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## **The G20: An Agenda for Indonesia (2022) and India (2023)**

### **Abstract**

As one of the most powerful intergovernmental forums of the 21st century, the G20 or the Group of Twenty, comprising developing and developed nations from across the globe, is saddled with responsibilities of steering the world to a more economically, fiscally, environmentally and politically sustainable future. Today, as the Covid-19 crisis looms large, which is perhaps the biggest global crisis of this scale after the 2008 Global Financial Crisis (GFC) – to which, the G20 forum owes its meteoric rise - the G20's role in managing it and chartering a sustainable exit is of immense significance. This chapter discusses the group's evolution since its inception and the roles played by the Saudi Arabian and Italian presidencies (in 2020 and 2021, respectively) in tackling the Covid-19 pandemic. It also recommends action points for the Indonesian (2022) and Indian (2023) presidencies, underlining particular aspects related to global health, climate change, trade and investment, and governance of the new multilateral economic order. It draws attention to some other pressing and emerging economic issues that the G20 Presidencies could bring to the table. Some of the criticisms hurled at the group have been presented towards the end alongside some mitigation measures to counteract them as well as to expand the G20's role in policymaking, crisis management and bridging the North-South divide.

### **The G20 and its Agenda**

The G20, like the old Concert of Europe and the G7, on which it is structurally patterned, is a small, compact group, comprising

all major extant powers. Decision-making in such a forum is more informal, easier and faster than in more representative forums like the United Nations (UN), World Trade Organization (WTO), and Bretton Woods organizations (BWIs). A consensus reached in a compact of the big players, although not legally binding, makes it easier to reach legally binding agreements in the larger, more contentious and representative forums. The G20, therefore, can play a critical role in multilateral relations.

The G20 was a relatively unknown forum for multilateral cooperation of Finance Ministers and Central Bank Governors (FMCBG) of major countries until its rise to prominence in the wake of the GFC of 2008. This elevation added a new 'Sherpa' (leaders) channel to the existing FMCBG' forum to coordinate the annual G20 Leaders' summits.

The rise of the G20 is, consequently, commonly attributed to the GFC of 2008. However, its rise is to be seen against the backdrop of a crisis of multilateralism of the post-war international economic order, dominated by the G7-led BWIs.<sup>103</sup> Towards the end of the last century, the major G7 economies had begun to age and slow down, as growth accelerated in emerging and developing economies (EMDEs), particularly in Emerging Asia. The resultant shifting economic weights meant that active cooperation from major EMDEs was required to address global spillovers and crises. The proximate reason for the formation of the G20 FMCBG forum was the Asian Financial Crisis of 1999. The G20 comprises 19 countries and the European Union (EU) that together account for over three quarters of the global economy, trade, emissions, landmass and population.

At their third Summit at Pittsburgh in 2009, G20 Leaders declared<sup>104</sup> that the G20 was now the premier forum for multilateral economic cooperation. This meant that the G20, rather than the G7, would provide guidance for the economic agenda of the Bretton Woods and UN systems as well as other multilateral institutions for

103. Sheel, A. (2021). Multilateralism, the global economy, and the rise of the G20. Indian Council of World Affairs. Available at - <https://www.icwa.in/guestcolumn/07062021.pdf> (accessed on 20 March, 2022).

104. G20 Leaders Statement: The Pittsburgh Summit. G20 Information Centre. Available at <http://www.g20.utoronto.ca/2009/2009communique0925.html> (accessed on 20 March, 2022).

international economic cooperation, such as the WTO, United Nations Framework Convention on Climate Change (UNFCCC), Financial Stability Forum (FSF), Financial Action Task Force (FATF), etc.

The first priority of the restructured G20 was to take coordinated action to counter the 2008 crisis that many feared might turn into a second Great Depression. It was successful in coordinating fiscal and monetary policies for macroeconomic stabilization, and in keeping international trade open at a time when economies turn inwards, as they did during the Great Depression about eight decades earlier.

As this threat receded and leaders declared victory at the Pittsburgh summit, the G20 turned its attention to addressing what in its view were the two root causes of the 2008 crisis, namely macro imbalances and financial deregulation, that had encouraged risky financial practices.

Rebalancing the global economy to correct macro imbalances was sought to be done by reducing unsustainable current account balances, particularly those between the two biggest economies, USA and China. The extant technocrat, International Monetary Fund (IMF) - led process gave way to the geopolitically driven G20 Framework for Strong, Sustainable and Balanced Growth (later expanded to encompass inclusive growth as well), the flagship working group of the G20 that published forward - looking updated annual Action Plans at each Summit, with the IMF as technical advisor. The G20 Action Plan has become a living document, regularly reviewed, updated and tracked by G20 FMCGB.

The G7-dominated Financial Stability Forum (FSF) was restructured into the Financial Stability Board (FSB). It included all G20 countries, was tasked with coordinating the rewriting of rules for global finance, and reining in non-compliant shadow banks and jurisdictions outside of regulatory purview.

Over time, other major economic issues on the agenda of other multilateral institutions kept getting added to the G20 table, such as climate change (UNFCCC), pushing for the completion of the Doha round of multilateral trade negotiations (WTO), development and infrastructure (Multilateral Development Banks / MDBs), taxation (Organization for Economic Co-operation and Development/ OECD), terror funding and money laundering (FATF), governance reform

of International Finance Institutions (IFIs) and MDBs, along with supplementing their resources, etc. While there are presently six working groups in the G20 Finance Track, with the expansion of the agenda, the number of G20 Working Groups coordinated through the Sherpa channel have kept proliferating.<sup>105</sup>

Leaders took a conscious decision not to have a permanent Secretariat. They chose to allow each Presidency the freedom to drive and endorse its own agenda rather than letting it slip into bureaucratic auto-mode that might not engage Leaders. Institutional continuity is ensured through the Troika comprising the previous, current and upcoming G20 Presidencies. In practice, however, it is the current Presidency that plays an active role, with the other two members as sleeping partners. Italy, Indonesia and India comprise the Troika in 2022.

Each Presidency outlines its own priorities for the Summit, thereby injecting fresh life and new activities into the ongoing, multi-year agenda. The priorities of the Saudi Presidency in 2020 were 'Empowering People, Safeguarding the Planet and Shaping New Frontiers'.<sup>106</sup> Health issues were, however, prioritized midway during its Presidency in response to the Covid-19 pandemic. The Italian Presidency of 2021 focused on managing the health and economic fallout of the pandemic, with its focus on 'People, Planet and Prosperity'.<sup>107</sup> These concerns are likely to shape the Indonesian Presidency in 2022 as well, as evident in the priorities announced for the Bali Summit, namely 'Recover Together, Recover Stronger'.<sup>108</sup> India, which will chair the G20 in 2023, however should announce the priorities for the New Delhi summit later as the Presidency draws nearer.

Lately, there has been a growing consensus that, by continuously expanding its agenda, the G20 is losing its focus, issuing ever longer

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105. Italian G20 Presidency. Working Groups, [g20.org](https://g20.org). Available at <https://bit.ly/3uc9T1J> (accessed on 20 March, 2022).

106. G20 Saudi Arabia. (2019). Overview of Saudi Arabia's G20 Presidency. Available at - [http://www.g20.utoronto.ca/2020/2020-Presidency\\_Agenda-V5.pdf](http://www.g20.utoronto.ca/2020/2020-Presidency_Agenda-V5.pdf) (accessed on 20 March, 2022).

107. Available at <https://www.g20.org/> (accessed on 20 March, 2022).

108. G20 Indonesia Presidency [Website]. Available at - <https://g20-indonesia.id/> (accessed on 20 March, 2022).

communiqués, with Leaders engaging less on the G20 agenda, and focusing more on bilateral meetings on its side-lines. The rising tide of nationalism, weakening of multilateralism, and the declining economic prospects of EMDEs relative to Advanced Economies (AEs), have further weakened the forum, leading to a resurgence in the profile of the G7.

Nevertheless, there remains the perception that, despite its failure to adequately engage leaders during normal times, the G20 has performed well in dealing with crises, as it did in 2008. The Covid-19 pandemic was the second major global crisis warranting coordinated action by G20 countries after 2008. Although the Covid-19 crisis was primarily health-oriented, it was expected of the G20, being a premier multilateral institution, that Leaders would come together to address the pandemic's economic fallout and rebuild the global economy.

### **The G20 and the Covid-19 Pandemic**

The Covid-19 virus began as an epidemic centred in Wuhan, China towards the end of 2019. However, by March 2020 as mortality spiked sharply on both sides of the northern Atlantic Ocean, and then in South America, it was becoming evident that the crisis was morphing into the deadliest pandemic since the Spanish Flu of the last century. As panic spread, Saudi Arabia, the extant Presidency, organized an “Extraordinary G20 Leaders’ Summit” through video conferencing on 26 March, 2020.

