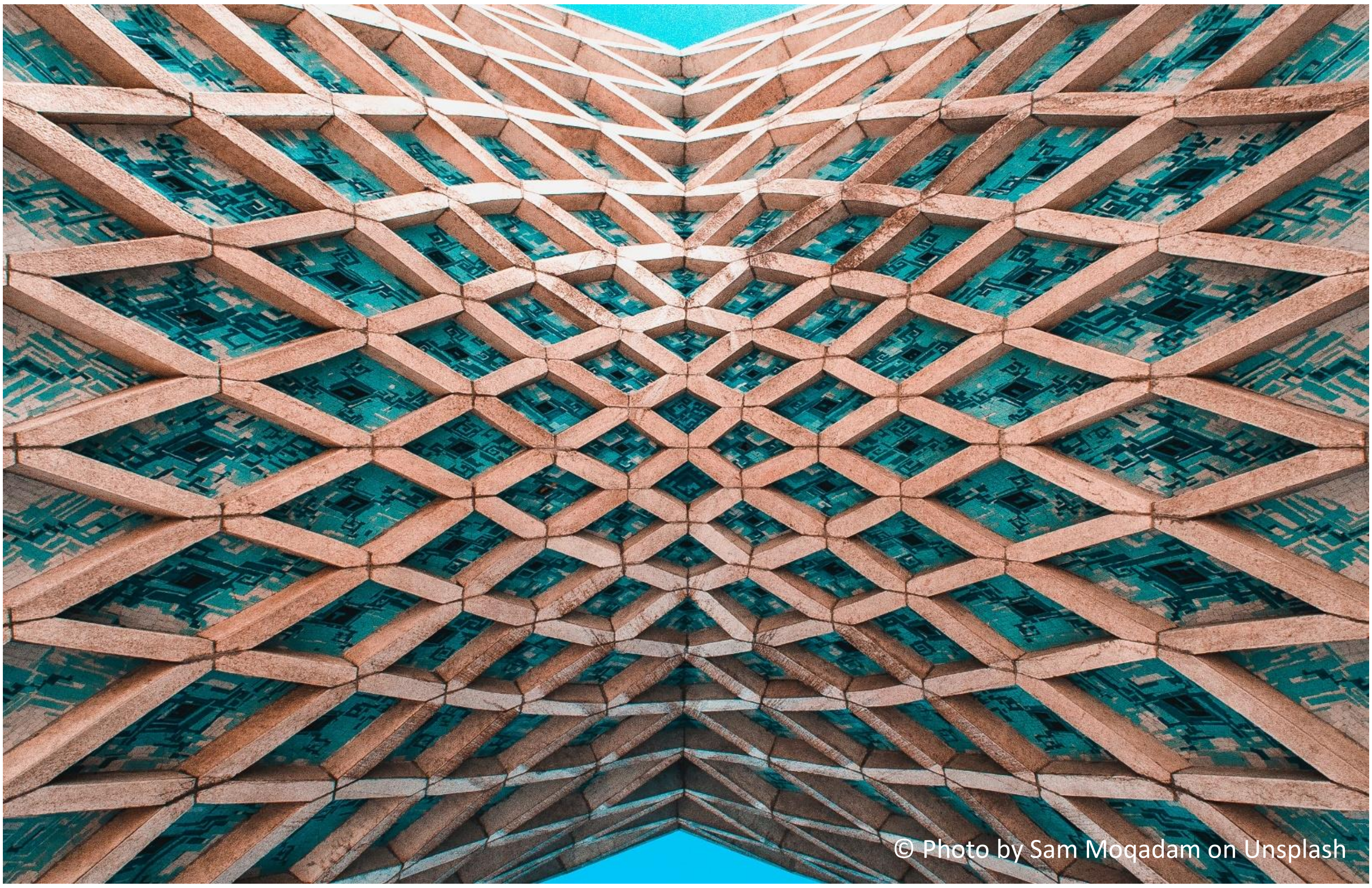

T7 Task Force International cooperation for the global common good

ISSUE PAPER

RAMPING UP INVESTMENTS IN A BETTER FUTURE: THE NEED FOR A REFRESHED G7 APPROACH TO REALIZE THE OPPORTUNITY OF GLOBAL SUSTAINABLE DEVELOPMENT

