

HOW RESPONSIVE IS THE G20 TO SUSTAINABLE DEVELOPMENT?

A note for facilitating the efforts of civil society organisations in India towards engaging with the discourse on the G20 and Sustainable Development

A series of financial crises in Asia during the 1990s exposed the structural vulnerabilities of the global financial system. The Group of Eight (G8)¹, consisting of the world's wealthiest economies, then recognised the importance of including emerging economies in the management of the global economy through cooperation and collective action. Thus, in 1999, the Group of Twenty (G20)² was established as a forum for informal dialogue among finance ministers and central bank governors of 20 major economies along with the Bretton Woods Institutions (the International Monetary Fund and the World Bank). This formation was critical as it signalled a decisive shift in North-South cooperation. It flagged the relevance of emerging economies of the global South and their potential to alter the geopolitical landscape and influence the discourse on global governance reforms.

In 2008, the world witnessed a global recession, in the aftermath of which, the scope of the G20 grew appreciably. The plummeting growth rates across the globe forced the G20 to coordinate a global emergency response and consequently the G20 Summit, Washington 2008³, established the G20 as a forum for managing the global economic crisis. This elevated the G20 from a meeting of ministers to an annual summit⁴ of heads of States. The following year, the Pittsburgh Summit, announced the G20 as the “*premier forum for international economic cooperation*”⁵ with a mandate to continue beyond the crisis. The leaders then laid out a common approach towards economic development, which included coordinating economic stimulus packages and working towards addressing global imbalances.

¹ The Group of Eight (G8) refers to highly industrialised and wealthy nations, they include, Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States.

² The members of the G20 includes all G8 members (G7+Russia), Australia, European Union and 10 emerging economies— Argentina, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, and Turkey.

³ <http://www.g20.utoronto.ca/2008/2008declaration1115.html>

⁴ The G20 has a rotating presidency, without any permanent secretariat. The presidency consists of a ‘Troika’ – a three-party group made up of representatives from the previous, current and future host governments. The Annual Summits mark the culmination of a year-long process of ministerial and inter-governmental meetings led by G20 Sherpas (personal representative of a head of state or government), and other official representatives from the G20 countries.

⁵ http://www.g20.org/English/aboutg20/AboutG20/201511/t20151127_1609.html

Ever since, the G20 has been progressively at the helm of the global governance architecture with the power to influence other international organisations such as the United Nations, Organisation for Economic Cooperation and Development (OECD), World Trade Organisation (WTO), the Financial Stability Board, among others. Given its composition, the G20 has a strong economic⁶ and political clout and has evolved to become a forum for policy debate at the highest political level. However, the grouping has often been criticised for not being representative, with as many as 170 countries being left out. This is a concern as policy decisions taken within the G20 have implications beyond the member countries. Nevertheless, the membership in itself is a critical value-add due to the political influence it commands within the international community. Remer (2012) argues that ‘*The G20, at a leaders’ level, is de facto the premier forum for international dialogue and cooperation on a whole range of critical global issues that have been unable to find resolution in other contexts*’⁷.

G20 and the Development Discourse

In successive summits, the G20 has seen its agenda grow to cover issues from green growth, terrorism to refugee crisis. However, the primary focus of the discussions has been on recovery, stability and growth of the global economy. Development, *per se*, has not been prioritised within the G20 discourse as much as it is needed.

The following table presents a snapshot of how various Presidencies (Summits) have incorporated developmental issues within G20’s larger narrative.

Table: G20’s Development Commitments Across Summits

SUMMITS	DEVELOPMENT AGENDA
The London Summit, U.K., 2009	<ul style="list-style-type: none"> • Announced a pledge of US\$1.1 trillion to restore credit, growth and jobs in the world economy. • Leaders agreed to provide US\$50 billion for social protection and development in low-income countries.
The Toronto Summit, Canada, 2010	<ul style="list-style-type: none"> • Established the Development Working Group (DWG) for framing a development agenda for the G20.
The Seoul Summit, Korea, 2010	<ul style="list-style-type: none"> • Adopted a Multi-Year Action Plan (MYAP) to set the DWG work plan. • Adopted the ‘Seoul Development Consensus for Shared Growth’ focusing on nine pillars, namely, infrastructure; human resource development; trade; private investment and job creation; food security; growth with resilience; financial inclusion; domestic resource mobilisation; and knowledge sharing.