As shutdowns triggered massive income and growth slowdowns, the 2020 Summit called on the G20 countries to inject \$5 trillion into the global economy “as part of targeted fiscal policy, economic measures, and guarantee schemes to counteract the social, economic and financial impacts of the pandemic.”<sup>109</sup>

The IMF estimated the actual injection to be \$10.2 trillion indirect fiscal support by way of additional expenditure and revenue foregone, and an additional \$6.4 trillion in liquidity support, between January 2020 and 27 September, 2021. However, 90 per cent of

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109. Extraordinary G20 Leaders’ Summit: Statement on Covid 19. (2020). G20 Information Centre. Available at- <http://www.g20.utoronto.ca/2020/2020-g20-statement-0326.html> (accessed on 20 March, 2022).

this support was in G20 AEs.<sup>110</sup> One result of this asymmetric fiscal response was that the output loss in EMDEs of this crisis is estimated at 2-3 times higher than in the initial phase of GFC 2008 (Table 1).

**Table 1**

*G20 Economies Real GDP Growth and Output Loss with 2018-19 as the base*

	Projections					Output
	2018	2019	2020	2021	2022	Loss
Australia	2.8	1.9	-2.4	3.5	4.1	-1.8
Canada	2.4	1.9	-5.3	5.7	4.9	-1.2
China	6.8	6.0	2.3	8.0	5.6	-3.1
France	1.8	1.8	-8.0	6.3	3.9	-3.3
Germany	1.1	1.1	-4.6	3.1	4.6	-0.2
Italy	0.9	0.3	-8.9	5.8	4.2	-0.7
Japan	0.6	0.0	-4.6	2.4	3.2	-0.1
Korea	2.9	2.2	-0.9	4.3	4.1	-0.2
United Kingdom	1.3	1.4	-9.8	6.7	5.0	-2.2
United States	2.9	2.3	-3.4	6.0	5.2	0.0
Median Advanced G20 Countries	-0.9					
Argentina	-2.6	-2.1	-9.9	7.5	2.5	7.0
Brazil	1.8	1.4	-4.1	5.2	1.5	-2.1
China	6.8	6.0	2.3	8.0	5.6	-3.1
India	6.5	4.0	-7.3	9.5	8.5	-5.1
Indonesia	5.2	5.0	-2.1	3.2	5.9	-8.2
Mexico	2.2	-0.2	-8.3	6.2	4.0	-1.1
Russia	2.8	2.3	-3.0	4.7	2.9	-3.0
Saudi Arabia	2.4	0.3	-4.1	2.8	4.8	-0.6
South Africa	1.5	0.1	-6.4	5.0	2.2	-1.7
Turkey	3.0	0.9	1.8	9.0	3.3	8.2
Median Developing G20 Countries	-1.9					

Source: International Monetary Fund, World Economic Outlook Database October 2021.

110. IMF. (2021). Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic. Database of Fiscal Policy Responses to Covid 19. Available at- <https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID-19> (accessed on 20 March, 2022).

The WHO and other relevant organizations were tasked to assess gaps in pandemic preparedness and report to a joint meeting of Finance and Health Ministers for establishing a global initiative on pandemic preparedness and response. This initiative paved the way for the ACT (Access to Covid-19 Tools)-Accelerator platform<sup>111</sup> for international collaboration, involving governments and civil society organizations, launched by the World Health Organisation (WHO), European Commission, France and Bill & Melinda Gates Foundation in April 2020.

Covid-19 mortality peaked just two months after the Saudi Summit in January 2021. Against this backdrop, the G20 set up a High-Level Independent Panel (HLIP) in January 2021 under the Italian presidency on Financing the Global Commons for Pandemic Preparedness and Response ('A Global Deal for our Pandemic Age'). A virtual meeting of G20 FMs and CBGs held on 7 April, 2021, called on the IMF to make a general allocation of Special Drawing Rights (SDRs), equivalent to USD 650 billion (which has since been done), and extend bilateral debt relief (Debt Service Suspension Initiative-DSSI) up to December 2021, to assist the poorest countries.<sup>112</sup> The Italian Presidency also organized a Global Health Summit (leading to the Rome Declaration) on 21 May, 2021, and a G20 Health Ministers' meeting on 4-6 September, 2021 in Rome.

The HLIP submitted its report<sup>113</sup> in June 2021. Some of its major recommendations are as follows:

US\$15 billion per year should be mobilized for effective pandemic prevention and preparedness.

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111. The Access to Covid-19 Tools (ACT) Accelerator [online]. World Health Organisation. Available at- <https://www.who.int/initiatives/act-accelerator> (accessed on 20 March, 2022).

112. Communique, G20 Information Centre. Available at- <http://www.g20.utoronto.ca/2021/210407-finance.html> (accessed on 20 March, 2022).

113. G20. (2021). A Global Deal for our Pandemic Age: Report of the G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response. Available at- <https://www.g20.org/wp-content/uploads/2021/07/G20-HLIP-Report.pdf> (accessed on 20 March, 2022).

A Global Health Threats Fund should be set up that would mobilize US\$10 billion (two-thirds of the total) each year through national assessed contributions.<sup>114</sup>

National health systems should be made more resilient - The report recommends the development of robust, whole-of-government health security plans that are regularly stress-tested and assessed for adherence to best practices. Global health intermediaries like the Global Fund, Gavi and UNICEF can work with countries to improve the value proposition for private sector co-investments in dual-use capacities. A new 'Health Security equivalent of the Financial Sector Assessment Program' should assess countries' pandemic prevention and preparedness capabilities and investments.<sup>115</sup>

The mandate of IFIs should be expanded to include the supply of global public goods, leveraging bilateral official development assistance (ODA) and private philanthropy. Ensuring supply of medical countermeasures and tools to radically shorten the response time to pandemics and ensure equitable global access.

Establish globally networked surveillance and research. The report recommends setting up an independent scientific advisory panel for providing a system-wide analysis of emerging health threats and advice for tackling them based on existing best practices (similar to the Coalition for Epidemic Preparedness Innovations)

While the FMCBG meeting in Venice on 10 July, 2021 'welcomed' the HLIP report and the commitments made at the Global Health Summit, it stopped short of endorsing their bold recommendations. A little later, in June 2021, the IMF, World Bank (WB), WHO and the WTO jointly proposed a national and multilateral action plan to end the pandemic that targeted vaccinating 40 per cent of the global population by end of 2021, and 60 per cent by June 2022. It underscored the need for tracking the pandemic, insuring against downside risks and ensuring adequate public health measures where vaccine coverage is low.

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114. The Global Health Threats Fund will be structured as a Financial Intermediary Fund at the World Bank, with independent governance. The Fund will kickstart operations using direct contributions made by G20 and other governments in amounts equivalent to an assessed contribution scheme, as well as philanthropic and corporate contributions.

115. Pandemic Financing. 2021. Available at: <https://pandemic-financing.org/report/plugging-four-major-global-gaps/> (accessed on 20 March, 2022).

The HLIP report estimated the total cost of financing the aforementioned initiatives at \$50 billion, based on ACT Accelerator. Of this, \$35 billion was expected to come from public, private and multilateral donors, the remaining from governments, supported by concessional multilateral finance. With grant funding of \$22 billion already identified by the ACT Accelerator, and \$15 billion available from Covid-19 financing facilities created by MDBs, an estimated gap of \$13 billion in additional grant contributions was needed to reach the \$50 billion mark, mainly for raising Covid-19 Vaccines Global Access (COVAX) coverage to 30 per cent, procuring additional Covid-19 tests and expanding at-risk production capacity to insure against downside risks (Table 2).

**Table 2**  
*ACT Accelerator Covid-19 Global Funding Requirement*

National assessed GHTF	10		
MDBs govt support +private philanthropy	5	15	Annual G20 HLIP
MDBs facilitated	15		
Other identified	7		
Gap	13	35	
ACT Accelerator	50	50	June 2021 Proposal

The report concluded that the timely end of the pandemic is nothing short of a public good, and funding the proposal would be the highest yielding public investment ever, monetarily estimated around \$9 trillion. Of this, 60 per cent would accrue to the EMDEs, even as the AEs would gain \$1 trillion in additional tax revenues by 2025.

However, as of 6 February, 2022, the world as a whole has surpassed the 40 per cent vaccination target set for December 2021 (currently 63 per cent of all people in the world having received at least one dose). However, the disparity among the rich and poor nations is still considerably stark. Poor African nations, Yemen, Syria, Pakistan and others struggle to cross the 35 per cent mark whereas

their richer counterparts like Canada and Australia are well over 75 per cent.<sup>116</sup> , (Figure 1).

Countries with low incomes and inadequate vaccine access would need help in mitigating the economic and health shocks of the pandemic. Towards this, as of 15 October, 2021, the IMF had approved emergency loans totaling \$117.6 billion to 87 developing countries,<sup>117</sup> about 57.5 per cent of which was for the Western Hemisphere, the worst affected region (Table 4), and 23 per cent for Sub-Saharan Africa, one of the poorest regions in the world. The World Bank Group has so far approved more than \$157 billion to developing countries, including International Development Association (IDA) grants of \$50 billion to the poorest countries on highly concessional terms, to fight the health, economic and social impacts of the pandemic,<sup>118</sup> and an additional \$20 billion for supporting vaccination efforts in poor countries.<sup>119</sup>

These support measure numbers, however, need to be seen in comparison with the scale of the support the G20 provided to ‘innocent bystanders’ in poor countries during the 2008 GFC. While the \$5 trillion of fiscal support committed by the G20 parallels a similar resolve during the GFC (paragraph six of the G20 Leaders’ Declaration ‘Global Plan for Recovery and Reform’ at the second London Summit in 2009), the scale of support for poorer countries is meagre.<sup>120</sup> The SDR allocation is, no doubt, more substantial, but

116. Tracking Coronavirus Vaccinations Around the World. (2022). New York Times. Available at- <https://www.nytimes.com/interactive/2021/world/covid-vaccinations-tracker.html> (accessed on 20 March, 2022).

