

# MANAGEMENT OUTLOOK

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## WHAT IS THE G-20

The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999 to bring together systemically important industrialized and developing economies to discuss key issues in the global economy. The inaugural meeting of the G-20 took place in Berlin, on December 15, 1999, hosted by German and Canadian finance ministers.

### Mandate

The G-20 is an informal forum that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international financial institutions, the G-20 helps to support growth and development across the globe.

### Origins

The G-20 was created as a response both to the financial crises of the late 1990s and to a growing recognition that key emerging-market countries were not adequately included in the core of global economic discussion and governance. Prior to the G-20 creation, similar groupings to promote dialogue and analysis had been established at the initiative of the G-7.



### SPECIAL POINTS OF INTEREST:

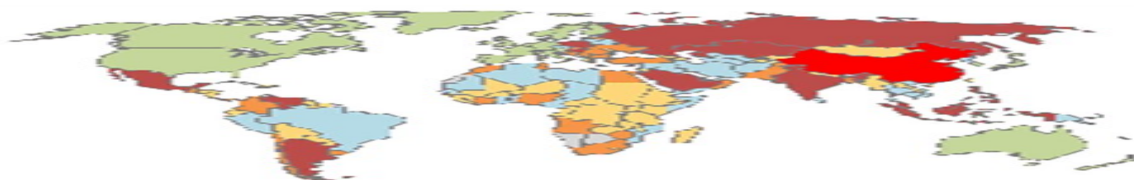
- *What is the G-20*
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The G-22 met at Washington D.C. in April and October 1998. Its aim was to involve non-G-7 countries in the resolution of global aspects of the financial crisis then affecting emerging-market countries. Two subsequent meetings comprising a larger group of participants (G-33) held in March and April 1999 discussed reforms of the global economy and the international financial system. The proposals made by the G-22 and the G-33 to reduce the world economy's susceptibility to crises showed the potential benefits of a regular international consultative forum embracing the emerging-market countries. Such a regular dialogue with a constant set of partners was institutionalized by the creation of the G-20 in 1999.

### G-20 Events

- Deputies Meeting 1<sup>st</sup> February 2009
- Officials Workshop Financing for Climate Change 13<sup>th</sup> & 14<sup>th</sup> February 2009
- Deputies Meeting 13<sup>th</sup> March 2009
- Finance Ministers and Central Bank Governors Meeting 14<sup>th</sup> March 2009
- Officials Workshop on Global Economy 25<sup>th</sup> & 26<sup>th</sup> May 2009
- Officials Workshop on Sustainable Financing for Development June 2009
- Deputies Meeting September 2009
- Finance Ministers and Central Bank Governors Meeting 7<sup>th</sup> & 8<sup>th</sup> November 2009



### Membership

The G-20 is made up of the finance ministers and central bank governors of 19 countries:

- Argentina
- Australia
- Brazil
- Canada
- China
- France
- Germany
- India
- Indonesia
- Italy
- Japan
- Mexico

- Russia
- Saudi Arabia
- South Africa
- South Korea
- Turkey
- United Kingdom

• U n i t e d   S t a t e s   o f   A m e r i c a

The European Union, who is represented by the rotating Council presidency and the European Central Bank, is the 20th member of the G-20. To ensure global economic fora and institutions work together, the Managing Director of the International Monetary Fund (IMF) and the President of the World Bank, plus the chairs of the International Monetary and Financial Committee and Development Committee of the IMF and World Bank, also participate in G-20 meetings on an ex-officio basis. The G-20 thus brings together important industrial and emerging-market countries from all regions of the world. Together, member countries represent around 90 per cent of global gross national product, 80 per cent of world trade (including EU intra-trade) as well as two-thirds of the world's population. The G-20's economic weight and broad membership gives it a high degree of legitimacy and influence over the management of the global economy and financial system.

