The Global Financial Safety Net through the Prism of G20 Summits

This paper looks at how the G20 delivered on its promises: financial firewalls expanded in size but the commitment to strengthen and reform International Financial Institutions was put on hold.

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Abstract

Since the Global Financial Crisis, the Group of Twenty (G20) has not only become the premier forum for policy coordination among major economies but has also played an important role in promoting reforms to safeguard global financial stability. This paper focuses on the commitments the G20 has made to strengthen the Global Financial Safety Net since its first Leaders' Summit in Washington, D.C. in 2008. This paper first compares reform proposals that the G20 achieved and those it did not during the subsequent six years, or by the 2014 Summit in Australia. The paper finds that reforms aimed at enhancing financial resources and renewing instruments for emergency liquidity provision were substantially implemented. However, institutional reforms concerning the governing structure of International Financial Institutions were delayed. The paper then analyses, from a political economy perspective, why the G20 delivered on the first set of reforms, but not on the second. The urgency of responding to the crisis, the role of particular countries as well as institutional features of the G20 framework determine the political interests in this reform area.

Keywords: Global Financial Safety Net, G20, International Monetary Fund, Regional Financing Arrangements
JEL codes: F33, F53, F55

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1 Introduction

In a world of increasingly integrated capital markets, the Global Financial Crisis (GFC) and subsequent European financial instability underscored the necessity of setting up credible financial backstops for crisis prevention and resolution. On the one hand, countries that are under severe financial strain may be excluded from capital markets and need to seek immediate alternative financing assistance. On the other, countries with sound domestic policies and fundamentals may also suffer from sudden capital flow reversals spurred by heightened financial market risk aversion or spillovers from other countries. Policymakers must therefore design the appropriate policies to provide financing to crisis-hit countries while encouraging them to correct domestic policy failures. They must also protect countries with sound policies and fundamentals from unexpected — even often irrational — changes in market participants' behaviour. Enhancing financial safety nets worldwide would be a key component of the policy responses to address these issues.

As many researchers (e.g. Eichengreen 2012 and Hawkins et al. 2014) point out, the post-World War II safety nets have primarily centred on the Bretton Woods institutions. While the World Bank has been the main driver of post-war reconstruction and long-term project financing for growth, the International Monetary Fund (IMF) has always been a privileged global platform for macroeconomic policy coordination and for the resolution of balance-of-payments crises.[1] But the continued stigmatisation of IMF financial programmes and the unprecedented magnitude of the 2009 crisis encouraged the development of supplementary layers of financial safety nets. In this context, the Korean government — the 2010 chair of the Group of Twenty (G20) — promoted the strengthening of the multi-layered Global Financial Safety Net (GFSN), as a resilient backstop to the International Monetary System (IMS).

The GFSN can be broadly defined as a set of institutional arrangements that provide financial resources to countries that need either insurance against potential shocks or funding for crisis resolution. The objective of these arrangements is to help a country in crisis restore its self-financing capacity and correct its domestic policy failures through appropriate conditionality. These institutional arrangements will also serve as a backstop to limit contagion effects from the crisis country to other parts of the world. The multi-layered nature of the GFSN refers to the different origins of the

[1] This paper will focus on liquidity provision in times of crisis, which is the mandate of the IMF and other regional financing arrangements. Notwithstanding their importance, the World Bank and other Multilateral Development Banks will not be the main focus of this paper as they provide financing for a very different rationale, i.e. long-term growth.

financing resources. In fact, academics and policy-makers tend to agree on four distinct layers for crisis prevention and resolution: 1) *a national line of defence* including foreign reserves and sufficient fiscal space, 2) *bilateral swap lines between Central Banks*, 3) *a regional line of defence* from Regional Financing Arrangements (RFAs), and 4) ultimately *a global line of defence* with the IMF at the centre.

Since 2008, when the G20 Leaders' Summit emerged as a "premier" framework for global policy coordination, these 20 industrialised and emerging market economies initiated reforms aiming to strengthen the GFSN. Significant progress has been achieved so far. First, considering the insufficient size of existing safety net resources to cope with the 2009 crisis, G20 countries urged enhancement of the lending capacity in the existing International Financial Institutions (IFIs). To name only a few accomplishments in this regard, the IMF's lending resources have been tripled, new precautionary instruments designed and emergency lending conditions relaxed. Second, G20 countries promoted further development and institutionalisation of RFAs to complement the global line of defence. The European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM) were created in Europe; the Chiang Mai Initiative (CMI) of bilateral swap lines among ASEAN+3 countries evolved into a fully multilateralised framework. Third, the G20 has been advocating a rationalisation in the use of different resources in the GFSN to avoid over-reliance on any single layer, notably foreign reserves as a self-insurance tool. Despite these achievements, the G20 countries were less successful at implementing other areas of their reform agenda. For instance, long-term institutional reforms at the IMF were delayed and institutionalisation of bilateral swap lines among Central Banks — as the Korean government had long advocated — were completely dropped from the official reform agenda.

Six years after the first G20 Leaders' Summit in Washington at the height of the crisis, this paper aims at assessing the progress countries have made regarding the comprehensive reform package on GFSN. Based on a careful examination of the G20 official communiqués from 2008 to 2014, in this paper I first distinguish between the commitments that the G20 delivered on and those that they delayed or dropped. Then I propose a political economic reading of the "push" factors that encouraged countries to deliver and the "pull" factors that slowed implementation. The major push factors were the need to respond urgently to the crisis and the endorsement and agenda-setting power of the G20, especially the role played by the chairing country. The main pull factors, in contrast, were some weaknesses in the institutional setting of the G20 framework as well as conflicting and evolving national interests.

The rest of the paper is organised as follows. Section 2 presents a brief review of the recent literature on the G20 and GFSN. Section 3 presents the official documents and data on which the analysis is based. Section 4 identifies which commitments on strengthening the GFSN were delivered and which not. Section 5 proposes an analysis of push and pull factors influencing the cycle of political interests in GFSN-related issues. Section 6 concludes.

2 Literature review

To my knowledge, this is the first paper that proposes a comprehensive assessment of G20 commitments specific to the GFSN and its components. It draws inspiration from three distinct strands of literature: institutional setting and power of the G20; literature on the evaluation of G20 reform agendas; and literature of mixed nature on the recent development of the GFSN and RFAs.

Regarding the internal and external power bargaining of the G20 framework, Eccleston et al. (2014) highlight the "endorsement function" of the G20. They argue that by shaping the global reform agenda, G20 is not a "toothless talkshop" but has been active and successful in a number of issue areas. Callaghan (2013) sees the involvement of political leaders at the highest level as an inherent strength of the G20 framework and recognises the agenda-setting power of the chairing country. Wade (2011) proposes an in-depth analysis of the role the BRICS countries have played in the G20 and other IFIs in recent years.

There are also an increasing number of papers that assess or quantitatively evaluate the deliverables and the impact of some key G20 reform proposals. Véron (2014) takes stock of deliverables of the G20 financial reform agenda five years after the G20 Leaders' Summit in Washington in 2008. Similar in approach, this paper focuses on GFSN-related proposals. Lo Duca and Stracca (2014) constructed a database of G20 official communiqués from 2008 to 2013 to evaluate the impact of G20 meetings on the volatility of financial markets. They find that "the information and decision content of G20 Summits is of limited relevance for [financial] market participants." Larionova (2011) compares the effectiveness of G8 and G20 regarding global governance reforms. Truman (2011) evaluates the G20 commitments regarding IMF reforms. Truman's paper, however, only focuses on one G20 Summit - the Cannes Summit under the French presidency. A number of important new conferences, working group seminars and Leaders' Summits took place afterwards. My paper thus extends Truman's analysis to cover the entire period from October 2008 to November 2014.

Several recent papers also study the development of the different layers of the GFSN since the onset of the Global Financial Crisis. A few IMF staff policy papers provide evidence that "the multilayered approach to liquidity provision helped mitigate the effects of systemic crises, but only in a limited way (IMF 2014a)." At the global level, the "use of Fund resources in large and frontloaded amounts, and increased recourse to precautionary financing generally helped restore market access more rapidly than in past crises (IMF 2014a)." At the regional level, IMF (2013) provides an overview of existing RFAs in the world and of their recent development. Rhee et al. (2013) focus more on the newly established RFAs in Europe and in Asia.[2]

Recently, researchers have also worked on potential cooperation between RFAs and the IMF. Henning (2011) and Eichengreen (2012) stress, from different angles, the need for effective and more formalized cooperation between regional and multilateral financing arrangements. Moreover, although Eichengreen (2010) thinks resources at the disposal of RFAs are not sufficient, Hawkins et al. (2014) express their concerns that the increased lending capacity of a number of RFAs could seriously challenge the central role of the IMF in safeguarding global financial stability. Jeanne (2010), Kawai (2010) and Ocampo and Titelman (2012) advocate a clear division of labour between RFAs and the Fund. Jeanne (2010) suggests a "two-tier system" in which "a RFA lends up to a certain amount, which can be increased by Fund lending associated with stringent conditionality." Sussangkarn (2011) argues that RFAs should act as first line of defence by providing short-term liquidity with no conditionality.

Although very much inspired by the existing literature, my paper places emphasis on what G20 countries have promised regarding the GFSN and in particular RFAs, and proposes a political economy analysis of the "push" and "pull" factors driving G20 countries' political interests in this issue area.

[2] For a detailed account on the Chiang Mai Initiative (CMI) and the Chiang Mai Initiative Multilateralisation (CMIM), please see Henning (2009), Sussangkarn (2011) and Hill and Menon (2012); regarding the Fondo Latinoamericano de Reservas (FLAR), see Ocampo and Titelman (2012) and Titelman et al. (2012). Unfortunately, there are not many detailed and systematic works on the evolution of RFAs in Europe.

