

*The G-20 and Sustainable Development*

The publication “St. Petersburg Development Outlook” is the G-20’s most recent assertion that the group can add value to nonmember countries in general and to low-income countries in particular.<sup>1</sup> It emphasizes the role of the G-20 on measures to promote growth and resilience and adds to the framework of strong, sustainable, and balanced growth by calling for economic growth to be “inclusive and resilient” as well.

This broader framework for growth helps the G-20 to link development and growth more tightly in a way that is critical to meet the group’s self-stated objectives of “ending poverty and boosting shared prosperity.” But at the same time, a broader framework can generate a problem of agenda creep. Indeed, an expansive agenda has bedeviled the G-20’s approach to development since its inception. Agenda creep follows from the fact that the G-20 tries to address issues that matter to all 195 countries in the world. It is difficult to craft a focused and actionable agenda that is relevant in so many different circumstances. The problem is made even harder by the fact that the G-20 should add value to existing multilateral processes, such as the Millennium Development Goals (MDGs), the World Bank/IMF Development Committee, the Global Partnership for Effective Development Cooperation, and the governing boards of the more than 200 multilateral development organizations that are currently active.

The difficulty in generating a focused and actionable development agenda raises a fundamental question: Should a dialogue forum like the G-20, that

1. G-20 Development Working Group (2013b).

does not include a single low-income country in its membership, even try to take on broad development issues at all? Here, the G-20 is clear. Because the actions of its members have such an important impact on the global economy, affecting everyone, it is their responsibility to consider nonmembers' interests.

The G-20 has its origins as a discussion forum for finance ministers and central bank governors to address the Asian financial crises of the 1990s. Resolving these crises, and halting their spillover to the rest of the global economy, was the first task of the group. The purpose was to create a space for informal dialogue between advanced countries and systemically important emerging economies—those of sufficient size, openness, and interconnectedness to affect the global economy. The focus on ending poverty and boosting shared prosperity and reaching out to listen to and address the concerns of low-income countries came later. This chapter focuses on how to relate these two agendas in a more compelling way.

Given that the development agenda was never as focused as, say, the agenda for global financial stability, it is not surprising that it has left many critics unimpressed with its impact. An accountability report was produced for the St. Petersburg summit, assessing progress against sixty-seven specific actions contained in the multiyear action plan agreed to in Seoul in 2010 and in ensuing meetings.<sup>2</sup> Only one action is deemed to have stalled, and eight others are off track. All the others have been completed or are well under way. For most international agreements, such performance would be considered a resounding success. Yet critics call the G-20 development agenda “invertebrate, flabby, and toothless” and “lacking a coherent narrative and disconnected from the central concerns of leaders and finance ministers.”<sup>3</sup> Many concur that “the Development Working Group almost immediately started to fall short of its potential.”<sup>4</sup> Anecdotal evidence confirms the discontent—the seniority of civil servants attending Development Working Group meetings seems to be on the decline. And there has been little serious discussion of development at the leaders' level since 2010; first the eurozone crisis, and then Syria, shortchanged development's place in the agenda in 2011, 2012, and 2013.

The Australian chairmanship of the G-20 in 2014 offers an opportunity to reframe the development agenda into one that has the real economy at its heart and that focuses on the macroeconomic and structural policies that will create the desired real outcomes. Australia has clearly identified its own self-interest as

2. G-20 Development Working Group (2013a).

3. Davies (2013).

4. Brodie (2013).

being linked with development success in Asia.<sup>5</sup> It has a strong focus on efficient economic growth and on the power of well-regulated markets to drive prosperity for all. Like emerging economies, Australia is not part of the G-8 and hence has an interest in ensuring that the G-20 remains the preeminent forum for global economic cooperation. Australia has good relationships and shared interests with many countries, developed and developing—Indonesia, the United States and Europe, Pacific and East Asian countries, and important agricultural producers like Brazil and Argentina.

This chapter argues that, under the Australian chair, the G-20 needs to differentiate the development agenda between issues that leaders can and should discuss and those that can best be tackled by technocrats, in the context of the Development Working Group. It recommends that the leaders' track take charge of a new development narrative—one that emphasizes the need for sustainable development in every country in the world. This would shift the development narrative from something that is done “by” rich and systemically important countries “for” less advanced and smaller countries, to a narrative that emphasizes the universal nature of sustainable development for all countries, including advanced economies. This would be a significant departure from the focus of the Millennium Development Goals, which in the end largely addressed outcomes in developing countries and a few policy actions by developed countries.

The sustainable development narrative focuses on each country putting its own house in order, thereby creating the global conditions for successful development everywhere. Its focus would also be on global collective action. Development would be characterized as a process of sustainable growth, linking economic, financial, social, and environmental issues. It would be achieved by domestic actions to support sustainable growth as well as by collective action to improve the global economic, social, and environmental context within which development occurs. It would be implemented by national and multilateral actions.

