Antalya Accountability Assessment

G-20 Framework Working Group

Executive Summary

The accountability framework is an important pillar of the G-20's work in its pursuit of strong, sustainable and balanced growth. This Accountability Assessment Report takes stock of members' latest progress towards this overarching objective, including the progress on implementation of the growth strategies put forward at the 2014 Brisbane Summit. It complements the Antalya Action Plan which outlines additional reform commitments made in members' adjusted growth strategies in 2015.

Despite significant actions by members, the G-20 continues to fall short of its objective of strong, sustainable and balanced growth. As evidenced by weak GDP growth, successive downward revisions to the economic outlook, modest employment growth, elevated unemployment rates in some regions, and below-target inflation in a number of economies, **global economic growth remains insufficiently strong**. As well, downside risks to the outlook have increased since last year, including potential market volatility associated with an imminent normalization of monetary policy in certain advanced economies, and the potential for a sharper slowdown in some key emerging market economies. In addition, numerous medium-term challenges remain to be tackled, such as weak productivity growth, elevated debt burdens, and low levels of investment, to **make global growth sustainable**. Finally, levels of current account imbalances indicate that the full implementation of policy commitments as well as further efforts to address these challenges are needed to **achieve more balanced growth**.

These assessment results highlight the need for G-20 members to continue their efforts to foster strong, sustainable and balanced growth, particularly by implementing the policy commitments they have put forward. **Important progress on the implementation of the growth strategies** has been made in 2015. The IMF and the OECD have estimated that the structural reform measures in the growth strategies that are quantifiable and that have already been fully implemented would increase collective G-20 GDP by around 0.8 per cent by 2018. So far, almost 50 per cent of growth strategy measures identified as key commitments have been fully implemented. However, the assessment also suggests potential delays in the implementation of certain key commitments. **G-20 members will need to elevate their implementation efforts** to ensure that the maximum growth dividends of the Brisbane growth strategies will be achieved. Members facing implementation challenges may also provide additional policy measures, where appropriate. These efforts are essential given the moderate global economic outlook.

Moreover, although many G-20 members have achieved or are on track to reach their fiscal, monetary and exchange rate objectives, further progress is needed from some other members. This includes reducing government deficits, stabilizing or reducing government debt-to-GDP ratios while taking into account near-term economic conditions, maintaining price stability by ensuring inflation is within target range while supporting economic growth, and moving towards more market-determined and flexible exchange rate systems.

Overall, the results of the 2015 accountability assessment underscore the need for the G-20 to remain steadfast in its commitment to implement its policy commitments in full and a timely manner and to foster strong, sustainable and balanced growth. The G-20 will continue to monitor progress on its commitments and will undertake another accountability assessment in 2016.

1. Introduction

Strong, sustainable and balanced growth is the overarching objective of the G-20, to which it is committed and accountable. Accountability assessment is a key pillar of the work of the G-20. Established at the Los Cabos Summit in 2012, the current accountability framework is based on the guiding principles of country ownership, a "comply or explain" approach, concreteness, consistency across members, fairness, openness and transparency. As well, a peer review process that includes examination and discussion of members' policies informed by technical assessments from international organizations are integral parts of the accountability framework. In this context, the G-20 would like to thank the International Organizations (IMF, OECD, World Bank, BIS, ILO, and UNCTAD) for their important contributions to the process.

This Accountability Assessment Report takes stock of the G-20's progress towards strong, sustainable and balanced growth, and with the publication of comprehensive growth strategies at the Brisbane Summit in 2014, has an additional focus on the implementation of the policy commitments in these growth strategies. To ensure a stringent accountability and monitoring framework, we have determined the key commitments of the growth strategies that are most relevant to members and expected to have the greatest impact on growth and developed detailed timelines for their implementation.

2. Updates on Moving towards Strong, Sustainable and Balanced Growth

G-20 members have put forward a wide range of policy measures to support growth over the years and have made significant progress in implementing these measures. However, our past actions to achieve strong, sustainable and balanced growth have not yet led to a satisfactory global economic performance, with numerous short and long-term challenges continuing to linger.

In 2015, the global economic recovery has again failed to pick up speed, with real GDP growth for the year currently expected to be the weakest since the end of the global financial crisis (Figure 1), although growth in 2016 is predicted to pick up and be the highest since 2011. Since the Brisbane Summit, global GDP forecasts have been further revised downward. While employment levels in emerging market economies have been consistently increasing including during the financial crisis, employment in advanced economies, as a whole, has just returned to pre-crisis level (Figure 2). Overall, the number of unemployed in G-20 countries continues to remain above pre-crisis levels (Figure 3), and although the unemployment rates have decreased in some regions, they remain elevated in others. Inflation is below target in some economies, suggesting excess capacity and weak demand in some of them.

