

STRENGTHENING COOPERATION FOR A CHANGING WORLD

THE EVOLVING ROLE OF THE G20 IN GLOBAL ECONOMIC GOVERNANCE

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Executive summary

The Group of Twenty (G20) has held summits every year since the global financial crisis (GFC) of 2008 with the agenda evolving in response to shifts in the global economy, systemic challenges, and geopolitics. The G20 presidency of South Africa this year marks the end of a full rotation of the hosting function among all 19 countries of the G20. This milestone presents an opportune moment to reflect on the historical trajectory of this global economic governance body, assess its strengths and achievements, examine its challenges and limitations, and propose improvements for the future.

Over the years, many observers have criticized G20 summits as mere “talk shops” and for not moving decisively from crisis response to proactive global governance. While there are areas for improvement, a review of the G20’s evolution highlights a remarkable transformation. From an ad hoc response to the GFC, it has evolved into a central pillar of international cooperation—shaping global trajectories across finance, economics, technology, health, climate, and society. After 18 years of experience, involving tens of thousands of politicians, policymakers, and societal leaders throughout each year, the G20 has demonstrated that it is indeed “fit for purpose” at this crucial moment of competing perspectives on the global future.

Indeed, the world is undergoing one of the most profound transformations in global economic relations and facing the greatest test of international governance since World War II. In this context, the G20 has proven to be an indispensable platform—not only through its annual leaders’ summits but also through its multilayered, yearlong process involving ministers, sherpas, senior officials, and civil society leaders across a wide range of sectors. Its ability to convene nations with vastly different cultures, interests, and perspectives—and to keep them at the table despite tensions, rivalries, or even war—is one of its greatest strengths. The G20 serves as a vital arena where global governance plays out in real time amid deep uncertainty and geopolitical strain.

Despite its past success, there is room to enhance the G20’s effectiveness and impact. Key areas for improvement include strengthening personal dynamics among leaders; enhancing continuity and sustained engagement; improving public communication and domestic outreach; and restoring public confidence in leadership and markets. To bolster its credibility, the G20 should also revisit practices from its most effective years—particularly the use of action-oriented communiqués with clear timelines. Reinstating this approach would help translate consensus into concrete outcomes and reinforce trust in the G20’s ability to make meaningful progress on economic cooperation and global challenges.

1. Introduction: The G20 as a response to global transformations

The world has undergone three major transitions that have fundamentally shaped the formation and evolution of the G20.

First, beginning in the late 20th century, the rapid expansion of international trade, foreign investment, and capital flows created a deeply interconnected global economy—necessitating a fresh approach to governance capable of addressing increasingly cross-border challenges. Second, by the early 2000s, a confluence of transformative forces—including large-scale migration, environmental stress, public health threats, and cross-cultural interactions—propelled globalization to the forefront as the defining narrative of the new era. Third, around the same time, the rise of large, dynamic emerging market economies (EMEs) dramatically altered the global economic landscape, reducing the long-standing dominance of the West—namely the United States and Europe—and ushering in a more pluralistic world. This shift integrated key non-Western powers, such as China and Russia along with influential voices from the Global South, into global economic decisionmaking, injecting realism along with tensions into the global governance system.

These past experiences have forged the G20 into a platform uniquely equipped to navigate today's acute challenges to global governance, including the ongoing trade tensions that threaten global economic stability.

This policy brief is organized as follows: We begin with an overview of the G20's origin, tracing its establishment in 1999 as a forum for finance ministers and central bank governors in the wake of the 1997-1998 Asian financial crisis, and its elevation to a leaders' summit during the 2008 GFC. Next, we provide a concise historical review of the G20's evolution from 2008 to 2025, highlighting its emergence as a central forum for global economic governance. We then assess the G20's strengths and weaknesses as a governance mechanism. Finally, we offer a set of recommendations to enhance the G20 process.

2. The emergence of the G20 and early highlights and turning points (1998-2008)

The genesis of the G20

The Asian financial crisis of 1997-1998 catalyzed the creation of the G20 as an informal forum for finance ministers and central bank governors to discuss international economic and financial stability. The group brought together the Group of 7/8 (G7/G8) nations—Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States (G7)—along with Russia (then part of the G8). It also included three major Latin American countries (Argentina, Brazil, and Mexico), four large Asian economies (China, India, Indonesia, and the Republic of Korea), and three systemically important EMEs (Saudi Arabia, South Africa, and Turkey), representing a broad swath of the Global South. Australia and the European Union completed the original membership with the African Union joining in 2023.