3 Methodology and data

In this paper, I mainly adopt a political economy approach. For this purpose, I gathered relevant information from the official documents of G20 meetings from 2008 to 2014, including both Leaders' Summits and meetings of Finance Ministers and Central Bank Governors. In total, 9 communiqués and corresponding annexes from G20 Leaders' Summits, 24 comminiqués of Finance Ministers and Central Bank Governors meetings (sometimes jointly with the International Monetary and Financial Committee-IMFC) are used to identify the commitments made by G20 countries regarding strengthening the GFSN. To study the progress or achievements in delivering these commitments, I have examined IMF and World Bank press releases, legal documents of different RFAs, speeches by Finance Ministers and Central Bank Governors of selected G20 countries (e.g. Korea and France), minutes of co-chairs meetings and reports from high-level seminars on the GFSN organised under the aegis of the G20. Table 1 presents the list of the meetings considered in this paper (Leaders' Summits are highlighted in green and technical seminars in red).

In addition to a qualitative analysis of the official texts, I have also counted the occurrence of keywords on the GFSN and their components, in order to assess the evolution of political interests in GFSN-related issues. Table 2 summarizes the keywords taken into account. Additional information on these G20 meetings is also extracted from the database constructed by Lo Duca and Stracca (2014).

4 Achievements and missed targets: an evaluation of G20 commitments on GFSN

G20 Leaders have been concerned with the insufficient size and institutional setting of financial backstops to shore up the IMS since their first Leaders' Summit in 2008. They mandated Finance Ministers and Central Bank Governors at the Toronto Summit (June 2010) to prepare policy options to strengthen the GFSN for their consideration at the Seoul Summit (November 2010). Based on a detailed inventory of G20 official communiqués (see Appendix 6), I present in this section which reform proposals on strengthening the GFSN were achieved and which were missed.

Table 1: List of G20 Meetings

Date	City	Level	Reference
11 Oct. 2008	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
8-9 Nov. 2008	Sao Paulo	Ministerial	Fin Ministers and CB Governors Communiqué
14-15 Nov. 2008	Washington	Leader	Leaders' declaration and action plan
14 Mar. 2009	Horsham	Ministerial	Fin Ministers and CB Governors Communiqué
2 Apr. 2009	London	Leader	Leaders' declaration and annexes
24 Apr. 2009	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
4-5 Sep. 2009	London	Ministerial	Fin Ministers and CB Governors Communiqué
24-25 Sep. 2009	Pittsburgh	Leader	Leaders' declaration and documents
6-7 Nov. 2009	St. Andrews	Ministerial	Fin Ministers and CB Governors Communiqué
22-23 Apr. 2010	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
4-5 Jun. 2010	Busan	Ministerial	Fin Ministers and CB Governors Communiqué
26-27 Jun. 2010	Toronto	Leader	Leaders' declaration and annexes (Annex 3)
22-23 Oct. 2010	Gyeongju	Ministerial	Fin Ministers and CB Governors Communiqué
11-12 Nov. 2010	Seoul	Leader	Leaders' declaration and Summit document
18-19 Feb. 2011	Paris	Ministerial	Fin Ministers and CB Governors Communiqué
31 Mar. 2011	Nanjing	Technical	Conference write-up
14-15 Apr. 2011	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
22-23 Sep. 2011	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
14-15 Oct. 2011	Paris	Ministerial	Fin Ministers and CB Governors Communiqué
3-4 Nov. 2011	Cannes	Leader	Leaders' declaration
25-26 Feb. 2012	Mexico City	Ministerial	Fin Ministers and CB Governors Communiqué
20 Apr. 2012	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
20 Apr. 2012	Washington	Ministerial	Joint Statement by IMFC/G20
18-19 Jun. 2012	Los Cabos	Leader	Leaders' declaration
4-5 Nov. 2012	Mexico City	Ministerial	Fin Ministers and CB Governors Communiqué
15-16 Feb. 2013	Moscow	Ministerial	Fin Ministers and CB Governors Communiqué
17-18 Apr. 2013	Washington	Technical	Issues Note for G20/IMF Seminar
18-19 Apr.2013	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
19-20 Jul. 2013	Moscow	Ministerial	Fin Ministers and CB Governors Communiqué
5-6 Sep. 2013	St. Petersburg	Leader	Leaders' declaration
10-11 Oct. 2013	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
18-19 Dec. 2013	Seoul	Technical	Conference write-up
22-23 Feb. 2014	Sydney	Ministerial	Fin Ministers and CB Governors Communiqué
10-11 Apr. 2014	Washington	Ministerial	Fin Ministers and CB Governors Communiqué
20-21 Sep. 2014	Cairns	Ministerial	Fin Ministers and CB Governors Communiqué
15-16 Nov. 2014	Brisbane	Leader	Leaders' declaration Action plan

Table 2: Keyword Count

Field	Keywords
Global line of defence	global financial safety net, international financial architecture, international monetary system
Regional line of defence	regional financing (financial) arrangements, regional facility or specific mention of a RFA (e.g. EFSF, ESM, etc.)
National line of defence	bilateral swap lines, joint Central Bank actions, foreign (international) reserves, self-insurance, counter-cyclical fiscal policy

4.1 The global line of defence

At the global level, the G20's proposed reforms cover three issue areas: 1) overall size of lending capacity of existing IFIs, especially the IMF, 2) new lending instruments and streamlined borrowing conditions, and 3) institutional and governance reforms at the IMF.

4.1.1 Increased lending resources at the IMF

In the inaugural G20 Leaders' Summit in Washington in November 2008, political leaders were committed to ensuring "that the IMF, World Bank and other MDBs [Multilateral Development Banks] have sufficient resources to continue playing their role in overcoming the crisis" and "to restore growth, avoid negative spillovers and support emerging market economies and developing countries (G20 Washington Communiqué)."

Enlargement of lending resources both at the World Bank and the IMF was quickly agreed, only five months after the Washington Summit. $850 billion of additional resources would be deployed to support growth "by helping to finance counter-cyclical spending, bank recapitalisation, infrastructure, trade finance, balance of payments support, debt rollover, and social support (G20 London Communiqué)." Of the total $850 billion, IMF members made $250 billion available through bilateral loans. Another $500 billion increase came from expanded and more flexible New Arrangements to Borrow (NAB). This total resource increase of $750 billion in the IMF was fully delivered by September 2009 and was announced as an achievement at the 2009 Pittsburgh G20 Leaders' Summit. Only 10 months had passed from the origination of the political initiative to its full implementation; it can be considered a quick success by the standards of IFI decision making. The remaining $100 billion tranche was achieved by increasing MDB lending to low-income countries, delivered in April 2010.

In addition to the mobilisation of financial resources for emergency lending, the capital in MDBs had been increased by $350 billion by June 2010 (promised at the 2009 Pittsburgh G20 Leaders' Summit). The IMF also implemented a $250 billion equivalent new general allocation in SDRs in August 2009 when the Fourth Amendment to the Articles of Agreement became effective. This increase in SDR allocation was independent of the G20's consideration of emergency lending. According to the IMF this increase "played a critical role in providing liquidity to the global economic system and supplementing member countries' official reserves amid the global financial crisis."[3] G20 Leaders welcomed this new SDR allocation at the 2010 Toronto Summit.

4.1.2 An enhanced toolbox for emergency lending

The second item on the global line of defence reform agenda aims at ameliorating and enriching the Fund's lending toolbox, especially in respect of precautionary instruments. Like the reform on lending resources, G20 countries have urged "the ongoing review of [the IMF's] instruments and facilities to ensure flexibility (G20 Washington Communiqué)" since 2008.

Due to large spillover effects from the crisis, the IMF has been placing an increasing emphasis on new precautionary instruments for countries with sound — even very sound — domestic policies and fundamentals. The Flexible Credit Line (FCL) was introduced in April 2009 and further enhanced in August 2010. This credit line instrument is designed for countries with very strong fundamentals and provides large and upfront access to IMF resources, mainly as a form of insurance for crisis prevention. One should note that there are no *ex post* policy conditions attached to this instrument. Mexico, Colombia and Poland have requested this precautionary line that gives access to over $100 billion; no drawings had been made as of September 2015. According to IMF (2014c), the use of the FCL has sent "positive externalities" to markets as spreads narrowed for a set of countries well beyond the three requesting members. Furthermore, a precautionary instrument has also been designed for *crisis bystander* countries with sound economic fundamentals but with some remaining vulnerabilities. This is the Precautionary Credit Line (PCL) created in October 2010 which further evolved into the Precautionary and Liquidity Line (PLL) in 2011. The qualification bar for PLL is

[3]See http://www.imf.org/external/np/exr/facts/sdr.htm.

lower than for FCL. To date, Macedonia and Morocco have asked to use this instrument. Notice that at an earlier stage of the crisis, in October 2008, the IMF Executive Board also approved an emergency financing tool, named the Short-term Liquidity Facility (SLF). However, this instrument was never used and quickly became unsuitable as the Global Financial Crisis deepened. Some fundamental features of the SLF were incorporated into the FCL.

Table 3 compares the newly created IMF lending instruments (SLF, FCL, PLL) with more traditional IMF instruments (Stand-By Arrangements or SBA). We can clearly see that the newly created ones have more exacting qualification requirements but provide higher upfront access limits without stringent conditionality.