A key feature distinguishing sustainable development from traditional development is that sustainable development is a universal agenda, not limited to developing countries. This concept of universality fits with the G-20's approach to deliver positive outcomes for all countries. It is a concept that enjoys wide support. Already, a High-Level Panel advising the United Nations' secretary general has recommended that the post-2015 development agenda

5. Australian government (2012).

be universal, applicable to, and relevant for all countries. A new agreement on sustainable post-2015 development goals is likely to call for a transition to a new era, requiring profound economic transformations and a new global partnership.<sup>6</sup> These two themes should be the heart of the leaders' summit discussions. If this were to happen, development would be automatically mainstreamed into broader discussions of sustainable growth.

Separately, the Development Working Group needs to continue to narrow its agenda and build on its track record of success in focused, technical areas. Clear advances have been made in food security, infrastructure finance, and financial inclusion. Initiatives to support domestic resource mobilization, partly through tax policies aimed at tackling base erosion and profit shifting, also appear promising. These agenda items mesh with finance minister concerns, helping to reinforce the notion that sustainable development and strong, sustained, and balanced growth can and should be integrated into the activities of the G-20.

### **A Brief History of Development in the G-20**

Development concerns have always been central to the G-20.<sup>7</sup> The first meetings of finance ministers focused on crisis prevention and resolution, globalization, and combating the financing of terrorism, all themes for which the participation of emerging and developing countries was central.<sup>8</sup> When the global financial crisis hit in 2008, and the G-20 was transformed into a leaders' summit, one concern was to ensure adequate liquidity so that recession would not spread to emerging economies that were, at the time, generating two-thirds of global growth.

By the time of the London summit in 2009, there was a further risk that a contraction in bank lending in general and cross-border lending in particular would freeze trade credits. So multilateral agencies were encouraged to develop a range of new credit lines, and the G-20 agreed to support additional concessional finance to low-income countries through the sale of IMF gold stocks as well as a large replenishment of IMF resources to help all other countries weather the storm. In Pittsburgh, G-20 leaders addressed the triple crises of diminishing access to (and higher prices of) food, fuel, and finance, each of which threatened the stability of a range of developing countries. Taken

6. UN General Assembly (2013).

7. This section draws on G-20 Foundation (2014).

8. Kharas and Lombardi (2012).

together, they threatened to reverse gains in poverty reduction in the poorest countries. Based on the agreements in Pittsburgh, a Global Agriculture and Food Security Program was established, administered by the World Bank.

By the Toronto summit, the immediate fears of a twenty-first-century Great Depression had receded, and it became apparent that countries had emerged from the crisis with very different structural and macroeconomic positions. There was a need for greater flexibility in country response to replace the collective programs of fiscal and monetary stimulus that had been instituted at London. At the same time, it was clear that financing mechanisms to mitigate the impact of the crisis on low-income countries had been particularly inadequate. Not only were low-income countries subject to the worst effects of the flight to safety that ensued after the crisis, but their dependence on official development assistance put them at risk, given the budgetary pressures on many donors and their aid cutbacks.

The Toronto G-20 summit was also unique in taking place immediately after the G-8 meeting, also hosted by Canada. At the G-8, Prime Minister Harper received support for a new initiative on maternal mortality, one of the Millennium Development Goals that was falling off track. The juxtaposition of these two meetings served to highlight the fact that global responsibility for development remained a gray area, with significant aspects of the development agenda remaining within the purview of the G-8 in the areas of security, aid, and meeting the MDGs.<sup>9</sup>

More focus on development, therefore, became central to the G-20's effort to assert itself as the preeminent forum for international economic cooperation. If the G-20 ceded development to the G-8, it would sharply circumscribe its legitimacy to be the main forum for dialogue on global economic issues. Against this backdrop, the Toronto G-20 meeting agreed to establish the Development Working Group to provide a focused action agenda for leaders to discuss at the next summit.

At Seoul, leaders agreed on a Seoul Development Consensus and a multi-year action plan, along with a set of principles to guide the G-20's development initiatives. Although sensible, the principles have not been strictly applied in

9. This overlap persists today and continues to cause confusion. For example, the G-8 originally agreed to create the Global Agriculture and Food Security Program at L'Aquila and has since formed the New Alliance for Food Security and Nutrition, while the G-20 picked up on actual implementation of the GAFSP. More recently, the 2013 G-8 meeting announced commitments to crack down on tax avoidance, followed by a G-20 endorsement of an ambitious and comprehensive plan. The G-20 also, controversially, moved to include a foreign ministers' track for the Los Cabos meeting.

practice. For example, principle one—to focus on economic growth—did not stop the G-20 from endorsing actions to promote nationally determined social protection floors (including for low-income countries) at its Los Cabos meeting. Principle six—to have an outcome orientation that looks for activities with “tangible outcomes with significant impact” has not led to more infrastructure but rather to a study of the constraints to infrastructure investment in the developing world (an input).

In Cannes and Los Cabos the agenda turned to specific sectors: initiatives in infrastructure, food security, and green growth have been launched. But by the time of the St. Petersburg summit, the development agenda was widely seen as unwieldy, lacking focus, and devoid of major accomplishments or ideas worthy of leaders’ attention. At that summit, the first accountability report for development was discussed, and recommendations were made and accepted to narrow the focus of the agenda.