Notably, all five founding members of the BRICS (Brazil, Russia, India, China, and South Africa) were included in the G20 from its inception, a testament to the G20's design as a forum that bridges the G7 Western bloc and rising powers from the Global South. A key determinant was the growing diversification of the global economy and financial system beyond the advanced Western economies, making it essential to include the non-Western EMEs in addressing the 2008 GFC. Indeed, the G20's diversity remains one of its greatest strengths, compelling leaders with differing perspectives to collaborate on common challenges and fostering dialogue that helps prevent a world divided into competing blocs.

The 1997-1998 Asian financial crisis stemmed from a combination of loose monetary policy and a prevailing policy orthodoxy favoring capital account liberalization, which encouraged massive private capital inflows in East Asia. A loss of confidence in the sustainability of Thailand and Malaysia's exchange rate regimes quickly escalated, spreading contagion to South Korea, Indonesia, and beyond. Overinvestment in Thailand's real estate sector triggered panic among investors that spread to other countries that were reliant on foreign capital to finance their development agendas. The result was a sudden reversal of capital flows, steep currency depreciations, widespread financial contagion, and economic turmoil (Agénor et al. 1999). The International Monetary Fund (IMF) stepped in with large-scale financial support packages, conditioned on sharp interest rate hikes to restore investor confidence, along with fiscal tightening to stabilize macroeconomic conditions and manage swelling debt burdens. This crisis exposed the risks of unfettered capital account liberalization and weaknesses in global financial oversight and regulatory frameworks.

Efforts to elevate the G20 to leaders' level gained little traction until the GFC in 2008 provided the necessary catalyst (Bradford and Linn 2007). A string of pivotal meetings that year set the stage for this transformation. On October 11, G20 finance ministers and central bank governors convened in Washington, followed by a G8 heads of state

meeting in Japan on October 15 where leaders expressed support for an international meeting on the financial crisis. Shortly after, on October 18, French President Nicolas Sarkozy and European Commission President José Barroso met with U.S. President George W. Bush at Camp David to discuss the requirements for a successful meeting. Just days later, on October 22, President Bush formally announced a leaders' summit to be held in Washington on November 14-15, following the G20 finance ministers and central bank governors meeting in Sao Paulo on November 8-9.

The 2008 crisis exposed critical regulatory failures in safeguarding financial stability, leading to a profound erosion of public trust in markets, institutions, and policymakers. The magnitude and urgency of the necessary reforms required leadership at the highest level. In response, the G20 was elevated to a leadership forum, with the inaugural summit marking a turning point. Since then, the leaders' summit has become a regular fixture, serving as the culmination of a yearlong process involving coordinated efforts across ministries, central banks, expert groups, businesses, and civil society.

The G20's governance

The G20 chair rotates annually on December 1 among its member countries, following a five-group sequence: (1) Australia, Canada, Saudi Arabia, and the United States; (2) Turkey, South Africa, India, and Russia; (3) Argentina, Brazil, and Mexico; (4) France, Germany, Italy, and the United Kingdom; and (5) China, Indonesia, India, and Republic of Korea. This year marks the conclusion of the first full rotation, with South Africa serving as host. The United States will begin a new cycle in 2026.

Each annual summit marks a formal transition between presidencies, but continuity is ensured through a "troika" system, comprising the past, current, and incoming hosts. At the outset of a presidency, the host country announces its priorities, which are then integrated with ongoing legacy issues. Together, these form the foundation of the annual work plan, which is refined during the first sherpa and deputies' meetings—typically held in December and January—and officially endorsed at the first finance ministers' meeting. This process sets the structure for and establishes working groups and ministerial responsibilities.

A hallmark of the G20's governance model is its balance between innovation and continuity. While each host country has the flexibility to elevate its own agenda, it is expected to sustain momentum on inherited priorities. This structure enables the G20 to remain adaptive to changing global needs while fostering institutional memory and long-term impact.

The G20 operates through two main tracks: the finance track (finance ministers and central bank governors) and the sherpa track. The sherpa track is led by the most senior adviser to the head of state (president) or head of government (prime minister), and shapes the summit agenda, alongside ministerial meetings on foreign affairs, labor, health, and other key issues, depending on the host's priorities.

Beyond government officials, the G20 process is enriched by a dozen engagement groups—such as Business20, Civil20, Labor20, Parliament20, Science20, Think20,

Urban20, Women20, and Youth20—which bring together key stakeholders and experts to facilitate dialogue and provide recommendations to the G20 leaders. International organizations, including the IMF, World Bank, U.N. agencies, World Trade Organization (WTO), Organization for Economic Co-operation and Development (OECD), Financial Stability Board (FSB)/Bank for International Settlements (BIS), and World Health Organization (WHO), also play a vital role in shaping and supporting implementation of the G20 agenda. Additionally, each host nation invites six guest leaders, often from its region, expanding participation of state and government.

This expansive framework highlights the G20's evolution into a dynamic platform for global governance with broad consultations that extend well beyond its core membership. G20 summits are not simply a two-day gathering of world leaders; they are the culmination of a yearlong process involving a wide array of ministerial meetings, working groups, and civil society dialogues aimed at steering the global economy and addressing 21st century challenges.

