integrity in the public and private sector."

B20 embraces that the G20 advanced the anti-corruption agenda on several accounts. B20 also positively notes the good partnership between the B20 and G20 Anti-Corruption Working Group (ACWG).

B20 Germany formulated three specific policy recommendations in its policy paper "Promoting Integrity by Creating Opportunities for Responsible Businesses":

1. *Establish Beneficial Ownership Transparency*
2. *Recognize Compliance Efforts*
3. *Enhance Responsible Business Conduct in Infrastructure Projects*

The first two policy recommendations were reflected in 2017 G20 documents. Recommendation 1 receives the highest overall score of 77 percent. Policy Recommendation 2 receives an overall score of 50 percent. Unfortunately, Recommendation 3 was not reflected in the 2017 G20 documents and consequently receives an overall score of 0 percent.

Responsible Business Conduct and Anti-Corruption Overall Score		
Recommendations	Points	Score %
Recommendation 1: Establish Beneficial Ownership Transparency – G20 members should increase their efforts to implement beneficial ownership transparency so that risks related to the ultimate owner(s) can be identified.	230 of 300	77
Recommendation 2: Recognize Compliance Efforts – G20 members should be supportive of a company's proactive engagement by providing positive recognition of effective anti-corruption and compliance systems.	150 of 300	50
Recommendation 3: Enhance Responsible Business Conduct in Infrastructure Projects – G20 members should increase transparency and accountability at all stages of the project cycle in order to mitigate the risk of corruption and increase efficiency.	0 of 300	0

Comparison Responsible Business Conduct and Anti-Corruption Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany "Responsible Business Conduct and Anti-Corruption"	Sufficient
Comparison: ICC Evaluation B20 China "Anti-Corruption"	Fair
Comparison: ICC Evaluation B20 Turkey "Anti-Corruption"	Fair
Comparison: ICC Evaluation B20 Australia "Anti-Corruption"	Good

In particular, the B20 welcomes that the G20 Leaders’ Declaration as well as the Hamburg Action Plan acknowledge the importance of Beneficial Ownership Transparency as an important tool to fight corruption. The Leaders agree to advance the effective implementation of international standards on transparency and beneficial ownership of legal persons and legal arrangements, including the availability of information in the domestic and cross-border context.

The G20 Leaders remain committed to fighting corruption, including through the use of practical international cooperation and technical assistance, and will continue to fully implement the G20 Anti-Corruption Action Plan 2017-18. Additionally, the G20 Leaders call for ratification and implementation by all G20 members of the UN Convention against Corruption and for a strong involvement in its review process. Both commitments are welcomed and supported by the B20.

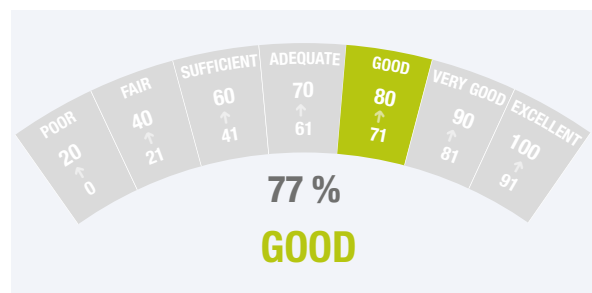
The B20 is very pleased to see that the G20 members are overall supportive of companies’ proactive engagement by providing positive recognition of effective anti-corruption actions and systems. The G20 Leaders commit to ensuring that not only individual perpetrators, but also companies that benefit from corruption, can be held liable. This creates incentives within the business community to implement compliance systems.

The B20 specifically appreciates the G20 Leaders’ recognition that effectively preventing and combating corruption in customs is essential to an enabling business environment and investment climate. The G20 Leaders’ commitment to ensure that customs administrations build a culture of integrity through transparent internal decision-making, integrity awareness-raising and training activities, as well as an open organizational structure that is responsive to integrity concerns, is key in this regard.

The B20 regrets that the issue of Responsible Business Conduct in infrastructure projects has not been taken into account by the G20 Leaders. Not only is there a large infrastructure gap in many countries, infrastructure can be a powerful force for economic growth and development. Overall, B20 is disappointed by how little attention the Leaders paid to infrastructure investment.

To promote responsible business conduct is in a company’s own interest, but the commitment of G20 members to take compliance efforts into consideration in legal proceedings will promote responsible business conduct as a corporate value and help to create awareness. The support of G20 members and the establishment of rules will help to build an environment of trust, transparency, and accountability.

Recommendation 1



B20 Germany proposed three policy actions:

- 1.1 *Implement Beneficial Ownership Action Plans*
- 1.2 *Ensure Availability of Information*
- 1.3 *Improve Exchange of Information*

All three policy actions receive a high responsiveness rating. Policy Action 1.1 earned 90 points and Policy Actions 1.2 and 1.3 earned 70 points each.

Responsible Business Conduct and Anti-Corruption Recommendation 1 Score				
Recommendation 1	Goal	Measure	Owner	Total
Policy Action 1.1: Implement Beneficial Ownership Action Plans – G20 members should continue to lead the world in realizing beneficial ownership transparency by progressively implementing their action plans, raising global standards of data quality, exploring possibilities of connecting ownership information, and monitoring implementation progress.	50	30	10	90/100
Policy Action 1.2: Ensure Availability of Information – G20 members should ensure easy access to, and efficient use of, beneficial ownership information by laying down clear rules governing access to information, and facilitating access for users through adequate measures and guidance.	30	30	10	70/100
Policy Action 1.3: Improve Exchange of Information – G20 members should facilitate the timely and effective exchange of beneficial ownership information at the national and international levels by defining or adopting data standards, providing guidance on legal set-ups in their country, and assisting developing countries in improving country registers.	30	30	10	70/100

Beneficial ownership transparency is a crucial element in the fight against corruption and has been at the top of the agenda for G20 discussions and activities for years. It is therefore essential that G20 members have committed to advance the effective implementation of the international standards on transparency and beneficial ownership of legal persons and legal arrangements. Adequate information about who really owns and controls an entity is an important tool to deter the misuse of corruption. It supports the G20's fight against tax evasion, terrorist financing, and money laundering, all of which threaten the stability of the world economy.

All three policy actions are reflected in the G20 Leaders' Declaration and the G20 Hamburg Action Plan. In the Action Plan, the G20 underline: "As an important tool in our fight against corruption, tax evasion, terrorist financing and money laundering, we will advance the effective implementation of the international standards on transparency and beneficial ownership of legal persons and legal arrangements, including the availability of information in the domestic and crossborder context."

Policy Action 1.1 – Implement Beneficial Ownership Action Plan

G20 members have fulfilled their 2014 commitment to share action plans relating to the implementation of the G20 High-Level Principles on Beneficial Ownership Transparency, and many regions are already raising their legal requirements to strengthen beneficial ownership

transparency. A growing number of countries have established, or committed to establish, public registers of beneficial ownership. Despite the strong commitment and initial progress made by governments, beneficial ownership transparency has not yet been achieved. The B20 therefore asked the G20 to continue to implement and improve these Beneficial Ownership Action Plans.

The G20 showed considerable responsiveness to Policy Action 1.1. The Leaders stated: "We will advance the effective implementation of the international standards on transparency and beneficial ownership of legal persons and legal arrangements, including the availability of information in the domestic and cross-border context." Policy Action 1.1 is further mentioned in greater detail in the Hamburg Update: Taking Forward the G20 Action Plan on the 2030 Agenda for Sustainable Development: "fully implement the FATF Recommendations on Transparency and Beneficial Ownership of Legal Persons and our Action Plans to implement the G20 High Level Principles on Beneficial Ownership Transparency. Encourage and support other countries to implement beneficial ownership standards and best practice." The measures proposed are very similar to the ones identified by the B20.

Policy Action 1.2 – Ensure Availability of Information

Companies rely on accurate and up-to-date ownership information in order to meet due diligence obligations on third parties and responsibly manage the legal and

reputational risk associated with them. Third-party misconduct can lead to severe reputational damage and, in many jurisdictions, the organization may also be held liable for acts of corruption and misconduct by third parties. Improving the quality and availability of corporate ownership information would reduce the resources necessary for adequate due diligence – especially for small and medium-sized enterprises (SMEs) – and significantly improve the identification and evaluation of risks related to the ultimate owner(s).

To detect illegal activity and manage risks both within a country and across national borders, beneficial ownership data must be easily accessible and usable. B20 emphasized that anyone with an obligation to conduct, or legitimate interest in conducting, third-party due diligence must have free or affordable access to beneficial ownership information. B20 asked the G20 to ensure easy access to, and efficient use of, beneficial ownership information by establishing clear rules governing access to information and facilitating access for users through adequate measures and guidance.

For Policy Action 1.2 we find medium G20 responsiveness in the goals and measures. Most of the owners

identified by B20 and G20 to execute the measures are congruent.

Policy Action 1.3 – Improve Exchange of Information

Corruption is not bound by national borders. Therefore, the exchange of information between countries is essential.

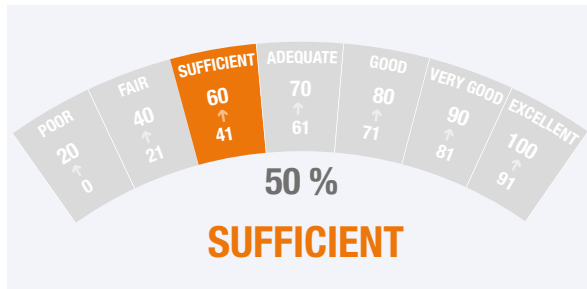
In order to improve the exchange of beneficial ownership information, G20 should define or adopt clear, international data standards to enable cross-jurisdictional data sharing and analysis, and facilitate automatic exchange. G20 should agree on international standards relating to data privacy and data handling with regard to the exchange and processing of basic and beneficial ownership information. G20 should follow up on previous progress and join the recent initiative of some G20 members and other nations, to support the development of a new global system for the systematic exchange of beneficial ownership information, which operates on a secure, reciprocal basis and achieves a level playing field.

G20 showed medium responsiveness to Policy Action 1.3, regarding the goals. Most of the owners identified by the B20 and the G20 to execute the measures are congruent.

Photo: Representatives of the B20 Cross-thematic Group Responsible Business Conduct and Anti-Corruption at the B20 Kick-Off Conference 2016 in Berlin



Recommendation 2



Responsible Business Conduct plays a major role in tackling the supply side of corruption. RBC is in a company’s own interest and can create a competitive advantage. However, G20 members must also be supportive of a company’s proactive engagement and should help build an environment of trust, transparency, and accountability.

In this regard, B20 Germany proposed the following three policy actions:

- 2.1 Acknowledge Adequate Measures
- 2.2 Encourage Self-disclosure and Self-cleaning
- 2.3 Promote a Culture of Integrity

The B20 welcomes that the G20 members are broadly supportive of companies’ proactive engagement by providing positive recognition of effective anti-corruption actions and systems.

Policy Action 2.3 earned a high responsiveness rating with 70 points. Policy Action 2.1 earned 50 points. Unfortunately, Policy Action 2.2 only received 30 points.