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Abstract

The world's systems of international cooperation are facing three great conflicts at once: violent conflict in Ukraine, political conflict between great powers, and a fissure between the near-term priorities of the world's rich and powerful societies and the long-term needs of both poorer societies and the planet itself. The first two conflicts exacerbate the third. Amid massive investment shortfalls, the global sustainable development agenda is on the brink. Next year, 2023, will mark the midpoint to the Sustainable Development Goal deadline of 2030. It's high time to start preparations for a better "second half" of the SDG era. The G7 needs to be a two-pronged leader, one that lends all its supportive muscle to mobilize required forms of capital while also leading through the power of its own influential example. Three deep structural changes over the past two decades have shifted the context for G7 contributions: (1) the smaller relative power of G7 countries on the global stage, (2) the more complex and fragmented policy terrain, and (3) the flawed heritage of high-profile G7/8 commitments. Amid the world's deep practical interconnections between the "infrastructure agenda," the "climate agenda," and the "sustainable development agenda," all G7 countries need to prioritize their domestic implementation of the SDGs. In parallel, they need to help mobilize a massive scale-up of public and private resources for global sustainable development. This includes partnering with other countries to instigate profound changes in the scale and business models of the multilateral development banks, while also taking a leadership role to promote SDG alignment in public and private financing systems. G7 efforts relating to infrastructure should be pursued in the larger context of the 2023 moment for the SDGs and existing efforts coordinated through the G20 and elsewhere. The G7 can further consider a range of proposals to boost a partnership-driven approach to international cooperation on specific issues.

Introduction

The world's systems of international cooperation are facing three great conflicts at once. One is a violent conflict in Ukraine, which has called to question global institutional abilities to protect fundamental tenets of peace and avoid large-scale war. A second is a political conflict between great powers, who have differing perspectives on existing global systems and divergent priorities over how institutions should be updated. A third great conflict remains too often overlooked. It is the fissure between the near-term priorities of the world's rich and powerful societies and the long-term needs of both poorer societies and the planet itself.

Distressingly, the first two conflicts exacerbate the third. Broken supply chains, rising food prices, rising interest rates, and a lack of international consensus on shared priorities are causing extraordinary hardship for many developing economies, particularly on the heels of the COVID-19 pandemic. The upshot is massive investment shortfalls and a global sustainable development agenda on the brink. As recently stated by no less an authority than U.S. Treasury Secretary Janet Yellen in a major policy speech, "The response to date is just not to the scale that's needed. Experts put the funding needs in the trillions, and we've so far been working in billions." [1]

Against this backdrop, a growing number of policy leaders around the world are asserting that the global sustainable development agenda will fail unless there is a vast increase in public and private financial flows to their countries. The G7 has a crucial role to play in supporting this objective, but not through sheer force of economic and financial dominance. Instead, it needs to be a two-pronged leader, one that lends all its supportive muscle to mobilize required forms of capital while also leading through the power of its own influential example.

The German G7 presidency has underscored the importance of global cooperation for financing sustainable development in the specific context of a G7 initiative on infrastructure, with emphasis on energy and transport. These forms of infrastructure are not only essential for poverty reduction in emerging and developing economies. In many cases, they will also determine the long-term path for global greenhouse gas emissions. Moreover, infrastructure represents by far the largest share of global investment needs for the sustainable development goals (SDGs). Hence the global infrastructure financing agenda must be understood as the heart of the SDG financing agenda.

For most of the world's countries, especially developing countries, the SDGs and the broader Agenda 2030 frame a key marker of global cooperation, especially since they were agreed by all countries at the United Nations in 2015. While recognizing the pressing urgencies of the current geopolitical context, the G7 needs to adopt a larger framing to succeed in its geostrategic engagement. Structural shortfalls in sustainable development financing need to be tackled head-on, with an aim of reinvigorating the SDGs and Agenda 2030. The G7 needs to mobilize its full political support to help the world change course toward success.

Next year, 2023, will mark the midpoint to the SDG deadline of 2030. It´s high time to start preparations for a better "second half" of the SDG era. The coming year offers an opportunity to assess systematic gaps in outcomes, in inputs like financing, and in implementation systems. Recently emphasis on orders-of-magnitude-scale financing shortfalls amounts to political elevation of key premises already embedded in the UN's 2015 Addis Ababa Action Agenda on financing for sustainable development.[2] The current paper recommends that the G7 to use this global political moment to reframe its conversations with the rest of the world, with an emphasis on leadership by example and humility regarding the nature of global political support that the G7 can best provide for the SDGs.