Furthermore, while members have made efforts to mitigate key risks to the outlook, downside risks have increased since the Brisbane Summit. Over the near-term, a key downside risk is renewed market volatility and potential overreaction of financial markets during the imminent monetary policy normalization in some advanced economies, which may cause further capital outflow from emerging economies and amplify some macroeconomic policy challenges. Another key risk is the potential for a sharper slowdown in some large emerging market economies and its potential spillovers to other economies, including impacts on already moderate global trade growth and through lower demand for commodities. Sharp and sudden evolution of exchange rates could also increase balance sheet and funding pressure for countries with high unhedged U.S. dollar denominated debt. Risks from protracted weak demand and low inflation in some economies also remain, and geopolitical tensions may also weigh on the outlook. Growing refugee pressures may place additional strain on budgets in some countries in the near term, although they may also boost economic activity. Moreover, there is considerable scope to improve on the G-20's communication mechanism with respect to macroeconomic policies.

Over the medium term, productivity growth in some economies has been on a downward trend, while public and private investment levels remain depressed in many regions. In addition, debt burdens in many advanced economies continue to be elevated. The risk of persistent stagnation also remains for some of them, which combined with very low inflation, would make managing debt burdens even more challenging. Rising income inequality may also weigh on economic growth.

As well, high levels of current account imbalances remain in a number of countries. As indicated in the 2015 Sustainability Updates prepared by the IMF, while overall current account imbalances have declined notably since the global financial crisis, the decrease has been asymmetrical, and overall progress has stalled since 2013. More efforts are needed to ensure continued momentum in promoting a more balanced economy. Going forward, while structural changes in some economies such as the reorientation of demand towards more consumption-based growth will likely have a favourable impact on imbalances, recent developments such as declines in oil prices and movements in exchange rates are expected to have mixed effects. Moreover, in the absence of further efforts, progress in reducing current account deficits in some countries could reverse as economic growth strengthens, given that demand compression has played a role in the decline of current account deficits in recent years. As projected by the IMF over the next few years, G-20 current account imbalances are expected to remain broadly stable (Figure 4).

Overall, the global economy is expected to grow towards its long-term average in 2016, but this will likely be insufficient to close the global output gap before 2021 according to the latest available OECD projections (Figure 5). The recovery is held back by both a shortfall in near-term demand and supply constraints that are limiting actual and potential output growth. Most indicators suggest that the G-20 continues to fall short of its objective of strong, sustainable and balanced growth.

3. Actions to Foster Strong, Sustainable and Balanced Growth

The G-20 has committed to numerous important actions over the years to support the global economy, and members have made notable progress in implementing these measures.

Among the most important initiatives is the member-specific comprehensive growth strategies put forward at the 2014 Brisbane Summit. These growth strategies were designed to address the key rigidities and distortions holding back the global recovery and limiting potential output growth as well as to maximize the collective impact of country-specific actions by fostering positive spillovers and containing negative ones. Members' growth strategies included macroeconomic policies to support the recovery and new structural measures to increase medium-term growth potential. In 2015, members have adjusted these strategies to reflect changing economic circumstances and policy priorities as well as in response to evidence regarding the implementation and impact of their Brisbane commitments. Going forward, G-20 members will continue to review these strategies, as necessary, to ensure they remain relevant.

3.1 Structural Reform Policies

A key objective of the growth strategies was to reset the G-20's structural reform agenda. At the Brisbane Summit, members put forward growth strategies that included, along with macroeconomic policies, more than 1000 structural reform commitments focused on four thematic areas – investment, employment, competition and trade. International organizations have estimated that if implemented in full and in a timely manner, these measures would raise collective G-20 GDP by at least 2.1 per cent by 2018.

G-20 members have made important progress in the implementation of their growth strategies since the Brisbane Summit. According to an assessment by the IMF and the OECD, structural reform measures that are quantifiable and that have already been fully implemented by 2015 would increase collective G-20 GDP by around 0.8 per cent by 2018. While implementation of the majority of the remaining structural reform measures was found to be in progress, the assessment also indicated potential delays in the implementation of certain key commitments. However, the quantitative assessment presented by the international organizations, based on technical models, has its own limitations, which will be explained in greater detail in section 3.1.4 of this document.

3.1.1 Key Commitments from Brisbane Growth Strategies

To ensure that the accountability process remains effective and manageable in light of the vast number of commitments in the Brisbane growth strategies, Finance Ministers and Central Bank Governors agreed to focus surveillance on a subset of growth strategy commitments, or "key commitments", listed in annex 1. These were selected by members with the support of international organizations based on their impact on growth, importance to members and realism about implementation. Members were required to provide detailed information about the progress of implementation of these key commitments through the new, detailed implementation schedules (presented in annex 3 of members' adjusted growth strategies). Implementation progress of these key commitments is closely monitored through member peer reviews and also tracked by international organizations led by the OECD and the IMF for informing the members. The G-20 is grateful for the support provided by international organizations. The final assessment of key commitments presented in this report is the result of close collaboration between members and international organizations.

