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Research Report

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The G20 and the 2030 Agenda for Sustainable Development

How to Strengthen Policy Coherence and Accountability

Marianne Beisheim

The next G20 Summit will take place in Hamburg on 7/8 July 2017. Under the Chinese Presidency, the G20 adopted the *Action Plan on the 2030 Agenda for Sustainable Development* at the 2016 Summit in Hangzhou. The 2030 Agenda had been signed by heads of state and government during the United Nations (UN) General Assembly in 2015. The German Presidency is now planning a ‘Hamburg update’ of the G20 Action Plan. What kinds of contributions from G20 countries could boost the implementation of the ambitious 2030 Agenda? How can the G20 and UN processes be meaningfully linked, particularly with regard to policy coherence and accountability measures?

The G20 calls itself the “central forum for international cooperation on financial and economic issues” of “leading industrial and emerging countries”. Research contributions ascribe this form of *club governance* with being able to act faster and more effectively. Compared to multilateral organizations, like the UN, such clubs have a limited number of members, work on specific issues and are more flexible because they are less institutionalized. Accordingly, the G20 should be able to act as a pioneer, mainly by means of ambitious plurilateral commitments. Thus, the G20 could scout political solutions and mobilize financial resources or other capacities.

The G20 Action Plan on Sustainable Development

In the introduction to the *G20 Action Plan on the 2030 Agenda for Sustainable Development*, adopted in 2016, the G20 states declare their intention to align their work with the objectives of the 2030 Agenda and the 17 Sustainable Development Goals (SDGs). The G20 is comprised of the 19 major industrialized and emerging economies plus the European Union. These are unquestionably important actors when it comes to achieving sustainable development. Together, they represent not only nearly two-thirds of the world’s population but also four-fifths of the world’s gross domestic product (GDP) and three-quarters of world trade, as well as around 80% of global CO₂ emissions.

In the Action Plan, the G20 has announced it wants to produce added value, in particular, where it can do so well as a global forum for economic cooperation, that is, by helping to adjust the *macro-economic framework*, thereby creating a *global enabling environment* for sustainable development.

Unfortunately, this guiding principle does not feature sufficiently in the rest of the Action Plan. The G20 outlines for 15 *Sustainable Development Sectors* – such as growth, trade, investment, or infrastructure development – what contributions and measures it wants to achieve or is already achieving *collectively* and *individually*. It is not always clear, however, to what extent the existing G20 strategies and commitments listed for each of the sectors promote a transformation towards sustainability or whether a corresponding revision has at least been planned. Furthermore, commitments should not solely focus on the G20's development policies, but also on implementing the 2030 Agenda in the G20 countries themselves.

Moreover, the G20 Action Plan drafted under the leadership of the Chinese Presidency largely emphasizes innovation, industrial revolution, and technological solutions. Profound political and structural reforms are not the centre of attention. However, to achieve the transformation aimed at in the 2030 Agenda, the G20 would need to establish regulatory governance with which conflicting objectives and trade-offs between the economic, environmental and social dimensions of sustainable development can be dealt with in a more balanced way than they have been to date.

Improving policy coherence

It is to be welcomed that the Action Plan has been created as a 'living document', a document that each G20 Presidency can and should continue to further develop. With regard to the G20's *collective* efforts, the German Presidency should ensure that

all G20 strategies and commitments are checked for coherency with the 2030 Agenda and the SDGs. To achieve this, each G20 process could integrate a systematic *sustainability check* into its workflow. The main focus should primarily be on aligning the rules for the world economy, both for the financial markets and for international trade. Precisely because the UN is not in a good position to tackle these policy areas, the G20 could generate genuine added value through its activities. After all, macro-economic policies constitute a crucial framework for the implementation of almost all the SDGs.

To achieve this coherence, the G20's Framework for Growth Working Group, for example, would need to revise the *Framework for Strong, Sustainable and Balanced Growth*. In its 2016 Accountability Assessment, sustainable growth is equated with sustained growth. However, upholding the principle of growth alone and fostering deregulation and private sector participation for this, will not lead to the desired transformation towards sustainable development. While the assessment at least addresses the social dimension of sustainability (albeit not in the sense of human rights' obligations), the ecological dimension only appears in a single sentence and this merely as an option for structural reforms.

The G20 accountability mechanism

In 2010, the G20 agreed on its development programme and set up the Development Working Group (DWG). Since 2012, it has also been discussing an accountability framework for its development policy commitments which it formally adopted in 2014. Every three years, the DWG is expected to compile a *Comprehensive Accountability Report*, supplemented by *Annual Progress Reports*. The annual reports are presented to the Sherpas and the main reports also to the heads of state and government. To date, two Progress Reports (2014, 2015) and two Comprehensive Accountability Reports (2013, 2016) have been published. Since

2013, the process has been supported by the DWG Accountability Steering Committee (ASC) which also advises on how the accountability mechanism could be further developed.