Challenge: Renewing the G7's global role to align with the shifting global context

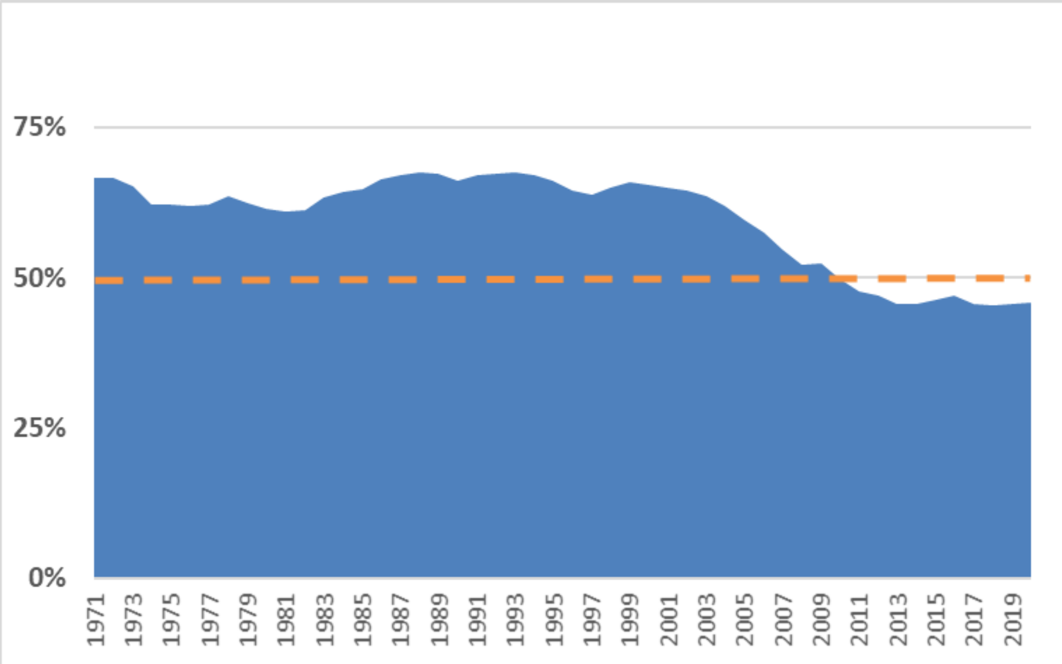
The G7's ability to provide global leadership on the world's sustainable development agenda hinges on recognizing the vast shifts in context for international cooperation over the past two decades. Simply put, the G7 cannot rely on 20-year-old political formulas. Doing so would be the political equivalent of using a landline telephone to connect with the metaverse. The world has changed dramatically, with new key players, new sources of influence, and new issues at the center of global conversation. Here we consider three of the deep structural changes over the past two decades that have shifted the context for G7 contributions: (1) the smaller relative power of G7 countries on the global stage, (2) the more complex and fragmented policy terrain, and (3) the flawed heritage of high-profile G7/8 commitments.

i) A smaller relative power

Although the G7 still represents a significant bloc in the world economy, it has now shifted from being the dominant share to a minority share of global economic activity. From the 1970s through to 2000, as shown in Figure 1, the seven member economies were typically home to around two-thirds of all global economic activity. Due largely to the widespread successes of the international economy since the turn of the millennium, the share has been declining over recent decades. In 2000, the G7 represented 65 percent of world economic output. By the time of the 2005 Gleneagles Summit, the share had declined slightly, to 60 percent. Then the decline accelerated, as G7 countries struggled through the global financial crisis and many emerging economies continued to thrive. By 2010, the G7 share of the world economy dropped below 50 percent for the first time. By 2015, the share was down to 45 percent, roughly the same ratio that holds today.

Forty-five percent still represents considerable global economic heft, but it requires a new mindset for navigating policy priorities with the rest of the world. The growing absolute and relative strength of emerging markets and development economies (EMDEs) resets the balance of geopolitical power. EMDEs prompt updated definitions of "systemically important" countries. They rightly demand greater voice and alignment between their own priorities and priorities for global governance and cooperation. They also represent priority growth markets in which many G7 industrial leaders hope to prosper. For all these reasons and more, the G7 needs to approach the rest of the world with a mindset not of issuing pronouncements from the center of power, but more of seeking collaboration among strategic peers.

Figure 1: G7 share of world GDP, 1971-2020



Source: Authors' calculations based on World Bank, World Development Indicators 2022.

The need for updated approaches to global economic cooperation came to a head during the Global Financial Crisis of 2008/9. This required policy coordination far beyond the G7 and catapulted the G20 to become the premier geo-economic forum. Over the subsequent decade, the G20 has become increasingly regularized as a venue for global economic coordination, even if not with a high degree of urgency or decisive decision-making outcomes. The G20 also lacks representation from low-income countries and sub-Saharan Africa in particular, but it is nonetheless the foremost vehicle for political and policy coordination between the world's largest economies – a label that would have been informally granted to the G7 not too long ago.

ii) More complex policy terrain

Over the past two decades, a tectonic shift has also taken place in the baseline priorities for international policy cooperation. In the early 2000s, global development cooperation priorities typically referenced development assistance, trade liberalization, and market-based economic reforms. Within the G7, this often implied a focus on lending support to the world's poorest countries. By the late 2010s, many low-income countries had graduated to formal middle-income status, while still confronting enormous poverty challenges alongside an evolving mix of economic, social, and environmental issues. This included heightened concerns around inequality, interwoven with debates within the richest countries, particularly considering imbalances in who caused the Global Financial Crisis and who bore the consequences. Global crises in food prices and fuel prices only exacerbated policy duress for many EMDEs, as did an intensifying array of extreme weather events. This was matched by heightened global concerns about climate change alongside other major global environmental challenges, like deforestation, biodiversity loss, and threats to life in the ocean.