Responsible Business Conduct and Anti-Corruption Recommendation 2 Score				
Recommendation 2	Goal	Measure	Owner	Total
Policy Action 2.1: Acknowledge Adequate Measures – G20 members should recognize corporate compliance efforts when awarding public contracts and when imposing sanctions for breaches, and they should explore additional ways to acknowledge compliance efforts.	30	10	10	50/100
Policy Action 2.2: Encourage Self-disclosure and Self-cleaning – G20 members should be encouraged to harmonize their administrative and legal approaches to self-disclosure of compliance breaches, recognize effective and safe internal reporting, and support adequate self-cleaning.	10	10	10	30/100
Policy Action 2.3: Promote a Culture of Integrity – G20 should continue its commitment to building a global culture of intolerance towards corruption by reinforcing international cooperation, including the promotion of key international instruments, supporting the provision of capacity building and training for SMEs and in non-G20 countries, as well as improving education on anti-corruption and integrity in schools and universities.	30	30	10	70/100

Policy Action 2.1 – Acknowledge Adequate Measures

Policy Action 2.1 was reflected by the G20 with medium responsiveness in the G20 High Level Principles on the Liability of Legal Persons for Corruption: “Moreover, efforts made by businesses to develop and implement effective anti-corruption internal controls, ethics and compliances programmes or measures, as well as voluntary self-reporting and cooperation by businesses with law enforcement may also, where appropriate and consistent with a country’s legal system, be taken into consideration in legal proceedings, for example, as a potential mitigating

factor or as a defense. Countries may wish to consider establishing rules“.

Policy Action 2.2 – Encourage Self-disclosure and Self-cleaning

There is also some congruence between Policy Action 2.2 and the G20 High Level Principles on the Liability of Legal Persons for Corruption: “Moreover, efforts made by businesses (...) to develop and implement effective anti-corruption internal controls, ethics and compliances programmes or measures, as well as voluntary self-reporting



Photo: Klaus Moosmayer (Chief Compliance Officer, Siemens AG, and Anti-Corruption Chair, BIAC and Chair, B20 Cross-thematic Group Responsible Business Conduct and Anti-Corruption) and Laurence Morvan (Chief of Staff, Office of the Chairman and CEO at Accenture) at the B20-BIAC-Joint B20 Taskforce Meeting 2017 in Paris

and cooperation by businesses with law enforcement may also (...) be taken into consideration in legal proceedings (...).”

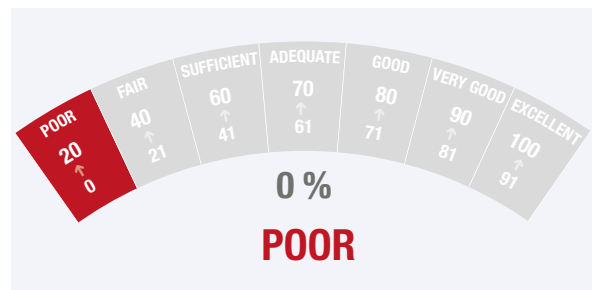
Policy Action 2.3 – Promote a Culture of Integrity

Policy Action 2.3 is partially reflected in the G20 High Level Principles on Organizing against Corruption. Under the header “Training – Awareness-raising,” Principle 14 reads: “States should invest in developing leaders with integrity and the capacity to promote a culture of integrity within their organisations through personal leadership, appropriate training, guidance and advice for their staff.”

In the Hamburg Update, the G20 committed to: “promote greater transparency, a culture of integrity and accountability in the public sector, including in public contracting, budget processes and customs (...).” They also committed to “organize our public administrations in a way that promotes integrity and makes the public sector more resilient against corruption.” They also wish to “continue to work closely with business and civil society to tackle corruption and to promote a culture of integrity”.

There is some congruence between the measures suggested in the G20 documents and those recommended by B20. Most of the owners identified to execute the measures are congruent.

Recommendation 3



Insufficient infrastructure represents one of the greatest obstacles to economic growth and social development worldwide. Globally, investment necessary for infrastructure over the next 15 years is estimated at more than 90 trillion U.S. Dollar, and as much as three-quarters of this new investment is required in the developing world, particularly middle-income economies. As infrastructure is highly interconnected and lasts for a very long time, it is

vital that G20 members promote the design of sustainable infrastructure.

Due to their complexity, modern infrastructure projects – whether they are public or joint public/private projects – are characterized by a variety of risks that threaten their efficiency, sustainability, and resilience, and are often plagued with problems such as corruption, cost overruns, delays, and the unavailability of private financing. In addition to the volume of transactions and the financial interests at stake, corruption risks are exacerbated by the complexity of the process, the close interaction between public officials and businesses, and the multitude of stakeholders. It is therefore vital to mitigate corruption risks throughout the entire cycle of an

infrastructure project – from the selection phase, to procurement and the contract, all the way to ribbon-cutting.

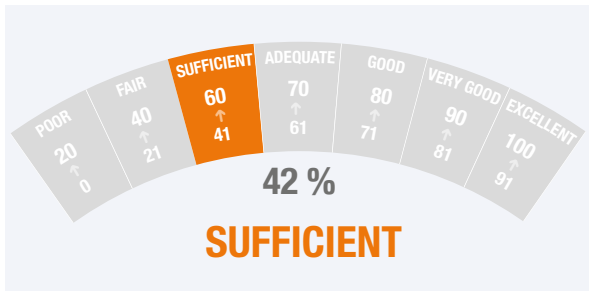
B20 Germany proposed three policy actions:

- 3.1 *Promote Responsible Government Conduct and Transparency*
- 3.2 *Ensure Recognition of Responsible Businesses*
- 3.3 *Support Collective Action*

B20 regrets that responsible business conduct in infrastructure projects is not mentioned in the 2017 G20 documents. Neither are Policy Actions 3.1, 3.2 and 3.3. This is undoubtedly disappointing.

Responsible Business Conduct and Anti-Corruption Recommendation 3 Score				
Recommendation 3	Goal	Measure	Owner	Total
Policy Action 3.1: Promote Responsible Government Conduct and Transparency – G20 members address the demand side of corruption and should ensure that public infrastructure projects are selected, planned, awarded and managed openly and accountably by promoting integrity in their own organizational structures and processes and by enhancing reporting about project risks, impacts, progress and costs.	0	0	0	0/100
Policy Action 3.2: Ensure Recognition of Responsible Businesses – G20 members should promote integrity among participating businesses by specifying requirements related to RBC, by encouraging coherent sustainability reporting, and by providing awareness training on anti-corruption and integrity.	0	0	0	0/100
Policy Action 3.3: Support Collective Action – G20 members should promote Collective Action, that is, initiatives between different businesses, and between businesses and the public sector, which foster integrity (such as Integrity Pacts and High Level Reporting Mechanisms). G20 should initiate a study that explores joint ways of fighting corruption and misconduct in infrastructure projects.	0	0	0	0/100

Conclusion

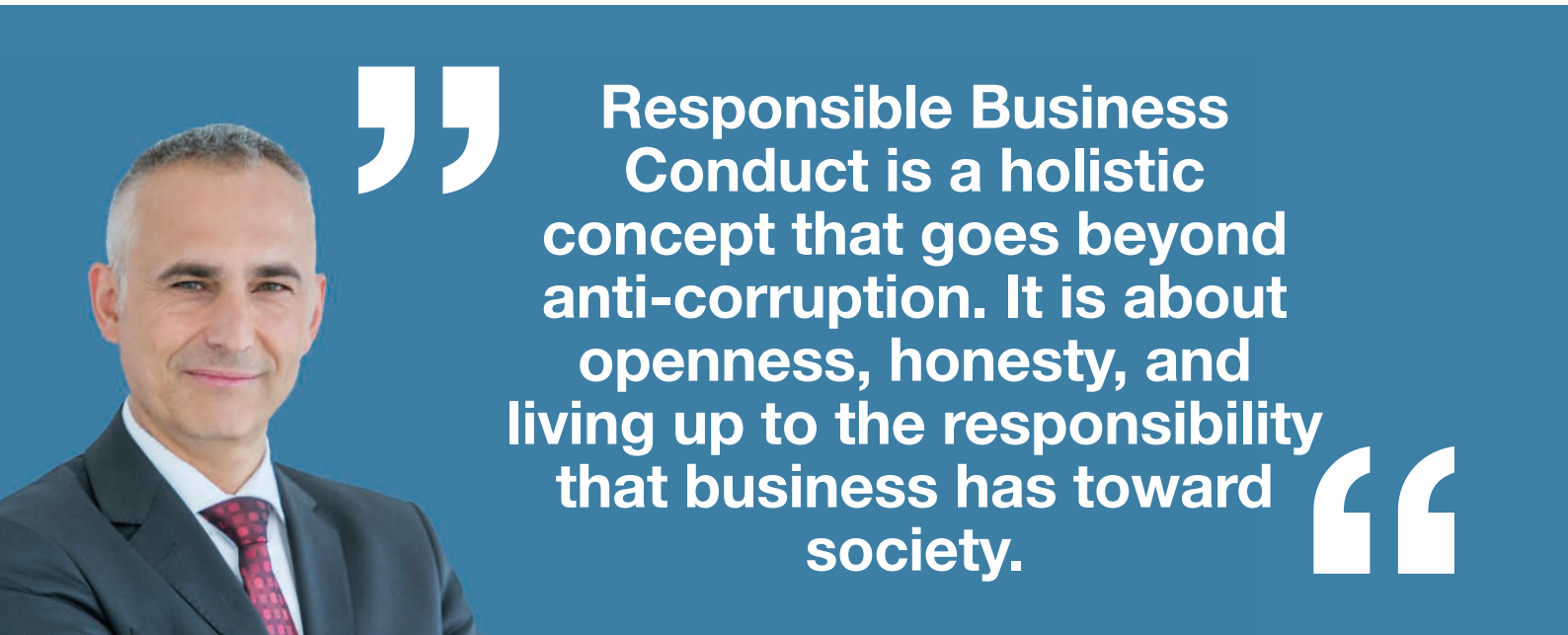


Two of the three 2017 B20 recommendations (67 percent) and six out of nine policy actions (67 percent) are reflected in the 2017 G20 documents. The quality of responsiveness is 77 percent for Recommendation 1

(Establish Beneficial Ownership Transparency) and 50 percent for Recommendation 2 (Recognize Compliance Efforts). This leads to an overall average score of 42 percent. The G20 responsiveness can thus be judged sufficient.

The valuable exchange between G20 members resulted in policy actions that are truly relevant for the fight against corruption. They highlight the fact that combatting corruption and misconduct requires a joint effort between business, government, civil society, and media. Furthermore, they also stress the important role played by G20 members in leading progress to the next level in the fight against corruption. Nonetheless, the job is not done and much remains to be tackled under future G20 cycles.

Photo: Klaus Moosmayer (Chief Compliance Office, Siemens AG, Anti-Corruption Chair, BIAC, and Chair, B20 Cross-thematic Group Anticorruption and Responsible Business Conduct)



Small and Medium-Sized Enterprises (SMEs)



Introduction

Small and medium-sized enterprises (SMEs) represent the vast majority of enterprises worldwide and are the main pillar of nearly every national economy around the world. They are an essential pillar of innovation, economic and social progress, as well as job creation. They generate roughly 50 to 70 percent of jobs and income. SMEs form a perfectly working ecosystem with larger companies and multinationals. This is primarily due to the key characteristic of SMEs: they move ideas from concept to production in a very short time. SMEs foster creativity and enable innovation in all parts of the market regardless of the development stage of the economy. Furthermore, they help to build a stable source of sustainable regional employment and income.

At the same time, SMEs face a multitude of challenges, including access to finance and a complex regulatory business environment. Access to markets abroad and shortage of skilled labor in a more and more digitalized economy are further concerns. Therefore, the challenge for governments is to provide and nurture an ecosystem

for SMEs, which allows them to interact with suppliers, partners, and customers on a level playing field worldwide and enable SMEs to participate in the global economy.

B20 has given three policy recommendations in its policy paper “Think Big for Small – Small and Medium Enterprises as Pillar for Future-oriented, Sustainable Growth”:

1. *Facilitating SME Participation in Cross-Border Trade*
2. *Building Digital Capacities and Capabilities*
3. *Advancing Financial Inclusion*

In order to evaluate to what extent these recommendations have been taken into account by the G20, all documents, which include references to SMEs, have been analyzed. The most important documents are the G20 Hamburg Leaders’ Declaration and the annexed documents agreed by the Leaders.

