

A Development Agenda for the 2024 Italian G7 Presidency



by Irene Paviotti and Daniele Fattibene

In late May 2023, the leaders of G7 countries met in Hiroshima to reach a consensus on several challenges currently undermining global socio-economic stability. Among these, they called for continued support to Ukraine against the Russian invasion,¹ as well as the need for more coordinated responses to China's economic coercion.² They also strongly emphasised the several crises that are endangering global sustainable development. This confirms the key role played by the G7 as a platform for traditional donors to agree on unified responses to those crises that pose an existential threat to developing and developed countries alike. Given

the complexity of these crises, the Italian G7 Presidency in 2024 will be called to continue the work set by its predecessors.

Global development: A growing role in the G7 agenda

The global development agenda is under strain due to the current polycrisis,³ characterised by the compounded effects of the Covid-19 pandemic, the climate emergency and the direct and indirect implications of the war against Ukraine. The pandemic has exacerbated existing vulnerabilities, causing significant setbacks on several issues on the development cooperation agenda. Covid-19 has contributed to the first decline in global life expectancy since

¹ Stuart Lau and Eli Stokols, "Zelenskyy Will Tell 'Swing States' India and Brazil It's Time to Take Sides", in *Politico*, 19 May 2023, <https://www.politico.eu/?p=3076461>.

² Tessa Wong, "G7 Takes Stand against China's 'Economic Coercion'", in *BBC News*, 21 May 2023, <https://www.bbc.com/news/world-asia-65662720>.

³ Adam Tooze, "Welcome to the World of the Polycrisis", in *Financial Times*, 28 October 2022, <https://www.ft.com/content/498398e7-11b1-494b-9cd3-6d669dc3de33>.

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World War II.⁴ In parallel, food insecurity has dramatically increased, triggered by extreme weather events too. This explains why social, environmental and health issues have been addressed in several G7 communiqués, highlighting continuity across very different Presidencies.

In particular, four topics linked to the development agenda have emerged. First, the health response to the pandemic has taken centre stage in the past three years.⁵ As far as the provision of basic equipment and vaccines is concerned, G7 leaders have supported the multi-donor-funded Access to COVID-19 Tools Accelerator (ACT-A), which is meant to boost testing, diagnostics and treatment worldwide.⁶ From a broader capacity-building perspective, they backed efforts to develop health manufacturing capacity for pandemic preparedness in developing countries,⁷ as well as reiterating the importance of aligning financial instruments to health objectives.⁸

⁴ Patrick Heuveline, "The 2019-21 Decline in Global Life Expectancy", in *N-IUSSP*, 11 July 2022, <https://www.niussp.org/?p=7820>.

⁵ G7, *G7 Carbis Bay Health Declaration*, 13 June 2021, <http://www.g7.utoronto.ca/summit/2021cornwall/210613-carbis-bay-health-declaration.html>.

⁶ ACT-Accelerator, <https://www.act-a.org>. COVAX initially aimed to vaccinate at least 70 per cent of the world's population against Covid-19. See: WHO, *COVAX Objectives*, 28 April 2022, <https://www.who.int/publications/m/item/covax-objectives>.

⁷ G7, *Chairs' Summary – Joint Working Session of the G7 Development and Health Ministers: "Supporting Vaccine Equity and Pandemic Preparedness in Developing Countries"*, 19 May 2022, <http://www.g7.utoronto.ca/dev/220519-joint-vaccine.html>.

⁸ G7, *G7 Nagasaki Health Ministers' Communiqué*,

Second and relatedly, G7 leaders repeatedly supported the implementation of the G20-launched Debt Service Suspension Initiative (DSSI) and Common Framework for Debt Treatments,⁹ which were developed in 2020 to address the initial impact of the pandemic on public finances in developing countries. In addition, calls were made for greater coordination on multilateral debt restructuring initiatives through the engagement of all relevant actors – namely, private creditors and new bilateral lenders such as China, Turkey, the Gulf States – with the aim of increasing debt data transparency.¹⁰ Most recently, the G7 welcomed new instruments to address interrelated crises (e.g. Climate Resilient Debt Clauses) and highlighted the importance to work in synergy with the Indian G20 Presidency on the reform of the Multilateral Development Banks (MDBs),¹¹ as well as on Special Drawing Rights reallocations,¹² in view of supporting countries in debt

14 May 2023, <http://www.g7.utoronto.ca/healthmins/230514-communiqu.html>.

⁹ Chris Suckling, "The G20's Common Framework", in *S&P Global*, 16 March 2021, <https://www.spglobal.com/marketintelligence/en/mi/research-analysis/g20s-common-framework.html>.

