

## Task Force 4: Peace, Security, and Global Governance



# Building Comprehensive Global Security: Harnessing the Unexplored G7-G20 Synergy

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## Abstract

Comprehensive security—human, economic, and strategic—faces increasing challenges from inequality, infectious diseases, environmental risks, nationalism and anti-globalization, and erosion of government accountability. International cooperation on the rules for trade and investment and the resulting economic boom have done much to reduce poverty and increase prosperity in many countries around the world, more so in Asia and the People’s Republic of China, in recent decades. But globalization has shifted the economic balance of power and widened inequality within countries,

and too many have been left behind. It has also contributed to environmental degradation (including through greenhouse gas emissions) and the multinational and big domestic companies that have profited have been able to avoid bearing the costs of environmental damage or paying the full rent on resource extraction. Many large companies have been able to socialize their financial losses, while their accumulation of capital may reduce competition. The coronavirus disease (COVID-19) pandemic reversed gains in poverty reduction, eroded human capital accumulation, and disrupted supply chains. The Russian invasion of Ukraine exacerbated this disruption, increasing food and energy insecurity, making the international context more complex, and reducing room for cooperation and compromise. Together with extraordinary fiscal and monetary easing, supply disruptions have contributed to rising inflation. The resulting monetary contraction as central banks seek to dampen inflation has driven up interest rates, thus increasing the number of developing countries near or facing debt distress.

Adding to these challenges to human and economic security, the Russian invasion of Ukraine and the growing weaponization of trade have signaled that economic interdependency may be a geo-strategic risk. However, policy responses that play to nationalism, crackdown on media, and promote protectionism and geo-fragmentation will ultimately exacerbate rather than resolve these challenges.

This paper argues that the Group of Seven (G7) should work with the Group of Twenty (G20) to reform and invest in international governance and inspire national policies with a view to:

- Revising global trade and investment rules to support economic growth that is more inclusive, requires compensation for environmental harms, and manages the risks inherent in a digitally connected world. This will reduce pressures for internal conflict and provide more capacity for countries to contribute to addressing global needs as well as improve their resilience.
- Investing in international efforts on prevention, preparedness, and response to global risks from pandemics and fast- and slow-moving natural disasters. Greater investment and improvement in existing mechanisms are needed to enhance human security and reduce destabilizing contagion effects.
- Leading by example in promoting good governance through the development of and commitment to governance standards and supporting countries to design and implement programs with the involvement of civil society and women's organizations. Over time, more transparent and accountable governments will reduce internal conflict and build support for contributing to international efforts to promote development and better manage global public goods.

## Challenges to Comprehensive Security

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The world is facing a complex array of challenges to human, economic, and strategic security. These comprehensive security risks include risks to human health and well-being from disease and war; disruptions to trade and investment from geo-fragmentation; and food and energy insecurity due to supply chain disruptions from the pandemic and the Russian invasion of Ukraine. The pandemic, which reversed the progress that many countries had made in improving health and education and poverty reduction, has exacerbated these risks while reducing countries' resilience. The massive accumulation of debt as the developed countries sought to offset the economic impacts of the crisis and the resulting rise in interest rates as central banks seek to dampen inflation sparked by both supply disruptions and the pandemic fiscal and monetary stimulus, is posing new risks to financial stability. The number of developing countries in or near debt distress is at a record high since the turn of the century. The current combination of the pandemic, the Russian Federation-Ukraine war, global inflation, and the risk of geo-fragmentation has been dubbed the "polycrisis."<sup>1</sup>

The factors that lie behind this "abnormal coincidence of disparate shocks"<sup>2</sup> have been long in the making. They point to the failure of international cooperation to manage the consequences of market capitalism,<sup>3</sup> misplaced confidence in the reliability of private capital to finance development, and the failure to control emissions and unsustainable use of other public commons, such as fisheries. They also point to the failure of governments to enhance equitable growth within their own countries. Globalization brought great benefits, but the gains have been shared unequally. Hence the first challenge to comprehensive security comes from the failure to share the gains (and alleviate the costs) as inequality undermines stability and makes good governance harder to achieve.<sup>4</sup>