SMEs are addressed in:

- The G20 Leaders' Declaration
- The G20 Hamburg Action Plan

Disappointingly, SMEs received less attention during the German G20 Presidency than in prior G20 cycles. All three recommendations are only mentioned in passing in the G20 Leaders' Declaration and with relatively little detail. The Declaration reads respectively: "We promote better access to financing, technology, and training facilities that help improve the capacity of micro, small and medium enterprises to integrate into sustainable and inclusive global supply chains".

However, due to the nature of SMEs as a cross-cutting issue, the topic appears in several other documents such as the Ministerial Declarations. The role of SMEs for the G20 and beyond are elaborated through:

- The G20 Digital Economy Ministerial Declaration
- The Communiqué of the G20 Finance Ministers
- Annex Paper 1 to the G20 Digital Economy Ministerial Declaration A ROADMAP for Digitalisation: Policies for a Digital Future
- Annex Paper 3 to the G20 Digital Economy Ministerial Declaration "G20 Priorities on Digital Trade".

Several G20 working groups also address SMEs. In particular, SMEs are discussed in:

- The GPFI 2017 Financial Inclusion Action Plan
- The GPFI 2017 Progress Report to the G20 Leaders

- The GPFI G20 Financial Inclusion Action Plan Progress Report 2014-2017
- The GPFI G20 Action Plan on SME Financing Implementation Framework: Credit Infrastructure Country Self-Assessment Consolidated Report
- The GPFI Report Alternative Data Transforming SME Finance
- The GPFI Guidance Note on Building Inclusive Digital Ecosystems

Most unfortunately, the important synergies and influence of SMEs in cross-border trade are recognized neither in the G20 Summit documents, the G20 Ministerial Declarations, nor in the Working Group documents. Consequently, Recommendation 1 received an overall score of 0 percent.

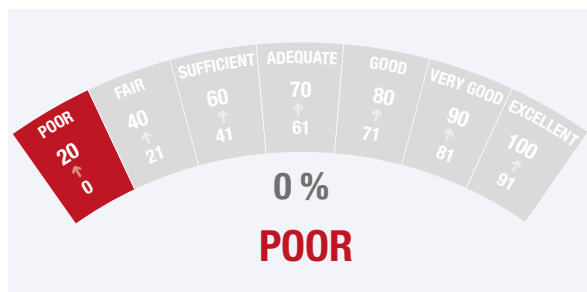
B20 Recommendation 2 *Building Digital Capacities and Capabilities* is reflected in the G20 Digital Economy Ministerial Declaration and its annexes. While Policy Action 2.1 on internet access is hardly addressed, Policy Action 2.2 *Advancing Participation in Digital Trade* and Policy Action 2.3 *Better Measurement of the Digital Economy* are partially reflected in the 2017 G20 documents. As a result, Recommendation 2 received an overall score of 50 percent.

Recommendation 3 *Advancing Financial Inclusion* is partially reflected in the Hamburg Action Plan and the Communiqué of the G20 Finance Ministers, as well as in several G20 working group documents. B20 welcomes the progress made by the G20 working groups to advance financial inclusion for SMEs. Recommendation 3 received an overall score of 63 percent.

SMEs Overall Score		
Recommendations	Points	Score %
Recommendation 1: Facilitating SME Participation in Cross-Border Trade – G20 members should facilitate SME access to cross-border trade and global value chains (GVCs) by systematically including their voice and needs in trade agreements, by capacity building, and by easing business travel.	0 of 300	0
Recommendation 2: Building Digital Capacities and Capabilities – G20 members should facilitate SME access to the digital economy by strengthening digital infrastructure outside industrial centers, leveraging support for international multi-stakeholder initiatives on e-commerce, and enhancing the knowledge base on SME needs.	150 of 300	50
Recommendation 3: Advancing Financial Inclusion – G20 members should ensure the implementation of the G20/OECD High Level Principles on SME Financing, the G20 Action Plan on SME Financing and the G20 High Level Principles on Digital Financial Inclusion, in particular by strengthening financial market infrastructure, enhancing access to diversified financial instruments, and advancing digital financial technologies.	190 of 300	63

Comparison SMEs Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany “SMEs”	Fair
Comparison: ICC Evaluation B20 China “SME Development”	Poor
Comparison: ICC Evaluation B20 Turkey “SMEs and Entrepreneurship”	Fair
Comparison: ICC Evaluation B20 Australia no taskforce on SMEs	N/A

Recommendation 1: Facilitating SME Participation in Cross-Border Trade



Until recently, the large majority of trade agreements paid little attention to the specific needs of SMEs. Given the vast potential of further SME integration into global value chains for inclusive growth and jobs, trade agreements

need to be updated in order to further foster the integration of SMEs into global markets.

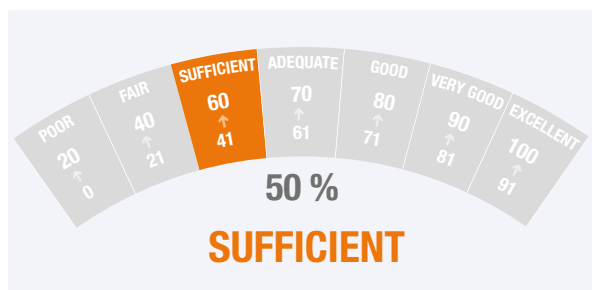
The B20 formulated three policy actions for Recommendation 1:

- 1.1 *Strengthening the SME Voice in Trade Agreements*
- 1.2 *Boosting Trade Capacity Building for SMEs*
- 1.3 *Easing Business Travel*

Although SMEs play an important role in trade, these aforementioned policy actions are not reflected in the G20 documents. Consequently, Policy Recommendation 1 scores 0 percent.

SMEs Recommendation 1 Score				
Recommendation 1	Goal	Measure	Owner	Total
Policy Action 1.1: Strengthening the SME Voice in Trade Agreements – The G20 should facilitate the inclusion of SME needs in trade agreements, including in the implementation of the TFA, by recommending a stronger SME representation in the WTO, and by strengthening knowledge of as well as clarifying priorities on SME market access impediments.	0	0	0	0/100
Policy Action 1.2: Boosting Trade Capacity Building for SMEs – The G20 should request multilateral and national development institutions as well as business and SME associations to strengthen SME trade capacity building by providing and enabling access to funding and expertise.	0	0	0	0/100
Policy Action 1.3: Easing Business Travel – The G20 should discuss a G20 Business Travel Card to allow fast track clearance across G20 members to promote a freer flow of skills and talent across borders.	0	0	0	0/100

Recommendation 2: Building Digital Capacities and Capabilities



Small firms tend to utilize digital technologies less so than their larger counterparts. Building digital capacities and capabilities, such as promoting access to digital

trade and electronic payment methods, can contribute to increasing the participation of SMEs in the global economy. B20 proposed three policy actions that address the need to build digital capacities and capabilities:

- 2.1 *Improving Internet Access Outside Industrial Centers*
- 2.2 *Advancing Participation in Digital Trade*
- 2.3 *Better Measurement of the Digital Economy*

Policy Action 2.3 earns 70 points, and Policy Action 2.2 50 points. Policy Action 2.1 only achieves 30 points.

SMEs Recommendation 2 Score				
Recommendation 2	Goal	Measure	Owner	Total
Policy Action 2.1: Improving Internet Access Outside Industrial Centers – G20 members should foster SME Internet access by strengthening digital infrastructure outside industrial centers, incorporating comprehensive and targeted Digital Strategies, as well as raising SME awareness and capabilities through Innovation Hubs.	10	10	10	30/100
Policy Action 2.2: Advancing Participation in Digital Trade – G20 members should foster SME participation in digital trade by reducing regulatory barriers and enhancing SME e-commerce readiness, leveraging support for international multi-stakeholder initiatives on e-commerce such as the eWTP and the SME Market Link of the World SME Forum.	30	10	10	50/100
Policy Action 2.3: Better Measurement of the Digital Economy – G20 members, together with the respective international organizations such as the OECD, should improve measurements of key characteristics of the digital economy, including size, scope, global reach and economic value-creation by market, sector and segment, with particular attention to SMEs, to create a better basis for SME policymaking.	0	0	0	0/100

The G20 Leaders' Declaration recognizes the important role of SMEs and start-ups in the development of new and innovative business models: "we recognise the important role that SMEs and start-ups play in the development of a full range of new and innovative business models and will promote better access to financial resources and services and a more entrepreneurial friendly environment". B20 values this commitment, but must note that it is far too general and does not propose concrete measures as outlined by B20 Germany.

Disappointingly, the G20 Leaders did not address the need to comprehensively advance internet access and ICT infrastructure outside industrial centers. Although digital trade is included in the section on trade and investment as well as on digitization, there is no reference to the role of SMEs in digital trade or the benefits digital trade can bring for SMEs.

The B20 acknowledges, however, that the G20 Digital Economy Ministerial Declaration and its annex papers include relevant provisions on SMEs and partially reflect the B20 policy actions. The G20 Digital Economy

Ministerial Declaration acknowledges the importance of SMEs for the economy and society, inclusive growth, and job creation. The G20 Digital Ministers further emphasized the importance of enabling enterprises, particularly SMEs, to be successful in the digital economy. The Digital Ministers further recognized: "It is important to foster the use of advanced digital technologies among MSMEs, however their ability to swiftly adopt new technologies, to learn by doing, to innovate, and to optimise their production can be constrained by their small scale, and lack of resources limiting their ability to reap the benefits of the digital economy".

Policy Action 2.1 – Improving Internet Access Outside Industrial Centers

Policy Action 2.1 is briefly referenced when the G20 Digital Ministers reaffirmed their Hangzhou Commitment to the Connect 2020 Agendas, connecting the next 1.5 billion people by 2020 and encouraging the domestic deployment of connectivity to all people by 2025. Although neither SMEs nor non-industrial areas are explicitly mentioned, connectivity and digital access are thus addressed.

Policy Action 2.2 – Advancing Participation in Digital Trade

Policy Action 2.2 is implicitly mentioned in the G20 Digital Economy Ministerial Declaration. The G20 Digital Ministers recognized: (...) “that capabilities and development of Digital Trade across the world are unevenly spread, and that Digital Trade impacts on a range of closely related policy areas. Policy decisions should benefit society as a whole, consumers, and firms of all sizes, particularly MSMEs”. However, no concrete measures are mentioned as suggested by B20 such as the multi-stakeholder initiatives eWTP and the SME Market Link. The G20 also did not commit to reducing regulatory barriers, as recommended by the B20.

The annex to the G20 Digital Economy Ministerial Declaration “G20 Priorities on Digital Trade” also addresses SMEs and digital trade. It especially acknowledges the importance of digital trade to boost inclusive growth and jobs. However, the tremendous potential of digital trade

for SMEs and developing countries to lower transaction costs and provide easy access to a global marketplace is not sufficiently recognized.

Policy Action 2.3 – Better Measurement of the Digital Economy

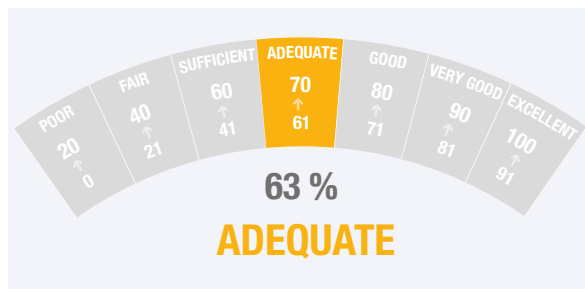
The annex to the G20 Digital Economy Ministerial Declaration “G20 Priorities on Digital Trade” states that G20 members support efforts to intensify work already underway in mapping and measuring digital trade, as an important component of the broader issue, measuring the digital economy. Although this provision does not address SMEs in particular, the aim to measure digital trade is similar.