117. IMF. (2021). Covid-19 Financial Assistance and Debt Service Relief. Available at- <https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker> (accessed on 20 March, 2022).

118. World Bank. (2021). How the World Bank Group is helping countries address Covid-19 (coronavirus). Available at- <https://bit.ly/37DV0gZ> (accessed on 20 March, 2022).

119. World Bank. (2021). World Bank Support for Country Access to Covid-19 Vaccines. Available at- <https://bit.ly/3N7NU4w> (accessed on 20 March, 2022).

120. “The agreements we have reached today, to treble resources available to the IMF to \$750 billion, to support a new SDR allocation of \$250 billion, to support at least \$100 billion of additional lending by the MDBs, to ensure \$250 billion of support for trade finance, and to use the additional resources from agreed IMF gold sales for concessional finance for the poorest countries, constitute an additional \$1.1 trillion programme of support to restore credit, growth and jobs in the world economy. Together with the measures we have each taken nationally, this constitutes a global plan for recovery on an unprecedented scale” (Paragraph 5) <http://www.g20.utoronto.ca/2009/2009communiqu0402.html> (. (accessed on 20 March, 2022).



there is still a need to reallocate more away from rich countries that get the maximum share by virtue of their shareholding.

The annualized increase in WB loan and IDA grant net disbursements in Fiscal Year (FY) 2020 and 2021 over the average of the previous two years was \$ 9.3 billion each, which still falls short of the \$18.1 billion average increase in 2009 and 2010 over 2007-08 after the GFC. Similarly, while the IMF's net disbursement of crisis related emergency lending in 2020 was higher than the average disbursement in the previous two years by SDR 18 billion (\$ 25.2 billion),<sup>121</sup> it is yet to come at par with the SDR 28.9 billion (\$40.5 billion) increase in 2008-09 over 2006-07 during the GFC (Table 3).

Table 3  
*Net Disbursements by the World Bank and IMF*

Financial Year	World Bank (\$ Million)			IMF (SDRs Million)		
	IBRD	IDA	Total	GRA	PGRT	Total
FY06	-1767	7230	5463	-19731	-2457	-22188
FY07	-6176	6826	650	-4252	-65	-4318
FY08	-2120	6978	4858	10884	149	11033
FY09	8345	7010	15355	19198	1086	20283
FY10	17230	9112	26342	17482	-261	17221
FY11	7995	7767	15762	30018	489	30508
FY12	7797	6924	14721	626	458	1084
FY13	6549	7372	13921	-8412	408	-8004
FY14	8954	9877	18831	-17288	118	-17170
FY15	10013	8818	18831	-19983	283	-19700
FY16	13207	8802	22009	-2679	-93	-2772
FY17	8729	8151	16880	-10875	40	-10835
FY18	5639	9287	14926	14710	-96	14614
FY19	10091	12217	22308	9668	165	9832
FY20	10662	15114	25736	24558	5888	30446
FY21	13591	16470	30061	-5953	1736	-4217

Source: <https://finances.worldbank.org/dataset/IBRD-Commitments-Gross-Disbursements-and-Net-Disbu/5g32-j93p>, WBG Finances - IBRD/IDA Summary (worldbank.org).

Note: Past IMF Disbursements and Repayments for all members from 1984 to September 30, 2021.

121. Data for the full year of 2021 was not available at the time of writing and has therefore been excluded. Data for the period up to September 30 showed a net negative disbursement of SDR 4.2 billion.

**Table 4**  
*Covid-19 Mortality Timeline*

	<i>Timeline</i>	<i>Global</i>	<i>15 European</i>	<i>10 American</i>	<i>7 S&amp;E Asian</i>
Global Pop. Share	2020	69%	10.2%	12%	47.4%
Deaths per Million	21-10-2021	4944759	1272087	2204689	677827
	% of Global	100%	26%	47%	14%
Deaths	6/3-20/4	21	131	53	1
Deaths	20/4-6/6	30	94	179	3
Deaths	6/6-21/7	28	32	173	8
Deaths	21/7-5/9	32	19	185	12
Deaths	5/9-21/10	35	54	151	16
Deaths	21/10-6/12	51	227	153	9
Deaths	6/12-21/1	73	249	270	8
Deaths	21/1-6/3	66	208	297	6
Deaths	6/3-21/4	60	176	269	11
Deaths	21/4-6/6	88	134	254	50
Deaths	6/6-21/7	53	64	193	29
Deaths	21/7-6/9	39	66	96	20
Deaths	6/9-21/10	65	156	209	12
Total	6/3/20- 21/10/21	640	1610	2483	185

Source: <https://worldometers.info/coronavirus/>

Table 4 aggregates official Covid-19 mortality data from 32 major countries in the West Atlantic (10 countries<sup>122</sup> in the two American continents), the East Atlantic (15 countries<sup>123</sup> in Europe, including neighbouring Turkey and Iran), and South and East Asia (7 countries<sup>124</sup>), that together account for 69 per cent of the global population and 87 per cent of Covid-19 deaths until October 2021. Covid-19 mortality is very low in Africa outside South Africa and countries adjoining the Mediterranean Sea that are part of the

122. Canada, USA, Mexico, Brazil, Argentina, Peru, Colombia, Chile, Bolivia, Ecuador.

123. UK, France, Germany, Italy, Netherlands, Belgium, Spain, Russia, Poland, Hungary, Czechia, Romania, Ukraine, Turkey and Iran.

124. India, China, Bangladesh, Pakistan, Indonesia, Japan and South Korea.

Atlantic system. Covid-19 mortality measured in deaths per million of the population has been aggregated at six weekly intervals since the beginning of the pandemic in March 2020.

Table 4 clearly shows that the Covid-19 pandemic was far from over as leaders convened at the 16<sup>th</sup> G20 summit in Rome on 29-30 October, 2021. Data, in fact, showed three waves of the pandemic up to that point, with the third wave still rampant in the Americas and Europe, although it had still not hit South and East Asia, where mortality was dropping continuously since the second wave that peaked in April-June 2021.

### **The Rome G20 Summit**

The success of the Rome (16<sup>th</sup>) G20 Summit on 30-31 October 2021, therefore, hinged on what action leaders would take on the various recommendations that were already before them, including forging a G20 consensus and operationalizing the reports of the High Level Panel, the Multilateral Group and the commitments made in the Rome Declaration on pandemic response. Apart from making the world more resilient in responding to future pandemics, and anticipating the economic recovery from Covid-19, it was expected that the Summit would address short-term issues such as financial assistance for poor countries, including resourcing IFIs, vaccine access (including Intellectual Property Rights/IPR waivers in technology transfer to poorer countries), in addition to longer term structural issues. Bold and coordinated action would address a long-standing criticism of the G20 that, like the precursor G7, its decisions primarily concerned the problems of its member countries, and also a growing chorus that it was becoming a forum for endorsing decisions taken by the G7. Failure to act on these reports would underscore that the G20 was no longer capable of taking swift, strong and coordinated action in crises, as during the GFC of 2008. Its image in this regard had already been dented by its inability to forge a consensus at the WTO on global vaccine patents, despite the US backing of the proposal.

Action on climate change was the other important area on which the success of the Rome Summit hinged. There is a growing sense of urgency for concerted cooperative action by countries to address the

issue of climate change that endangers not only the human race, but also life on earth as we know it. These apprehensions mainly concern themselves with commitments for cutting emissions by 2030, and targeting net zero emissions by 2050, to cap global temperature rise at 1.5 degrees above pre-industrial levels.<sup>125</sup> Closely tied with this is the issue of financing and burden-sharing. The G20 was expected to develop a strong consensus that could be carried forward, leading to a successful outcome of the COP26 Summit, held in Glasgow right after the Rome Summit.

The Rome Summit was preceded by the G7 Summit in Carbis Bay, Cornwall on 13 June, 2021. Major decisions taken at the G20 Rome Summit had already been anticipated and agreed upon by the G7 here,<sup>126</sup> and earlier by their FMCBGs on 5 June, 2021 in London,<sup>127</sup> namely:

- 1) Channeling a minimum of \$100 billion out of the total new \$650 billion new SDR issue by the IMF to poor countries.
- 2) A global target of 60 per cent Covid-19 vaccination by 2022.
- 3) Minimum global corporate taxation of 15 per cent.
- 4) Ambition of zero net emissions globally by 2050, halving collective emissions over two decades by 2020, so as to limit temperature rise to 1.5 per cent above pre-industrial levels, and updating Nationally Determined Commitments consistent with these global objectives.
- 5) Ending the provision of international public finance for new unabated coal power generation abroad by the end of 2021, decarbonization of the economy, and to conserve or protect at least 30 percent of land and oceans by 2030.