⁶ G20 members account for 90 per cent of global GDP, 94 per cent of official development assistance (ODA) and almost 70 per cent of the world’s population. (see, <http://www.g20dwg.org/>)

⁷ <http://blogs.reuters.com/great-debate/2012/02/24/does-the-g20-matter/>

The Cannes Summit, France, 2011	<ul style="list-style-type: none"> • Discussed issues relating to infrastructure, food security and innovative financing.
The Los Cabos Summit, Mexico, 2012	<ul style="list-style-type: none"> • Added a tenth pillar called ‘inclusive green growth’. • For the first time, officially announced a commitment towards gender equality.
The Petersburg Summit, Russia, 2013	<ul style="list-style-type: none"> • Discussed the Post-2015 Development Agenda. • Reprioritised its development agenda around 5 priority areas: infrastructure; food security; financial inclusion; domestic resource mobilisation and human resource development. • Included an assessment and accountability framework for its development actions. • Endorsed the Base Erosion and Profit Shifting (BEPS) Action Plan.
The Brisbane Summit, Australia, 2014	<ul style="list-style-type: none"> • Included the development agenda as an extension of the G20’s broader growth agenda.
The Antalya Summit, Istanbul, 2015	<ul style="list-style-type: none"> • Organised the agenda for growth around three pillars, one of which was ‘Buttressing Sustainability’. The Sustainability pillar guided the development, energy and climate negotiations. • Identified two priority areas: small and medium sized enterprises (SMEs) and low-income developing countries (LIDCs). • Committed to the implementation of BEPS. Called on the OECD to monitor progress and develop an inclusive framework where developing economies could participate on ‘equal footing’.

Source: Compiled from the G20 website, (see, <http://www.g20.org/>), and summit documents (leader statements and declarations).

Although, over the years, the group has deliberated on multiple developmental challenges, it has largely fallen short of meeting its own commitments on many fronts. The G20 has faced considerable criticism for its over-emphasis on achieving economic growth and side-stepping larger concerns of poverty, inequality and human development. A commitment towards providing for essential services such as universal education, health, decent housing, water and sanitation, etc., scores very low on its development agenda as seen in the above table.

In the coming years, the G20 would certainly have to examine issues of development in a more concerted manner, as an increasing body of evidence shows that poverty and inequality are widening across the globe, especially within the G20 countries. The Civil 20’s⁸ (an outreach group of the G20)

⁸ Civil 20 (C20) is an outreach group within the G20. It is an evolving forum for policy dialogue between the policymakers of G20 countries and representatives of civil society organisations (CSOs). The C20’s work has been on addressing issues of governance

Communiqué, 2015⁹ notes that, ‘there is an urgent need to go beyond the rhetoric and devise growth strategies that are inclusive in their impacts, and to put in place redistributive measures whereby everyone reaps the benefits of growth more equally. The G20 has a special responsibility for policies of inclusive growth, as the Group includes some of the most unequal countries of the world’¹⁰.

In the G20 as a whole, there is a broad trend toward rising inequality and declining labour income share, although the developments vary across countries¹¹. For instance, in the United States, between 1979 and 2007, almost half of the total national income gains were captured by the top 1 per cent of the population¹². An OECD report (2014) reveals, the unemployment rates in the G20 member countries remain high with about 93 million people being out of the employment net¹³. High levels of income inequality could distort sustained economic growth, which would have adverse impacts on both medium and long term economic development¹⁴. Stiglitz (2015) argues that ‘inequality is a choice — it is the cumulative result of unjust policies and misguided priorities’¹⁵, suggesting that inequality could be corrected with suitable policy prescriptions.

