

March 26, 2009

Rt. Hon. Stephen Harper
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Re.: Forthcoming G-20 meeting on the global financial crisis

Dear Prime Minister:

As you head to London next week for the second Group of Twenty (G-20) meeting, we are writing to urge Canadian leadership on four key issues related to the impact of the financial crisis on poor countries that we feel have been neglected up until now.

To date, your government has focused primarily on addressing the immediate fallout of the financial crisis, and has taken steps to restore the flow of credit and consumer confidence, boost spending, and create jobs. Canada has also encouraged G-20 countries to avoid protectionist measures that will only exacerbate the current climate.

It is of course imperative to agree on immediate measures to address the crisis. But we are deeply concerned about the lack of attention the G-20 has given so far to four key areas that impact both the North and South. We strongly urge Canada to support action on these issues at the upcoming G-20.

- **Ending global poverty and inequality** – Reaffirm global aid commitments made by the G8 and the urgency for all donor countries to achieve the 0.7 percent of Gross National Income aid target. Canada should commit to a ten-year timetable to reach this target, make aid more effective and extend debt cancellation to all indebted poor countries.
- **Ensuring decent jobs and public services for all** – Ensure emergency funds are provided to countries to pursue their own counter-cyclical policies, including establishing social safety nets and protecting livelihoods for the poor, and strengthening the public provision of essential services, without harmful policy conditions that limit democratic ownership of country-led development priorities.
- **Using stimulus packages to build a Green Economy and tackle climate change** – Ensure a massive investment in a green “new deal” for a long-term sustainable global economy, governed by robust regulatory requirements and financial incentives at the national and international level established for this purpose. At the same time, push for a fair global deal at Copenhagen on verifiable and reportable cuts in greenhouse gas emissions sufficient to meet the science-based targets set by the Intergovernmental Panel on Climate Change and the transfer of adequate resources to help developing countries and emerging markets build their own green economies and adapt to climate change.
- **Democratizing the governance of the global economy** – Guarantee that financial institutions, markets and products are held publicly accountable and are adequately

regulated, including provisions to address tax havens. The World Bank and the IMF must be fundamentally transformed and held accountable to international standards on human rights, the environment and labour and to the United Nations. The role of the UN in overseeing the global economy should be strengthened.

The financial crisis, as well as the food, fuel and climate crises, are having a disproportionate impact on the livelihoods of the most vulnerable and already marginalized groups of society. We urge Canada to demonstrate leadership at the upcoming G-20, and press for the above initiatives to address the needs of the poorest people and nations in this current crisis.

Yours sincerely,

Catherine Coumans
Chair
Halifax Initiative Coalition

Caroline Boudreau
Chair
Africa Canada Forum

Maria-Luisa Monreal
Directrice générale
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Michael Casey
Executive Director
Canadian Catholic Organization for Development and Peace

Gerry Barr
President-CEO
Canadian Council for International Co-operation

Kenneth V. Georgetti
President
Canadian Labour Congress

John Urquhart
Executive Director
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Duff Conacher
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Beatrice Olivastri
Chief Executive Officer
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Dennis Howlett
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Roy Culpeper
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Robert Fox
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Directeur général
Oxfam-Québec

John Gordon
National President
Public Service Alliance of Canada

Chris Dendys
Executive Director
RESULTS Canada

Nora Sanders
General Secretary
The United Church of Canada

Derek MacCuish
Executive Director
The Social Justice Committee of Montreal

Fergus Watt
Executive Director
World Federalist Movement - Canada

Encl. (1)

Cc: The Hon. James Flaherty, Minister of Finance
The Hon. Beverley Oda, Minister of International Cooperation

Michael Ignatieff, Interim Leader of the Liberal Party of Canada
Gilles Duceppe, Leader of the Bloc Québécois
Jack Layton, Leader of the New Democratic Party
Elizabeth May, Leader of the Green Party of Canada

ANNEX

- **End global poverty and inequality** – Recent estimates place an additional 53 million people living under \$2 a day as a result of the global financial crisis. This is on top of the 130-155 million people already pushed into poverty in 2008 because of the food and fuel crises. 70 percent of these individuals are women.
 - *Meet aid targets* - Reaffirm global commitments to reaching the 0.7 percent of Gross National Income aid target, and separately reaffirm Canada's commitment to a ten-year timetable to reach the 0.7 percent target;
 - *Make aid more effective* - Work towards the more effective delivery of such aid, including by developing time-bound specific targets for the maximum and flexible use of developing country systems, with multiple-year rolling aid resource commitments, increasing country level predictability of aid;
 - *End unjust and unsustainable debt burdens* - Support the call for extending debt cancellation to indebted countries currently excluded from the Heavily Indebted Poor Country (HIPC) initiative, for the establishment of a permanent debt mediation or arbitration mechanism that is fair, transparent and independent, and for further measures to address the cancellation of odious and illegitimate debts.