Given the low and medium congruence each in goal, measure and ownership, Policy Action 2.1 receives 30 points, Policy Action 2.2 receives 50 points and Policy Action 2.3 receives 70 points. Thus B20 recommendation 2 scores 50 percent in total.

Photo: Olga Kayanyan (Managing Director at Boniswa Corporate Solutions), Rudolf Staudigl (CEO, Wacker Chemie AG and Chair, B20 Cross-thematic Group SMEs) and Daryl Bouwkamp (Senior Director for International Business Development and Government Affairs, Vermeer Corporation) at the B20-BIAC-Joint B20 Taskforce Meeting 2017 in Paris



Recommendation 3: Advancing Financial Inclusion



Limited access to finance is one of the key impediments to SME growth. Access to finance has been a long-standing problem for SMEs, but worsened with the recent financial and economic crisis. The G20 has repeatedly acknowledged the need to address the financing need of SMEs. The B20 reiterated the importance of SME financing in its three policy actions on Advancing Financial

Inclusion. The recommendation on financial inclusion is the only B20 recommendation on SMEs that is explicitly reflected in the G20 Leaders' Declaration. The three corresponding B20 policy actions are:

- 3.1 *Strengthening Financial Market Infrastructure for SMEs*
- 3.2 *Facilitating Access to Diversified Financial Instruments*
- 3.3 *Enhancing Digital Financial Inclusion*

The G20 showed responsiveness to all three policy actions, but neither the goals nor the measure are fully congruent. Policy Action 3.1 received 50 points; Policy Action 3.2 earned 70 points. Policy Action 3.3 scored highest with 70 points. This results in an overall score of 63 percent.

SMEs Recommendation 3 Score

Recommendation 3	Goal	Measure	Owner	Total
Policy Action 3.1: Strengthening Financial Market Infrastructure for SMEs – G20 members should strengthen financial market infrastructure for SMEs by consulting with the private sector on the reform of the credit reporting framework, collateral registries, and insolvency rules, as well as by mandating the Financial Stability Board (FSB) to improve the impact assessment of financial regulation with respect to lending to SMEs.	30	10	10	50/100
Policy Action 3.2: Facilitating Access to Diversified Financial Instruments – G20 members should improve access to various forms of financing and take specific and targeted measures to boost the financial literacy of SMEs by encouraging the establishment of mentorship and financing networks.	30	30	10	70/100
Policy Action 3.3: Enhancing Digital Financial Inclusion – The G20 members should implement the G20 High Level Principles for Digital Financial Inclusion, ensure that SME specific needs are sufficiently addressed, and boost SME awareness of and ability to engage in digital finance, including electronic invoicing and settlement, as well as digital trade and supply chain finance.	30	30	10	70/100

In the G20 Hamburg Action Plan, the G20 Members reemphasized their commitment to improve SME financing. They welcomed the updated G20 Financial Inclusion Action Plan (FIAP) and stated their commitment to support the work of the Global Partnership for Financial Inclusion (GPMI) to advance financial inclusion and literacy, in particular of SMEs. The G20 Hamburg Action Plan reiterates the importance of the G20 Action Plan on SME Financing. It further promotes the self-assessment of the G20 members on the framework conditions for SME financing. This self-assessment has been undertaken during the German G20 Presidency for the first time and is to be updated biannually. The G20 Hamburg Action Plan encourages the G20 countries to implement reforms in their identified areas for improvement. It also encourages G20 and non-G20 countries alike, to continue to promote digital financial services. The G20 Hamburg Action Plan thus reflects the aforementioned B20 Policy Actions. However, the G20 commitments remain rather vague, and concrete measures promoted by B20 are missing.

In addition to the G20 Leaders' Declaration, the G20 Finance Ministers and Central Bank Governors committed, in their Communiqué to support the work of the Global Partnership for Financial Inclusion (GPMI), to advance financial inclusion, especially of vulnerable groups, and to promote the participation of SMEs in sustainable global value chains.

Several G20 working group documents also include provisions on SMEs. Many documents of the Global Partnership for Financial Inclusion (GPMI) address Recommendation 3 and its respective policy actions. The GPMI is an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders to advance financial inclusion. It is organized into four subgroups, of which the subgroup SMEs Finance focuses on improving SME access to finance both in G20 and non-G20 countries, including low-income developing countries. Encouragingly, in its GPMI 2017 Progress Report to the G20 Leaders the GPMI references the fruitful cooperation with the B20.

Photo: Meeting of the B20 Cross-thematic Group SMEs, B20 Kick-Off Conference 2016 Berlin



Policy Action 3.1 – Strengthening Financial Market Infrastructure for SMEs

Policy Action 3.1 is partially reflected in the GPMI G20 Action Plan on SME Financing: Credit Infrastructure Country Self-Assessment Consolidated Report. This self-assessment provides an overview of improvements of SME finance in G20 states in the areas of different credit infrastructure, namely improvements of the credit reporting framework for SMEs, reforms that allow banks and non-banks to lend to SMEs against movable collateral and insolvency reforms. SME credits and credit-risk management are at the core of strengthening the financial market infrastructure for SMEs.

Furthermore, the GPMI 2017 Financial Inclusion Action Plan expects the future work of the SMEs Finance subgroup to result in policy actions promoting financing models which support SMEs in joining global value chains. The GPMI G20 Financial Inclusion Action Plan Progress Report 2014-2017 endorses the progress on the Financial Inclusion Action Plan and additional G20 commitments. With regard to SME finance, this largely refers to efforts on strengthening financial market infrastructure for SMEs.

The GPMI 2017 Progress Report to the G20 Leaders addresses credit infrastructure for SMEs and recommends implementation of reforms in the three credit infrastructure areas of the G20 Action Plan on SME Financing. However, concrete B20 measures, such as a credit reporting framework, collateral registries, and insolvency rules, as well as mandating the Financial Stability Board to improve the impact assessment of financial regulation with respect to lending to SMEs are neither reflected in the G20 Leaders' Declaration, the Finance Minister Declaration nor the GPMI documents.

Policy Action 3.2 – Facilitating Access to Diversified Financial Instruments

The Communique of the G20 Finance Minister and Central Bank Governors welcomes the progress made on the implementation of the G20 Action Plan on SME Financing. The G20 Finance Ministers committed to further improve the environment for SME Financing while continuing to encourage non-G20 countries to join this effort. Policy Action 3.2 is further addressed in the GPMI 2017 Financial Inclusion Action Plan. One of the two action areas of the SME subgroup focuses on the promotion of national and

global policies to improve the access to various forms of financing. This includes, for example, innovative financial inclusion solutions delivered by the private sector and improvements of national enabling environments for innovative approaches, to foster SME access to finance in G20 and non-G20 countries in cooperation with the private sector. The GPMI 2017 Progress Report to the G20 Leaders also addresses the need to facilitate access to diversified financial instruments by recommending the continuous support of SME access to finance.

However, measures presented by B20 Germany, such as specific and targeted actions to boost the financial literacy of SMEs and the establishment of mentorship and financing networks, are missing from the documents.

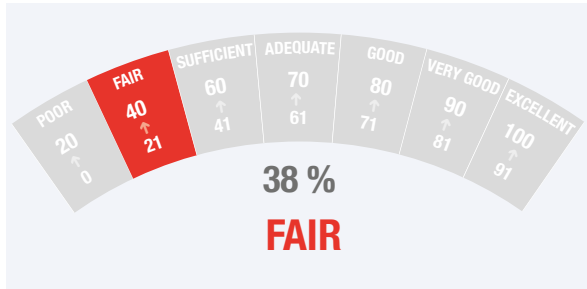
Policy Action 3.3 – Enhancing Digital Financial Inclusion

Policy Action 3.3 is reflected in the Communique of the G20 Finance Minister and Central Bank Governors, who encourage G20 and non-G20 countries to implement the G20 High-Level Principles for Digital Financial Inclusion. However, specific needs of SMEs are not mentioned.

The importance of the G20 High-Level Principles for Digital Financial Inclusion has also been laid out in the GPMI G20 Financial Inclusion Action Plan Progress Report 2014-2017. Digital Financial Inclusion is addressed in the GPMI 2017 Progress Report to the G20 Leaders, which recommends the further implementation of the G20 High-Level Principles for Digital Financial Inclusion. The Progress Report mentions, in particular, the promotion of peer exchange and sharing of good practices. The Report further highlights digital finance as one of the priority areas for the work of the GPMI SMEs Finance subgroup in 2018. Policy Action 3.3 is also addressed in the GPMI Report Alternative Data transforming SME Finance, which explicitly focuses on digitizing SME finance, particularly on digital data for SME lending.

Digital finance for SMEs is further addressed in the GPMI Guidance Note on Building Inclusive Digital Ecosystems. The GPMI Guidance Note acknowledges that digital financial services provide substantial opportunities for SMEs. Thus, many of the G20 documents reflect the importance of digital financial inclusion, including measures for SMEs. However, the B20 measures to boost SME awareness of and ability to engage in digital finance, including electronic invoicing and settlement, as well as digital trade and supply chain finance, are not reflected.

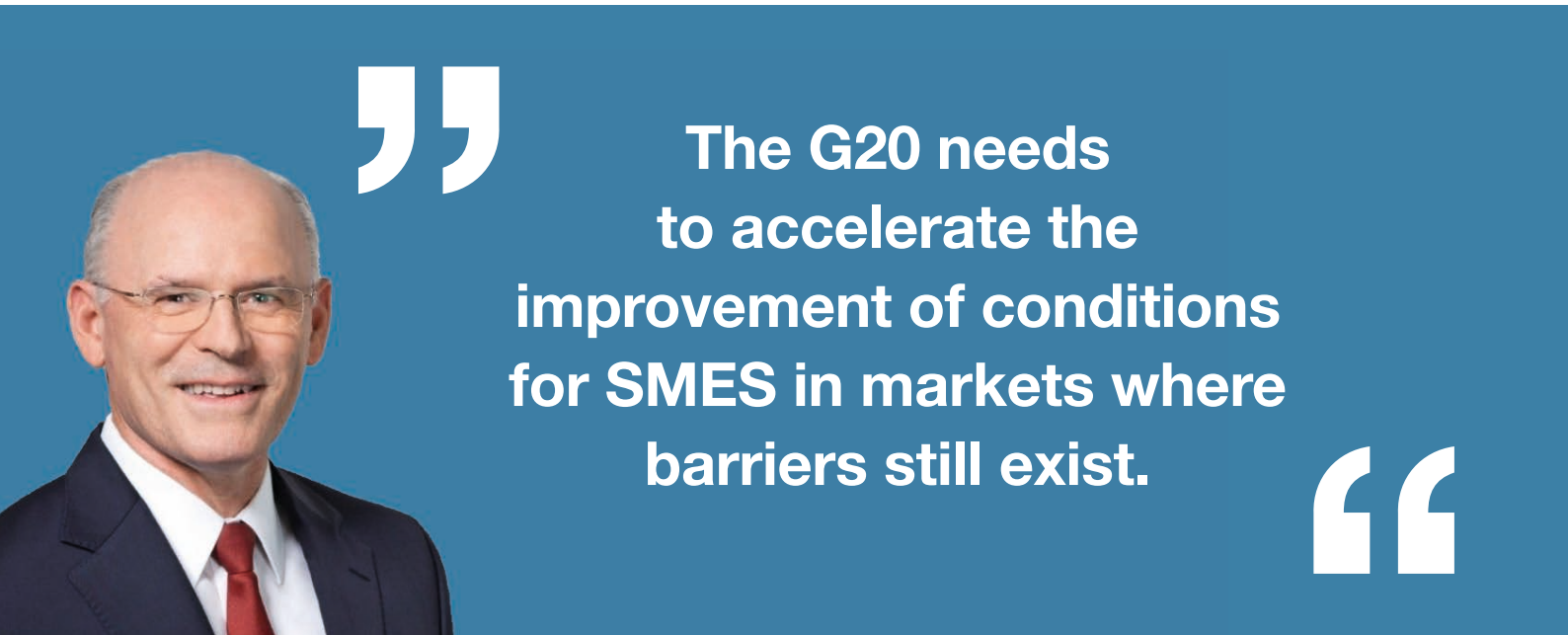
Conclusion



Disappointingly, the G20 did not pay sufficient attention to the role of SMEs as the backbone of many countries' economies and societies. This is particularly unfortunate given the importance of SMEs for jobs, inclusiveness, innovation, economic growth, and development. A more forward-looking approach with regards to the specific challenges, needs, and opportunities of SMEs would be very much welcomed by the B20. B20 hopes that the issue will be given greater prominence in future G20 cycles.

