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## Book

# Increasing cooperation for sustainable development : imperatives for India's G20 presidency

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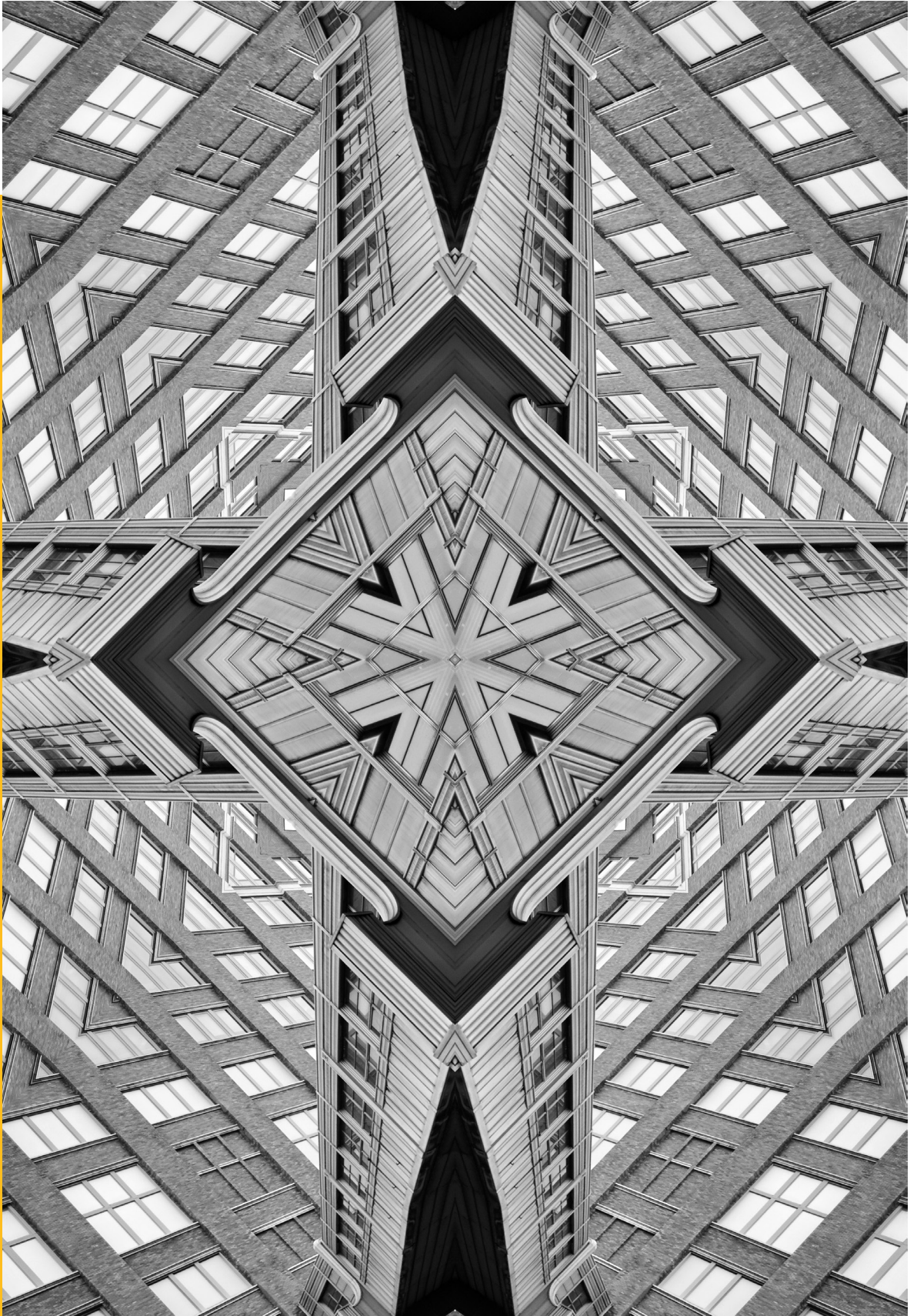
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# Occasional Paper