The shifting policy norms ultimately became embodied in the transition from the Millennium Development Goals (MDGs) to the SDGs. The MDGs became a driving force for international cooperation from 2000 to 2015, anchored in an "international development" premise of rich countries like the G7 scaling up support for basic needs towards measurable objectives in the poorest countries. This has been succeeded by the "sustainable development" premise, which extends beyond the MDG frame to capture the foremost economic, social, and environmental challenges being faced across all countries, independent of their (often rapidly changing) levels of average income.

Whereas the MDG challenge often boiled down to which countries were richer or poorer, the SDG challenge boils down to an interconnected set of economic, social, and environmental problems that no country has yet fully solved.[3] They range from promoting economic prosperity in a manner that supports human well-being, to decoupling prosperity from depleting natural resources and the global commons, to forging new norms such that all people have equal opportunity to participate in societal progress. It is not possible to rank countries simplistically in terms of which ones are doing better. For example, higher average incomes provide no guarantee of reductions in discrimination, and often just the opposite. Global movements of #MeToo, Black Lives Matter, and indigenous rights all place equal emphasis on G7 countries' own domestic challenges as on global challenges of human deprivation.

Dynamic technological revolutions only underscore the shifting opportunity set. While new digital technologies, for example, can foster unprecedented new forms of cooperation, they also bring huge downsides when disinformation and manipulation undermine open societies and incentives for social and political collaboration. This adds to widening cultural gaps in perception of the global needs. It can further undermine global cooperation on the SDGs and make any joint effort more complex. The G7 therefore may take up a specific leadership role as a more likeminded group of democratic, open societies.

The global pandemic of COVID-19 only amplified the increasingly complex landscape for international cooperation, and any role the G7 might wish to play in helping to advance it. The U.S. withdrawal from the World Health Organization in 2020, even if reversed in 2021, framed a blow to multilateral cooperation for global public health, adding tensions on top of reversals in commitment to the 2015 Paris Climate Agreement. In parallel, political strains between the U.S. and China having impeded the G20's ability to tackle both pandemic management and strategies for widespread economic resilience and social recovery. Rising trends of authoritarianism have also placed fundamental issues of political values at the heart of G20 policy debates. Despite major efforts from the host Indonesian government to revitalize the G20's role in 2022, Russia's recent invasion of Ukraine has exacerbated the geopolitical uncertainty around what the group will be able to achieve in the near term.

These challenges help to frame the opportunity for the G7. From one angle, the G7 also needs broader forums like the G20 to succeed on issues of global economic importance, alongside the success of other multilateral bodies on issues of relevant jurisdiction. From another angle, the G7 cannot succeed on most of its global priorities without the collaboration of most members of the G20 and other countries too. The G7 needs to focus on growing cooperation with parties that represent major shares of the world's economic interests and political interests while also anchoring in the pursuit of common values.

For these reasons, G7 countries have as much responsibility to role model their own innovative approaches to advancing the SDGs domestically as they do to support SDG progress globally. They need to exhibit credibility in tackling sustainable development challenges at home to have credibility in supporting relevant challenges abroad. The latter includes both countries that require external resources to make greater progress, and issues that require cross-border cooperation to succeed. The global fight to tackle climate change amounts to a fusion of these two dimensions. Consistent with Secretary Yellen's recent major speech, the world requires a multi-trillion annual scale-up in available financing for sustainable infrastructure in emerging market economies. This is essential for achieving a global greenhouse gas mitigation strategy consistent with only a 2-degree Celsius average global temperature rise. As dominant shareholders in existing international institutions and well-positioned leaders for creating updated institutions, the G7 countries have an outsized role and responsibility to play in seeding, scaling up, and financing the multilateral mechanisms that can help bring this universal priority to fruition.

iii) A heritage of flawed commitments

Amid the complexities of a shifting geopolitical landscape and evolving global policy priorities, the G7 also faces a key challenge of its own making. Its own history of shortfalls in outward-oriented commitments has led to a credibility gap for future attempts at leadership commitments. Around the turn of the millennium, the G7's outward-oriented responsibilities were a regular pillar of its deliberations, particularly relating to issues of extreme poverty and deprivation. This ranged from the historic debt relief commitments at the 1999 summit in Germany to the commitments toward global health over multiple years in the early 2000s.

