The G20 tightrope

India's G20 presidency is being spun by an insecure ruling elite hankering for foreign approbation as proof that India's moment as the arbiter of global destiny has arrived. However, the G20 presidency is not about India but, rather, India's ability to deliver outcomes, building on previous presidencies and handing on a workable legacy to subsequent ones.

India assumed the rotational G20 presidency at a difficult moment. The war in Ukraine continued to cause ruptures, globalisation was unwinding, and little progress was being made on climate and development finance. Expectations were low. India's obsequious external publicity did not help. North Korea-style, everything from public toilets to train tickets became embossed for a whole year with the G20 logo and the dear leader's headshot.

Those of us following the finance track were nervously confident that we saw progress being made at the low-key meetings, capably handled by India's finance minister and her technical and civil service professionals, with external actors chipping in to help when asked.

But the key question, given the initial failure to issue agreed communiqués, even in this sober track was: "Will there be a consensus leaders' declaration?"

A leaders' declaration was released a day earlier than expected! This was the fruit of hard diplomatic grafting by the Sherpas and finance ministries, but also considerable high-level political work. This was *the* major win for India's G20 presidency. The communique does not mention Russia as an aggressor in Ukraine, and refers to the war "in" Ukraine. It incorporates other standard diplomatic homilies that fully reflect the common position of all developing countries that abstained on more aggressive UN resolutions on the subject.

That cleared the path to secure some progress on economic cooperation. The finance track has soft-footed its ambitions in this area, while elements of the Sherpa track have been more heavy-handed. India's high opinion of its UPI and fintech capabilities led it to make ambitious proposals, including adapting the UPI as the "Vishwaguru" of digital public infrastructure. This was not formally recognised, though India's plan to build and maintain a global digital public infrastructure repository was accepted, which is creditable. For the rest, verbal good intentions were expressed and existing initiatives noted. This is perfectly normal. Yet another group "startup" 20 was added to the laundry list, signalling that soon substantial changes will be needed to enable the finance track to get on with serious business and streamline the pointlessly expensive and largely inconsequential Sherpa track.

RATHIN ROY

Within the finance track, the most notable progress made, building on the Italian presidency, was the endorsement of pragmatic proposals put forth by an expert group on strengthening multilateral development banks (MDBs), co-chaired by India and the US. This group drew on expertise from a range of global actors and finance professionals. The strong support it drew from the US and India means that on the technical tinkering with capital adequacy frameworks, and on the more ambitious agenda of making more finance available on cheaper concessional terms, there is both the mandate and the necessary political support from key players to make progress. This is a significant achievement. The consensus paragraph on how the International Monetary Fund (IMF) needed to conduct itself and the linking of governance arrangements therein to its financial engineering initiatives (such as special drawing rights recycling) was fully consistent with the long-standing emerging market economy (EME) position. It is to India's credit that it was able to secure political buy-in from the US and some others on this. Less progress, largely due to an intransigent and sulking China, was made on debt.

On climate, the compromise between the different positions is apparent. Beloved European shibboleths — "carbon neutrality" and "net zero"— stayed in text. Renewable energy and energy efficiency were linked and concrete targets set for enhancing both, something that has not happened to date. Lifestyles for sustainable development, which focuses on realigning patterns of production and consumption globally, received concrete emphasis with an acknowledgement that net zero would not happen just by suppressing fossil fuel use. The European carbon border adjustment tax has been quietly shafted in para 19, on trade, a clever move that the Europeans missed. India's trade and climate negotiators have always worked well together, and this has done the developing world a great service at this G20. The section on climate finance highlighted the need to focus on adaptation, and emphasised ecosystem maintenance as integral to the climate finance challenge.

An important change in economic diplomacy that I have noted over the past year, one that India has capitalised on with alacrity, is an unprecedented degree of elision between the US and EME positions on climate, environmental sustainability, debt, and multilateral reform. I have seen US treasury readouts imploring well-meaning European climate finance warriors to talk less about climate and more about the environment. Because of this, Europeans are finding it difficult to have their way and China is cut adrift. The other middle economic powers have discerned this, and are shifting positions. Given that the next two presidencies are also EMEs, if this shared view holds and grows, we may see accelerated progress on the real issues for which the G20 was set up.

India has navigated political minefields and shown great economic leadership to make progress on the G20's core mandate. How I wish India's leaders were less insecure and understood that concealing slums and poverty in Delhi from the view of dignitaries was unnecessary and pointlessly cruel. It was the one thing that, for me, diminished an otherwise great day for Bharat.

The writer is managing director, ODI, London.
r.roy@odi.org. The views are personal