Given the reasoning of the G20 Action Plan, future accountability reports on the collective efforts of the G20 can no longer solely follow-up the G20's development commitments, but will inclusively and coherently have to take into account all relevant policies for sustainable development. Consequently, the reports would need to be based on input and feedback from all relevant G20 processes and workgroups. Looking at the list of the G20 working groups – agriculture, anti-corruption, development, employment, the framework for growth, financial inclusion, green finance, health, international financial architecture, sustainability/energy and climate, trade and investment, digital economy – it is clear that they are *all* relevant and thus should align their work with the 2030 Agenda and its transformative goals. Accordingly, Sherpas and G20 working groups need to take responsibility in their respective policy areas for both the implementation and reporting on progress. This applies not only to the working groups of the Sherpa track but also to those of the Finance track with its focus on finance and growth, investment and infrastructure.

The mandate formulated in Annex A of the Action Plan, therefore, gives the DWG the task of comprehensive coordination which goes far beyond its previous mandate. Accordingly, in its Action Plan and 2016 Hangzhou Comprehensive Accountability Report, the G20 calls for an effective division of labour between the various G20 processes, including “two-way exchanges of information”. To effectively spur action, the G20 needs to provide stronger political guidance and incentives. In addition to creating efficient formats for cooperation, it is also worth considering reorganizing the working groups. Given its expanded mandate and its new coordination role, the DWG could rename itself the SDWG.

Implementation in the G20 countries

Annex B of the Action Plan contains *country reports* in which G20 states, on a voluntary basis, showcase their *individual national actions* for implementing the 2030 Agenda. These reports are, so far, rather brief and, correspondingly, their informative value is limited. The reports do not allow for the intended mutual learning and knowledge sharing, nor do they provide a solid basis for mutual accountability. For this, the reports would have to offer more analytical depth. At least even those countries critical of reporting have delivered. Currently, however, it is not clear whether and how the G20 intends to proceed with the country reports.

In any case, it would not make sense to duplicate the voluntary national reviews (VNRs) at the annual UN High-Level Political Forum on Sustainable Development (HLPF). Instead, the German G20 Presidency should work to convince all G20 countries to actively participate in the HLPF-VNRs by 2018 and to do so three times by 2030. However, some G20 members are not very ambitious on this issue. Seven G20 countries have not yet registered for the HLPF-VNRs (Australia, Canada, Russia, Saudi Arabia, South Africa, UK and US). Therefore, it will be difficult to enshrine such a commitment in the final declaration which must be agreed by consensus. However, a loose coupling of the G20 and UN processes could help, not only make reporting complementary but also implement the 2030 Agenda coherently.

The G20 should continue to use country reports to better follow-up national-level implementation of its G20 Action Plan. The DWG Accountability Steering Committee could draft appropriate guidelines. These should make sure the country reports focus on G20 core issues. Macro-economic measures that take into account the economic, environmental and social dimensions of sustainable development should take centre stage. In the guidelines, the G20 countries could also be called upon to address problems and trade-offs in their reports, espe-

cially if these might also be relevant to other countries. By no means should the reports focus solely on the development cooperation of G20 countries, while cross-border effects of national policies should always be taken into consideration.

Working with reports

Finally, it is necessary that the G20 works with its reports – and does so continuously across the changing Presidencies. One option would be regular *peer dialogues* on the findings of the reports. These should take place at the leadership level as the Sherpas are best placed to pay attention to policy coordination and coherence across relevant G20 work streams.

More detailed *peer reviews* could be implemented on selected topics. They could be modelled along the voluntary peer review on rationalizing and phasing out inefficient fossil fuels subsidies which the G20 established in 2013. The first countries to volunteer for this mutual peer review were the US and China, other countries intend to follow. The results were discussed at the G20 Summit in 2016 and the findings have been praised by many observers as useful.

Following the mandate of the DWG and the Comprehensive Accountability Report, such peer dialogues and reviews should also take into account the views of non-G20 countries and other stakeholders. Already, guests like for example representatives of regional organisations and societal stakeholders are involved in the process of preparing the G20 Summit. Dialogue forums, such as the Business20, Labour20, Civil20, Women20, Youth20, Science20 and Think20, were set up in response to criticism of the limited participation, transparency and legitimacy of the G20. The G20 could attach even greater importance to these dialogues if they were also to give stakeholders the opportunity to comment on the G20's accountability reports. Stakeholders could be invited to also present the findings of their own reports; the University of Toronto, for example, regularly compiles a compli-

ance report on selected measures that G20 states have committed themselves to.

G20 first?

On its website the German Presidency confirms: "The G20 has pledged to go out in front and set a positive example". And this is what we expect from club governance. In the end, however, some concern born of *realpolitik scepticism*: Is the G20 currently in a position to act as a pioneer club and deliver an ambitious 'Hamburg update' of its Action Plan? Why should Trump or Putin, Modi or Erdoğan support progressive positions at the G20?

One advantage of the G20 club is its greater peer pressure. Together with an alliance of the willing the German Presidency could clarify: A joint declaration and action plan that only represent a minimal consensus, dictated by national self-interests, will not allow the G20 to lead in realising the goals of "Transforming our World" (the title of the 2030 Agenda) agreed by all heads of state and government in 2015.

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