Appendix 1: Strengthening the Financial System and Restoring Global Growth

The Leaders of the G-20 met in London on April 2, 2009, amid the most serious economic and financial crisis since the end of World War II. The purpose of the meeting was to join together to implement an action agenda to re-start global economic growth and to strengthen financial market regulation and supervision. This appendix highlights some of the major achievements and commitments of the Leaders' Meeting.

Restoring Growth and Jobs

- Endorsed unprecedented and concerted fiscal actions totaling trillions of dollars that will save or create millions of jobs.
- Committed to deliver the scale of sustained fiscal effort necessary to restore growth.
- Central banks have pledged to maintain expansionary policies for as long as needed and to use the full range of monetary policy instruments, including unconventional instruments, consistent with price stability.
- Committed to take all necessary actions to restore the normal flow of credit through the financial system and to ensure the soundness of systemically important institutions.
- Called on the International Monetary Fund (IMF) to assess regularly the actions taken and the global actions required.
- Agreed to refrain from competitive devaluation of currencies and agreed to promote a stable and well-functioning monetary system.
- Taken together, these actions constitute the largest fiscal and monetary stimulus and the most comprehensive support program for the financial sector in modern times.

Strengthening Financial Supervision and Regulation

- Expanded the Financial Stability Forum (FSF) to include all G-20 economies that are not currently members, and Spain and the European Commission. Committed to re-establish the FSF as the Financial Stability Board (FSB) with a stronger institutional basis and broadened mandate to promote financial stability.
- The FSB will assess vulnerabilities in the financial system and identify and oversee actions to address vulnerabilities and promote coordination and information exchange among financial authorities.
- The FSB will set guidelines for and support the establishment of supervisory colleges and support contingency planning for cross-border crisis-management.
- The FSB will collaborate with the International Monetary Fund (IMF) to conduct Early Warning Exercises on the build-up of macroeconomic and financial risks and actions needed to address them.
- Prudential regulations will be strengthened, in particular with respect to capital requirements, incentive structures, and international standards.
- Agreed that all systemically important financial institutions, markets, and financial instruments, including hedge funds, should be subject to appropriate regulation and oversight.
- Endorsed principles on pay and compensation in significant financial institutions to ensure that compensation structures are consistent with firms' long-term goals and prudent risk-taking.

- Committed to take action, once economic recovery is assured, to improve the quality, quantity, and international consistency of capital in the banking system.
- Called on all countries to adopt the international standard for tax information exchange reflected in the UN Model Tax Convention, and agreed to stand ready to take action against jurisdictions that do not meet international standards in terms of tax transparency.
- Reaffirmed the framework of fair value accounting and agreed that accounting standard setters should progress toward a single set of high quality global accounting standards, which include improved standards for the valuation of financial instruments, strengthened accounting recognition of loan-loss provisions, and improved standards for off-balance sheet exposures.
- Agreed that all credit rating agencies whose ratings are used for regulatory purposes should be subject to registration and regulatory oversight.

Strengthening Global Financial Institutions

- Agreed to make available to the IMF immediate financing of $250 billion which will subsequently be incorporated into an expanded and more flexible New Arrangement to Borrow (NAB), increased by up to $500 billion.
- Agreed to support an increase in lending by Multilateral Development Banks (MDBs) of at least $100 billion, including to low-income countries, and to ensure that all MDBs have appropriate capital.
- Agreed to support a general SDR allocation of $250 billion to increase global liquidity, along with ratification of the Fourth Amendment, which will permit a special allocation of SDR primarily to countries that were not members of the IMF at the time of previous allocations.
- Collectively, the above actions represent a $1.1 trillion program of support to restore credit, growth, and jobs in the world economy.
- In addition, the IMF's new Flexible Credit Line (FCL) will enhance the IMF's ability to meet the actual or potential balance of payments financing needs of strong performing economies.
- Committed to implementing the 2008 package of quota and voice reforms and called on the IMF to complete the next review of IMF quotas by January 2011.

Resisting Protectionism and Promoting Global Trade and Investment

- Will ensure $250 billion is made available over 2009 and 2010 to support trade finance through export credit agencies and through the MDBs.
- Remain committed to reaching an ambitious and balanced conclusion of the Doha Development Round.
- Reaffirmed commitment to refrain from raising new barriers to investment or to trade in goods and services, from imposing export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports, and agreed to rectify such measures promptly.
- Agreed to notify the WTO promptly of any such measures and have called on the WTO, along with other international bodies, to monitor and report publicly on adherence to the trade and investment undertakings on a quarterly basis.

Ensuring a Fair and Sustainable Recovery for All

- Reaffirmed commitment to Millennium Development Goals and to achieving official development assistance (ODA) pledges, including commitments on Aid for Trade, debt relief, and the Gleneagles commitments, especially to sub-Saharan Africa.
- Committed to provide $50 billion to support social protection, boost trade, and safeguard development in low income countries.
- Agreed that additional resources from previously agreed sales of IMF gold will be used to provide $6 billion in additional concessional and flexible finance for the poorest countries over the next 2 to 3 years.
- Called on the UN to establish with other global institutions an effective mechanism to monitor the impact of the crisis on the poorest and most vulnerable.