POST-2015 DEVELOPMENT AGENDA: WHAT’S THE ROLE OF THE G20?

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Zhang Haibing
Shanghai Institutes for International Studies, SIIS

INTRODUCTION

In this paper, the author discusses the issue of how to make the G20 play its role in the Post-2015 Development Agenda, which is based on the exploration of the whole process of setting-up and operation of the G20 development agenda. In the author’s view, compared with the United Nations, the G20 has a small scale membership which may be conducive to better coordinating positions of different countries and hence play certain complementary and supporting role for the Post-2015 Development Agenda. What’s more important, the G20 can make some substantive efforts in critical development areas such as building of infrastructures.

Development has always been an issue of world economy, no matter in the gloomy period of global financial crisis or period of prosperity with steadily growing world economy. Although the concept of development has been given different definitions and conditions in respect of different historical background, the efforts in achieving the goal of poverty reduction and economic growth have never changed for the Least Developed Countries (LDCs) around the world. With the United Nations Millennium Development Goals coming to the end, the forging of the post-2015 global development agenda has been under debate about whether to continue centering on MDGs or expand to the broader sustainable targets of SDGs. Such debates have reflected the reality of different development stages various countries are facing and correspondingly their different interests and demands, which has led to the mismatch of visions and strategic focus while
drawing the blueprint of global common development. The point is that what’s more important for the time being is to take actual actions in respect to global development rather than new initiatives, visions, and plans which has been coming out continuously. With the current situation of fragmentation in the area of global development, it’s uncertain whether the post-2015 agenda sponsored by the UN can unify various different development views into one common goal of international community and provide guidance on global coordinated efforts in promoting development. Compared with the United Nations, the G20 has a small scale membership which may be conducive to better coordinating positions of different countries and hence play certain complementary and supporting role for the Post-2015 Development Agenda. What’s more important, the G20 can make some substantive efforts in critical development areas such as building of infrastructures. This thesis will analyze how the G20 can play certain role in the implementation of post-2015 agenda based on an exploration of the G20 development agenda.

I. THE DEVELOPMENT AGENDA OF G20

The development agenda has not been a new issue for the G20. It was just that the G20 Ministerial Meetings held before the breaking out of global financial crisis in 2008 received much less international focus than the G20 Leaders’ Meetings. In June 2010, the G20 Toronto Summit Communiqué touched upon the development topic and declared the setup of the working group on development (DWG). There was such saying in this Communiqué: “reducing development gap and poverty has become an integral part of robust, sustainable and balanced growth and securing a stronger and more flexible world economy.” However, it was not regarded as a core item of the G20 agenda until the 2010 Seoul Summit.

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1 Generally speaking, the developed countries are more concerned with guiding the direction of global development with a norm-building process, with the goal of embedding more political and social standards and values in the post-2015 development process by imposing conditions on development means. This may deviate from the main theme of poverty reduction and development under the MDGs. In comparison, the developing countries generally prefer to construct the post-2015 development agenda on the basis of the MDGs and oppose the diminution or even completely replacement of MDGs with the SDGs.

There were mainly two reasons for the development to become one of the core items on the agenda in G20 Seoul Summit: one was the strategic considerations of South Korea; another was the inevitable demand of economic globalization. As a new member of the DAC of OECD, South Korea wanted to promote its international clout through the multilateral forum of the G20. With the experience of rising from an aid-receiving country to a member of the club composed of major donor countries around the world, it was conducive to enhancing soft power of South Korea and promoting experience sharing by advocating strongly for international development cooperation, with the G20 summit having just provided such a showcasing stage. In terms of economic globalization, there has been much international consensus over issue of the development agenda being a core item on the G20 agenda. Since the deepening of globalization and global spillover effect of financial crises has fully demonstrated the interdependence and interconnection of global economy, it would be impossible for the goal of strong, sustainable and balanced growth to be realized without full development of developing countries. To promote global economic growth we need to find sources of new momentum to increase aggregate demand and maintain sustained growth, with increased contribution of developing countries or income countries being an essential component. The Seoul Development Consensus on Shared Growth succinctly listed four reasons to focus on development agenda: (1) for prosperity to be sustained it must be shared; (2) the impact of the recent crisis demonstrated a global interconnectedness that is disproportionately affecting the most vulnerable in the poorest countries. It has been estimated that, as a result of the recent crisis, an additional 64 million people will be living in extreme poverty (i.e., living on less than USD 1.25 a day) by the end of 2010. So the G20 has the responsibility to focus on development agenda. (3) as the premier forum for international economic cooperation, the G20 has a role to play, complementing the efforts of aid donors, the UN system, multilateral development banks (MDBs) and other agencies, in assisting developing countries, particularly LICs, achieve the MDGs. (4) the rest of the global economy, in its quest for diversifying the sources of
global demand and destinations for investing surpluses, needs developing
countries and LICs to become new poles of global growth – just as fast growing
emerging markets have become in the recent past.³

