

Emerging analysis

Making the G7 summit a success

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June 2021

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How to cite: Pantuliano, S., Miller, M., Hart, T., Prizzon, A., Mendez-Parra, M., Humphrey, C., Colenbrander, S., Kelsall, T., Rocha Menocal, A. and Domingo, P. (2021) Making the G7 summit a success. ODI Emerging Analysis. London: ODI.

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Contents

Introduction	3
A year of British leadership	4
Ending the acute phase of the Covid-19 pandemic	9
A trade and investment plan to promote future prosperity	16
Delivering a successful G7 summit in the context of a climate emergency	22
How the G7 can champion a more contextually grounded vision for democracy and human rights	29

Introduction

Next week, the UK hosts the G7 summit in Cornwall. The UK government is promising an ambitious agenda to ‘fight and then build back better from coronavirus and create a greener, more prosperous future’. The agenda will wrestle with key global challenges, with different ministerial tracks promising to promote prosperity and free trade, protect health and resilience against pandemics, protect the planet and champion shared values of democracy and human rights.

The summit is taking place with multilateralism at a low ebb after a year in which national interest has repeatedly trumped collaboration. The international reputation of the UK itself is also under the spotlight.

In this series of essays, ODI experts set out their perspectives on how the UK as host and the G7 nations as a group could frame a more ambitious and positive vision for addressing major global challenges.

A year of British leadership

Mark Miller and Sara Pantuliano

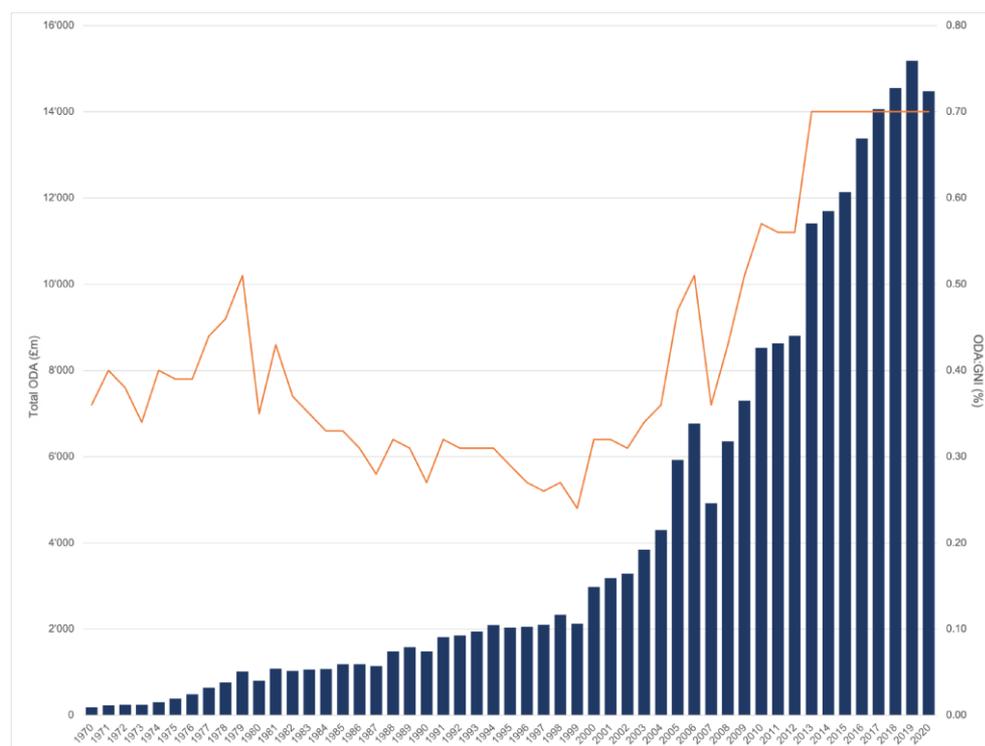
UK Prime Minister Boris Johnson has promised that 2021 will be 'a year of British leadership' where the UK 'can look forward with confidence to shaping the world of the future'. There has rarely been a moment in recent times where the UK government is potentially so well placed to demonstrate global leadership. The UK is hosting the G7 summit in Cornwall beginning at the end of next week and COP26 in Glasgow later in the year. Alongside this, a US administration with a renewed global ambition provides an enormous potential opportunity to foster change.

The UK has a track record of effectively using summits and multilateral channels to collectively resolve global challenges. In 2005, when the UK hosted the G8 summit at Gleneagles, governments agreed to write off the multilateral debt owed by a group of highly indebted poor countries. As Figure 1 shows, the UK increased its official development commitments by more than half in 2005 and 2006 to demonstrate leadership and crowd in commitments from other countries. While this increase was only temporary, a total of \$40 billion was written off.

The UK's leadership and moral authority have however taken a hit in recent months. While its own vaccination programme has been effective, the fact that the UK has now ordered the equivalent of 10 doses for every adult in the country (second only to Canada) has given rise to accusations of vaccine nationalism. The UK is also yet to lend its support to the proposal by India and South Africa to temporarily waive intellectual property rights on Covid vaccines and medical tools. The UK has also been much slower than other G7 nations to back US proposals for international tax reform. This has raised questions as to whether the UK is more committed to protecting its overseas territories than working towards a fairer global tax system.

Perhaps the most significant contributor to the UK's ebbing authority relates to recent cuts to the official development assistance budget, the only OECD nation to significantly reduce contributions so far this year. Barely a week goes by at the moment without a new announcement of drastic funding cuts. It is hard to ask others to put cash on the table when you're seen to be taking yours away.

Figure 1 UK ODA spend increased significantly in 2005 and 2006 to crowd in debt relief commitments



Source: UK Government, [Statistics on International Development](#)

Resetting the UK’s international reputation

Since [the November 2020 spending review](#) (when the government announced its plans to cut back ODA to 0.5% of gross national income), economic prospects in the UK have much improved. The economy did not shrink by as much as feared in 2020, and [the Bank of England](#) has revised forecast growth for 2021 upwards, from 5% to 7.25%.

Agreement on a \$650 billion issuance of special drawing rights means that the UK will receive a one-off windfall boost to its foreign exchange reserves equivalent to almost £20 billion. This is unlikely to make much difference to the UK’s own recovery plan: indeed, the sums pale in comparison to [the £344 billion of support](#) to the domestic economy committed as of March. Even so, £20 billion is a significantly larger amount than the £4 billion cut from the aid budget.

To help reset its international standing, the UK should announce at the G7 summit that it will use this £20 billion to make a multi-year investment in ending the pandemic and supporting a just and green global economic recovery. Such a commitment would place the onus on other G7 nations to follow suit. The mechanics of this are not completely straightforward, but it does not seem beyond the limits of human ingenuity. [This analysis](#) from David Andrews suggests the

simplest way to put these resources to use would be for the UK to donate its existing reserves rather than the new SDR asset.

UK Chancellor Rishi Sunak should make clear to parliament and the UK public that this one-off investment in a global recovery is not being funded through taxes, but through the extraordinary issuance of SDRs. The money has come from the international system and is being invested back outside of the UK to support recovery in countries that are still being ravaged by the pandemic and have fewer resources to fight it. Using this funding outside of the UK would also help address potential criticisms of additional spending creating inflation risks: it would be deliberately aimed at helping to restore flagging demand outside the UK.

There are three clear areas of the G7's agenda where the UK should start putting such a financing commitment to work.