The second challenge to comprehensive security comes from the costs that economic development has imposed on the environment's ability to deliver environmental services, such as clean air and water. These costs generally fall disproportionately on those who have gained the least from the exploitation of the environment. Climate change exacerbates these costs and the risk of disasters as rainfall patterns change and droughts, flooding rain, and seawater inundation impact people's health and livelihoods. As climate change forces migration within and across borders, the risk of conflict will rise. And any conflict will add to the flow of climate refugees, putting more pressure on neighboring countries that can spur populist tendencies.

The third challenge to comprehensive security is the rise in nationalism and the retreat of globalization. Geo-fragmentation is the response as countries seek coalitions of the like-minded, but this undermines government incentives for wider multilateral cooperation. In this vein, the Russian Federation-Ukraine war is a challenge per se, as it has added new security—and even

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<sup>1</sup> Adam Tooze was the first to term the current situation a policy crisis (<https://adamtooze.substack.com/p/chartbook-165-polycrisis-thinking>).

<sup>2</sup> See Tooze (<https://adamtooze.substack.com/p/chartbook-165-polycrisis-thinking>).

<sup>3</sup> Since the global financial crisis in 2008, many books have been written on the problems of market capitalism. For the interested reader, a selection are summarised by Moral Markets (<https://www.moralmarkets.org/about-this-site/>).

<sup>4</sup> Rodrik (2021) provides an excellent summary of the literature as well as unpacking of pathways through which globalization has fueled populism in the United States.

nuclear—threats to the complex international context and has shaken the view that the costs of disrupting interconnected economies would prevent conflict. It has also strengthened concerns that the constraints on autocratic regimes to act in the best interests of their own populations are being eroded by rising control over information. Even in democracies, nationalism can be fanned by the use of social media and leveraged to justify crony capitalism or hamper efforts to provide for more equal opportunities. Digital communication has made it easier to spread misinformation, and control of the media has reduced their autonomy in too many countries, including rising levels of concentration and control, even in democratic countries. The weaponization of economic relationships, along with supply chain disruptions due to the pandemic, has shown that trade dependence also creates vulnerabilities. The policy response of onshoring and “friend shoring” reduces strategic risks to supply chains but comes at a cost to productivity. It also reduces the opportunities for developing countries to join the global value chain, which has been an engine for economic development.

The fourth challenge to comprehensive security is the erosion of government accountability to citizens, including in some democracies, and the reduction in the ability of the media and civil society to hold governments accountable. Declining accountability raises the risk of conflicts as it reduces the constraints on leaders and focuses attention on bargaining over the economic pie,<sup>5</sup> rather than growing that pie. The impact of slower growth goes beyond borders as loss aversion means that it is harder to find resources to support development and invest in peace, stability, and governance when the pie is growing slowly, if at all.

As the Russian Federation-Ukraine war illustrates, resolving conflict is extremely difficult. Peace is only the beginning, as stability requires both economic recovery for Ukraine and an enforceable commitment from the Russian Federation to respect the agreed borders. While the Group of Seven (G7) countries are aligned with Ukraine, some Group of Twenty (G20) countries are not. So, this issue paper focuses on what the G7 in concert with the G20 can do to improve the foundations for stability and reduce the likelihood of conflict in countries across the globe. It has three themes, all aimed at breaking the vicious cycles that are undermining stability and increasing the risk of conflict. None of these areas offers a quick fix, but actions in these three areas may slowly build comprehensive security by delivering more inclusive economic growth, addressing the environmental and human impacts of that growth and past environmental damage, and building the bridging capital within and between countries that promotes cooperation to face the challenges to our common future.

## Policy Recommendations

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### Building Multilateral Cooperation to Address Risks to Comprehensive Stability.

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International agreements can support domestic reform by providing evidence on models that work, help hold leaders and governments accountable to their own people,<sup>6</sup> promote trade and capital flows while holding businesses more accountable for the costs that they impose on

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<sup>5</sup> For a detailed explanation of how the relative scale of the bargain affects the likelihood of conflict see Blattman (2022).