Amid rising geopolitical tensions and intensifying great power competition, the G20 has emerged as the most inclusive and consequential platform for international cooperation—where global leadership, public responsibility, and collective action can still coalesce in service of the common good.

3. Four phases of the G20 summits between 2008-2025

The G20 summits' emergence as a key part of the G20 process was gradual, shaped by global economic trends, rising global challenges, and the growing influence of EMEs.

Initially, the urgency of the 2008 GFC demanded immediate and coordinated responses. The central issues in the early years were restoring structural growth, reforming institutional financial regulations at both the domestic and global levels, and providing adequate global financial resources to international financial institutions to manage global economic stability and contain inflation and external imbalances.

By 2012, as the crisis waned, globalization's challenges expanded beyond economics—the environment and climate change, health, agriculture, employment, energy transitions, digital economies, and artificial intelligence (AI) governance began to feature more prominently in G20 agendas with host nations prioritizing different issues. Chemical weapons use in Syria in 2013, the annexation of Crimea in 2014, and the wars between Russia and Ukraine and in the Middle East in 2022 and 2023 added to the challenges in terms of international relations and global governance.

Since 2008, the G20's role in global governance has evolved through four distinct phases, which we now examine in turn.

1. Crisis management phase (2008-2012)

The first phase was the formative stage of crisis management response to the GFC of 2008 and the European crisis of 2011. The rapid succession of summits—Washington (November 2008), London (April 2009), Pittsburgh (September 2009), Toronto (June 2010), and Seoul (November 2010)—reflected the urgency of stabilizing the global economy.

The first leaders' summit, termed the "Summit on Financial Markets and the World Economy," convened in Washington in November 2008, just one month after President George W. Bush announced it. There was a clear and candid recognition among leaders that the GFC had exposed major gaps in transparency and accountability, regulatory shortcomings, inadequate mechanisms for identifying risks associated with financial innovation, and insufficient financial buffers to absorb sudden shifts in short-term capital flows. The Washington communiqué acknowledged these systemic failures, setting the stage for a follow-up summit in London in April 2009.

The 2009 London Summit marked a significant step forward for the G20, demonstrating its capacity to respond decisively to the GFC. Under the leadership of Prime Minister Gordon Brown—and with input from institutions like the Brookings Institution's Global Economy and Development program and the Centre for International Governance

Innovation during a preparatory session at Lancaster House—leaders focused on concrete reforms. These included stronger capital adequacy requirements for lenders, improved accounting practices, heightened scrutiny of credit rating agencies, and expanded oversight of shadow banking and unconventional financing arrangements. Among the most consequential outcomes were the transformation of the Financial Stability Forum into the more inclusive Financial Stability Board, granting EMEs greater representation; a substantial boost in resources for international financial institutions, including a tripling of IMF resources and a new allocation of Special Drawing Rights (SDRs); and a globally coordinated fiscal stimulus targeting \$5 trillion by the end of 2010 (Bradford and Linn 2010). These accomplishments firmly established the G20's credibility as a crisis-response mechanism and a platform for meaningful global economic coordination.

At the 2009 Pittsburgh Summit, held in September under the leadership of U.S. President Barack Obama, G20 leaders launched a new framework centered on strong, sustainable, and balanced growth (SSBG) and introduced the Mutual Assessment Program (MAP)—a peer review process designed to promote greater policy coordination to meet G20 members' shared growth objectives. Both initiatives were embedded into the regular cycle of G20 finance and leaders' meetings, institutionalizing the group's long-term role in global economic governance. Crucially, the leaders also declared the G20 the "premier forum for our international economic cooperation," formally elevating its status and cementing its leadership in shaping the post-crisis global economy.

The 2010 Toronto Summit, held in June, brought underlying tensions to the surface—particularly between the United States, who pressed for continued fiscal stimulus to support recovery, and the United Kingdom and continental Europe, who prioritized fiscal consolidation amid rising concerns over sovereign debt in countries such as Portugal, Ireland, Italy, and especially Greece (Elliot and Wintour 2010). The summit declaration reflected a pragmatic compromise, recognizing the uneven pace of global recovery and emphasizing that fiscal strategies should be calibrated to each country's specific circumstances, considering both the available fiscal space and the stage of economic rebound. The G20's flexible framework enabled it to weather this early test, demonstrating its capacity to manage divergent views while maintaining collective momentum.