For many policymakers and activists, the 2005 Gleneagles Summit (of the then-G8) marked the group's apogee of high-profile commitments to global cooperation. With strong political leadership from the host U.K. government and a widespread public advocacy campaign linked to the Millennium Development Goals and reducing poverty in Africa, G7 leaders committed to double their collective official development assistance to Africa by 2010. This came alongside a May 2005 agreement of the European Union's first 15 members, all of whom agreed to deliver 0.51 percent of national income as official development assistance (ODA) by 2010, and then 0.7 percent by 2015. The EU15 commitment included France, Germany, Italy, and the United Kingdom among G7 members.

Unfortunately, despite some countries like the UK following through on their individual commitments, the G7's collective pledge for 2010 fell well short, as did the EU15's collective pledges for 2010 and 2015. By 2015, the UK was the only G7 country fulfilling the 0.7 percent ODA pledge, with Germany subsequently meeting the benchmark in 2016 and again in 2020. Altogether, the collective implementation gaps led to widespread frustration and malaise among policymakers and activists. With a sense that even the most high-profile G7 collective commitments could not be trusted, many protagonists took the view that such pledges were no longer worth the effort even to pursue. On top of the key structural issues discussed above, the G7 faded in prominence as a key venue for global cooperation commitments and decision-making. The issue was only amplified in late 2021, when the UK lowered its near-term ODA commitment down to 0.5 percent of gross national income.

The challenge of weak commitments extends beyond financial pledges. It was only four years ago, for example, when the U.S. President announced shortly after leaving the 2018 Canada-hosted G7 summit that he no longer supported the painstakingly negotiated outcome agreement. Meanwhile, on the SDG agenda itself, the U.S. remains an international outlier for its lack of follow-through on its own 2015 commitments. By the end of 2021, 176 out of 193 UN member states had presented their own Voluntary National Reviews (VNR) on SDG implementation. As of May 2022, the U.S. remains the only G20 country not to have committed to present its own VNR. When the largest and most influential member of the G7 is not able to follow through on a core pillar of international policymaking, it sends a huge signal of non-cooperation with the rest of the world. It also misses out on an enormous opportunity for improved policymaking in its own interests, one that is shared across the G7 membership. [4]

Repositioning the G7 on global sustainable development

The G7 needs to internalize a political reframing of the global sustainable development challenge. This needs to be done with a view to broadening the understanding of the policy landscape, rekindling others' faith in the value of its own commitments, and investing in external collaborations toward collective success.

Conceptually, the G7 can promote heightened awareness of the deep practical interconnections between the "infrastructure agenda," the "climate agenda," and the "sustainable development agenda." At a practical level, physical infrastructure represents the largest share of the sustainable development investment gap, and it is exactly these investments that will be crucial to setting the global trajectories for both greenhouse gases and collective prosperity. The German G7 Presidency already stresses infrastructure as one of its priorities, but these deep linkages and potential tradeoffs need to be addressed on an ongoing basis. An expanded definition of infrastructure can help do this, emphasizing not just energy, transportation, and digital infrastructure, but also infrastructure for health, education, and environmental sustainability.

To renew faith in G7 commitments, member countries need to lead by example and show how they can each achieve the SDGs domestically, against common scorecards in the context of their respective national political systems.[5] For most of the G7, most shortfalls in local SDG economic, social, and environmental benchmarks are not a product of macro financing gaps, even if issues like low-carbon infrastructure still require significantly scaled up investments. G7 countries were already spending more than $11 trillion on SDG-related public financing in 2015, on a path toward $15 trillion by 2030. [6] Increased short-term spending due to COVID-19 likely contributed to targeted gains on some countries' SDG trajectories too. But the G7's domestic SDG gaps are often driven by institutional and policy shortfalls more than financing shortfalls. Implementation priorities can range from aligning policy incentives to financing needed innovations, matching resources to needs, and renovating service delivery mechanisms to target people otherwise left behind.

Concurrently, the G7 needs to think afresh about its strategic imperative in supporting EMDEs to finance their own sustainable development priorities. At one level, the G7's ambitions for geopolitical alliances will hinge on recognizing and supporting EMDEs' economic interests in fighting poverty and promoting prosperity. At another level, the G7's climate change goals will only be met if EMDEs have access to the financing required to build the low-carbon infrastructure essential to promoting their own economic development. The same infrastructure will be a foremost factor in determining all of humanity's long-term emissions trajectory.