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# Increasing Cooperation for Sustainable Development: Imperatives for India's G20 Presidency

**Swati Prabhu and  
Nilanjan Ghosh**

## **Abstract**

This paper highlights the imperatives for India's G20 Presidency for promoting development cooperation towards the achievement of the Sustainable Development Goals (SDGs). Given its unique development cooperation model—more precisely, its development *partnership* model—India can utilise its G20 presidency to push the sustainability agenda. This will help bridge the North-South divide in sustainable development financing. The paper recommends the creation of a G20 Development Finance Institution (DFI) to facilitate finance flows to the developing countries and open up new pathways towards Agenda 2030. Combining the best features of North-South cooperation, the DFI will focus on social returns, rather than economic.

The global South spearheading the G20 through successive Presidencies—beginning with Indonesia in 2022, India in 2023, and Brazil and South Africa in the next two years—creates an opportunity for highlighting the concerns of the global South in the world’s biggest development governance platform.

The G20 consists of 19 countries<sup>1</sup> and the European Union (EU) and accounts for about 85 percent of the global GDP, 75 percent of international trade, and two-thirds of the global population.<sup>2</sup> The grouping proved its mettle during the financial crisis of 2008-2009, as it offered a constructive crisis management plan under the G20 Washington Declaration.<sup>3</sup> As a core mandate, the forum was also entrusted with the task of “achieving strong, sustainable and balanced growth (with a subsequent reference to ‘inclusive growth’); accelerating and consolidating the post-crisis recovery; and supporting the emergence of new sources of growth.”<sup>4</sup> Apart from meeting economic targets, the G20 is also responsible for taking “action on key global social and environmental challenges, contributing towards the provision of global public goods and subsequently integrating the low-income and developing countries into a sustainable global economy.”<sup>5</sup> To achieve this, G20 members committed to utilise available monetary, fiscal and structural policy tools.

As the multiple consequences of COVID-19 and the Ukraine crisis, and the resultant supply-chain disruptions, spread across the world, questions are being raised around the international community’s capacity to fulfil Agenda 2030 embodied in the Sustainable Development Goals (SDGs). The task is far more difficult for countries of the global South. According to the *Sustainable Development Report 2022*, it is the least developing countries (LDCs) that lack the fiscal capacity to fund emergency response and investment-led recovery plans aligned with the SDGs.<sup>6</sup> Indeed, lack of sustainable financing is a complex bottleneck faced by many developing countries especially in the aftermath of the pandemic.<sup>7</sup>

According to the UN, almost 60 percent of LDCs and other low-income countries are now assessed as being at high risk of, or are already in debt distress—double the 30 percent in 2015.<sup>8</sup> In the context of a shrinking global economy and runaway inflation, the impact of the Ukrainian crisis is further expected to keep almost some 670 million people in extreme poverty—a number that stood at 581 million prior to the pandemic.<sup>9</sup> This also implies that any recovery that could be achieved will likely be uneven.

Development partnerships become pivotal in countering these challenges, given that a primary role of Official Development Assistance (ODA) is reorienting the economies of the beneficiary countries towards meeting their sustainability targets.<sup>10</sup> Analysts like Fukuda-Parr and McNeil (2019),<sup>11</sup> Chaturvedi et al. (2021),<sup>12</sup> Messner and Scholz (2018),<sup>13</sup> and Mawdsley, Savage and Kim (2014)<sup>14</sup> have over the years reiterated how Agenda 2030 is an important reference framework for development cooperation, which in turn is instrumental for achieving the global common good. Moreover, development partnerships are key in facilitating dialogue amongst actors, resulting in alignment of ideas for Agenda 2030 (Chaturvedi et al 2021).