According to the assessment of the IMF, OECD and the World Bank, almost 50 per cent of the Brisbane measures that have been identified as key commitments have been fully implemented. Almost 50 per cent are in progress, and less than 5 per cent are showing no or limited progress. Implementation status varies by country.

The following sections discuss in greater detail the implementation status of members' key commitments, focusing on the four thematic areas of the Brisbane growth strategies. The assessment incorporates both the evaluation of international organizations and input provided by members on status of implementation of the key commitments.

Investment Policies

Investment and infrastructure development were a major focus in all G-20 members' Brisbane growth strategies and accounted for about a quarter of all structural reform commitments put forward in the growth strategies. Members' key investment commitments focused on directly and indirectly boosting investment in quality public infrastructure, making better use of public-private partnerships (PPPs), introducing tax incentives to raise investment, and enhancing small and medium-sized enterprises' (SME) access to financing. Some members also put forward measures to improve institutional and regulatory frameworks and enhance their investment climates while others focused on deepening financial markets by developing and supporting new financial products that encourage the involvement of long-term institutional investors.

Status of Implementation

Members have made reasonable progress on the implementation of investment commitments over the past year, with about one-third of the key commitments in this area now fully implemented. In particular, members have completed commitments that promote private sector investment (China, Italy, Korea, Mexico, Spain, United Kingdom), improve the business environment (Australia, Brazil, China, India, Indonesia, Italy, Japan, Mexico, Russia, UK), increase or accelerate public investment (Argentina, Canada, China, Germany, India Saudi Arabia, South Africa), and enhance corporate governance (Japan).

Implementation of most other key investment commitments remains in progress. These commitments include developing a range of public infrastructure projects (Argentina, Australia, France, India, Mexico, Russia, Saudi Arabia, UK, U.S.), facilitating access to financing for businesses (Brazil, EU, Mexico, Russia), improving the ease of doing business (Indonesia, Saudi Arabia), and expanding the use of PPPs (India, Korea, Mexico). The EU is in the process of implementing a Banking Union and is progressing with measures to unlock public and private investment in the EU, including through the Investment Plan for Europe which is already up and running. Overall, at this stage, challenges or risks to full implementation of members' key investment commitments by 2018 appear to be fairly limited and isolated.

Employment Policies

Nearly a third of all growth strategy commitments were designed explicitly to address employment policy gaps and create more and better quality jobs. In particular, members' key employment commitments aimed to raise female participation and lower youth unemployment, promote entrepreneurship and skills development, address labour market challenges faced by disadvantaged groups, reduce structural unemployment, address informality, and improve occupational health and safety policies. In addition, some members also put forward policies to increase minimum wages, improve social dialogue, expand social safety nets, streamline labour market regulation, and reduce the non-wage costs of labour.

Status of Implementation

In 2015, considerable progress has been made on the implementation of members' employment commitments, with about 50 per cent of the key commitments in this area now complete. These include measures to enhance skills and education (Argentina, Brazil, France, Italy, Saudi Arabia), improve women's labour force participation rates (Germany, Italy, Japan, Korea, Turkey, UK, U.S.), enhance firms' incentives to increase employment (Argentina, Australia, Canada, China, France, India, Italy, Korea, South Africa, Spain, Turkey), promote work experience as a means to improve youth labour outcomes (Argentina, Australia, India, United Kingdom), and reduce structural rigidities in the labour market (EU, Italy).

For about 45 per cent of members' key employment commitments, implementation is ongoing. Such measures include policies to promote human capital development (Australia, Brazil, China, India, Korea, Saudi Arabia, Turkey, U.S.), promote youth employment (EU), and increase incentives to promote labour supply (Australia, China, Germany, Japan, Saudi Arabia, Turkey, UK, U.S. and the EU), among other areas. Significant work still remains to be done in the implementation of the remaining around 5 per cent of key employment commitments, as these measures have been assessed as having little or no progress to date.

Competition Policies

Strong competition policies are crucial for achieving robust productivity growth and maintaining a fair and level playing field for businesses. Competition policies constitute roughly 15 per cent of all commitments in the Brisbane growth strategies.

Some of the most important competition commitments in the Brisbane growth strategies included reforming product and service markets, reducing regulatory burdens and red tape, lowering barriers to entry for new businesses and promoting competition in network industries. There were also policies to improve the business environment, encourage innovation and improve the quality of institutions.

Status of Implementation

Since Brisbane, members have fully implemented about 50 per cent of their key commitments in the area of competition. Examples of completed key commitments in this area include measures to increase competition in network industries (Canada, France, Italy, Korea), the services sector (France), and the energy sector (Mexico); promote internal market integration (Spain); enhance the effectiveness and efficiency of competition regulators (Mexico, Turkey); reduce regulatory and administrative burdens (Australia, Korea, India); and promote special economic zones (Japan). However, for a small number of key commitments, little or no progress has been made thus far.