Perceptions matter too. While EMDEs have faced roughly a trillion-dollar annual shortfall relative to their sustainable development financing needs,[7] the G7 and other high-income countries have had access to near-unlimited deficit financing throughout the COVID-19 pandemic. In absolute terms, high-income countries quickly mobilized $12 trillion to buffer their own economies. But they have not been able to muster a comparable scale of financing for urgent global investments over the coming decade.

Importantly, sustainable development finance requires all forms of finance: domestic public resources, international public resources, private resources, and blended resources. It is not a simplistic "foreign aid" agenda. Yes, ODA forms an essential piece of the puzzle and gaps need to be addressed, especially for low- and lower-middle-income countries. But even a fully delivered 0.7 percent commitment from the G7 would generate less than $300 billion per year. Each of these dollars is crucial for targeted public investment purposes in resource-constrained countries, but they also need to be understood in the broader global context of $21 trillion in SDG-related public budgets that countries around the world were already spending domestically in 2015, on a path toward more than $32 trillion in 2030, prior to the outbreak of COVID-19.[8]

At a macro scale, the G7 economic output adds up to roughly $40 trillion per year. Over the course of the coming decade this amounts to $400 trillion, even if there were to be no economic growth. It's not outlandish to think the same economies could find creative ways to mobilize an incremental $1-2 trillion of public and private financing per year, or $10-20 trillion overall, for the world's collective sustainable development priorities. This would merely be matching the scale of finance mobilized just for domestic purposes over the past two years – but now to finance global challenges in which the world shares a common interest.

To be sure, a successful sustainable development investment strategy hinges on more than just adequate volumes. For example, the G7 needs to address that fact that a significant share of its existing external financial flows, both public and private, are not aligned or even compatible, with the SDGs. In its recent publication *Achieving SDG Results in Development Co-operation*[9], the OECD points out that many development partners use the SDGs to describe their co-operation policies, but barely half of them have an institutional results framework even partly aimed at achieving SDG results. Lack of SDG alignment starts with lack of a common language and interpretation, the consequences of which are a muddying of both priorities and measures of progress: “Too high-level goals or targets, and insufficiently ambitious definitions of SDG-alignment, run the risk of SDG washing – for example, any economic activity contributes to at least one or more SDGs through job creation” (OECD & UNDP, 2020).

The efficiency and societal impact of sustainable development investments will all be crucial, as will a multidimensional lens to progress. The SDGs were not conceived as targets each to be met in isolation, but as a mutually supportive package. Externalities in food systems, and other complex economic, social, and environmental interfaces all need to be understood. There needs to be a focus on principles of integration, transformation, and leaving no one behind.[10] Synergies cannot be taken for granted and do not occur automatically. One missing ingredient—be it efficient governance, health system, or energy provision, or better management of natural resources—can have spillover effects throughout an economy and society. The international community still lacks a suitable global framework for pulling these interconnections together.[11] Translating these ambitions into operational approaches will be a difficult if still essential task.

Proposals: How could the G7 help lead on global sustainable development?

The 2022-23 window frames a critical moment for the world to consider how far off track it remains from reaching SDGs in 2030, the stark consequences of inertia in translating goals to action, and the essential scale-up of investment resources required to turn the trends around. The G7 bears important responsibilities for the world being in its current situation and can undertake key responsibilities in helping the world move forward. At the same time, the rest of the world will not wait around for the G7 to catch up with the sustainable development agenda. If the G7 wants to help co-create the new agenda, then it quickly needs to update its approach to SDG cooperation and to leadership by example. Success requires understanding variations in progress across issues and geographies, charting key drivers of success, and amplifying successful undertakings to build momentum toward thornier problems not yet solved.

Below we share several propositions that the G7 could help advance with urgency to tackle this challenge:

First, all G7 countries need to show they can follow through on existing commitments to sustainable development by galvanizing their domestic implementation of the SDGs. This will require national leaders to find the appropriate language, mechanisms, and scorecards to help guide domestic success. Current implementation is varied across the group. Sometimes the goals serve more as a form of political statement lacking tangible implementation, as in France. Sometimes it is more institutionalized, like in Germany or Japan. And in cases like the U.S., it remains generally overlooked at the federal level. Canada’s Office of the Auditor General has critiqued the federal government’s lack of SDG implementation systems as of 2021,[12] but Prime Minister Trudeau has recently been named co-chair of the UN’s SDG Advocates group, offering an opportunity to bring greater political energy to the underlying issues – within Canada, among G7 peers, and across external partners.