<sup>6</sup> See T7 Japan Task Force 4 policy briefs on approaches to support governments to improve their accountability.

others, and devise rules to share the costs of climate adaptation more equitably.<sup>7</sup> The emerging security challenges of the digital economy, artificial intelligence (AI), and data flows also require international cooperation to ensure that they enhance productivity and do not bring additional risks.<sup>8</sup> Many developing countries will not be able to build the conditions for stability without financial and technical assistance (other T7 issue papers address actions for development assistance and financial support).

As large and developed economies, the G7 countries have a moral obligation to support an international environment that promotes comprehensive—human, economic and geopolitical—security. This requires agreeing on the mandates for the multilateral institutions that can pursue this agenda, investing in these institutions to support the delivery of their mandates, and domestic reforms to comply with agreed rules and to promote the value of multilateral cooperation to their communities.

As a more diverse set of large economies, the G20 countries are well placed to guide the reforms to the international environment—and the institutions that set and enforce the rules for engagement—in a way that accommodates a more diverse set of values and priorities. As compromise is essential for cooperation, the G7 should engage with the G20 to find the areas where cooperation is worth the compromise. These areas of cooperation will build the bridging capital between countries, expanding the scope for compromise and cooperation over time. Even just committing to continue dialogue is better than cutting communications.

In line with building the bridging capital for improving global cooperation to improve comprehensive security, this issue paper outlines three areas for Japan to guide the G7 to work with the G20.

- Revising global trade and investment rules to support economic growth that is more inclusive, requires compensation for environmental harms, and manages the risks inherent in a digitally connected world. This will reduce pressures for internal conflict and provide more capacity for countries to contribute to addressing global needs as well as improve their resilience.
- Investing in international efforts on prevention, preparedness, and response to global risks from pandemics and fast- and slow-moving natural disasters. Greater investment and improvement in existing mechanisms are needed to improve human security and reduce destabilizing contagion effects.
- Leading by example in promoting good governance through the development of and commitment to governance standards and supporting countries to design and implement programs with the involvement of civil society and women's organizations.<sup>9</sup> Over time, more transparent and accountable governments will reduce internal conflict and so can build support for contributing to international efforts to promote development and better manage global public goods.

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<sup>7</sup> Approaches to improving cooperation on addressing climate risks are set out by T7 Japan Task Force 3.

<sup>8</sup> See T7 Japan Task Force 4 policy briefs for a comprehensive approach to identifying and promoting coordination on managing these risks.

<sup>9</sup> See T7 Japan Task Force 4 policy briefs for approaches to improve the participation of women through supporting grassroots civil society organizations.

## Revisiting the Washington Consensus— Searching for New Rules for Global Capitalism

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### Why Is Reform Needed?

Market capitalism has proved to be the best way to increase productivity and raise living standards. The have been a successful formula for accelerating economic development for countries that had the governance architecture to support capital investment. But, as discussed, the resulting structural change imposed large costs, and the winners were not required to compensate the losers. The challenge for democracies and autocracies alike is to harness the enormous potential of capitalism while addressing inequality, restricting abuse of market power, and forcing external costs back onto those who benefit from the profits of capital. These negative consequences of unfettered capitalism are eroding support for the market-based system, seeing a shift to protectionism and industry policies that favor domestic firms.<sup>10</sup> In addition, the highly mobile and interconnected nature of digital technology presents new sources of both strategic and economic risk.<sup>11</sup> AI and robots may also fundamentally change the nature of comparative advantage.

At a time when the world needs cooperation to resuscitate capitalism as the driver of economic growth and to manage the risks of digital disruption, the forces of divergence are getting stronger.<sup>12</sup> Geo-strategic risks are adding to this erosion of a global marketplace, with policies favoring onshoring and friend shoring. International institutions are losing their ability to find common ground on where groups of countries can cooperate. Strengthening the bonds between G7 countries should not come at a cost to the ability to work with other country groupings—most represented within the G20—on reforming the economic foundations that are essential for a market economy to function for common prosperity. The challenge is to expand the principles of the Washington Consensus to recognize the weaknesses and put in place agreements to mitigate the costs of inequality and the environmental damage, and to restrict the rent-seeking behavior of large firms, with a focus on multinational corporations.