Table 3: Comparative table of IMF lending instruments

	SLF	FCL	PLL	SBA
Use	Systemic events	Crisis prevention and resolution	Crisis prevention only	Any time
Qualification	Sound policies	Very strong policies	Sound policies	No
Ex post conditionality	No	No	Yes (semi-annual review)	yes (reviews and performance criteria)
Access cap	Ad hoc cap	Uncapped	Cap of 1000% of quota with 500% maximum access at approval	No hard cap
Length	6 months, renewable	up to 2 years, renewable	btw 1 to 2 years, renewable	12-18 months, up to 3 years if needed

Second, regarding crisis resolution, the IMF has also streamlined conditions attached to loans in order to assist countries severely hit by crises. IMF (2011) shows that the number of structural conditions attached to SBAs approved between September 2008 and 2010 decreased significantly in comparison with previous programmes designed in the periods of 2002-2004 and 2005-2007.

As for missed targets or challenges regarding the lending toolbox of the IMF, one should note that the modality of IMF programmes was designed 60 years ago for balance-of-payments problems when major economies were in a fixed exchange rate arrangement, e.g. the Bretton Woods System. The nature of crises has evolved ever since. Therefore, the IMF's current toolbox is not well-tailored to deal with sovereign debt issues or recapitalisation of financial institutions. This is why the IMF could not provide financial assistance to Spain in 2012 when the Spanish government needed funding to cover a capital shortfall in a number of Spanish banks. Moreover, except the policy on Lending into Arrears and the Exceptional Access Policy, there is no coherent and systematic framework for the IMF to specifically deal with sovereign debt distress. Furthermore, although sitting on a large pile of financial resources, the IMF only provides short-term financing, as it expects to catalyse private flows for countries hit by crises (see Erce 2012). However, in the case of sovereign debt distress, providing long-term financing may be indispensable to help a country regain sustainable market access. A few IMF policy papers, e.g. IMF (2014a) and IMF (2014b), have looked into these questions and proposed some policy solutions.

4.1.3 Institutional and governance reforms

As the leading institution at the centre of the GFSN, the IMF has suffered from an identity crisis since the mid-2000s. With the growing contribution of emerging market and developing countries to world economic growth, the under-representation of this group of countries at the IMF seems increasingly troubling. As a policy coordination forum for both advanced countries and emerging market economies, the G20 has endorsed governance and voice reforms in the IMF to strengthen the latter's legitimacy. In fact, from 2008 to 2014, the IMF governance reforms have been a recurring theme in all G20 Leaders' Summits (Figure 4 traces the occurrence of "IMF reforms" in G20 communiqués).

In terms of achievements, the IMF's 2008 Quota and Voice Reforms took effect in March 2011 after almost three years of national ratifications. This constitutes the biggest step forward in terms of institutional reforms in the IMF in the past decade. The entering into force of the 2008 Reforms increased 54 countries' quota share amounting to SDR 29.8 billion,[4] enhanced the voice and participation of low-income countries through an almost tripling of the basic votes for them and enabled Executive Directors representing seven or more members to appoint a second Alternate Executive Director.

In the Gyeongju meeting of G20 Finance Ministers and Central Bank Governors (October 2010), the G20 countries agreed an even more ambitious set of proposals, the 2010 Reform of Quotas and Governance. The

[4]China, Korea, India, Brazil, and Mexico are the largest beneficiaries.

IMF Board of Governors approved these proposals under the 14th General Review of Quotas on December 15, 2010. Compared to the 2008 reforms, the 2010 reform package includes a doubling of quotas, which was to result in more than a 6% shift in quota share to dynamic emerging market and developing countries while protecting the voting shares of the poorest member states. The reform package also includes a more representative, fully-elected Executive Board. Unfortunately, this 2010 governance reform package was not ratified as of November 2015. Although more than a sufficient number of countries have accepted the amendments to the Articles of Agreements, requirement for the Governance Reform to become effective, they do not represent enough of the Fund's voting power.[5] To a large extent, "the [2010] quota reform is still waiting on the United States (Truman, 2014)." [6]

4.2 The regional line of defence

4.2.1 Creation, institutionalisation and replenishment of RFAs

The European experience in dealing with recent crises sheds light on the importance of mobilizing regional financial resources to complement the IMF's lending. The total resources available at existing RFAs ($1.2 trillion in 2014) almost reached the same level as that of the IMF ($1.4 trillion in 2014). Figure 1 compares the size and lending capacity of existing RFAs across the world.

The creation of the EFSF in 2010 and its evolution into the ESM in 2012 constituted a quick response to the severity of the European debt crisis. Backed by either guarantees or direct capital contributions from euro area member states,[7] the EFSF and ESM together have a lending capacity of €700 billion, covering 6.2% of member states' total GDP and 950% of members' aggregate quota shares in the IMF. As of end 2015, the EFSF and ESM together disbursed €254.5 billion to five programme countries — Greece,[8] Ireland, Portugal, Spain and Cyprus, almost three times what the IMF disbursed under its General Resources Account during the same period.

[5] As of September 2014, countries representing 77% of the 85% voting power required have ratified the 2010 reform package.

[6] Following the approval of the US Appropriations Act by US Congress in December 2015, the conditions for implementing the IMFs 14th General Quota Review were satisfied in January 2016 when when this paper was revised.

[7] Note that not all current euro area member states take part in the EFSF. Latvia and Lithuania joined the euro area after the EFSF ceased to grant new programmes so that these two countries are only members of the ESM.

[8] Including the third financial assistance programme for Greece.

Two specificities about these newly founded European RFAs merit our attention. First, the EFSF and ESM both finance their activities by issuing bonds and bills while the IMF mostly relies on member state contributions. Second, the EFSF and ESM possess more tools for financial assistance than the IMF. For example, both RFAs can undertake primary and secondary market purchases, as well as recapitalize banks through loans to governments. In addition, since December 2014, the ESM Board of Governors adopted a new financial assistance instrument for the ESM, the so-called "Direct Recapitalisation of Institutions (DRI)".[9]

In Europe, several crisis resolution mechanisms with different country coverage and lending capacity preceded the creation of the EFSF and ESM. The EU created a balance of payment assistance facility (EU BoPF) in the 1970s; it raised the lending capacity of the facility twice recently, reaching €50 billion in 2009. It provides financial assistance to nine non-euro area countries. The EU 28 reproduced an equivalent mechanism to help resolve the euro area crisis in May 2010: the European Financial Stabilisation Mechanism (EFSM) with a lending capacity of €60 billion. It was activated for Ireland and Portugal with available financial resources up to €48.5 billion.

A few other RFAs have also been created elsewhere in recent years. The Eurasian Fund for Stabilization and Development (EFSD, previously known as Anti-Crisis Fund of the Eurasian Economic Community) was founded in July 2009 by Armenia, Belarus, Kazakhstan, Kyrgyz Republic, Russia and Tajikistan. Uniquely financed by members' capital contributions, the EFSD has a total lending capacity of $8.5 billion; Tajikistan and Belarus have both benefited from this regional facility.

Asia made a significant step toward stronger regional coordination in crisis prevention in 2010. On March 24, 2010, the existing bilateral swap line agreements — Chiang Mai Initiative (CMI) — were merged into a single contract under the name of Chiang Mai Initiative Multilateralisation (CMIM). It covers 10 ASEAN countries plus China, Japan and South Korea. The total size of CMIM has been twice increased during the recent financial crisis, from $78 billion in 2008 to $240 billion in 2012. A surveillance unit for the CMIM — the ASEAN+3 Macroeconomic Research Office (AMRO) — was also created in 2011 in order to "monitor and analyse regional economies and to contribute to early detection of risks, swift implementation of remedial

[9]The DRI is an element of a wider package of instruments that have been introduced to support the euro area's Banking Union. It may be used in very specific circumstances to recapitalise euro area financial institutions as a last resort when all other instruments, including the bail-in mechanism, have been applied.

actions and effective decision-making of the CMIM."[10]

Finally, in July 2014, the five biggest emerging market economies (Brazil, Russia, India, China and South Africa, or BRICS) signed the Treaty establishing BRICS Contingent Reserve Arrangement (CRA). This newest RFA is endowed with $100 billion capital and is composed of multilateral swap lines akin to those of the CMIM.

4.2.2 Towards effective RFA-IMF cooperation

If the creation of new RFAs or institutionalisation of existing ones were not, strictly speaking, a G20 initiative, the G20 has endorsed reflections on how to promote cooperation between RFAs and the IMF, as well as among RFAs. This question has become challenging as some policy-makers and researchers see an increasing risk of moral hazard from RFA enlargement. Hawkins et al. (2014) formulate this issue in a concise way: "[t]he rise of regional arrangements has changed the balance of resources in the safety net. A significantly over-resourced global financial safety net would encourage countries to seek assistance on as favourable terms as possible. Competition between the IMF and other institutions would put at risk the importance of policy conditionality and introduce a greater risk of moral hazard."