Overall, G20 responsiveness to B20 recommendations on SMEs scored an average of 38 percent and can thus only be rated as fair. Although SMEs were addressed in several G20 documents, provisions on SMEs remained disappointingly vague.

Photo: Rudolf Staudigl (CEO, Wacker Chemie AG, and Chair, B20 Cross-thematic Group SMEs)



Health Initiative



G20 GERMANY 2017
BUSINESS 20 DIALOGUE



Introduction

Health is an essential foundation for sustainable and inclusive economic growth, and it enables individuals to fulfil their potential. Since 1990, worldwide average life expectancy has increased by nearly 18 years. In the same timeframe, the rate of mortality of children under five has more than halved. Infectious diseases such as polio are now nearly eradicated, saving millions of lives from paralysis. This has given millions of children a chance to grow up and learn, and has spurred economic growth in the vast majority of countries. At the same time, many countries are faced with increased incidence of non-communicable diseases such as diabetes, cancers, and mental health issues. Aging societies pose an additional challenge to health systems in highly industrialized countries as the demand for care workers and other services increases.

Given the global significance of health to individuals, communities, and countries, it is a success in itself that health was included on the G20 agenda for the first time. The B20 positively notes that health was a priority for

G20 Germany. The G20 Health Ministers met for the first time ever, and antimicrobial resistance and pandemic preparedness were noted strongly as a response to an increase in drug-resistant infections, as well as the Ebola and Zika outbreaks, respectively.

Health is a global governance challenge. B20 Germany therefore hopes that the issue will remain on the agenda of the G20.

B20 Germany has given five policy recommendations in its policy paper “Stepping Up Global Health: Towards Resilient, Responsible and Responsive Health Systems”:

1. *Driving Innovation in Healthcare*
2. *Combating Antimicrobial Resistance (AMR)*
3. *Fighting Neglected Tropical Diseases (NTDs)*
4. *Improving Pandemic Preparedness and Response*
5. *Advancing Digital Health*

G20 has shown mixed responsiveness to the recommendations of the B20 within the G20 Leaders' Declaration and the Berlin Declaration of the G20 Health Ministers "Together Today for a Healthy Tomorrow". Recommendation 2 *Combating Antimicrobial Resistance (AMR)* earned a particular high responsiveness score with 80 percent, followed by *Improving Pandemic Preparedness and Response* with 57 percent. More disappointing were G20 responses to B20 Recommendation 3 on *Fighting Neglected Tropical Diseases* with 30 percent and Recommendation 1 *Driving Innovation in Healthcare* with

a score of 17 percent. B20 is particularly disappointed about the lack of G20 response to the B20 Recommendation 5 on *Advancing Digital Health*.

Eight out of 13 policy actions (61 percent) proposed by the B20 were picked up in the final 2017 G20 documents. The alignment of the language in the G20 documents with the B20's proposals varies sharply. The language on antimicrobial resistance is largely in alignment, while the language on neglected tropical diseases digresses significantly.

Health Overall Score

Recommendations	Points	Score %
Recommendation 1: Driving Innovation in Healthcare – The G20 members should adopt policies that ensure that the benefits delivered by research and development for more effective diagnostics and therapies are adequately recognized. They should also adopt policies that improve access to healthcare by establishing a pro-innovation ecosystem that prioritizes self-care and empowerment of individuals.	50 of 300	17
Recommendation 2: Combating Antimicrobial Resistance (AMR) – The G20 members should combat antimicrobial resistance, including multidrug-resistant tuberculosis (MDR-TB), by incentivizing R&D of new medicines, advancing preventive measures, and promoting responsible use of antibiotics, as well as supporting capacity building in low- and middle-income countries.	240 of 300	80
Recommendation 3: Fighting Neglected Tropical Diseases (NTDs) – The G20 members should fight NTDs by increasing funding for public health interventions, strengthening cooperation with governments of endemic countries and capacity building, as well as agreeing on more financial support for R&D.	60 of 200	30
Recommendation 4: Improving Pandemic Preparedness and Response – The G20 members should support ongoing efforts to improve pandemic preparedness and response, including efforts to foster public-private partnerships in a variety of sectors.	170 of 300	57
Recommendation 5: Advancing Digital Health – The G20 members should endorse the use of Big Data in health by promoting translational data flows as well as protecting individual data. They should also accelerate the provision of a high performance digital health infrastructure by setting clear targets and deploying broadband and mobile connectivity.	0 of 200	0

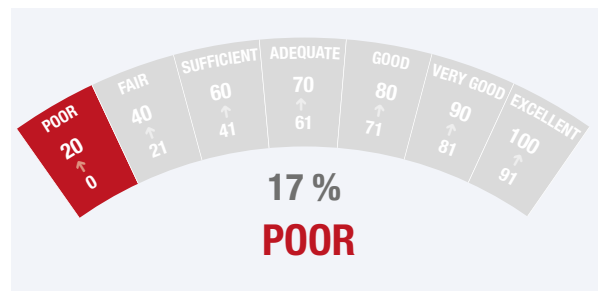
Comparison Health Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany “Health”	Fair
Comparison: ICC Evaluation B20 China: no taskforce on health	N/A
Comparison: ICC Evaluation B20 Turkey: no taskforce on health	N/A
Comparison: ICC Evaluation B20 Australia: no taskforce on health	N/A

Evaluation: Recommendation 1

The B20 Health Initiative formulated three policy actions under the recommendation *Driving Innovation in Healthcare*:

- 1.1 Encouraging Innovation
- 1.2 Fostering Results-Focused Approaches
- 1.3 Improving Universal Health Coverage and Self-Care

We regret that the G20 were not responsive at all to Policy Action 1.1 and 1.2, and consequentially both received 0 points. Only Policy Action 1.3 achieved a positive score of 50 points.



Health Recommendation 1 Score				
Recommendation 1	Goal	Measure	Owner	Total
Policy Action 1.1: Encouraging Innovation – The G20 members should value innovation in all its forms, including major and incremental advances from all sectors through market-based incentives. They should encourage the ongoing nature of research and development where, at times, small steps cumulatively lead to progress, particularly in medicine, and substantial gains for patients.	0	0	0	0/100
Policy Action 1.2: Fostering Results-Focused Approaches – The G20 members should foster a results-focused approach to healthcare systems by facilitating regulations that evaluate innovations based on their contribution to the sustainability of healthcare systems, by reducing inefficiencies in the entire system, by advancing R&D collaborations, and by offering patient-centric care while securing fast access to innovation.	0	0	0	0/100
Policy Action 1.3: Improving Universal Health Coverage and Self-Care – The G20 members should promote access to essential healthcare services to their citizens by sharing best practices, building improved healthcare policies, incentivizing private sector involvement, and empowering citizens by enabling self-care and health literacy.	30	10	10	50/100

Innovation is the key to improving health in all spheres. Vaccines, medical devices, medicines, and a vast range of other medical tools serve humans today thanks to innovation. Diseases including the aforementioned polio and non-communicable diseases such as cancers can only be treated effectively using innovative medical tools that require resource- and time-intensive research and development (R&D) by academia and industry. Unfortunately, the G20 documents were barely responsive to this fact, and innovation is not specifically addressed. The B20 would have liked to see more commitment from the G20.

Policy Action 1.1 – Encouraging Innovation

This policy action was not specifically addressed in the G20 Declarations.

Policy Action 1.2 – Fostering Results-Focused Approaches

This policy action was unfortunately also not picked up by the G20.

Policy Action 1.3 – Improving Universal Health Coverage and Self-Care

The goal of Policy Action 1.3 is partially reflected in the G20 documents. The G20 Leaders' Declaration and G20 Health Ministers Declaration emphasize the importance of Universal Health Coverage (UHC) for strong health systems and the latter states: "We recall universal health coverage is a goal adopted in the 2030 Agenda and recognize that strong health systems are important to effectively address health crises".

The G20 were also responsive to the measures proposed by the B20 to implement the policy action. The G20 Health Ministers Declaration emphasizes the role of the private sector and calls for an exchange of best practices. G20 members positively reiterated the role of the private sector to revitalize the global partnership for sustainable development, as laid out in the United Nation's Sustainable Development Goal 17.

The policy action and the G20 Health Ministers Declaration are also congruent regarding the ownership of the policy action, as the declaration highlights the role of the private sector.

Photo: B20 Health Conference 2017 in Berlin



Recommendation 2



Recommendation 2 *Combating Antimicrobial Resistance (AMR)* and its three policy actions were well-reflected in the G20 documents.

The B20 Health Initiative formulated three policy actions under this recommendation:

- 2.1 *Scaling up R&D*
- 2.2 *Setting Guidelines*
- 2.3 *Advancing Capacity Building*

Policy Action 2.1 achieved the highest score with 100 points, while Policy Action 2.2 and 2.3 also earned a high score of 70 points each.

Health Recommendation 2 Score				
Recommendation 2	Goal	Measure	Owner	Total
Policy Action 2.1: Scaling up R&D – The G20 members should improve the conditions for developing new antimicrobials, vaccines, therapies, diagnostics, and better technologies for infection control by increasing the predictability and sustainability of R&D funding, improving the convergence of the regulatory environment across borders, and incentivizing cooperation between business and research organizations.	50	40	10	100/100
Policy Action 2.2: Setting Guidelines – The G20 members should call on the World Health Organization (WHO) together with the Food and Agriculture Organization (FAO) and the World Organization for Animal Health (OIE) to devise guidelines for responsible and sustainable use of antibiotics, and to disseminate the information to all stakeholders. Guidelines are also needed to improve infection control measures and education.	30	30	10	70/100
Policy Action 2.3: Advancing Capacity Building – The G20 members should assist low- and middle-income countries in their fight against AMR, including MDR-TB as well as other neglected diseases that may impact AMR, and support R&D capacity building in the countries that require it most.	30	30	10	70/100

AMR features prominently across the relevant G20 documents. Increasing resistance to existing antimicrobials through excessive prescription in both human and veterinary medicine threatens to render antimicrobials of “last resort” impotent. Placing AMR on the G20 agenda in 2017 was crucial as it requires urgent action from all G20 members in the spheres of R&D for new antimicrobials, public health, and agriculture. B20 appreciates that AMR was a central issue in both the G20 Leaders’ Declaration and the Health Ministers Declaration.

Policy Action 2.1 – Scaling up R&D

This policy action was reflected extensively in both the G20 Leaders’ Declaration and the Health Ministers Declaration. The G20 Leaders Declaration shows a high responsiveness to the goal of the policy action: “We highlight the importance of fostering R&D, in particular for priority pathogens as identified by the WHO and tuberculosis”. The Declaration also calls for an “R&D collaboration hub” in addition to an examination of “practical market incentive options” with all relevant experts. The same or very similar measures are proposed in the Health Ministers Declaration: “We recognize the importance of reactivating the R&D pipeline through incentive mechanisms”.

The G20 Leaders’ Declaration reflects all or some addressees of the policy action. The private sector is mentioned explicitly as an important actor in addressing AMR by the Health Ministers Declaration. There is significant congruence in the ownership of the measures.