Part of the dissatisfaction with implementation of the development agenda is that the G-20 has not been strategic in how it uses its main instruments for action. Table 9-1 summarizes the main development activities undertaken by the G-20 since the inception of the summit meetings. It shows that the G-20 has used three main modalities to engage in development activities. It has encouraged change and reform in multilateral institutions, especially at the beginning of the crisis. It has also engaged in collective action among G-20 members to spearhead initiatives that are implemented through new multilateral platforms, like the Agricultural Market Information System, the Tropical Agriculture Platform, and the Africa50 Fund (see below). Last, it has encouraged individual members of the G-20 to make commitments and share their experiences to change norms and expectations and to generate positive spillovers to non-members—unilateral measures with win-win consequences, like demonstrating the positive economic and environmental returns to green growth.

The G-20 track record on multilateral reform is mixed. While the provision of larger resources to the IMF in London is widely hailed as one of the greatest achievements of the G-20 to date, the reform of multilateral institutions’ governance has been slow. IMF voice and quota reform, changes in World Bank shareholdings and board representation, greater coordination and rationalization of the activities of multilateral organizations, and a more strategic approach to the replenishment of multilateral funds have not progressed rapidly. The G-20 has not tried to push for major increases in aid or to expand the capital of multilateral development banks to meet the enormous needs for infrastructure financing and other development investments.

Table 9-1. *G-20 Development Actions and Agreements, Eight Summits, 2008–13*

<i>G-20 summit</i>	<i>Notable development action or agreement</i>	<i>Modality of engagement</i>
Washington, 2008	—Including emerging economies in global discussions	—Individual member country dialogue and commitments
	—Helping emerging and developing countries access finance through new facilities and greater resources for IFIs	—Multilateral institution reform
London, 2009	—Supporting new trade credit facilities in IFIs	—Multilateral institution reform
	—Using IMF gold sales for additional concessional finance	
	—Increasing total resources available to IMF	
Pittsburgh, 2009	—Allowing the poor more access to food, fuel, and finance; clamping down on illicit outflows	—Collective action
	—Maintaining trade openness	
Toronto, 2010	—Completing reforms of IFIs	—Multilateral reform
	—Establishing the Development Working Group	—Collective action
Seoul, 2010	—Agreeing on Seoul Development Consensus and Multi-Year Action Plan	—Collective action
Cannes, 2011	—Enhancing food security (AMIS, RRF)	—Collective action
	—High-Level Panel on Infrastructure Recommendations	
Los Cabos, 2012	—Supporting multilateralism	—Multilateral reform
	—Supporting infrastructure investments	—Collective action
	—Supporting green growth	—Individual member country commitments
St. Petersburg, 2013	—Agreeing to focus the Development Working Group agenda on fewer items (St. Petersburg Development Outcome and Accountability reports)	—Collective action
	—Endorsing post-2015 High-Level Panel Report	

Source: Author.

The G-20 has in fact been very cautious not to step into areas where multilateral institutions have their own governance processes. Similarly, they have shied away from trying to negotiate breakthroughs in stalled global negotiations on trade or climate change. Indeed, President Lula is said to have wanted to bring trade negotiations to the table at the first G-20 summit, in Washington, but was rebuffed by President Bush, who argued that the G-20 was not a forum for negotiations but for dialogue.

Where the G-20 has been somewhat more successful is in spurring collective action among its members. Selected new multilateral platforms, common approaches to problems, and norms of behavior (such as the promise to have a standstill on trade protectionism) have all proven their value. But the magnitude and impact of most of these actions, in development-specific areas, has been small.

The third modality, use of individual country commitments to new forms of sustainable development, has been the least well used. The G-20 monitors the impact of structural reform commitments on growth, budget, and current account balances of its own members, but it does not systematically monitor the spillover effects of structural reforms onto other countries, nor has it brought the voice of nonmember countries into spillover discussions in a central way. To take just one example, questions about the impact of implementation of Basel III regulations on long-term finance for development have not been broadly discussed with developing countries.

What is noteworthy about table 9-1 is that many of the most important issues for development actually occurred outside the Development Working Group stream, reinforcing the idea that development should be mainstreamed into all G-20 activities. In this way, the G-20 should discuss how national policies, alongside collective action and multilateral activities, can provide a global economic context that is conducive to rapid and sustained growth, with channels for trade, investments, and knowledge that are accessible to all countries.<sup>10</sup>

These issues are currently handled by the G-20 through the implementation of the framework for strong, sustainable, and balanced growth and through the fiscal, monetary, and structural policies that support it. But while it is obvious that the actions of G-20 countries have substantial spillovers onto developing countries, these are not systematically monitored. Currency wars, quantitative easing, tapering, coordinated fiscal adjustments, trade restriction standstills,

10. Winters and others (2010).



and the array of issues that need to be tackled to promote global financial stability have still not received sufficient articulation as critical initiatives that affect sustainability in all countries. The impact on individual countries is not yet sufficiently considered in developing global norms and standards and informing individual country actions. Although there has been an unprecedented outreach to low-income countries, starting with the Seoul summit, to ensure that their concerns were properly addressed, these countries still do not have a significant voice in the core discussions of the G-20.

As a matter of practice, the reform commitments made by G-20 members are still assessed in terms of the implications for their own countries. For example, the IMF's background documentation on global growth provides detailed information on individual G-20 member country growth prospects, within the overall envelope of global growth forecasts, but does not comment on any non-G-20 country or country groups in terms of specific risks or issues they may be facing.

