G20 and Opportunities of Better Global Governance

This editorial is based on **The trajectory of progress must change** which was published in The Hindu on 03/08/2023. It talks about the global governance systems and issues related to it.

For Prelims: SDGs, G20, GDP, G-7, **Mission** LiFE, COVID-19 Pandemic, Financial Stability Board, Paris Agreement

For Mains: Significance of Local Governance in Global Governance

The world is facing multiple crises of **climate change, socio-economic inequality, poverty, and conflict.** The current model of economic growth is not equitable. Mere economic growth will not solve the world's problems; it needs to be sustainable and equitable too.

The **G20,** which **represents 80% of the world's** GDP **(Gross Domestic Product) and 2/3rd of the global population**, is one of the most influential forum for global governance. However, it is at an impasse because the **US wants its members to shut out Russia and China who it sees as obstacles in its personal gains.**. India, as the chair of the G20, is not easily swayed by **pressure from the** G-7 and wants the G20 to concentrate on the agenda of 90% of humanity outside the G-7.

India, as chair of the G20, has offered a **vision of *Vasudhaiva Kutumbakam* (One Earth, One Family, One Future)** to bring all citizens of the world together and make the world better for everyone. India has also proposed an **approach of** LiFE **(lifestyles for sustainable development)** to the G20. It requires "coherent actions amongst stakeholders at all levels rooted in collective actions across society". It also **recognizes and amplifies the role of local communities, local and regional governments** and traditional knowledge in supporting sustainable lifestyles.

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G-20 (The Group of Twenty)

About

- In 1999, following the **Asian Financial Crisis** of the **1990s, G20** was established as a Forum for **Finance Ministers and Central Bank Governors**.
- Raised to the **Summit level in 2008** to address the global financial and economic crisis of 2008.

Aims

- Secure global financial stability by involving world's largest advanced and emerging economies.

Structure and Functioning of G20

- The **G20** Presidency rotates annually
- No permanent **Secretariat** or **Headquarters**
- **19 countries** are divided into **5 groups**
- The presidency rotates between each group

Troika

- It is a working association between the **current presidency**, **past presidency** and **next presidency**.
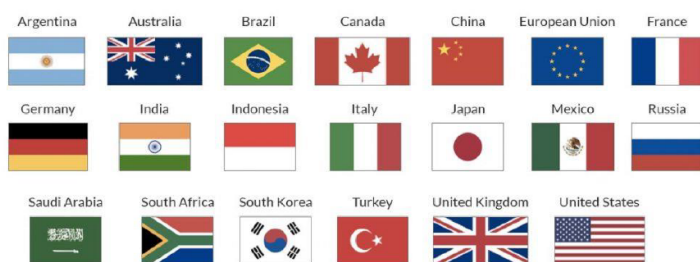
Challenges

- No Enforcement mechanism
- No legal binding
- Polarization of Interests:
  - Russia Ukraine Conflict
  - China's strategic rise
  - NATO's expansion

G20 India 2023

- India assumed the **18th G20 Presidency from December 1, 2022** for a **one-year period**.
- **Theme:**
  - "**Vasudhaiva Kutumbakam**" a Sanskrit word which Stands for "**One Earth · One Family. One Future**".
  - This is taken from the ancient Sanskrit text of the '**Maha Upanishad**'.

G20 COUNTRIES

Argentina, Australia, Brazil, Canada, China, European Union, France

Germany, India, Indonesia, Italy, Japan, Mexico, Russia

Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States

What is the G20's Role in Shaping Global Governance?

- **Economic Coordination:**
  - Economic issues transcend **national borders, necessitating coordinated efforts.**
  - The G20 acts as a platform for major economies to discuss and align their economic policies, **promoting global stability and growth.**

- The G20 accounts for more than **80% of world GDP, 75% of global trade.**
- **Crisis Management:**
    - The G20 emerged as a **response to the 2008 financial crisis.** Since then, it has played a critical role in crisis management by convening leaders to address immediate challenges and formulate strategies for recovery.
    - In response to the Covid-19 pandemic, G20 leaders held an Extraordinary **Virtual Leaders' Summit** to coordinate global efforts. They committed to supporting research, ensuring access to medical supplies, and sharing best practices.
- **Global Financial System Reform:**
    - The G20 aims to enhance the resilience and stability of the global financial system. It has pushed for reforms to **financial institutions, regulations, and oversight mechanisms** to prevent future crises.
    - The G20's commitment to financial regulation led to the establishment of the **Financial Stability Board (FSB),** which monitors and makes recommendations about the global financial system.
- **Climate Change and Sustainable Development:**
    - While not its primary mandate, the G20 addresses **environmental issues and sustainable development.** The group's decisions impact resource allocation, energy policies, and international climate commitments.
- **Shaping Agendas:**
    - The G20 can set agendas and influence priorities on a global scale. Its discussions often drive international discourse and guide policies adopted by other international organizations.

What are the Challenges of Global Governance?