### What Would Reform Look Like?

Gains from trade and investment require cooperation across countries that are at very different stages of development, with different population preferences and priorities. The “values” driven approach being promoted by liberal democracies risks failing to recognize these differences. An overarching set of principles that most, if not all, countries can agree on as a framework for their external facing policy settings is needed to update the Washington Consensus. These principles could provide a foundation for strengthening bridging capital between countries regardless of their systems of government.<sup>13</sup>

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<sup>10</sup> Pidchosa and Buz (2020) summarize these shifts in G7 countries.

<sup>11</sup> Wheeler and Simpson (2022) set out the issues and propose some solutions.

<sup>12</sup> The International Monetary Fund’s Finance and Development issue on the Geo-Economic Puzzle, June 2022, covers the forces for divergence.

<sup>13</sup> For a thoughtful discussion on the separation of utilitarian and values driven objectives see Dervis (2020).

The new principles could include that all firms, but multinational and large domestic firms in particular, regardless of ownership, should:

- pay resource rent taxes on the natural resources that they consume;
- pay domestic taxes to fund the public services they use, including the services that support the education and health of their labor force (and they, in turn, should hold governments accountable for delivering those services);
- share the upside from their economic activity with the government where they seek to use the government resources to insure themselves against losses; and
- meet the cost of environmental damage arising from their activities.

International cooperation to set minimum standards and to hold firms to account for meeting these standards would be a more effective way to provide a “level playing field” than inserting obligations on governments in bilateral trade and investment agreements. Capitalism can still thrive as rules that constrain market power and level the playing field will boost competition—the capitalists will just have to focus more on improving productivity and less on rent-seeking.

Actions to implement these new principles could include:

- Ensuring that firms pay taxes mostly in the locations where they undertake production and generate revenue. This would build on the solutions agreed upon in Indonesia’s G20 Communiqué, by improving cooperation on the implementation of the GloBE rules in the broader context of the Organisation for Economic Co-operation and Development (OECD)/G20 BEPS Project, including limiting the use of tax incentives that undermine domestic revenue mobilization and efficient allocation of capital.<sup>14</sup>
- Introducing minimum standards for taxation of resource rents and the publication of the tax paid by foreign and large domestic firms to improve transparency and accountability.<sup>15</sup>
- Agreement to common standards for measuring negative externalities at the firm and country levels. This would provide a foundation for establishing a minimum tax that firms pay for the damage they cause.<sup>16</sup> Where this damage is beyond country borders, the tax can be used to fund a Loss and Damage Fund—like the one created at the COP27—to compensate those bearing the cost of the negative externality. The G7 could work with the G20 to identify a set of high external cost activities undertaken by multinational firms where such taxes and funds could be established to support low-income countries’ environmental and economic recovery.
- Reforms to the international financial system rules. The greater interconnectedness of financial systems, which is only increasing with digital service delivery, increases the scope for financial market players to shift downside risk to governments (and consequently to their taxpayers and constituents) while offering no guarantee that these governments can share the upside. These changes alone justify reforms that recognize the increasing role of developing

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<sup>14</sup> The OECD (2022) report concludes with a set of policy considerations that warrant greater attention.

<sup>15</sup> There is a considerable academic literature supporting resource rent taxes (for example, Reitberger (2020)).

<sup>16</sup> There are benefits to all countries from cooperation on taxing externalities, not least from reducing the incentives for firms to relocate to jurisdictions with lower environmental standards (see for example, Ahlvik and Liski (2021)). Rather than imposing environmental standards, a common approach to taxing firms that generates externalities would “level” the playing field while generating revenue for the countries that are bearing the cost of pollution or other externality.



countries as markets for financial services and as innovators in financial services.<sup>17</sup> Any action by a central bank to manage instability in a segment of its capital market has the potential to influence other countries' capital markets.<sup>18</sup> Given this risk of contagion, greater coordination that recognizes the costs of contagion, not least to less-developed countries, is needed. This should include consideration of a Financial Instability Insurance Fund so that the private sector players fund the cost of maintaining global financial system stability.