¹⁰ G7, *G7 Leaders' Communiqué*, Elmau, 28 June 2022, <http://www.g7.utoronto.ca/summit/2022elmau/220628-communiqu.html>.

¹¹ G20, *G20 Chair's Summary and Outcome Document: First G20 Finance Ministers and Central Bank Governors Meeting*, Bengaluru, 25 February 2023, <http://www.g20.utoronto.ca/2023/230225-finance.html>.

¹² For a definition of Special Drawing Rights and their reallocation, see Kristin Laub and Sinead Dwyer, "Advocating for SDR Reallocation", in *Donor Tracker*, 7 October 2022, <https://donortracker.org/publications/advocating-sdr-reallocation>.

distress or facing increasing financing constraints.¹³

Third, the climate crisis has also become central to the G7 policy agenda. In general, G7 leaders reiterated the need to mobilise financial resources for adaptation, mitigation and green transitions, emphasising the stronger role that both MDBs and private sector institutions can play. More directly, they launched the Build Back Better World (B3W) initiative and the Partnership for Global Infrastructure and Investment (PGII), to fund more sustainable infrastructure and development models.¹⁴ In addition, a host of climate-focused initiatives, such as the Climate Club and the Just Energy Transition Partnerships (JETPs), were announced to further accelerate the green transition.¹⁵ The Hiroshima summit restated the Paris Agreement commitment to mobilise 100 billion US dollars per year to support climate mitigation and adaptation in developing countries, alongside disaster preparedness, JETPs

and climate-resilient debt clauses.¹⁶

Finally, the food security crisis exacerbated by the Russian war against Ukraine featured prominently in the past G7 summits. The Hiroshima Action Statement for Resilient Global Food Security confirmed a solid commitment to tackling food insecurity, by addressing both immediate emergencies through humanitarian assistance and laying the ground for the prevention of future crises, for instance through early warning tools such as the Agricultural Market Information System (AMIS), launched by the G20 already in 2011,¹⁷ and via increased donor coordination.¹⁸

An agenda to build back forward for the future G7 Presidency

While the work of the Japanese Presidency will continue until the end of 2023 focusing on concrete initiatives to tackle the polycrisis, preparations for the Italian Presidency of 2024 are underway. The G7 Presidency will provide Italy with a unique opportunity to position itself as a strong, credible and effective actor in the field of development cooperation both within the G7 and in its relations with the Global South. To ensure continuity, there are some key areas related to development cooperation that the next G7 Presidency should start considering, working and building consensus

¹³ G7, *G7 Hiroshima Leaders' Communiqué*, 20 May 2023, <http://www.g7.utoronto.ca/summit/2023hiroshima/230520-communication.html>.

¹⁴ White House, *Fact Sheet: President Biden and G7 Leaders Launch Build Back Better World (B3W) Partnership*, 12 June 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/12/fact-sheet-president-biden-and-g7-leaders-launch-build-back-better-world-b3w-partnership>; White House, *Fact Sheet: President Biden and G7 Leaders Formally Launch the Partnership for Global Infrastructure and Investment*, 26 June 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/26/fact-sheet-president-biden-and-g7-leaders-formally-launch-the-partnership-for-global-infrastructure-and-investment>.

¹⁵ G7, *G7 Leaders' Communiqué*, Elmau, cit.

¹⁶ G7, *G7 Hiroshima Leaders' Communiqué*, cit.

¹⁷ AMIS website: *About AMIS*, <https://www.amis-outlook.org/amis-about/en>.