India's Presidency of the G20, “a premium forum for international economic cooperation,”<sup>15</sup> comes at a crucial juncture. It offers New Delhi the opportunity to revise, reform and redesign development cooperation and set the agenda towards channelling resources for achieving the SDGs. India could also possibly make use of its Presidency to leverage its unique development partnership model and counterbalance China's growing influence in international development cooperation. Indeed, both China and India play a pivotal role in shaping the global economic discourse and political dynamic, providing alternative sources of financing for developing countries.<sup>16</sup> However, a number of traditional Western donor countries as well as some in the global South, including India, are finding it difficult to tackle the growing Chinese presence. This is particularly true in Africa and the Indo-Pacific, given the prominent example of the Belt and Road Initiative (BRI).<sup>17</sup>

# Introduction

This paper identifies key priorities for India's G20 Presidency concerning international development cooperation and the sustainable development agenda. Section 2 provides an account of how the G20 members have linked their development partnerships with Agenda 2030 over the last decade, taking into consideration the differences between the countries of the global North and South. This section assesses the Chinese development cooperation model and how the China factor influences India's development cooperation priorities at the G20. Section 3 describes India's development partnerships designed for sustainable development. Section 4 identifies pathways for the G20 to bridge the North-South divide in addressing the SDGs through development partnerships. Section 5 summarises key recommendations for India's leadership on shaping a development cooperation roadmap on Agenda 2030.

“The G20 presidency offers India the opportunity to reform development cooperation and set the agenda towards channelling resources for achieving the SDGs.”

# G20 Members and their Development Partnerships

## Global North's Development Partnerships on the SDGs

The global North or the traditional Western donors are represented by 12 countries<sup>18</sup> and the EU at the G20. Over the last two decades, their total ODA has more than doubled (OECD, 2022).<sup>19</sup> According to 2022 data from the Organisation for Economic Co-operation and Development (OECD), social sectors such as education and health received the largest amounts of bilateral ODA, in the aftermath of the pandemic. A number of countries from the global North allocated their ODA budgets towards combating the COVID-19 crisis by spending almost US\$18.7 billion in pandemic-related activities.<sup>20</sup>

For example, the OECD reported that almost US\$6.3 billion (i.e., 3.5 percent of the total ODA) was set aside for vaccine donations of approximately 857 million doses.<sup>21</sup> However, these global North countries were criticised for these donations which were not only inadequate in volumes but also, for instance in Africa, comprised near-expired vaccines.<sup>22</sup> According to the World Health Organization (WHO), in 2021, as a result of delays in vaccine delivery to countries in Africa, some 450,000 doses had to be disposed of before they could be administered.<sup>23</sup>

Another significant consequence of the pandemic to the ODA ecosystem was the realisation that digitalisation and connectivity has become an imperative. As the pandemic exposed the realities underpinning the globalised economies, digital technologies opened avenues for employment, education, public healthcare, and access to information.<sup>24</sup> Implementing the SDGs entails a world that is nimble and has an integrated global system where actors and regions are interconnected.<sup>25</sup> As highlighted in the *OECD Development Cooperation Report 2021*, “development partnerships can potentially tip the balance towards ensuring a just digital transition that are inclusive, sustainable, and risk-proof, particularly for the low- and middle-income countries.”<sup>26</sup> This can be achieved by development actors in three crucial ways: a) establishing national and regional entities for sustainable

# G20 Members and their Development Partnerships

digital systems; b) putting in place policies and partnerships that encourage digital transformations (such as ownership, accountability, privacy and equality); and c) opening avenues of digital financing with greater scale, innovation and flexibility (OECD, 2021).

Taking examples from the individual member countries of G20 from the global North, it is observed that Australia has been focusing on building partnerships for recovery and resilience, particularly in the Pacific and South-east Asia. Through its Australian Infrastructure Financing Facility for the Pacific (AIFFP), the country doubled its commitment to the Pacific from AUD1.5 billion to AUD3 billion in its budget for 2022-23.<sup>27</sup>

Meanwhile, for Canada, gender equality remains at the heart of its international assistance policy. As per OECD 2021 statistics, Canada has disbursed approximately US\$671.52 million to the developing countries (OECD, 2021),<sup>28</sup> of which 15 percent is dedicated to gender-related initiatives. The 2022 aid documents give priority to climate action and environment, peace and security, poverty eradication, and gender equality.<sup>29</sup>