The 2010 Seoul Summit, held in November under the leadership of South Korean President Lee Myung-Bak, marked a historic milestone as the first G20 chaired by a former developing country. In the leadup to the summit, the Brookings' Global Economy and Development program, in collaboration with the Korea Development Institute (KDI), co-organized a two-day policy conference in Seoul in September 2010. This gathering brought together leading global experts to explore policy options for the summit (Bradford and Lim 2011). Key outcomes of the Seoul Summit included: A 6% shift in IMF

voting shares toward underrepresented EMEs; the launch of the Seoul Development Consensus for Shared Growth, which formally integrated development into the G20 agenda; the introduction of new instruments to strengthen global financial safety nets; and continued progress on financial regulation and the SSBG framework.

The 2011 Cannes Summit, hosted by France, was largely overshadowed by the escalating European sovereign debt crisis with particular focus on Greece's near-default and its broader implications for the eurozone. Despite the urgency of the crisis, the French presidency succeeded in introducing social inclusion and protection as a formal item on the G20 agenda. The Cannes Summit Declaration emphasized employment and labor rights, especially for youth and the working poor, marking a significant broadening of the G20's focus beyond traditional macroeconomic issues. Notably, this emphasis on social dimensions of economic policy has endured and remains highly relevant, including at the 2025 South Africa G20 Summit.

The 2012 Los Cabos Summit in Mexico took place against the backdrop of growing global attention to climate change with the United Nations Conference on Sustainable Development (Rio+20) in Brazil taking place the very next day. Despite strong preparation by President Felipe Calderón and Sherpa Lourdes Aranda Bezaury, the G20 summit was more effective at maintaining momentum across existing G20 workstreams than at breaking new ground, since G20 attention remained focused on market tensions in the euro area. The G20 summit avoided major new announcements on sustainable development, likely to maintain coherence with broader international efforts taking place at Rio+20.

In summary, the first years following the elevation of the G20 to a leaders' summit format delivered a set of significant, coordinated responses to foundational weaknesses in the global financial system. These years demonstrated the G20's capacity to act decisively in the face of crisis. However, it remains an open question how much of this effectiveness was driven by the extraordinary urgency of the GFC, and whether such momentum and coherence can be sustained in periods of relative global stability.

2. Beyond crisis management and the challenge of geopolitics (2013-2014)

During this period, the G20 gradually began to transition from a crisis-response mechanism to a more proactive global steering committee. While it continued to address lingering sovereign debt concerns in Europe, the agenda expanded to encompass a broader array of risks, notably those stemming from geopolitics. The summits held in Russia (2013) and Australia (2014) reflect this evolution and the G20's growing role in shaping long-term global governance.

Geopolitical tensions marked the 2013 Saint Petersburg Summit, overshadowing the economic agenda. Obama used the summit to rally international support against the

use of chemical weapons by Syria's Assad regime—an effort met with resistance from Russian President Vladimir Putin, who denied the attacks (Wintour 2013a). At a special leaders working dinner hosted by Putin, the issue of how to respond to the use of chemical weapons in Syria dominated the conversation, including debate over potential punitive actions (Wintour 2013b). Also, a special leaders' dinner focused on Syria stretched into the early morning hours. The summit became a venue for high-stakes diplomacy on a pressing global crisis, sidelining broader economic discussions. This episode highlights an often-overlooked feature of G20 summits: While officially centered on economic cooperation, they can also serve as informal platforms for critical political dialogue, sometimes at the expense of the host country's planned agenda. Despite geopolitical issues looming large, there was progress on the substantive economic issues including the endorsement of the OECD Base Erosion and Profit Shifting (BEPS) initiative, intended to create regulatory policy to minimize tax avoidance practices from multinational businesses.

The 2014 Brisbane Summit was held under the shadow of Russia's annexation of Crimea earlier that year, which cast a palpable tension over the proceedings. Putin, facing widespread criticism and isolation, departed the summit early (Wintour and Doherty 2014). Despite the geopolitical distractions, the summit delivered substantive outcomes. Notably, leaders agreed on a collective commitment to raise global GDP by an additional 2% by 2018 and set forth a goal to reduce the gender gap in the workforce by 25% by 2025 (Brisbane 25 by 25). While the Crimea crisis subdued the summit's diplomatic tone, important progress was achieved on several fronts—most notably the launch of the Global Infrastructure Initiative, which went on to receive sustained G20 support for the next decade.

3. Toward addressing global systemic challenges (2015-2021)

The period from 2015 to 2021 marked the continuation of the G20's core workstreams on economic growth and financial regulatory reform. At the same time, attention increasingly turned to systemic global challenges, as seen in key summits such as Antalya (2015), Hangzhou (2016), and Hamburg (2017). This phase represented the first significant moment when the G20 aligned itself more directly with the broader international development agenda. The year 2015 was particularly pivotal, as it saw the adoption of three landmark global agreements under the auspices of the United Nations: the Addis Ababa Action Agenda on Financing for Development; Agenda 2030 for Sustainable Development and its 17 Sustainable Development Goals (SDGs); and the Paris Agreement on Climate Change. These global agreements coincided with the culmination of the Millennium Development Goals (MDGs), underscoring the need for renewed collective action.