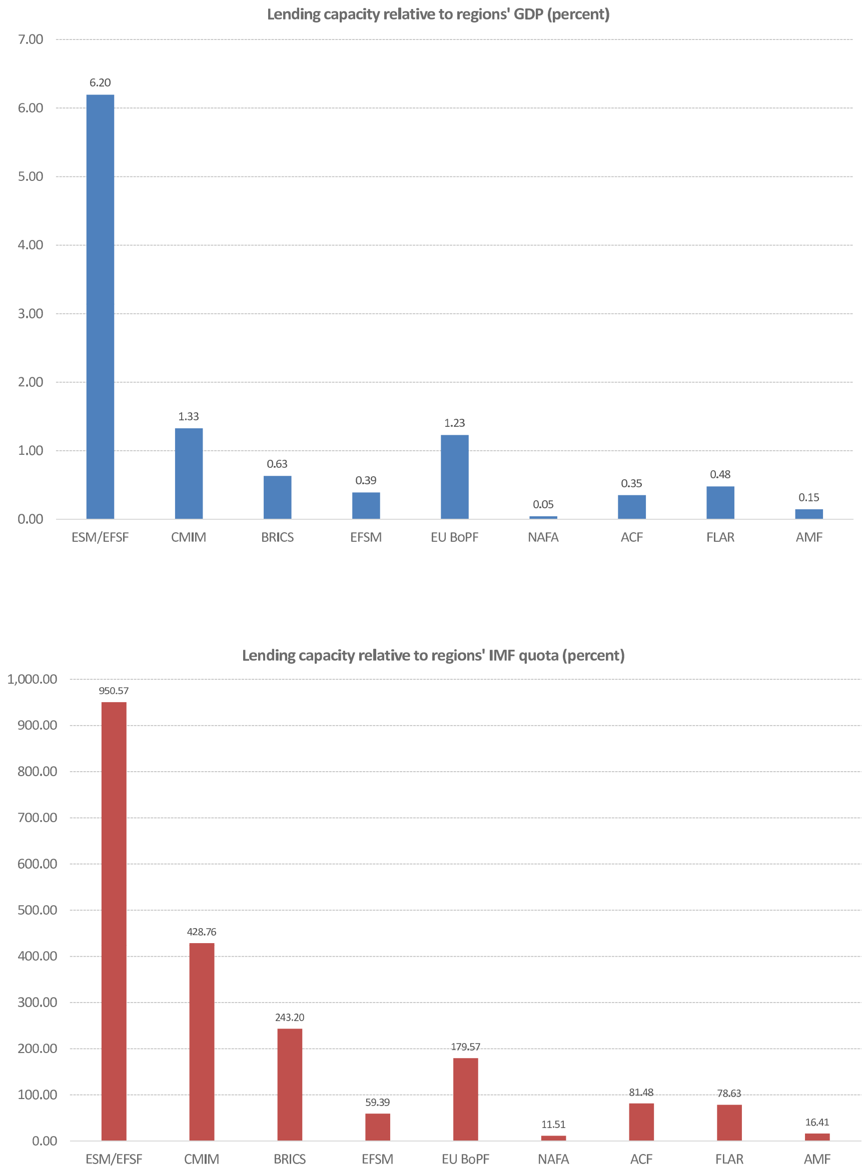
To facilitate common thinking on how to promote inter-institutional cooperation, several seminars gathering together economic technocrats and researchers have been officially organised under the aegis of the G20. For instance, a co-chair report was prepared for the consideration of G20 Finance Ministers and Central Bank Governors in 2010, and high-level seminars convening officials from RFAs and the IMF were organised in April and December 2013.

The major achievement in this field consists of the adoption of *Principles for cooperation between the IMF and RFAs* by G20 Finance Ministers and Central Bank Governors in November 2011. Europe and ASEAN+3, as the host of the biggest RFAs, were the major contributors to the establishment of these common principles. These principles call for both *ex ante* and *ex post* cooperation. Not only should the IMF be encouraged to help RFAs to build capacity for crisis prevention, the IMF and RFAs should work together for crisis financing as well. In terms of lending conditions, institutions need to find the right balance in terms of consistency and flexibility. Finally, the IMF's preferred creditor status must, in any case, be guaranteed.

Concrete examples of how the IMF and RFAs work together at the operational level remain, however, scarce. A few issues, especially regarding

[10] See http://www.amro-asia.org.

Figure 1: RFAs' lending capacities

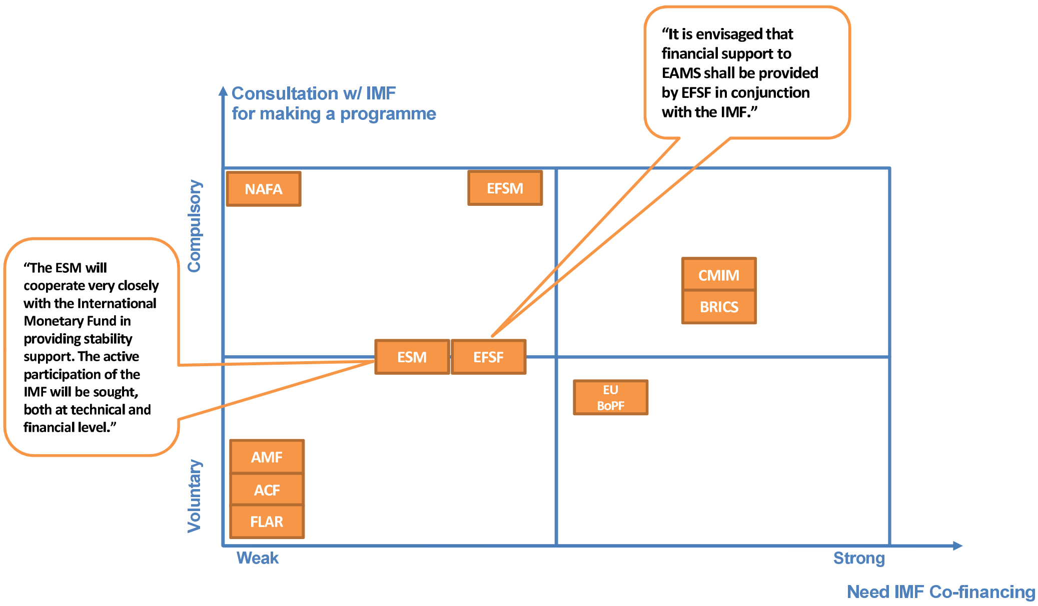


Notes: GDP data as of the fourth quarter of 2013 from the World Bank's World Development Indicators. GDP data are missing for Myanmar, Palestine, Somalia and Syria.
Sources: RFA official documents; IMF; World Bank; ESM calculations

setting programme conditionality, still need to be tackled appropriately.

Based on the financial assistance programmes in Europe and the statutes of a number of RFAs, the cooperation between the IMF and RFAs can be envisioned in several ways. First, regarding the decision-making process for a regional financing programme, the IMF's good seal of approval may be required. The US Treasury Secretary requires a formal letter from the Managing Director of the IMF before any mobilisation of resources under the North American Framework Arrangement (NAFA). Similarly, although the treaties establishing the EFSF and ESM only indicate that they can liaise with the IMF when making financing programmes, in practice the IMF's opinion has been solicited. Second, the IMF and RFAs can co-finance an assistance programme. CMIM and BRICS CRA have clearly made a tranche of their regional financing conditional on a simultaneous IMF assistance programme; 70% of the maximum access under BRICS CRA and 60% under CMIM are thus called "IMF-linked access". In the same spirit, the IMF's financing has also been solicited under the EU BoPF. Figure 2 compares the RFAs differing requirements on involving the the IMF both in decision-making and co-financing.

Figure 2: IMF - RFA cooperation



Sources: RFA official documents

Third and most importantly, one needs to think about whether the IMF or a RFA or they jointly define the *ex post* conditionality and carries out programme monitoring and surveillance. The IMF has long-established expertise in financial programme design, monitoring and surveillance. However, the Fund's assistance is often "stigmatised" and requesting countries complain about the lack of country ownership. This is also a dilemma for RFAs. If lending conditions are accommodative in regional mechanisms, this would create "programme shopping" for countries in need of financial assistance, thus generating severe moral hazard problems. On the contrary, if the conditions are too stringent and deprive national authorities of the opportunity to participate in the programme-making process, RFAs may suffer from the same reputation problem as the Fund. Moreover, the IMF has wider representation and can be regarded as a more neutral referee in defining lending conditions. The situation may differ for RFAs, as it is generally badly perceived if a dominant economy in a region dictates lending conditions to a borrower in the same region. For instance, it would be difficult to imagine that China imposes conditionality on India or that Japan imposes conditionality on Korea under the CMIM. This is an open question that needs further exploration.

4.3 The national line of defence and bilateral arrangements

4.3.1 Rationalized reserve accumulation

Foreign reserve accumulation, as a self-insurance tool, has proved its effectiveness in coping with the Global Financial Crisis, as a number of recent studies demonstrate (see Dominguez et al. 2012 and Bussière et al. 2015). However, over-reliance on foreign reserves risks aggravating global imbalances that may have contributed to the onset of the crisis. Moreover, there is no consensus in the academic literature on the optimal stock of foreign reserves for a country as precautionary savings. As the largest reserve holding countries, a few G20 member states — Brazil, China, Japan, Korea, Russia, and Saudi Arabia — have suffered from strong external pressure to slow down their stockpiling.

G20 countries conveyed the idea that accumulating reserves may not be an overall stabilizing factor for the IMS. As a result, in February 2011, they agreed on a set of indicators to assess external imbalances, known as "Indicative Guidelines" and encouraged the Mutual Assessment Procedure (MAP) in order to track the evolution of major countries' balance-of-payments. Moreover, they also encouraged a culture of diversified financial cushions for crisis prevention and management, with foreign reserves as just one layer.

In recent years, researchers have observed a general slowing-down in reserve accumulation, especially in countries that had a large pre-crisis reserve stock (see Bussière et al. 2014). Aizenman et al. (2015) especially argue that Central Bank bilateral swap lines constitute useful substitutes to foreign reserves for crisis prevention purposes.

4.3.2 Central bank coordinated actions and bilateral swap lines

During the Korean presidency of G20 meetings in 2010, the Bank of Korea also suggested institutionalising bilateral Central Bank swap lines. The Korean experience in managing capital reversals during the Global Financial Crisis demonstrated the importance of Central Bank bilateral swap lines in smoothing capital flow volatilities. Academic research proved that "the dollar swap lines among central banks were effective at reducing the dollar funding pressures abroad and stresses in money markets (Goldberg et al., 2010)". G20 countries also recognized that "central banks play a major role in addressing liquidity shocks at a global and regional level, as shown by the recent improvements in regional swap lines such as in East Asia (G20 Cannes Summit Communiqué)".

However, bilateral swap lines have not been institutionalised worldwide, with the exception of the CMIM and BRICS CRA. This topic was completely dropped from the G20 reform agenda, despite the Korean government's perseverance.