A windfall investment in a global green recovery

1. Bringing an end to the acute phase of the Covid crisis

The success of the G7 summit will be judged primarily on whether concrete measures are agreed to accelerate the global response to the pandemic. Indeed, for much of the world – and especially for invitees from India and South Africa – talk of 'building back better' in the wake of coronavirus is likely to feel premature. Global rates of recorded infection have never been higher than in April. Access to vaccines remains highly unequal across countries. You do not build back better while the war is still raging.

There has perhaps never been a public policy challenge where national and international interests are so closely aligned as combatting Covid-19. The spread of variant B.1.617 is making it increasingly apparent that the greatest risk to the recovery is virus mutations in populations where the pandemic is not yet contained.

There will also rarely be a global challenge where the UK's capabilities are so well placed to help forge effective solutions. While the UK's economic and military power will continue to decline, in the field of global health the country does have claim to something approaching 'superpower' status. It has been a long-term and generous supporter of research, as shown in [recent trials of a malaria vaccine](#) that could genuinely be world-changing. The UK government can also point to its record in supporting efforts to strengthen health systems.

Accelerating a global immunisation campaign is also clearly in the self-interest of G7 members. The cost to the global economy if the world is not vaccinated could be between \$2 trillion and \$9 trillion. Accumulated GDP losses to date globally are expected to be \$35 trillion. Relative to the size of the SDR issuance, the financial costs of ending the pandemic are relatively small (even if the logistical

complexity may be under-estimated). The UK should commit, with the other G7 nations, to funding two-thirds of the \$35 billion that the IMF has estimated is needed to end the pandemic. ODI analysis shows that a further pledge of £1 billion from the UK would constitute its 'fair share' of meeting this gap in financing.

The UK should also rally G7 nations behind the recommendation of the Independent Panel for Pandemic Preparedness and Response for a donation of close to 1 billion vaccines. This would involve clear commitments and timetables for when G7 countries will begin donating surplus vaccines. In February Johnson said that the UK would donate its surplus vaccines, but unlike other G7 nations no concrete commitments have been made.

The UK could also follow the lead of the EU in committing to further investment in research, development and manufacturing capabilities outside the UK so that supply chains for vaccines are more resilient. Now that the UK vaccination programme is well advanced, UK production of the Astra Zeneca vaccine could be made available for export.

2. Laying the foundation for a more just global economy

The latest IMF projections highlight the divergent prospects for economic recovery. Part of this is a result of unequal access to vaccines, but also stems from the role fiscal policy has played and is expected to play in providing crisis relief and investment in recovery. There is a real risk that, in some countries, the Covid crisis bleeds into a long-term debt crisis and prolonged economic stagnation.

The UK could set aside a portion of its windfall from SDRs to support debt relief initiatives as part of a more ambitious plan on sovereign debt restructuring. This must include relieving debt from multilateral institutions – a UK windfall donation could help finance that.

Efforts to attract the voluntary participation of private creditors in any debt relief have failed. The UK could encourage G7 nations to provide a clear signal that they will work through the G20 later in the year to agree a statutory approach for private creditor participation in debt relief. Without such commitment from the G7 nations, complaints that China is not doing enough on debt relief will continue to ring hollow.

3. Financing a climate response

There is already much to commend in the UK's climate change response: it has the most ambitious 2030 targets of any large economy. The UK has also achieved impressive emission cuts domestically and been a champion of climate action abroad, including through generous climate finance.

If the UK is going to continue to lead by example, the next decade will require difficult and expensive upfront measures to support

further decarbonisation in the UK (e.g. building retrofits and transport electrification). In the wake of a pandemic that has increased inequalities at home, the UK could be a pioneer in just transitions, generating lessons for other middle- and high-income countries that will have to navigate structural economic change, job losses and stranded assets. There is a long legacy to manage here (for instance, closures of coal mines in Wales or railway links for small towns in England), but in advance of the G7, the UK could urge laggards such as Australia, India, South Africa and the US that face comparable challenges to lead on this together, and learn lessons from one another.

Supporting investment outside the UK will remain critical. As Sarah Colenbrander suggests, the forthcoming COP26 negotiations over the new climate finance goal are widely expected to either bridge or exacerbate divides among parties that risk poisoning other elements of the climate negotiations. Further squeezing ODA budgets to ringfence a climate finance target will undermine the UK's credibility in this area.

The UK could use its windfall from SDRs to capitalise development banks in support of building sustainable infrastructure in middle-income countries. As argued by Chris Humphrey, a capitalisation of the multilateral development banks allied with key operational reforms could help release a wave of infrastructure development. Capitalisation of smaller regional banks or even large national development banks could also promote competition between development banks, pushing some of the more established institutions to be more responsive to their borrowers.

Looking beyond the G7

The G7 summit could be a useful stepping-stone where nations present indicate their commitment to supporting a global recovery. The UK should also signal that further discussions around investment in global recovery will take place at the G20. The government could also indicate that SDRs will be channelled through a series of multilateral and regional investments (rather than bilateral aid programmes), signalling a renewed and welcome commitment to internationalism.

It would be a stretch to suggest that the UK has been a global leader in the first half of 2021, but it is not too late to set out a more positive vision for Global Britain.

The authors would like to thank Tom Hart and Sarah Colenbrander for their comments on previous drafts.

Ending the acute phase of the Covid-19 pandemic

Tom Hart, Maximiliano Mendez-Parra and Annalisa Prizzon

The surge in Covid cases and deaths in India in April led to record highs for the global number of daily cases, and only the under-counting of deaths is likely to have meant that there were not also record global highs for daily deaths. This pandemic is far from over, even if it is starting to seem like that to the high-income countries that make up the G7.

The UK G7 summit must take decisive action to bring the pandemic to an end. This is both the right thing to do to demonstrate solidarity and common need, and in the self-interest of the G7. Continuing high levels of infection around the world create the risk of new variants emerging, putting at risk the gains made elsewhere. Delay in getting the pandemic under control globally is also economically costly – to all countries. The costs of vaccinating the world pale in comparison. Low and middle-income countries do not have the same fiscal capacity to address the pandemic, and as a result are projected by the IMF to have the slowest economic recovery across all income groups.

The G7 cannot on its own solve a global pandemic, but it can be a major part of the solution by taking the following actions:

- Meet the full funding needs of the ACT-Accelerator for therapeutics, diagnostics and PPE and dramatically expand the ambition and level of financing of COVAX to target the vaccination of all adults in the 92 mostly low- and middle-income countries which are eligible for its support.
- Provide support for countries to roll out their vaccination campaigns, and to purchase vaccines from other pooled platforms such as the African Union's Africa Medical Supplies Platform. The total additional financial support needed across these two areas is likely to be around \$34 billion–\$40 billion depending on the price at which vaccines can be purchased. Around \$24–\$30 billion of this will need to be new grant funding, with the remaining \$10 billion met by the existing World Bank commitment to provide \$12 billion of support for vaccine purchase and roll-out (which covers a broader set of countries), and countries' own funding. G7 countries should