Setting the agenda for the reform of the WTO and global trading rules at the forthcoming 12<sup>th</sup> WTO Ministerial in Geneva in December 2021. This agenda was mostly underscored by G20 Trade and Investment Ministers at their meeting in Sorrento, Italy, on

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125. Martin Wolf, COP26 is the real thing and not a drill, *Financial Times*, October 19, 2021, <https://www.ft.com/content/799b7b93-9ec5-4318-9ac1-1c82cb81f96d>

126. The White House. (2021). Carbis Bay G7 Summit Communique. Available at- <https://bit.ly/36u0ZV6> (accessed on 20 March, 2022).

127. Government of the United Kingdom. (2021). G7 Finance Ministers and Central Bank Governors Communique. Available at- <https://bit.ly/3JCPklm> (accessed on 20 March, 2022).

12 October, 2021. The Rome Summit also endorsed the OECD-G20 two-pillar Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) agreed on 8 October, 2021,<sup>128</sup> including a detailed implementation plan at the global level by 2023, following the G7 Carbis Bay Summit to, *inter alia*, address tax challenges arising from the digitalization of the economy. This agreement, however, had already been anticipated in earlier G7 statements.

This remarkable meeting of minds between two groupings, that had a troubled relationship from the start of the G20, was facilitated by the attendance of the leaders of four major G20 countries (Australia, India, South Africa and South Korea), who were special invitees at the Cornwall Summit. Russia and China, two notable G20 countries not invited to the Cornwall Summit, chose not to attend the G20 Rome Summit. This served to underscore the impression that the G20 – of which the G7 is a subset – had lost much of its clout as the premier forum for international economic cooperation, as declared by G20 leaders at their third Summit in Pittsburgh, and that the baton of global economic leadership had passed back to the G7. Their absence, along with leaders of Japan and Mexico, at the first face-to-face G20 Summit in two years was also indicative of a faltering multilateralism in an increasingly divisive and multipolar world.

In addition, there were statements reaffirming support for the work already being done by groups like the ACT Accelerator, COVAX, the Multilateral Leaders' Task Force on Covid-19, the Rome Health Summit etc., thus reinstating the need to increase the manufacturing and access to Covid-19 vaccines and for establishing a G20 Joint Finance-Health Task Force to discuss issues of future pandemic preparedness and response. There also, the usual non-specific and non-committal homilies were repeated what was said in earlier Summits – on macroeconomic policy coordination, infrastructure and sustainable finance, trade and investment, financial regulation, financial inclusion and support for Micro Small and Medium Enterprises (MSMEs), reforming and resourcing MDBs and the

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128. OECD. (2021). Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. Available at- <https://bit.ly/3uiUE7o> (accessed on 20 March, 2022).

International Financial Architecture, digitalization, sustainable development and Sustainable Development Goals (SDGs), support for poorer countries, especially Africa, debt relief, employment and social protection, phasing out fossil fuel subsidies, action against corruption and terror funding, women's empowerment, education, youth, etc.

The Rome Summit failed to take any decision on the G20 HLIP and IFI proposals of \$50 billion, including raising \$15 billion (of which \$10 billion would be nationally assessed contributions) annually. The Carbis Bay Communique was more granular in this respect, noting that “we have committed over \$2 billion in total to the ACT-Accelerator (including vaccines), taking our collective commitment since the start of the pandemic to over \$10 billion.”<sup>129</sup> It did, however, endorse WHO's recommendation of vaccinating 40 per cent of the global population by December 2021, over and above the 60 per cent by 2022, as agreed by the G7 earlier. Some G20 countries also made specific commitments on donating and manufacturing vaccines,<sup>130</sup> although these were not part of the official Communique.

It also did not commit to further resourcing the MDBs to enhance extant levels of support for poor countries, beyond welcoming the launch of the Independent Review of MDBs' Capital Adequacy Frameworks by their FMs and CBGs earlier.<sup>131</sup> Once again, it was the G7 Communique (2021)(paragraph 64) that was more forthcoming in this regard.

The Rome Summit's endorsement of the G7's ambition on climate change targets set the agenda for COP26 that followed, although no individual or collective commitments were made by G20 countries, who account for over 80 per cent of total greenhouse gas emissions, at the Summit itself. This was disappointing, as G20 Leaders did not go much beyond what had already been agreed at COP21 in Paris in

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129. The White House. (2021). Carbis Bay G7 Summit Communique (Paragraph 11). Available at- <https://bit.ly/36uOZV6> (accessed on 20 March, 2022).

130. G20 Research Group. (2021). The G20 Rome Summit's Significant Performance. Available at- <http://www.g20.utoronto.ca/analysis/211031-kirton-performance.html> (accessed on 20 March, 2022).

131. G20 Research Group. (2021). Annex 1: An Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks Terms of Reference. Available at- <http://www.g20.utoronto.ca/2021/210710-finance-annex-1.html#ref2> (accessed on 20 March, 2022).

2015, and the Copenhagen Accord of COP15 in 2009 setting up the Green Climate Fund, under which developed countries committed “to fund actions to reduce greenhouse gas emissions and to adapt to the inevitable effects of climate change in developing countries .... (by providing) US\$30 billion for the period 2010-2012, and to mobilize long-term finance of a further US\$100 billion a year by 2020 from a variety of sources”.<sup>132</sup> This was disappointing in comparison to the G20’s commitment at Pittsburgh itself in 2009, even though the state of climate has worsened considerably since then.<sup>133</sup> However, the Leaders’ Statement was far better equipped in matters of sustainable finance, as it called for setting up a new G20 Sustainable Finance Working Group, a new ‘Pillar’ dedicated to ‘Protecting the Planet’ in the G20 Action Plan, underscoring the need for a more systematic analysis of macroeconomic risks stemming from climate change, tasking the FSB to assess financial stability risks deriving from climate change, and drawing linkages between tax policy and climate change.

The Rome Summit has been declared as a success by some, when compared to summits of the recent past. However, this assessment needs to be qualified by the reality that this was the first crisis Summit following the GFC of 2008, and its outcome needs to be compared with the Washington, London and Pittsburgh Summits. Not only did it fall far short of what was achieved in those first few Summits, but also the major decisions taken at Rome were anticipated in the G7 Summit held four months earlier in Cornwall. It did go a little beyond in some aspects, but was short on numbers and firm commitments, possibly because the Communique drafting Presidency was also a member of the G7. Be that as it may, going forward, this does not augur well for the G20’s official status as the premier forum for international economic cooperation, or for getting multilateralism back on track, as both China and Russia are deeply

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132. UNFCCC. (2009). The Copenhagen Accord, Copenhagen Climate Change Conference, December 2009. Available at- <https://bit.ly/36dxlDN> (accessed on 20 March, 2022). This target has still to be reached.

133. G20 Research Group. (2021). The G20 Rome Summit’s Significant Performance. Available at- <http://www.g20.utoronto.ca/analysis/211031-kirton-performance.html> (accessed on 20 March, 2022).

suspicious of the G7 that was specifically critical of some of their actions<sup>134</sup> in the Cornwall Communique.

### **Looking Ahead: The Indonesian (2022), Indian (2023) and Brazilian (2024) G20 Presidencies**

#### *Challenges before the three G20 Presidencies*

The next three G20 Presidencies (Indonesia, India and Brazil) are all developing countries. These back-to-back Presidencies come at a crucial juncture when the Covid-19 pandemic has not only disrupted several facets of modern economies, from healthcare systems to incomes and supply chains, but has led to the realisation that, despite mortality per capita being much higher in the AEs, the pandemic has had a disproportionately higher adverse economic impact on the faster growing and poorer developing countries (Table 1). These three countries have been among the worst affected major developing countries. Indonesia and India together account for about 90 per cent of total deaths amongst the 7 big South and East Asian countries (Table 4), while Brazil has had the second highest number of Covid-19 related deaths globally.<sup>135</sup> Addressing the continuing risks posed by the pandemic as well as subsequent recovery may, therefore, be expected to top their agenda.

There are fears that if global vaccination targets are not met, the Covid-19 virus may continue to mutate and come back to haunt developing countries where vaccinations are far from the critical thresholds necessary for attaining herd immunity. There are also growing concerns over the speed and intensity of climate change in both developed and developing countries. These pressing common threats not only afford a good opportunity to bring the focus of the G20 discourse back to EMDE-related developmental issues, but also to build a consensus so that the interests of the G7, G20 and the poorest countries coincide.

The question that naturally arises is whether this continuity in developing nations' G20 Presidencies will translate into actionable agenda that can strengthen multilateral cooperation that can go

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134. Paragraphs 49, 51 and 52.

135. Table 4:<https://www.worldometers.info/coronavirus/> (last accessed on November 24, 2021).

beyond that of the G7 and further the interests of developing nations. There are a number of challenges that lie ahead.

First, while such coordination across Presidencies is possible through the G20 Troika that comprises the current, preceding and succeeding ones, in practice, close agenda coordination in the Troika has eluded back-to-back non-G7 Presidencies in the past. The agenda is mostly set by the current Presidency, whose priorities tend to be driven by domestic debates, foreign relations strategies and political exigencies. None of the three countries have a close strategic, bilateral relationship with each other that might lead one to expect close coordination between the three G20 Presidencies.

