

UK-chaired G-20 Work Programme for 2009

2009 is the 10th anniversary of the G20 and will be an important year in the group's history – both in terms of delivering real policy progress for the benefit of the global economy and in terms of strengthening the group as an international forum.

2009 is an opportunity to show the G20 as an effective forum to develop understanding and forge consensus amongst systemically important countries with different backgrounds and perspectives and to use that understanding to shape, and respond effectively to, developments in the global economy.

With this in mind, the UK Chair year will be aimed at strengthening multilateralism, by further building the cooperation between all members of the G20 on a range of economic issues; encouraging shared responsibility, particularly on climate change and development where contributions will be needed by all if we are to make real progress; and promoting open markets by exploring how open markets can build and maintain global prosperity and contribute to tackling a wide range of policy goals.

Within this are three policy themes. In selecting these, the UK has considered the importance of striking a balance between immediate world economic and financial stability issues and issues that will impact the economy in the long-term. The three themes are;

- **Responses to global macroeconomic challenges** – this will enable the G20 to consider both current and long-term impacts of the latest economic events and how to respond effectively to these.
- **Financing for climate change** – building on discussions in previous years, most recently Brazil's work on clean energy in 2008.
- **Sustainable financing for development** – building on the work of the 2008 debt sustainability study group, this will allow for wider discussions on development financing.

1. World economy: Responses to global macroeconomic challenges

The world economy remains central to the G20 remit and productive discussions around conjunctural issues of concern will help to deepen understanding of the impacts of recent trends and look at how members might collectively work to strengthen the global economy. This is particularly relevant given the conjunctural economic risks around inflation, financial stability and global growth. The G20 will want to monitor and discuss how to respond collectively to such challenges.

Given the food and oil price increases – inflation is one of the most important current global economic issues and is likely to remain so in 2009 for all economies. The impacts of continued high inflation are far-reaching, affecting all member countries from the individual through to state level. Failure to tackle this could lead to the reversal of recent poverty gains and continued economic instability.

The G20 is well placed to consider the ways in which we might best tackle and deal with global macroeconomic challenges both at domestic level and co-operatively at international level. The range of policy choices will be considered, allowing for some exploration of which mix of policy options might work best. The issue of inflation control versus growth will also be discussed.

Key areas of discussion for ministers and governors, prepared through their Deputies meetings, might include; responses to conjunctural macroeconomic challenges, including financial stability, global growth and major potential impacts of rising inflation, in particular oil and food prices. The official level workshop would look further into the detail of impacts of rising inflation and long-term responses to pressures and effective policy combinations for dealing with the inflationary threat.

2. Financing for climate change

Climate change is a central international political and economic problem. It requires a multilateral response to reduce global emissions and minimise the costs of doing so. The G20 has acknowledged the role that finance ministries have to play in tackling climate change and the economic consequences of not doing so. An effective economic response requires broad and careful consideration of the options available. This theme will allow for discussion of the key economic policy questions that are being raised in the current international debate. Amongst these are; the relationship between climate funding and development aid and the most effective policy choices to achieve the goal of continued economic growth within low carbon growth.

2009 will be a critical year in global efforts to tackle climate change as the UNFCCC leads a process to determine a global deal to succeed Kyoto. A key part of any such deal will be the financing for climate change and how financing mechanisms can support countries to move to a lower carbon growth path. The G20 brings together Ministers and Central Bank Governors from major emitting and energy producing economies and is therefore an ideal forum in which to discuss the financing aspects of climate change.

It is not possible for governments alone to fund the costs of tackling climate change and so, as part of the financing picture, market mechanisms have a key role to play. The potential for this will be explored throughout the year alongside practical considerations of how to develop these mechanisms further.

Key areas for discussion will include; the possibilities for development of a global carbon market, scale of financing required for climate change and burden sharing criteria, the relationship of climate finance with development spending and the aid architecture, sources of climate finance and the broader economics of climate change.

3. Sustainable financing for development

G20 members have important and varied roles in relation to supporting economic development. A number of G20 countries have recently taken significant steps in promoting domestic growth and reducing poverty. They, and other G20 members, also provide support to other countries as donors, as trading partners and as providers of investment. As such, the G20 is in a good position to collaborate to make progress on development issues.

G20 members have important and varied roles in relation to development; as donors, as trading partners, as providers of investment, and as countries for which development is a significant domestic as well as international issue. As such, the G20 is in a good position to collaborate to make progress on development issues.

The G20 has not discussed development as a key theme since 2005 although work has been continuing through study groups. In 2009, we will be over half way towards the target date for the Millennium Development Goals (MDGs), a number of which remain off track, and so it is an appropriate time at which to look at what more can be done.

The workshop will explore how the G20 can work through varied channels and with diverse partners to support long-term economic growth and sustainability in developing countries.

The discussion will be focused around identifying the contribution that G20 members can make to achieve the Millennium Development Goals. This can be both through the direct provision of financial support, and through the sharing of knowledge and technical expertise. There are many sources of financing for developing countries to consider – not only aid but also investment and trade. Lending is also an important part of the package and the role the G20 can play in debt sustainability, working with borrowers and the commercial sector, will also be discussed.

International institutional reform

The issue of the role and make-up of key international institutions remains an issue of concern and interest across the G20. We recognise that members will want time to discuss this through the year. Given the nature of these institutions and their impact on a range of issues, we also anticipate that members may wish to discuss their role in the context of the three main policy themes.

Schedule for G20 events in 2009

Event	Location (all tbc)	Date (all tbc)
Workshop – financing for climate change	Australia	Thursday 12 th - Friday 13 th February
1 st Deputies meeting	UK	Thursday 12 th - Friday 13 th March
Workshop – responses	India	Thursday 14 th - Friday

to global inflation		15 th May
Workshop – sustainable financing for development	South Africa	Thursday 18 th - Friday 19 th June
2 nd Deputies meeting	UK	Thursday 3 rd - Friday 4 th September
Finance Ministers and Central Bank Governors' meeting	UK	Saturday 7 th – Sunday 8 th November or Saturday 21 st - Sunday 22 nd November