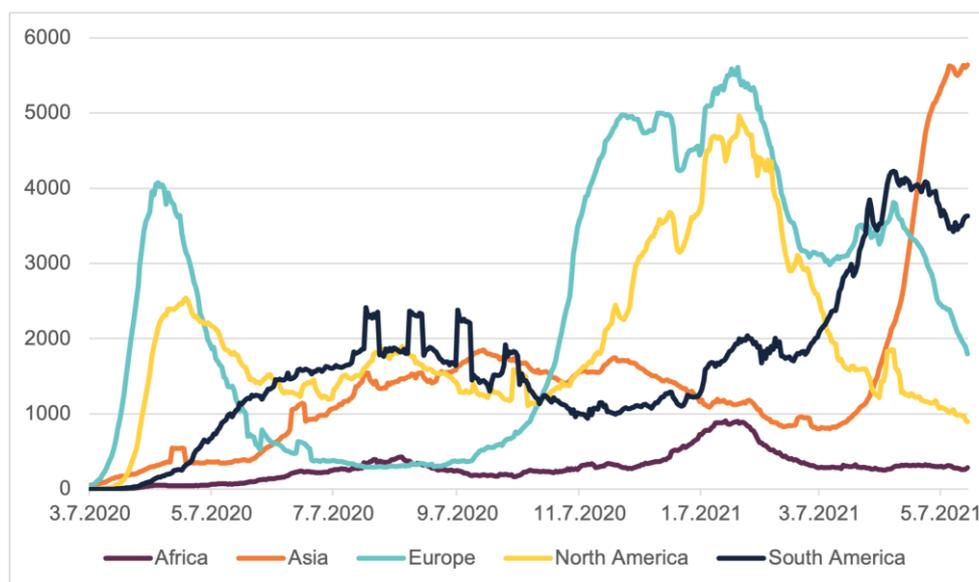
commit to funding around two-thirds of this, and coordinate with other OECD DAC donors to provide the rest.

- Maximise global vaccine manufacturing capacity by agreeing to a temporary and limited waiver on compulsory licensing to allow the export of vaccines from any manufacturing facility to any country in need, and the removal of restrictions on parallel imports, backed by compensatory payments to holders of intellectual property rights. And take coordinated action to remove bottlenecks in pharmaceutical supply chains.

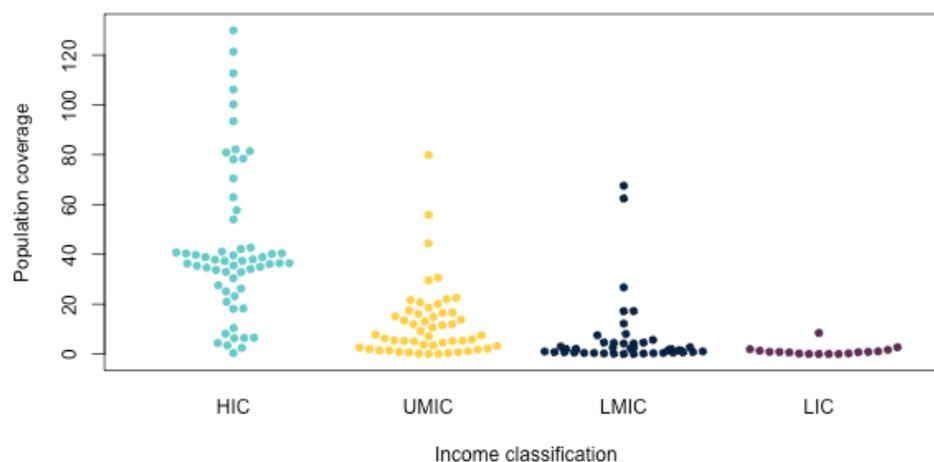
Significantly increased financing commitments

Peter A. Singer, Special Adviser to the director-general of the World Health Organization, stated in January that ‘vaccine equity will be the defining challenge of 2021’ as ‘none of us will be safe until we are all safe’. As the locus of the pandemic has shifted to the global south, the failure to adequately prioritise vaccine equity is becoming increasingly apparent (Figure 2).

Figure 2 Daily confirmed Covid-19 deaths by continent



As of 9 May 2021, 44% of vaccinations had been given in high-income countries representing only 16% of the world’s population. The nearly half of the world’s population who reside in low and lower middle-income countries has received 17% of vaccinations. While some high-income countries have made rapid progress in vaccinating their populations, many low-income countries have barely started (Figure 3).

Figure 3 Vaccine coverage by income level

Note: Showing high, upper-middle, lower-middle and low income countries with nonzero values. Ratio: capacity to cover population segment with single shots, censored at 200% and with double-dose equivalence imposed on single-dose protocols (x2).

Source: Schellekens (2021); Our World in Data; WPP. Date: 2021-04-29. Latest: pandem-ic.com.

The main global mechanism for supporting the roll-out of Covid-19 vaccines is the COVAX Advance Market Commitment (AMC) facility, which will procure vaccines for 92 mostly low and lower-middle income countries. This has currently received financial commitments of \$9.1 billion, which would enable it to procure around 1.8 billion doses, enough to immunise around 30% of eligible countries' populations.¹

However, even a target of financing 30% of population coverage for immunisation in 2021 seems astonishingly unambitious. Most high-income countries are targeting the vaccination of all adults aged over 18 – on average nearly 80% of their populations – well before the end of 2021, and are already licensing vaccines for use for teenagers. The target of 30% is also far below the targets countries themselves are setting. COVAX has reported that the average target population coverage for 45 countries who have reported this is nearly 50% and nearly all AMC-eligible countries have requested more vaccines from COVAX than it can supply in 2021.² Africa CDC has

¹ <https://www.gavi.org/sites/default/files/covid/covax/Gavi-COVAX-AMC-Investment-Opportunity.pdf>
<https://www.who.int/publications/m/item/access-to-covid-19-tools-tracker>

² COVAX Investment Opportunity, p.8. <https://www.gavi.org/sites/default/files/covid/covax/Gavi-COVAX-AMC-Investment-Opportunity.pdf>

recommended that African countries aim to vaccinate 60% of their populations.³

Yet the pace of international support means that, in many low and middle-income countries, it could be well into 2023 before such coverage is achieved. As a result of slow progress in vaccine distribution via COVAX, low- and middle-income countries are also seeking to procure their own vaccines, despite their fiscal challenges. The African Union and the African Export-Import Bank have arranged a \$2 billion advance procurement commitment for 270 million vaccine doses that will cover around 15% of Africa's population. Together, the Africa CDC and the existing COVAX orders could thus help Africa's low and lower middle-income countries reach around 45% of their populations.

There is a three-fold case for committing further international funding. First, it is in the self-interest of high-income countries to support a more rapid global immunisation campaign. The spread of variant B.1.617 is putting the UK timetable for the easing of lockdown measures at risk. If the pandemic is not contained in the global south, this puts at risk the gains made in high-income countries. Second, delay is economically costly. The IMF estimates that the benefits of a faster end to the pandemic could amount to a \$9 trillion gain for the global economy. The costs of ensuring greater vaccination coverage, as we set out below, are orders of magnitude lower, measured in the billions, not the trillions.

Third, it is the right thing to do to support poor countries, which are projected to have the slowest economic recovery across all income groups, and do not have the same fiscal firepower as richer countries. As the managing director of the IMF, Kristalina Georgieva, points out, vaccine policy is economic policy. Delayed distribution of vaccines could set back even further the recovery of low- and middle-income countries – precisely those with the least resources to cope with the twin disease and economic shocks of Covid-19. The World Bank forecasts an unprecedented reversal in the trend of declining poverty, with more than 100 million people being pushed into extreme poverty by the crisis.

Increased funding should not only scale up the ambition and reach of COVAX, but also give a strong financial signal that there is guaranteed demand, so that investment in vaccine manufacturing capacity takes places as quickly as possible. It should also fully fund the ACT-Accelerator to improve access to diagnostic tests and therapeutics, such as oxygen and PPE. The diagnostics pillar of the ACT-Accelerator currently has the largest funding gap (\$8.7 billion), yet testing is essential to track the spread of the pandemic, and for countries to implement effective containment strategies.

³ Africa CDC *COVID-19 Vaccine Development and Access Strategy*, p.5.
<https://africacdc.org/download/covid-19-vaccine-development-and-access-strategy/>

What would such financial commitments look like?