In this context, the 2015 Antalya Summit in Turkey endorsed collective action to address interconnected economic, environmental, and social challenges. For the first

time, migration and refugee movements featured prominently on the G20 agenda. While the SDGs informed the G20's discussions, the focus of the leaders remained on specific global issues, rather than adopting the SDGs as a formal framework for G20 action. Nevertheless, their influence signaled a growing convergence between the G20 agenda and the evolving international consensus on sustainable development.

The 2016 Hangzhou Summit in China took place amid growing concerns about the negative impacts of globalization on national economies, particularly regarding how economic growth was distributed and whether it was benefiting citizens equitably. In response, the summit reaffirmed the G20's commitment to increasing their collective GDP by an additional 2% by 2018, as set out at the Brisbane Summit. It also introduced new initiatives focused on innovative growth, industrialization in developing countries, and the digital economy. These developments marked a turning point in the G20's discourse, giving rise to the concept of "inclusive growth"—both in terms of ensuring that national economic gains were widely shared and aligning global economic policies with support for the SDGs.

The 2017 Hamburg Summit and the Hamburg G20 Action Plan further elevated structural reform as a core element of the G20's "strong, sustainable, balanced, and inclusive growth" agenda. Labor issues also gained prominence, providing unexpected common ground between German Chancellor Angela Merkel and U.S. President Donald Trump (Bradford 2017). Germany, notably, prioritized African development by launching the G20 Africa Partnership, which aimed at mobilizing private investment from advanced economies into African countries, even though Africa was not a G20 member at the time.

In terms of institutional innovation, the Eminent Persons Group (EPG) on Global Financial Governance was also established during the Hamburg summit to review and recommend reforms to the global financial system.

Perhaps the most significant governance breakthrough came with the G20's endorsement of the Paris Agreement on Climate Change in the final communiqué—despite the United States' withdrawal from the agreement. This demonstrated a critical strength of G20 governance: the ability to prevent a single member from blocking consensus among the broader group. This strength was reaffirmed at the 2022 Bali Summit, with the Leaders' Declaration stating that "today's era must not be of war"—a clear condemnation of Russia's invasion of Ukraine yet agreed upon by the rest of the membership. These examples underscore the G20's resilience in the face of geopolitical divides.

The 2018 Buenos Aires Summit in Argentina highlighted sustainable food security, the future of work, and infrastructure for development. The summit also led to the adoption of the Buenos Aires Action Plan, which was evidence of the considerable progress made year after year since 2009 on the G20 economic and financial agenda. On

infrastructure, a key outcome of the summit was the introduction of the Roadmap to Infrastructure as an Asset Class, designed to address persistent financing gaps and promote inclusive growth.

The presidencies of Japan 2019, Saudi Arabia 2020, and Italy 2021 continued to advance the dual agenda of the G20 of managing economic and financial coordination and of addressing systemic global risks, along with the notable intrusion of the COVID-19 pandemic in 2020.

At the 2019 Osaka Summit, Japan focused on key issues such as digitalization, AI, and debt sustainability in low-income countries. It also positioned quality infrastructure investment within the broader climate agenda. The G20 also emphasized operationalizing the recommendations of the EPG as set forth in their 2018 report on “Making the Global Financial System Work for All”—particularly through strengthening domestic resource mobilization, local currency capital markets, and regulatory predictability grounded in the rule of law, as well as enhancing global surveillance mechanisms.

The 2020 Riyadh Summit was the first ever virtual summit in the history of the G20, and it was dominated by the global health and economic slowdown caused by the COVID-19 pandemic. The crisis had disproportionate effects on low-income developing countries, exposing and exacerbating structural vulnerabilities. In response, the G20, alongside the World Bank and the IMF, launched the Debt Service Suspension Initiative (DSSI) in May 2020. The DSSI provided temporary liquidity relief by suspending debt service payments, benefiting 48 eligible countries, and suspending a total of \$12.9 billion in payments through December 2021 (World Bank 2022). As a longer-term response, the G20 established the Common Framework for Debt Treatment, aimed at facilitating comprehensive debt restructuring for countries facing unsustainable debt burdens.

The 2021 Roma Summit in Italy, held just before COP26, marked a significant step forward on the global climate agenda as leaders collectively endorsed the goal of limiting global warming to 1.5 degrees Celsius and achieving net-zero emissions by or around mid-century. Italian Prime Minister Mario Draghi noted a growing consensus on key issues including climate change, global health, and income inequality. Another milestone was the endorsement of the OECD/G20 Inclusive Framework on BEPS—a landmark agreement hailed by leaders as a “historic achievement” in establishing a more equitable global tax system. The Inclusive Framework helped to partially reshape taxing rights to address the challenges of digitalization and introduce a 15% global minimum tax (Abedin et al 2024).