5 "Push" and "pull" factors driving the cycle of political interests in delivering

In the previous section, I presented the reform proposals on the GFSN that had been achieved and those that had not. In this section, I identify the factors that have "pushed" G20 countries to deliver on their promises and those that have "pulled" countries away from delivering. A clear scrutiny of what drives the cycle of political interests in delivering will be necessary to understand the relative success of G20 reform agendas.

There are several "usual suspects" for our consideration: 1) the role of the crisis, 2) particular national interests and 3) institutional characteristics of the G20 framework.

5.1 GFSN-related reforms in times of crises

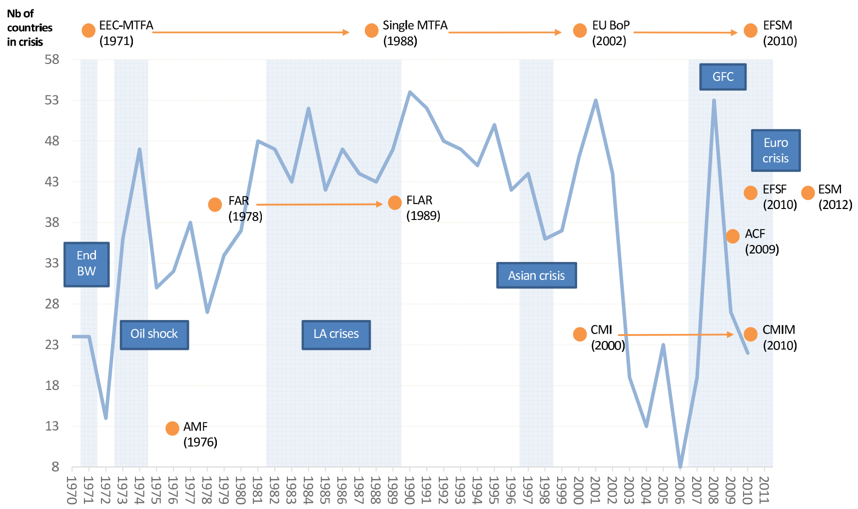
As Ostry and Ghosh (2013) argue, delivering on key reforms is more likely "during periods of crisis when the counterfactual to coordination may be a seismic global event." In fact, in recent crises, major economies adopted a crisis logic that is "not to ask any questions but provide emergency financing". This crisis logic largely explains why reform items that aim to increase immediate financial capacity (e.g. replenishing lending resources in existing IFIs or creating new precautionary instruments in the IMF) were implemented quickly while long-term institutional reforms often lagged behind.

The creation of new RFAs, especially in Europe, has also been propelled by the urgent need to deal with regional financial tremors. Considering that financing needs in Europe exceeded those of any previous IMF programmes, pooling regional resources turned out to be indispensable. From a historical perspective, Figure 3 shows that RFAs are often set up during or in the immediate aftermath of a severe regional crisis. For instance, the Arab Monetary Fund (AMF) was created in the context of massive balance-of-payments imbalances in the Middle East and North Africa; the Fondo Latinoamericano de Reservas (FLAR) was set up during the Latin American crisis of the 1980s. The CMIM, EFSD, EFSM, EFSF and ESM were all created to deal with the Global Financial Crisis or the subsequent European crisis. Their ample lending capacity is highly likely to be correlated with the magnitude of these recent crises.

However, the incentives for providing emergency funding could quickly fade away once the pressure of "critical junctures" has eased. Countries' focus may shift to more preventive aspects of crisis management. Figure 4 shows that the political interest in GFSN-related issues decreased after two peaks in 2010 and 2013, respectively.

Moreover, a careful examination of G20 comminiqués shows that G20 countries' interest in safeguarding global financial stability has shifted from in-crisis financing to *ex ante* regulation of the financial sector. In fact, once the immediate need for crisis financing was alleviated, it was a natural move for political leaders to tackle the roots of the crisis. Why the private sector had accumulated excessive exposure to currency mismatches *ex ante* or why large banks had taken over considerable market risks have become more imminent issues to solve. In this context, most discussions in G20 meetings since 2013 have concentrated (once again) on financial regulations or tax-related issues, such as harmonisation of rules governing Over-The-Counter (OTC) operations, supervision and resolution of systemically important financial institutions (SIFIs) or the G20/OECD Base Erosion and Profit Shifting (BEPS), etc. Only the pending IMF 2010 reform package was mentioned as a GFSN-related item in the last G20 Leaders' Summit in Brisbane.

Figure 3: RFAs created in times of crises



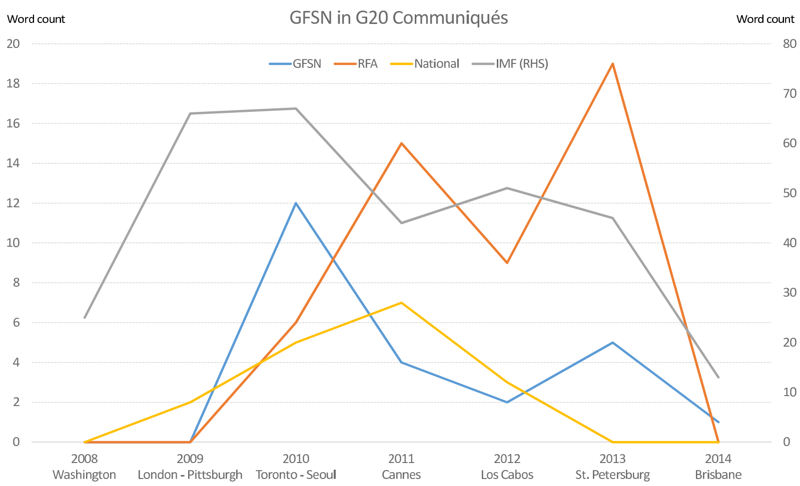
Notes: the gray areas represent the periods of crises whose names are indicated in the blue boxes.
Sources: RFA official documents; IMF; World Bank; Reinhart-Rogoff database on financial crises; ESM calculations

5.2 The role of particular countries in shaping G20 reform agendas

5.2.1 The country chairing the G20 meetings

The academic literature on public policy and International Political Economy acknowledges that the G20 framework draws strength from its agenda-setting and endorsement functions. Eccleston et al. (2014) define the G20's endorsement function as the "capacity to shape the global reform agenda by promoting, legitimising and energising the work of specialised, technical regulatory organisations and networks." My paper further argues that the country assuming the G20 presidency can play an important role in setting G20 reform agendas and leading discussions.

Figure 4: Evolution of GFSN-related keywords



Sources: RFA official documents; G20 official documents; ESM calculations

Although there are no formal votes on the basis of fixed voting shares within the G20 framework, the chairing country has some room for manoeuvre through preparatory work before the Leaders' Summit. As a general practice since the Korean presidency in 2010,[11] the G20 chair rotates between members on an annual basis and is drawn from different regional groupings (see Table 4) two years in advance. In the meantime, the forthcoming country chair has enough time to set up G20 Task Forces (often as technical expert groups in the Ministry of Finance and in the Central Bank) and to organise the coordination work (often assumed by the Ministry of Foreign Affairs or a dedicated service attached to the executive power directly). The chairing country would normally work on selecting relevant policy topics to be adopted by Finance Ministers and Central Bank Governors of all G20 countries in their spring meeting each year. For this purpose, technical Task Forces as well as G20 Sherpas will prepare the technical groundwork and negotiate on key reform items through regular meetings or high-level seminars. There is often an emblematic theme that the chairing country does its utmost to promote to mark its footprint. This emblematic topic was "Strengthening the GFSN" for Korea and "Reforms in the International Monetary System" for France. Both countries — and to a lesser extent Russia — have been key players in promoting reforms of the GFSN.

[11] From 2008 to 2010, the G20 Leaders' Summit took place every six months. The annual G20 Leaders' Summit was institutionalized after the Korean presidency.

As a matter of fact, one may think that countries with the following features could have strong interests in enhancing the GFSN as a worldwide financial backstop: 1) a small open economy that faces volatile capital flows; 2) has experienced financial reversals or "sudden stops" in the past; 3) is involved in regional financial integration. Korea suffered very much from massive capital outflows during both the Asian financial crisis in 1997 and the Global Financial Crisis in 2009. According to Mr. Choongsoo Kim, Governor of the Bank of Korea from April 2010 to March 2014, "Korea can inevitably suffer massive shocks even despite its greatly increased foreign reserves - due to abrupt outflows of overseas capital caused by international financial market turbulence."[12] The onset of the Global Financial Crisis proved that Korean foreign reserves — as a national line of defence — were not sufficient to ensure foreign currency liquidity. Therefore, the country has been fervently defending the institutionalisation of bilateral Central Bank swap lines, further development of the CMI and replenishment of the IMF's resources.

France took over the tasks of reinforcing the IMS and its financial backstops in 2011. Although France had not experienced financial reversals in the past, the country has been deeply involved in regional financial integration. Mr. Nicolas Sarkozy, then French president, also manifested his personal interest in the proposal of enhancing global liquidity provision against unexpected shocks on several occasions in the run-up to the G20 Cannes Summit. "We first need to ask ourselves some questions. Are the liquidity instruments available to us appropriate? Everyone knows that we need liquidity, but do current instruments work? Who can answer yes to that question? Are they sufficiently flexible? Who thinks we should say they are? Are they reversible? Do we need to come up with other liquidity instruments? Should we expand their scope to be able to respond to a systemic crisis affecting an entire region instead of a country?" asked Mr. Sarkozy in a special high-level seminar on Reform of the IMS in March 2011. A dedicated website on reforming the GFSN and the IMS was also created during the French presidency.[13]

Looking to the future, will strengthening the GFSN be picked up again as a key reform area in the forthcoming G20 meetings? Table 4 lists candidate countries that may assume the G20 presidency after 2016 based on the available information on regional groupings. I believe that the debates on the IMS and the GFSN might be reignited in the coming years, especially from 2016 to 2018 when European countries or emerging economies that have

[12]See Mr. Choongsoo Kim's speech for the 60th Anniversary of the Bank of Korea: http://www.bis.org/review/r100617b.pdf.