First, all the pillars of the ACT-Accelerator should be fully funded. The therapeutics, diagnostics and health systems connector pillars have a total shortfall of \$19.9 billion. Conservatively assuming that all of the ACT-A pending allocation of \$3.3 billion is allocated to these pillars, and none to COVAX, leaves a funding gap of \$15.9 billion across these three pillars.

Second, COVAX should be provided with sufficient assured funding to enable it to reach the entire adult population in eligible countries. This is around 2.4 billion people across 92 countries – or on average 62% of their adult population. This would cost an around an additional \$7.1 billion on top of the existing \$9.1 billion that has already been pledged, and which COVAX estimates would allow it to reach 30% of the population. This is based on the assumption that COVAX can continue to procure vaccines for around \$3 a dose, and a 10% vaccine wastage rate. If this increased to \$5.25 a dose this would cost around \$12.5 billion, or \$5.4 billion more. These figures exclude the vaccines secured by the African Union for around 15% of African countries' populations.

The third financial commitment is thus to provide African countries with funding to purchase from this pooled mechanism, and to provide support for vaccine roll-out costs. On top of the approximately \$2 billion for African countries to purchase vaccines, the cost of rolling out vaccination to all adults in the AMC 92 countries would be around \$8.1 billion, based on the country-level data in Diab et al. (2021). However, such estimates do not include the cost of hiring additional health workers, which is very likely to be needed in such a large scale-up. Assuming that countries will bear some of the roll-out costs themselves, this funding would ideally be secured from the \$12 billion the World Bank has made available to support countries to purchase and roll out vaccines. Other technical assistance and monitoring could cost around \$1.2 billion based on estimates reported by the COVAX working group on delivery costs. This totals an additional \$34 billion of support, of which \$24 billion will need to be new commitments, assuming that existing World Bank commitments and countries' own funding can cover \$10 billion.

How could this be funded?

Norway has proposed that financial contributions to ACT-A be based on the IMF quota formula, adjusted for GDP per capita. This would require larger, richer economies to make larger commitments, but proposes that all major economies make contributions. Such a contribution system is utilised here to suggest what major economies could contribute to make the additional \$24 billion support available. As so far no middle-income economies have made significant contributions to ACT-A, we assume that the financing needs outlined above will only be met by DAC members, which will scale up their

contributions proportionally.⁴ Countries such as Norway and Saudi Arabia, which have already made large donations, would only need to increase funding by the relatively small amount of \$50–90 million. By contrast, the US would need to increase funding by \$8.7 billion, Japan by \$3 billion, France by \$1.7 billion and the UK, South Korea, Italy, Australia and Switzerland by around \$1 billion. As Germany has already made a large commitment of \$2.5 billion it would only need to increase this by around \$570 million.

This additional financing is not about providing aid – even if much of this support could be formally counted as ODA under current rules – it is about providing the extraordinary investment needed to help the world recover from Covid-19. Providing this funding, with the UK playing a lead role in coordinating this as chair of the G7, is the pragmatic thing to do.

What role could providing vaccinations in kind play?

To vaccinate the 2.4 billion or so adults in the AMC 92 countries, COVAX will need around 5.4 billion doses. It has already procured around 2.1 billion doses for these countries, leaving a gap of 3.3 billion. According to Duke Global Health Innovation Center's [procurement tracker](#), some high-income countries have ordered many more doses than they need. Between them, the EU, US, UK and Canada have ordered over 3 billion doses for a total population of 880 million. Overall, Duke has tracked orders of 11.6 billion doses of vaccine, although not all of these will be delivered in 2021. This suggests that, with prioritisation, vaccines could be made available for most of the 5.4 billion adults in the world, if not by the end of 2021, then early in 2022.

How can we scale up production?

A key challenge is production capacity. This has led to some countries, and the COVAX facility itself, not receiving all the vaccines they need. [UNICEF has reported](#) that COVAX is nearly 200 million doses short of what it expected to receive in May and June as a result of India's Serum Institute stopping exports to meet domestic needs. [The commitment of the US and EU to donate 180 million doses](#) between them is welcome, but inadequate because not all of these donations will be provided to COVAX, and they are unlikely to arrive by June.

[Duke's latest manufacturing projections](#) suggest over 11 billion vaccines will be produced in 2021. However, manufacturers' projections may well be optimistic. Providing COVAX with the funding

⁴ MICs that have not made contributions to ACT-A but which are included in the Norwegian proposal include China, India, Brazil, the Russian Federation, Mexico, Turkey, Indonesia and Thailand. As well as these MICs, two high-income countries that have not yet made contributions and which have proposed contributions of <1%, equating to around \$350 million at the funding levels we propose here, are Poland and United Arab Emirates.

for vaccines for all adults in AMC 92 countries would demonstrate that there is clear demand for greater manufacturing capacity, not just in high-income countries but across the globe. It will also require action to boost the use of existing production capacity anywhere in the world. With most leading pharmaceutical production facilities working at full capacity in rich economies, it will be necessary to look for third-party or government-owned capabilities elsewhere, typically in middle-income countries. The G7 must engage with, and support, countries where these capabilities are present to coordinate the effort and boost vaccine availability.

A temporary and limited waiver on compulsory licensing (that under the WTO TRIPS agreement allows governments to issue licenses to supply exclusively the domestic market) needs to be considered to allow the export of patented and licensed vaccines from third-party facilities anywhere in the world to poorer countries where these production capabilities do not exist. In this way, unused capacity in many of these facilities can be used to speed up the worldwide roll-out of existing vaccines. Moreover, any restrictions that members may have in regard to parallel imports must be temporarily eliminated to avoid any possibility of price discrimination.

It is also critical that the developers of the vaccines under compulsory license remain involved, to guarantee the quality and effectiveness of the products, and that they are remunerated for the property rights under compulsory licensing provisions. The G7 and other partners could provide the funding for these payments.

As well as seeing that worldwide manufacturing capability is maximised, the G7 should ensure that any bottlenecks in the supply chain of the pharmaceutical sector are addressed. Regulatory and institutional barriers restricting trade in any relevant input should be reduced or eliminated. The G7 should also aim to coordinate, and eventually support, the use of existing worldwide production capacity for these inputs.

A trade and investment plan to promote future prosperity

Maximiliano Mendez-Parra and Chris Humphrey

As chair of the G7, the UK has promised to promote prosperity by 'championing free and fair trade' at the summit. Professed support to international trade is welcome.

However, if the sum of the G7's ambitions to promote prosperity is to simply reduce barriers to trade, then the summit will be a major opportunity missed. As a vision for supporting a global recovery, it pales in comparison with [China's Belt and Road Initiative](#), which aims to increase economic integration, value chain growth and market creation through trade, but also significant public and private investment. G7 countries should be considering how both trade and investment can support recovery.

The UK has also committed to 'support the poorest nations to grow alongside us'. This focus on the poorest countries is consistent with the international response to the Covid-19 crisis, which has focused on providing additional resources to low-income countries. A commitment to support the poorest countries is commendable, but any strategy for a global recovery also needs to consider middle-income countries (MICs).

How then could the G7 set out a more ambitious trade and investment plan that promotes prosperity in both lower- and middle-income countries?

Building more resilient value chains

Despite predictions of a major reconfiguration of global supply chains to near-shore production, the companies that lead many value chains have made little effort to produce such transformation. Rolling back value chains from the shape they have adopted would significantly affect global efficiency and productivity and, given the interconnectedness of the world economy, it will likely backfire.

