

BLOG POST June 30th 2022

G7: reaching out to the non-aligned, a strategic move, but what credibility?

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🕒 Reading time: 11 min



The G7 summit (June 26-28, Elmau), under the German presidency, was of major importance at a time when global financial and economic stability is being severely undermined by the consequences of the COVID-19 pandemic and the Russian war in Ukraine. This is all the more important as the G20 is politically blocked, even though it was one of the key forums for making progress on the issues of debt and the economic recovery capacities of the poorest countries. Caught between the Russian offensive and the positioning of China, which presents the emerging countries as the voice of the South in opposition to Western countries, the G7 must also succeed in building partnerships with the other countries of the South in order to make them true strategic allies. In this context, two questions arise: since the G7 is, even if for lack of a better word, a key forum for global governance, what is its legitimacy and room for maneuver in this particular period? And does the announcement of the Partnership for Global Infrastructure and Investment on Sunday, June 26, can help rebuild trust with the economically vulnerable non-aligned countries? To answer these questions, this blog post is based on the reflections carried out by IDDRI with other think tanks from the G7

countries and other regions of the world that met in Berlin at the T7 summit at the end of May 2022, and whose recommendations were presented to German Chancellor Olaf Scholz

Just before Elmau, China convened a BRICS¹ summit to which it invited several countries of the South that were also invited to the G7: in doing so, it emphasizes the opposition between Western countries and emerging countries as representatives of the South, albeit being ideologically extremely diverse and hardly convergent. Moreover, African, Latin American and Asian countries, some of which did not align behind the condemnation of the Russian aggression in Ukraine, demonstrate in negotiations such as climate or biodiversity financing their strong expectations concerning a partnership with Europe, but also a great lack of confidence in this partnership, and that they are not ready to be faced with having to choose a side between the West and China, behind which they often line up to ask for more funding from the countries of the North. The announcement of a [Partnership for Global Infrastructure and Investment](#) by the G7, with substantial amounts (600 billion dollars over 5 years, of which 200 billion are provided by the United States, in addition to the European Union's Global Gateway initiative announced in February), is supposed to respond to this demand from the countries of the South. But is it enough? What change in approach would allow the G7 to win real strategic partnerships with non-aligned countries?

In whose name does the G7 still speak?

The G7 has lost much of its legitimacy: what does it represent? Surely no longer the most powerful economies on the planet, and consequently not the forum for negotiating major macroeconomic convergences either: the G20 plays this role. When France held the presidency in 2019, it tried to position it as an incubator for new forms of cooperation, which could then be deployed more broadly within the G20 and then the multilateral system. The initiatives for global food security put forward by the G7 (the German Global Food Security Alliance, which includes the French initiative FARM - Food and Agriculture Resilience Mission) are the most striking example.

It is also in this spirit that German Chancellor Olaf Scholz is seeking to position the offer of a "climate club" bringing together countries that are ambitious in terms of carbon pricing, not as a club restricted to the G7, but open to broad participation. The Elmau summit thus sought to show the openness of this club, so that it would be less exclusive than the driver of an inclusive dynamic, linked to the new dynamic re-launched at the recent session of the World Trade Organization.

Moreover, the G7 could be at risk of setting itself up as a club of democracies, as if the democracies of these 7 countries were paragons without defect in this matter, whereas their flaws are currently widely exposed in the world media. On the contrary, the G7 countries must seek to mobilize around them a club of countries committed to democracy, on all continents.

The G7 expected to be the main financial supporter, but lacking credibility

A strong characteristic of the G7 is that it is still the club of the main donors of development aid, which remains important for the poorest countries. This role itself is however strongly contested by the countries of the South, particularly the lower middle-income countries and also the least developed, all of which have been severely affected by the succession of crises (the [consequences of the pandemic and the war in Ukraine](#)), and whose gap between their very low capacity to finance the recovery and the amounts mobilized domestically by the G7 countries and China has become abysmal ("the great financial divide", according to a recent UN report). It is among these countries that we find many "non-aligned" countries, which refused to support the resolution of Western countries against the Russian invasion of Ukraine, and which thus signal the deep crisis of confidence towards Europe and the United

States, which is also apparent in the expression of mistrust towards the unfulfilled commitments of these countries in the area of climate finance; but the credibility of the G7 countries concerning their commitments was already **strongly eroded**. These countries also signaled their concern that between the two reforming camps, they would always lose out if forced to choose, given the highly asymmetric structure of the global economic system and the temptation of major economies to refocus their economies on their domestic markets and repatriate jobs and value creation back home, in the name of resilience, security and sovereignty.

Beyond the financing issue, a necessary change of method

The G7 has thus become a minority player, very weakened in the geopolitics and the global economic system. This must necessarily lead it to humility, especially at a time when conflicts over values could push this group to declare itself more advanced than the others. This should not prevent it from seeking a form of exemplarity leadership, while being careful not to patronize. This loss of a dominant position has, on the other hand, opened up new opportunities for the G7 to seek out potential strategic partners, as Imme Scholz (President of the Heinrich Böll Foundation) pointed out at the T7 Summit, but a change of method must be demonstrated for these partnerships to become a reality.