Similarly, the OECD and the World Bank provide background documentation on assessing the G-20's commitments to structural reform, but they do this without any commentary on the impact of these commitments on other countries—the spillovers.<sup>11</sup> G-20 member countries' structural reforms are assessed against growth, within-country income distribution, the environment, the budget, and the current account balance.<sup>12</sup> They are not assessed against the contribution to global rebalancing, trade creation and diversion, stability in international financial flows, volatility of global economic conditions, or the transfer and dissemination of knowledge, science, and technology to other countries. They are not assessed in terms of their impact on the global context in which non-G-20 countries are struggling to achieve sustainable economic growth, financial stability, social inclusion, and environmental balance. The global sustainability agenda cannot be achieved if the major economies continue to focus their actions only upon their own sustainability trajectory, without including their impact on the sustainability trajectory of other countries.

## The Broad Scope of the G-20 Development Agenda

Part of the problem with the way the G-20 approaches development is that the agenda is broad. A review of G-20 leaders' communiqués from each summit shows the range of development initiatives that have been discussed

11. OECD (2013b).

12. OECD (2013a).

(table 9-2).<sup>13</sup> On average, between nine and ten development topics are mentioned in each leaders' communiqué, with the St. Petersburg communiqué having the largest number of topics, at fourteen. Sustainable development topics, such as climate change, green growth, jobs, and development of small and medium enterprises are the most frequently mentioned items by leaders. In sharp contrast to the G-8, aid and debt relief are comparatively neglected.

Despite the diffuseness of the development agenda and the difficulties in delivering concrete, high-level results that can resonate with publics, G-20 leaders have kept a strong focus on development in their communiqués. Figure 9-1 shows the percentage of paragraphs in the leaders' communiqués devoted to some specific development topic. After the initial meeting in Washington 30–40 percent of the content of the communiqué has been relevant to development-specific issues. That figure would be even higher if all topics that have an impact on developing countries, like anticorruption, global growth, and global financial stability, were included.

Why do leaders pay so much attention to development? Partly, it would seem, because this is popular with their public. A 2012 survey by the European Commission finds that 85 percent of European adults felt it was important to help people in developing countries, with more than 60 percent advocating more aid and even more supporting a “beyond aid” agenda of trade and investment.<sup>14</sup> Americans, too, are broadly supportive of international engagement, especially in Africa, for which 60 percent of Americans favor maintaining or increasing aid levels. However, attitudes toward aid did track households' personal circumstances: those who felt their own prospects were bleak or declining were less favorable toward global cooperation.<sup>15</sup> In the United Kingdom, too, there is broad support for development cooperation, and as in the United States, support is weaker in the face of domestic fiscal austerity.<sup>16</sup> The informed public support global campaigns to address global poverty and humanitarian crises. But informed citizens are also wary of aid resources being wasted (with citizens in developing countries like China being most forgiving on this score), so alternative mechanisms for development cooperation are preferred.<sup>17</sup>

13. A topic is defined as having a notable mention if it is explicitly included in the leaders' communiqué. Nondevelopment specific topics, such as anticorruption, financial stability and regulation, and global growth are excluded from the analysis even though they have a large impact on development.

14. European Commission (2012).

15. Chicago Council on Global Affairs (2012).

16. Glennie, Straw, and Wild (2012).

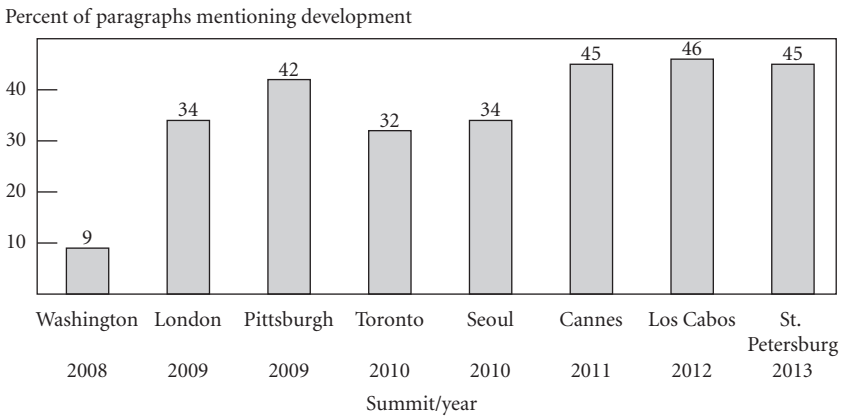
17. Debeljak and others (2012).