Implementation remains ongoing for all other key competition commitments. These include policies in the areas of enforcing anti-trust regulations (China) and increasing competition in the services sector (EU, Korea) and network industries (EU). No risks to their full and timely implementation have been identified so far.

Trade Policies

Trade is a key channel for transmitting productivity improvements and other positive spillovers between economies. About 15 per cent of Brisbane commitments relate to increasing or facilitating trade.

Key trade commitments put forward in members' Brisbane strategies included measures to reduce barriers in trade-enabling services such as transport, logistics and port services; integrate SMEs into the global economy; reduce non-tariff barriers; and finalize or ratify free trade agreements.

Status of Implementation

Around 30 per cent of members' key trade commitments have now been fully implemented. These completed measures include policies to streamline trade-related procedures (Brazil, India, Korea, Japan), reduce tariffs (China), ratify the WTO Trade Facilitation Agreement (EU), complete trade agreements (Canada, Australia, Korea), and put in place broad foreign trade policies (India).

For virtually all other trade commitments, implementation remains ongoing. In particular, progress is being made on streamlining customs procedures (China, India, Russia, Saudi Arabia, South Africa, U.S.) and trade agreement negotiations (China, EU). Measures to facilitate trade and implement trade agreements (Canada, India, Russia, Turkey), reduce non-tariff barriers (China) and provide support to exporters (Russia) are also in progress. Limited challenges or risks to full implementation by 2018 have been identified at this point.

Key Commitments in Other Areas

About 15 per cent of measures in members' Brisbane growth strategies fall outside the four thematic areas discussed above. Key commitments in this category include policies to improve financial sector regulations, increase the efficiency of the public sector, and support SMEs, among others.

Status of Implementation

About half of members' key commitments outside of the four thematic areas have now been fully implemented. Such completed commitments include policies to help support the development of SMEs (Brazil, France, India, Indonesia, Italy, Russia, Spain, UK), improve financial sector regulation (Brazil, China, EU, India, Indonesia, Japan, Mexico), and increase the efficiency of government operations (France, Italy, Russia, Spain). Thus far, no policies in this category have been assessed as having made little or no progress.

Measures for which implementation remains ongoing include policies to increase the flexibility of capital markets (China), improve financial stability (EU, India), and streamline government approvals procedures (China). No significant challenges or risks to full implementation by 2018 for these measures have been identified by members.

3.1.2 Non-Key Brisbane Structural Commitments

Despite the focus on the key commitments, the promise of G-20 members was to implement all measures in the Brisbane growth strategies. This is especially important in light of the continued weaker-than-expected global economic outlook.

The monitoring of implementation of non-key commitments is done through self-reporting of implementation status by members along with peer reviews. Members that have completed an important share of their non-key commitments include UK, India, Korea, Canada and Indonesia. The implementation of the majority of non-key Brisbane commitments is in progress, including the Trans-Pacific Partnership which was recently agreed in principle (Australia, Canada, Japan, Mexico, U.S.) and which certain members have listed either as a Brisbane or pre-Brisbane commitment. Some risks to full implementation have also been identified. For example, the implementation of a number of initiatives has been delayed or downsized due to a sharp decline in oil prices or government revenues, and political opposition or changing priorities have resulted in uncertainty in the possibility of implementation of certain measures.

3.1.3 Pre-Brisbane Structural Reform Policies

In the development of the growth strategies, members selected from the pre-Brisbane Action Plans a limited number of key structural reform measures to be monitored for implementation. Pre-Brisbane measures selected by members to be monitored include measures in the areas of labour market reform (Australia, France, Italy, Korea, Mexico, Spain), human capital development (Brazil, Canada), financial sector reform (Argentina, China, Russia, Saudi Arabia), investment (Canada, Japan), and enhancing competition (Australia, France), among others.

Overall, members continue to demonstrate significant progress in the implementation of their selected pre-Brisbane structural reform commitments. For example, France, Italy, Mexico and Spain have shown notable results in labour market reforms, including the introduction of measures to reform labour legislation and improve active labour market policies. Korea has put in place policies to create public sector part-time jobs, and Australia has introduced measures to provide affordable child care services and improve youth employment. In the area of financial sector reform, Argentina and Russia have introduced legislation to develop the insurance sector and regulate domestic systemically important financial institutions, respectively. China has implemented a deposit insurance scheme, and Saudi Arabia has implemented measures to support financial inclusion and to enhance the transparency of bank and insurance fees and charges to protect consumers' rights. India has significantly adjusted its commitments relating to Goods and Services Tax and Direct Benefit Transfers to be included as new measures in Antalya commitments. Certain members also adjusted some of their pre-Brisbane measures to in response to economic and policy developments.