Second, G7 countries have a unique opportunity, especially after Secretary Yellen's recent statements, to reframe and redress a generation-scale problem in the massive scale-up of public and private resources needed to finance global sustainable development. This requires a merger of the climate, infrastructure, and SDG financing agendas that interconnect at both national and international levels. The G7 can make the case that SDG alignment does not represent an extra cost, but an investment in long term economic growth and resilience. The group also needs to recognize, for example, that China has been transitioning from a discourse of infrastructure-focused international partnerships to those focused on productive investments and trade. G7 countries can promote an expansive picture too: mobilizing finance for sustainable infrastructure as a path to boosting productive investments, innovation, and enhanced supply chains.

Third, as leading shareholders of multilateral development banks, the G7 can partner with other countries to instigate profound changes and orders-of-magnitude increases in scale of operations, outcome-oriented governance reform, and, probably, business model restructuring to align with SDG achievement.[13] They can also explore innovative global funding sources, for instance via an international financial transactions tax, with revenues targeted towards global SDG achievement. The G7 could partner with the G20 to spearhead such an effort, building on the advances and limitations of the October 2021 OECD/G20 Inclusive Framework on base erosion and profit shifting.[14]

Fourth, G7 countries should take a leadership role in advancing the SDG alignment of public and private finance, as launched under French G7 presidency, and developed by the OECD and UNDP,[15] and the Italian G20 presidency.[16] This requires a broad agenda, ranging from establishing a system to tag and label SDG-related domestic public expenditures, to clarifying systems for leveraging private finance through public development banks and other public institutions. G7 countries and their development institutions can play the role of enablers and catalyzers of sustainable development finance. Crucially, the G7 cannot "cherry pick" issues and approaches to meet its SDG responsibilities. Investing to fulfill certain SDGs but not others would represent an abdication in global responsibilities for such a major share of the world economy. Initiated by this German G7 presidency, the Japanese G7 presidency in 2023 could further push for concrete actions and proposals related to the SDG alignment.

Fifth**,** any G7 effort relating to infrastructure should be pursued in the larger context of existing efforts and the 2023 moment for the SDGs. For example, G7 efforts can be consistent and coordinated with existing G20 initiatives on infrastructure, such as Source, the multilateral platform for sustainable infrastructure. As described further below, the G7 could also build on the G20's principles for "quality infrastructure" to pioneer the definition of relevant norms and standards. This could expand to include norms and standards for the protection of privacy and democratic space.[17]

More broadly, the members of our T7 task force on international cooperation have put forward a range of important ideas for the G7 to consider. These include:

- Supporting the launch of integrated "meta standards" for sustainable, quality infrastructure, emphasizing alignment between the parallel Blue Dot Network and FAST-Infra initiatives, and then supporting adoption and technical assistance as required across G7 natures and infrastructure developers in EMDEs (Losos and Fetter).
- Creating a Global Resilience Council as a mechanism to bring multilateral and non-state actors together for large-scale responses to non-military crises affecting humanity and planetary stability (Kostakos and Gleckman).
- Bolstering inclusive global governance institution, by "tethering" plurilateral and multi-stakeholder venues to the strengthened efforts at the UN and other multilateral organizations (Beisheim, Berger, Brozus, and colleagues).
- Reinvigorating UN budgets through a joint approach to increasing assessed contributions (Weinlich, Gurajani, and Haug).
- Prioritizing World Trade Organization reforms to speed the flow of pandemic-fighting goods, reach agreement on fishery subsidies, and avoid new export barriers in response to the war Ukraine (Mildner, Schmucker, Brandi, and colleagues).
- Establishing a G7 Partnership with Africa, analogous to the G20 Compact with Africa, to improve cooperation on critical issues relating to health, climate, and commercial affairs (Spanaus, Kiefer, Berger and colleagues).
- Strengthening support to forcibly displaced people through social networks and mobility strategies (Etzold, Wagner and Kasiaficas).
- Forging quality dialogues between the G7, the newly formed Urban 7 (U7) alliance, and the T-7, complemented by interconnections with respective G20-linked bodies, along with an "infrastructure club" counterpart to the G7's recently introduced climate club (Buchoud, Bai, Chakrabarti and colleagues).
- Increasing investments and policy attention to peacebuilding efforts, with an emphasis on gender equality and connecting local with global efforts (Dobson).
- Deploying "future design" methods in G7 meetings to unlock innovation and creativity among participating leaders (Sijo, Shrivastava, Setälä and colleagues).
- Mapping "impact hubs" that can influence SDG outcomes, linking all G7 commitments "tagging" all policy and initiatives against intended SDG consequences, while advocating for the full G20 to do the same (Alexandroff, Bradford, and Bien).