Policy Action 2.2 – Setting Guidelines

The Leaders’ and Health Ministers Declarations were only partially responsive to the B20 policy action of setting guidelines. The Declarations call for “...prudent use of antibiotics...” (Leaders’ Declaration), and “...stewardship campaigns” (Health Ministers’ Declaration), though stopping short of detailing guidelines.

Both G20 Declarations reflect the addresses of the policy action as proposed by the B20. The Declarations both emphasize the role of the private sector in addition to all other actors in working towards feasible guidelines that regulate the use of antimicrobials more effectively. This is positive, as only an approach that brings together all relevant stakeholders can be fruitful.

Policy Action 2.3 – Advancing Capacity Building

There is some congruence in the goal and measure of the policy actions and the G20 documents. The G20 Health Ministers Declaration states: “We will cooperate with low- and middle-income countries to build their AMR surveillance capacity.” There is limited congruence in terms of ownership of the measures as the declaration does not specify cooperation partners.

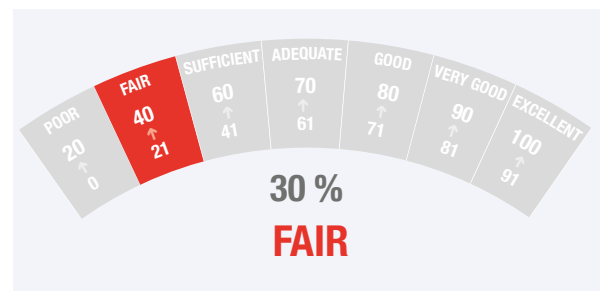


Photo: Carla Kriwet (Executive Vice President Philips and Co-Chair, B20 Health Initiative) at the B20 Health Conference 2017 in Berlin

Recommendation 3

The B20 Health Initiative formulated two policy actions under the recommendation *Fighting Neglected Tropical Diseases (NTDs)*:

- 3.1 *Advancing Cross-Cutting Approaches*
- 3.2 *Increasing Funding for Research and Product Development*



Health Recommendation 3 Score				
Recommendation 3	Goal	Measure	Owner	Total
Policy Action 3.1: Advancing Cross-Cutting Approaches – The G20 members should advance cross-cutting approaches to tackle NTDs as specified by the WHO’s five public-health interventions to prevent, control, eliminate, and eradicate NTDs.	10	10	10	30/100
Policy Action 3.2: Increasing Funding for Research and Product Development – The G20 members should agree to scale up research and product development to battle NTDs.	10	10	10	30/100

Neither Policy Action 3.1 nor 3.2 received sufficient attention in the G20 Leaders’ Declaration or the G20 Health Ministers Declaration. Both achieved only 30 points, a disappointingly low score considering the issue at hand.

Neglected Tropical Diseases (NTDs) are defined by the World Health Organization as a diverse group of infectious diseases that mostly affect poor populations in low- and middle-income countries around the world and cost developing economies billions of dollars a year. The affected often do not have access to existing medical tools or simple public health interventions that could alleviate their suffering. This market failure requires proactive intervention by all actors, including the G20 and the business community. B20 is thus disappointed that the G20 did not afford NTDs more attention.

Policy Action 3.1 – Advancing Cross-Cutting Approaches

The G20 Leaders’ Declaration does not mention NTDs, and the Health Ministers Declaration is hardly congruent with the policy action proposed by B20: “We acknowledge that strong and resilient health systems...are the basis for...the effective prevention and control of non-communicable and communicable diseases, including neglected tropical diseases (NTDs)”. Communicable and non-communicable diseases are the broader umbrella terms that include NTDs, but the case of persistent market failure in the context of NTDs commands more decisive commitments.

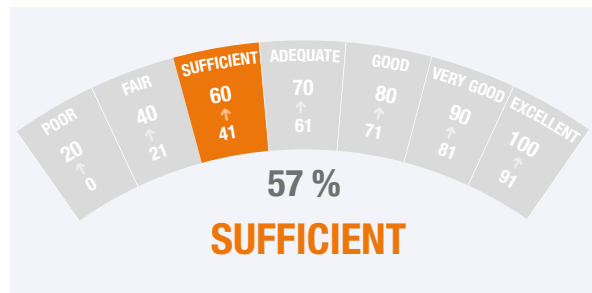
The Health Ministers Declaration is congruent with the B20 policy action regarding the ownership of the policy action, by referring directly to the role of all sectors, including the private sector, in strengthening health systems to manage health crises including NTDs.

Policy Action 3.2 – Increasing Funding for Research and Product Development

There is low congruence between the Health Ministers’ Declaration and the policy action proposed by B20. The

Health Ministers Declaration calls for increased funding for research and product development explicitly, but only in the context of invigorating R&D for antimicrobials. The same point made above on Policy Action 1 applies: it would have been instructive for the G20 to specifically address funding for research and product development regarding NTDs.

Recommendation 4



Recommendation 4 *Improving Pandemic Preparedness and Response* and two out of its three policy actions are mentioned in the G20 documents.

B20 proposed:

- 4.1 *Promoting PPPs in Infectious Disease Research and Product Development*
- 4.2 *Promoting PPPs in Preparedness and Response*
- 4.3 *Incorporating Pandemic Risk in Macro-Economic Assessments*

Policy Action 4.1 received the highest responsiveness with 100 points, closely followed by Policy Action 4.2 with 70 points. The third policy action was not mentioned in the G20 Leader Declaration or the G20 Health Ministers Declaration.

Health Recommendation 4 Score				
Recommendation 4	Goal	Measure	Owner	Total
Policy Action 4.1: Promoting PPPs in Infectious Disease Research and Product Development – The G20 members should support initiatives to accelerate R&D relating to infectious diseases.	50	40	10	100/100
Policy Action 4.2: Promoting PPPs in Preparedness and Response – The G20 members should support efforts to develop effective public-private partnerships for pandemic preparedness and response.	30	30	10	70/100
Policy Action 4.3: Incorporating Pandemic Risk in Macro-Economic Assessments – The G20 members should encourage incorporating the economic risks of infectious disease outbreaks into macro-economic assessments to build greater risk awareness and encourage investment in preparedness.	0	0	0	0/100

Pandemic preparedness was high on the G20 agenda in 2017, following the infectious disease outbreak of the Ebola virus in West Africa in 2014, and the Zika Virus in Southern and Central America in 2015-2016. Both outbreaks showed the deadly potential of infectious disease outbreaks. Both virus outbreaks also illustrated how closely connected the world is through trade, air travel, and migration. B20 Germany was encouraged to see that G20 Germany afforded pandemic preparedness a significant position on the 2017 G20 agenda. Several infectious diseases have epidemic potential today such

as the Middle Eastern Respiratory Syndrome (MERS). A strong commitment from the G20 is necessary to fund innovation, preparedness, and response.

Policy Action 4.1 – Promoting PPPs in Infectious Disease Research and Product Development

The G20 Leader’ Declaration and the Health Ministers Declaration were fully congruent with Policy Action 4.1. The Declarations show the strong commitment by G20 members to support public-private partnerships (PPPs)

Photo: Kemal Malik (Member of the Management Board, Bayer AG and Chair, B20 Health Initiative) at the B20 Health Conference 2017



in the various facets of pandemic preparedness. The Health Minister Declaration states: “We welcome and support new models for R&D preparedness including... GLOPID-R and... CEPI...”. It is encouraging that the G20 promotes existing and future partnerships between the public sector, research institutions, and industry.

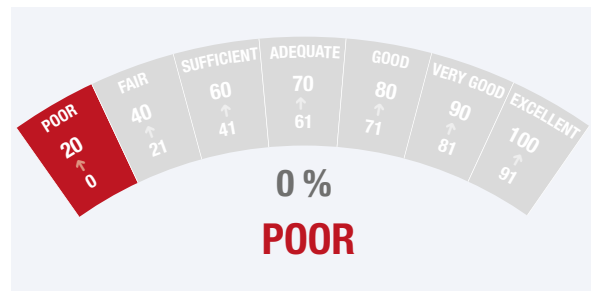
Policy Action 4.2 – Promoting PPPs in Preparedness and Response

The G20 Declarations are partially congruent with the Policy Action 4.2. The G20 Health Ministers Declaration acknowledges: “All relevant stakeholders, taking into account their respective capacities, need to be involved in preventing, preparing for and responding to current and future health crises, guided by the leadership of WHO”. The Health Ministers’ Declaration indicates that all sectors should be taken into account, but stops short of explicitly utilizing existing and new PPPs to bridge gaps in preparedness and response.

Policy Action 4.3 – Incorporating Pandemic Risk in Macro-Economic Assessments

B20 very much regrets that this policy action was not reflected in the G20 Declarations.

Recommendation 5



Recommendation 5 *Advancing Digital Health* and its policy actions are not reflected in the G20 documents. This is very unfortunate.

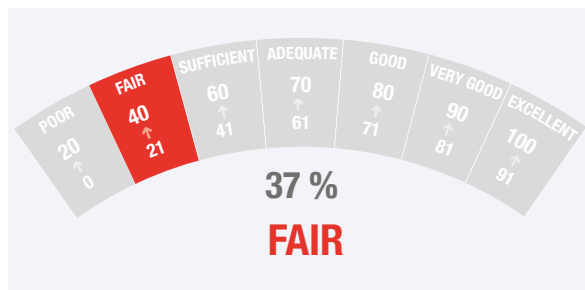
5.1 Facilitating Big Data

5.2 Improving Digital Health Infrastructure

Health Recommendation 5 Score				
Recommendation 5	Goal	Measure	Owner	Total
Policy Action 5.1: Facilitating Big Data – The G20 members should endorse making use of big data in digital health by facilitating and promoting translational and cross-border data flows, while at the same time protecting patients’ health data by implementing clear governance rules.	0	0	0	0/100
Policy Action 5.2: Improving Digital Health Infrastructure – The G20 members should accelerate the provision of a high performance digital health infrastructure by setting clear targets, agreeing on international standards for technical and semantical connectivity, and boosting investment in high capacity and mobile connectivity.	0	0	0	0/100

Digitalization changes the way we live, how we communicate with each other, and how we produce goods and services. For healthcare, however, the potential of digitalization has not yet been fully realized. Advancements in the digital health transformation would allow systems to become more efficient and patient-oriented, with care provided increasingly remotely. Digital health applications can help to optimize conventional treatment approaches and provide novel diagnostic techniques and forms of therapy and thus improve overall care. It creates opportunities to make greater use of real world data for insights into treatment outcomes for patients, more efficient research and development of highly effective therapeutics and medical technologies, and ultimately better informed policy decisions by regulators. B20 therefore hopes that future G20 cycles will pay greater attention to this issue.

Conclusion



It is overall highly encouraging that health played such a significant role on the 2017 G20 agenda. This development should not be taken for granted, as health was not prominent on G20 agendas before. A Health Working Group has been established, which will continue its work under the Argentinian G20 Presidency and a G20 Health Ministers Meeting is scheduled again. Nonetheless, with an average of 37 percent, G20 responsiveness to B20 recommendations can only be considered fair.

The G20 largely concentrated on universal health coverage, AMR, and crisis management, including pandemic preparedness. Other topics advocated for by the B20 Health Initiative, such as innovation, NTDs, and digital health, were either partially or wholly overlooked. These will need to be addressed at future G20 summits.

For G20 Argentina, the B20 hopes that innovation, digital health, and non-communicable diseases specifically related to aging societies and obesity will become more pertinent.

Any health issue requires farsighted policies and long-term commitment from all countries and stakeholders. The G20 members must therefore take this window of opportunity to ensure that health features prominently on future G20 agendas.

”

We believe in dialogue between industry and policy makers. Together we can promote global health and prosperity and reap the great benefits offered by science and technology.

