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Task Force 8
Multilateralism and Global Governance

Policy brief

DEEPENING G20-UN SYSTEM COOPERATION TO FOSTER SOCIO-ECONOMIC RECOVERY FROM THE PANDEMIC AND REDUCE INEQUALITY WORLDWIDE: TOWARDS A G20+

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ABSTRACT

This policy brief recommends the introduction of a “G20+” to lead the way on a post-pandemic socio-economic recovery that is effective, sustainable, and equitable. The “G20+” would harness the group’s formidable economic and political clout, while addressing its current deficits as regards legitimacy, representativeness and connections to the wider multilateral system. The policy brief sets out specific priority actions for the “G20+” to pursue, both in the short and medium-term, and outlines which institutional innovations are needed to achieve these ends. Moreover, it sketches a strategy for launching the “G20+”, starting with Italy’s G20 Presidency in 2021.



CHALLENGE

IN NEED OF LEADERSHIP FOR A POST-PANDEMIC RECOVERY

In this policy brief, we urge the G20 to lead the way towards an effective, sustainable and equitable socio-economic recovery from the corona pandemic. To do so and to rally the support of the international community, the G20 needs to overcome its own legitimacy deficit, which it can in the form of what we call a “G20+”.

The corona pandemic was described as “the largest global challenge in the history of the United Nations” in the Declaration on the Commemoration of the Seventy-Fifth Anniversary of the UN adopted in 2020 (United Nations General Assembly 2020a). As the declaration continues to note, the pandemic “has not only caused death and serious illness, but also global economic recession, increased poverty, anxiety and fear”.

To grasp the magnitude of the leadership deficit facing the multilateral system – including the G20 and United Nations – in response to the COVID-19 pandemic in 2020, one need only consider the startling human tragedy and worldwide socio-economic devastation left in the wake of the pandemic. At the time of writing, approximately four million lives have been claimed (as of June 2021, World Health Organization 2021). Moreover, the IMF has estimated a 3.3% contraction in global GDP in 2020, which it considers “unprecedented in living memory in its speed and synchronized nature” (IMF 2021).

Although markets are recovering, this wholesale volatility, coupled with severe economic and social knock-on effects from government-ordered business closures and population lockdowns, resulted in a drastic decline in finance, trade, air travel and many other sectors of our closely intertwined global economy, as well as millions of job losses (United Nations General Assembly 2020b; Jones, Brown, and Palumbo, 2020; OECD Economic Outlook, 2021).

Moreover, this crisis occurs alongside – and has been shown to exacerbate in some cases – existing and emerging ones, including runaway climate change, financial instability, rising political violence, menacing cyber-attacks and growing inequality within and between countries (Stimson Center and Doha Forum 2020). While vaccination programmes have gained speed in Global North countries, and their economies are aided by vast stimulus packages (above all the US\$1.9 trillion package passed by the Biden administration in March 2021, with a further infrastructure recovery plan expected later this year; Pramuk 2021), there is a risk that inequalities will be exacerbated, and many countries in the Global South will be left behind, leading to lasting mistrust and grievances that are likely to hamper multilateral cooperation for many years to come.



By bringing about socio-economic recovery that is not only effective but also equitable, the G20 can play a key role. In response to the 2008-9 crisis, the Pittsburgh G20 Summit in September 2009 vowed to make the G20 the “premier forum” for overseeing international economic and financial cooperation and, thereafter, established the Financial Stability Board to implement reform of international financial regulation and supervision (G20 2009; Financial Stability Board 2012). However, in the intervening decade (and prior to the Covid pandemic), economic inequality increased sharply in many parts of the globe, concentrating income and wealth in a small percentage of the population (Alvaredo et al. 2017; Oxfam International 2019). There is, unsurprisingly, a spreading sense of resentment against economic globalisation among those who, in contrast to its greatest beneficiaries, see themselves as “left behind by globalization and automation”, also in industrialised countries (Coyle 2017).



