



Task Force 7
Towards Reformed Multilateralism: Transforming
Global Institutions and Frameworks



ENSURING GREATER EQUITY IN GLOBAL INSTITUTIONAL PARTICIPATION

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Abstract




Global institutions continue to have visibly unequal participation in the formulation of policies. This is the case even when decisions directly pertain to the interests of significant sections of the world that are typically excluded from the decision-making processes. The G20 should act as a catalyst for promoting greater equity, at least in the process of discussion, if not always in outcomes. This policy brief highlights


the necessity for the G20 to be more inclusive by inviting groups of countries whose membership will make the forum more significant and equitable. Under India's presidency in 2023, the objective should be to focus on the grouping and beyond. Thus, the G20 needs to consider including groupings such as the African Union, Community of Latin American and Caribbean States, and the Association of Southeast Asian Nations as full members or in a 'G20-plus' format.



The Challenge



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The country differentials between the involvement and consultation that precedes policy formulation in global institutions have not changed significantly under the Bretton Woods global governance architecture. The participation of less developed countries while formulating policies remains insignificant. This is the case even when the conclusions reached directly pertain to the specific interests and needs of those sections of the international order that are excluded in the decision-making processes. If the G20 is to avoid becoming another forum that busies itself with the exclusive promotion of its interests as a collective or those of some of its members, the group should act as a catalyst for promoting greater equity, if not always in outcomes, then at least in the processes of discussion and consultation that precede the finalisation of policy.

This brief highlights the normative necessity for the G20 to make its consultative process more inclusive, possibly by extending its membership to groups of countries whose involvement

will make its existing structure more representative and equitable. During India's presidency in 2023, the focus should be on the G20 and beyond. Inter alia, there is a need to consider including groupings such as the African Union (AU), Community of Latin American and Caribbean States (CELAC), and Association of Southeast Asian Nations (ASEAN) as members in a similar manner as the European Union (EU), or in a 'plus' format in the case of some groupings while giving membership to the others. The inclusion of the EU can be a precedence to make the G20 more representative of the challenges and opportunities of the 21st century.

Substantive discussions held prior to the framing of approaches and policies by multilateral organisations, irrespective of whether those set up under the ambit of the 1944 Bretton Woods formulations^a or otherwise, have often been conducted in a manner that excludes much of the global community. The Bretton Woods process was a closed shop of some of the Great Powers of the time, and there has been little change in major and great powers (including their

a Such as the United Nations Security Council, World Trade Organization, International Labour Organization, International Bank for Reconstruction and Development, International Monetary Fund (IMF), and the World Health Organization.




geographical distribution) in the years since. Given such a reality, a scan of the top 10 shareholders/donors to some of these organisations brings out the stark disparities in financial contributions and decision-making powers.^b

The problem with the oft-expressed principle of ‘those who pay the piper call the tune’ is that the ‘music’ (i.e., the policies) that pleases the ‘paymaster’ (i.e., the top contributing countries) may not serve the interests of the countries in most need of financing and other assistance. There needs to be more than tweaks in policy that only tangentially tends to the specific interests of poorer countries (defined in per capita terms). The overall practical effect (rather than the declared impact) of most policies introduced and enforced by major multilateral institutions has usually been far below the levels required to engineer a self-sustaining cycle of beneficial change for vast sections of the world’s

population. Much of the ‘assistance’ given is in the form of loans that need to be repaid in hard currency, even though a substantial share of such ‘assistance’ is spent on high-cost imports of technology, material, and services from the donor countries.¹

Similarly, there have been several attempts by developing and least developed countries (LDCs) to incorporate climate change-related disasters into the forms of low-cost, long-term financing options offered by multilateral financial institutions. This is essential in reducing the debt burden on the affected countries, but such reforms are yet to be carried out in a full-fledged manner.² When it comes to climate finance, the industrialised countries have failed to fulfil their pledge of providing US\$100 billion a year by 2020, and they continue to fall behind on their promises.³ Less wealthy nations require massive financial

b For instance: the top ten donors to the International Bank for Reconstruction and Development (IBRD) are the US; Global Fund to Fight AIDS, Tuberculosis and Malaria; the UK; Germany; Japan; France; Norway, the EU- Commission of the European Communities; Canada; and the Netherlands. The top borrowers from the IBRD are India, Indonesia, Brazil, China, Mexico, Columbia, Egypt, Turkiye, the Philippines, and Argentina. The top ten shareholders in the IMF are the US, Japan, China, Germany, France, UK, Italy, India, Russia, and Brazil. The top borrowers from the IMF are Argentina, Egypt, Ukraine, Ecuador, Pakistan, Colombia, Angola, South Africa, and Nigeria. The WHO’s top ten contributing countries are Great Britain and Northern Ireland, Sweden, Australia, the Netherlands, Denmark, Finland, Qatar, Belgium, Switzerland, and France.



