



SOUTH AFRICAN RESERVE BANK

**Keynote address by Lesetja Kganyago,
Governor of the South African Reserve Bank,
at the Brookings Institution,
Washington DC, 22 April 2025**

Challenges of the Group of Twenty

Good morning.

Thank you for inviting me to Brookings. We have long benefited from your expertise, most recently when one of your fellows, Don Kohn, gave a star performance last month at our South African Reserve Bank Research Conference in Cape Town. It is great to be with you in DC today.

The focus of my talk is the Group of Twenty (G20), for which South Africa currently has the presidency. As you will all know, the G20 started in the 1990s as an informal arrangement for discussing macroeconomic developments and financial stability. It was designated the premier forum for international economic cooperation during the Global Financial Crisis (GFC)¹ and, at the time, it proved this status was well deserved.²

It did this by demonstrating two great strengths.

¹ This formulation appeared in the 2009 Pittsburgh Summit Leaders' Statement, available here: <https://www.g20.utoronto.ca/2009/2009communique0925.html>

² See, for instance, the expansion of resources for multilateral institutions described in the London Declaration, available here: https://www.imf.org/external/np/sec/pr/2009/pdf/g20_040209.pdf

First, unlike the Group of Seven, it brought together all the major economies, not just the richer ones. This balanced participation made it a genuinely global institution. Second, it was just small enough that it could act decisively.

In the years since the GFC, the G20 has worked on many important issues, with some real successes. The global regulatory reform agenda stands out as perhaps one of the most significant achievements of the G20. Today we can say the core of the global financial system is more resilient than it was during the GFC.

The G20 has demonstrated its value during crises, most notably at the onset of the COVID-19 pandemic, where it served as a central forum for coordinating responses and mobilising finance.

It has strengthened the global financial safety net, with a better-resourced International Monetary Fund at its centre, and has facilitated expanded resource commitments for the multilateral development banks.

In 2020, the Debt Service Suspension Initiative helped create fiscal space for poor countries at a moment of great peril. The Common Framework that grew out of this is still the most promising mechanism available for working out unsustainable sovereign debts.

It is a testament to the G20's value that even now, at a time of extraordinary global change, all its members agree about its importance, and all of them are committed to continuing its work.

At the same time, I think we are all in agreement that the G20 faces many challenges. I would like to discuss some of them today as a prelude to the discussion to come. I hope you will forgive me for focusing today on how process subverts better policy formulation, but I believe this is a serious concern and detracts from what the G20 might achieve.

Let me start by drawing attention to the need for more focused agenda-setting, supported by better processes.

From a very operational perspective, G20 meetings are large. There is a rule of thumb, sometimes called Parkinson's law,³ that the maximum size of an effective committee is around 20 participants. Once you get past that threshold, it seems to become difficult to make decisions efficiently.

It would seem that an organisation called the G20 would be perfectly designed for satisfying Parkinson's law. But, in addition to the G20's 21 members, we also have a roster of invited countries and many international organisations. Counting in these invited participants, we had a total of 52 countries and institutions at our recent Finance Ministers and Central Bank Governors meeting in Cape Town.⁴

In this context, it can be challenging to have spontaneous conversations and robust debates.

One high-level observation is that the G20 functions best in a global crisis. Minds are focused and participants move quickly to find each other in identifying root causes, analysing options and defining the path forward. I think of the meetings of Washington in 2008, London in 2009, and Toronto and Pittsburgh in 2010 as exemplars.

Once we are no longer in the throes of a crisis, it becomes harder to find purpose. When we say, for instance, that the G20's relevance is fading, I think we mean that the agenda, always rich in topics, is overloaded and too complex. While there are many agenda items suitable for reasoned, technocratic discussions, such as improving payment systems or helping heavily indebted poor countries, the G20 cannot effectively address itself to all of them.

Against this, the G20 has powerful mechanisms for adding issues to its agenda. Each year, we have a new presidency, and each presidency wants to make its mark by

³ For a discussion, see R I Sutton and H Rao, *The Friction Project*, New York: St. Martin's Press, 2024, p 13.

⁴ The G20 comprises 19 countries plus the African Union and the European Union (EU) (with the European Central Bank, European Council and European Commission being counted with the EU, not separately). The 10 invited countries were Egypt, Ireland, Netherlands, Norway, Nigeria, Singapore, Spain, Sweden, Switzerland and the United Arab Emirates. The 21 international organisations included one regional organisation, the Southern African Development Community.

putting new issues on the table. This means we add more than we subtract. Because the G20 is powerful, prestigious and global, it is tempting to bring it all the problems of the world. It does not follow, however, that, just because something is important, it should be on the G20's agenda. There are many important issues for which the G20 is not the right forum.

So, we should be more intentional in how we choose which issues to discuss – especially when the world is in between crises. Narrowing the G20's scope might also make for more focused discussions that say something more meaningful about the top two or three priorities chosen each year.

Keeping those priorities central to our discussions would also encourage a better kind of engagement – more intimate conversations that help participants find each other and craft common views.

In the end, with too much content and not enough conversation, our messaging and communication becomes loaded with vague 'priors' rather than more concrete solutions. We tend to sacrifice clarity and purpose in favour of finding relevance among only the most specialist audiences.

Refocusing on solutions would help to avoid falling into the trap of drafting long and formulaic communiqués. Finally, we would do better by having shorter statements, written in plain language.

Of course, it is easier to communicate when you have clear decisions to share. The path here is to zero in on our inherently common challenges and then to work harder, partly with better agenda-setting, to develop common views.

In its early years, the G20 worked well for economic and financial stability issues. We need to preserve that focus and enhance it.

Another way of doing this could be to separate the various tracks, making them more distinct from one another, creating the space for the principals of the G20 Finance Track to focus, in part, on defining the agenda. Such a step might also mean rethinking

the structure of the Finance Track itself and of its multiple working groups and their processes.

It has also been suggested that we should establish a permanent G20 secretariat. There are obstacles to this, including who hosts it, who gets which roles and who foots the bill. We would have to be very disciplined about keeping it small, meritocratic and well governed.

That said, establishing a secretariat for each track *might* address the problem that each year a new country assumes the presidency, puts in a huge effort and financial resources to learn the ropes, and then, just as it starts to really understand the system, its term is over and someone else starts all over again.

I cannot say I'm convinced a secretariat for each standalone track is a good idea, but maybe it is better than what we have now. It would be great to hear other suggestions.

To conclude, one of the best parts of the G20 is building relationships and social capital through meeting regularly. In doing so, we enhance our ability to cooperate in crises, gaining perspective and defining better, sustainable solutions.

Such a dynamic and engaged process is arguably even more critical now as the global community feels its way into a new era. It is in these times that we will find it harder to agree, and it therefore becomes more important to hear each other and seek to redefine our common interests. That there may be contestation over certain topics and how to approach them is a positive outcome of the G20, not a weakness. This is where value we add should, in fact, be found.

The G20 remains the premier forum for international economic cooperation, and should not have to be reinvented for every crisis. There is no doubt that global cooperation is difficult, even in less crisis-prone times. But the alternatives are worse. And the G20 could, with concerted effort, reach its previous levels of excellence.

Thank you.