The Seoul Summit had four major issues on its agenda, with development issue
for the first time listed among them, together with the other three issues of
exchange rate, global financial safety net and reform of international financial
institutions. The Seoul Summit published Seoul Development Consensus for
Shared Growth and set up Multi-Year Action Plan (MYAP) which established nine
pillars for development agenda: infrastructure; human resources; trade; private
investment and job creation; food security; flexible growth; financial
inclusiveness; domestic resource mobilization and knowledge sharing. In order
to realize the objectives in above-mentioned nine aspects, the MYAP laid out the
following principles: (1) Focus on economic growth. Be economic-growth
oriented and consistent with the G20 Framework for Strong, Sustainable and
Balanced Growth, which requires narrowing of the development gap. More
robust and sustainable economic growth in LICs will also go hand-in-hand with
their capacity to achieve the MDGs. (2) Global development partnership. Engage
developing countries, particularly LICs, as equal partners, respecting their
national ownership and recognizing that the most important determinant of
successful development is a country’s own development policy. (3) Global or
regional systemic issues. Focus on systemic issues where there is a need for
collective and coordinated action, including through South-South and triangular
cooperation, to create synergies for maximum development impact. (4) Private
sector participation. Promote private sector involvement and innovation,
recognizing the unique role of the private sector as a rich source of development
knowledge, technology and job creation. (5) Complementarity. Differentiate, yet
complement existing development efforts, avoiding duplication, and strategically
focus on areas where the G20 has a comparative advantage and can add value

³ Seoul Development Consensus for Shared Growth, Seoul, November 12, 2010, G20 Information Centre,
http://www.g20.utoronto.ca/2010/g20seoul-consensus.html.
focusing on its core mandate as the premier forum for international economic cooperation. (6) Outcome orientation.  

The Seoul Summit showed that the G20 has objectively and clearly recognized its role and focus in the development area. G20 stressed its role as a complementary one with a view to improving the insufficiency of current international development aid system, rather than replacing or guiding it. International development aid has long been obsessed with the problem of fragmentation, with the donors, aid distribution and aid funds all manifesting such a trend. The international community has never reached a conclusion on the debate over the necessity and effectiveness of development aid. As for the G20, it is essential for it to play different role while stepping into the international development aid system which already has overlapping institutions. As the premier forum for international economic issues, the G20 has the capability in playing active role in promoting the international development consensus, in particular in terms of assisting the relevant United Nations agencies in realizing the MDGs and promote the building of development consensus in the post-2015 agenda. The Seoul Development Consensus for Shared Growth designated the G20’s focus in development area as “development partnership” and “outcome-oriented”, which means that the major concern of G20 in this area should be promoting more equal development partnership and outcome-oriented international development cooperation.

The Seoul Summit has formulated the prototype and basis of G20 development agenda, forming the basic framework for the G20 to play its role in international development cooperation. However, with the G20 being more of a contingent mechanism, breaking crisis has always been the focus of G20 Leaders’ Meeting. In the following G20 summits, the development issue became more and more like a decorative topic. In 2011 G20 Cannes Summit, the development issue was included in its major topics, yet only ranked as last one. Considering the