Second, multilateralism at the highest global stage has frequently come under fire for being a tool in the hands of advanced (G7) countries to primarily further their own commercial and geopolitical interests. The developing countries' limited institutional capacity in the Bretton Woods system has made it historically difficult for smaller nations to affect major policy or aid decisions.<sup>136</sup>

Third, after several decades of economic co-dependency, the strategic rivalry between the world's two super-powers – the US and China – casts a darkening shadow on all major multilateral institutions, including the G20. Recent controversies surrounding China's growing influence in the World Bank and the WHO<sup>137</sup>, that extends far beyond its formal voice and representation, is illustrative of a growing mistrust in the governance of international organisations. Managing this rivalry would be a big challenge for the three upcoming Presidencies, who are relatively junior players in the big power game. The economies of all three countries are closely entwined with that of China, while both Indonesia and India are suspicious of China's geopolitical ambitions in Asia, and look to the US for geopolitical support. It is, therefore, in their strategic interest to get multilateralism back on track. While neither Indonesia nor Brazil is perceived to have committed to taking sides, managing this

136. Jokela, Juha. (2011). The G-20: A Pathway to Effective Multilateralism? Chaillot Papers, European Union Institute for Security Studies. <https://bit.ly/3ij8dxQ> p. 42 (accessed on 20 March, 2022).

137. Report Reveals New Data on China's Growing Power, Influence at 76 Global Institutions. (2021). Centre for Global Development. <https://bit.ly/3qjW1kT> (accessed on 20 March, 2022).

rivalry would be more difficult for India since it is seen as a strategic regional partner of the US and hostile to China. India might need to work with partners, such as Russia and the EU, with which both countries have close ties, and BRICS (group of emerging economies- Brazil, Russia, India, China, and South Africa), to be seen as an honest broker during its G20 Presidency.

Fourth, perhaps the biggest challenge before Indonesia, India and Brazil would be in defining an actionable agenda that is powerful enough to get the Big Three - the US, China and Germany (representing the EU) - within the G20 to buy into their agenda. Without a strong buy-in from the Big Three, there is the danger of extraneous affairs hijacking the priorities outlined by the Presidency at G20 Summits, as has happened in the past Summits not chaired by G7 countries. What matters in the end is not genuflecting to the extant Presidency's stated priorities or grand homilies in the Leaders' Summit Statement that are regurgitated from Summit to Summit, but commitment to *actionable* agendas that can lead to tangible outcomes. Realistically, this is only possible if these countries were to put something on the table that would attract the Big Three. What might these be? Based on the past G7 and G20 Leaders' Statements, it would appear that global health, climate change, trade and investment, and governance of multilateral economic order are the four core areas of interest for the Big Three as well as developing countries. One could perhaps add a fifth area of some forward-looking issues of common interest related to the emerging global economy, on which both economists and policymakers are struggling to find answers and solutions.

Developing countries and the AEs within the G20 have, however, sparred over these core areas, leading to well-calibrated language in the G20 Leaders' Statements, from which it is difficult to deviate across Summits. Such core areas include: (a) 'common but differentiated responsibilities and respective capabilities', linking developing country emission reduction commitments to the Copenhagen Accord on the Green Climate Fund contributions by AEs; (b) 'phasing out fossil fuel subsidies while protecting the interests of the poorest/most vulnerable'; (c) 'market determined exchange rates.... and refraining from competitive devaluation of

currencies’; (d) ‘a successful, ambitious, comprehensive, and balanced conclusion consistent with the mandate of the Doha Development Round’; (e) ‘commitment to the important role of open, fair, equitable, sustainable, non-discriminatory and inclusive rules-based multilateral trade system with the WTO at its core’; (f) ‘even-handed and effective IMF surveillance and to better identify and address spill-over effects’; (g) ‘IMF Quota reforms<sup>138</sup> that better reflect the relative weights of IMF members in the world economy,’ etc.

Climate change, trade and investment have, therefore, mostly been a defensive agenda of developing countries as they are reluctant to abandon their special carve-outs<sup>139</sup> in the UNFCCC and WTO, and make new commitments in the G20 Forum. Governance reform in multilateral economic institutions, and development aid on the other hand, have been their offensive agendas where AEs are continually tested to make more commitments than developing countries. They have not been able to negotiate in the IMF and the World Bank on account of their limited voice and representation in these bodies.

One way in which these three upcoming G20 Presidencies can define an agenda that combines the interest of the G7 and developing economies is through their Sherpas playing an active role right from the start of their Presidencies, by visiting the national capitals of all G20 countries for an exchange of views before finalizing the Summit agenda priorities. This is the manner in which South Korea, the first non-G7 Presidency of a G20 Summit, went about incorporating ‘development’ as a core G20 agenda that was subsequently carried forward by the next G20 (French) Presidency and beyond.

### *Possible Agenda: Offensive and Defensive*

Judging from its stated priorities, ‘**Recover Together, Recover Stronger**’, Indonesia’s agenda would be clearly shaped by the recovery from the pandemic and climate change. In September 2021, Indonesian President Joko Widodo announced that the G20 Bali Summit 2022 would advocate for concerted state action by all members for mobilising global health security resources like vaccines

138. IMF Quota Reforms. <https://bit.ly/3JlGJUa> (accessed on 20 March, 2022).

139. Special but differential treatment provisions in the WTO (here) and the provisions under ‘Common but differentiated responsibilities’ principal of the UNFCCC (here).

and finances, and developing a standardised global tourism and travel protocol. Moreover, aligning with the Summit's priority, strong emphasis will be laid on building climate change resilience and green infrastructure. Mr Widodo, whose own rise to power in the 2019 general elections in Indonesia was based on improving infrastructure and state of the environment in the country, announced that the agenda advanced at the Bali Summit would reflect Indonesia's commitment to low carbon development and green technology.

It is a barometer of how times have changed, and how climate change now tops the global agenda, that while developing countries were strongly resistant to references made to a low carbon recovery in the early G20 Summits that debated recovery from GFC 2008, both developed and developing countries within the G20 are now on board in working towards 'Building Back Better' while picking up the pieces from the Covid-19 pandemic, as building back better would essentially be a low carbon recovery.

Besides this focus on the economy and the environment, some other issues the Indonesian G20 Presidency is expected to discuss are the Taliban takeover of Afghanistan and its ensuing impact on vulnerable groups, the issue of Palestinian independence and Myanmar's difficult political scenario.<sup>140</sup> Digital transformation of the economy, including bridging the digital divide and empowering small businesses, was a focus area of the Italian Presidency, with a Ministerial meeting on 'Digitalization and Research' held on 5-6 August at Trieste where the Digital Economy Task Force (DETF) set up under the German G20 Presidency in 2017 was transformed into a permanent Digital Economy Working Group (DEWG).<sup>141</sup> Indonesia has stated that the focus on the digital agenda would be carried forward, but the focus areas would be fleshed out only in the coming months.

Beyond this, it is difficult to take a view on what the priorities and agenda of the three Presidencies are likely to be so early on.

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140. Sen, Mallika; Karmini, Niniek. (2021). Indonesia leader lays out priorities for G-20 presidency. AP News. September 23. Available at <https://bit.ly/3JqS6KF> (accessed on 20 March, 2022).

141. G20 Research Group. (2021). Declaration of G20 Digital Ministers: Leveraging Digitalisation for a Resilient, Strong, Sustainable and Inclusive Recovery. Available at- <http://www.g20.toronto.ca/2021/210805-digital.html> (accessed on 20 March, 2022).

Much would hinge on the global circumstances prevailing at the time. At this stage, one can only speculate on how these Presidencies might define the agendas in the five core areas listed below.

- 1) *Healthcare*: The Covid-19 pandemic has highlighted the ineffectiveness of individual countries, no matter how advanced, in managing extreme health crises that are global in scope. Amongst the three forthcoming Presidencies, India is best placed to push the healthcare agenda. Such an agenda advanced by New Delhi could be especially significant for the international community, given the support India commands among developing nations and its role as a pharmaceutical hub. To better appreciate the direction India can take in the future for charting out priorities, one only needs to look back at the country's engagement with the G20 and the international community at large when the pandemic struck through Covid-19 vaccine exports and timely aid extended to both developed and developing countries. India's commitment to produce over 5 billion vaccine doses by the end of 2022, which could be easily made available to numerous countries across the world if emergency use authorisation is granted to its indigenously produced Covaxin<sup>142</sup> was well received at the Rome Summit, as was the 'One Earth One Health' vision outlined by the Indian Prime Minister (the WHO subsequently granted this authorisation in November of 2021)<sup>143</sup>. Thus, India is well placed to drill deeper on matters relating to vaccine production and distribution, and be an advocate for bridging inequalities in access and availability of vaccines. The agenda could include a commitment to waive off intellectual property barriers, restraining production, sharing results of clinical trials and mutual recognition of vaccine certification during pandemics.

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142. Roy, Subhajit. (2021). India ready to make over 5 billion Covid vaccine doses by end of next year: PM Modi. Indian Express. October 31. Available at <https://bit.ly/3u93xQB> (accessed on 20 March, 2022).

143. WHO issues emergency use listing for eighth Covid-19 vaccine. (2021). <https://bit.ly/3qkwsAc> (accessed on 20 March, 2022).