investments to mitigate and adapt to climate change. However, if climate finance is offered in the form of loans instead of grants, as is mostly the case now, the persisting debt crisis


in many developing countries and LDCs will worsen. Multilateral forums need to ensure equity and justice for improved and effective global climate governance.



The G20's Role

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All too often, the dominant trend among policymakers has been to confine consultation to those seen as broadly in sync with the views of those doing the consulting. For instance, any veto-wielding UN Security Council (UNSC) member can transform the decisions of all other members to naught by dissenting. Indeed, the widespread principle of unanimity in decision-making tends to lead to paralysis within institutions, caused by a single or a few dissenting voices. Overcoming such vetoes may result in wholly suboptimal outcomes for the group as a whole. Consequently, 'coalitions of the willing' (a group of countries that share common objectives and are willing to work together to achieve them) have emerged to bypass existing institutional mechanisms. Several instruments of global policy have lost much of their relevance due to their tardiness in ensuring a comprehensive reform of such institutions, a transformation that has become necessary in light of the differences between the world of the 2020s and that of the latter half of the 1940s.

In contrast to the UNSC, which is effective in contexts where there is

unanimity of views among the five veto-wielding permanent members, the United Nations General Assembly (UNGA) has minimal practical effect on global policy. While the existing system of discussion through the participation of individual member countries is designed to capture diverse views, the absence of any power to oversee and to enforce accountability for the decisions arrived at has meant the UNGA lacks the ability to follow-up regarding operationalisation of the views and suggestions expressed. Although much larger in terms of membership, the UNGA is no match for the UNSC in the practical application of policy is concerned. This is particularly evident for countries regarded as less significant in per capita terms, a metric commonly used as a standard for the ranking of countries. What is needed is to initiate steps towards a much broader trawl of views among a bigger subset of those consulted. Such an inclusive process will enable the presentation of views that may result in a pause or even reversal of some LDC-related policies favoured by G20 member states. Far too often, the prescriptions passed on to the LDCs ab initio gloss over the constraints and realities they face. As a consequence, they are often tasked with the fulfilment of conditions that are beyond their



capacity to implement, including several that may work in a contrary direction to the stated objectives of the givers of assistance. The International Monetary Fund appears to have a particularly dismal record in this matter when it comes to several countries.⁴

In what ought to be a 'year of transformation' (2023), the G20 needs to ensure the establishment of consultative mechanisms that go beyond the


prejudices and predetermined needs of individual member states, and remove, at least partially, the biases inherent in present-day modes of consultation. Care needs to be taken to ensure that any process of reform is not diluted in the process of operationalisation. Furthermore, periodic self-evaluation and renewal needs to become part of the system rather than just be adopted sporadically and in a token manner.



Recommendations to the G20



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G20 meetings can be expanded to include LDCs and other countries presently experiencing the worst turmoil and economic suffering in some of the discussions. This will ensure the systematisation of inclusive processes. The G20 itself needs to be expanded by incorporating continent-specific associations into its fold (as is already the case through the incorporation of the EU), as well as in a 'plus' format. During its presidency, India should focus on not just the welfare of the G20, but the 'G200', a much larger group of countries, many of which are on the brink of disaster or have already fallen into crisis and chaos. Such countries need to be nudged back to stability so they can participate at the global high table rather than always being pushed to the periphery of decision-making. This is needed to address and resolve global issues such as climate change, especially since its worst impacts are felt in developing countries and LDCs.