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deteriorating situation in the Euro Zone, the Cannes Summit put the issue of restoring confidence in Euro Zone on the top agenda, with the following topics being international monetary system, social issues, financial regulation, and development issue. The Cannes Summit continued with the nine pillars designated by the Seoul Summit, with special focus on food security, infrastructure, and financing of development. In 2012 Los Cabos Summit, it focused on the topics of infrastructure and green growth. Mexico also created the “two-track” working method: the troika composed of previous, incumbent and succeeding presidency being the first track, which mainly focused on political and non-financial issues such as employment, agriculture, energy, anti-corruption and development. The second track was finance track, mainly composed by Financial Stability Board, Global Partners for Financial Inclusion, International Structural Finance Working Group, and Energy and Commodities Working Group. The 2013 St Petersburg Summit put its focus on four of the nine pillars of Seoul Action Plan: food security, financial inclusion and remittance, human resource, infrastructure, mobilization of domestic resources. However, all these focuses and initiatives usually have come gap with actual actions having been taken, which reflects the long lasting problem of lack of implementation mechanism in the G20.

Among the issue areas in G20 development agenda, the four issue areas of infrastructure, food security, human resource, and green growth have been areas of most concern for the G20. It also regards economic growth as the basis of the above-mentioned four development goals. These four aspects coincide with both the MDGs and SDGs. With the coming of post-2015 era in the near-future, the planning of new global development agenda has also come into count-down period. Can the G20 play certain complementary role in future global development agenda and has its own position in international development cooperation? It seems that at least until now the answer to this question is still uncertain.
II. DEBATES ON G20 DEVELOPMENT AGENDA

Although the development agenda has been embedded into major discussing topics of the G20 summits, there have been more and more discussions on such questions as whether the G20 should focus on development and whether such kind of focus can really make a difference.

1. Views doubting the development issue included in G20 agenda

The views objecting to the G20’s focus on development agenda mainly are based on two grounds: first is the view of inappropriate mechanism; second is view of overlapping mechanisms.

The view of inappropriate mechanism focused on the G20’s institutional building and inherent nature. In terms of institutional building, the G20 has a rotating presidency which is not appropriate to be focused on long-term-oriented topics such as development issue in need of continuous support and it may damage the effectiveness of the G20. Besides, the G20 is more like a decision-making mechanism than an implementation mechanism. The lack of implementation capacity makes it hard to have substantive outcome in the development field. In terms of its nature, G20 is a political organization which has strong political clout. So the more efficient way is to persuade other institutions making more contribution to development and aid, rather than doing all these things by itself. If the G20 had a much wide and various agenda, it would have hampered the G20 from playing great role and lowered its efficiency. In the view of Barry Carin, development agenda is just like the G20’s white elephant from Thailand, which has certain decorative effect but not any substantive effect. So a better choice is to keep global development on the G20 agenda but not having it "mainstreamed" across the G20’s core work. As Carin observes, the G20 adds an issue to its agenda if there is a vexing problem with major implications for all its members that is unlikely to be resolved elsewhere. The G20 role should be clear, with
prospects for strengthening other international institutions and for a probable positive outcome that would enhance G20 credibility.5

The view of overlapping mechanisms is based on the following reasons: in development area there have already been so many international institutions, including the UN, World Bank, and OECD at global level and various regional development banks at regional level such as Asian Development Bank and African Development Bank, as well as many bilateral development aid institutions. So the G20 need not do repetitive work. Compared with those existing development institutions, the G20 has no special advantage which makes it hard to make prominent contribution in the development area. Professor Robin Davies from Australia National University frankly criticizes the current development agenda of G20 as lack of substance, loose in structure, and toothless.6

On the other hand, a more practical factor is that, as a Leaders’ Summit, the G20 can hardly influence leaders from G20 member countries in terms of agenda-setting, in particular the leaders of major powers. In the Seoul Summit, it had been hoped that the development topic could become its largest flashing point. However, due to the US Federal Reserve’s monetary policy change or the coming out of the so-called QE2, the topic of “currency war” unexpectedly became the focus of this summit. Countries at different national income level or from different continent all showed great concern on this topic, including developed country like German, emerging economies like Russia and Brazil, and South Africa from African Continent. The immediate effect of Quantitative Easing Policy of the US was to lead to great depreciation of US dollar’s value, which led to rising of commodities’ prices and speculative capital flowing into emerging markets. Then the stability of global financial market and steady economic

development of emerging market economies will be greatly endangered. This also showed clearly that, to the then only 3 year old G20 summit, it had very obvious feature of a mechanism of contingency. Such kind of situation still exists today. Even though everyone recognizes the importance of development agenda, it is impossible to make it as the most important and urgent topic on the agenda. In 2011 G20 Cannes Summit, the Euro Zone Crisis became focus of the Summit, with the development agenda again being set aside. And it turned out in 2013 St Petersburg Summit that the Syrian crisis became the focus, rather than the development agenda.

