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# THE EVOLVING INTERNATIONAL ARCHITECTURE FOR DEVELOPMENT COOPERATION

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## INTRODUCTION

Within a span of a few months between November 2011 and June 2012, world leaders and senior policymakers will participate in a half-dozen international conferences on economic development: the Rio+20 Conference on Sustainable Development in Brazil next June; G-20 leaders' summits in France and Mexico; the fourth High Level Forum on Aid Effectiveness in Busan; and two IMF/World Bank Development Committee meetings.

The events are hosted by four distinct global groupings: the United Nations, the Organization for Economic Cooperation and Development, the Bretton Woods institutions, and the G-20. Each of these groups has differing membership, processes, work-streams and governance structures. Together, they can be viewed as four pillars of an international architecture for development cooperation. In each pillar, there have been shifts in form and focus to respond to changes in the global context for development that partly reflect successful development processes in many parts of the world. For example, only 10 percent of the world's poor today live in countries that are stable and low income but the majority of international development assistance strategies are designed for these conditions. Forty percent of the poor live in fragile or post-conflict states but it is only recently that special approaches for these states have been articulated.<sup>1</sup> Another 50 percent of the poor live in stable, middle income countries but there are few recognized norms for development cooperation there.

In another sign of change, official aid is now a small fraction of resources for development, with foreign investment, trade, remittances and private flows adding to the resources of even the poorest countries.<sup>2</sup> Technology has dramatically altered opportunities for development. And developing countries themselves have become far more capable of articulating and implementing their own development strategies. "Country ownership" is the new normal for development, implying that cooperation must take place at the country level as well as in international spheres. Many developing countries are also simultaneously recipients and providers of development cooperation and are bundling political, trade, investment and development objectives together in new ways.

The global development architecture is struggling to adapt to remain relevant to these new conditions,<sup>3</sup> but while new processes have been individually useful and appropriate, they have not been coordinated with each other.<sup>4</sup> Today, global governance for development cooperation suffers from unclear mandates for each pillar, mission creep and overlapping responsibilities, turf battles and institutional rivalries, and ultimately a diffusion of resources and effort that is detrimental to better development outcomes. It also suffers in its lack of effective inclusion of non-state actors who are increasingly important for development.

In his report to the G-20 on governance for growth, British Prime Minister David Cameron poses the issue as: "how are we going to clear away the obstacles to global growth". His response is that "the answer is not to be

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found in elaborate new institutions and global architecture. We have the machinery that we need already. No, what we need above all is ...political will... to act together, and to build the consensus we need.”

Building consensus and action represent two important functions of global governance, but they seem to require different structures. Consensus building necessitates an inclusive process where all stakeholders have an opportunity to participate. Action requires a critical mass of stakeholders to move forward on an agenda and can be paralyzed by too large and inclusive a process. The tensions are clear in the development arena. Development is a cross-cutting issue with many stakeholders. The OECD has identified over 200 multilateral development agencies along with 127 bilateral development agencies from DAC member countries.<sup>5</sup> In addition, there are a growing number of non-DAC official agencies, thousands of international NGOs, maybe tens of thousands of official government agencies in developing countries themselves, hundreds of thousands of southern civil society organizations, and millions of private individuals and businesses active in development.

Yet at the same time as the number of development stakeholders proliferates, the concentration of official development resources remains high: the top 20 development agencies in the world account for 60 percent of total gross official development aid (ODA) disbursements, while the top 20 donors account for 93 percent of ODA. Building consensus on actions and approaches across all stakeholders would be an unreasonable effort (and probably undesirable given the need to innovate), while restricting debate to a few large donors reduces legitimacy and buy-in from others and risks losing the political backing that mass social movements and a public engagement can bring.

The broad challenge for the global governance of development is how to build consensus, mobilize resources, align incentives, and get effective implementation across these multiple groups. There is no denying the need for some form of global governance to coordinate efforts better. In addition to the challenge of meeting the Millennium Development Goals by 2015, broad-based development has now become a key mechanism for achieving other global objectives. “Strong, sustainable and balanced global growth”, the G-20 objective, depends on the performance of dynamic emerging markets. So does the reduction of global carbon emissions, and the eradication or reduced incidence of global infectious diseases. Financial stability, international trade and peace, security and fragility are other global challenges that involve economic development and growth. In all these cases, the coordination of global action to some degree is probably desirable. For the provision of global public goods it is more important, while for action at individual country levels it may be less important. Overall, to achieve results at scale, some degree of coordination and alignment of incentives is necessary.

