



## 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.

# 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**.

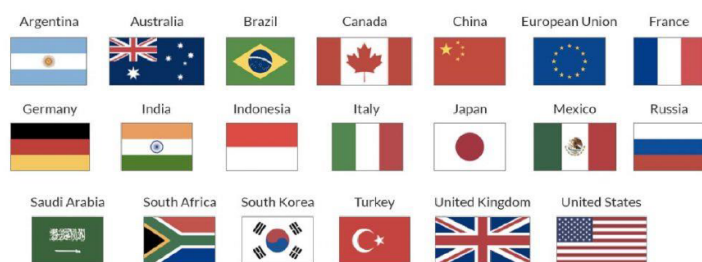
## Challenges

- 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



## 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.

**UPSC Civil Services Examination Previous Year's Question (PYQs)**

**Prelims:**

**Q. In which one of the following groups are all the four countries members of G20? (2020)**

- (a)** Argentina, Mexico, South Africa and Turkey
- (b)** Australia, Canada, Malaysia and New Zealand
- (c)** Brazil, Iran, Saudi Arabia and Vietnam
- (d)** Indonesia, Japan, Singapore and South Korea

**Ans: (a)**