

## HEAD T.O. HEAD Summits in Canada in June 2010: the Muskoka G8 meets the Toronto G20

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**Both the G8 and G20 were born of crises.** The Group of Eight industrialized democracies emerged in response to the twin exchange rate and oil crises in the early 1970s. The leaders met for their first summit in 1975 as G6 with France, Germany, Italy, Japan, the UK and the US as members; Canada's membership turned the group into the G7 the following year and it became the G8 with Russia in 1998. The European Union has been a participant since 1977. The agenda of the G8 has grown incrementally, beginning with a rather narrow economic and financial focus. It gradually added terrorism, the environment, energy, health, and many other global issues. In addition to the leaders' meetings, a broader G8 system has evolved, including ministerial gatherings (finance, foreign affairs, development, health, labour, environment and others) and expert groups and task forces.

The Group of Twenty (G20) began at the level of finance ministers and central bank governors in 1999 in response to the 1997/98 Asian financial crisis. By then it had become clear that the G8 countries could not tackle economic and financial problems without the full participation of systemically important emerging economies. This was seen as striking a balance of representativeness and efficiency. Members of the G20 are the G8 countries plus Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Republic of Korea, Saudi Arabia, South Africa and Turkey, with the European Union as the 20th member. When the new financial crisis erupted in 2007 and intensified and became global in 2008, George W. Bush, in one of his final acts as US president, convened the first G20 meeting at the leaders' level, the "Summit on Financial Markets and the World Economy" in Washington, DC, on November 14-15, 2008.

The second G20 summit took place in London on April 1-2, 2009, and the third in Pittsburgh, Pennsylvania on September 24-25, 2009. At the Pittsburgh summit, the heads proclaimed the G20 the premier co-ordinating body for economic and financial questions, thus taking over a crucial part of the G8's portfolio. The relationship between the G8 and the G20 remains in flux but the two continue to coexist, at least for now. For the first time in the history of these top-level meetings, the two summits convened back-to-back in June 2010: the G8 in Muskoka, north of Toronto, on 25-26 June, and the G20 in Toronto on 26-27 June.

The Muskoka G8 summit met under the 2010 Canadian G8 presidency in the Deerhurst resort near Huntsville. Its agenda ranged from development and Africa to environmental sustainability and "green recovery," trade and investment, and international peace and security. The two key areas of focus were maternal, newborn and child health (MNCH) – Canadian Prime Minister Stephen Harper's signature issue – and accountability.

On MNCH, the summit launched its *G8 Muskoka Initiative: Maternal, Newborn and Under-Five Child Health*<sup>1</sup>. This initiative is closely related to UN Millennium Development Goals (MDGs) 4 and 5, and partly to MDGs 1 and 6. It addresses MNCH from prenatal care to health education, sexual and reproductive health, prevention and treatment of diseases, and strengthening health systems in developing countries. The global targets of the G8, in partnership with the World

Bank; the WHO; UNICEF; the Global Fund to Fight AIDS, Tuberculosis and Malaria; the GAVI Alliance and other organizations and programmes, are the targets of MDGs 4 and 5.

The Muskoka Initiative was an important first step in mustering political will and clear purpose, but initial funding commitments to MNCH were disappointing: a total of \$5 billion in new money was pledged at the summit for the next five years. Of this, Canada committed \$1.1 billion (a sobering thought: this is close to the \$1.2 billion for staging these two summits, including security costs). The other seven G8 countries together made up the difference. Non-G8 countries The Netherlands, Norway, Republic of Korea, Spain, Switzerland, plus the Bill and Melinda Gates Foundation, pledged an additional 2.3 billion of new money. The G8 expects that the total support pledged at Muskoka will prevent 1.3 million deaths of under-five children; 64,000 maternal deaths in developing countries; and provide access to better family planning. How many more lives could be saved and improved had the leaders found the will to come up with a greater fraction of the hundreds of billions (more likely a combined couple of trillions) of stimulus money that the G8 countries succeeded in mobilizing within months to prop up banks and other financial institutions that first caused, then were hurt by, the present economic crisis?

The other key theme of the Muskoka summit was accountability. In fact, the meeting had been dubbed in advance the “accountability summit” by the Canadian host government. There had been previous accountability exercises by the G8 but those tended to be sectoral assessments, tracking the fulfilment of commitments on food security, water, health and education. At their L’Aquila summit in 2009, the G8 leaders established the G8 Accountability Senior Level Working Group, tasking it with identifying key development-related G8 commitments since the 2005 Gleneagles summit and that year’s UN MDG review conference; identifying indicators for assessing those commitments; developing a reporting methodology; exploring ways of measuring the impact of G8 commitments beyond merely assessing progress; consulting with the OECD and other organizations with expertise in data manipulation and reporting; reporting back to G8 leaders in time for the Muskoka summit; and making recommendations on regularizing accountability practices after Muskoka.

