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**International Monetary Fund**  
**World Bank Group**  
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**CIVIL SOCIETY POLICY FORUM**



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## **The G20 Summit Outcomes and Implications for Developing Countries<sup>1</sup>**

*Thursday, April 23, 2009*

This session, co-sponsored by the International Monetary and the World Bank, attracted over 80 civil society CEOs and policy activists, Bank and Fund staff, and others. The main objective of the session was to review the outcome of the recently concluded G20 Summit, its implications for the recovery of the global economy, and what assistance is planned for Africa. Panelists for the session were: *Hugh Bredenkamp* (Deputy Director, Strategy, Policy, and Review Department IMF), *Antoinette Sayeh* (Director, Africa Department, IMF), *Alan Gelb* (Director, Economic Policy, World Bank), and *Kenroy Dowers* (Manager, Financial Markets Group, IFC). *Edith Grace Ssempala*, (International Affairs Director, World Bank) gave the opening remarks, and *Sam Worthington*, (CEO, InterAction) moderated the session.

*Hugh Bredenkamp* stressed that the IMF is no longer pushing for strict loan conditions and is now operating under more flexible lending guidelines. He acknowledged problems in the past, but assured participants that due to the current economic crisis, the IMF is allowing governments to increase spending, despite loss in revenue; and the IMF is extending financial assistance to the affected countries to reduce pressures on the poor.

*Antoinette Sayeh* focused her presentation on Africa. She stated that while Africa's robust economic growth of the past decade has slowed down, the continent is better prepared to deal with the current economic crisis due to sound fiscal policies followed over the past decade. She argued that the IMF is supporting Africa by strengthening its partnership with the continent (e.g. Dar es Salaam declaration); increased financial commitment to Africa; flexible lending; and stepped up technical assistance.

*Alan Gelb* of the WB spoke next and explained that what started in 2007 as a *financial* crisis quickly spiraled into an *economic* crisis. Today, it is an *unemployment* crisis. The Bank estimates that the crisis is projected to place 65 million more poor under the poverty line of living with \$1.25 dollars per day, and stressed its implications for child mortality, nutrition, and education. Some of the Bank responses to the crisis include tripling IBRD lending to \$100 billion over the next 3 years; fast tracking IDA expenditures, and support for Eastern Europe.

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<sup>1</sup> This summary note was prepared by Abdia Mohamed of the World Bank's External Affairs Department. If you have any comments or questions on the note please send an email to [civilsociety@worldbank.org](mailto:civilsociety@worldbank.org).

The Bank has also proposed a Vulnerability Financing Facility which would channel .07% of rich country stimulus packages to be spent in developing countries. Finally, the Bank's Board began the first phase of governance reform to increase the influence of developing countries by establishing a third Board chair for Africa.

*Kenroy Dowers* supplemented Alan Gelb's presentation by focusing on four areas that IFC is working on: infrastructure; trade; recapitalization of financial institutions; and microfinance facilities. New IFC facilities will provide up to \$30 billion over the next 3 years to ensure trade flows, bolster key Bank in emerging markets, and shore up microfinance institutions.

*Ingrid Srinath* of Civicus characterized civil society responses to the G20 decisions as ranging from "cautious optimism" to outright "anger." She also conveyed the CSO community's recognition of the role played by the World Bank and the IMF in ensuring that marginalized voices got "some representation" at the G20. However, she focused on the need to do more to include the voices of the poorest countries in finding solutions to the global crisis. She said G20 is an improvement on G8, but a more inclusive arrangement via the UN was desperately needed.

Ingrid also expressed disappointment that G20 responses to the crisis focused on getting back to business as usual as quickly as possible, and found it regrettable that the crisis was not seen as an opportunity to "design a new kind of world order." On IFI governance reform, she critiqued the slow pace of progress, and stated that the CSO community had yet to see progress on merit-based, transparent procedures for selecting the heads of the World Bank and IMF.

The presentations were followed by a series of questions and comments. Bretton Woods Project commented on what they saw as a gap between IMF's "rhetoric" of coordinated stimulus, and the "reality" of its recent policy prescriptions for countries such as Hungary. There was also criticism of the fact that DSK "pretends" to represent Africa at the G20 summit, and a comment on the lack of multilateralism in the G20 response.

A labor union representative felt that the response to the crisis lacked concrete steps regarding employment policies and social protection. Participants also commented that they were looking for "ambitious global systemic reforms," as well as individual "institutional reform" in the aftermath of the crisis. Several participants expressed skepticism on whether the IMF has made any significant change to its loan conditionalities or made any significant effort to bring the voices of the poor to the table.

It was suggested that the Bank look at unconditional cash transfers in contexts where a mechanism for a conditional one doesn't exist. Participants found the support for the Vulnerability Fund encouraging, and asked what the CSO community could do to help leverage more funds for the poorest countries.