For the time being, global governance of development cooperation is focused on coordination among national states and each of the four pillars revolves around official representation and agencies. These actors, if well organized, can potentially organize themselves around a broad array of development interventions, including aid, trade, investment, diplomacy and defense. However, in practice, such “whole of government” approaches are not implemented with the needed coherence, so even in official forums the representative of a country may speak authoritatively on only a small range of issues. In the four pillars identified above, a typical country may have four different representatives: foreign affairs handling U.N. matters; finance for IMF and World Bank issues; development ministers for OECD’s Development Assistance Committee (DAC) and the prime minister or president’s office for the G-20. This example illustrates the complexity of the governance arrangements for development. They should be built around nation states, but coherent across sectors and inclusive of a range of non-state stakeholders.

No single governance structure can fulfill all these roles. So it is reasonable that there should be several pillars of the global development architecture to make sure all the key functions are provided in an efficient and effective way. However, the pillars currently compete for resources and influence with each other, resulting in overlap in some areas and gaps in other areas. But there is now an opportunity to promote greater clarity in how the various pillars might support each other. First, given that the world’s attention will be focused on so many high-profile development forums in the next few months, it would make sense to promote common or at least coherent messages on development. Second, the agendas and scope of each forum could be structured in a way that builds on an assessment of the comparative advantage of each pillar, to encourage some rationalization of the overall development architecture in an evolutionary way. It is important to stress the comparative nature of the advantage because the tendency at present is for each pillar to step into areas wherever they perceive a need or gap. What is needed is some shared understanding of how the four pillars can work together better to complement rather than compete with each other.

## CONTEXT

Each of the four pillars of international global development cooperation has a distinguished pedigree and role that is evolving in response to global conditions. For example, the U.N., which has traditionally organized its development interventions around sectors (the Food and Agriculture Organization, UN-HABITAT) with a strong focus on humanitarian assistance and capacity development, launched a biennial high-level Development Cooperation Forum in July 2008 designed to be a mechanism to “review trends and progress in international development cooperation” among member states, multilateral agencies and other development stakeholders. The U.N. also launched a Business Call to Action in 2008 to encourage companies to increase their development impact. Through its Inter-Agency Standing Committee on humanitarian affairs, it has developed a mechanism for working with international NGOs. The U.N. South-South Cooperation Forum was the first body to recognize the importance of this new form of development assistance.

The OECD/DAC’s Working Party on Aid Effectiveness (WP-EFF) emerged in 2003 as a platform for donors, partner countries and later civil society to discuss a partnership for development cooperation and to establish and use a body of best practices and principles for development cooperation. Its 80 plus members represent a significant expansion beyond the 23 members of the DAC itself and it bills itself as the most inclusive and credible platform on aid effec-

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tiveness. The WP-EFF includes two representatives from civil society organizations. It will showcase a Private Sector Forum for businesses at the Busan High Level Forum on Aid Effectiveness. As official aid shrinks in terms of the transfer of resources to poor countries, the WP-EFF is shifting its focus from aid effectiveness to development effectiveness.

The Development Committee is a forum of the World Bank and International Monetary Fund, which facilitates inter-governmental consensus-building on development issues. Its focus is on the transfer of real resources to developing countries for development. It has no formal mechanisms for engaging with either civil society or business, but both these groups in advanced countries have substantial influence through advocacy with the major shareholders. The Development Committee has added a 25th chair to increase the voice of sub-Saharan African countries. Although the World Bank remains one of the largest development agencies, its share of global resources for development has dwindled sharply. During crisis episodes, however, the World Bank and IMF have been able to quickly mobilize and disburse large volumes of aid to mitigate the impact on developing countries.

The G-20 is the most recent body to take up development, during its summit in Korea in 2010. It issued the Seoul Development Consensus and Multi-year Action Plan in 2010. These are a set of principles and guidelines endorsed by the largest economies in the world to assist developing countries in the implementation of programs designed to achieve the Millennium Development Goals. The G-20 also convenes a business forum and has used temporary high-level panels to get business input into critical agenda areas. It has reached out to large private foundations, but international NGOs have not found a ready hook for their engagement with the G-20.

As this brief overview illustrates, there is plenty of attention paid to development at the highest level but the various platforms are complex and can be confusing, costly and ultimately ineffective. There is little guidance for officials and technocrats striving to find “deliverables” for “their” processes and efforts to achieve policy coherence are still incomplete in most countries.<sup>6</sup> Rivalries between ministries within countries are played out in competition between pillars. And no pillar has yet found a fully satisfactory mode of engagement with non-DAC states, private NGOs, foundations or businesses.