Policy Coherence: The G20 and the Sustainable Development Goals (SDGs)

The year 2015 witnessed four watershed conferences — the Third Financing for Development Conference, the Beijing +20, the UN Summit for Adoption of the Sustainable Development Goals (SDGs), and the 21st Conference of Parties (COP 21). The world leaders affirmed their commitment to the 2030 Global Agenda and agreed to develop an action plan to align their domestic policies with the SDGs. The ‘2030 Global Agenda for Sustainable Development’ adopted in the UN Summit encompasses major aspects of development and captures the principles agreed upon in the other three conferences. The SDGs have stand alone goals on inequality, gender equality, energy and climate respectively. They also reflect the need to mobilise domestic resources and improve access to development finance, and implement commitments on Official Development Assistance, among others. These priorities link well with the G20’s stated agenda of global economic stability and sustainable growth.

- global accountability and financial transparency, inclusive development, gender equality and environmental sustainability which are also spelt out in the G20 Communiqués every year.

⁹ The G20 summit is preceded by policy discussions held throughout the year. At the end of the Leaders’ Summit, they release a communiqué which outlines the G20’s policy commitments, shared positions and promises that G20 leaders have announced on a diverse set of complex global issues. The outreach groups also release their respective communiqués (policy-asks) and submit it to the leaders prior to the G20 Summit.

¹⁰ http://c20turkey.org/uploads/C20%20Turkey%20Communique_FINAL_16.09.15.pdf

¹¹ http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---ilo-ankara/documents/meetingdocument/wcms_398774.pdf

¹² Ibid

¹³ <http://www.oecd.org/general/focus/oecd-2013-g20-saint-petersburg.htm>

¹⁴ https://www.hse.ru/data/2013/05/17/1298620533/Equality_Report_final_v2.pdf

¹⁵ <http://www.702.co.za/articles/10730/inequality-is-a-choice-says-famed-economist-in-new-book>

A review of the 169 SDG targets shows that there is a significant overlap between the SDGs and the G20's development agenda. The following table presents a mapping of G20's development agenda, 2015 that are aligned with the SDGs.

Table: Mapping G20's Development Agenda Vis-a Vis Select Sustainable Development Goals

Sustainable Development Goals	G20's Development Commitments as highlighted by the Antalya Summit, 2015
Goal 1: End poverty in all its forms everywhere	<ul style="list-style-type: none"> • Ensure G20 actions contribute to inclusive growth in low-income and developing countries.
Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	<ul style="list-style-type: none"> • G20 Action Plan on Food Security and Sustainable Food Systems - committed to reducing food loss and food waste globally. • Supporting developing countries to achieve long term food security.
Goal 3: Ensure healthy lives and promote wellbeing for all at all ages	<ul style="list-style-type: none"> • Coordinated international response resolved to tackle global health risks and weak health systems to fight its adverse impacts on the global economy.
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> • G20 Leaders committed to reduce the share of young people not in employment, training, or education in their respective countries by 15 percent by 2025.
Goal 5: Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Agreement to the goal of reducing the gap in participation rates between men and women in G20 countries by 25 per cent by 2025, thereby bringing more than 100 million women into the workforce.
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> • G20 Action Plan for Voluntary Collaboration on Energy Efficiency (help enhance electricity access in sub-Saharan Africa, relevant regional and international organisations).
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> • National growth strategies to lift G20 output by an additional 2 percent by 2018. • Pursuing constructive fiscal policies to support growth and job creation. • Support dynamism among small-and medium-sized enterprises (SMEs)

<p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation</p>	<ul style="list-style-type: none"> • Global Infrastructure Initiative • Increase financing for infrastructure investment in developing countries, and encourage the right conditions to attract private sector investment in developing economies.
<p>Goal 10: Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> • Financial Inclusion Action Plan • Facilitate National Remittance Plans to reduce the global average cost of transferring remittances to five percent. • Committed to make labour markets more inclusive as outlined by the G20 Policy Priorities on Labour Income Share and Inequalities.
<p>Goal 13: Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> • All G20 countries have committed to implement their post-2020 climate targets, known as ‘Intended Nationally Determined Contributions’. • Committed to keeping the rise in global temperatures to below 2 degrees Celsius. • Increase investments in clean energy technologies
<p>Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> • Prevent terrorist acts. • Facilitate refugee resettlement, other forms of humanitarian admission, humanitarian aid and efforts • G20 Anti-Corruption Action Plan • G20/OECD Base Erosion and Profit Shifting (BEPS) • G20 Anti-Corruption Open Data Principles
<p>Goal 17: Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development</p>	<ul style="list-style-type: none"> • Strengthening global institutions • Multilateral Development Banks (MDBs), especially for investments in sustainable infrastructure

Source: Compiled from the G20 Communique, 2015 (see, <http://www.mofa.go.jp/files/000111117.pdf>) and Kloke-Lesch Adolf (2015), “The G20 and the Sustainable Development Goals (SDGs): Reflections on future roles and tasks”.