3.1.4 Limitations of Assessment

It is important to note that the assessment discussed above has some technical limitations. Firstly, the quantitative assessment by international organizations, based on technical models, covers only Brisbane structural commitments that are quantifiable. It does not assess the impact of macroeconomic measures nor includes the assessment of new or revised reforms in members' 2015 adjusted growth strategies. This results in the non-assessment of a considerable portion of commitments put forward by members, some of which could have the potential to boost growth. This may lead to an underestimation of the effort to date of G-20 members towards the collective growth ambition. Secondly, the qualitative assessment is simply a description of progress on the implementation of G-20 members' structural reform commitments and does not constitute an evaluation of the impact and effectiveness of the measures or of the timing of full implementation. Thirdly, assessment of progress of non-key Brisbane commitments and pre-Brisbane commitments is based exclusively on a peer review of information on the status of measures provided by members. Furthermore, in certain cases, the distinction between measures that are in progress on implementation and those demonstrating limited or no progress can be subjective and difficult.

Certain members also believe that the peer review process, which is an important component of the assessment of the Brisbane commitments, may need to be strengthened and standardized. In particular, more thorough and detailed assessments of members' implementation progress by peer reviewers will improve the stringency of the assessment and may allow members to play an even greater role in the accountability process, thus further enhancing the member-led member-owned approach of the process.

3.2 Macroeconomic Policy Commitments

Since 2009, G-20 members have put forward a wide range of macroeconomic measures in the areas of fiscal, monetary and exchange rate policy in action plans each year. The following sections discuss progress in 2015 on implementation status of members' macroeconomic commitments.

3.2.1 Fiscal Policy

Fiscal commitments have evolved over time. At the 2010 Toronto Summit, when the recovery appeared well in place, most advanced economy members committed to at least halve 2010 government deficits as a share of GDP by 2013 and to stabilize or reduce government debt-to-GDP ratios by 2016. In 2012, in Los Cabos, Leaders agreed that the pace of fiscal consolidation should be appropriate to support the recovery, taking country-specific circumstances into account and, in line with the Toronto commitments, should address concerns about medium-term fiscal sustainability. In 2013 in St. Petersburg, advanced economies, as well as a number of emerging markets, agreed to set out medium-term fiscal strategies to support fiscal sustainability. They agreed to implement the strategies flexibly to take into account near-term economic conditions so as to support economic growth and job creation while putting debt as a share of GDP on a sustainable path. Many members updated their St. Petersburg fiscal strategy as part of their growth strategy for the Brisbane Summit and their adjusted growth strategy for the Antalya Summit taking into account policy developments, short-term growth and inflation developments.

Most G-20 members have made important progress towards their fiscal objectives. For advanced economies that have yet to achieve the original Toronto target (Figure 6), continued fiscal consolidation has brought this target within reach and has led to important improvements in cyclically-adjusted primary balances (Figure 7). While last year's assessment indicated that almost all advanced economies were expected to stabilize their debt-to-GDP ratio by 2016, currently only about half of these countries remain on track to meet this goal (Figure 8).

In emerging market economies, while the debt-to-GDP ratios have generally been lower than those in advanced economies (Figure 9) and have been declining for half of those members since the crisis, deficits are expected to rise for most members in 2015 and are projected to remain relatively stable in the near future (Figure 10).

With respect to other fiscal policy commitments, implementation is ongoing. Among the most important commitments made prior to Brisbane, progress has been observed in some members' commitments to adjust taxation and fiscal policies to promote structural adjustment of economies (China, Italy, France) and to improve fiscal frameworks (Spain). Among commitments made in Brisbane, completed measures include those to reduce the tax burden of firms (China, Korea) and households (France, Korea) and to strengthen fiscal frameworks (Canada, Mexico). As well, China and France are continuing to implement their commitments to support demand through public sector outlays, and some members are making progress in improving their fiscal frameworks (China, EU, India, Japan, South Africa).

Composition and Quality of Fiscal Policy

In 2014, G-20 Finance Ministers, Central Bank Governors and Leaders committed to "consider how changes in the composition and quality of government expenditure and revenue may enhance the contribution of our fiscal strategies to growth". The issue was discussed in 2015 by G-20 members with analytical support from international organizations. According to the IMF and the OECD, based on a sample of selected countries, changes to the composition of fiscal policies that may enhance growth include, among others, measures aimed at increasing public investment, improving access to education for disadvantaged groups, increasing the use of non-distortionary taxes, and raising the efficiency of public spending. It is pertinent to mention that the analysis by the OECD shows that there is no "one-size-fits-all" approach and that the optimal mix of policies depends on country-specific conditions, preferences and administrative capacities. Throughout the year, members have also been encouraged to review their tax and expenditure policy mixes to increase their growth-enhancing impact and voluntarily present the results in their adjusted growth strategies. However, overall, relatively few measures have been explicitly put forward on this topic in members' adjusted growth strategies.