¹⁸ G7, *Hiroshima Action Statement for Resilient Global Food Security*, 20 May 2023, <http://www.g7.utoronto.ca/summit/2023hiroshima/230520-food.html>.

within other key multilateral fora, such as the G20.

First, on global health, the G7 has a clear responsibility to avoid a post-Covid-19 “panic and neglect” effect, where responses to emergencies are not followed by proper long-term prevention plans.¹⁹ Covid-19 has undermined the whole SDG3 agenda of good health and wellbeing for all, diverting attention and resources from other epidemics such as malaria, tuberculosis, HIV or polio, which after decades of progress are on the rise again.²⁰ These trends are fuelling mistrust on the capacity of multilateral actors to prepare for future pandemics and reduce health inequalities, such as in the field of vaccine manufacturing and access to treatments. The current and future G7 Presidencies should continue to invest significant political and financial capital in the global health agenda.²¹ To this end, they should work closely with the G20 through the Joint Finance-Health Task Force (G20 JFHTF), established under the Italian G20 Presidency,²² and make

sure that the Pandemic Fund receives proper financial support.²³ Finally, G7 leaders should support the finalisation of a global agreement on prevention, preparedness and response to future pandemics.²⁴

Second, the G7 needs to deliver effective solutions to recurrent debt crises, as well as to bring forward the reform of international finance institutions. As of May 2023, 36 low-income countries are at high risk of or in debt distress – that is, close to or in default on their sovereign debt.²⁵ Although debt crises are nothing new in the Global South,²⁶ the current one has been particularly compounded by pandemic-induced economic shocks. In addition, the more diverse landscape of lenders, some of which are either poorly regulated (private creditors) or are in geopolitical competition with Western donors, has made negotiations difficult, even in the context of multilateral initiatives such as the DSSI and the Common

preparedness-and-response.

¹⁹ Anne Bucher, “Pandemic Prevention: Avoiding Another Cycle of ‘Panic and Neglect’”, in *Bruegel Blog*, 7 October 2021, <https://www.bruegel.org/node/6517>.

²⁰ UN, *The Sustainable Development Goals Report 2022*, 2023, p. 32, <https://unstats.un.org/sdgs/report/2022>.

²¹ Gavi, *Gavi Sets Course to Support Sustainable Vaccine Manufacturing in Africa with New Action Plan in Support of the African Union’s 2040 Vision*, 3 November 2022, <https://www.gavi.org/node/116731>.

²² Italian Ministry of Economy and Finance, *The G20 Established a Joint Finance-Health Task Force to Strengthen Pandemic Prevention, Preparedness and Response*, 29 October 2021, <https://www.mef.gov.it/en/inevidenza/The-G20-established-a-joint-Finance-Health-Task-Force-to-strengthen-pandemic-prevention->

²³ G7, *G7 Shared Understanding on Enhanced Finance-Health Coordination and PPR Financing*, Niigata, 13 May 2023, <http://www.g7.utoronto.ca/finance/230513-finance-health.html>.

²⁴ WHO, *Pandemic Prevention, Preparedness and Response Accord*, 24 February 2023, <https://www.who.int/news-room/questions-and-answers/item/pandemic-prevention--preparedness-and-response-accord>.

²⁵ IMF, *List of LIC DSAs for PRGT-Eligible Countries - As of May 31, 2023*, <https://www.imf.org/external/pubs/ft/dsa/dsalist.pdf>.

²⁶ Chuku Chuku et al., “Are We Heading for Another Debt Crisis in Low-Income Countries? Debt Vulnerabilities: Today vs the pre-HIPC Era”, in *IMF Working Papers*, No. 23/79 (April 2023), <https://www.imf.org/en/Publications/WP/Issues/2023/04/04/Are-We-Heading-for-Another-Debt-Crisis-in-Low-Income-Countries-Debt-Vulnerabilities-Today-531792>.

Framework.²⁷ In some cases, steps have been successfully taken to solve the impasse (Sri Lanka),²⁸ whereas in others, the seeming lack of progress is concerning, for its impact on local populations (Zambia).²⁹ This speaks to the need for G7-G20 coordination, since any breakthrough in the financial architecture will most likely generate from the G20.