## Who Should Take Action?

The G7 could work with the G20 to identify the most prospective of these areas for cooperation. The investment in establishing rules and enforcement mechanisms will build the bridging capital needed to address more contested areas. There are existing organizations that can lead in a progressive reform agenda. The World Trade Organization could be tasked with coordinating an agreement on trade rules reform to a timetable set by the G7-G20, with those meetings providing a suitable reporting point on progress. The OECD, International Monetary Fund (IMF), and World Bank can work together and implement previous proposals on a global tax reform agenda supported by the G7 and G20. The IMF, Financial Stability Board, and Bank for International Settlements can lead on financial reforms. The World Bank and UN Environment Program can be tasked with leading on accountability for environmental externalities. The G7 and G20 platforms should seek to engage the private sector on these reforms as well as the public bodies of individual countries. A longer-term commitment to keep progressing the agenda would put the private sector (and any state-owned commercial entities) on notice that it is in their own interests to coordinate on broader risk management and improve the transparency of business activities.

## Building Bridges for Cooperation on Prevention, Preparedness, and Response for Global Crises

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### Why Is Cooperation Needed?

The Japanese presidency of the G7 has declared that international cooperation on prevention, preparedness, and response (PPR) is central to improving human security in the face of COVID-19 and future pandemics. The goal of comprehensive security would expand the security agenda from protecting a country from a future pandemic to protecting a country's population from a broader set of risks. In addition to pandemics, these risks include growing food insecurity, cyber insecurity, civil and political unrest, and natural disasters, which are increasingly harmful due to climate change, changing land use, and population growth.

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<sup>17</sup> Jones and Knaak (2018) outline three challenges for global financial governance—engaging developing country regulators in global rule making, adding financial service delivery to financial stability as a goal in designing these global regulations, and setting global standards for fintech that will enable innovations in developing countries while maintaining stability.

<sup>18</sup> See Mishra and Rajan (2022) for a detailed explanation of how exposed developing countries are to the actions of central banks in reserve currency countries.



Building bridges for cooperation on prevention, preparedness, and response to global crises is critical to protecting human security. Through increased funding for PPR initiatives, research cooperation, cooperation on sentinel systems, and connected first-responder systems, countries can work together to develop more effective strategies for crisis prevention and management. By engaging with specialist organizations and multilateral institutions, countries can leverage the expertise and resources needed to make progress in these critical areas.

## What Would Reform Look Like?

Despite many sound proposals for greater cooperation on PPR coming from the 2022 G7 agenda, progress is slow. To promote cooperation, international organizations need to identify common ground and examine their frameworks to improve alignment in their approaches to achieving common objectives. Countries should not be required to sign on to one framework at the exclusion of others. Agendas should be designed to reduce the interdependence of the elements as this would allow country governments a greater array of options that move them toward common objectives.

Researchers in international institutions, governments, think tanks, and academia should turn their attention toward ways to design agendas that allow for more diverse pathways to common objectives, with greater consideration of the range of political economy considerations in their design. They should work to identify adoptable options that facilitate progress toward the agendas and develop ways to measure progress. And, while estimating the gains to fully integrated cooperation on risks, such as climate change, has value, so too does building evidence on the gains from less ambitious progress options.