How well did the 88-page *Muskoka Accountability Report*<sup>2</sup> fulfil this ambitious mandate? The working group identified and analyzed 56 development-related commitments, most of which made at the Gleneagles summit and some as far back as Kananaskis in 2002, others made at summits subsequent to Gleneagles. The 56 commitments are grouped in nine thematic areas: aid, aid effectiveness and debt relief; economic development; health; water and sanitation; food security; education; governance; peace and security; and environment and energy. The main sources of the report are “data and narrative evidence” from G8 governments themselves and from what the report calls “relevant” international organizations, mostly OECD/DAC. For example, on aid, the report notes that G8 spending on ODA to Africa has increased by about 50%, reaching almost \$30 billion in 2008, representing 70% of global (G8 and non-G8) ODA. This still leaves an acknowledged shortfall of \$18 billion from all donors; individual G8 country records are mixed.

In its conclusions, the report draws a positive overall balance in the G8’s progress on meeting its commitments but notes that in some areas “it has further to go to fully deliver on its promises.” The recommendations emphasize the importance of improving transparency in reporting by

using a comprehensive and consistent methodology, but the working group, in the body of the report, shows the difficulty of advancing this objective. Laudably, the working group underlines that G8 commitments must be assessed in a multi-year context, and the report goes some way toward that. Wisely, it cautions that “aspirational and policy commitments make them difficult to track and report ... in any meaningful or quantifiable manner.”

All in all, the *Accountability Report* is an important step in improving G8 accountability (including transparency). But some problems are apparent. First, country-to-country reporting is uneven, seemingly based on differing emphases and data selection; this makes comparability difficult. Second, being a self-assessment of G8 governments, the report necessarily uses diplomatic language, contrasted with, say, the DATA group’s reports which are willing to name and shame G8 countries that have fallen behind<sup>3</sup>. Third, there is a problem of time-lag: OECD statistics are at least a year behind so reporting is not quite up-to-date. Fourth, the *Accountability Report* does not adjust for level of ambition of commitments – a difficult challenge but one that should not be beyond the G8’s capacity. Sadly, the leaders, despite referring numerous times to accountability, signalled their intention to devote future accountability reports to specific sectors rather than treating accountability comprehensively; the 2011 accountability report will focus on health and food security only.

On other issues, Muskoka’s results were weak. Economic co-ordination has now been largely taken over by the G20; environment and climate were commented on but both the G8 and the G20 acknowledge that meaningful negotiations and agreements have to be conducted under the aegis of the UN. On trade, Muskoka produced a recurrent and now formulaic G8 support for completing the Doha round and for fighting protectionism. Development is coming on the agenda of the next G20 summit in Seoul in November of this year, and will arguably be taken on by the G20 in the future. Security issues (terrorism, non-proliferation, regional problems such as Iran, North Korea and Afghanistan/Pakistan) remain in the ambit of the G8 for now; in addition to the Declaration, the leaders issued a statement on countering terrorism and a report on the G8 global partnership against weapons of mass destruction.<sup>4</sup>

An increasingly clear aspect of these G8 summits is that this is no longer purely the G8. In addition to the G8 and EU leaders, Muskoka saw two “outreach” sessions on 25 June: one with African leaders from Algeria, Egypt, Ethiopia (as chair of NEPAD), Malawi (as chair of the African Union), Nigeria, Senegal and South Africa. The other session brought the G8 leaders together with leaders from Colombia, Haiti and Jamaica in addition to the African leaders. With the various joint working sessions with these partners, the G8 leaders had much less time to meet alone in the available one and a half days.

This G20 summit continued the primarily economic and financial focus of the previous three G20 meetings. It resulted in a *Framework for Strong, Sustainable and Balanced Growth*, including reform of the financial sector which rests on four pillars: a strong regulatory framework; effective oversight and supervision of financial institutions; addressing systemic issues including restructuring or otherwise resolving financial institutions in crisis; and implementing a transparent, peer-reviewed international assessment in co-operation with the IMF, World Bank and Financial Stability Board.

Apparent harmony among the G20 on some of these issues covers real disagreements. For example, the G20 declaration asserts the leaders' commitment to taking concerted actions but adds that "these will be differentiated and tailored to national circumstances."<sup>5</sup>

The reform of international financial institutions (IFIs) continued as a major G20 preoccupation. The Declaration refers to the fulfillment of commitments at the Pittsburgh summit, for example by providing capital increases to the tune of \$350 billion for multilateral development banks. The leaders also welcomed voice reforms (quota increases for underrepresented countries) by the World Bank and urged the IMF to speed up and complete its quota reform by the time of the November 2010 Seoul summit.

Fighting protectionism and promoting trade and investment were continuing G20 agenda items. There did not seem to be much movement on these, particularly as shown by the ritualistic support for the completion of the Doha Development Round. On the other hand, concern for the impact of the economic and financial crisis on the most vulnerable populations was praiseworthy.