Table 9-2. *Development Topics Included in G-20 Leaders' Communiqués*

<i>Development topic</i>	<i>Washington</i>	<i>London</i>	<i>Pittsburgh</i>	<i>Toronto</i>	<i>Seoul</i>	<i>Cannes</i>	<i>Los Cabos</i>	<i>St. Petersburg</i>
Job creation and labor market reform	...	...	X	X	X	X	X	X
Infrastructure financing	X	...	...	...	...	X	X	X
Gender equity	...	X	...	...	...	...	X	X
Sustainable development and green growth	...	X	...	X	X	X	X	X
Food security	X	...	X	X	X	X	X	X
Climate change	X	X	X	X	X	X	X	X
Trade liberalization and antiprotectionism	X	X	X	...	X	X	...	...
Millennium Development Goals	...	...	X	X	...	...	X	X
Social protection	...	...	...	X	X	X	...	...
Financial inclusion	...	...	X	...	X	...	X	X
Transparent tax systems	...	...	...	...	X	...	...	X
Private sector and public-private partnerships	...	X	...	...	X	...	...	X
Overseas development commitments	...	X	X	...	...	X	...	...
Debt relief and management	...	X	...	...	...	...	...	X
Data and quantification	...	...	...	X	X	...	...	...
Ending fossil fuel subsidies	...	X	X	...	...	X	...	X
Role of small and medium enterprises	...	...	X	X	X	X	X	X
Narrowing development gap	...	...	X	X	X	...	...	X

Source: Author.

Figure 9-1. *Focus of G-20 Leaders' Communiqués on Development Issues, Five Summits, 2008–13<sup>a</sup>*



Source: Author.

a. A line or subpoint in a G-20 leaders' declaration is considered to be primarily focused on development if it contains a specific action, policy, or proposal that relates to the sectoral priorities laid out in the Seoul Multi-Year Action Plan on Development (for example, food security, trade, infrastructure, green growth) or if it relates to the list of priorities stated on the official G-20 Development Working Group Information Exchange Facility ([www.g20dwg.org/](http://www.g20dwg.org/)).

Given the high percentage of their own publics supporting development cooperation, it is appropriate for G-20 leaders to be seen as doing something for other countries, as well as their own. That is also the expectation for a self-selected steering committee for the global economy. The problem is less the relevance of the topic than the ability to generate clear deliverables. In a survey conducted by the Center for International Governance Innovation, the general view was that there have been more declaratory statements than actual achievements.<sup>18</sup> On average, commentators felt that there had been some regression on development. Reversing this is central to reframing the G-20 development agenda.

## The Post-2015 Sustainable Development Agenda

The post-2015 sustainable development agenda is a UN-led agreement to succeed the Millennium Development Goals. It is a narrative about the real economy, coupled with a set of real economy outcomes that should be the target of

18. Carin and Lombardi (2013).

government policies—jobs, access to infrastructure, institutions, food security, water, energy, health, education, and women’s rights, to mention just a few. Although the post-2015 agenda has not yet been agreed upon by member states (that is most likely to occur at the UN General Assembly meeting in September 2015), the likely contours of the future agreement are already clear. The post-2015 agenda is to be universal (relevant to and actionable by all countries), comprehensive (integrating the economic, social, and environmental aspects of development), and outcome oriented. The global agreement on this agenda provides an opportunity for the G-20 to mainstream development into the leaders’ summit and to integrate sustainable development into the Mutual Assessment Process.

It can do this by embracing the goals and targets of the post-2015 sustainable development agenda as objectives to which each G-20 member should contribute and by monitoring the structural reforms required to implement such an agenda within not only each G-20 member country but also internationally. It is important that the post-2015 agenda aspires to improve the well-being of each country according to its circumstances and access to resources.

*Putting One’s Own House in Order: A Structural Agenda for the G-20*

Perhaps most important, the post-2015 agenda reflects an effort to build a fresh narrative, where development is no longer seen as a set of activities that advanced countries undertake to support those that are less developed (most obviously the foreign aid agenda). Instead, in the fresh narrative countries recognize their spillover effects on each other and commit to both domestic reforms and international collective action to create a global context that is supportive of sustained prosperity for all.

These ideas have already been articulated in a report presented to the UN secretary general on the post-2015 agenda by a High-Level Panel of Eminent Persons from fifteen G-20 members, along with a dozen others.<sup>19</sup> Two of the panel cochairs are G-20 principals (President Yudhoyono of Indonesia and Prime Minister Cameron of the United Kingdom). The G-20 welcomed the contribution of the panel report at Saint Petersburg.

While the panel report is not definitive, it provides a good yardstick to judge the direction of the final agreement that is likely to emerge from the United Nations process. It sets out illustrative goals and targets. Most of these

19. United Nations (2013).

are national, implying that the level of ambition is to be set by each country individually, but taken together they are designed to create a global context in which extreme poverty can be eradicated and the building blocks for sustained prosperity can be put in place by 2030.

The panel report makes a determined effort to avoid classifying countries as developed or developing, recognizing that these lines have become blurred. Instead, it argues that no country has yet succeeded in sustainable development, defined as a development approach that could be replicated by everyone within social and planetary boundaries. It urges all countries to make progress toward sustainable development and presents goals to be achieved by 2030, with targets that countries should quantify according to their own circumstances, priorities, and resources.

One of the key messages of the High-Level Panel report is that sustainable development cannot be deconstructed into a series of individual activities but must integrate economic, social, and environmental issues into a comprehensive program. It is a systems approach to development, recognizing the connections within countries of their policies, institutions, and resources, along with the linkages among countries in providing a supportive global economic environment.