2. Views in support of G20’s increasing focus on development agenda

The supportive views on including development topic into G20 agenda have been made mainly in terms of enhancing the legitimacy of the G20 and long-term development of the G20 mechanism.

Since the setup of the G20 Summit, it has been doubted with the legitimacy problem. Although the G20 member countries account for 85% of the world’s GDP and almost 2/3 of world population, those countries having been excluded from it are still greatly dissatisfied with it. In the eyes of non-G20 member countries, the G20 has been in charge of discourse power over global economic governance. Yet most of the members of international community have been excluded from this new bloc. To solve this problem, the G20 has been making great efforts in the past 5 years to enhance its representativeness and legitimacy by accumulating opinions from such forums as Think 20, Civil Society 20, and Business 20. It was just under this background that the development issue gradually became one of the core items on the G20 agenda, since it is concerned with the interests of the large group of developing countries. In the view of Profess Mike Callaghan from Australia’s Lowy Institute, “Development is a priority for the G20. At the most basic level, G20 members must be concerned not only with their own economic prospects, but also with the implications of
their policies on non-G20 members, particularly low-income countries. Moreover, the advancement of developing countries should be an important focal point in the quest for strong and sustainable global growth. And it is a two way process.”

In the interest of long term development of G20 mechanism, the inclusion of development issue is conducive to the transformation of the G20 from a contingency mechanism to the steering committee of global economic governance. There is no doubt that it was due to the global financial crisis that the G20 was upgraded from Ministerial Meeting to Leaders’ Summit. In 2007 the subprime crisis broke out in the US, which later turned into a global financial crisis. In November 2008, the first G20 Summit was held in Washington. Then in April and September of 2009, the G20 leaders held their second and third summit in London and Pittsburg respectively. The three summits held within one year provided opportunity for the leaders of major economies to meet with each other and advocate for cooperation and consensus building. It played an irreplaceable role in terms of stabilizing global financial market, taking joint measures to address economic recession, and consulting on the future development of world economy. However, with the gradual easing of pressure of financial crisis, the issue of how to transform smoothly the G20 into regular mechanism managing global economic governance has become more and more obvious. It can be seen that the legitimacy of the G20 mainly came from its effectiveness in addressing crisis. Yet it’s difficult to make the G20 continue to play effective role in global economic governance. Considering this, the development issue is suitable for being a core item on the post-crisis G20 agenda. First, development and poverty reduction has been a long-term-oriented topic for the large group of developing countries. Yet the outcome of development cooperation has been influenced by various factors, with one significant among them being the issue of fragmentation. Such fragmentation mainly manifested in the actions on development and finance for development. Therefore, if the G20...
could become the coordination center of global actions on development, it will definitely be a good news for global development agenda. Second, the G20 Pittsburg Summit established its role as the premier forum in international economic affairs. And the development issue should be included into international economic affairs. There will never be strong, sustainable, and balanced growth without economic development in developing countries.

In brief, the debates over G20 development agenda shows that after 5 years from the holding of first G20 Summit, there is still great uncertainty over the future development of G20 mechanism and its competence and role. There is also possibility that the US may gradually reduce its attention on the G20 in the post-crisis era and the G20 may be marginalized. Hence the G20 needs to include more long-term-oriented economic issues such as development. The development issue also has interconnected and inseparable relations with other global economic issues. So the problem lies in how to make the G20 playing the role as major forum in coordinating global development issue. The focus now is definitely the post-2015 development agenda.