During this 2015-2021 phase, the G20 solidified its role in global economic governance while expanding its leadership role on systemic global challenges. However, the absence of an acute crisis, unlike the years following the GFC, meant that actions were less dramatic and often lacked a comparable sense of urgency. The COVID-19

pandemic further exposed the limitations of the G20 as a steering committee, making it appear less powerful than during its earlier crisis management phase.

4. G20 moves to Global South (2022-2025)

The fourth phase of G20 summits (2022- 2025) marks a historic turning point, with four EMEs from the Global South—Indonesia, India, Brazil, and South Africa—consecutively holding the G20 presidency. This unprecedented four-year cycle ensures that developing nations are empowered to shape the G20 agenda, thanks in part to the troika structure. However, this period has also been defined by intensifying geopolitical tensions including Russia’s invasion of Ukraine (2022), the Israeli-Palestinian conflict (2023), and deepening trade policy frictions. These challenges have tested the G20’s capacity to maintain consensus and focus on long-term global priorities while navigating a complex and polarized international landscape.

The 2022 Bali Summit in Indonesia was heavily influenced by the war in Ukraine and heightened tensions between the U.S. and Russia. Indonesia faced significant diplomatic pressure—particularly from the United States—to exclude Russia from the proceedings (Widokuswara 2022). President Joko Widodo resisted, instead opting for a diplomatic balancing act, including high-profile visits to both Moscow and Kyiv ahead of the summit. A compromise was ultimately reflected in the G20 Bali Leaders’ Declaration which stated: “Most members strongly condemned the war in Ukraine,” along with an acknowledgement that “there were other views and different assessments of the situation and sanctions.” Geopolitical tensions dominated headlines and overshadowed Indonesia’s core agenda, which emphasized global health, digital transformation, and sustainable energy transitions. The G20 Indonesia presidency also elevated the importance of multilateral development banks (MDBs) as key institutions to mobilize additional critical financing for sustainable development—an issue of particular importance to the Global South.

War has profound economic implications, making it well within the narrow construct of the G20’s remit. This moment reinforced the G20’s evolving role—not just as a platform for economic coordination, but as a forum that acknowledges and responds to the broader systemic impacts of war and geopolitical tensions on the global economy.

The 2023 New Delhi Summit and the hundreds of convenings leading up to the summit were an extravaganza and hailed as a moment of pride for India. Held under the theme “One Earth, One Family, One Future,” the summit emphasized inclusive and sustainable global progress. India made a concerted effort to amplify the voices of the Global South, convening over 200 meetings at various levels.

Prime Minister Narendra Modi’s ability to connect with both domestic and international audiences made the summit an uplifting milestone for the developing world. One of the most significant outcomes of the summit was the inclusion of the African Union as a

permanent G20 member—broadening the G20’s representation from 65% to almost 80% of the global population (Signé and Coulibaly 2023). The Indian presidency also prioritized MDB reforms and emphasized the need to scale up financing to accelerate progress on SDGs, placing sustainable development squarely on the G20’s agenda.

The 2024 Rio de Janeiro Summit reflected Brazilian President Luiz Inacio Lula da Silva’s enduring commitment to social justice, most notably through the launch of a new “Global Alliance Against Hunger and Poverty,” aimed at galvanizing attention and resources toward hunger, nutrition, health, and poverty—key components of the SDG agenda (Snower 2024). However, the summit also exposed ideological divides. Argentine President Javier Milei openly dissented against the summit communiqué, and Milei’s government later stated they are partially separated from all the language regarding sustainable development (Buenos Aires Times 2024). Brazil’s presidency also advanced climate action by creating the Task Force for the Global Mobilization Against Climate Change, bringing together ministers of environment, foreign affairs, and finance for the first time. This initiative underscored the multisectoral nature of 21st century global challenges and the need for integrated governance solutions. Brazil also elevated the reform of the international financial architecture as a critical G20 issue.

As of this writing, South Africa’s G20 presidency is underway. With “Solidarity, Equality, and Sustainability” as its guiding themes, it signals a continued commitment to social and economic justice—especially for the Global South.

However, since Trump took office in January 2025, the global environment has shifted sharply. Trump has reignited trade tensions, imposing and threatening to impose tariffs on several countries. China has retaliated, and others have threatened to do so—fueling widespread volatility in financial markets (Eckert et al. 2025). Economic projections now point to a significantly increased risk of a global recession (S 2025). In parallel, the Trump administration is deprioritizing global cooperation, casting uncertainty over the future of multilateral processes. These developments present a serious test for the G20 and for South African leadership. With the United States scheduled to assume the G20 presidency in 2026, it remains unclear how, or whether, the administration will engage meaningfully with the G20 process.