The G7 could set out measures and proposals that would increase the robustness and resilience of global value chains. The most immediate concern relates to the development of new and more sustainable value chains in critical products and inputs. A global agreement to eliminate trade restrictions on imports and exports of pharmaceuticals, vaccines and medical inputs needs to be considered to support these efforts.

The development of robust and sustainable value chains must also include critical industrial inputs. For example, increasing the production of zero emissions vehicles will require a deep reconfiguration of supply chains. The production of batteries requires lithium and rare earth minerals, many of them located in resource-rich but income-poor countries.

The development of the relevant value chains for car batteries should involve the creation of partnerships involving firms and governments. These partnerships should aim to secure the adequate and reliable supply of critical inputs. They should also serve as a decisive instrument of development in these countries. In this sense, these partnerships should encompass trade, investment and aid to secure the development of productive and trade capacities in relevant countries. Trade and investment policy, in this context, should not only look to eliminate existing barriers, but also promote the mutual benefits of the partnership.

G7 countries could also lead trade reforms that would enable the benefits of digital technologies to be more widely shared. The pandemic has accelerated the adoption of digital technologies to trade goods and services, and this could lead to a significant expansion in global productivity if facilitated by appropriate regulatory reforms. This also applies to remote working, and the need to consider more flexible approaches to taxation (e.g. tax residence criteria) and labour legislation that would allow the hiring of workers located in different part of the world. G7 countries could lead reform in this area, for instance making it easier to hire non-resident workers from developing countries. There is also a discussion to be had on how taxes collected can be shared with the host country.

Reinforcing the multilateral agenda can help address many of these issues. In addition to getting the WTO Dispute Settlement Mechanism operating again, there is a need to advance in many other areas, including digital trade, domestic regulation and WTO reform. G7 countries must signal their support for these initiatives.

Enable multilateral development banks to build sustainable infrastructure in middle-income countries

G7 nations should also spearhead measures to remove the barriers holding back multilateral development banks (MDBs) from scaling up sustainable infrastructure investment in middle-income countries.

MICs have been severely hit by the crisis, with GDP plunging by 7% across Latin America in 2020, 8% in India, 7% in South Africa and 5.6% in Malaysia. MICs account for three-quarters of the world's population and one-third of global GDP. These countries are also in the midst of the transition towards industrialisation and urbanisation – wrenching changes that are remaking their economies and societies. In many ways, they are the hinge upon which global development prospects depend.

MIC governments are under intense pressure to invest in infrastructure essential to support economic growth, participation in job-creating global value chains and better living conditions for their people. This means roads, rail, port facilities, electric power, water and sanitation, ICT and more. These infrastructure facilities will lock in patterns of economic activity, social relations and carbon emissions for decades to come. It is in the interests of the entire global community that MICs make these infrastructure facilities as smart and sustainable as possible. Our planet's future depends on it.

Any chance of achieving meaningful progress in reducing global poverty also depends on MICs. Over 60% of the world's poor live in MICs, many in pockets of entrenched poverty that can lead to social instability and hold back an entire country's development progress. An estimated eight in 10 of those falling back into extreme poverty as a result of the Covid-19 crisis are in MICs. At the same time, fast-growing MICs act as poles of economic dynamism to pull up the countries around them by stimulating regional economic activity, creating jobs, making cross-border investments and generating all manner of positive spill-over effects.

Despite the importance of MICs to global development goals, MDBs have been pushed by some major shareholders to wean MICs off MDB lending. The argument is that MICs can access market-based financing, and so should not be eligible to borrow from MDBs. This misses the point. MDBs were designed to undertake certain types of investments that will lead to outcomes beneficial to all shareholders – wealthy non-borrowing countries and developing borrower countries alike. For example, the European Investment Bank (EIB) has a loan book more than double the size of the World Bank's MIC lending window, including projects in some of the world's richest countries, including Germany, the Netherlands and France. European Union (EU) member countries view EIB financing as an effective way to achieve policy and investment priorities, in partnership with the private sector. The same logic applies to the World Bank and regional MDBs operating in developing countries, only more so since needs are greater and capacities lower.

Weak demand for MDB loans is often pointed to as a sign that MICs don't need MDB assistance. In reality, many factors limiting MIC demand for MDB loans are endogenous to the MDBs themselves – operational policies, bureaucratic practices and small lending amounts that MICs find impractical, especially for major sustainable infrastructure investments. The World Bank takes on average more than two years to begin the first disbursement, or longer for an infrastructure project. For governments under extreme pressure to deliver results, that is unacceptable.

It's no surprise that many MICs are willing to turn to Chinese export finance or bond markets, even if it means higher public debt, lower quality and less climate-friendly projects. If MDB policies drive away the countries most critical to global development, that is not an argument to work less with MICs, but rather to reform MDBs.

Sustainable infrastructure is key for MICs, and the major MDBs have been unable to provide meaningful support at the scale needed. They do not have the financial envelope due to capital restrictions, they have a host of operational policies seemingly designed to block infrastructure lending, and they prioritise poverty, social and institution-building projects instead. As a result, many MICs simply don't look to MDBs when it comes to large-scale infrastructure, especially with Chinese bilateral financing at hand. The turn away from infrastructure has been a major mistake by the MDBs, and is a key factor behind the recent creation of the China-led Asian Infrastructure Investment Bank and New Development Bank. The rise in lending over the past year from the Asian Infrastructure Investment Bank (lending to government has grown almost threefold in 2020 versus 2019) also demonstrates that, when banks are well capitalised and well managed, there is still demand to grow borrowing.

With the right policies and sufficient financial capacity, the World Bank and regional MDBs can build a platform oriented around sustainable infrastructure to re-engage with MICs. As part of their efforts to promote global prosperity in the wake of the Covid-19 crisis, the G7 nations should broaden their efforts to complement their laudable support for the neediest with an agenda of engagement with MICs. Working through the MDBs, the fiscal resources needed would be minimal, and the potential long-term impact on global prosperity and sustainability immense.

G7 nations can reinvigorate engagement between MDBs and MICs in three areas:

1. Financing capacity to lend at scale

- a) Review options to loosen conservative capital adequacy frameworks while retaining a AAA bond rating, to make the most of shareholder capital.
- b) Inject fresh paid-in capital to the non-concessional lending windows of the World Bank and major MDBs. The amounts needed are a small fraction of annual bilateral DAC aid flows, and can be used to leverage much greater lending amounts for decades into the future due to the MDB model of issuing bonds on international capital markets.
- c) Ramp up balance sheet optimisation techniques, including syndication platforms for public sector lending; risk transfer techniques modeled on those pioneered by the African Development Bank (AfDB) in 2018; and portfolio guarantees from official agencies and sovereign wealth funds, as Sweden's SIDA does.
- d) Create non-voting share class for institutional investors within the MDB capital structure to mobilise more private sector resources for development.

2. Strengthen coordination among MDBs and other development actors to maximise impact around an agenda of sustainable infrastructure

- a) Push MDB management to prioritise multi-year country platforms organised around specific sustainable infrastructure challenges such as renewable electricity generation and distribution, low-carbon transport systems and sustainable water supply, bringing together development partners, government agencies and the private sector to combine long-term planning and technical assistance, catalytic public sector investments and reforms to spur greater private investment.
- b) Dedicate more effort and financing (including from MDB net income) to developing a pipeline of critical sustainable infrastructure projects eligible for financing. This could be a joint service funded by different MDBs, possibly managed by the Global Infrastructure Hub, that would be a 'public good' benefiting MDBs, national development banks and private financiers alike.
- c) Help promote sustainable infrastructure in developing countries as an asset class for institutional investors by continuing the ongoing work of the IFC, EBRD, AIIB, GuarantCo and others to strengthen local capital markets, design more uniform contract templates and sharing MDB project data to demonstrate track record and allow investors to build more robust risk models.