The design of relatively independent elements that would constitute progress toward a common objective will depend on the agreed objective. But elements that would support making progress on common objectives in any area in the broad comprehensive security agenda include the following:

- More committed funding for PPR initiatives, expanding the pandemic-related to include climate-related disasters. Countries could pool resources to create a global fund dedicated to PPR, with contributions from both public and private sources. This fund could be used to support early-warning systems, response plans, and the development of vaccines and other medical countermeasures, among other things.
- Removing roadblocks and encouraging greater research cooperation related to common objectives. While there can be legitimate reasons to curtail research cooperation in some areas, legislation often has a chilling effect on areas that pose little risk relative to the benefits from cooperation.<sup>19</sup> Researchers from different countries and institutions could collaborate to share data and develop new technologies and strategies to improve PPR. Research and development in areas such as epidemiology, data science, and AI could be shared across countries to strengthen global capabilities for crisis prevention and management. The recent

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<sup>19</sup> See, for example, Jeanmonod and Firstenberg (2019) on the impact on research for scientists in the United States.

call for a slowdown in AI research, for example, points to the need for international cooperation not just in research but on regulatory frameworks around research.

- Promoting cooperation on sentinel systems to assess and warn of rising risks. Sentinel systems (data and risk modelling) can provide early warning of potential crises, enabling countries to take proactive measures to prevent or mitigate their impact. Countries could work together to share data and knowledge and to develop common standards for sentinel systems, including protocols for data sharing and interoperability. G7 countries should increase their investment in building the capacity of countries facing greater risks to analyze the data and validate the modelling to better support these countries’ governments to make well-informed PPR investments.<sup>20</sup>
- First responders depend on a seamless flow of voice, video, and data communications to guide their response, whether it be a small-scale incident, a significant natural or manmade disaster, or a pre-planned event where tens of thousands of people will be present. Emergency response officials must be able to communicate quickly and easily to fully coordinate their preparedness and response in these situations. Supporting the adoption of new technology could greatly improve coordination. For example, the Massachusetts Institute of Technology is innovating high-tech tools to improve situational awareness during emergency response operations for first responders. Pre-warning solutions are gaining traction. Telematics, the Internet of Things (IoT), and sensory data are captured to help identify emergency situations as they happen and can provide updates during response efforts. Such technologies can even be connected across regions, countries, and continents to study data with greater effectiveness and even in cases where international coordination is required.

These investments in cooperation need to be long-term to build communication, capabilities, and relationships. Over time, such investments will reduce the cost of finding common ground and coordinating actions.

### Who Should Take Action?

In order to implement these policy reforms, it will be critical to engage with and leverage the expertise of specialist organizations that are already involved in PPR. These organizations include the World Health Organization, the United Nations Development Programme, and the International Federation of Red Cross and Red Crescent Societies, among others. By working with these organizations, governments can draw on their expertise and resources to develop more effective PPR strategies.

At the same time, the main multilateral institutions that support the delivery of the Sustainable Development Goals (SDGs), such as the World Bank Group, multilateral and other public development banks, and the IMF, must be part of pursuing this agenda. These institutions can help to mobilize the resources needed to fund PPR initiatives and can provide technical assistance to countries as they work to implement PPR strategies.

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<sup>20</sup> A report to APEC in 2019 pointed to the value still to be provided by the marine and earth observing systems by building the capacity of countries to use the data as well as increased data sharing.

## Supporting Transparency and Public Accountability for Governance

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### Why Is Reform Needed?

There are many fundamental reasons for poor governance.<sup>21</sup> The drawing of national boundaries around disparate groups, legacy governing systems unsuited to the new nation, colonial oppression and/or traditional power structures that favor the elite, and environmental pressures and conflict over resources all make it harder to establish good governing systems. But for preventing conflict and establishing and maintaining peace. Good governance systems will reflect the values of the population and not just those of the elite. Good governance systems are able to establish rules accepted as sufficiently fair and enforce them, mobilize domestic revenue, deliver infrastructure and human services to support economic and human development and maintain macroeconomic stability through fiscal and monetary management.<sup>22</sup>

The costs of operating a governance system (the political institutions that regulate, tax, and spend and the institutions that enforce the rules, collect revenue, and deliver services) are lower where there is public trust that the system will operate in their interests most, if not all, of the time. However, the problems of growing inequality, slowing growth, rising environmental and man-made disasters, and failure by governments to deliver human services have undermined trust in governments and in international institutions. Trust, and with it the support for rule-making and enforcing systems, can only be restored by those systems delivering valued outcomes. It is only where the current systems cannot enforce justice, mobilize the resources, and use these to deliver outcomes that system change is needed.