Many of the development themes of the G-20 are picked up in the panel report. There is a goal with targets on ensuring food security and good nutrition, with an emphasis not just on improving nutrition in low-income countries but also on combating the postmarket waste of food in rich countries. The panel's call for the provision of sufficient, safe, affordable, and nutritious food for everyone is also a recognition that almost all countries in the world have pockets of poverty and groups of people—especially children—where food security has not been achieved.

The panel also proposes a goal to “create jobs, sustainable livelihoods, and equitable growth,” with targets regarding skills and vocational training, youth employment, financial inclusion, and access to infrastructure that repeat past and present G-20 development agenda items and that are pertinent to G-20 countries as well as to other countries.

In short, the present G-20 development agenda is a subset of the broader agenda for sustainable development that the United Nations is likely to agree on for all member states for the post-2015 agenda. This presents an opportunity for the G-20 to align its core activities with an agenda shared by the rest of the world. It makes little sense to have a Seoul development consensus or action plan that the 193 UN member states will not agree to. The G-20 should

instead fully align itself with the post-2015 agenda. The St. Petersburg development outlook has already opened this door: “We recognize the need for a flexible approach that allows future G-20 presidencies to respond to new priorities and circumstances, including the post-2015 development agenda.” At the Brisbane summit—which will take place after publication of the 2014 Open Working Group report on Sustainable Development Goals—leaders should throw their weight behind the completion of an agreement on the post-2015 agenda and agree to measure their own performance against the targets established by the United Nations.

Sustainability—social, economic, and environmental—is the core agenda for the G-20 and for all countries. Defining the G-20 framework for strong, sustainable, and balanced growth in this way, and orienting the G-20 Development Working Group with the core global agenda of sustainability, would align the G-20 agenda with the commitments their leaders will make on the post-2015 agenda.

Having G-20 leaders make specific commitments on structural reforms that will help move their own countries toward meeting their country-specific targets (set in the context of the post-2015 agenda) would fit well with the existing Mutual Assessment Process. It would position the G-20 member states’ contribution as being supportive of a global economic context conducive to development in other countries, rather than as something that the G-20 does for other countries. And it would respect the boundaries of G-20 country interventions as being primarily focused on putting their own houses in order.

### *Building a New Global Partnership and a New Multilateralism*

A second motivation for aligning the G-20 development agenda with the post-2015 agenda is that the G-20 will then be able to help build the new global partnership that is needed. Even at Los Cabos there was an agreement among leaders that multilateralism is of great importance in the current climate and is one of the best assets to resolve the global economy’s difficulties. Yet multilateralism has faltered recently in the economic sphere, notably in the failure to conclude the Doha trade talks and the United Nations Framework Convention on Climate Change.

Sustainable development offers one of the best chances for reaffirming the value of multilateralism, because it contains within its definition the idea that global norms on trade, financial stability, environment, knowledge sharing, and other public goods are needed for the prosperity of every country. It is of

vital importance that the post-2015 agenda be successfully concluded, something that should not be taken for granted. An endorsement at Brisbane from the leaders of the world's most significant economies would go a long way to ensure a good conclusion to the negotiations.

To succeed, the post-2015 agenda needs to build a new global partnership. The High-Level Panel report calls for “a new spirit of solidarity, cooperation, and mutual accountability that must underpin the post-2015 agenda. A new partnership should be based on a common understanding of our shared humanity, underpinning mutual respect and mutual benefit in a shrinking world.”<sup>20</sup>

The call for a new partnership follows from the perception that the existing global partnership may be the least successful element of the Millennium Development Goals. Goal 8—the agreement to foster a global partnership for development—is probably the goal on which the least progress has been made. This goal targets trade and finance; the special needs of the least-developed, landlocked, and small island states; debt problems, access to affordable essential drugs, and access to new technologies. In these areas, there has been some modest progress, but many gaps remain.

In addition, the international context for a global partnership has changed fundamentally since goal 8 was articulated, with far more countries benefiting from globalization while simultaneously being vulnerable to global shocks. By 2030 the essential nature of the global partnership will be less about providing resources for the special needs of various countries and more about a global governance that reflects the economic size of emerging economies and the changing responsibilities for providing global public goods (see chapter 1, this volume).

The G-20 has already taken responsibility for reviewing the available resources and governance of the multilateral organizations, including international financial institutions that are critical for development. But progress in changing the voice in these constituency/representative institutions has been slow, and significant unmet needs have emerged, such as the limited nonconcessional public financing available for infrastructure and the limited amounts of crisis-response concessional financing. The High-Level Panel report on the post-2015 agenda provides some clues as to where the focus of the new global partnership should be. It advocates action in six areas: trade, finance, aid, climate, tax evasion and illicit flows, and access to science and technology.

20. United Nations (2013).



There is a risk that, without strong G-20 leadership, these elements of a global partnership, along with the reform of multilateral institutions, will suffer the same fate as Millennium Development Goal 8—negotiations bogged down by the limited vision of national civil servants. Leaders need to instill the principles of a common humanity, mutual respect, and mutual benefit throughout these processes. They need to debate whether the existing global architecture is supportive of the post-2015 agenda and, if not, to initiate reforms in this architecture.