3. Address policy constraints within MDBs

- a) Reduce excessive MDB bureaucracy in project approval and implementation processes by striking a better balance between the quality control oversight favoured by non-borrower shareholders and speed and ease of use favoured by borrowers.
- b) Scale up initiatives like the World Bank's P4R that make greater use of a country's own frameworks and focus on achieving results, recognising that the long-term goal is for countries to have their own strong standards rather than having them imposed externally.
- c) Refine environmental and social safeguards to maintain standards but make them less legalistic and ex ante, and instead oriented towards allowing countries to set their own priorities and processes while requiring minimum results.
- d) Implement incentives for to project staff and build internal feedback and learning systems that encourage more innovation and calculated risk-taking, recognising that the risk-averse style of existing MDB management holds back change.

Delivering a successful G7 summit in the context of a climate emergency

Sarah Colenbrander

The context

The 26th UN climate change conference, COP26, is taking place later this year. It is the first real test of the Paris Agreement, and thus of our collective ability to respond to the climate crisis. COP26 marks a pivotal moment because the Paris Agreement includes a ‘ratchet mechanism’, whereby its signatories are expected to pledge more ambitious emission reduction targets every five years (this first milestone was delayed by a year due to the pandemic).

In the last two years, many of the world’s largest economies have pledged to reach net-zero emissions by mid-century. Few climate observers would have forecast such a rapid escalation of ambition in the immediate aftermath of the Paris Agreement. However, stronger near-term targets are crucial because greenhouse gases accumulate in the atmosphere: early reductions in emissions make it easier to achieve long-term temperature goals. Those following climate debates therefore heaved a sigh of relief in April, when national leaders announced a host of 2030 commitments. Among the G7,⁵ these included:

- The European Union pledged to curb emissions by at least 55%, compared to 1990 levels.
- Canada pledged to reduce emissions by 40–45%, compared with 2005 levels.
- Japan pledged to reduce emissions by 46%, compared with 2013 levels.
- The United States pledged to at least halve greenhouse gas emissions, compared with 2005 levels.

For context, the [Intergovernmental Panel on Climate Change](#) found that emissions would need to nearly halve by 2030, compared to

⁵ The United Kingdom had previously pledged to cut emissions by 68%, compared to 1990 levels.

2010 levels, to have a 50% chance of limiting global warming to no more than 1.5°C at the end of the century.

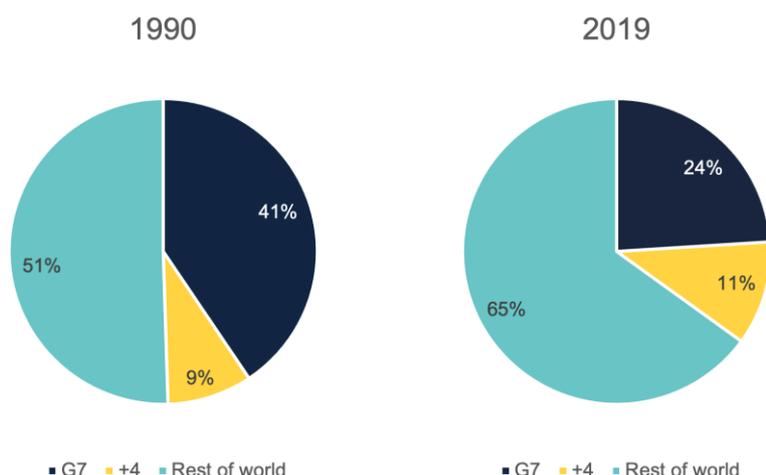
Recent announcements bring the projected average temperature increase to 2.4°C above pre-industrial levels. This is an improvement, but falls short of the Paris Agreement’s target of well below 2°C and close to 1.5°C. There also remains a stark divide between most countries’ emissions targets and their policies. With current climate policies, the world is on track for an average global temperature increase of 2.9°C by the end of the century.

There are other tensions in the lead-up to COP26. In particular, there is much dispute how much climate finance has been mobilised. The climate goal agreed at the Copenhagen Summit in 2009 was \$100 billion a year by 2020. The timing and nature of COP26 is also contested, with many countries calling for negotiations to be delayed or moved online given the unequal vaccine rollout.

The challenge

As the host of both summits, the UK government is using the G7 to build political momentum towards COP26. The G7 has long recognised the threat posed by global warming, announcing aspirations to stabilise carbon dioxide emissions as early as the 1979 summit in Tokyo – over a decade before the United Nations Framework Convention on Climate Change (UNFCCC) was born.

Figure 4 Emissions from the G7, the four countries invited to join the 2021 G7 (Australia, India, South Africa and South Korea) and the rest of the world in 1990 and 2019.



Source: Ritchie H, Roser M. (2020) "CO₂ and Greenhouse Gas Emissions". Published online at OurWorldInData.org. Retrieved from: <https://ourworldindata.org/co2-and-other-greenhouse-gas-emissions>

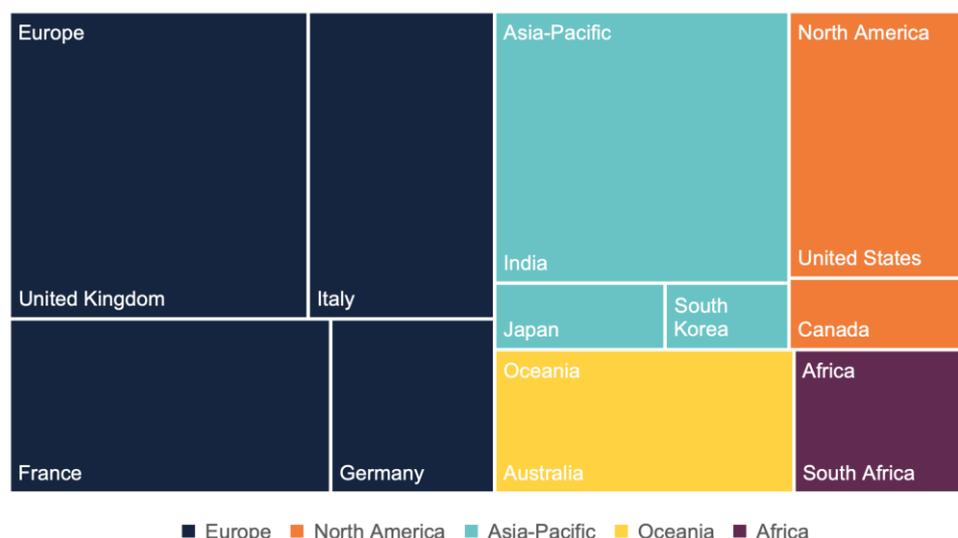
However, the G7 have become less significant players in terms of their share of global emissions. The G7 and the four countries invited

to join it in 2021 – Australia, India, South Africa and South Korea – used to account for half of global emissions (see Figure 4). Now they account for much less, partially due to the rapid decarbonisation of the European members and partially due to rapidly increasing emissions from China and other emerging economies. At around 28% of global greenhouse gas emissions, China’s domestic response to climate change could be considered as significant as the collective domestic efforts of the G7.

The opportunity

Although their share of global emissions has fallen, the G7 members and their guests remain a powerful political force given their economic size and international standing. The G7 summit could therefore lay the groundwork for a successful COP26 in three key ways.

Figure 5 Fossil fuel subsidies from the G7 and the four countries invited to join the 2021 G7 (Australia, India, South Africa and South Korea) in 2019



Note: UK data in the Climate Transparency Report 2020 is from 2017, which was the latest data available at the time. In this graph, we use the more updated figure of USD 15.4 billion.