4. Understanding the strengths of the G20

The G20 summit process has proven to be an effective platform for global coordination in an era where challenges transcend national borders and demand collective responses. Its strengths lie in its ability to manage crises, shape global governance, and integrate diverse stakeholders into decisionmaking.

Crisis management and economic and financial stability

The G20 demonstrated its effectiveness as a crisis management mechanism by leading coordinated responses to the 2008 financial crisis and the European sovereign debt crisis of 2011. Since 2008, G20 finance ministers and central bank governors worked alongside the FSB, IMF, and the OECD to implement the Strong, Sustainable, Balanced, and Inclusive Growth initiative. This, coupled with the G20 Framework Working Group, which coordinates global economic policy discussions among G20 members, contributed to global economic recovery. Additionally, the G20 played a key role in advancing financial system reforms, strengthening regulatory oversight and eventually supervision of banks and financial markets. These measures curbed the risks associated with shadow banking and improved global financial stability.

A pivotal global steering committee

Over time, the G20 evolved beyond crisis response into a global steering committee, working within a network of international bodies to develop policies addressing systemic global challenges. While not the primary driver of every initiative, the G20 plays a crucial coordinating role—offering a platform where the world’s largest economies can align policies and mobilize resources in support of global efforts. For example, while the U.N. Rio+20 conference (2012) and COP26 (2021) were pivotal climate action milestones, G20 summits in Mexico (2012) and Italy (2021) helped secure commitments from the major economies. This underscores the G20’s integration into a broader global policy cycle, where international organizations, national governments, and multilateral institutions collaborate to assess challenges, forge consensus, and drive collective action.

Integration with other global economic governance entities

The G20 operates within a broader ecosystem of global governance, closely interacting with other influential institutions. Ministerial-level bodies such as the International Monetary and Financial Committee (IMFC) of the IMF and the Development Committee of the World Bank meet regularly—particularly during the annual spring and fall meetings—and issue communiqués that help shape global economic policy. Because many G20 members also sit on these committees, there is substantial overlap in

membership and policy coordination, which reinforces the G20's position as a central pillar in the architecture of global economic governance.

Engagement with groups and civil society participation

Besides its broader global representation—88% of the global GDP, 77% of global trade, and over 80% of the world's population—a key strength of the G20 lies in its numerous engagement groups including Business20, Think20, Civil20, and Labor20. These groups bring diverse perspectives into the G20 process, ensuring that a wide range of voices contribute to policymaking without hindering decisionmaking. By linking policy discussions to real world concerns, these groups enhance the G20's legitimacy and effectiveness.

A dynamic, adaptive, and inclusive network

The G20 is not an institution but rather a network—even a network of networks—where exchange and interaction serve as the engines of innovation and outcomes (Slaughter 2004). Unlike traditional international organizations, the G20 functions as a fluid and informal forum, rather than a rigid bureaucracy. It is porous, participatory, and adaptable to shifting global priorities. While concerns about its representativeness remain, the G20 addresses global issues that are relevant beyond its membership, mitigating such concerns. The recent inclusion of the African Union as a permanent member has further strengthened its inclusivity, reinforcing its role as a more comprehensive global forum.

The G20 has also demonstrated a capacity to evolve, taking on new and complex challenges. Its agenda has expanded in response to emerging issues—from international tax cooperation to SDRs to debt treatment for low-income countries—showing a responsiveness that sets it apart from more static international bodies.

5. Understanding the challenges and limitations of the G20

The evolution of the G20 leaders' summit process over the past two decades also offers valuable insights into its structural limitations and challenges. While the G20 has proven to be a crucial platform for global economic governance, it operates within political, institutional, and geopolitical constraints that limit its ability to deliver bold and decisive action.

Decisionmaking by consensus

The decisionmaking by consensus, while a core strength of the G20, also poses inherent challenges. The plurality of interests and perspectives—especially in contrast to more like-minded groups like the G7—can make it difficult to agree on concrete actions. In particular, the dynamic between the United States and China looms large. Both nations wield outsized influence yet often hold antagonistic views on critical global issues. This makes consensus building even more complex. In today's multipolar world, the G20 must navigate not only a broader set of actors but also increasingly entrenched geopolitical tensions. As such, the G20 process is vulnerable to fragmentation during the periods of global discord, complicating its ability to act decisively on shared challenges.

Media spectacle versus policy substance

G20 summits draw massive media attention, but this spotlight often distorts how the public understands their significance and their impact. The G20 functions as both a political showpiece and a technical policymaking forum, but the media tends to privilege the former. Journalists naturally gravitate toward headline-grabbing moments—leader confrontations, diplomatic tensions, or dramatic photo ops—which rarely reflect the quieter, more complex economic and financial negotiations that define the G20's yearlong core work. Moreover, external crises—such as the Syrian chemical weapons attacks, the annexation of Crimea, and the Russia-Ukraine war—frequently overshadow the summit's intended agenda, diverting public attention and media coverage away from policy commitments. As a result, the G20's real contributions are often underappreciated or misunderstood in the court of public opinion.