[13]http://www.imsreform.org.

suffered from capital flow volatilities are most likely to take the lead as a G20 chair country. China also has strong incentives to promote the revamping of the current IMS and strengthening of the GFSN.

Table 4: List of G20 chairing countries

Year	Country	Group
2010	Korea	5
2011	France	4
2012	Mexico	3
2013	Russia	2
2014	Australia	1
2015	Turkey	2
2016	China	5
2017[14]	Germany, Italy, UK	4
2018	Argentina, Brazil	3
2019	Saudi Arabia, US, Canada	1

5.2.2 Other divergent national interests

Apart from the critical role of the G20 chairing country, we can identify an additional push for restructuring the GFSN from emerging market economies. Reticence, however, can be sensed as well from countries that are less involved in the IMS and financial regionalism, as well as from the "hegemon" of the current IMS — the United States.

Emerging market economies have strongly advocated an overhaul of the current IMS and its financial backstops. Given their increasing economic power, they want to secure a better representation in the existing IFIs. Moreover, considering the lessons from the last wave of emerging market crises and excessive capital flow volatilities during the Global Financial Crisis, emerging market economies do have incentives to secure supplementary financing resources both for in-crisis funding and *ex ante* insurance against irrational market behaviours. Therefore, we observe that the BRICS have called for

[14]From 2017 to 2019, the chair country of G20 meetings has not been announced yet. The last three lines in Table 4 are the author's speculation based on the existing practices of the G20 process (https://www.cigionline.org/publications/2010/11/future-g20-process).

a bigger voice in existing IFIs and have been actively involved in setting up new RFAs.

On the other hand, some advanced economies have never been actively involved in any form of financial regionalisation (i.e. Australia and Canada).[15] They may have incentives to maintain the *status quo* of financial safety nets with a strong IMF at the centre. Hawkins et al. (2014), economists from the Australian Treasury, clearly argue that the GFSN is at a risky "tipping point to fragmentation", because RFAs and bilateral arrangements have significantly increased their lending capacity and have altered the balance of resources within the global safety net. These countries may not be in favour of a truly "multi-layered" GFSN.

Ultimately, there are some concerns relative to the current "hegemon" of the IMS — the United States. First of all, institutional reforms in the IMF often encounter US hurdles. As Truman (2014) argues, the US administration failed to implement the 2010 IMF reform package. Despite the unfavourable political atmosphere in Washington, Obama's administration "should be faulted for delaying submitting the necessary legislation to the US Congress, for inadequately explaining the importance of the IMF reform package to Congress and the general public and for not adequately reaching out to Republicans in Congress for their support on what historically has been a bipartisan and nonpartisan topic." Secondly, due to moral hazard concerns, the US may not have incentives to play the role of "global dollar lender-of-last-resort." This is why the US was not in favour of institutionalising bilateral swap lines in dollars between the US Federal Reserve Bank and other Central Banks. The US Fed may regard institutionalised bilateral swap lines as a way for some countries to secure cheap funding in dollars. These countries may thus be less motivated to deal with inefficiency problems in their domestic financial markets (e.g. why domestic firms borrow in US dollars in the first place). Therefore, for the US, pooling regional resources, such as mutualised swap lines, may be the most appropriate format to provide emergency liquidity in times of crisis as regional arrangements can be considered "dollar liquidities with limited responsibility (backed by each member's reserve contribution)" while institutionalised swap lines with the US Fed are ultimately unconditional lending in dollars.

[15] Although Canada signed bilateral swap line agreements with the US and Mexico under the North American Framework Agreement (NAFA), this mechanism was designed more for Mexico than for Canada.

5.3 Impact of some institutional features of the G20 framework

Since the onset of the Global Financial Crisis, the G20 framework has evolved from a Finance Ministers' forum to "the premier forum for [...] international economic cooperation (G20 Pittsburgh Communiqué)" gathering the highest-level political leaders of the 20 biggest economies. The G20 derives some strengths and weaknesses from its structure as a coordination forum instead of a fully-fledged institution.

First, according to the literature on public policy making, the issue initiation or agenda setting process of the G20 follows a "top down" structure (Princen and Rhinard, 2006). That is, many issues come onto the agenda "from above", from high-ranking political leaders (e.g. G20 Heads of State). This process is often triggered by "a shared political problem, often highlighted by a symbolic event (Princen and Rhinard, 2006)," the Global Financial Crisis in the case of strengthening the GFSN. In moments of acute crisis when crucial reforms must be implemented quickly, this "top down" issue initiation process benefits from strong political backing, given that the reform agenda is endorsed by the most influential countries, represented by their political leaders. However, it is very hard for 20 countries to always find common political ground, especially when the immediate impact of a crisis wears off. When political interests diverge, this "top down" issue initiation process works far less well.

Moreover, as a coordination forum without a permanent secretariat and supporting staff, the G20 needs to rely on specialized technocratic international organisations (e.g. IMF) and government agencies (e.g. Ministry of Finance and Central Bank) to deliver on its reform promises. Some scholars in International Relations argue that it is through the "network governance" that the G20 framework has achieved some of its policy objectives (see Eccleston et al. 2014). In this regard, the interaction between the G20 and the IMF seems crucial. The IMF executive management has been a key player in G20 meetings. And IMF staff has provided extensive technical support to the G20, helping deliver crucial GFSN reforms. For example, in terms of rationalisation of foreign reserves, the G20 tasked the IMF with providing technical analysis to evaluate external imbalances and conducting the MAP. Regarding the regional line of defence, the IMF was also the main draughtsman of the common principles for RFA-IMF cooperation. As a technical agent, the IMF has its say and influence in selecting those G20 reform proposals which it wants to emphasise. One might think it much easier to obtain the IMF Board's approval regarding enhancing the IMF's lending resources and instruments. In comparison, the views at the Fund may diverge on the appropriate size of RFAs and the optimal format for RFA-IMF cooperation, even from a purely technical perspective.

Finally, one should not ignore the emergence of a new institution entirely initiated by G20 countries. This is the Financial Stability Board (FSB). For some researchers, the FSB has the potential to become a *de facto* secretariat of the G20 framework.

Three key features of the FSB deserve our attention. First, with some minor differences, the FSB's membership covers the 20 most important economies (G20) as well as some major IFIs (e.g. the IMF and the World Bank). The FSB provides an ideal forum for exchange and discussion among Finance Ministries, Central Banks and representatives from the IMF. They are all key players in the G20 framework as well. Second, the economic clout of emerging market economies is well reflected here. Brazil, China, India and Russia all have three seats in the Plenary (sole decision-making body), on an equal footing with the US and other advanced economies. Third, the FSB has a clearly defined mandate that fits in the broad context of safeguarding global financial stability. The FSB is designed to "assess vulnerabilities affecting the global financial system as well as to identify and review, on a timely and ongoing basis within a macroprudential perspective, the regulatory, supervisory and related actions needed to address these vulnerabilities, and their outcomes."[16]

In this context, the FSB may have growing agenda-setting power in the G20 framework. Therefore, in line with what has been said earlier, the discussions on global financial stability are likely to be steered more towards *ex ante* financial regulations and away from in-crisis financing. RFAs are, notably, completely absent from the FSB. To keep GFSN-related topics alive, RFAs may need to establish working relations with the FSB.

6 Conclusion

Since the Global Financial Crisis, the G20 has not only become the premier forum for policy coordination among major economies, but it has also played an important role in promoting reforms to safeguard global financial stability. This paper compares reform proposals on the GFSN that G20 countries achieved with those they failed to deliver between 2008 and 2014. Reforms that enhance financial resources and renew instruments for emergency liquidity provision were substantially implemented. However, institutional reforms

[16]See http://www.financialstabilityboard.org/about/.

concerning the governing structure of IFIs were delayed. The urgency of responding to the crisis, the role of particular countries as well as institutional characteristics of the G20 framework mainly determine the political interests in this reform area.

When this paper was revised for publication in the ESM working paper series, strengthening the GFSN had again captured the G20's attention. New developments included China — host country of the G20 Summit in 2016 — reopening a working group on International Financial Architecture, which is co-chaired by France and Korea. Policymakers and academics have also been convened on several occasions to discuss the adequacy of the GFSN and how to enhance cooperation between the different layers of the safety net. Let us wait and see what will be achieved by September 2016.