Learning **shared leadership** with others includes agreeing to co-construct the agenda itself with allies, rather than calling them in once the agenda is set, which could be perceived as calling for surrogates. In February 2022 for instance, despite efforts by the EU and the AU presidencies to make the agenda and priorities of the AU-EU Summit as symmetrical as possible, the perception that Europe is dictating the agenda is still very much alive, partly because the two sides are unequally resourced to coordinate internally anyway.

Investing in sustainable development in the South: the key to strategic partnerships with non-aligned countries

To embody this change of method, we must start with the priorities of the countries of the South. More than the climate and the Paris Agreement, it is the 2030 Agenda as a whole, and in particular its structural economic transformation component (industrialization, jobs, innovation), which constitutes the major political reference for the countries of the South, and particularly in Africa. It is therefore essential that the G7 support the implementation of the Sustainable Development Goals (SDGs), and above all that it prepare strategically for the mid-term review next year, which could be disastrous and the culmination of a sequence in which it will be all too easy to point to unfulfilled commitments in terms of mobilizing financial flows from the North to the South. This sequence will begin at COP27 on climate in Egypt in November.

What remains to be accomplished in the second half of the 2030 Agenda period is therefore an immense challenge for the G7, both in terms of implementation in national policies and in terms of accelerating the transformation and mobilization of financial resources, at a time when the succession of crises is taking us in the wrong direction. The Addis Ababa Action Agenda on Financing for Sustainable Development cannot be considered on track.

The risky sequence leading up to the 2023 mid-term review is the perfect opportunity to demonstrate the G7's new approach to contributing to global governance, and shared leadership.

A new narrative still to be built, and evidence of a change of method to be consolidated

The G7 countries must therefore build a new narrative and new evidence so that the second half of the SDG period is different, and much better ("[a better second half of the SDG period](#)"). They need to show a change in method: ensuring that Southern countries are as much actors in the implementation of the SDGs as Northern countries (a question of agency as well as ownership), which must be reflected in their ability to define priorities. This is at the heart of the approach of aligning the intervention of G7 donors and multilateral banks with the 2030 Agenda: that is, [alignment](#) with the priorities and transformation trajectories, specific to each country, towards the achievement of all of the SDGs. The change in method also means being very clear about the interests of G7 countries in establishing these partnerships with Southern countries, and clarifying the specificity and "added value" of the G7 countries' offer: rather than conditionalities, requirements in terms of transparency, environmental and social impact, governance, respect for the rule of law, and political space for counter-expertise and the voice of civil society are guarantees of the stability of the political context, and of the predictability and viability of projects.

In its presentation of the Partnership for Global Infrastructure and Investment, the G7 in Elmau placed great emphasis on the importance of transparency, which is essential in terms of the accountability and credibility of G7 countries pledges; moreover, transparency is one of the best ways of qualifying the added value of the financing from the G7. But the countries of the South will be sensitive to the fact that this is not an offer in opposition to Chinese financing, but as much as possible in complementarity, if not in cooperation; opportunities with Chinese operators in third countries must therefore exist in sufficient volume. In this regard, the G7 communiqué overplays the opposition front to front with the Chinese Belt and Road Initiative offer.

The G7 countries will thus be able to better promote innovative approaches and evidence of the financing put on the table: These amounts are substantial, as in the case of the Just Energy Transition Partnership with South Africa announced at [COP26 in Glasgow](#) and whose rapid implementation, which depends in particular on the South African institutions themselves, is nevertheless one of the key building blocks for strengthening the credibility of the promises of the countries of the North; but it is also the approach that must be highlighted, centered on the definition of objectives by South African political actors in complete independence before the G7 countries come to provide the complements of financial solutions. It is also at the price of this clarity on the change of method, by showing projects built from the needs defined by the countries themselves, that the promises in terms of infrastructure financing, such as those made by the European Union with the [Global Gateway Initiative for Africa](#) presented at the AU-EU Summit last February or with the Global Investment and Infrastructure Partnership, will effectively appear as a response to the immense financing needs for the development recovery in the South. Otherwise, they risk appearing as nothing more than a re-labeling of promises already made.

It should also be noted that China itself has already moved from a discourse on infrastructure financing with the Belt and Road Initiative to a discourse on productive investments in Africa and the opening of privileged trade channels to China². While Europe already had [an Africa-Caribbean-Pacific \(ACP\)](#) partnership on privileged access to its market, it has been strongly criticized and its new stage is struggling to be concluded. What place are the G7 countries prepared to give to economically vulnerable countries in the reconfiguration of global economic power relations?

Explaining the equitable sharing of opportunities in this new stage of globalization

Despite the Elmau announcements, the credibility of Europe and the G7 countries to enter into genuine strategic partnerships with the countries of the South is still at stake. It would be essential for the G7 countries to explicitly state, in the midst of brutal attacks on international rules and the retreat of powers to their material interests, that it is in their own best interests, in addition to genuine altruistic motivations, that the G7 countries seek to combat global

inequalities and structural asymmetries in the global economic system.

Sharing value creation, innovation capacity, and jobs in the value chains of tomorrow's decarbonized and resilient economy with countries in the South is not only good economic thinking for all parties, but also good strategic thinking for countries in the North.

¹ Brazil, Russia, Indonesia, China, South Africa.

² https://www.fmprc.gov.cn/fra/zxxx/202112/t20211203_10461781.html