The internal weaknesses of the Big Three, including the US and Europe, exposed through suboptimal management of the pandemic, despite their strong healthcare infrastructure, and global scepticism regarding China's intent and activities surrounding the origin of Covid-19, could give India the high moral ground for global leadership on the issue and help it regain some of the soft power eroded in the recent past. While its feat of achieving nearly 1.7 billion vaccinations by 8 February, 2022 has no doubt attracted global attention, it would have to demonstrate that its own healthcare system, which was badly exposed during the deadly second wave of the pandemic, is strong and worthy of emulation.

India could also leverage its strength in traditional medicine and ancient healing practices to work towards a protocol for management of endemic diseases, although the lack of standardised trial and testing procedures in traditional medicine might be an issue, given the dominance and political clout of global pharma. Besides, it would require significant soft power efforts from India to increase global uptake of traditional medicine practices and douse inhibitions. Be it as it may, the current geopolitical disequilibrium in the world provides India a huge opportunity to fill in this geostrategic void and reinstate the G20's commitment towards ensuring equal access to healthcare for all.

- 2) *Governance of multilateral economic institutions:* With their reducing share in the global economy, and growing indebtedness that constrained their ability to adequately resource these institutions, the continued dominance of G7 countries in the aid-giving BWIs was increasingly questioned by faster growing emerging economies. In the treaty-based multilateral economic institutions such as the WTO and UNFCCC, where each country had one vote, developing countries were able to block the agenda of advanced economies and negotiate special carve-outs with differential responsibilities for themselves.

As per capita incomes in emerging markets increased, advanced economies wanted to renegotiate these carve-outs.

The first crisis of post-war multilateralism arose from these frictions in the governance of both sets of institutions. The rise of the G20, in the sense of democratization of the G7, on which the G20 itself was patterned, can be seen as an attempt to find a way out of this impasse.<sup>144</sup>

Despite its initial success, the G20 appears to be faltering in bridging the North-South divide, undermining multilateral cooperation. Despite minor adjustments, AEs seem unwilling to reduce their share in the BWIs, commensurate with the shift in economic weights, and developing countries equally unwilling to give up negotiated carve-outs. It did not help that in the post-GFC period, and more so in the wake of the Covid-19 pandemic, growth in developing countries has declined more sharply than in the AEs.

The three countries holding the present and upcoming G20 Presidencies have, for years, worked closely in the BRICS and/or the G20 forum to increase their voice and representation in the BWIs, and to block the renegotiation in the G20 of the special carve-outs for developing countries agreed in the WTO and UNFCCC. Their back-to-back G20 Presidencies is, perhaps, a good time to ponder whether revisiting their stand might get North-South cooperation in multilateral institutions back on track.

The BWIs are essential for providing aid to developing countries. The donors' contribution is proportionate to their share/quota in these organizations. As the biggest beneficiaries of this aid, it made eminent sense for developing nations to push aggressively for increasing their voice and representation in the management of these flows. However, amongst them also the big developing countries in the G20 are now adequately self-insured against balance of payments crises, and the size of their economies have grown to a level where multilateral bank assistance is of marginal importance to their developmental needs. The irrelevance

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144. See Alok Sheel (2021), Multilateralism, the Global Economy and the Rise of the G20, <https://www.icwa.in/guestcolumn/07062021.pdf> (accessed on 20 March, 2022) for a fuller exploration of this theme.

of the recent SDR increase in the IMF came into sharp relief with the realization that it was far more important to reallocate the new issue of \$650 billion IMF SDRs to poor countries as concessional aid. IMF's ability to borrow from its membership in proportion to their quotas, and using this to provide emergency crisis assistance, now holds far more relevance than countries drawing on the SDRs allocated to them in proportion to the quotas held by them.

Multilateral aid flows are now critical only for smaller and poorer developing economies. The question that the three G20 Presidencies need to ask themselves is whether they are prepared to substantially increase their multilateral aid contributions without being recipients of this aid. Multilateral aid presently falls far short of the USD 2.5 trillion that developing countries require to sustainably recover from/evoke an economic crisis (as reported by the UNCTAD in 2020).<sup>145</sup> In the IMF, the allocation of SDRs is regressive as maximum aid accrues to developed nations that least require it (BU, 2021).<sup>146</sup> If these Presidencies were simply to push aggressively for increasing the resources of multilateral economic institutions, delinking this from the issue of voice and representation, not only would they improve their standing and soft power with developing countries outside the G20, but the extant shareholders might be unwilling to substantially increase their own contributions without devolving greater shares/quotas to the bigger developing economies.

- 3) *Climate change and the environment*: The negotiating stand of developing countries within the UNFCCC has, so far, been based on the principle of 'common but differentiated responsibilities' (CBDR). As late industrializers, they need a

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145. \$2.5 trillion COVID-19 rescue package needed for world's emerging economies. (2020). United Nations.

146. Boston University (BU) Global Development Policy Centre. (2021). "Re-channeling Special Drawing Rights for a Climate Resilient and Just Transition: Prospects for a Resilience and Sustainability Trust". September 28. Available at: <https://bit.ly/3hKZh47> (accessed on 20 March, 2022).

growing share of the remaining ‘sustainable’ carbon space, the greater proportion of which has already been used up by the AEs during the course of their own development. Thus, while bigger developing countries such as China and India account for a large chunk of incremental emission growth, their per capita emissions are still far lower than those of the AEs. In 2018, for instance, India, Brazil and Indonesia had the world’s third, fifth and sixth largest carbon emissions.<sup>147</sup> Developing countries have been extremely reluctant to agree to emission reduction targets, and in any case link any commitments as part of a global compact on financial and technological transfers from the North to the South. A shift to carbon-friendly growth is not only costlier, but much of the technology involved is proprietary to large multinational corporations based in developed countries.

Most of the emission reduction commitments were, consequently, initially made by developed countries. Extensive discussions were held in FMCBG meetings in the run up to the second G20 Summit in London to get members to agree to emission reductions, but these were inconclusive and the issue of climate change, including a low-carbon recovery, failed to find a place in the Leaders’ Communique. It was after the creation of the Green Climate Fund at COP-15 in Copenhagen in 2009 that a major breakthrough came through the Paris Accord at COP-21 in 2015 where 196 parties/countries agreed legally binding ‘Nationally Determined Contributions’ (NDCs), to be updated every five years, as part of a global compact to limit global temperature rise to well below 2 per cent, preferably to 1.5 per cent, compared to pre-industrial levels.<sup>148</sup>

According to United Nations Environment Programme (UNEP)’s Emission Gap Report (EGR) 2021, released just

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147. Dan Clark, Sam Joiner & Steven Bernard, COP 26: How every country’s emissions and climate pledges compare, Financial Times, October 26, 2021. <https://on.ft.com/3whvmZP> (accessed on 20 March, 2022)

148. UNFCCC. (2015). The Paris Agreement. Available at- <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement> (accessed on 20 March, 2022)

before the start of COP-26, even after considering the newly updated NDCs under the Paris Accord, temperatures are expected to rise by 2.7 degrees by 2100. While this is an improvement over the 4 degrees projection in 2014 on the eve of the Paris Agreement, and 3.2 per cent in the UNEP EGR 2019 that projected 3.2 degrees, this is still very far from the 2015 ambition of 1.5 degrees. Temperatures have already risen 1.1 degrees above pre-industrial levels, and most environmental experts agree that any temperature rise beyond 1.5 degrees would be catastrophic as it would lead to even wider-ranging and more destructive climate impacts. The UNEP has estimated that current levels of greenhouse gas emissions need to be halved by 2030 to achieve 1.5 per cent.

These assessments, along with the increasing frequency and likelihood of extreme climate events such as vapor storms, unseasonal rains, flooding of cities, melting of the permafrost and polar ice, et cetera<sup>149</sup> across the globe in recent years, have injected a sense of urgency in the global climate negotiations and put the subject on top of the global government, corporate, civil society and multilateral agendas.<sup>150</sup>

Brazil, Indonesia<sup>151</sup> and India have all updated their near-term (2030) Paris Agreement NDCs, although India is the only amongst the three to announce a firm commitment to long-term net zero emissions, and the first major developing country to do so after China (2060). While India still has to officially update its Paris NDCs, the Indian Prime Minister announced an ambitious, widely publicised 5-point agenda (*Panchamrit*) for environment action at the COP-26 Summit,

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149. Intergovernmental Panel on Climate Change (IPCC). (2021). Climate change- widespread, rapid, and intensifying. Available at- <https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/> (accessed on 20 March, 2022)

150. Gillian Tett, We should not be too quick to dismiss 'blah, blah, blah' on climate, Financial Times, November 11, 2021, <https://www.ft.com/content/f3ce7f9e-a987-4ab3-ae4d-ae4bff283635> (accessed on 20 March, 2022)

151. Indonesia has updated but not improved upon its Paris Agreement commitments.

which includes – (i) reducing its emission intensity of GDP by 45 per cent (instead of the previously agreed upon 33-35 per cent), (ii) enhancing renewable energy capacity in the total energy mix from 40 to 50 per cent, (iii) reducing total projected carbon emissions by 1 billion tonnes, (iv) increasing non-fossil fuel capacity from 175 GW to 500 GW by 2030, (v) and net zero carbon emissions by 2070.<sup>152</sup>

With these recent announcements, India's International Solar Alliance (ISA) initiative<sup>153</sup> along with France at Paris COP-21, its steep POL taxes, and by virtue of its status as a major developing country, the Indian G20 Presidency is well-positioned to turn a traditionally defensive developing country agenda into an offensive one by bringing the North and South closer on the issue of climate change, and going beyond the grand bargains of the Copenhagen and Paris Accords. The Indian Presidency could press for higher environment funding and technology transfers by developed nations in return for more concrete emission targets, both short-term and long-term, with more ambitious timelines.