### What Would Reform Look Like?

Supporting public accountability for service delivery can improve incentives for governments to raise revenue and deliver services where the governments have sufficient public trust to make and enforce rules. G7 and G20 countries could agree to minimum targets for inclusive service delivery in their own countries, and to working with donor recipient countries on realistic targets linked to their development assistance. The G7 and G20 could improve their support for and cooperation with organizations that monitor and report on service delivery. These reports should be linked to achieving the SDGs.

Where countries lack a foundational legal and judicial system, revenue mobilization will be haphazard and service delivery patchy at best. Conflict is more likely in countries lacking this foundational system, not only as they lack resources but because it is harder to ensure commitment to any peace agreement. The G7 and G20 could work with the multilateral development banks to

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<sup>21</sup> Rose-Ackerman (2004) provides a detailed explanation of how the disconnect of elites from citizens is a primary cause of poor governance, and sets out what is needed to improve governance. Research since then has focused more on what policies work, which turns out to be highly context specific. So, understanding how the elite was formed is important to designing effective policies to improve governance.

<sup>22</sup> Macroeconomic stability is the principle in the Washington Consensus that has been most difficult for some countries to achieve. Avoiding protection and subsidies for politically connected businesses (crony capitalism) has also been difficult to achieve, and not just in developing countries.

focus attention on political and civil society organizations (CSOs) to design a governance system that best suits the situation of each conflict-prone country. Support for development (in contrast to humanitarian support) should be conditional on progress toward an agreed system, which can be monitored by civil society organizations.

Investment in civil society organizations in conflict-prone countries will be needed, especially where conflict has disrupted such organizations. Making development assistance conditional on an independent judiciary and civil society engagement in rule-making will help to shift the incentives toward resolving conflict and laying the foundations for stability.

To engage CSOs, governments can provide a conducive environment for them to operate, including creating legal frameworks that enable their operations and providing them with resources to carry out their activities. Governments can also establish channels of communication and dialogue with CSOs and work with them to develop policies and programs that promote transparency, accountability, and good governance. Women's participation in governance is also crucial for promoting transparency and accountability. Women's perspectives and experiences can bring unique insights to governance, and their participation can help to promote more inclusive decision-making processes.

To promote women's participation, governments can implement policies and programs that encourage and support women to participate in governance. This can include measures to address gender-based discrimination and inequality, such as affirmative action programs and gender mainstreaming in policy development and implementation. Governments can also work to eliminate barriers to women's participation, such as lack of access to education and training, and limited financial resources. Specific proposals to promote the role of women in conflict resolution and peacebuilding are set out in the T7 Japan Task Force 4 policy briefs.

Soft sanctions, also known as targeted sanctions, can also be an effective tool to encourage uncooperative individual countries to improve their governance systems. These sanctions are designed to target individuals or entities responsible for actions that undermine good governance, such as corruption or human rights abuses. They can include measures such as travel bans, asset freezes, and restrictions on financial transactions.

Considerable caution should be applied in making sanctions as they can backfire if considered too harsh, undermining support for reform and fuelling anti-Western sentiment. In addition, sanctions that are too broad can hurt innocent citizens and damage the overall economy, which can further undermine good governance. A better approach would be to use sanctions that are designed to target those responsible for undermining good governance while minimizing the negative impact on innocent citizens. Sanctions should be imposed only after a thorough investigation and with clear evidence of wrongdoing.

Sanctions alone are not sufficient to promote good governance. They must be accompanied by a broader strategy that includes technical assistance, capacity building, and other forms of support to help countries build stronger institutions and promote more transparent and accountable governance. By combining soft sanctions with other tools and strategies, the international community can help to create an environment that is more conducive to good governance and sustainable development.