For its part, France, through its French Development Agency (AFD), has named poverty eradication, implementation of the Agenda 2030, the Paris Climate Agreement, and the protection of global common goods as its priorities for 2017-2022.<sup>30</sup> Naming five thematic SDGs as its priorities—i.e., international cooperation, climate, education, gender equality, and health—France ranks fifth among the OECD donors in terms of volume. As of 2021, it has disbursed almost US\$88.86 million to the developing regions.<sup>31</sup>

The EU and its institutions are one of the largest development cooperation providers where its disbursements were recorded at US\$2,992 million in 2021. Its recent initiative, Global Gateway, underscores the importance of the SDGs. Attempting to lay a “template for sustainable and trusted connections that works for people and the planet,” it aims to mobilise up to €300 billion in investments in sectors like digital, climate and energy, health, transport, and education.<sup>32</sup>

# G20 Members and their Development Partnerships

Another big player in the development cooperation landscape, the United States Agency for International Development (USAID), has allocated a foreign aid budget of US\$60.4 billion for 2023.<sup>33</sup> Its listed priorities include global health resilience, climate change, and conflict resolution.<sup>34</sup>

## Global South's Development Partnerships on the SDGs

Historically, the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) has had de-facto monopoly in framing development cooperation (Chaturvedi et al 2021). In the 2000s, however, a shift was observed when non-DAC donors such as India, China, and Brazil emerged.<sup>35</sup> At the G20, these non-DAC donors are represented by seven countries—i.e., Argentina, Brazil, China, India, Indonesia, Mexico, and Saudi Arabia. Under the South-South Cooperation (SSC) model, many of these countries are emerging as dominant players in establishing large-scale connectivity models, bolstering inclusion at multilateral forums, and fostering diversified partnerships (Mulakala, 2020).

International partnerships from the South witnessed an upswing during the pandemic.<sup>36</sup> For example, India's initiative of distributing vaccines under *Vaccine Maitri* across its immediate neighbourhood and in Africa, came at a time when the multilateral institutions fell short of the task.<sup>37</sup> While not devoid of controversies, *Vaccine Maitri* managed to garner goodwill for Indian diplomacy. Meanwhile, South-led development banks, like the New Development Bank offered financial support to the LDCs to tackle the socioeconomic fallout of the health crisis.<sup>38</sup> According to the UN, the pandemic enabled the LDCs to leverage their own SSC structures to coordinate policy responses to contain the COVID-19 pandemic. For example, Indonesia under SSC provided technical assistance to almost 22 countries training 886 participants during the pandemic.<sup>39</sup>

# G20 Members and their Development Partnerships

China's development cooperation model has been attracting attention for several reasons. For one, the motivations for its development partnership framework—largely symbolised by the BRI—come from a “consumption-led-growth” strategy. The aim is to provide fillip to investment and production within the domestic economy. In its thirteenth five-year plan for 2016-2020, China explicitly acknowledged promoting “consumption-led-growth” through increases in domestic purchasing power.<sup>40</sup> Though boosting consumption for driving growth was thought of by the Chinese government from 2004,<sup>41</sup> the global recession of 2008 appeared to have made Beijing realise that its philosophy of “export-driven-growth” would fail.<sup>42</sup> The recession also negatively affected the global consumption demand. Thus, with an unreliable external sector contingent upon the vagaries of international trade and finance, there was a need to create a reliable growth force within the domestic economy to act as an economic cushion. This entailed manifold increases in wages and salaries and consequent labour costs in China in the last decade. Chinese policymakers were rightly apprehensive about the prospect of their exports becoming less competitive in the external markets. This made them think of offloading components of the production-chain in destinations where cheap and abundant human and natural capitals are available.<sup>43,44</sup> In one sense, BRI turned out to be an exploration to capture the “factor” markets of Africa and South Asia, and the product markets of the EU, Middle-Eastern regions, and the US.