- **Diverse Interests and Priorities:**
    - Countries have varied and often conflicting interests and priorities. Balancing these **diverse perspectives while seeking common solutions** can be immensely challenging.
    - Disagreements over climate change commitments in international agreements like the **Paris Agreement** showcase how countries' diverse interests hinder reaching common solutions.
- **Lack of Coordinated Action:**
    - Global governance requires coordinated action among numerous stakeholders, including **governments, international organizations, non-governmental organizations** (NGOs), and the private sector.
- **Inequitable Resource Distribution:**
    - Unequal distribution of resources, **both financial and technological, creates disparities in addressing global challenges.**
    - Developing countries often lack the resources and infrastructure to fully participate in and benefit from global governance initiatives.
        - **Limited access to Covid-19 vaccines** in low-income countries highlighted resource disparities and challenges in providing equitable global public goods.
- **Complexity of Global Issues:**
    - Many global challenges are multifaceted, **spanning economic, social, environmental, and political dimensions.**
    - Addressing these issues requires comprehensive and integrated approaches that can be difficult to develop and implement.
- **Power Imbalances:**
    - Power imbalances among countries can lead to **unequal influence in global governance processes.**
    - Powerful nations may **exert disproportionate control over decision-making**, sidelining the voices of less powerful countries.
        - Unequal representation in global decision-making bodies like the UN Security Council **can lead to skewed priorities and resolutions.**
- **Environmental Degradation and Climate Change:**
    - Environmental issues, including **climate change, require global cooperation** to mitigate their impact. Disagreements over responsibility, **mitigation strategies, and**

- **resource allocation** hinder effective global responses.
        - The lack of consensus on climate finance commitments and emission reduction targets reflects the difficulty of achieving global cooperation on environmental issues.
    - **Short-Termism and Political Pressures:**
        - Short political cycles and domestic pressures within individual countries may lead to **decision-making that prioritizes immediate gains** over long-term global benefits.
        - This short-term focus can hinder efforts to address complex, gradual challenges.
    - **Challenges of G20 in Global Governance:**
        - The G20 has a limited membership that excludes many countries and regions, which may undermine its legitimacy and representation.
        - Feud among member countries, some even major economies, also hinders better coordination at global level

How Strengthening Local Governance can Strengthen Global Governance?

- **Community-Led Solutions for SDGs:**
    - Engaging the people most affected by the **SDGs'** challenges, such as **local farmers for sustainable agriculture or healthcare workers for healthcare access,** can lead to context-specific, innovative solutions.
        - **Example:** In rural areas, engaging local farmers in adopting **climate-smart agriculture** practices tailored to their environment boosts agricultural productivity and environmental conservation.
- **Strengthening Local Services and Resilience:**
    - Enhancing access to basic services like **education, healthcare, clean water, and social safety nets directly ensures well-being** and reduces vulnerability to shocks, ensuring a stronger foundation for communities.
        - **Example:** Constructing water purification units in **remote villages enhances health and hygiene, addressing clean water** and health-related SDGs.
- **Participatory Governance and Accountability:**
    - Promoting **transparent decision-making processes** involving local citizens, civic organizations, and elected representatives ensures that policies align with community needs, building trust and accountability.
- **Cooperative Networks for Shared Progress:**
    - Establishing platforms for local and international collaboration, knowledge exchange, and resource-sharing enables communities to collectively address challenges like climate change, poverty, and inequality.

How India is Changing the Trajectory of Progress?

- Promoting a vision of **Vasudhaiva Kutumbakam that respects diversity and fosters solidarity** among nations and peoples.
- Advocating for an approach of LiFE that **encourages sustainable lifestyles and consumption** patterns that are compatible with planetary boundaries and human dignity.
    - Inspiring other countries to follow its example and learn from its successes and failures.
- Besides these steps, the Government of India shall empower **local communities and local governments to find and implement solutions** to their own problems using their own resources and knowledge.

How G20 Can Strengthen Global Governance ?

- **Collaborative Leadership and Agenda Setting:**
    - The G20 should prioritize collaborative leadership, focusing on **setting agendas that reflect the diverse interests of its member nations** while also promoting sustainable development, equitable resource distribution, and global stability.
    - Regular dialogues and consultations can ensure that decisions made are inclusive and holistic.

- **Integration of Sustainable Practices:**
    - The G20 should take proactive measures to integrate sustainability into **economic policies and decisions.**
        - This could involve incentivizing green investments, **supporting** renewable energy adoption, and encouraging circular economy **models.**
    - Member nations could also collectively commit to **carbon neutrality targets** and align their energy policies with the Paris Agreement.
- **Strengthening Crisis Preparedness:**
    - Building upon its role in crisis management, the G20 should **establish a framework for rapid response to global emergencies,** whether financial, health-related, or environmental.
    - This framework could involve preemptive planning, information sharing, and coordinated resource allocation to ensure a swift and effective response to crises.
- **Bridging the Gap in Resource Distribution:**
    - To address inequitable resource distribution, the G20 should **create initiatives that facilitate technology transfer, knowledge sharing**, and capacity building for developing nations.
        - Investment in **education, healthcare, and infrastructure can empower** these countries to actively participate in global governance and contribute to sustainable solutions.
- **Empowering Local Governance:**
    - The G20 should encourage member nations to empower **local communities by devolving decision-making powers and resources.**
    - Support for participatory governance, capacity development at the local level, and mechanisms for sharing best practices can enhance the effectiveness of local initiatives in addressing global challenges.

Drishti Mains Question:

Discuss the significance of local governance in global governance. Give examples of how local governance can contribute to solving global problems.