

The Pittsburgh Summit: Support For The Most Vulnerable

Support for the world's most vulnerable individuals and countries is a central aim of the G-20's aggressive recovery actions. The G-20 has pursued a strategy that is built around three critical pillars:

The Expanded Engagement of Effective International and Regional Institutions: To increase the capacity of emerging market and low-income countries to withstand and recover from this and future external shocks, the G-20 has from the outset mobilized robust action on the part of leading international and regional institutions.

- In London, the G-20 called for the multilateral development banks (MDBs), including the World Bank and the African Development Bank, to expand lending by at least \$100 billion above pre-crisis levels. This goal was met by the MDBs within months of the G-20's initial request. In addition, over the past year IDA committed \$14 billion in resources for the poorest, \$2 billion of which was made available under emergency procedures, and the African Development Fund (AfDF) front-loaded its financing, with \$4.2 billion in commitments expected in 2009, up from \$2.4 billion in 2008.
- The G-20's work has also led to a dramatic expansion of the IMF's ability to provide concessional loans to the world's poorest nations to \$8 billion over 2009–10 and \$17 billion through 2014 and an increase in trade finance support for emerging market countries. Over the past year, IMF financing under current programs to the poorest countries has more than doubled and currently stands at \$4.4 billion.
- Building on these important early successes, the G-20 Leaders in Pittsburgh committed to support continued concessional lending, including through the IDA and Africa Development Fund, and to review whether General Capital Increases are needed as the MDBs enact reforms to meet their core missions.
- The G-20 also agreed to address a critical missing piece of the global economic structure - a lack of a concessional lending facility for the world's poorest countries in times of crisis. The G-20 have asked their Finance Ministers to explore the creation of such a crisis lending facility within IDA to provide support to the poor in future downturns.

Investments in the Foundations for Long-term, Sustainable Development: The G-20 has also committed to new initiatives that will not only help the poor, but will also foster economic growth opportunities for the world's poorest countries by investing in the foundations of development: sustained production, new infrastructure and financial access.

- **Food Security:** With over one billion of the world's people facing chronic hunger and the world's poorest countries hit hard by the 2008 spike in world food prices, President Obama joined with 34 world Leaders in L'Aquila, Italy to launch a comprehensive food security initiative. The new initiative will align sustained donor resources in support of country-led strategies, and has already generated over \$20 billion (USD) in donor pledges. At the Pittsburgh Summit, G-20 Leaders called on the World Bank to create a Global Agriculture and Food Security Program, a multilateral trust fund to expand agricultural assistance to low-income countries.
- **Expanded Clean Energy Resources for Low-Income Countries:** As the developing world seeks to build out the energy infrastructure needed to support domestic development and attract investment, the G-20 has also adopted a new series of measures to help the poor access affordable and reliable clean energy. The Leaders agreed to increase funding for the World Bank's new Scaling Up Renewable Energy Program and for other programs that support the deployment of clean energy resources in the developing world.
- **New Opportunities for Financial Access:** In order to sustain recovery and reduce the vulnerability of the world's poor to future external shocks, the G-20 is also focused on tackling the fact that half of the world's people do not have access to financial services. The G-20 Leaders have established a G-20 Financial Inclusion Experts Group to recommend innovative approaches to providing financial services to the poor, including through national regulatory and policy efforts. Underscoring the importance of small business development to global economic growth, the G-20 has also launched a new Small and Medium Enterprise (SME) Finance Challenge which will partner with the private sector to support entrepreneurs in poor countries.

Limiting illicit outflows: Those G-20 members who serve as traditional "donors" have committed to maintaining their ODA levels, while other G-20 members have brought new development resources to the table. But as the flow of funds to developing countries increases, it is critical to also prevent its illegal outflow. Corruption and illicit financial flows cost developing nations billions of dollars per year in public funds that could be used for

domestic investments. The G-20 Leaders recommitted themselves to fighting corruption and reclaiming this uncounted capital for development by agreeing to increase the transparency of international aid flows and to strengthen international efforts to recover stolen assets. They called for ratification of the UN Convention Against Corruption and the adoption and enforcement of laws against transnational bribery, laws like the OECD Anti-Bribery Convention. These efforts will also help prevent future use of public assets for personal gain.