PROPOSAL

TOWARDS A “G20+”

Our recommendation for a G20 that will be able to lead the way in the post-Covid-19 recovery is premised on the insight that “in the proverbial long run which surely is a driver in sound global governance, effectiveness and voice go hand-in-hand” (Medhora, 2017). At first glance, there is an inherent trade-off between effectiveness and representativeness, as a larger group of members tends to complicate decision-making and can lead to watered-down compromise solutions. Moreover, past reform proposals, such as adding a few new members or having regional representation through regional organisation, have failed to gather political traction. However, our proposed “G20+” is a way to preserve the effectiveness of a select group of “countries that matter”, while creating ways for non-members’ concerns to be considered, and to better embed the G20 in the wider global governance architecture.

THE G20: A FORMIDABLE FORCE WITH A LEGITIMACY DEFICIT

The current global economic governance system urgently needs upgrading in the face of the post-Covid-19 challenges, so as to help all countries better deal with – and indeed, reverse – growing inequality, both globally and domestically, as well as the catastrophic socio-economic effects of the coronavirus pandemic and related threats to the well-being of nations and peoples. The G20 has the capacities to bring about such an upgrade, but to date lacks the representativeness and embeddedness in the wider global governance architecture to do so. In other words, while the G20 has the potential “output legitimacy”, it lacks the necessary “input” and “throughput legitimacy” (Schmidt and Wood 2019).

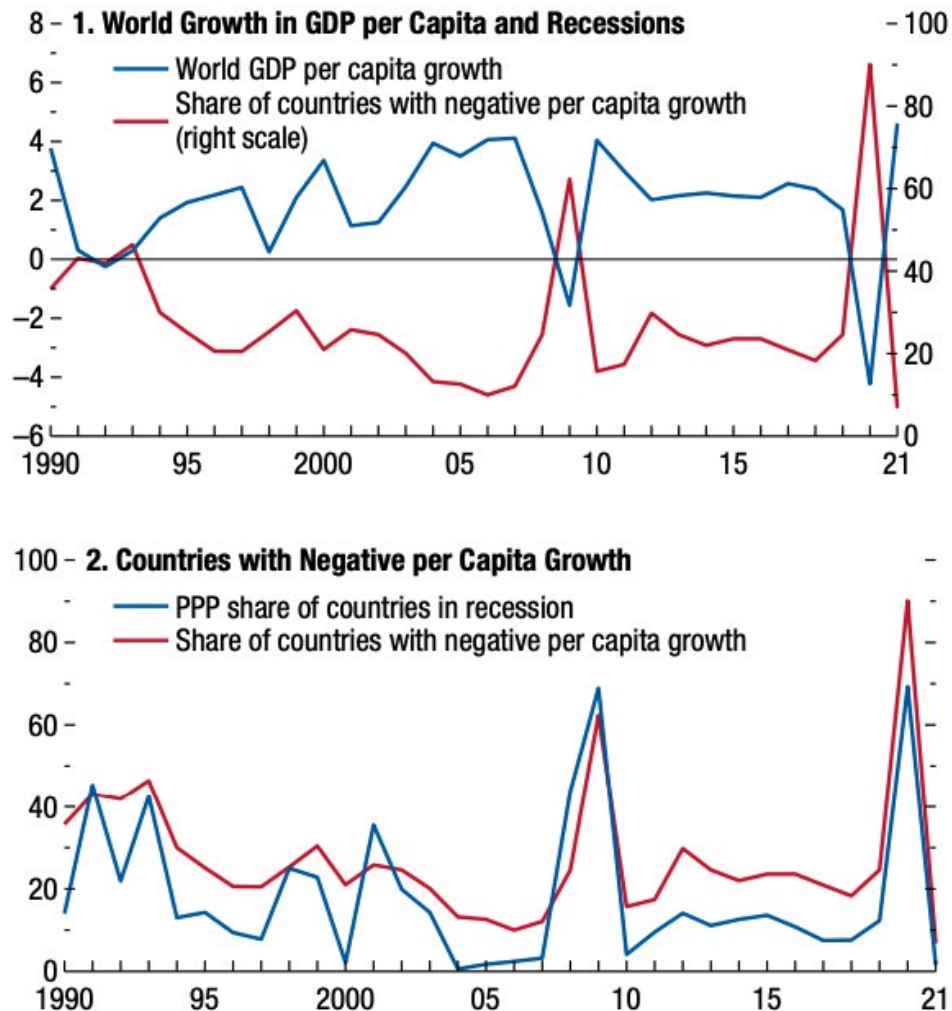
G20 Member States “account for more than 80% of world GDP, 75% of global trade and 60% of the population of the planet” (G20 2021a; Szmigiera 2021). However, the G20 does not give representation to 174 other countries, many in the Global South, or provide for other forms of structured, inclusive and transparent engagement with those outside the club. However, they too are concerned with sustaining global economic growth, while maintaining economic stability, reducing global inequality and addressing the economic, social and political threats posed by pandemics like Covid-19 and the accelerating challenge of climate change.