Source: Climate Transparency. 2020. Climate Transparency Report 2020: Comparing G20 Climate Action and Responses to the Covid-19 Crisis. Available at: <https://www.climate-transparency.org/g20-climate-performance/the-climate-transparency-report-2020>

First, the G7 could end domestic public support for fossil fuels immediately.

The G20 agreed to phase out support for fossils at the Pittsburgh Summit in 2009. A decade later, the G7 and its invitees collectively

provided \$77.8 billion in public support to domestic coal, oil and gas, including electricity generated from these fuels (see Figure 5). With a couple of exceptions where these resources were deployed to enable a just transition for workers and communities, these funds skewed prices to encourage fossil fuel consumption and production. Given the dual fiscal and climate crises, the G7 summit offers a chance for its attendees to end support for fossil fuels and invest in other urgent priorities such as healthcare, social protection and a clean energy transition.

Fossil fuel subsidy reform is urgent not only because of climate concerns, but also because of pressure on public budgets. The pandemic also caused tax revenues to collapse even as public spending soared. Yet between January 2020 and March 2021, G7 nations committed more than \$190 billion to support coal, oil and gas, while clean forms of energy received \$147 billion.

These fiscal stimulus packages were mostly designed to meet the immediate needs of workers and businesses during lockdowns, but governments have also missed opportunities to enable a green economic recovery. For example, despite generous support for the airline and car industries (\$115 billion), few countries have attached requirements for any climate targets or reductions in pollution (Tearfund et al., 2021). The G7 varied substantially in the scale and climate consistency of their fiscal stimulus. As of May 2021, Italy and the US had directed over 70% of their energy-related spending to support fossil fuels; Canada, France, Germany and Japan all had much greener recovery packages. Going forward, the G7 and its guests could announce a 'do-no-harm' principle for spending and investment, ensuring that any lingering support for fossil fuels is to enable a just low-carbon transition.

The G7 could go even further by collectively introducing mandatory climate-related financial disclosure. Private investors, lenders and insurers need much more information to price the risks and opportunities of climate change. France and the UK have announced that they will require companies to measure and disclose climate-related risks, and a recent Executive Order from the Biden administration suggests that the US will not only mandate disclosure of climate-related financial risks, but also explore new regulatory interventions. If other G7 members announced mandatory disclosure of climate-related financial risks at the summit, this would collectively drive a step change in the climate consistency of global investment and spending.

Second, the G7 could urge greater ambition among its guests.

On many global challenges, the G7 and the guest countries that the UK has invited may be a natural alliance of democratic countries with shared values. However, there is no such natural alliance on climate change.

The European members of the G7 have long been leaders on climate change mitigation. Germany and the UK in particular have achieved impressive emissions reductions, with annual greenhouse gases 36% and 44% below 1990 levels in 2019. Emissions from Japan have remained relatively constant over the same period, while emissions from Canada and the US have increased by a fifth and a third respectively. The G7 is therefore not a coalition of like-minded countries on climate change, but an uneasy assemblage of leaders and laggards.

Securing strong climate commitments at the G7 summit looked even more difficult with the participation of Australia, India, South Africa and South Korea. While these four countries may share the democratic credentials of the G7, they are also distinguished by their substantial support for coal and (with the exception of India) their highly insufficient NDCs.

Despite these inauspicious conditions, the virtual meeting of G7 Climate and Environment Ministers on 20–21 May demonstrated growing consensus and rising ambition on climate change. The Ministers' Communiqué committed to set 2030 emission targets in line with limiting temperature increases to 1.5°C – a striking development given that many high-income countries had opposed the inclusion of this target in the Paris Agreement. The Climate and Environment Ministers also recognised that coal power generation must be urgently phased out, and made new announcements regarding decarbonising power systems, ending international support for coal and welcoming new multilateral efforts to support transitions away from coal.

These are huge strides forward. As the International Energy Agency's long-awaited report lays out, a plausible pathway to net-zero by 2050 rests on an early phase-out of coal in advanced economies. Canada, France, Italy and the UK had previously pledged to phase out coal by 2030, while Germany has policies in place to reduce coal. Securing comparable commitments from Japan and the United States is a tremendous diplomatic achievement.

The G7 can now collectively turn their attention to its guests: Australia, India, South Africa and South Korea. The first three are large coal producers; Australia produces primarily for export, while India and South Africa consume most of their coal domestically. Coal remains the mainstay of electricity generation and is considered an important employer and source of tax revenue in all three countries. South Korea has been a significant international financier of coal-fired power, but earlier this year pledged to end these activities.

As a high-income and economically diversified country, Australia has the capabilities and resources necessary to govern a rapid, equitable

energy transition. The G7's commitment to phase out coal strengthens the incentives for decarbonisation, and the summit offers an opportunity to direct international attention to Australia's poor climate record. By comparison, India and South Africa face greater transitional challenges, with weaker capabilities and fewer resources. The G7 could announce new support for just transitions in these countries.

Third, the G7 could provide the support necessary to secure a green economic recovery for low- and middle-income countries.

Formal deliberations will begin on the new climate finance goal at COP26. This new goal will succeed the target of \$100 billion a year from 2020, agreed at COP15 in Copenhagen in 2009. The \$100 billion target also serves as the annual floor for international climate finance prior to 2025, when the new goal will be adopted.

The \$100 billion goal and its successor are about more than just money. Unlike development or humanitarian finance, climate finance is based on an explicit historic responsibility in addition to a moral imperative. Yet to meet the targets in the Paris Agreement, climate finance must also be used to drive the transition to low-carbon, climate-resilient economies and societies. Negotiations about the new climate finance goal therefore have the potential to either bridge or exacerbate divides that risk poisoning other elements of the climate negotiations.

Conversations about the new climate finance goal will not happen in a vacuum. Parties' negotiating positions are informed by wider economic and social priorities – such as debt sustainability, economic competitiveness and geopolitical relations – as well as science-based targets. In particular, the devastating impacts of Covid-19 will profoundly shape deliberations on the new climate finance goal.

The G7 needs to be much more sensitive to this interplay to secure a successful outcome from COP26. The UK, for instance, raised eyebrows when it urged other members to arrive with a 'substantial pile of cash' for climate action even as it slashed development assistance. At a larger scale, decisions around special drawing rights and debt relief in the wake of Covid-19 will determine both the capacity and the appetite of low- and middle-income countries to pursue climate action. The G7 member countries will need to be generous and far-sighted across multiple fronts if they are to sustain trust in UNFCCC processes and maintain momentum behind the low-carbon transition. Commitments to this effect at the G7 summit would reassure developing countries as COP26 looms, particularly if the communiqué recognises the need to mobilise finance for adaptation and resilience, as well as mitigation.

The G7 need to highlight not only what its members will help to finance, but also what they will no longer finance. The G7 Climate

and Environment Ministers have announced that they will end support for coal-fired power generation abroad, as has South Korea. That leaves China as the only significant international financier of coal. France, Germany and the UK have further announced an end to export finance for fossil fuels. Since the [IEA's new roadmap](#) makes it clear that there is no room for new coal mines or oil and gas fields if we are to hold net-zero emissions by 2050, the G7 could collectively go further than ending support for coal: they could also pledge to end finance for oil and gas production, and to use their position as shareholders of the multilateral development banks to introduce the same provisions.