To supplement its Declaration, the G20 also issued a short document, *Principles for Innovative Financial Inclusion*. These principles list leadership, diversity, innovation, protection, empowerment, co-operation and knowledge as means to improve access to financial services for the poor – the two billion people currently excluded from these benefits.<sup>6</sup>

Clearly, this G20 has achieved more – at least potentially – than the Muskoka G8. It undertook to halve deficits in advanced economies by 2013 and to stabilize or reduce government debt-to-GDP ratios by 2016. But here, too, differences among countries surfaced; at his end-of-summit press conference, President Sarkozy of France pointed out that these undertakings were voluntary. This was then acknowledged by the host leader, Canadian Prime Minister Harper, at his own final press conference. On proposals such as a tax or levy on financial transactions, member countries also intend to go their own way.

Like the G8, the G20 is not purely the G20, either. The Canadian hosts invited the following leaders to participate in part of the proceedings at the Toronto summit: Ethiopia as NEPAD chair and Malawi as African Union chair who had also participated in some G8 sessions at Muskoka. Also present were two regular interlopers at G20 summits – The Netherlands and Spain – plus Vietnam as chair of the Association of Southeast Asian Nations. The heads of the following international organizations, too, were there: Financial Stability Board, International Labour Organization, the IMF, the OECD, the UN, the World Bank and the WTO.

Accountability of the G20 is more problematic than in the G8's case – mostly for political reasons – but there are some encouraging early signs. One way the G20 could move toward this would be by allowing public reporting of the IMF/World Bank mutual assessment reports done for G20 countries beyond the partial release of substantial but peripheral information at the Toronto summit<sup>7</sup>.

## **The Street Scene in Toronto**

Those who watched media coverage of the Muskoka G8 but especially the Toronto G20 may well have concluded – mistakenly – that violent incidents on Toronto streets and some police overzealousness were the most memorable features of this G20. Unfortunately, many media outlets (television, radio, newspapers) once again tended to focus on such incidents and underreported the less showy but more numerous and more important majority of peaceful demonstrators advocating causes of economic and social justice. And the messages of the actual summits were somewhat overshadowed.

### **What of the Future?**

The South Korean hosts of the next G20 summit, to take place in Seoul on 11-12 November, 2010, have signalled that, in addition to building on the results of the previous four G20 summits, they will put development prominently on their agenda – a significant new file for this more representative forum of major industrialized countries including emerging economies. Then, the G8 presidency rotates to France whose government has announced the intention to hold a G8 summit in Nice in spring 2011 and a G20 summit later in the fall. In 2012 it will be the turn of the US to convene a G8 but the question lingers: will there still be a G8? On the one hand, the eight like-minded leaders like these smaller gatherings where they can discuss whatever issues they wish; on the other, the fading relevance of the G8 is becoming more widely accepted. Mexico will have the G20 chair in 2012, so that year's summit will meet in that country.

<sup>1</sup> G8 (2010). “G8 Muskoka Declaration: Recovery and New Beginnings” <[http://g8.gc.ca/wp-content/uploads/2010/07/declaration\\_eng.pdf](http://g8.gc.ca/wp-content/uploads/2010/07/declaration_eng.pdf)>, Annex I.

<sup>2</sup> G8 (2010). “Muskoka Accountability Report”. <[http://g8.gc.ca/wp-content/uploads/2010/06/muskoka\\_accountability\\_report.pdf](http://g8.gc.ca/wp-content/uploads/2010/06/muskoka_accountability_report.pdf)>

<sup>3</sup> Their latest annual report is “The DATA Report 2010: Monitoring the G8 Promise to Africa”. <[www.one.org/report/2010/en](http://www.one.org/report/2010/en)>

<sup>4</sup> G8 (2010). “G-8 Leaders Statement on Countering Terrorism”. <<http://g8.gc.ca/9938/g-8-leaders-statement-on-countering-terrorism>>; G8 (2010). “Report on the G-8 Global Partnership 2010” <http://g8.gc.ca/g8-summit/summit-documents/report-on-the-g-8-global-partnership-2010>

<sup>5</sup> G20 (2010). “The G-20 Toronto Summit Declaration, June 26 – 27, 2010” [http://g20.gc.ca/wp-content/uploads/2010/06/g20\\_declaration\\_en.pdf](http://g20.gc.ca/wp-content/uploads/2010/06/g20_declaration_en.pdf)

<sup>6</sup> G20 (2010). “Principles for Innovative Financial Inclusion” <<http://g20.gc.ca/toronto-summit/summit-documents/principles-for-innovative-financial-inclusion>>

<sup>7</sup> International Monetary Fund (2010). “G-20 Mutual Assessment Process: Alternative Policy Scenarios; A Report by the IMF Staff” <[www.imf.org/external/np/g20/pdf/062710a.pdf](http://www.imf.org/external/np/g20/pdf/062710a.pdf)> and World Bank (2010). “G20 and Global Development: Report prepared by Staff of the World Bank for G20 Growth Framework and Mutual Assessment Process” <<http://siteresources.worldbank.org/DEC/Resources/G20Framework&MAP-WBReport-TorontoSummit-2.pdf>>.