HOW A “G20+” CAN LEAD THE WAY

For the G20 to become a globally legitimated “premier forum” of global economic and financial governance, it needs an upgrade to what the 2015 Albright-Gambari Commission called a “G20+”, a term first coined by the Commission on Global Security, Justice & Govern-



ance in 2015 (Commission on Global Security, Justice and Governance 2015). The main policy focus of the “G20+” should remain priority-setting on critical issues for the world economy (including in response to economic crises, as manifested in the accompanying IMF figure).



Source: IMF staff estimates.

Note: PPP = purchasing-power-parity.

FIG. 1 - WORLD GROWTH IN GDP PER CAPITA AND RECESSIONS (PERCENT)

Source: International Monetary Fund,

“World Economic Outlook” *The Great Lockdown*, April 2020, p. 6

At the same time, to gain better embeddedness in the wider global governance architecture, it should establish formal links with intergovernmental organisations for gathering substantive inputs, forging coherence among economic, social, and environmental policies, and rallying support for effective implementation and follow-through. An encouraging example in this regard is the close cooperation between the G20 and the Bretton Woods Institutions in the Debt Service Suspension Initiative (DSSI) to stem the economic



effects of the corona pandemic for the poorest countries. The initiative has delivered more than US\$5 billion to more than 40 countries since its launch in May 2020 (World Bank 2021) – though for a transition towards a sustainable and broad-based long-term recovery, even more will be needed (Stimson Center 2021). Operationally, this proposal entails assembling the G20 at the Heads of State level every two years at UN Headquarters (preferably beginning this September 2021), timed to coincide with the gathering of all world leaders at the start of the UN General Assembly in September in New York. In taking into account the concerns of all countries, whether large, small, advanced industrialised or developing, the proposed September G20+ Summit – and forward agenda in 2022 and 2023 – would privilege immediate humanitarian and then, over time, broader “green” socio-economic recovery priorities, such as strategic investments in public transport and power grids that source energy from renewables.

To overcome the current fragmentation of roles among international economic policy institutions, the G20 also requires more institutional presence. Currently, it has no collective institutional memory and no familiar face to the world – not even a permanent website. A modest (even virtual) secretariat should be created for the “G20+”, to give it this presence and promote greater policy continuity, coherence and accountability. Moreover, it could serve as the main contact point for gathering state-of-the-art analyses and expertise from think-tanks, civil society organisations and the business community, from both the Global North and South, which could contribute to formulating better-integrated economic, social and environmental approaches to international problems.

A first order of business for the “G20+” is to increase collective funding for those on the front line of the global humanitarian response to the COVID-19 crisis. Support for the mass distribution – rather than piecemeal trickle-down – of a “people’s vaccine” via the COVAX pillar of the ACT Accelerator should be a top priority. The “G20+” should ensure that COVAX can purchase the vaccine supplies it needs to make sufficient doses available free of charge in poorer countries as soon as possible. Moreover, it should support COVAX’s dedicated emergency “buffer” to ensure that those in crisis zones have access to a vaccine (Berkley 2020). In addition, the “G20+” should ensure that UN Member States, particularly its powerful G20 members, target refugees and other highly vulnerable groups in their COVID-19 funding for social safety nets and other emergency responses.

Over the medium-term (next two to three years), the “G20+” should work with international partners to confront the financing for development gap in the least developed countries, for instance by employing capital injections from the World Bank’s International Development Association replenishment, the IMF’s Special Drawing Rights and the UN’s COVID-19 Response and Recovery Fund, especially in the countries most affected by the pandemic. Other measures could include integrated fiscal, monetary, central bank and anti-protectionist initiatives to “prevent a liquidity crisis turning into a solvency crisis, and a global recession becoming a global depression” (Letter to G20 Leaders 2020).