“



Photo: Stefan Oschmann (Chairman of the Executive Board and CEO Merck and Chair, B20 Health Initiative)

”

The growing and aging world population and changes in lifestyle are putting health systems under financial strain. Innovation is crucial to provide solutions and improve people’s quality of life.

“



Photo: Kemal Malik (Member of the Management Board, Bayer AG and Chair, B20 Health Initiative)

Compact with Africa



Introduction

The German G20 Presidency placed a strong focus on Africa. At the international conference “G20 Africa Partnership – Investing in a Common Future”, in Berlin, 12-13 June 2017, the G20 launched the Compact with Africa. The G20 Leader adopted the G20 Africa Partnership initiative at the G20 Summit in Hamburg, of which the Compact with Africa is the central pillar. The initiative seeks to improve conditions for private investment in African countries.

Africa is a continent of great opportunities, but also of many challenges. While it is the second fastest-growing economic region after East Asia, a myriad of problems persist, including poverty, hunger, poor education, ill health, unemployment and inequality, bad governance, and corruption. B20 thus very much welcomes that G20 Germany put Africa onto the agenda of the G20, with a partnership on eye level.

B20 Germany has formulated ten policy recommendations in its paper “Boosting Investment in Africa: Towards Inclusive G20 Compacts with Africa”:

1. *Strengthening the Environment for Foreign Direct Investment*
2. *Boosting Investment in Infrastructure*
3. *Enabling Reliable and Affordable Energy*
4. *Increasing Digital Connectivity*
5. *Fostering Open and Inclusive Trade*
6. *Improving Good Governance and Responsible Supply Chains*
7. *Enabling Small and Medium-Sized Enterprises*
8. *Improving Financial Inclusion*
9. *Advancing Health*
10. *Advancing Employment and Education*

Of the ten policy recommendations proposed by the B20, six received a mention in the G20 final published materials (Leaders' Declaration, Partnership with Africa).

Recommendation 10 *Advancing Employment and Education* received the highest responsiveness rate at 100 percent. *Boosting Investment in Infrastructure* was the second highest, scoring 90 percent. Four further recommendations (*Strengthening the Environment for*

Foreign Direct Investment; Enabling Reliable and Affordable Energy; Increasing Digital Connectivity and Improving Financial Inclusion) received a score of 70 percent. Finally, four recommendations had no overlap with the final G20 documents, earning them a responsiveness rating of 0 percent (*Fostering Open and Inclusive Trade; Improving Good Governance and Responsible Supply Chains; Enabling Small and Medium-Sized Enterprises and Advancing Health*).

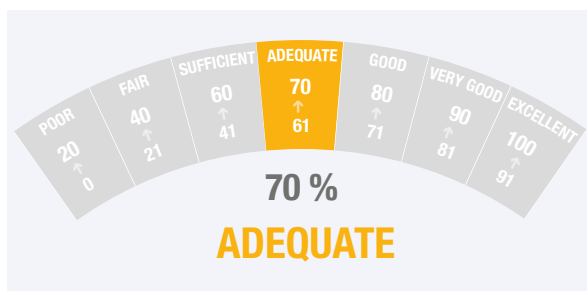
Africa Overall Score		
Recommendations	Points	Score %
Recommendation 1: Strengthening the Environment for Foreign Direct Investment – The G20 should, in partnership with the Compact countries, improve the environment for FDI by jointly working on investment facilitation plans and more strongly supporting public-private partnerships.	70 of 100	70
Recommendation 2: Boosting Investment in Infrastructure – The G20 should, jointly with the Compact countries, enhance investment in infrastructure by providing better information about infrastructure project pipelines, further expand risk mitigation instruments, and increase regulatory certainty.	90 of 100	90
Recommendation 3: Enabling Reliable and Affordable Energy – The G20 should, in cooperation with the Compact countries, enable reliable and affordable energy by promoting the development and further expansion of bankable and investment-ready energy investment pipelines with a larger number of high-quality energy infrastructure projects.	70 of 100	70
Recommendation 4: Increasing Digital Connectivity – The G20 should, in cooperation with the Compact countries, bridge the digital divide between and within countries by enabling investment in ICT infrastructure as well as scaling up capacity building and skills programs.	70 of 100	70
Recommendation 5: Fostering Open and Inclusive Trade – The G20 should, in cooperation with the Compact countries, foster open and inclusive trade by reducing trade barriers, implementing trade facilitation measures, and scaling up capacity building.	0 of 100	0
Recommendation 6: Improving Good Governance and Responsible Supply Chains – The G20 should, in cooperation with the Compact countries, foster responsible global and regional supply chains and anti-corruption measures by supporting the comprehensive set of existing international initiatives and by encouraging the African partners to develop strong national institutions.	0 of 100	0
Recommendation 7: Enabling Small and Medium-Sized Enterprises – The G20 should, in cooperation with the Compact countries, enable an environment that promotes SMEs as a pillar for inclusive growth and development.	0 of 100	0
Recommendation 8: Improving Financial Inclusion – The G20 should, in cooperation with the Compact countries, advance financial inclusion to create a broader basis for sustainable economic growth and development.	70 of 100	70
Recommendation 9: Advancing Health – The G20 should, in cooperation with the Compact countries, support measures that aim to expand access to essential healthcare services to their citizenry by applying best practices, building improved and sustainable policies, as well as incentivizing private sector involvement.	0 of 100	0
Recommendation 10: Advancing Employment and Education – The G20 should, in cooperation with the Compact countries, advance employment and education, in particular by promoting open, dynamic, and inclusive labor markets, and by harnessing technological change through education.	100 of 100	100



Photo: Ingo Kramer (President, BDA), Jürgen Heraeus (Chairman, B20 Germany), Federal Chancellor of the Federal Republic of Germany Angela Merkel, Dieter Kempf (President, BDI) and Eric Schweitzer (President, DIHK) at the B20 Summit 2017 in Berlin

Comparison Africa Overall Score with ICC Scorecards	
B20 Presidency	G20 Responsiveness
B20 Germany “Africa”	Sufficient
Comparison: ICC Evaluation B20 China: no taskforce on Africa	N/A
Comparison: ICC Evaluation B20 Turkey: no taskforce on Africa	N/A
Comparison: ICC Evaluation B20 Australia: no taskforce on Africa	N/A

Recommendation 1



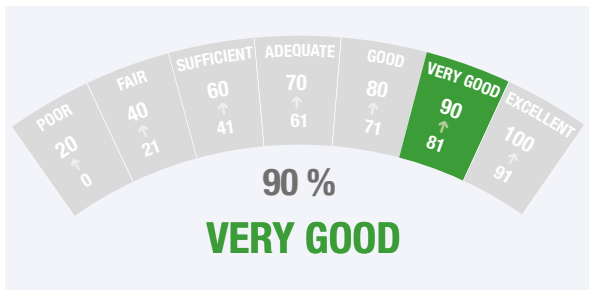
The United Nations Conference on Trade and Development (UNCTAD) estimates that the financing needed to achieve the SDGs in Africa amounts to \$614 billion to \$638 billion per year (UNCTAD, Economic Development

in Africa. Report 2016). The private sector is indispensable to close the investment gap. However, for investment to occur, the business climate and especially good governance must be further improved. Recommendation 1 *Strengthening the Environment for Foreign Direct Investment* earned a comparatively high responsiveness score of 70 percent.

The G20 underlined that “the Compacts aim at improving the macroeconomic, business and financing frameworks for private investment (both domestic and foreign) through national and concerted action of all stakeholders on the priorities of the African countries, including in the form of capacity building measures.”

More precisely the Compacts serve to “improve the business framework by implementing reliable regulation and institutions, improving investor protection and dispute resolution mechanisms, providing political risk insurance, improving project preparation facilities and standardizing contracts.”

Recommendation 2



The quality of the G20 responsiveness to Recommendation 2 *Boosting Investment in Infrastructure* was very high, with a score of 90 percent.

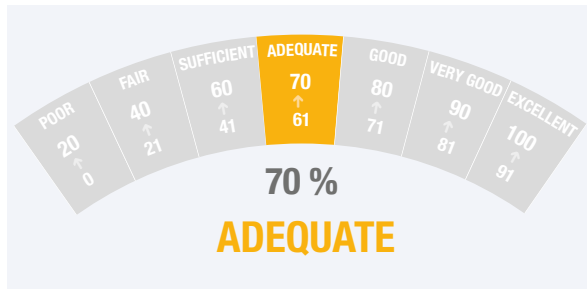
That is reflected by a specific chapter titled “Developing quality infrastructure, especially in the energy sector” in the annexed “Partnership with Africa” document. Furthermore, the Leaders’ Declaration clearly states that “based on equal partnership, we strongly welcome African ownership and commit to align our joint measures with regional strategies and priorities, in particular the African Union’s Agenda 2063 and its Programme for Infrastructure Development in Africa (PIDA).”

More precisely the G20 wish to “improve the business framework by implementing reliable regulation and institutions, improving investor protection and dispute resolution mechanisms, providing political risk insurance, improving project preparation facilities and standardizing contracts.”

Photo: B20 Germany Chairman Jürgen Herhaus and Federal Chancellor of the Republic of Germany Angela Merkel at the B20 Summit 2017 in Berlin



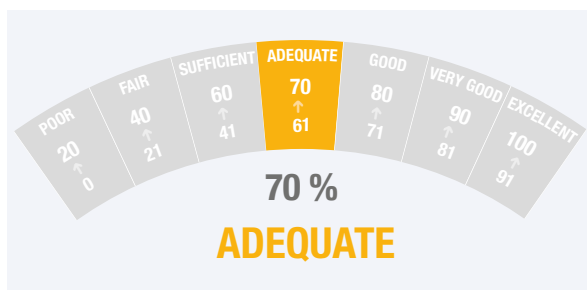
Recommendation 3



Recommendation 3 *Enabling Reliable and Affordable Energy* also scored well with 70 percent.

This fact is again reflected by a respective chapter in the “Partnership with Africa” document titled “Developing quality infrastructure, especially in the energy sector” in which the G20 highlights the importance of energy to Africa: “by means of knowledge sharing on quality infrastructure investment and the sustainable management of natural resources, the G20 is making a considerable contribution to foster sustainable infrastructure on the African continent.” The G20 committed to further implement the Energy Access Action Plan for Sub-Saharan Africa including reporting on progress at the Energy Sustainability Working Group Meeting. Furthermore, G20 recognized the opportunity for voluntary support for the objectives of the African Renewable Energy Initiative (AREI) and NEPAD Renewable Energy Access Project (REAP).

Recommendation 4

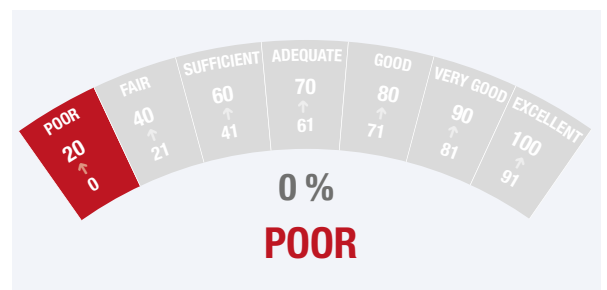


With a score of 70 percent, Recommendation 4 *Increasing Digital Connectivity* was well reflected in the G20 documents.

Though there is nothing on connectivity and ICT infrastructure in Africa in the documents, the G20 put a focus on digital skills: “In order to contribute to the empowerment of

women in general and to closing the digital gender divide, the G20 launched the #eSkills4Girls Initiative in particular for low income and developing countries, including a focus on Africa.” With this initiative, the G20 wants to promote opportunities and equitable participation for women and girls in the digital economy.