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Appendix: G20 Summit Commitments and Deliverables

Date	City	Level	Commitments	Progress/Achievements	Reference
11 Oct. 2008	Washington	Ministerial	**Global level** - Review the IMF's lending role (i.e. analytical framework, new instrument, access limits and financing terms) - Look forward to further work by EB on elements of the new quota formula and governance reform - The IMFC recommends members' acceptance of the fourth amendment of the Articles of Agreement (AoA) for a special one-time allocation of SDRs	**Global level** - Approval by the BoG of the Resolution on quota and voice reforms (including the fourth amendment of the Fund's AoA to enhance voice and participation in the Fund) - IMF 2008 Quotas and Governance reform, need further national approval - Approval of the amendment broadening the Fund's investment authority as part of the Fund's new income model - Ongoing reassessment of the Fund's governance	Fin Ministers and CB governors Communiqué and IMFC communique
8-9 Nov. 2008	Sao Paulo	Ministerial	**Global level** - Multilateral development banks (MDB) to ensure arrangements needed for financing counter-cyclical policies in countries with a good track record and sound policies - The Bretton Woods (BW) institutions to be comprehensively reformed with a greater voice and representation of Emerging market and developing countries (EMDC) - Review the adequacy of the resources of the IMF, the WB and other MDBs and stand ready to increase them where necessary - Underline the importance of strengthening the IMF surveillance	**Global level** - First step in the ongoing process of reforming the WBG - Short-Term Liquidity Facility (SLF) created by the IMF, Oct. 2008	Fin Ministers and CB governors Communiqué

14-15 Nov. 2008	Washington	Leader	**<u>Global level</u>** - Encourage MDBs to use their full capacity in support of their development agenda - Ensure IMF, WB and MDB have sufficient resources/instruments to continue playing their role in overcoming the crisis. - By March 2009 IFIs to review and adapt their lending instruments - Ensure EMDC have greater voice and representation in the BW IFIs (medium-term actions) - IMF and the WB to revamp FSAP	**<u>Global level</u>** - New facilities introduced by the WB in the areas of infrastructure and trade finance (e.g. Fast-track facility)	Leaders' declaration and action plan
14 Mar. 2009	Horsham	Ministerial	**<u>Global level</u>** - MDBs' capital to be increased - IMF resources to be increased (through NAB) and quota review to be accelerated - Package of quota and voice measures for the IMF decided in April 2008 to be implemented swiftly. WB reforms to be completed by the Spring Meetings 2010 - BRICS call for bigger voice - Heads of the IFIs should be appointed through open, merit based selection process	**<u>Global level</u>** - Progress made by the IMF and WB in introducing new and enhanced instruments including the development of a new high-access, quick-disbursing precautionary facility	Fin Ministers and CB governors Communiqué

2 Apr. 2009	London	Leader	**Global level** - Agreed to ratify urgently the fourth amendment to the IMF AoA - Support a general SDR allocation of $250bn - Commit to implementing the package of IMF quota and voice reforms agreed in April 2008 and call on the IMF to complete the next review of quotas by January 2011 - The Fund's governors to be involved in providing strategic direction to the IMF and increasing accountability - The WB reforms agreed in October 2008 to be implemented by the 2010 Spring Meetings - MDBs lending capacity to be increased to $300bn over the next three years - Cooperation and coordination between IFIs should be strengthened to increase their effectiveness - Heads of the IFIs should be appointed through open, merit based selection process	**Global level** - G20 countries agreed to make an additional $850bn of resources through IFIs to support growth in EMDC - $250bn from IMF members - Expanded and more flexible NAB increased by up to $500bn - $100bn from MDBs lending facilities - Flexible Credit Line (FCL) created by the IMF in March 2009	Leaders' declaration and annexes
24 Apr. 2009	Washington	Ministerial	TBC	TBC	TBC
4-5 Sep. 2009	London	Ministerial	**Global level** - Reiterated commitment to ensure MDBs capital increase - 2008 IFI governance reforms to be completed by Spring 2010 for WB and January 2011 for IMF - Commitment to increase accountability, strengthen the involvement of Fund Governors in strategic oversight and agree to move to an open transparent and merit-based selection of IFI management	**Global level** - Close to completing the delivery of $850bn of additional resources agreed in April 2009	Fin Ministers and CB governors Communiqué

24-25 Sep. 2009	Pittsburgh	Leader	**<u>Global level</u>** - Shift in IMF quota share to DEMDC of at least 5% and protect the voting share of the poorest - By the quota review of January 2011, discuss the size of any increase in IMF quotas, size and composition of the Executive Board (EB), ways of enhancing the Board's effectiveness, selection process of heads and senior leadership - The package of IMF quota and voice reforms agreed in April 2008 to be implemented swiftly - Urged for a dynamic formula at the WB - WB capital increase to be implemented by 2010H1 (+ use of callable capital) - Need to increase of at least 3% of voting power for EMDC at the WB	**<u>Global level</u>** - \$500bn delivered to a renewed and expanded IMF NAB - SDR allocations of \$283bn in total made by the IMF - The Fund's medium-term concessional lending capacity is doubled (With the new income model and funds from internal and other sources) - Forth amendment to the AoA became effective	Leaders' declaration and documents
6-7 Nov. 2009	St. Andrews	Ministerial	**<u>Global level</u>** - The representation and governance reforms agreed in Pittsburgh to be delivered by the 2010 Spring meetings for the WB and January 2011 for the IMF - The 2008 quota and voice reforms in the IMF to be completed - The review of WB and Regional Development Banks (RDB) capital to be completed - Review the mandate of the IMF - Replenishment of IDA and the African Development Fund		Fin Ministers and CB governors Communiqué
22-23 Apr. 2010	Washington	Ministerial	**<u>Global level</u>** - Urged progress to deliver on the representation of the IFI agreed in Pittsburgh - Urged the IMF to deliver the quota and governance reforms by the November Seoul Summit	**<u>Global level</u>** The IMF Board approved the expanded NAB of SDR 367bn (waiting for ratification)	Fin Ministers and CB governors Communiqué

4-5 Jun. 2010	Busan	Ministerial	**<u>Global level</u>** - Call for an acceleration of the substantial work still needed for the IMF to complete the quota and governance reform by the Seoul Summit (Pittsburgh commitments) - Reiterated the urgency of implementing the April 2008 package of IMF quota and voice reform - Urging the implementation of the expanded NAB reform	**<u>Global level</u>** - Agreement on the WB voice reform to increase the voting power of EDMC by 3.13% + dynamic formula - Agreement for substantial capital increases and institutional reforms at the WB, IADB, EBRD and AfDB **<u>Regional level</u>** - Creation of the EFSF by euro area Member States	Fin Ministers and CB governors Communiqué
26-27 Jun. 2010	Toronto	Leader	**<u>Global level</u>** - Ensure ratification of the 2008 IMF quota and voice reforms by Seoul Summit and expansion of the new NAB (the majority of G20 countries have ratified the 2008 IMF quota and voice reform and a number of G20 members have formally accepted the recently agreed reforms to the expanded NAB) - Ensure that the IMF's concessional financing for the poorest countries be expanded by $6 bn - Task Finance Ministers (FM) and Central bank Governors (CBG) to prepare policy options to strengthen global financial safety nets (national, regional and international efforts) - Replenishment of IDA and the African Development Fund	**<u>Global level</u>** - $350bn capital increase in MDBs (Pittsburgh Summit commitment) doubling their lending (ADB, AfDB, IaDB, EBRD, IBRD, IFC) - The voice reforms agreed by shareholders at the World Bank (EMDC's voting power increase by 4.59% = 3.13% + 1.46%) - Mobilization of $750bn from the IMF to support IMF members' needs for crisis financing ($250bn from immediate bilateral loans and note purchase + $500bn from NAB) - IMF implemented a $250bn new general allocation of SDRs - IMF established new early-warning exercise	Leaders' declaration and annexes (Annex 3)
2010	/	Technical	TBC	TBC	Co-chairs financial report to Ministers

22-23 Oct. 2010	Gyeongju	Ministerial	**Global level** - Agreed on an ambitious set of proposals to reform the IMF's quota and governance (2010 Reforms of Quotas and Governance) - Shifts in quota shares to EMDCs - Doubling of quotas - Comprehensive review of the quota formula by January 2013 - 2 fewer advanced European chairs at the EB - Moving to an all-elected Board	**Global level** - Enhancement of the FCL including the extension of its duration and removal of the access cap. + recent clarification of the procedures for synchronized approval of the FCLs for multiple countries - Creation of the Precautionary Credit Line (PCL) for countries with sound fundamentals/policies but moderate vulnerabilities	Fin Ministers and CB governors Communiqué
11-12 Nov. 2010	Seoul	Leader	**Global and Regional level** - To build a more stable and resilient International Monetary System (IMS) and to strengthen global financial safety nets (GFSN) - To promote a more structured approach to cope with shocks of a systemic nature and ways to improve collaboration btw RFAs and IMF	**Global level** - G20 endorsed the 2010 Reforms of Quotas and Governance agreed at the Gyeongju meeting - Countries with systemically important financial sectors are required to undergo FSAP since Sep. 2010	Leaders' declaration and Summit document
18-19 Feb. 2011	Paris	Ministerial	**Global level** - Agreed on a work program to strengthen the functioning of the IMS	**Global level** - IMF BoG approved 2010 Quotas and Governance Reforms **National level** - Agreed on a set of indicators for external imbalances (reserve adequacy)	Fin Ministers and CB governors Communiqué
31 Mar. 2011	Nanjing	Technical	**Global and regional level** - How to strengthen partnerships with RFAs	/	DSK, NS speeches

14-15 Apr. 2011	Washington	Ministerial	**Global level** - Agreed to focus our work in the short term on assessing developments in global liquidity, a country specific analysis regarding drivers of reserve accumulation, … an improved toolkit to strengthen the global financial safety nets, enhanced cooperation between the IMF and RFAs, etc. - Will work to complete the steps required to implement the 2010 quota and governance reform by the Annual Meetings of 2012	**Global level** - Entry into force and the activation of the expanded and more flexible NAB - Entry into force of the IMF 2008 Quotas and Voice Reforms (shift in representation to EMDC, enhanced voice and participation of LIC, etc.) **National level** - Indicative guidelines on global imbalances agreed (against which each of the indicators agreed in February will be assessed)	Fin Ministers and CB governors Communiqué
22-23 Sep. 2011	Washington	Ministerial	**Regional level** - the Euro area will Implementation of the decisions taken by EA leaders on 21 July 2011 to increase the capacity and the flexibility of the EFSF		Fin Ministers and CB governors Communiqué
14-15 Oct. 2011	Paris	Ministerial	**Global level** - Called on the IMF to further consider new ways to provide on a case by case basis short-term liquidity to countries facing exogenous, including systemic, shocks building on existing instruments and facilities and called on the IMF to develop concrete proposals by the Cannes Summit - Committed that the IMF must have adequate resources - Call for the full implementation of the 2010 quota and governance reform of the IMF -Look forward to a criteria-based path to broaden the SDR basket **Global and National level** - Continue the work on assessing developments on global liquidity, country specific analysis of drivers of reserve accumulation, avoiding persistent exchange rates misalignments and the role of the SDR	**Regional level** - Completed implementation of the decisions taken by EA leaders on 21 July 2011 to increase the capacity and the flexibility of the EFSF - Adopted common principles for cooperation between the IMF and RFAs	Fin Ministers and CB governors Communiqué, G20 Principles for IMF-RFA cooperation, Capital Flows, Local currency bond markets