Thus, as seen in the above table, the G20 has been engaging with a range of issues that are critical to achieving the SDGs. It has committed to inclusive growth; food security; cross-country access to job markets and decent employment; reducing illicit financial flows and addressing tax avoidance; etc. A mapping of G20’s development agenda shows that it broadly prioritises four main issues: (i) Infrastructure investment; (ii) Food security; (iii) Labour and employment; and (iv) Green growth. If the G20 makes substantive efforts in these areas as the critical minimum, it would greatly benefit the effective implementation of the respective SDGs.

However, it is important to note that while the SDGs are grounded in the human rights framework, the G20's development commitments are a mere add-on to its narrowly defined agenda of economic growth. Critical issues of human development and access to basic services for all, especially the world's poor would have to be brought to the G20 table and prioritised. The G20 would have to scale-up its efforts on overcoming poverty, hunger and inequality worldwide, as defined in the SDGs, inter alia through critical identification of dimensions that include vulnerable, marginalised and excluded groups. The G20 would also have to create the necessary regulatory framework to encourage public-led investment towards realisation of the 2030 Agenda, instead of seeking short-term gains. The group would have to develop mechanisms to seek meaningful inputs from low income countries and examine the progress made on the human development front within its member countries and across the globe.

The G20 undoubtedly has the potential to provide an impetus to achieving the SDGs, but they would have to ensure that the member countries' national development plans mutually reinforce the sustainable development goals. Capitalising on the strong global influence the G20 has collectively, it could play a critical role in mobilising resources to finance the global goals. Its support is vital to ensure that the international commitments around equity and sustainability in development are realised in the coming years.

Way Forward

The forthcoming G20 Summit is to be held in Hangzhou, China in September 2016. The Chinese Presidency has committed to an '*action-oriented G20*' focusing on '*turning consensus into action*'. The Chinese Presidency has shaped an agenda that seeks to address the uncertain nature of the global economy and has called to build an '*Innovative, Invigorated, Inter-connected and Inclusive global economy*'. The Hangzhou Summit will decide on a 2030 Agenda Action Plan which will commit the G20 to playing a leading role in implementation.

Chinese Civil Society Organisations (CSOs) are preparing to engage with the G20, with the UN Association of China (UNA – CHINA) and China NGO Network for International Exchanges (CNIE) hosting the Civil 20 (C20) Summit in July 2016 in Qingdao, China. The theme for the C20 this year is, '*Poverty Eradication, Green Development and Innovation: Role of Civil Society*'. Local and international experts including the China Association for Non-Governmental Organisation Cooperation (CANGO) and others would be working closely with the Chinese Presidency for a successful C20 Summit. CSOs across the globe are keen to facilitate a breakthrough and bring-in different experiences and perspectives and present their policy-asks to the G20 for the effective integration of the SDGs.

The G20 could offer a new direction to global governance by engaging with the SDGs in the coming years. It will take more than one presidency to turn the sustainable development vision into reality. Thus, it is of critical importance that Germany in 2017 and subsequent G20 presidencies strengthen their commitment and engagement with the 2030 Agenda. Some argue that this heterogeneous group of countries, at different stages of development would face challenges in forging a consensus on global coordination to promote sustainable development. The G20 would thus have to adopt a framework that is demonstrably more comprehensive and inclusive. The principle of ‘Common But Differentiated Responsibilities’ as reaffirmed in the 2030 Agenda needs to be respected to reflect this reality. The G20 would have to be guided by a people-centered approach built on the principle of “Leaving no one behind”.

It is to be seen how the forthcoming G20 Summit, 2016 unifies differing development needs and integrates sustainable development priorities into its larger framework.

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