



“The G20 should focus on two areas to jumpstart the global economy: 1) global stability, 2) local resilience, covering health and infrastructure. This could become a new model of growth.”

– Nella Sri HENDRIETTY, Asian Development Bank Institute, Tokyo

Image Source: On the rooftop in the old Medina of Casablanca, Morocco, fixing satellite antennas. Image by Nicolas J.A. BUCHOUD, all rights reserved ©.



Nella Sri HENDRIYETTY (ed.)
Asian Development Bank
Institute
Tokyo, Japan

Back to growth? The 2030 Agenda, the G20 and the aftermath of the crisis

The Group of Twenty (G20) was born to respond to global crises in 1998 and 2008 and was focused on the financial stability and governance of the global economy. Since the Republic of Korea's presidency in 2010, the G20 has made strong efforts to place development issues in the G20 agenda and established development working groups to facilitate discussions. Since then, development issues have been discussed in many working groups in the G20 and cover cross-cutting issues, such as infrastructure, financial inclusion, agriculture and food security, anti-corruption, climate finance and green finance, and domestic resource mobilization. After the 2030 Agenda was adopted by the United Nations in 2015, the G20 held its 2016 Hangzhou Summit and agreed upon a G20 Action Plan for the 2030 Agenda.

When the world was worried about the impact of a “trade

war” in 2018 and prepared efforts in anticipation for a 10-year cycle of economic crisis, there was an argument whether the G20 should focus only on financial and economic issues. While policy makers have worked hard to cushion economic turbulence by trying to renegotiate commitments and agreements and strengthen consensus, the recent coronavirus disease (COVID-19) pandemic has shut down the global economy. The impact has been tremendous, far greater than the 1998 and 2008 crises, but this time the trigger is global health, an issue that is related more to development and is included in the Sustainable Development Goals (SDGs). The pandemic inevitably answers the question of whether G20 should focus more on financial and economic issues or not.

The G20 needs to synergize with the SDGs 2030 Agenda more than before, because the crisis now is not sourced from financial or economic activities but from global health and depends on vaccines. Therefore, the G20 challenges to implement the 2030 Agenda include not only on how to reinvigorate and reshape implementation but also how to design a rapid, effective response to the pandemic and its socioeconomic aftermath in the spirit of the 2030 Agenda.

Basically, there is no pressure to restructure the SDGs agenda. The agenda includes all aspects needed by countries to fight poverty and inequality. However, the approach for effective implementation and greater efforts on specific issues should be discussed.

Until recently, the G20's role in supporting the SDGs agenda was to facilitate the implementation of the 2030 Agenda by setting up a consensus for G20 members to adopt both a collective and national action approach. The strong contribution of the G20 is to facilitate discussion and coordination among countries institutions that are in charge for the SDGs. Therefore, the G20 provides a platform for countries to interact, share experience, and convene discussions among countries. The limitation of the G20 is that the statements made by it are not binding. However, the G20 can mandate international organizations to create platforms or groups for discussion that can have binding commitments, such as the Automatic Exchange of Information as implemented in the OECD/G20 BEPS framework. With that, the G20 should collaborate with international financial institutions and mandate them to set up guidelines and procedures for countries to achieve the SDGs. The G20 and the institutions chosen must revisit the 2030 Agenda and formulate an approach to fight against the COVID-19 pandemic and its aftermath, including economic recovery and the global health system.

Furthermore, in this COVID-19 related economic crisis, the G20 should focus on finding solutions in specific sectors. There are two areas that are expected to be able to jump-start the global economy: global stability and local resilience. To create global stability, it is necessary to define global public the goods that need to be jointly supported by all countries. One of the global public goods is global

connectivity. Global stability, together with local resilience (covering health and infrastructure), will become a new model of global growth in the world.

Research also shows that the COVID-19 pandemic creates higher disparities between countries, where rich countries will become richer and poor countries will become poorer. This will be exacerbated as the vaccines that can be provided vary between countries. International arrangement and consensus should be considered to solve this problem.

Human capital is one of the many sectors that has been badly affected by COVID-19. This is not only because of the halt and obstruction of formal education but also the limited development of social characteristics as an impact of social distancing and confinement. Therefore, the first pillar in building sustainable economic growth in the future is rebuilding human capital, which is currently affected by the COVID-19 pandemic.