Calls to reform the global financial architecture, and MDBs in particular, have grown in the past year, with Global South countries also looking into alternative ways to finance each other.³⁰ Bretton Woods institutions are challenged by geopolitical competition, and need to become more inclusive and effective. For instance, they could strengthen links between development finance and climate finance, since it is still not clear how the above-mentioned 100 billion US dollars committed by major donors in 2015 will be mobilised.³¹ In this regard,

²⁷ Deborah Brautigam, "The Developing World's Coming Debt Crisis", in *Foreign Affairs*, 20 February 2023, <https://www.foreignaffairs.com/china/developing-worlds-coming-debt-crisis>.

²⁸ Tetsushi Kajimoto, "Sri Lanka President Vows to Conclude Debt-Restructuring Talks by Sept or Nov", in *Reuters*, 25 May 2023, <https://www.reuters.com/world/asia-pacific/japan-pm-kishida-meets-sri-lanka-president-debt-repair-talks-2023-05-25>.

²⁹ UN OHCHR, *UN Experts Concerned Over Delay in Zambia's Debt Restructuring*, 17 April 2023, <https://www.ohchr.org/en/node/105340>.

³⁰ Development Reimagined, *Reimagining the International Finance System for Africa. The Borrowers Club*, May 2023, <https://developmentreimagined.com/wp-content/uploads/2023/05/DR-Borrowers-Club-Brief.pdf>.

³¹ Juliet Suliwa Kasito, "We Worked So Hard to Win the Climate Loss and Damage Fund. But Will It Be an Empty Bucket?", in *Oxfam Views &*

there are high expectations for the upcoming Summit for a New Global Financing Pact in June 2023, especially with regard to innovative financing mechanisms.³²

Third, on food security, the current and future G7 Presidencies should keep monitoring the impact of the war in Ukraine while delivering on the long-term commitments of the Hiroshima Action Statement for Resilient Food Security. Increased donor coordination, for example, should not simply be sought in responding to the current emergency, but is desirable for long-term security too. Given the variety of factors – economic, financial, agricultural, climate-related – affecting developing countries' ability to secure food sources for their populations, it is important that synergies among different agencies and institutions are strengthened.

Finally, the G7 should be the first advocate for a global movement to strengthen multilateral institutions and cooperation. Since most of its decisions affect low- and middle-income countries (LMICs), the G7 should keep giving them a significant role both as summit-invited countries and as co-designers of programmes and interventions. In parallel, G7 countries should push for LMICs' stronger agency in other key fora, such as the UN Security Council, or the G20 itself,

Voices, 27 February 2023, <https://views-voices.oxfam.org.uk/?p=12243>.

³² Focus 2030, *Summit for a New Global Financing Pact: Towards More Commitments to Meet the 2030 Agenda?*, 9 June 2023, <https://focus2030.org/Summit-for-a-New-Global-Financing-Pact-towards-more-commitments-to-meet-the>.

where African LMICs, for instance, are not represented. This is essential to increase trust and accountability in these organisations, amidst a credibility crisis of Western institutions.

What does this mean for Italy? In the next few months, the Italian government will be involved in a series of key summits that will touch upon several development challenges and that can build a common narrative towards the next G7 Presidency. Among them, the UN Food Systems Summit +2 Stocktaking Moment, the Finance in Common Summit in Colombia, the SDG Summit, the Italy-Africa summit and the G20 Summit in India will be crucial test cases to assess the government's action plan on a number of fundamental issues related to food security, the climate emergency, sustainable finance and development. In addition, there are big expectations on how the Italian government's flagship initiative "Mattei plan" for Africa³³ will be designed in terms of regional and thematic priorities, as well as on concrete projects and financial resources allocated. There are several sectors (for example, just energy transition, quality infrastructures, sustainable agricultural transition, development finance) where Italy may indeed have a decisive role, by fully cooperating with other Team Europe or Global Gateway Initiatives to avoid duplications and maximise impact.

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³³ Italian Government, *President of the Council of Ministers Giorgia Meloni's Parliamentary Address on the Government Programme*, 25 October 2022, <https://www.governo.it/en/node/21000>.

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