3-4 Nov. 2011	Cannes	Leader	**Global level** - Support the IMF in putting forward the new Precautionary and Liquidity Line (PLL) - Support the IMF in putting forward a single emergency facility to provide non-concessional financing for emergency needs (waiting for the IMF to expeditiously discuss and finalize both project - Stand ready to ensure additional resources could be mobilized in a timely manner and ask our FMs by their next meeting to work on deploying a range of various options including bilateral contributions to the IMF, SDR, and voluntary contributions to an IMF special structure such as an administered account - Committed to implement in full the 2010 quota and governance reform of the IMF - Review the composition of the SDR basket in 2015 and call for further analytical work of the IMF in this regard **National level** - Call on the IMF to continue its work on drivers and metrics of reserve accumulation	**Global level** - Recent improvements to the IMF surveillance toolkit including the consolidated multilateral surveillance report and spillover reports and ask the IMF to continue to improve upon these exercises and methodology **Regional level** - Agreed on common principles for cooperation between the IMF and RFAs	Leaders' declaration
25-26 Feb. 2012	Mexico City	Ministerial	**Global level** - Committed to implement in full the 2010 governance and quota reform by the agreed date of the 2012 IMF/WB annual meeting - Committed to a comprehensive review of the quota formula to better reflect economic weights by January 2013 - Committed to the completion of the next general review of quotas by January 2014 - Contribute to the ongoing process to strengthen the surveillance framework of the IMF	**Global level** - Review of the adequacy of IMF resources started - Other options mentioned by Leaders in Cannes such as SDRs are under review **Regional level** - EA countries will reassess the strength of their support facilities in March	Fin Ministers and CB governors Communiqué

20 Apr. 2012	Washington	Ministerial	**<u>Global level</u>** - Firm commitments to increase IMF resources by over $430bn in addition to the quota increase under the 2010 reform. These resources would be channelled through temporary bilateral loans and note purchase agreements to the IMF's GRA - Reaffirmed commitment to fully implement the 2010 governance and quota reform by the 2012 IMF/WB Annual meeting - Contribute towards a comprehensive review of the IMF quota formula by January 2013 and the completion of the next general review of quotas by January 2014	**<u>Global level</u>** - Progress made by the IMF in advancing consideration of an integrated surveillance decision - Ongoing work by the IMF to produce an external sector report **<u>Regional level</u>** - EA strengthened in March European firewalls as part of broader reform efforts and the availability of central bank swap lines	Fin Ministers and CB governors Communiqué
20 Apr. 2012	Washington	Ministerial	**<u>Global level</u>** - Committed to take the necessary actions to secure global financial stability		Joint Statement by IMFC/G20 FinMin and CBG
18-19 Jun. 2012	Los Cabos	Leader	**<u>Global level</u>** - Firm commitments to increase the resources available to the IMF (exceeding $450 bn) + quota increase under the 2010 Reform - Commitment to implement in full the 2010 quota and governance reform by the agreed date of the 2012 IMF/WB annual meetings - Complete the comprehensive review of the quota formula by January 2013 and to complete the next general review of quotas by January 2014 - The current surveillance framework should be significantly enhanced, including through a better integration of bilateral and multilateral surveillance with a focus on global, domestic and financial stability, including spillovers from countries' policies.	**<u>Regional level</u>** - Eurogroup's announcement of support for Spain's financial restructuring authority	Leaders' declaration

4-5 Nov. 2012	Mexico City	Ministerial	**Global level** - Call on the finalization of the remaining bilateral agreements (IMF resources) and call on members who have yet to complete the process to do so asap - Committed to completing the comprehensive review of the quota formula **Regional level** - Look forward to the completion of the technical discussions on the future of the ESM Direct bank recapitalisation (DRI)	**Global level** - Continuation of the process to strengthen IMF resources and enhance the IMF's role in crisis prevention and resolution (total pledged resources added up to USD461bn, formalization of the first set totalling USD286bn) - IMF Quota review started since February 2012. EB held further discussions on the matter - Strengthening of the IMF's surveillance framework through the adoption of the new Integrated Surveillance Decision (July 2012) + introduction of the Pilot External Sector Report **Regional level** - Establishment of the ESM	Fin Ministers and CB governors Communiqué
15-16 Feb. 2013	Moscow	Ministerial	**Global level** - Call on the IMF and lending countries to finalize the remaining agreements - Urgent need to ratify the 2010 IMF quota and governance reform - Committed to agree on the quota formula and complete the 15th GQR by January 2014 as agreed at the Seoul Summit **Global and Regional level** - Will assess scope for a more effective dialogue btw RFAs, as well as enhancing cooperation and increasing complementarities btw the IMF and RFAs	**Global level** - Progress made since the IMF and WB AM in Tokyo on G20 Leaders' commitment in Los Cabos to provide the IMF with resources via bilateral Arrangements - IMF EB reported to the BoG on the outcome of the quota formula review	Fin Ministers and CB governors Communiqué

17-18 Apr. 2013	Washington	Technical	**Regional level** - RFA basic features - Existing RFA-IMF cooperation - Options for enhancing cooperation and the way forward	/	Issues Note for G20/IMF Seminar
18-19 Apr.2013	Washington	Ministerial	**Global level** - Committed to agree on the quota formula and complete the 15th General Quota Review (GQR) by January 2014 as agreed at the Seoul Summit and reiterated in Cannes and Los Cabos **Regional level** - Recognizing the importance of effective global safety nets and RFAs - Discuss possible ways to further enhance cooperation between IMF and RFAs in order to assess possible options for further policy recommendations by the time of the Leaders' Summit in St Petersburg	**Global level** - Supported the IMF EB's decision to integrate the process of reaching a final agreement on a new quota formula with the 15th GRQ **Regional level** - The IMF work on stocktaking of its engagement with RFAs, as well as the recent G20/IMF seminar that reviewed developments in RFAs and explored options for enhancing their cooperation with the IMF	Fin Ministers and CB governors Communiqué

19-20 Jul. 2013	Moscow	Ministerial	**<u>Global level</u>** - Committed to agree on the quota formula and complete the 15th GQR by January 2014 as agreed at the Seoul Summit and reiterated in Cannes and Los Cabos **<u>Regional level</u>** - Recognizing the importance of effective global safety nets and RFAs - Reaffirm the common principles for cooperation between the IMF and RFAs, look forward to a flexible and voluntary dialogue between the IMF-RFAs and a dialogue among RFAs	/	Fin Ministers and CB governors Communiqué
5-6 Sep. 2013	St. Petersburg	Leader	**<u>Global level</u>** - Committed to agree on the quota formula and complete the 15th GQR by January 2014 as agreed at the Seoul Summit and reiterated in Cannes and Los Cabos **<u>Global and Regional level</u>** - Recognizing the importance of effective global safety nets - Reaffirm the common principles for cooperation between the IMF and RFAs and ask FM and CBG to follow the developments	**<u>Global level</u>** - The vast majority of previously committed resources have been made available to the IMF through bilateral loan or note purchase agreements	Leaders' declaration

10-11 Oct. 2013	Washington	Ministerial	**<u>Global level</u>** - Committed to agree on the quota formula and complete the 15th GQR by January 2014 as agreed at the Seoul Summit and reiterated in Cannes and Los Cabos - Urged ratification of the 2010 IMF quota and governance reform	/	Fin Ministers and CB governors Communiqué
18-19 Dec. 2013	Seoul	Technical	**<u>Global level</u>** - Reduce the stigma of IMF resources **<u>Global and Regional level</u>** - Interaction bwt various aspects of the GFSN **<u>National level</u>** - Reduce reliance on self-insurance measures	/	Korean government summary of G20 Seoul Conference
22-23 Feb. 2014	Sydney	Ministerial	**<u>Global level</u>** - Commitment to ratify the 2010 reforms (deeply regret that the IMF quota and governance reforms agreed to in 2010 have not yet become effective and that the 15th GRQ was not completed by January 2014) - Urged the US to do so before our next meeting in April. - In April 2014 G20 will take stock of progress towards meeting this priority and complementing the 15th GRQ by Jan 2015	/	Fin Ministers and CB governors Communiqué
10-11 Apr. 2014	Washington	Ministerial	**<u>Global level</u>** - Committed to maintain a strong and adequately resourced IMF - Commitment to implement the 2010 reforms - In case of non ratification by end 2014, commit to develop alternative options for next steps	/	Fin Ministers and CB governors Communiqué

20-21 Sep. 2014	Cairns	Ministerial	**Global level** - Committed to ensure the continued effectiveness of global safety nets - Committed to maintain a strong and adequately resourced IMF - Urged the US to ratify the reforms agreed to in 2010	/	Fin Ministers and CB governors Communiqué
15-16 Nov. 2014	Brisbane	Leader	**Global level** - Committed to ensure a stronger and more resilient financial system - Urged for ratification of IMF quota and governance reforms. - In case of non ratification by end 2014, committed to develop alternative options for next steps	/	Leaders' declaration Action plan

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