3.2.2 Monetary and Exchange Rate Policy

As per their commitments, G-20 central banks remain focused on maintaining price stability and financial stability, and supporting the economic recovery according to their respective mandates. This year, a few G-20 members' central banks (Australia, Canada, India, Mexico and South Africa) are meeting their price stability objectives or have contained inflation within a target range according to their respective mandates, and other countries maintain stable and moderate inflation rate (Saudi Arabia) (Figure 11). However, risks related to inflation remain for many members. In particular, inflation continues to be high in Argentina, Brazil, Indonesia, Russia and Turkey, while, in the face of significantly lower oil prices and declines in commodity prices over the past year, it hovers below target in the euro area, Japan, Korea, the UK and the U.S., despite significant monetary support in most of these economies.

Looking forward, some economies with below-target inflation, such as Japan and the euro area, are committed to continue to use monetary easing to achieve their price stability mandates. As well, consistent with the commitment to clearly communicate future changes to policy setting, the U.S. Federal Reserve has been indicating that the beginning of increases of interest rates may be imminent. Moreover, India has adopted inflation targeting as part of its new Monetary Policy Framework Agreement.

On the exchange rate, the G-20 has committed to move towards more market-determined exchange rate systems and exchange rate flexibility to reflect underlying fundamentals, and avoid persistent exchange rate misalignments, while recognizing that excess volatility of financial flows and disorderly movements in exchange rates have adverse implications for economic and financial stability. Progress in this area is ongoing (Figure 12). G-20 advanced economies continue to have free floating exchange rates and fully convertible currencies. In emerging markets, developments over the past year include the reclassification of Russia's exchange rate to floating by the IMF as well as changes in August 2015 to China's exchange rate mechanism to allow markets to play a greater role in determining the value of the currency.

The pace of foreign exchange reserves accumulation slowed significantly or declined in some emerging economies (Figure 13 and 14), which in some instances could be due to valuation effects from currency fluctuations, operating profits, or other factors.

3.2.3 Spillovers

As global trade and financial systems have become increasingly integrated, the potential for domestic policies to generate important spillovers to the rest of the global economy has increased. The G-20 committed in Cannes and Los Cabos to minimize the negative spillovers on other countries from policies implemented for domestic purposes.

To this end, scenario analysis is a useful tool in helping G-20 members gain a better understanding of potential impacts of key events in the global economy including their transmission channels to help address perceived and identified risks and possible solutions, although a few countries feel that the exercise may not be useful. Given the considerable scope for international policy coordination efforts that still exists, and the heightened uncertainty and volatility being experienced in global financial markets, members have stressed the importance of appropriate, sufficient and resilient global financial safety nets, as well as ways to reduce calls on them, and therefore have asked the IMF for an assessment of global financial safety nets by early 2016.

In 2015, the Framework Working Group examined a range of scenarios to better understand potential global economic developments and their implications including spillovers. These include the economic implications of a marked decline in oil prices for both oil importers and oil exporters, and the potential impacts of excessive exchange rate movements, particularly further appreciation of the U.S. dollar, on real economic activity for some economies with high foreign-currency debt exposures. The global macroeconomic implications of quantitative easing in the euro area, as well as in conjunction with an overreaction by financial markets following the beginning of the increase in interest rates in the U.S., have also been examined. The G-20 would like to thank the IMF and the BIS for providing technical expertise to the process.

4. Conclusion

The 2015 Accountability Assessment highlights the significant efforts by G-20 members to foster strong, sustainable and balanced growth. While progress has been made, a number of indicators suggest that the G-20 continues to fall short of its objective. These indicators include, among others, a global economic outlook that remains unsatisfactory, with global growth continuing to be moderate. In addition, key risks to the outlook have not been fully addressed, and external imbalances remain large and persistent. Furthermore, although almost 50 per cent of the key commitments from the growth strategies have been fully implemented, a number of other structural reform as well as fiscal, monetary and exchange rate commitments remain to be fulfilled.

Overall, these results underscore the need for the G-20 to remain steadfast in its commitment to implement its policy commitments and to foster strong, sustainable and balanced growth in a full and timely manner. Members facing implementation challenges need to address the relevant issues and pursue additional policy measures, where appropriate. The G-20 will continue to monitor progress on its commitments and will undertake another accountability assessment in 2016. Results of this assessment will be presented in the 2016 Accountability Assessment Report at the 2016 Summit in China. Strong, sustainable and balanced growth is the overarching objective of the G-20, to which all members remain committed and accountable.