The G7 must take both climate and development imperatives into account. With their substantial fossil fuel reserves, huge infrastructure deficits and low per capita emissions, many low- and lower middle-income countries have understandably been exploring whether oil and gas could act as bridge fuels. Indeed, until recently the G7 members have been financing exploration and production in countries such as Mozambique, South Sudan and Tanzania. These economies will now have to forego the economic rents associated with fossil fuel extraction to mitigate a climate crisis that they didn't cause.

Recognising the role that fossil fuels could otherwise play in financing development, the G7 should consider bolder and more innovative forms of assistance – such as paying low- and lower middle-income countries to keep their reserves in the ground. These financial flows should complement, rather than replace, financial assistance and technology transfer for the development of a secure, reliable and affordable supply of clean energy. If the G7 summit unlocks more generous, creative and climate-consistent international public finance, it will lay the foundations not only for a successful COP26 in Glasgow, but also a successful COP27 in Africa.

How the G7 can champion a more contextually grounded vision for democracy and human rights

Tim Kelsall and Alina Rocha Menocal with Pilar Domingo

One of the key objectives of the G7 Leaders' Summit, presided over by the UK, is to unite leading democracies to help the world build back better from the Covid-19 pandemic by championing shared values including democracy and human rights. How can the G7 do this?

The health of democracy in the developed world

An essential starting point needs to be the recognition that democracy today is in a precarious state, and even G7 countries themselves often fall short of the liberal democratic standards and rules-based orders that they claim to espouse. As chronicled in surveys, reports, and other research, over the past decade, the quality of democracy has been in steep decline, including in some of the oldest and wealthiest democracies in the world, like the UK and the US, and its promise needs revival.

Covid-19 has laid bare frailties in the social contract that have been developing since at least the 2008 financial crisis. Widening inequalities between and especially within countries, often manifested around overlapping and reinforcing group-based identities (including ethnicity, race, gender, geography, language and disability), have created imbalances in access, voice, representation and opportunity that disenfranchise segments of the population and undermine trust in democratic institutions.

There is an intense frustration with 'politics as usual': political elites that are seen as irredeemably corrupt and out of touch, and with political systems that, while ostensibly democratic, are perceived as dysfunctional and unable to deliver on the needs and aspirations of

their citizens. Innovations in information and communications technologies have intensified these struggles. While they offer the potential to bring people together to address collective problems as never before, the growing ability of people to share and disseminate their views without the need for intermediaries, the proliferation of feedback loops and the sheer pace of technological change has also intensified fragmentation and polarisation making problems seem more complex and intractable .

There is an urgent need to revitalise democracy and the social contracts linking states and citizens. People are angry, and they want to be included – in terms of both whose voices are heard in decision-making processes, and how the benefits of development and prosperity are distributed. The challenge is not simply about championing 'open societies' anchored in democracy and human rights, important as that is. It is also about how democracies can respond to and address the critical needs and demands of their people in more equitable ways.

Democracies are by no means the only political systems that can fulfil core state functions and provide services – and as we have seen, more authoritarian models of stability and development have become increasingly appealing, especially in light of China's remarkable socio-economic success.

If democracy is to prove resilient over time, it must not only uphold rights and freedoms, hold power holders to account, and enable people to participate in decision-making processes that affect them, it also has to deliver. This is by no means straightforward: as we know from history, fostering more open societies and more inclusive development together is an extraordinarily complex challenge.

A new Cold War?

Thinking beyond the confines of established democracies, it is worth heeding Francis Fukuyama's argument that political development tends to advance along three different tracks: rule of law, state capacity and political accountability (of which liberal democracy is just one possible expression). Very rarely do all three progress simultaneously, a point also made by James Robinson and Daron Acemoglu, who note the historical rarity of societies finding their way into a 'narrow corridor' from which emerge powerful states 'shackled' (to use Acemoglu and Robinson's phrasing) by popular or rules-based accountability.

Other countries are pursuing their own paths. China, in particular, has developed a form of non-liberal governance that has proved extremely effective in addressing many basic human needs. It is now a major player on the world stage and its model is perceived by some in international policy circles as a threat to Western liberal democracy. There is talk of a new bipolarity in global affairs or even a

new Cold War, with the West in particular concerned about keeping in check the expansion of China or other non-Western economic and military powers.

A more fruitful way of looking at things is to ask what the West could learn from China, and what China could learn from the West. A dialogue conducted in a spirit of mutual respect and tolerance seems preferable to insisting on the superiority of one system over the other. Whatever one's instincts on these matters, it is clear that pressing global problems, from infectious disease control to climate change, will not be solved without better global cooperation. Here, it is worth noting that a framework for international cooperation already exists: the Sustainable Development Goals (SDGs), including SDG 16 on 'inclusive and effective institutions for all', which all the world's major states have felt able to sign. These global goals build on a longer history of international norms, regulations, and organisational developments regarding issues ranging from human rights, transparency and open government, to anti-corruption, money laundering, and human trafficking.

From promoting democracy to working with political settlements

Viewed through a Cold War prism, we are caught in an ideological struggle between China and the West, and between the presumed merits of authoritarianism versus democracy. But thinking in terms of binary regime types does not help the cause of global security and prosperity.

If the G7 genuinely wants to assist low income countries build back better post-Covid, it would do better to focus on how economic, social and political development challenges are shaped by country political settlements.

Political settlements are more or less explicit agreements among powerful groups about the basic rules of the political and economic game, and the distribution of benefits therefrom. As recent research shows, the nature of a political settlement – including the breadth of its social foundations and the degree of power concentration – shapes its ability to solve collective action problems around health, education, economic growth, women's rights, disease control and global warming. These dimensions drive elite commitment and state capacity for inclusive development.

In some settlements the state will already be responsive to the majority of the population and have fairly strong capabilities when it comes to addressing collective challenges, though policy blindspots and marginalised minorities may remain. Other states will be motivated to deliver benefits broadly, but lack the capability to do so except through patronage or populism. In yet others, elites may be

essentially uninterested in sustainable development, or elite commitment and state capacity will be lacking.

With the right kind of politically smart, locally led approaches, international development actors can do much to deliver resources and nudge in-country reform in more progressive directions. Here, traditional democracy strengthening programmes should be regarded as just one instrument among a wider set, to be judiciously applied and adapted as the political settlement context allows. On rule of law support, meanwhile, purely legalist approaches miss the point that rule of law gains are fundamentally about elite actors opting for rules-based constraints on the exercise of political and economic power in exchange for less violence and instability.

G7 leaders could also do much more at a global level to change reshape the incentives that currently encourage predatory and violent leaders all over the world, including reforming extractive industries, better regulating offshore tax havens, rethinking strategies to tackle the trade in narcotics, and penalising unethical business, including arms sales.

Incentives can also be shifted by making aid flows more generous and less tied, providing leaders in low and middle-income countries with a real alternative to predatory behaviours that threaten not just their own populations but the world. While most G7 countries will come to the G7 summit – led by the UK - in June having increased their own international development assistance budget, the UK has made radical cuts to its own. The UK public tends to be in favour of this temporary cut, yet overall support for aid remains high. This provides a promising foundation for using aid to solve global problems in the future.

To summarise, the G7 should:

- Recognise that democracy is in a precarious state both within G7 countries and beyond, and that the inherent superiority of democracy should not be taken for granted.
- Strengthen democracy, rule of law and human rights within the G7 by bolstering the state's capability to deliver for diverse populations who feel left behind, and to hold governing elites more effectively to account.
- Maximise the chances of solving pressing global problems by approaching China in a spirit of toleration and respect.
- Contribute to strengthening governance in other LMICs by acting forcefully on a range of global 'public bads'.
- Use increased development assistance to strengthen social, economic and political development in settlement-sensitive ways.