

**G20s Role in the Post-Crisis World**  
**Key Messages**  
**Paris, 9 September 2011**

The Members of the Club of Madrid, all democratic former Heads of State and Government, recognise the fundamental role that the G20 has played in mobilising political will to address the financial and economic turmoil the world has been facing since 2007. Given the growing signs of weakness in the global economy, in Cannes the G20 should firmly reiterate the urgency of reviving strong growth and employment generation and, particularly, avoid a global recession. The reform of the international monetary system and strengthened financial regulation worldwide continue to be essential. Reforms in the first of these areas should include a stronger and broader role for Special Drawing Rights (SDRs), as the only truly international reserve currency and an important tool of the global financial safety net.

Improving international economic and environmental governance is an equally central issue. Many legitimate actors have been working to conclude crucial international agreements within the existing multilateral structures. In this regard, the Club of Madrid calls on the G20 to take a strong political stance towards the rapid conclusion of ongoing international negotiations, particularly the climate change negotiations within the United Nation Framework Convention on Climate Change (UNFCCC), the Doha Round and the Rio+20 process.

The current food crisis in the Horn of Africa is a daunting reminder of the crucial need to act immediately in support of the most vulnerable. The G20 should take this as an urgent call to accelerate coordination and decision making.

*Against this background and within the priorities of the French G20 Presidency the following recommendations were put forward for consideration in the run-up to the Cannes Summit:*

**Food Security:**

Recommendation 1: The G20 should take the lead in seeking to establish a comprehensive coordination mechanism within the UN system and amongst other existing international organizations that will ensure availability, access and affordability of food supplies, notably in the poorest countries of the world.

Recommendation 2: Address the interrelated challenge of poverty reduction and food security through integrated local development projects, particularly focused on smallholders and not promoting export crops at the expense of livelihood crops. In this context, particular attention should also be given to increasing the income opportunities for rural populations, especially women, and to supporting non-competitive smallholders to adjust in the face of economic displacement.

Recommendation 3: Foster public-private investments in agricultural research (especially adaptation and mitigation technologies), agribusiness, transportation, handling and storage infrastructure networks to facilitate access to markets and reduce waste. These efforts should also be supported by ambitious actions on rural education, sanitation and health care.

Recommendation 4: Implement and boost trade and infrastructure in agricultural products so as to allow food to be moved from surplus to deficit regions. This will be particularly important in the face of the climate change challenge.

Recommendation 5: Adopt strong mechanisms to reduce food price volatility and curb speculative tendencies, including data disclosure, coordinated regulation of derivative markets and stabilizing stocks.

Recommendation 6: Adopt improved risk management strategies for the prevention and management of food crises - from weather index-based insurance schemes to improved market and stock information, and from 'Strategic Emergency Food Reserves' (including pooled reserves) to more effective safety-nets and accessible social protection.

Recommendation 7: Ensure financing that will generate substantial benefits and add value in host countries by agreeing on i) a code of conduct for Foreign Direct Investment in agricultural land, and ii) promoting land policies that consider social, economic and environmental concerns.

## **Energy:**

Recommendation 8: Be a key force in the mobilization of global leadership for the successful and ambitious conclusion of climate change negotiations within UNFCCC.

Recommendation 9: Ensure stable incentives during the long-term energy transition and mechanisms that will correct the adverse effects generated by fossil fuels on the climate system.

Recommendation 10: Adopt, in this regard, strong mechanisms to reduce price volatility, including data disclosure, producer-consumer dialogue, coordinated regulation of derivative markets and stabilizing stocks.

Recommendation 11: Fulfil the Pittsburgh and Seoul commitments to phase out fossil fuel subsidies whilst providing targeted support for the poor. Use the resources now being channelled into such subsidies to fund research and transfer of technologies.

Recommendation 12: Enforce existing environmental regulations and ensure the establishment of construction and urban planning standards, and others that may be critical for energy efficiency.

Recommendation 13: Commit, within a fixed timetable, to achieving universal access to electricity and modern fuels for the poor as an essential basis for eradicating poverty.

Recommendation 14: Guarantee the speedy implementation of a truly multilateral '*Green Climate Fund*', in terms of funding and management, and establish as clear priorities of this fund the promotion of innovation and transfer of clean energy technologies to developing countries

Recommendation 15: Establish a mechanism for the acquisition of patent pools of clean energy technologies and the promotion of knowledge networks, encouraging in this regard triangular North-South-South cooperation.

## **Innovative Finance for Development:**

Recommendation 16: Developed country members of the G20 should renew in Cannes their commitment to achieve the 0.7% of GNI target in Official Development Assistance (ODA) within a clear timetable and respect for the principles of aid effectiveness. It is also essential to recognise the need to build public support and understanding.

Recommendation 17: Recognizing the growing pressures on ODA resources, the G20 should support existing mechanisms of innovative financing and encourage countries to continue pursuing initiatives in this area.

Recommendation 18: Recognize the need for a quantitative jump in the scale of these initiatives and commit to the effective implementation of: i) international financial transaction taxes and ii) an international carbon tax, as the most promising means to secure the resources necessary to effectively address development and climate change challenges. At the same time, the G20 should identify ways of using allocations of SDRs to developed countries in support of development cooperation assistance and combating climate change.

Recommendation 19: Attract contributors for private-public partnerships, particularly at the national and local levels, through a holistic approach centred on local realities, targeted results, transparency and internal/external verification.