Annex 1:
Key Commitments from Brisbane Growth Strategies

Argentina
1. Undertake public investment projects in energy and transport 2. Improve control mechanisms to reduce informality and increase labour demand, with a focus on SMEs 3. Improve the entrance of young people into the labour market by helping complete their studies and/or their professional training and provide a state subsidy for wage costs for one year if a firm hires a youth completing a six-month internship 4. Expand eligibility for pensions 5. In order to spur investment by SMEs and increase financing for business investment and infrastructure projects, renew two key central bank credit programs
Australia
1. Boost public infrastructure investment through the Infrastructure Growth Package 2. Strengthen participation incentives through Active Labour Market Programmes, including education and training reforms 3. Improve competition through reducing regulatory and administrative burdens 4. Contribute to global trade liberalisation through Free Trade Agreements with Korea and Japan 5. Create self-reliant industries through various funds amounting to A$1.4 billion
Brazil
1. Boost youth employment through encouraging SMEs as well as public administration to take on apprentices (*Pronatec Aprendiz*) 2. Reduce red tape related to opening and operating businesses 3. Improve the business environment for SMEs by increasing the access to capital markets for SMEs 4. Advance trade facilitation by implementing the System for Consultation of Tariff Preferences Agreements tool 5. Increase the productivity of the economy through the National Education Plan 6. Infrastructure Working Group. The creation of an infrastructure working group to identify market failures in infrastructure financing and propose solutions through regulatory reform 7. Boost investment with the 332 projects under implementation, which is worth 36.14 billion USD in total

Canada
1. Provide job seekers with modern and reliable tools to find jobs that match their skills and employers with better tools to look for qualified Canadians through enhanced Job Matching Service and a modernized National Job Bank 2. Reduce barriers to entry and promote competition in the telecommunications sector through the introduction of a legislated cap on wholesale domestic wireless roaming rates, amendments to provide telecommunications regulators with the power to impose administrative monetary penalties, and announcement of an additional auction of commercial mobile spectrum in early 2015 3. Boost trade via the Canada-EU Comprehensive Economic and Trade Agreement and Canada-Korea Free Trade Agreements 4. Lower small businesses' Employment Insurance (EI) premiums through the Small Business Job Credit 5. Increase investment through an additional $1.3 billion in infrastructure investment to support additional strategic investment in public infrastructure and transportation services across Canada
China
1. Transform economic growth pattern to further boost consumption 2. Further streamline administration to reduce approval and improve business climate 3. Allow more private sector participation and ensure fair competition to activate the strength of the market 4. Promote the orderly growth and opening up of the financial sector 5. Implement the fiscal and tax reform, to improve economic efficiency 6. Promote urbanization to foster investment and employment 7. Improve the efficiency and quality of investment 8. Reduce barriers to trade 9. Participate actively in "post-Bali" negotiations of the WTO Doha Round and accelerate the FTA talks 10. Boost employment by improving public services, ALMPs, tax policies and vocational training

European Union
1. Finalize and implement a genuine banking union based on a single rulebook, a single supervisory mechanism and a single resolution mechanism with a central decision-making board and a Single Resolution Fund 2. Unlock public and private investment in the EU, including through the Investment Plan for Europe 3. Address high unemployment, in particular youth unemployment and facilitate labour mobility 4. Integrate the single market including in the services markets and network industries, while reducing administrative burdens 5. Advance multilateral trade liberalization and the EU bilateral trade agenda
France
1. Stimulate employment and improve businesses' competitiveness through the reduction of labour tax wedge 2. Increase purchasing power and incentives to take up a job through the alleviation of the tax burden on low-income households 3. Increase competition in services, particularly in the energy, healthcare, financial, legal and accounting services sectors 4. Increase competitiveness through reducing administrative burdens and cutting red tape 5. Improve the business environment by reducing the tax burden on firms 6. Support pro-innovation investment 7. Tackle unemployment by improving the vocational training system and enhancing public service efficiency 8. Streamline the organization of local government
Germany
1. Additional public investment, especially in public infrastructure through measures with a total of €15 billion of additional money 2. Investing in research and education and expanding the "High-Tech Strategy" 3. Boost female labour force participation 4. Increase competition through the evaluation of the Eighth Amendment to the Act Against Restraints of Competition, improving the administrative and court procedures for antitrust violations, and strengthening cartel law

India
1. Macroeconomic Policy Response 2. Enhancing Infrastructure Investment 3. Promoting Employment and Skills 4. Improving Competition/ Ease of Doing Business 5. Promoting Financial Inclusion and Banking Sector Initiatives 6. Trade Policy Initiatives
Indonesia
1. Improve infrastructure investment perspective by establishing infrastructure body and PPP center 2. Promote SMEs through fiscal and monetary policy supporting SMEs to get financial access easier 3. Boost foreign investment by reducing administrative burden for foreign entities to establish a business in Indonesia 4. Improve job matching by encouraging the private sector to provide training for those seeking jobs through tax incentives 5. Address "behind the border" issues by implementing the WTO Trade Facilitation Agreement
Italy
1. Make changes in the tax system to make it more transparent and growth-friendly 2. Increase efficiency and transparency and reduce costs by simplifying procedure in justice system and public administration, while keeping the quality of services 3. Reduce labour costs and make the labour market more efficient by increasing labour flexibility and simplifying procedures 4. Tackle unemployment by ALMPs 5. Boost female labour participation by introducing various measures to increase incentives for females to work 6. Improve competition in network industries 7. Reduce corruption to improve the business environment by improving institutional setting