That is precisely why BRI finds its presence across the developing regions of Africa, South Asia, Southeast Asia, and also parts of Europe. Explicitly promoting Beijing's strategic intent, BRI's massive scale has become “a magnet of controversy and criticism” (Mulakala, 2020).<sup>45</sup> Establishing unsound projects for securing and expanding Chinese access to resources or local markets, BRI has been termed as a “debt-trap diplomacy” tool of Beijing.<sup>46</sup> Under this umbrella infrastructure project, the Chinese model of development cooperation exhibits its eagerness to internationalise,<sup>47</sup> ensuing heavy debt burdens for a number of vulnerable economies; Sri Lanka's Hambantota port is an oft repeated example and so is the severe financial distressing conditions faced by almost 22 African countries.<sup>48</sup>

# G20 Members and their Development Partnerships

To be sure, China's recent launch of its twin concepts, Global Development Initiative (GDI) and Global Security Initiative (GSI), may indicate an effort to move towards a 'new development paradigm'.<sup>49</sup> Yet, China's development cooperation model continues to be characterised by "market imperialist designs"<sup>50</sup> through the BRI for capturing the factor and product markets. The China-Pakistan Economic Corridor (CPEC) is another example of Beijing furthering its strategic model of development. CPEC was launched in April 2015 with an aim to facelift the feeble public infrastructure sector in Pakistan. China also deemed CPEC as a necessary strategic commitment for maintaining the stability of its 'all-weather' ally, Pakistan.<sup>51</sup> However, the recent debt crisis encircling Pakistan casts doubt on the overall economic viability of development projects under CPEC that have only resulted in volumes of unproductive debt.<sup>52</sup>

Despite India and China being at loggerheads for reasons related to national security, international cooperation between the two should be prioritised, especially in the context of Agenda 2030. Labelling the two countries as the 'Southern Engines of Global Growth', Santos-Paulino and Wan (2010) list three key factors that are common to Beijing and New Delhi in contemporary times: absorption of surplus labour, raising of domestic and foreign investment, and support for research and development.

# India's Development Partnerships on the SDGs

India's development partnership model—and the operative word is *partnership*—is unique as compared to the traditional donors where the donor takes the lead. As a Southern-driven partner with its mutually beneficial, no-dependence, and demand-specific development cooperation model, India has the potential to pave the way for meeting the sustainable development targets. Till 2020, India's development cooperation touched US\$8.7 billion covering almost 160 countries and training more than 20,000 individuals annually.<sup>53</sup>

As Chaturvedi (2023) notes, India is emerging as a leader in forging innovative forms of cooperation and partnerships, which the international development cooperation ecosystem should integrate.<sup>54</sup> Moreover, India's leadership of the G20 offers an opportunity to further advance innovative partnerships. India has been working to voice the concerns of the Global South and sharing knowledge and experience with fellow developing countries for a long time now.<sup>55</sup> Pertinently, India started its development cooperation model based on capacity building in 1964, much before the UN's Technical Cooperation for Development Cooperation was initiated in 1978. However, the country's Development Partnership Administration (DPA)—its main implementing body for matters related to development cooperation—does not have a separate pillar on the SDGs. Most of its projects on sustainable development have been devised way before the Agenda 2030 came into effect in 2015. These projects came about organically rather than being driven by policy.<sup>56</sup>

Offering low-cost development solutions, India's model for development cooperation is apt for addressing the world's present-day challenges. However, it lacks an institutional agency and a strategic intent and New Delhi must now showcase its development cooperation efforts to the global community explicitly. India can also be the prime mover in bringing crucial shifts in the global development aid landscape by utilising its G20 Presidency. By bringing together voices from the global South at the platform, India can share its experiences and build consensus on how to effectively mobilise funding through a development model that is not based on the fulfilment of economic conditionalities.