Complexity and scale of the G20 process

The G20 is far more than a two-day gathering of world leaders. Each summit is the culmination of a yearlong process involving dozens of ministerial meetings, technical working groups, several engagement groups, and consultations with international organizations and civil society. This extensive ecosystem fosters deep, coordinated policymaking across a wide range of complex issues. However, it also means that immediate breakthroughs are hard to achieve. Furthermore, the technical nature of

most economic and financial discussions often lacks the telegenic appeal of more politically charged issues, contributing to a public perception that underplays the summit's substantive policy outcomes.

Despite these limitations, the G20 remains a vital global leadership mechanism. While it does not command the direct power of enforcement or unilateral decisionmaking, it shapes global economic governance, aligns policy priorities, and builds consensus on systemic challenges. The lack of dramatic, newsworthy outcomes should not be mistaken for inaction. The G20 works—but within its limits.

6. Looking ahead: Recommendations and concluding remarks

Since its inception, the G20 has demonstrated remarkable adaptability and influence. As global challenges grow increasingly complex, the G20's ability to foster collaboration, drive policy innovation, and expand its inclusivity become even more important to its relevance and efficacy. Below are four recommendations to reinvigorate the G20:

1. **Strengthen personal dynamics among leaders:** At its core, the G20 is shaped not only by formal structures, but by the relationships, leadership styles, and interactions among its participants. Strengthening the G20 requires more than agenda setting or institutional tweaks—it demands a renewed focus on how leaders engage with one another and with the global public. One of the most effective ways to enhance the G20's relevance and impact is to prioritize leader-to-leader exchanges. Host governments should intentionally design summit agendas to include private, leaders-only discussions—free from intermediaries. These moments of candid dialogue can foster deeper strategic alignment, mutual understanding, and a stronger sense of shared purpose—especially vital in an era of geopolitical fragmentation.
2. **Enhance continuity and sustain engagement:** A key question for the G20 is its long-term vision. To enhance continuity, the troika should be expanded to include the next two incoming presidencies, strengthening institutional memory and long-term planning. Aligning on a shared vision and actionable priorities would build a stronger culture of collective leadership. However, sustained impact depends on consistent engagement—every country invests heavily during its own presidency, but often less so at other times. The challenge has been maintaining momentum and commitment to outcomes year-round. Building deeper social capital among ministers—not just leaders—is essential to drive continuity and trust across G20 cycles. It is also worth recalling that during the G20's most effective period—its early crisis management years—summit communiqués concluded with clear action items and timelines. This approach provided structure, accountability, and momentum. Over time, this discipline has waned. As the G20 faces a new era of protracted and complex challenges, it should consider implementing timelines for key commitments. Doing so would not only improve follow-through but also restore credibility in the G20's ability to translate consensus into concrete outcomes.
3. **Improve public communication and domestic engagement:** Host governments must prioritize clear communication about the G20's purpose and its relevance to citizens. Planning—on both the agenda and its domestic resonance—is crucial to building public understanding and support. In times of crisis, restoring trust in markets and leadership is vital. G20 summits are not only about policy—they are about

demonstrating leadership on shared challenges and opportunities. Encouraging leaders to engage with public concerns and shape their messaging accordingly should be a central goal of every G20 presidency.

4. **Restore public confidence in leadership and markets:** To rebuild trust in economic stewardship, the G20 must look beyond financial regulation and macroeconomic policy. Leaders need to engage with the deeper links between financial systems, the real economy, and the social consequences of economic decisions. By addressing these core challenges directly, G20 leaders have an opportunity to restore public confidence—not just in times of crisis, but by shaping a more stable and equitable global economy for the future.

The South African G20 presidency faces a complex and contentious global landscape in the lead-up to the November summit. In this new era, multilateralism and coordinated global governance can no longer be taken for granted. Yet, the G20's yearlong, inclusive processes have consistently shown that it is the right platform for managing divergent views and advancing solutions. Its structure, composition, and culture foster resilience and convergence—even amid deep global divisions. While the G20 lacks enforcement power, it plays an indispensable role in shaping global economic governance, aligning policy agendas, and building consensus on shared challenges. Its effectiveness lies not in dramatic announcements but in the steady, often invisible work of diplomacy, coordination, and trust building. It is a forum of influence, not command—where global action begins with dialogue. As the G20 confronts its greatest test, a renewed commitment to its principles and processes will be essential. With persistence, political will, and leadership, the G20 can once again rise to the moment and deliver meaningful progress in turbulent times.

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