The challenges to good government are not limited to conflict-affected countries, as good governance is something that requires constant attention.<sup>23</sup> It is tempting for governments and leaders to look to retain power in the face of declining public trust by eroding the independence of the systems that are required to maintain good governance. Actions that can weaken governance include politicizing the judiciary, raising restrictions on media, eroding the principle of universal suffrage, and reducing the transparency of government decision-making. The development of standards to counter such tendencies could include ensuring legal systems support purpose-driven CSOs but also hold them to account against their purpose, requirements on consultation with civil society, collection and reporting on governance metrics; and improving the freedom of the press.

### Who Should Take Action?

Improving governance faces many barriers, not least vested interests. Any agenda must have both carrots and sticks. It also must have countries willing to lead by example—that “walk the talk.” In the last decade, there has been a *decline* in some democracies. G7 countries can lead by example if they acknowledge areas where their governance has been weakened and commit to reversing this trend. This should place the G7 on a stronger footing to encourage G20 countries to follow suit. Together, reforms to governance in the G7 and G20 countries would set an example for other countries to follow. This would form a foundation for greater international cooperation and peer-learning among those countries to strengthen governance practices.

Expediting wider improvements in governance systems, particularly transparency and public accountability in poorly governed countries, requires both support and incentives. International organizations such as the UN and the World Bank and multilateral groups like the G7 and the G20 could play a key role in facilitating such cooperation and knowledge exchange through regional networks and dialogues.

Support for countries to act responsibly in governance could include the provision of financial and technical assistance to countries that demonstrate a commitment to improving governance. The action plans developed under the Open Government Partnership need both high-level promotion and technical and financial support to get traction. Incentives could include the requirement that countries meet certain standards around transparency and accountability in trade and investment agreements. Donor countries could also attach governance conditionalities to their aid and development assistance to encourage more responsible governance practices. In designing sanctions, the international community should work closely with civil society organizations and other stakeholders to ensure that sanctions imposed are part of a broader strategy to promote good governance and respect for human rights.

Supporting transparency and public accountability to improve governance requires a multi-faceted approach that involves the development of better metrics, greater citizen engagement, stronger legal and regulatory frameworks, and incentives for responsible governance. International cooperation is a crucial component in achieving good governance across the world. But actions

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<sup>23</sup> Even in democratic developed countries, attention to maintaining the rule of law is important for supporting good governance. Unfortunately, the general trend has been a decline.

will be more effective if the G7 and G20 lead by good example and if they deepen and widen the inclusion of civil society and women's organizations in the design of both supports and sanctions and task them with monitoring progress.

## How the G7 and G20 May Come Together in Synergy

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Despite the tense relationship between the Russian Federation and the G7 countries, it is important for the G7 and G20 to come together to pursue common goals and address global challenges affecting all. Engaging in dialogue and promoting open communication channels between these two groups is the first step in that direction. This could involve the creation of joint working groups to address specific issues, exchange information, and share best practices as well as focus on shared interests and priorities.

While the G7 may have taken a strong stance against the Russian Federation, the G20 includes a more diverse set of countries with varying interests and priorities. Leaders can use this diversity to build consensus on issues such as multilateralism, global economic stability, and climate change. After all, the G7 countries are also part of the G20.

Diplomatic efforts are needed to foster understanding and respect for different viewpoints while working toward common goals. This could involve providing more opportunities for leaders to meet and engage in discussions, as well as addressing specific issues of common concern. Equally important is to have a better understanding of the underlying causes of the current divisions and tensions among nations. This includes greater political dialogue as well as addressing the root causes of conflicts and disputes.

Finally, it is essential to have a shared vision for the world's future that includes promoting sustainable development, protecting the environment, and fostering greater social and economic equity. By working toward goals and objectives that are more centripetal, the G7 and G20 can overcome the centrifugal forces that currently divide some of them and channel energies toward building a more prosperous and peaceful future for all.

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### About Think7

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Think7 (T7) is the official think tank engagement group of the Group of 7 (G7). It provides research-based policy recommendations for G7 countries and partners. The Asian Development Bank Institute (ADBI) is the lead chair of T7 under Japan's 2023 G7 presidency.