# The G20 as a North-South Bridge in Development Cooperation on SDGs

**R**ealising the Agenda 2030 is a global imperative and North-South partnerships have become more important than ever. Stafford-Smith M et al. (2017) identify the necessity for the global North to “co-produce knowledge, technologies, and processes for sustainability” by partnering with the Southern countries to support the development of their capacities.<sup>57</sup> Indeed, the SDGs, through different modalities of partnerships, are difficult to achieve, uneven in results and with the potential to perpetuate the North-South divide. A study conducted by Blicharska et al (2021) has found that of the total 4,521 partnerships registered on the UN’s SDG Partnerships Forum as of July 2019, North-South and North-North initiatives figured less frequently than South-South.<sup>58</sup> This stems from a thinking that sustainable development is more of a ‘Southern’ problem rather than a global or domestic concern, as observed by the authors. It also explains why the traditional donors have failed to share the burden with the Southern partners on various sustainability challenges (Bracho, 2020).<sup>59</sup>

As DW Cash et al (2003) noted two decades ago, an equitable participation of the Southern countries is essential to produce “credible, salient and legitimate” knowledge systems.<sup>60</sup> Some years later, the Global Partnership for Financial Inclusion (GPFI) would prove to be a case in point. An inclusive platform initiated by the G20 Summit in Seoul in 2010, it aims to “strengthen coordination and collaboration between various national, regional and international stakeholders.”<sup>61</sup> According to the 2020 G20 Financial Action Plan (FIAP), as Agenda 2030 offers a valuable and effective framework for financial inclusion and development, enhancing cooperation between the G20 and non-G20 countries accompanied by linking of the private sector is pivotal.<sup>62</sup> As Chaturvedi (2023) observes, expanding cooperation between partners on SDGs depends on “common principles of accountability and safeguarding national sovereignty,” the GPFI appropriately promotes knowledge-sharing, policy analysis, and international cooperation.

In practical terms, it is difficult to get over the North-South binary where there is growing economic disparities and inequities exacerbated by COVID-19. However, as Gulrajani (2019) emphasised, the G20 represents an “ideal conjunction of Northern and Southern agendas in different sectoral areas on SDGs.”<sup>63</sup> India’s G20 Presidency can possibly launch

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new paradigms of development cooperation based on scale, scope and innovation. At the G20, it must lead in building a consensus on common targets of Agenda 2030 to maximise development outcomes through North-South, South-South and North-South cooperation. A suitable platform for leveraging new partnerships in LDCs is triangular cooperation where civil society, development NGOs, and the private sector also have roles to play. For example, China's development cooperation model works on supporting their diaspora in the developing countries. By embedding the diasporic civil society, it is designed in such a way that the Chinese government reaches out to fellow Chinese, thus magnifying their outreach.<sup>64</sup> Such expansions could be beneficial for all the actors involved in a partnership.

“At the G20, India can lead in working towards a consensus on common targets of Agenda 2030 to maximise development outcomes through North-South, South-South and North-South cooperation.”

# Key Priorities on Sustainable Development Cooperation for India's G20 Presidency

- a. A separate policy or working policy mandate for G20 on development cooperation as a bloc.

Given the scale and scope of the G20's work, it is essential to have a separate policy or working policy group specifically dedicated to development cooperation. As a prominent southern-led development partners, India should pursue this at the G20.

- b. India should push the envelope by incorporating civil society agencies in development partnership on Agenda 2030.

Civil society plays a critical role in development cooperation. As per the OECD, sub-national agencies are instrumental in adding value to the projects through “their extensive on-ground knowledge, local networks and sustained interactions with local beneficiaries.”<sup>65</sup> India has a long and fruitful history of working with civil society in leveraging innovations and bridging development gaps. It must take the lead and utilise its Presidency to include civil society organisations in meeting the SDGs.

- c. Leveraging its development cooperation model at G20 to mobilise support for SDGs.

India's Presidency offers a new impetus to its development cooperation initiatives. Given how India has always sought ‘development partners’ with a target of shared prosperity,<sup>66</sup> its model can serve as an apt example of cooperation for fulfilling the sustainability targets. Driving the development conversation under the umbrella of South-South Cooperation (SSC), the Forum for India-Pacific Islands Cooperation (FIPIC) is a pertinent example. During the visit of PM Narendra Modi to Papua New Guinea to attend the third FIPIC Summit in 2023, India unveiled a 12-step Action Plan that extends support in various areas. These include healthcare and pharmaceuticals, digital technology, SME, and capacity-building and training.<sup>67</sup>

# Key Priorities on Sustainable Development Cooperation for India's G20 Presidency

- d. Creating a G20 Development Finance Institution (DFI) supporting Agenda 2030.