Implementations: Pressing forward on change

The policy agenda presented in this paper amounts to a fundamental rethinking of the G7's source of global influence. As a group, it remains a major economic bloc of global power, but no longer an overwhelmingly dominant global power. It needs a new approach to achieving influence, and global strains around the war in Ukraine have only amplified the urgency for change. Emerging powers have increasing flexibility regarding the nature of their geopolitical alliances and sources of partnership in the pursuit of prosperity. Paraphrasing the leader of a major global economy, the G7 must increasingly lead through the power of its example, not just the example of its power. Individual G7 governments have the opportunity and responsibility to provide decisive peer leadership in translating catchy SDG slogans into decisive implementation policies, both domestically and internationally. If they do so in concert, they can provide vital global leadership at a time when it is sorely needed.

For the remainder of 2022, the German G7 presidency can play a crucial role in helping to advance these issues, with elevated attention on sustainable development financing. As part of this, they can begin collaborating with the Japanese G7 presidency to ensure the 2023 sequence of policy meetings play a major constructive role for multilateral decision-making linked to the SDG midpoint. The former UK presidency could also join to ensure continuity and coherence of action.

A forward-looking calendar needs to prioritize cooperation with the G20's Indonesia-led presidency this year, the India-led presidency next year and the former Italian presidency, considering its engagement on the SDGs. The COP 27 climate presidency led by Egypt will also be an important interface since it aims to emphasize the need for elevated African and EMDE voices in global climate deliberations. Other events later this year can provide important venues for elevating the sustainable development financing agenda, such as the World Bank/IMF Annual Meetings in Morocco and the Finance in Common Summit co-hosted by the African Development Bank and the European Investment Bank in Abidjan.

These meetings and policy processes can all be crucial, but none will be enough on their own to create the needed changes for global sustainable development, either within the G7 or across every other country around the world. G7 leaders need "out of the box" processes to initiate requisite jumps in sustainable development investments and outcomes. New ideas, systems, and resources are all required. The G7 can forge a path by showing how the SDGs can be achieved at home, while partnering with the rest of the world to help drive collective action for all.

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[12] Office of the Auditor General of Canada, 2021, "Implementing the United Nations' Sustainable Development Goals."

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[14] See discussion, for example, in J McCarthy (2022 forthcoming), "A Bad Deal for Development: Assessing the Impacts of the New Inclusive Framework Tax Deal on Low- and Middle-Income Countries." Brookings Center for Sustainable Development Working Paper.

[15] OECD and UNDP, 2020, Framework for SDG Aligned Finance.

[16] See the 2021 "G20 Development Ministers Communique" and the "G20 Rome Leaders' Declaration," available at the G20 Information Centre,

[17] Reference points could include the European Union's General Data Protection Regulation (GDPR) and state data ethics commissions.

About the Authors

Christian Kastrop – Global Solutions Initiative

Christian Kastrop served as State Secretary at the Federal Minister of Justice and Consumer Protection from May 2020 until December 2021.

He is Honorary Professor of Finance at the Freie Universität Berlin.

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After starting his career as an assistant researcher and lecturer in economics at the University of Cologne, Mr. Kastrop joined the Federal Ministry of Finance in 1989 as Economist and Policy Officer in the Fiscal Policy Division. In 1991, he was appointed Chief Press Officer, Spokesman and Head of the Press and Communication Division at the Minister's Office. In 1994, he rejoined the Economic Policy Department where he held different positions until 2003, including Head of the Fiscal Policy Division and 'Ghost Writing' Unit, Head of the Minister's 'Ghost Writing' Division (Minister's Office), and Head of the General Public Finance and Fiscal Policy Division.

Mr. Kastrop holds a master's degree in economics and psychology from the University of Cologne, a master's degree in economics and philosophy from Harvard University, and a PhD in economics from the University of Cologne.

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He was previously the chief executive officer of Millennium Promise, the international nongovernmental organization. Prior to that he served as manager and then deputy director of the U.N. Millennium Project, Secretary-General Kofi Annan's independent advisory body mandated to recommend an action plan for achieving the Millennium Development Goals. In that role he helped to launch global MDG policy efforts, coordinating an international network of nearly 300 experts who served on 10 thematic task forces. He also oversaw a policy team that provided integrated technical advice to governments in low-income countries around the world and served as lead editor of the project's final report, "Investing in Development: A Practical Plan to Achieve the Millennium Development Goals."

He has also been a senior fellow with the Hong Kong-based Fung Global Institute, a faculty member at Columbia's School of International and Public Affairs, and policy director at the University's Earth Institute. Earlier in his career he was a research fellow at the Center for International Development at Harvard University, where he supported the World Health Organization's Commission on Macroeconomics and Health and co-authored the "Global Competitiveness Report."

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