The responsibility for bolstering and using the multilateral architecture is already part of the core G-20 process. Leaders have agreed to provide additional resources to some institutions during the crisis, and they have asked multilateral agencies to work together to shape global responses. For example, twelve international organizations collaborated for the first time to produce the report “Sustainable Agricultural Productivity Growth and Bridging the Gap for Small Family Farms” for the Mexican chairmanship. But whenever leaders have tackled a global issue, such as food insecurity or inadequate access to infrastructure, they have found significant gaps in the multilateral system. These gaps must be addressed more systematically and forcefully.

### *Raising the Profile, Focusing the Agenda*

The G-20’s development agenda has wrestled with two problems: how to raise the profile of development interventions so as to make them a priority for leaders’ discussion, and how to narrow the agenda so actionable items can be pursued. The alignment with the post-2015 agenda promises to help on both scores.

By linking to the post-2015 process, the G-20 could ensure that their development agenda reinforces other leaders’ processes, thereby guaranteeing that development will receive proper attention and not be treated as an add-on to the leaders’ agenda. Leaders will necessarily participate in the post-2015 agenda in the context of the General Assembly summit planned for September 2015. The High-Level Panel report further recommends that a global forum at a high political level (code words for a leaders’ summit, without committing to this) be convened periodically to review progress and the challenges ahead. In other words, the post-2015 agenda, like the Millennium Development Goals, is expected to involve leaders in a sustained way over time, so the agenda will naturally be on leaders’ radar screen. Having leaders set aside time at annual G-20 meetings to review their own actions with regard to the post-2015 agenda would be a commonsense way to bring continuity to

the post-2015 process and to link the G-20 agenda with other agendas to which leaders will be committed.

Specifically, the Mutual Assessment Process should be extended to include actions undertaken in support of the post-2015 goals and targets, once these have been defined and agreed upon. International agencies like the World Bank, the Organization for Economic Cooperation and Development, the International Monetary Fund, and the UN (either the Department of Economic and Social Affairs or the United Nations Development Program), which are already producing annual global monitoring reports for the Millennium Development Goals, could then be asked to review whether the G-20 countries are on track to deliver on their national targets and whether the structural reforms to which they commit are adequate to meet their own sustainable development goals and targets, contributing to global sustainability.

One advantage of aligning the G-20 development agenda with a defined list of goals and targets, such as the post-2015 agenda, is that it would limit the discretion of G-20 host countries to add issues to the summit agenda. For the most part, the post-2015 targets are expected to be clear, measurable, and focused on outcomes, making it easy to assess whether countries are on track or not and providing clarity on the objectives toward which structural actions should be oriented. In other words, the post-2015 agenda will provide a ready-made accountability framework for G-20 country performance—a way to measure these countries' contributions to global sustainability.

Of course, this does not imply that action will be needed on all targets or that the G-20 should discuss all aspects of the post-2015 agenda at each meeting. But the post-2015 agenda could provide the menu from which each G-20 host chooses issues. The short list identified at the St. Petersburg summit is a good starting point.

### **Building on Incremental Successes: The Development Working Group**

The main criticism of the Development Working Group is that it has failed to excite the imagination of leaders or to produce a set of achievements or a compelling new narrative. In spite of that criticism, the Development Working Group has quietly made progress on several process issues that could bear fruit, over time, and has put in place new mechanisms that could improve the context for development. This is as it should be. Leaders should be encouraged to reflect on the big-picture issues, monitoring progress in the context of the

post-2015 agenda. They need to provide the right environment for multilateral negotiations, allowing technocrats in the Development Working Group to work out the details.

Take for example food security. In this area, the G-20 has promoted a new multilateral mechanism, the Global Agriculture and Food Security Program, and has also endorsed many lesser items that emerged from technocratic discussions. Among these items are

- The formation of an agricultural market information system
- Agreements to exclude humanitarian food purchases by the World Food Program from export bans or taxes
- The establishment of regional food stock reserves
- The establishment of the Tropical Agriculture Platform to build capacity in agriculture in least-developed countries, most of them in the tropics
- The formation of the AgResults Initiative as a prize fund to encourage innovative solutions to global food security and nutrition
- The encouragement of meetings of agricultural chief scientists.

Other measures (such as the Rapid Response Forum) also have been adopted to reduce food price volatility and to encourage smallholder productivity. Many of the mechanisms will advance the agenda of global food security and build on the core G-20 principle of focusing on areas where collective action is needed, but they are hardly worthy of leaders' time and attention. They would not necessarily be directly focused on achieving any specific target of the post-2015 agenda, but they do constitute valuable steps toward making the global environment more supportive of country actions.

Similar examples can be found in infrastructure, where the creation of the Africa50 Fund aims to provide \$100 billion in public and private finance for infrastructure for that continent. Other multilateral development banks have also prepared proposals for new infrastructure platforms that can include new instruments to mitigate the risk borne by private investors. An initiative to harmonize procurement practices in cofinanced infrastructure projects is under way. The Development Working Group has also called for additional review of the adequacy of project preparation facilities and of initiatives to unblock regional projects and other complex infrastructure projects with high levels of political risk.