Japan
1. Enhance corporate governance through the Corporate Governance Code which will be drafted by the Tokyo Stock Exchange 2. Improve the business environment by providing risk money to new technologies and ideas through security based crowd-funding or making regulatory restrictions transparent to enterprises 3. Reinvigorate the financial and capital markets and reform the management of public and quasi-public funds 4. Enhance the competitiveness of Japanese companies through promotion of a pro-growth corporate tax reform 5. Attract foreign enterprises and promote business start-ups through measures such as providing clarification on employment rules or acceptance of the foreign people in National Strategic Special Zones 6. Enhance women's participation by measures such as raising childcare leave benefits 7. Develop the agriculture industries as new growth engines through measures such as encouraging the diversification of distribution channels for dairy farmers 8. Develop health care industries as new growth engines through measures such as establishing a non-profit holding company system in 2015 9. Expand trade openness through trade facilitation measures
Korea
1. Boost domestic consumption by introducing "Three Tax Schemes" and expanding income and tax deduction 2. Reduce the regulatory and administrative burden by reforming the regulatory system 3. Improve employment prospects for youth, female and vulnerable groups by improving the apprenticeship, childcare services and part-time job opportunities in the public and private sector 4. Enhance private investment via the increased use of PPPs 5. Improve trade facilitation 6. Increase competition in the services sector 7. Promote private investment in R&D by setting up an "Investment Promotion Centre" to address difficulties with R&D investment

Mexico
1. Complete the secondary legislation of the Energy Reform 2. Implement the Anti-trust Reform, including the recently approved secondary legislation 3. Execute the National Infrastructure Program 2014-2018 in order to boost both public and private investment, thereby promoting domestic demand and job creation and leading to productivity increases 4. Strengthen the role of National Development Banks for infrastructure and SME financing 5. Fostering Investment in Infrastructure through the implementation of the Financial Reform and the National Infrastructure Program (PNI)
Russia
1. Enhance the efficiency of the public investment through public reporting and audit 2. Implement large public investment projects partially financed through the Sovereign Wealth Fund 3. Support SMEs 4. Enhance customs administration 5. Supporting exporters and enhancing access to foreign markets
Saudi Arabia
1. Boost investment by reducing the regulatory burden and increasing government investment 2. Implement trade facilitation agreement and improve port capacity 3. Enhance technical and vocational training 4. Boost female labour force participation 5. PPP: shift to greater private sector funding and management of investment 6. Increase competition by improving institutional settings including rules and regulations
South Africa
1. Fast-track implementation of the government’s infrastructure development plan 2. Streamline the regulatory regime: reduce compliance costs and facilitate access to equity finance 3. Employment Tax Incentive, through which the government shares the initial cost of hiring with the employer to boost job creation 4. Improve investment environment for private sector 5. Facilitate cross-border trade and investment for South African firms

Spain
1. Implementation of the fiscal and tax reform measures to promote growth and employment creation 2. Advancing the deleveraging process. Facilitate the refinancing and restructuring of corporate debt. Fostering pre-insolvency negotiation and agreements 3. Boosting employment through regulatory reforms and other active labour market policies (ALMPs) 4. Continue implementing the regulatory simplification plan under the Market Unity Law aimed at fostering economic activity and increasing competitiveness of companies 5. Increasing the efficiency and quality of public expenditure and enhancing the transparency and efficiency of Public Administration 6. Reduce inflation inertia by limiting indexation in the public sector
Turkey
1. Increase the ratio of general R&D expenditures to GDP 1.80 per cent by 2018 from 0.92 per cent in 2013, and the share of SMEs in R&D expenditures to 20 per cent in the same period from 18 per cent as of 2013 2. Raise employment through updated curricula for vocation schools, improving ALMPs, developing for target groups and introducing conditionality for social benefits 3. Increasing woman employment through creating a balance between work and family, introducing incentive regulations and promoting entrepreneurship 4. Increase competition by reviewing the legislation and other issues which prevents business environment to improve 5. Boost trade with implementation of the WTO Trade Facilitation Agreement
United Kingdom
1. Support (public) infrastructure investment through various projects 2. Improve competition through reducing administrative and regulative burdens 3. Boosting support to help get young people and the long-term unemployed into work through various measures 4. Building a stable housing market through creating of new housing zones or other number of measures 5. Increase female labour participation

United States
1. Undertake Federal investment of $302 billion over four years for surface transportation and infrastructure to improve roads, bridges, and transit systems 2. To boost near-term demand and help address income inequality, raise the incomes of low wage workers and low income families through a $2.85 per hour increase in the federal minimum hourly wage, and permanently continue recent expansions to the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) and double the maximum EITC credit for workers without children from about $500 to about $1,000 3. Boost employment an labour force participation through skill training of long-term unemployed, existing workers and easing of child care costs, removing tax disincentives to work and strengthening workplace flexibility 4. Create a single window documentation process for the export and import of cargo and completion of the International Trade Data System (ITDS), by December 2016 5. Undertake comprehensive immigration reform