The agenda advanced by New Delhi must incorporate measures to balance concerns of reducing carbon emissions with resultant development lags and job losses that smaller nations fear. Action points in this agenda could include – (i) cooperation on deciding and achieving short-term decarbonisation targets, (ii) creation of jobs in the renewable energy sector on a year-on-year basis proportionate to the ones lost in traditional power-generating sectors, (iii) phasing out the internal combustion engine, (iv) cooperation on planned obsolescence of coal-based power-generating plants in South Asia, et cetera. Besides, India can extend access to its carbon trading markets for emerging markets

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152. Committing to net zero by 2070 was an unexpected and major shift in India's climate change negotiating position, and appears to have been based on a number of studies suggesting that this was indeed possible. Centre for Social and Economic Progress (CSEP). (2021). Getting to Net Zero: An Approach for India at CoP-26. Available at- <https://bit.ly/3Ju6WQG> (accessed on 20 March, 2022)

153. <https://www.isolaralliance.org/>- The initiative seeks to mobilise investment of nearly USD 1000 Billion by 2030 for the solar energy sector. (accessed on 20 March, 2022)

in South and South-East Asia, and collectively leverage the US, UK and EU to inject investment into green infrastructure and clean technology projects in these markets, closing the financing gap. Moreover, by means of the New Delhi Action Plan, India can also boost global support and participation for its ISA initiative launched in 2015, which seeks to mobilise investment of nearly USD 1,000 billion by 2030 for the solar energy sector. Particularly in the context of electric vehicles being produced in developed nations like the US, but newly being launched in emerging markets of South and South-East, India's endorsement for solar energy in its agenda would provide for a compelling point of interest for both developing and developed nations alike. In wake of China's recent addition to the list of countries like South Korea and some G7 countries that have announced they will not be financing the development of coal projects abroad, India's agenda and potential market for green tech can provide a viable alternative for foreign investments from the Big Three. The Indian Prime Minister's call for developed nations to dedicate 1 per cent of their GDP towards financing green projects in the developing world and the establishment of a 'clean energy projects fund' at the G20 2021 Rome Summit can be carried forward by the Indian Presidency.

Additionally, India could broach this point in the agenda on climate change with ingenious solutions based on the Union government's own strategy back home. The promotion of ethanol as an alternative fuel or as blended stock with petroleum (20 per cent targeted blending by 2025) is one strategy that India could promote at the global scale to free multiple countries from their oil and coal dependence and reduce Consumer Price Inflation (CPI) shocks caused by oil price variations. For the developing nations of the G20, adoption of this clause in the agenda would imply a massive economic gain, given their competitive advantage in food grains production (sugarcane and rice), and the allure of a reduced balance of payment deficit due to less dependence on oil imports. Besides, to gain support from

the larger nations, India can push for higher inflows of green investment by these nations into sectors like manufacturing of flex-fuel ethanol engines, establishment of ethanol pumps and electric vehicle charging stations, etc., that would yield alluring returns in the near future.

- 4) *Trade and investment*: The increase in global growth in the post-war period went hand in hand with the growth in international trade, which had declined sharply from 30 per cent of global GDP on the eve of WWI to 10 per cent within two decades. In the post-war period, the General Agreement on Tariffs and Trade (GATT) of 1947, that later folded into the WTO, led to reductions in tariffs, quotas and subsidies on internationally traded merchandise goods over time. As a consequence, trade/GDP ratios started rising again, recovering to 30 per cent by the mid-1970s, and peaking at just above 60 per cent in 2008.<sup>154</sup> The growth rate of the global economy increased in tandem with growth in international trade, from a little over 3 per cent in the eighties to peak at just under 5 per cent in 2002-07.

During the pre-war era of enforced free trade, globalization had worked in favor of imperial powers, widening the income gap between them and their colonial dominions. Given their experience with cross-border trade, when the colonies regained their sovereignty in the post-war period, their instinct was to turn inwards by setting up protective walls denied to them by their imperial masters to grow their infant industries. It was only after the collapse of the Bretton Woods Mark 1 (fixed exchange rate system) in the 1970s, and the emergence of floating and discretionary exchange rates, that some former colonies changed tack by opening up their economies and exporting their way to hyper growth.

Growth acceleration was increasingly skewed in favor of EMDEs. Overall, growth in OECD countries was higher/ at the global average until 1995 – except in the seventies

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154. (Ortiz-Ospina&Beltekian\_U) Ortiz-Ospina, Esteban and Beltekian, Diana, Trade and Globalization, Our World in Data, The Oxford-Martin Programme on Global Development. <https://ourworldindata.org/trade-and-globalization>. (accessed on 20 March, 2022).

– following which non-OECD countries started growing faster.<sup>155</sup> The trend peaked during the global boom of 2002-07 preceding GFC 2008, when EMDEs grew almost three times faster than AEs. While growth has slowed across the board in the period since the GFC, EMDEs are still growing about two and a half times faster than AEs.

In the post-war period, the advanced (and former imperial) economies had pushed aggressively for globalization, while the former colonies were reluctant liberalizers. Over time, however, the disproportionate gains from globalization and increasing income convergence in the period after the collapse of Bretton Woods Mark 1 gradually led to disenchantment with globalization in the AEs. There was a feeling that EMDEs, especially those in Emerging and Developing Asia (and particularly China) had cornered most of the gains, using their special carve-outs and discretionary exchange rate mechanism to enhance their competitiveness under Bretton Woods II, and captured Western markets, leading to large scale de-industrialization and loss of blue-collar jobs in the latter.

Mounting global imbalances, inequality, unemployment and stagnant real wages in AEs were increasingly attributed to unfair trade and globalization. This made AEs less willing to accept the special carve-outs for the more developed EMDEs, in both trade and climate change negotiations. Therein lay the genesis of the impasse and gradual breakdown of the WTO and trade multilateralism, with new contentious issues like exchange rates, industrial subsidies, labor relations, climate change, health intellectual property, and differential economic and political systems being injected into the international trade negotiations once industrial tariffs had been negotiated down to levels that made them irrelevant in the negotiations. The fact that agriculture was practically untouched by WTO agreements, and the structure of international trade started changing with the increasing

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155. World Bank Open Data Indicator- GDP at Market Price. (undated). <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD> (accessed on 20 March, 2022).

importance of services – formerly considered non-tradable – digital trade and global value chains, brought multilateral negotiations almost to a standstill from the Doha Round, and its most successful component – dispute resolution – has become dysfunctional. Global trade rules are becoming increasingly multi-polar through changing coalitions and regional blocks, marked by new preferential, plurilateral trade agreements such as African Continental Free Trade Area (AfCFTA), Comprehensive and Progressive Agreement for Trans-Pacific (CPTPP) and Regional Comprehensive Economic Partnership (RCEP). Several of these issues were underscored by the G20 Trade and Investment Ministers' meeting at Sorrento, Italy, on October 12, 2021, as they called for reform of the WTO at its 12<sup>th</sup> Ministerial meeting in December 2021.<sup>156</sup>

These are the challenges that the three G20 Presidencies need to address. Developing countries are recognising that, while they were on the back foot when AEs pressured them to open their economies in the post-war period, circumstances have changed. It is the AEs that feel more threatened by globalization, and where domestic political sentiment is turning against it. It is for the developing countries that have benefitted more from the gains from trade over the past couple of decades to aggressively take up the cause of keeping trade open. Even India, which has been the most reluctant trade liberalizer amongst the major developing countries, saw its growth accelerate when it opened up from the nineties and slow down as it turned inwards again over the last half decade.<sup>157</sup>

Trade should now be seen as an offensive rather than a defensive agenda by developing countries in the G20. The three Presidencies are well positioned to work towards a

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156. G20 Research Group. (2021). G20 Ministerial Statement on Trade and Investment. Available at- <http://www.g20.utoronto.ca/2021/211012-trade.html> (accessed on 20 March, 2022)

157. India has been raising customs tariffs over the last few years, and its recent policy announcement of 'Atma Nirbhar Bharat' (self-reliant India) is considered retrograde from the viewpoint of international trade.

consensus within the G20 to get the WTO back on track. Brazil has a competitive advantage in agriculture, Indonesia is closely integrated with South-East Asia that has a competitive advantage in industrial goods, while India has strengths in information technology and digitalization. The leaders of the five major blocs in the WTO – the US, EU, China, India and South Africa – are all members of the G20. Climate-friendly and climate-resistant infrastructure investment, especially in transport and power infrastructure, is the other area of mutual interest to all G20 countries. It has been estimated that over \$40 trillion is needed in infrastructure investment globally,<sup>158</sup> including \$27 billion in Asia alone.<sup>159</sup> Based on current investment trends, the annual investment is expected to be about one-third of a trillion dollars till 2030.<sup>160</sup> The G20 began focussing on investment relatively early, right from the time of the fifth Summit in Seoul. However, it never got much traction in the forum, because MDBs were not adequately resourced, and historically private investment has been wary of the low returns and risks in this area. It was China that took the lead in this regard, investing about \$770 billion in 130 developing countries as part of the (Silk) Belt and Road Initiative (BRI) between 2013 and 2020.<sup>161</sup> This is about twice the amount lent by the World Bank (\$354.2 billion) during the same period.<sup>162</sup>

In view of the growing strategic rivalry, the US tried to counter this through the Build Back Better World

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158. The White House. (2021). FACT SHEET: President Biden and G7 Leaders Launch Build Back Better (B3W) Partnership. Available at- <https://bit.ly/3KSKT7TK> (accessed on 20 March, 2022)

159. Asian Development Bank. (2017). Meeting Asia's Infrastructure Needs. Available at- <https://www.adb.org/publications/asia-infrastructure-needs> (accessed on 20 March, 2022)

160. OECD. (2019). China's Belt and Road Initiative in the Global Trade, Investment and Finance Landscape. Available at- <https://bit.ly/3ilpczD> (accessed on 20 March, 2022)

161. Green Finance and Development Center. (undated). Investments in the Belt and Road Initiative. <https://greenfdc.org/investments-in-the-belt-and-road-initiative-bri/> (accessed on 20 March, 2020). The OECD's estimate is around \$ 1 trillion over a ten-year period from 2017.