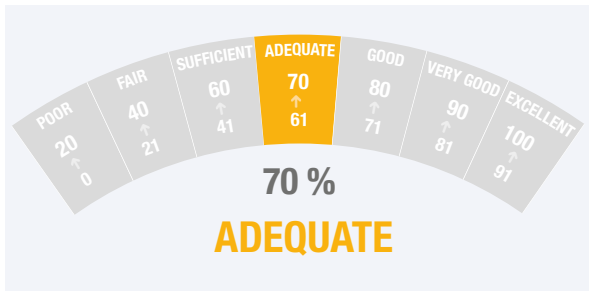
Recommendations 5, 6 and 7



Recommendation 5-7 were not recognized or reflected in the G20 texts at all and thus scored 0 percent. This is very disappointing, considering that the topics of open and inclusive trade, good governance and responsible supply chains, as well as SME promotion, are very relevant for Africa. B20 is disheartened that the G20 did not make trade facilitation and digital trade central aspects of the Compacts with African countries.

Similarly, B20 had hoped that the G20 members, together with the Compact countries, would commit to ensure better implementation and enforcement of business-related human rights abuses legislation at the national level. Furthermore, B20 would have liked to see a stronger commitment by the G20 and Compact countries to fight corruption.

Recommendation 8



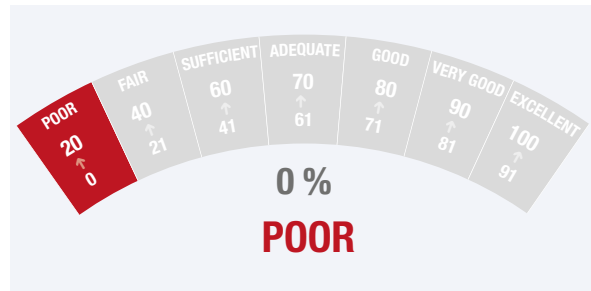
Recommendation 8 *Improving Financial Inclusion* scored 70 percent.

While there is no explicit mention of ‘financial inclusion’ in the G20 documents on Africa, the inclusion of rural youth in Africa is highlighted by the G20 as a priority. This is made clearer by the annexed Africa Partnership document, with the chapter titled “Improving inclusive economic growth and employment”. It further states that “recognizing that employment for young women and men in rural areas is a major challenge for sustainable economic development and food security the G20 launches the G20 Initiative for Rural Youth Employment.”

More precisely, the G20 have decided on concrete measures related to financing: “The six areas for concrete action encompass: aligning with international and developing countries strategies and policies; closing data and knowledge gaps; promoting rural youth employment in the context of conflict, disaster, fragility and violence; improving equitable and sustainable access to land; and increasing responsible investment and financing for rural youth employment.”

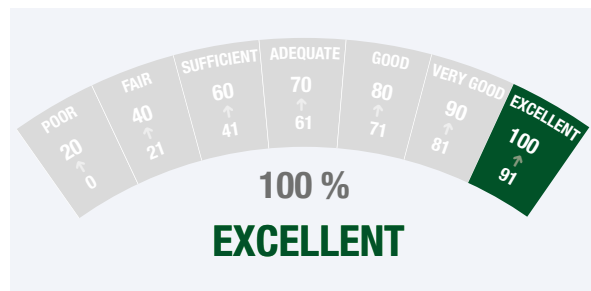
In addition, a special focus was placed on the financial inclusion of women, particularly in Africa: “For women entrepreneurs, the G20 welcomes the launch of the Women Entrepreneurs Finance Initiative (We-Fi), which will reach out and support related activities inter alia on the African continent.”

Recommendation 9



Recommendation 9 *Advancing Health* was not mentioned in the G20 texts at all and thus scored 0 percent. This is very disappointing considering that the advancement of health is a crucial issue in Africa. We would have liked the G20, in cooperation with the Compact countries, to support measures that aim to expand access to essential healthcare services to their citizenry by applying best practices and building improved and sustainable policies, as well as incentivizing private sector involvement.

Recommendation 10



Finally, G20 responsiveness to Recommendation 10 *Advancing Employment and Education* scored 100 percent.

The Leaders’ Declaration emphasized: “we launch the G20 Africa Partnership in recognition of the opportunities and challenges in African countries as well as the goals of the 2030 Agenda. Our joint efforts will foster sustainable and inclusive economic growth and development, in response to the needs and aspirations of African countries, contributing to create decent employment particularly for women and youth, thus helping to address poverty and inequality as root causes of migration. The Partnership includes related initiatives, such as #eSkills-4Girls, Rural Youth Employment, African Renewable

Energy and facilitates investment Compacts, as outlined in the Annex.”

The annexed Africa Partnership Document featured a chapter on job creation, titled “Improving inclusive economic growth and employment”. The text reads: “Recognizing that employment for young women and men in rural areas is a major challenge for sustainable economic development and food security the G20 launches the G20 Initiative for Rural Youth Employment.”

In addition, the G20 Leaders agreed on two annexed documents titled “G20 Initiative for Rural Youth Employment” and “G20 Initiative “#eSkills4Girls”, both highlighting the focus on employment and education, especially in Africa.

More precisely, the G20 Leaders’ highlighted the prioritized measures to conduct: “The six areas for concrete action encompass: aligning with international and developing countries strategies and policies; closing data and

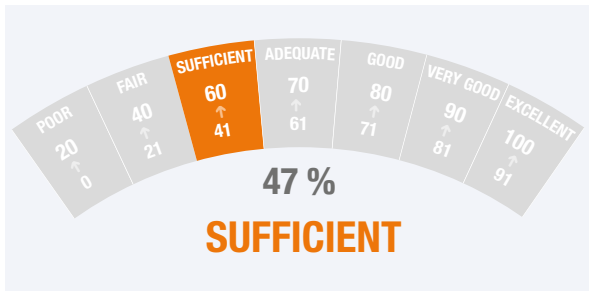
knowledge gaps; promoting rural youth employment in the context of conflict, disaster, fragility and violence; improving equitable and sustainable access to land; and increasing responsible investment and financing for rural youth employment.”

The G20 focused in particular on digital skills: “In order to contribute to the empowerment of women in general and to closing the digital gender divide, the G20 launched the #eSkills4Girls Initiative in particular for low income and developing countries, including a focus on Africa. With this initiative, the G20 promotes opportunities and equitable participation for women and girls in the digital economy. Moreover, an online knowledge and exchange platform for sharing good practices on education and employment policies and projects, as well as entrepreneurship prospects for women and girls has been developed in cooperation with a consortium comprising UN Women, OECD and ITU.”





Conclusion



The B20 strongly welcomes the G20 initiative to launch the G20 Africa Partnership. This is a significant step forward from last year’s G20 commitments in Hangzhou. By highlighting the need for joint action to enhance sustainable infrastructure, to improve investment frameworks, as well as to support education and capacity-building, the G20 acknowledged the opportunities as well as the challenges of the region.

The B20 strongly appreciates the decision of Côte d’Ivoire, Ethiopia, Ghana, Morocco, Rwanda, Senegal, Tunisia, the AfDB, IMF and WBG, and interested bilateral partners to work on investment compacts and to develop strong investment climates. By encouraging the private sector to seize economic opportunities in Africa, sustainable growth and employment creation are supported.

Overall, the B20 appreciates the clear linkage to African-led strategies and initiatives like the African Union’s Agenda 2063 and it’s Programme for Infrastructure Development in Africa (PIDA). In that respect, the B20 welcomes that the reform measures and contributions will be coordinated by “Country Teams” set up in each Compact country, comprising of representatives of the respective African government, international organizations, interested G20 members, and other partner countries or institutions. The G20 finance track will coordinate and monitor the initiative as well as report on progress, future ambitions, and measurable targets in each Compact country during IMF Spring and Autumn Meetings.

Overall, the B20 is encouraged that the G20 has taken the business views into consideration. However, much more could still be done. With an overall score of 47 per cent G20 responsiveness to B20 recommendations can be rated as sufficient.

Photo: Stormy-Annika Mildner, B20 Germany Sherpa



**Accountable,
Transparent, Responsive
– the B20 is a reliable and
indispensable partner of
the G20 in an increasingly
uncertain world.**



Appendix

List of Abbreviations

A

ACWG	G20 Anti-Corruption Working Group
AfDB	African Development Bank Group
AI	Artificial Intelligence
AMR	Antimicrobial Resistance
AREI	African Renewable Energy Initiative

B

B20	Business 20
BCBS	Basel Committee on Banking Supervisions
BEPS	Base Erosion and Profit Shifting

C

C20	Civil 20
CEPI	Coalition for Epidemic Preparedness Innovations
COP21	2015 United Nations Climate Change Conference

D

DDA	WTO Doha Development Agenda
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E

ECRE	Energy, Climate, and Resource Efficiency Taskforce
EEAP	G20 Energy Efficiency Action Plan
EELP	G20 Energy Efficiency Leading Programme
ESWG	G20 Energy Sustainability Working Group
eWTP	Electronic World Trade Platform

F

FATF	Financial Action Task Force
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FDI	Foreign Direct Investment
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FGI	Financing Growth and Infrastructure Taskforce
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FIAP	Financial Inclusion Action Plan
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FSB	Financial Stability Board
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G

G7	Group of 7
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G20	Group of 20
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GAFFSP	Global Agriculture and Food Security Program
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GDP	Gross Domestic Product
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GFSG	G20 Green Finance Study Group
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GICA	Global Infrastructure Connectivity Alliance
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GLOPID-R	Global Research Collaboration for Infectious Disease Preparedness
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GPFI	Global Partnership for Financial Inclusion
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I

I4.0	Industry 4.0
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ICC	International Chamber of Commerce
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ICT	Information and communications technology
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IEA	International Energy Agency
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II	Industrial Internet
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IIA	International Investment Agreement
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IIWG	G20 Investment and Infrastructure Working Group
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ILO	International Labour Organization
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IMF	International Monetary Fund
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IOE	International Organization of Employers
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IOM	International Organisation for Migration
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IOSCO	International Organization of Securities Commissions
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IoT	Internet of Things
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IRENA	International Renewable Energy Agency	STEM	Science, Technology, Engineering and Mathematics
ITU	International Telecommunication Union		
L		T	
L20	Labour 20	T20	Think 20
M		TIWG	G20 Trade and Investment Working Group
MDB	Multilateral Development Bank	TFCD	Taskforce on Climate-related Financial Disclosure
MERS	Middle Eastern Respiratory Syndrome		
MSMEs	Micro, Small and Medium Enterprises	U	
N		UHC	Universal Health Coverage
NDC	Nationally Determined Contributions	UN	United Nations
NEPAD	New Partnership for Africa's Development	UNCAC	United Nations Convention against Corruption
NTDs	Neglected tropical diseases	UNCITRAL	United Nations Commission on International Trade Law
O		UNCTAD	United Nations Conference on Trade and Development
OECD	Organization for Economic Cooperation and Development	UNFCCC	United Nations Framework Convention on Climate Change
P		UNHCR	Office of the United Nations High Commissioner for Refugees
PIDA	Programme for Infrastructure Development in Africa	V	
PPPs	Pandemic Preparedness	VET	Vocational Education and Training
PPP	Public-Private Partnership	W	
R		W20	Women 20
R&D	Research and Development	WBG	World Bank Group
REAP	Renewable Energy Access Project	We-Fi	Women Entrepreneurs Finance Initiative
S		WHO	World Health Organization
S20	Science 20	WSF	World SME Forum
SDG	Sustainable Development Goals	WTO	World Trade Organization
SME	Small- and Medium-Sized Enterprise	Y	
SSBs	Standard-Setting Bodies	Y20	Youth 20

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B20 Germany

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Gertraudenstraße 20
10178 Berlin
Deutschland
www.b20germany.org

Editing Team

Stormy-Annika Mildner
B20 Sherpa (2016-2017)
Head of the Department of External Economic
Policy, Federation of German Industries

Lea Spörcke, Senior Manager,
Department of External Economic
Federation of German Industries

Layout

Michel Arencibia
www.man-design.net

Print

Das Druckteam
www.druckteam-berlin.de

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