A crucial challenge faced by countries of the global South is the SDGs financing gap. The OECD estimates that in 2020, this deficit amounted to approximately US\$1.7 trillion.<sup>68</sup> To fill this shortfall, the G20 should consider setting up its own development finance institution (DFI) by combining the best features of North-South and South-South cooperation. The global North is known for its norms and standards, while the global South can clearly identify the financial deficits faced by the fellow developing countries.

The G20 DFI can enhance collaboration and support the sustainable development financing within the G20 especially for the global South. Lessons from the past two decades demonstrate the importance of safeguarding SDGs in the face of global disruptions. The DFI will play a crucial role in strengthening partnerships between countries in the global South and global North, as the expertise of the latter is vital in designing financing mechanisms for the former. By establishing a unified governing body, the process of sustainable development financing to less developed nations will not be hindered by geopolitical or other disruptions.<sup>69</sup>

The G20 DFI's objective will be two-fold: first, it will bridge the financing gap for SDGs by mobilising funds from diverse sources and utilising innovative instruments to ensure that funds are directed towards the global South and the most vulnerable regions worldwide; and second, it will contribute to revitalising the global economy by catalysing economic growth during times of crisis, which have occurred multiple times since the Southeast Asian Crisis more than 25 years ago. What will set this G20 DFI apart is its focus on social rather than economic returns—the latter being the target of traditional DFIs. Most DFIs look at the return on investment (RoI) through the lens of economic returns. This becomes inimical for financing projects that are important socially but may not be economically viable from a short-run return perspective.


# Key Priorities on Sustainable Development Cooperation for India's G20 Presidency

In most of these projects, short-term economic returns are not perceptible, but social returns are high in the long term. This is true for adaptation projects that often receive little attention from most DFIs as compared to mitigation projects embodied in forms of energy transitions. While developing nations are, historically, 'victims' of the unbridled and unsustainable consumption growth of the global North, they need time for their "just transition" and "net-zero" targets. What will happen in the intervening periods especially to the vulnerable regions which do not have the wherewithal for mitigation? They need to adapt.

Resilient communities in the global South can only be created through adaptation, which makes adaptation a bigger imperative for them as compared to the global North. As per estimates by the Global Commission on Adaptation,<sup>70</sup> investing US\$1.8 trillion in climate adaptation measures over the next decade could generate US\$7.1 trillion in total net benefits, thereby indicating high social rates of return. Similarly, a G20 DFI can mobilise resources for financing Loss and Damage, the setting up of which has been a highlight of COP27 to support the vulnerable communities of the global south.

“A unique development finance institution (DFI) could combine the best features of North-South and South-South cooperation.”

**T**his paper set out to highlight the imperatives of development cooperation, through the lens of sustainable development, for India's G20 Presidency. Given that successive global shocks have further derailed the SDGs, it becomes important that global panels of nations like the G20 step up to address them. In this context, India's development partnership model can serve as a benchmark: it is unique and demand-driven, and takes into consideration the needs of the recipient economies. India's model has the nature of being largely non-conditional from the perspective of the short- and long-term "transaction costs".

With the growth of Southern-driven partnerships, India's G20 Presidency should take the lead in mainstreaming the sustainable development goals in the ambit of international development cooperation. It is a fact that India's financial contribution in the development partnership domain is minuscule as compared to most traditional donors. India, however, presents a replicable model for many others to follow to spur sustainable development financing. Given its unique partnerships model, India should make use of its Presidency by promoting the values and ethos of 'shared prosperity' to accelerate the progress of fellow developing countries towards meeting Agenda 2030. A novel G20 DFI could fill the financing gap, bridging the North-South divide and creating a coherent partnership model. 

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