162. World Bank Group Finances. (undated). IBRD/IDA Summary. Available at- WBG Finances - IBRD/IDA Summary ([worldbank.org](http://worldbank.org)) (accessed on 20 March, 2022)

(BW3) initiative, included in the recent G7 Carbis Bay Declaration. The Declaration, however, gave no indication of the additional amount of funding targeted over and above existing levels, and where this would come from. G7 countries, with the exception of Japan and Germany, have a big savings-investment gap, unlike China that is able to recycle its excess savings into BRI. Japan has its own bilateral savings recycling programme through Japan International Cooperation Agency (JICA), while Germany's excess savings finance deficits in the southern Euro zone countries. It is also difficult to see the US Congress agreeing large overseas investment commitments when its own domestic BW3 legislation ran into rough weather, with the Congress halving the original proposal of \$3.55 trillion to \$1.75 trillion.<sup>163</sup> It is on account of strategic rivalry that India has kept out of BRI, and the three G20 Presidencies will have to carefully navigate the choppy waters of these conflicting initiatives during their Presidencies, while addressing investment and infrastructure issues.

Closely linked to investment are issues relating to the growing size and volatility of cross-border portfolio capital flows that are the spill overs of new monetary policies in reserve currency area. Developing countries need the policy space to respond to such potentially destabilizing flows without being seen as currency manipulators from the trade agenda perspective.

- 5) *Pressing and emerging economic issues*: In addition to the ongoing agenda, in particular the four core areas of healthcare, global economic governance, climate change, trade and investment, the three Presidencies can be expected to focus on the pressing economic issues prevalent during their Presidencies as well as on addressing emerging

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163. The White House. (2021). President Biden Announces the Build Back Better Framework. Available at- <https://bit.ly/3CSEsNX> (accessed on 20 March, 2022).

MSN. (2021). Sanders says the White House's \$1.75 trillion Build Back Better framework is 'by far the most significant piece of legislation ever passed in the world' to tackle the climate crisis. Available at- <https://bit.ly/3Msd3Xn> (accessed on 20 March, 2022)

economic issues so that they can be seen as baton-bearers of a new world economic order in the post-pandemic era.

Action Plans developed by the FMCBG G20 working group on 'Strong, Sustainable, Balanced, and Inclusive Growth' that India co-chairs with Canada, could be leveraged by the three Presidencies for this purpose. Reviving economic growth, revisiting capital adequacy norms and bank health, checking uncontrolled inflation in prices of consumer goods and fossil fuels are some of the important points for consideration. The Action Plans could also monitor commitments by G20 countries to provide adequate finance for completion of two doses of Covid-19 vaccines by a targeted date, and coordinate country-specific actions to try and raise global growth beyond levels currently projected by the IMF, on the lines of the Brisbane Summit.<sup>164</sup>

The Presidencies could also initiate debate within the G20 Finance Ministers and Central Bank Forum on ways to build a policy consensus to deal with new economic challenges such as rising inequality, jobless growth and, in particular, youth unemployment and old-age poverty. While the discipline of economics has from the beginning been based on the assumption that resources are scarce, we now seem to be entering an era where returns to capital are rising faster than returns to labour, productivity growth racing ahead of employment growth on account of rapid technological advancement, especially in artificial intelligence, and eventually a demand- rather than a supply - constrained world. The global minimum tax on corporate initiative is a response to these structural changes as the tax structure might need to shift increasingly from labour to capital. More radical solutions are being debated, such as inheritance taxes and universal basic incomes. The G20 needs to provide global leadership in discussing such cutting-edge economic issues.

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164. G20 Research Group. (2021). Annex I: Fourth Progress Report on the G20 Action Plan. Available at-<http://www.g20.utoronto.ca/2021/211013-finance-annex1.html> (accessed on 20 March, 2022)

Finally, the current crisis of multilateralism is also an opportunity for rethinking it in response to the changes that have seen the rise of new stakeholders and cross border spill overs since the Treaty of Westphalia in 1648, on which the current framework of multilateral cooperation is based.

Neither non-government nor civil society organizations were major players in the Westphalian system dominated by nation-states. However, the reach, resources and influence of some big non-governmental organizations, foundations and non-state actors now match and exceed those of several nation-states.<sup>165</sup> There are both synergies and contradictions between the growing clout of Transnational Corporations (TNCs) and sovereigns in trade, labour, climate change, infrastructure and financial sector policies. Even as TNCs endeavour to disseminate international trade and modern technology seamlessly to every flag on earth, the compulsions of domestic politics periodically impel nation-states to turn inwards and behave nationalistically.

Likewise, major civil society interventions now supplement the efforts of the State in areas as diverse as addressing hunger (such as India's *langar system*<sup>166</sup>), climate change and the environment, financing small enterprises (such as the Gramin Bank initiative in Bangladesh) and responding to crises that were formerly squarely within the domain of sovereign action. Considering the role of non-governmental and civil society organizations, involving and recognizing them as stakeholders in multilateral decision-making might well improve the effectiveness of decisions taken by the G20. This is particularly the case in dealing with climate change since much of the financial and technology transfers are likely to come from non-state actors. The G20 would need

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165. (Mathews 1997) Mathews, J.T, Power Shift. *Foreign Affairs*, 76(1), 1997. pp. 50-66

166. Community kitchens (particularly at Sikh shrines of worship) that serve freshly cooked meals to everyone regardless of religion, caste, creed, gender, race etc. During the second wave of the Covid-19 pandemic in early 2021, Sikh communities also extended this format towards ensuring oxygen supply for people battling the virus. Beds/chairs and oxygen cylinders were arranged for in make-shift tents for patients who were unable to secure beds in hospitals and/or procure personal oxygen cylinders.

to evolve a protocol for participation of new stakeholders in multilateral cooperation. This will not be easy, but the G20 is the right forum for debating the issue.

### **Concluding Remarks**

The G20, which expanded to include the ‘Sherpa’ (Leaders) channel in 2008, from the FMCBGs forum set up in 1999, is a benchmark in the democratization of the post-war multilateral economic order dominated by the G7. The rapid increase of the share of EMDEs in the global economy and their growing role in managing global spill overs lends the G20 immense value as an institution for international cooperation on pressing global concerns, both in times of crises and normalcy. It does not come as a surprise, then, that the G20 has also expanded the scope of its agenda to accommodate diverse matters like health, climate change, trade and investment, taxation, money laundering, terror financing, etc.

Among other recent developments at the recent G20 Rome Summit in 2021 that occupied centre-stage, such as managing the fallout of the Covid-19 pandemic and climate change, reviving multilateralism and equipping it to take on challenges of a fast changing world, are the most salient tasks that the G20 has to navigate its way through.

Beginning with the criticism that the agenda of the G20 has lately become too expansive to provide effective solutions, to the Bretton Woods twins’ lagging fiscal support to developing country markets, including in the wake of the Covid-19 pandemic, and failure to take the climate change agenda forward in a meaningful manner by leading from the front, are reasons aplenty for the world to look at G20 cooperation with scepticism. This growing negative perception was underscored at the Rome Summit by the absence of some global superpowers and a sense that the major agreements were anticipated at the G7 summit held a few months earlier.

The urgent need for multilateral cooperation in an increasingly interconnected world with growing cross-border spill overs is nowhere more manifest than in addressing climate change. As a compact representative grouping of systemically important economies, the G20 remains one of the best positioned forums to collaborate and

mitigate some of the most pressing concerns of the world today. The ensuing three back-to-back Presidencies of three major emerging markets – Indonesia, India and Brazil – raises the question whether this continuity in developing nations’ G20 Presidencies would translate into actionable agenda that can strengthen multilateral cooperation beyond that of the G7 and further the interests of developing nations. There are several challenges to be surmounted for this to be feasible. The three Presidencies must work out a strategy on major issues such as global health, climate change, trade and investment, governance of the new multilateral economic order, and other pressing and emerging economic issues that can excite and engage both advanced and emerging economies within the G20.