III. HOW DOES THE G20 PLAY ITS ROLE IN POST-2015 DEVELOPMENT AGENDA?

The formal attention of the G20 on post-2015 process started from 2013 St. Petersburg Summit. Russian Government clearly mentioned this point in its summary of the outcome of this summit: "The UN is currently shaping its post-2015 development agenda, and the G20 is committed to assisting the UN in this endeavor." 8 In the St. Petersbug Development Outlook, it said that: "the G20 seeks to complement international efforts towards further progress on internationally agreed development goals. The Agenda Takes account of the outcomes of the UN High-Level Plenary Meeting on the MDGs, as well as with processes, such as the Fourth UN LDC Summit, the 4th High-Level Forum on Aid

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Effectiveness and the United Nations Conference on Sustainable Development (Rio+20). We seek to ensure that the future G20 development agenda is flexible enough to respond to the Post-2015 Development Agenda.⁹

What kind of role can the G20 play in international development cooperation as well as the post-2015 process? In the view of Barry Carin, in the development area, the G20 is a secondary player. ¹⁰ Although the G20's declarations and leaders’ statements have widespread effect, it has significant competition in shaping the global discussion. The president of the World Bank is pushing the eradication of poverty by 2030. The United Nations will monopolize the debate for the next 18 months discussing the Rio+20 sustainability goals and the post-2015 successor to the UN Millennium Development Goals. However, The G20 can influence the future research agenda, posing specific questions and issuing remits to be reported on at future G20 meetings. Yet constrained by its limited implementation capacity, it’s difficult to attract the limited resources of the international development organizations to be put under the G20's framework. In another article by Professor Carin, he proposed that the G20 could have a try in simplifying the post-2015 agenda, since it may be easier to reach consensus within the G20 than in the UN. He proposed to merger the visions and objectives of post-2015 agenda and then form limited numbers of guarantees which have substantive contents and time-constraint.¹¹

Actually the G20 has played a role in the setting of post-2015 agenda. On one hand, in Toronto Summit, it established the working group on development, accompanied later by the Seoul Development Consensus for Shared Growth in Seoul Summit. The following Cannes, Los Cabos, and St. Petersburg Summits have shown sustained focus on the development issue. Then the 2013 St.

Petersburg Development Outlook clearly stated that the G20 will assist the UN in pushing forward the post-2015 agenda. On the other hand, since the breaking out of global financial crisis, every G20 Summit has stressed on the importance of realizing the goal of strong, sustainable, and balanced growth. To take growth and development together into discussion has been a great contribution by the G20 as premier forum in coordinating international economic affairs. In 2014, Australia takes the presidency of G20 Brisbane Summit. In his speech as of January 2014 in Davos World Economic Forum, Australian Prime Minister Tony Abbott spoke highly of the achievements made in global poverty reduction and development during the past decade. He stressed again that Australia would make strong growth as the thematic issue of 2014 G20 Summit, since economic growth has been the key to solving all the global problems. Mr. Abbott also in a much entertaining way compared himself as an “infrastructure prime minister” and hoped that G20 Brisbane Summit could have decision-makers, financing institutions and contractors joined together in forging a feasible infrastructure financing plan for a long period of time. In sum, the contribution of the G20 to post-2015 agenda has not been limited to the setting of goals and principles. What’s more important has been its substantive contribution and guidance effect on the realization of global development goals.

If the G20 is to play greater role in development field in particular the Post-2015 agenda, it should not be limited to just presenting advice and report to the UN. The G20 is able to create a new institution to fill a gap in the global governance architecture for development, as they did with the Financial Stability Board. A new Global Development Council could be established on the basis of Working Group on Development. Currently there are many global, regional, bilateral international development and aid institutions, as well as even more non-governmental development organizations, which have great difficulty in coordinating with each other. Hence the G20 may make use of its status as

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premier forum of international economic affairs to make a difference in international development cooperation. Based on fully harnessing the role of Leaders’ Summit, the G20 could improve or solve its weak implementation capacity through the approaches of national commitment and mutual assessment process, so as to make substantive contribution to Post-2015 development agenda. The leaders attending G20 Summits are representing their own countries. Therefore, even if the commitments of the leaders have no binding effect under international law, they are manifestation of national image and national action which have intangible but relatively strong soft constraint effect.

Just as Mr. Wu Hongbo, the United Nations Under-Secretary General for economic and social affairs, has put, the Post-2015 development agenda led by the United Nations should turn human development into real sustainable development. The MDGs are the founding stones and basis of the SDGs. The MDGs could ensure that we in our life period build a poverty-free and a sustainable world for our future generations.\(^{13}\) As the premier forum for coordinating international economic affairs, the G20 has both the responsibility and capacity in making its due efforts in building a sustainable world with common development.

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