## G-20 Working groups

The November 15th Washington Summit, on the international response to the global financial and economic crisis, tasked G-20 Finance Ministers to take forward work in the following five areas:

- Strengthening transparency and accountability
- Enhancing sound regulation
- Promoting integrity in financial markets
- Reinforcing international cooperation
- Reforming International Financial Institutions

As Chair of the G-20 in 2009 the UK, working closely with Brazil and Korea 2008 and 2010 Chairs respectively, has established four working groups to advance this work for the next Leaders Summit on 2 April in London. Each working group is co-chaired by two senior officials from the G-20, one from a developed and one from an emerging market economy. Each G-20 country is represented on each working group. Experts from relevant international financial institutions, standard setting bodies, non G-20 countries, business and academia have also been invited by co-chairs to input into the work of the groups.

### Working Group 1 - Enhancing sound regulation and strengthening transparency

This group will monitor implementation of actions already identified and make further recommendations to strengthen international standards in the areas of accounting and disclosure, prudential oversight and risk management. It will also develop policy recommendations to dampen cyclical forces in the financial system and to address issues around the scope and consistency of regulatory requirements.

Co-chairs: Rakesh Mohan, Deputy Governor of the Reserve Bank of India, and Tiff Macklem, Associate Deputy Minister, Canadian Ministry of Finance.



### Working Group 2 - Reinforcing international co-operation and promoting integrity in financial markets

This working group will monitor actions and develop proposals to enhance international co-operation in the regulation and oversight of international institutions and financial markets, strengthen the management and resolution of cross-border financial crises, protect the global financial system from illicit activities and non-co-operative jurisdictions, strengthen collaboration between international bodies, and monitor expansion of their membership. Co-chairs: Alejandro Werner, Deputy Minister of Finance Mexican Ministry of Finance, and Jorg Asmussen, State Secretary in the German Federal Ministry of Finance

### Working Group 3 - Reforming the IMF

This working group will look at the role, governance and resource requirements of the IMF. It will review the appropriateness of the IMF's lending instruments and the effectiveness of its surveillance function, and will consider the sufficiency of its resources, and its general arrangements and accountability; and will look at the issue of reform of the governance structure so that it more adequately reflect changing economic weights in the world economy. Co-chairs: Lesetja Kgan-yago, Director General of



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**The Multilateral  
Development Banks**



the South African National Treasury, and Mike Callaghan, Special Envoy International Economy, Australian Treasury.

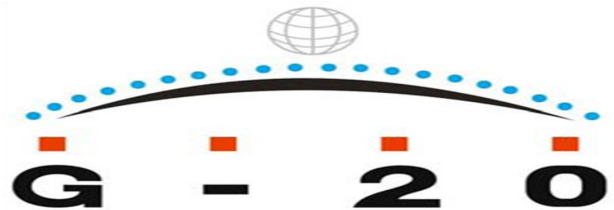
**Working Group 4 - The World Bank and other multilateral development banks (MDBs)**

This group will consider the mandates, governance, resourcing and policy instruments of the MDBs in light of the needs of their members and the pressures resulting from the impact of the downturn on developing countries. It will also look at the issue of reform of the governance structures so that they more adequately reflect changing economic weights in the world economy.

Co-chairs: Anggito Abimanyu, Head of Fiscal Policy at the Indonesian Ministry of Finance, and Benoit Coeure, Head of Multilateral Affairs and Development Policy at the French Ministry of Finance

The Working Groups will report to Finance Ministers and Central Bank Governors when they meet on 14th March in the UK. In addition, G-20 Finance Ministry and Central Bank Deputies have agreed to take forward the work of establishing closer macroeconomic cooperation to restore growth in a broad range of countries, while avoiding negative spillovers.

*NEXT ISSUE WILL HIGHLIGHT THE  
IMPORTANT FINDINGS OF*



**Working Group 1  
Enhancing Sound Regulation and  
Strengthening Transparency**

**Final Report**

**March 25, 2009**

**UNDERLYING CAUSES AND  
DRIVERS OF THE MARKET  
TURMOIL  
VISION FOR THE FUTURE  
FINANCIAL SYSTEM**