The “G20+” should further work with and through global and regional institutions to build back better and greener, by supporting environmentally sound national COVID-19 recovery plans and incentivising the private sector to invest more in renewable energy and green infrastructure projects in rich and poor countries alike. Fulfilling the Paris Climate Agreement’s goal of keeping pre-industrial era temperature rises below 1.5°C means that the international community can ill afford to repeat the same errors of a decade ago, when only US\$1 out of every US\$6 of infrastructure stimulus went towards climate-friendly investments deemed sustainable (Carney 2020).

Finally, the “G20+” should work with international and local public-private partnerships to offer livelihood opportunities to young people, including through employment and educational opportunities and social outlets that reinforce civic responsibility. The International Labour Organization (ILO 2019) estimated that globally 22% (and rising) of young people (between 15 and 24 years) were not in employment, education or training. Any global COVID-19 recovery strategy must take into account that the crisis will exacerbate many of the drivers of (extremist) violence, with particular reference to loss of economic, social and personal opportunity, poor service delivery and feelings of exclusion, loneliness and isolation in this population group. Global and regional interventions in this space, spearheaded and encouraged by the “G20+”, especially those aimed at supporting ground-level civil-society partners and innovative public-private partnerships, should seek to expand employment and educational opportunities (including through on-the-job training) and social outlets that reinforce values associated with civic responsibility and recognise the positive contributions and potential of youth.

A ROADMAP FOR CREATING A “G20+”

Multilateral diplomacy has been put to the test in recent years. Nevertheless, severe socio-economic fallout worldwide from the COVID-19 pandemic reinforces the case for expanded multilateral coordination to foster a globally coherent approach to recovery, both to prevent and to respond effectively to this and other economic shocks, and to work towards greater economic equity. At the same time, without leadership, countries – large and small – might opt to turn inward, blame foreign adversaries for their troubles, and erect short-sighted barriers to international exchange.

On 16 April 2020, 25 Foreign Ministers from the recently formed Alliance for Multilateralism issued a statement arguing “for a co-operative, transparent, science-based and coordinated global response” against COVID-19 and to “work to minimize disruptions to cross border trade and global supply chains” (Alliance for Multilateralism 2020). Enthusiastic members of the Alliance for Multilateralism that are concurrently G20 members – including Argentina, Canada, France, Germany, Indonesia, Italy and South Africa – should be relied on for leadership on the “G20+” reform initiative, especially if they wish to raise the Alliance’s level of ambition further. They can draw inspiration here from Canada’s Finance Minister and later Prime Minister, Paul Martin, who long advocated for the need to upgrade the G20 Finance Ministers forum to the level of Heads of State (Martin 2005; Ibbitson and Perkins



2010). Support is also expected from the 174 UN Member States not represented on the current G20, especially as they have the most to gain by acquiring new access to means of influencing the policy deliberations and priorities of the countries representing the world's 19 largest economies, plus the European Union.

In 2021, with Italy assuming the G20 presidency, the G20 is soon to commit to a global green recovery strategy, which outlines actionable and resourced immediate humanitarian and medium-term recovery priorities for governments, international organisations, civil society and the business community. Fortunately, Italy and the European Commission convened an extraordinary G20 Health Summit in May 2021 in Rome, which lays down a set of principles for the new plan and injects new resources and other kinds of support for ground-level actors (G20 2021b).

Learning from the G20 response to the 2008-09 global financial crisis, Italy could co-convene a special "G20+" leaders' session, in late September 2021 in New York, to both expand and review the global recovery strategy's implementation, reach out to the non-represented countries and other stakeholders, hold governments accountable, and refine various transnational recovery initiatives that are already under way. Ten years ago, the G20 Summits in London (April 2009) and Pittsburgh (September 2009), at the start of the Obama-Biden administration, coordinated national economic stimulus and relief plans for the poorest countries, creating the conditions for a slow yet steady global rebound. To engage the other 174 UN Member States not directly represented in the G20 in this effort, the global recovery strategy should be further deliberated and enhanced during the "G20+" session at the annual UN General Assembly High-Level Week. Such actions offer the best chance to save lives, rebuild economies, double down on climate action and make up for the time largely squandered this past year by the United States and international community.



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