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Supporting developing countries for a global sustainable recovery: lessons from the Italian G20 Presidency

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A series of high-profile events^{[1](#)} has added up to making 2021 a crucial year to tackle the global sustainable development agenda and present a unique opportunity to drive a virtuous circle of political commitment,

regulation, and financial flows towards sustainable recovery in developing countries, which is a key issue of this year's G20 cycle. Bringing the voice of developing countries in the global multilateral agenda is not easy to tackle due to different and often competing political priorities. This blog draws lessons from the Italian G20 Presidency to inform the development policy considerations and efforts of the upcoming Indonesian, Indian and Brazilian G20 Presidencies. These Presidencies have a great potential to prioritize sustainable recovery in the Global South in their own, as well as in cooperation with the G7 and EU Presidencies when appropriate.

What slows down a fast G20 response to sustainable recovery in developing countries

Institutional rivalry and tensions with other G20 tracks as well as a representation gap in the Development Working Group (DWG) have hampered decision-making in the G20 development agenda. As an example, while all G20 countries have a financial minister, most of them lack dedicated ministries for development policy and the associated assigned political responsibility within the government. This representation gap has frequently led to divergent interests and approaches in the DWG, thus hindering effective decision-making as many sherpas were not formally entitled to take decisions during the meeting.

Second, in order to support sustainable recoveries, there needs to be a shared understanding of what sustainability means. Unfortunately, six years after the adoption of the Paris Agreement and the 2030 Agenda for Sustainable Development and in the year of the negotiation of the new biodiversity framework, we still lack a shared vision. During this last year, we have observed growing tensions with regard to climate change and biodiversity protection around the "right to pollute" versus sustainable transitions based on climate change mitigation and adaptation. While it is noteworthy that for the first time the forum underlined the importance to stay below 1.5°C (cf. Paris Climate Agreement), the next G20 Presidencies face the challenge to overcome the ambiguous positions of some members trying to water down climate ambition while at the same time fearing to miss out on future low-carbon market opportunities. Without slowing down immediate support to developing countries, G20 members should propose a clear long-term offer of financial and technical support towards low-carbon recovery pathways and long-term strategies.

Third, the lack of adequate agency of developing countries—and particularly Least Developed Countries (LDCs)—has affected the G20's credibility with regard to development issues. Beyond representation, the insufficient progress in increasing Official Development Assistance (ODA) to LDCs has only been worsened by COVID-19. Preliminary data show that net bilateral aid flows from DAC members to LDCs were USD 34 billion in 2020, increasing only by 1.8% in real terms compared to 2019.² These figures send a contradictory signal if the G20 claims to make the support to sustainable recoveries in developing countries a priority, a support that should be additional and should leave no one behind.

Last but not least, the G20's development effectiveness has in recent years been reduced by the lack of consistency of and follow-up by successive Presidencies. G20 Presidencies have progressively abandoned multi-year programming, and have not effectively involved the official eight G20 engagement groups. This has created policy incoherence across the years and frustration especially among the civil society or the research communities.

Promising achievements by the Italian G20 Presidency

The Italian G20 Presidency has tried to address some of these challenges. To begin with, although considered as prerogatives of the G20 Finance Track, the Presidency has put some topics such as debt relief and sustainable financing at the core of the DWG's agenda, trying to boost alignment with other tracks. A promising innovation of the Presidency was to organize joint sessions between the DWG and the re-established Sustainable Finance Working Group within the Finance Track to ensure stronger dialogue and policy coherence. In the context of a global multiple crisis that risks widening not only financial gaps but also policy gaps between the North and the South,³ a closer collaboration between these two tracks must be developed even further by future Presidencies. Moreover, such an increased intra-institutional horizontal cooperation, combined with the fact that Italy will host the second edition of the Finance in Common Summit this month, has contributed to build up a stronger momentum for a sustainability shift in the financial system.⁴

In addition, although with mixed results, the the DWG has addressed several key issues for LDCs. Among them, the DSSI extension, the Common Framework beyond the DSSI, but also the discussions on how to effectively re-allocate SDRs by ensuring these resources would serve the purposes of a sustainable recovery for instance by discussing proposals to increase African ownership and agency.⁵

Moreover, for the first time since 2010, the Presidency has organized a dedicated Development Ministerial meeting, leading to several important results including the Matera Declaration on food security, nutrition and food systems.⁶ These development policy deliberations constitute an important step to ensure accountability among the leaders and national bureaucracies to deliver on development issues.

Finally, the Italian G20 Presidency has promoted a stronger involvement of the engagement groups in the production of the G20 development deliverables by fully including them in the DWG meetings as well as in drafting various deliverables.

Recommendations for future Presidencies

First, while all countries will keep promoting individual national agendas and deliverables in the DWG, it would be important to go back to a multi-year planning on development cooperation. This would create consensus as well as common narratives among the different Presidencies and ensure stronger policy coherence.

Second, the G20 should keep working closely with other key fora like the G7 and the EU Presidency; and, in a context of a global crisis, it is essential to strengthen the representation and agency of other actors from the global South—particularly from Africa—that are excluded from the decision-making processes in these multilateral fora.

Third, the G20 will need to strengthen the role of engagement groups to ensure alignment and concerted action by avoiding creating new bureaucracies. This applies not only to research grouping like the Think20, but also to the private sector. In this sense, the DSSI case highlights that private actors are key for the G20 to deliver on debt relief, thus boosting its credibility worldwide.

Finally, while the G20 was a legitimate creation during the financial crisis, its legitimacy should now be based on the ambition of reinventing the global economy that is sustainable, inclusive and low-carbon in close cooperation with other multilateral fora and institutions. What once represented an institutional innovation respected for its crisis response capacity must now be up to the problem of the present: navigating human development in the context of the planetary crisis. Therefore, development policy should be a G20 priority making it an engine for advancing towards global sustainable development.

1 The discussion about the IMF's Special Drawing Rights (SDRs) allocation and the G20's Debt Service and Suspension Initiative (DSSI) have set the tone. But they can only be the beginning of a concerted menu of actions to handle tremendous challenges caused by the pandemic. Next in the line for establishing and sustaining such a virtuous circle could be the Finance in Common Summit, as well as the French EU and German G7 Presidencies.

2 <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2020-detailed-summary.pdf> .

3 <https://ettg.eu/blog-posts/g20-ministerial-meetings-high-time-for-development-and-finance-ministers-to-work-hand-in-hand-for-a-sustainable-global-recovery/> .

4 <https://financeincommon.org/> .

5 <https://www.uneca.org/stories/eca-launches-lsf%2C-a-vehicle-for-debt-management-and-fiscal-sustainability>

6 <https://www.g20.org/wp-content/uploads/2021/06/Matera-Declaration.pdf> .

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