As these examples indicate, the Development Working Group has enjoyed the most success when it uses a variety of modalities to advance the development agenda in small ways. First, it has intervened in areas requiring multilateral platforms or where multilateral coordination can be improved. Second,

it has launched initiatives where collective action is desirable. A good example of this is in the area of base erosion and profit shifting, where new norms for tax avoidance are being developed and where the exchange of tax information is valuable. Several activities of the G-20 anticorruption action plan also fall under this heading. Third, it has focused on capacity building, innovation, and knowledge sharing, especially in low-income countries, bringing to bear the experiences of G-20 members. In most of these cases, it is not necessary to involve leaders in the discussions.

It is, however, important to work in cooperation with others, as the Development Working Group does in supporting a global context in which all countries can prosper. The G-20 already has mechanisms for discussion with business leaders, civil society, think tanks, youth, and labor—all groups with which the High-Level Panel also discussed the post-2015 agenda. The G-20 has reached out to low-income countries (especially during the Korean chairmanship), regional organizations (the African Union, the New Partnership for Africa's Development, the Association of Southeast Asian Nations), and heads of major global groupings (the Commonwealth, la Francophonie, and the Global Governance Group). These consultations are vital to making sure that different perspectives are brought into the G-20 agenda and to building confidence at the global level that the steps being taken by the G-20 are significant advances.

If the Development Working Group is differentiated from the leaders' process, it can concentrate on the technocratic improvements that are needed and continue to try to move the agenda forward one step at a time. It is time, however, to rebrand the group. The Development Working Group is not about what the G-20 should do for other countries; it is more critically about how the G-20 can ensure that international mechanisms to address global problems are functioning well. It could be renamed the Managing Globalization Working Group to indicate better what it is trying to do.

## **Conclusions**

The G-20 has been concerned with global development as a major topic ever since the first meetings of G-20 finance ministers and central bank governors, which were held to respond to the Asian financial crisis starting in 1997. There is considerable popular support for global development cooperation in each G-20 country, so it is sensible for leaders to comment on what they are doing to support global development in their final communiqués. This has

been done with regularity; there is ample space given to development issues in final communiqués. But there is less evidence of actual progress and concrete achievement. As one commentator remarks, “No field suffers more international meetings resulting in elegant platitudes and irreproachable aspirational statements. To date the G-20 efforts in development have had no impact on the ground.”<sup>21</sup>

The challenge, then, is to produce more deliverables—and more deliverables that are worthy of leaders’ attention and discussion. A surprising number of development activities have actually been delivered, largely through the workings of the G-20’s Development Working Group, but many of these are process activities that have yet to have measurable impact.

The gap between what the Development Working Group does and what leaders should talk about is unlikely to be narrowed. Both streams serve a purpose, but they are different and should not be conflated. The Development Working Group correctly gets involved in pushing forward a technical agenda, while the leaders should take a broader strategic perspective.

Leaders should focus on getting multilateral organizations to work together to solve global problems. They have not been bold enough to ask whether existing organizations have the right level of resources and structures to do the job that is required. For example, a major gap has been identified in infrastructure financing, but little action has been taken as yet to ensure that multilateral development banks have the resources and ambition to address these needs. In the current context, it is important for leaders to explore where there is common ground to improve the governance of multilateral organizations to make them more effective.

Leaders should also focus on presenting a fresh narrative on development to their public. The old narrative, focused on providing more aid, is less relevant in a globalized world, where trade, investment, and knowledge drive growth and prosperity. The public policy agenda is to ensure that each country implements a structural reform agenda that will lead to sustainable development, both in their own countries and overseas. This will require a deeper understanding of how spillovers from systemically important large countries affect others, not just in the economic spheres of trade and investment but in social and environmental spheres as well.

The post-2015 agenda will consist of mutually reinforcing goals and targets. The G-20 could lead by example in terms of how to approach a complex and

21. Carin and Lombardi (2013).

integrated sustainable development agenda by emphasizing sustainability in the core G-20 agenda and aligning it with the post-2015 focus on sustainability. At the Brisbane summit, leaders could provide a statement of support for universal, comprehensive, and sustainable development goals, with an endorsement of their readiness to use the G-20 dialogue as a supplementary mechanism to monitor their implementation in G-20 countries.

The post-2015 agenda is one that leaders will agree to in September 2015, and as it is likely to involve a periodic review mechanism involving leaders at the United Nations, it becomes a natural framework to incorporate into the G-20 itself. A process like the Mutual Assessment Process should be set up to monitor G-20 countries' progress toward meeting the relevant goals and targets, along with a register of voluntary commitments by each G-20 member country, in much the same way as is currently done for the structural reforms that lie behind implementation of the framework for strong, sustainable, and balanced growth.

The Development Working Group, on the other hand, should focus more on identifying areas in which multilateral organizations could contribute to solving global problems. It could be renamed the Managing Globalization Working Group. This dual track would provide a focused sustainability agenda for the G-20. The leaders would focus on domestic actions to respond to the G-20's strong, sustainable, and balanced growth framework and to the post-2015 agenda, along with collective actions to implement the global partnership called for in the post-2015 agenda. The Development Working Group would focus on using multilateral institutions in a coordinated way to make technical advances in implementing core critical issues, starting with the priorities laid out in the St. Petersburg development outlook. This alignment between the core agenda of the G-20 and the post-2015 agenda—and the clearer division of labor between the leaders' summits and the working groups—would provide a more compelling and coherent vision for the future.

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