- **Ensure decent jobs and public services for all** – As a result of the crisis, many developing countries and emerging markets have reluctantly had to turn to the International Monetary Fund (IMF) for loans. Despite limited social safety net programmes introduced by the World Bank and the IMF, the Fund's policy prescriptions, which include demands for cutbacks to basic services and social protection mechanisms, are aggravating the crisis for the poorest and most marginalized, particularly women and children, migrants, refugees, indigenous peoples, minorities and persons with disabilities.
 - *Ensure emergency funds for countries that need it* - Developed and developing countries must be provided substantial emergency funds to be able to pursue counter-cyclical policies that will enable them, like governments in the North, to stimulate their economies, protect jobs and livelihoods, and provide social protection schemes to support the poor and marginalized.
 - *End policy conditionality and ensure countries have space to manage their own economies* – While the IMF encourages Northern countries to adopt stimulative fiscal policies, for the South it calls for fiscal austerity. In light of the importance of country ownership and the harmful conditions still being imposed on developing country governments and emerging markets by the IMF, all donors, including Canada, should review the practice of conditionality and seek the views of civil society on these issues as agreed in the Accra Agenda for Action. Ownership of policies should not be driven solely by government officials, but by democratic consultations with citizens and parliaments who are fully engaged in debating and setting their own development priorities for the alignment of aid to country priorities, including realizing the MDGs;
 - *Strengthen the public provision of essential services* – Governments, North and South, should invest in and strengthen the public provision of essential services to ensure universal access to education, basic health care, water, sanitation and housing, and to increase secure jobs and pensions within the public sector.

- **Use stimulus packages to build a Green Economy and tackle climate change** – To date, international responses to the global financial and economic crisis are looking to establish better regulations for speculative investments focused on short-term profit, rather than on productive investments geared towards the long-term sustainability of the real economy and the interests of people and the planet.

- *Ensure a massive investment in a green “new deal”* - G-20 countries have included only minimal measures to invest in renewable energy and boost energy efficiency in their stimulus packages. G-20 countries, including Canada, should use this historic opportunity to invest massively in a green new deal that will not only help rebuild the global economy but also set the course for long-term sustainable economies.
- *Press for robust green rules* – Over-reliance on free markets and a commitment to low levels of regulation will not lead to the changes required to build a fair and sustainable economy. Market-based mechanisms need to be overhauled if they are to deliver the required transformation in the global economy. Governments should create robust regulatory requirements and financial incentives at the national and international level to build a green economy.
- *Demonstrate leadership at Copenhagen* - At Copenhagen, governments of developed countries must agree to substantial domestic cuts in carbon dioxide and other greenhouse gas emissions. Canada can demonstrate global leadership by pushing for a fair and adequate global deal at Copenhagen on substantial, verifiable and reportable cuts in greenhouse gas emissions sufficient to meet the science-based targets set by the Intergovernmental Panel on Climate Change for limiting global average temperature increases to below 2°C.
- *Provision of sufficient resources* – In order for countries to mitigate and adapt to the impacts of climate change, and to build their own resilient and green economies, Northern countries will need to commit to transfer sufficient, substantial, measureable, verifiable and reportable new resources – in addition to existing official development assistance – to countries in the South through bodies such as the United Nations Framework Convention on Climate Change’s Least Developed Country Fund rather than the World bank’s Clean Technology Fund which promotes the continued use of fossil fuels such as coal.
- **Democratize the governance of the global economy** – Inadequate public control and regulation of finance, lack of transparency and accountability of financial institutions, and the secrecy of offshore financial centres is at the heart of the crisis.
 - *Financial institutions, markets and products must be held publicly accountable and must be adequately regulated.* Proper regulations need to be implemented at the national level to ensure all financial institutions are publicly accountable to international accounting standards. This should include provisions for addressing tax havens, compelling them to abide by strict international rules and participate in systems of automatic exchange of information. Efforts to address tax avoidance and establish universal standards in reporting on taxes, profits, fees and other payment flows for companies operating in developing countries should also be introduced.
 - *The International Financial Institutions, including the IMF and World Bank, must be fundamentally transformed.* This should include establishing a system of governance based on parity of voice and vote between developed and developing/emerging economies, and increasing the leadership of developing country governments within the institutions. These institutions should be held to account to international standards on human rights, the environment and labour and to the United Nations.
 - *Strengthen the role of the UN in overseeing the global economy* – The United Nations should, as a globally representative body, serve as the institution overseeing the management of the global economy. G-20 governments, including Canada, should fully engage in the process of the UN Conference on the Global Financial and Economic crisis and Its Impact on Development.