What is needed is the participation of not just countries and groupings that carry substantial global influence in the matter of outcomes but groups of countries that have equally if not more pressing needs that often require

external involvement for remediation. Asia, Africa, and South America are on track to play a much more important role in world affairs. Following the precedent of adding the EU to the grouping, the G20 should examine the possibility of extending its membership to key regional organisations, such as the AU, CELAC, and ASEAN. A search for a consensus needs to be based on a more representative assessment of the situation from the perspective of all countries. Where matters of global relevance are discussed, the voices around the table need to be better representative of the realities of the present. Waiting for an elusive consensus of all before considering such an expansion will be as futile an exercise as waiting for a consensus of all on issues such as expansion of the UNSC, despite it being a necessity.

Africa comprises 55 countries and is highly resource rich. Amid the Russia-Ukraine conflict, several African states were instrumental in fulfilling many European countries' energy requirements.⁵ While some European countries have been scrambling to diversify their energy supplies, including by investing in Africa, energy shortages have been a perennial problem for African countries.⁶ Infrastructure




development and capacity-building will optimise Africa's potential further,⁷ and harness the continent's energy potential for its people, especially when most African countries are experiencing debt problems. Moreover, the pressure to transition away from fossil fuels is creating an additional burden on these countries. Climate change is a transnational issue with grave implications for Africa. However, the development disparity between countries cannot be neglected in the international pursuit of emissions reduction. The G20 can be a viable platform to give voice to these concerns as African countries look to develop their natural gas reserves and renewable energy potential, both of which require immense financial investments.

South Africa is currently the only African country in the G20. With AU's centrality in Africa's economic and political affairs, and its efforts to create a single market for all 55 African countries through the African Continental Free Trade Area, it is only logical to bring the AU into the G20.⁸ While South Africa is a major regional power, it does not represent the interests of the entire continent. Moreover, despite much potential, the country has been facing severe economic, political, and energy crises

in recent months. The AU can serve all its members equitably if inducted into the G20. There is greater interest in inclusion of other African nations and the AU within the G20, especially with more recent attempts to invite leaders of countries such as Senegal and Nigeria as guest countries as well as the AU Chair. However, this should be formalised to streamline their participation in a more coherent manner rather than on an ad hoc basis.

The CELAC represents a sizeable portion of the global economy. With a collective GDP of US\$7 trillion, the 33-country CELAC forms the third-largest economy in the world. CELAC is also the world's largest food producer.⁹ The CELAC countries actively conduct trade with major economies worldwide and are noteworthy destinations for foreign investments. But regional political and economic woes and climate change have been major challenges to the sustainable growth of these countries. While the better-performing economies of Brazil, Argentina, and Mexico are already members of the G20, the CELAC can be included as a member of the G20 to represent the interests of the less developed countries in the region. The representation that CELAC will bring can lead to more effective



and equitable economic policies. This will in turn benefit the Latin American and Caribbean region, and the international community.

The G20 can also consider adding ASEAN given the significance of the latter's members in current geopolitical realities. The ASEAN region is among the fastest growing, thriving as an economic hub and a lucrative destination for FDI and tourism.¹⁰ Importantly, the ASEAN has been a stable regional organisation, handling the diversity of its member states with commendable success. Its inclusion in the G20 will essentially be an added asset, especially given its geopolitical and geoeconomic centrality in the Indo-Pacific region.¹¹ Getting more countries to participate through a group format will also encourage greater cooperative interactions at the regional level, a necessary condition for widespread regional progress and stability. Even if countries have a low per capita income or GDP, they should be represented in global discussions, especially those that concern their vital interests. During consultations, such groupings should be required to

give a consensus viewpoint. Such a process is preferable to the option of a 'representative' country being chosen on an ad hoc basis.

If the solidarity shown by developing countries and LDCs at the 2022 Sharm el-Sheikh climate summit (which led to the establishment of the loss and damage fund¹²) is replicated, much can be achieved in terms of global economic and political transformations. Multilateralism can be reinvigorated to mean what it stands for—representation and recognition of all voices, including those of the marginalised. Consensus-based decision-making is not new, as several UN conventions and treaties follow this model. The important lesson here is to seek outcomes through better regional participation, thereby also strengthening the country and regional level of governance where LDCs in particular are concerned. Where the principle of unanimity is concerned, it is important to remember that several regional organisations have long worked around notions of consensus, some of which can be utilised in the decision-making processes within the G20.

Attribution: Madhav Das Nalapat, Dhanasree Jayaram, and B. Poornima, "Ensuring Greater Equity in Global Institutional Participation," *T20 Policy Brief*, June 2023.

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