## HIGH STAKES FOR COORDINATION

The stakes involved in global development coordination and collaboration are high. Official and private donors are committing substantial resources for development. Altogether, \$200 billion a year of concessional resources are transferred through development cooperation programs and billions more flow through non-concessional lending channels and private flows.<sup>7</sup>

The U.N. development programs receive upwards of \$25 billion annually, but a considerable portion (20 percent of programmable aid) goes into salaries and administrative overheads. U.N. funds are fragmented among many agencies and countries, and the U.N. is well below the average donor in terms of significance of its aid relationships.<sup>8</sup> Its development agencies get mixed reviews in terms of effectiveness.

The World Bank receives about \$14 billion in official resources each year (including Trust Funds), but is perceived as lacking sufficient representation and voice of low-income countries. Governance reforms at the World Bank have moved slowly compared to reforms at the IMF. Although World Bank programs are usually well regarded in terms of effectiveness, few developing countries are strong advocates for a larger, more expansive role for the International Development Association (IDA) in new areas such as climate finance.

The DAC donors contributed \$84 billion in net ODA through their bilateral aid programs in 2009. They have expanded outreach to poor countries through the Working Party on Aid Effectiveness, but do not have participation on an equal footing from emerging, non-DAC economies, nor have they been effective in achieving harmonization among themselves on aid processes.

The G-20 does have important emerging economies among its members but no low-income countries. The group has expressly avoided getting into issues of resource allocation. The only G-20 endorsed fund, the Global Agriculture and Food Security Program, has consistently fallen short of the hoped-for pledge amounts. Civil society organizations have found that the G-20, because of its larger size, is harder to influence than the G-8. Inclusion of emerging economies may therefore have come at the expense of excluding civil society.

In short, none of the four pillars of the international development architecture have found the right balance between inclusion and effectiveness. Development cooperation by China and other emerging economies is introducing new approaches, both in official aid and through investments by state-owned enterprises. The private philanthropic and business sectors still struggle to be included in official deliberations. Poor countries, emerging economies and small advanced economies also find it hard to determine the right modalities for engagement in the international architecture.

The debate on how to improve the development architecture is becoming more intense because of a sea change in thinking about how to organize global collaboration. In the 20th century, international organizations were focused on selected key issues. Some were sectorally based, such as the World Health Organization and the Food and Agriculture Organization. Others were topically based, like the World Bank (finance for development) and the International Labor Organization. The theory was that by maintaining a narrow focus, these organizations could mobilize expertise and develop approaches that would deliver results efficiently. But as the scope of development broadened, so did the number of specialized agencies. By 2010, there were over 200 multilateral development organizations, each funded by national member states.<sup>9</sup>

In the world of the 21st century, there is a sense that the silo effect of narrowly focused interventions cannot cope with development's cross-cutting challenges. An alternative paradigm is emerging that emphasizes partnerships among existing organizations rather than creating new multilateral agencies or funds to try to solve every development problem.<sup>10</sup> That said old habits die hard. Narrowly specialized funds to address environment and climate change issues, for example, have continued to proliferate at a rapid pace.

Each of the four pillars of the international development architecture is trying to become the key global cross-cutting platform. But as they do this, the degree of overlap among their activities increases. They try and convene the same partners, but under different governance arrangements. They discuss the same topics and they compete for the ability to control or guide the same development resources.

Globally, there seems to be an impatience with the slow pace of development results, notwithstanding the fact that the last decade has been perhaps the best decade ever for development. There is a sense that official development assistance could be far more effective if used in partnership with other development resources from emerging economies, private philanthropies, businesses and the domestic resources of partner countries. The new development cooperation framework must complement domestic processes driven by knowledge, investment, absorption of new technologies and institutional capacity.

Thus, the architecture must adapt to a new world with higher expectations of the type of global coordination that is needed. Not only must there be coordination across a range of topics, but also across the many new actors. The former requires political trade-offs and perhaps a “grand bargain” to unlock global negotiations in trade, agriculture, energy and climate, usually done in a small room where deals among key constituencies can be struck. The latter requires more participation, consultation and representation. All the while, international coordination mechanisms must deliver swift results at scale.

Accomplishing this is a tall order. Already, the institutional pillars of development are regarded by many as too elitist. They do not capture the vast energy of global social movements and the sequence of discussion, negotiation, agreement, implementation and evaluation seems too long given the rapidly changing world. For example, the monitoring survey of the Paris Declaration concludes that it is too early to tell if the agreed actions to improve aid quality are really making a difference, almost a decade after the topic was addressed in the first High Level Forum in Rome.<sup>11</sup> Can a more inclusive, faster and more effective process be found?

## AN EVOLVING INTERNATIONAL DIVISION OF LABOR

It is important that each pillar of the development architecture evolve in line with its comparative advantage by building on past successes. At the outset, this suggests that each pillar remains relevant—after all, the basis for the theory is that everyone has a comparative advantage in at least one area. But it also suggests that there should be specialization among players based on efficiency and effectiveness.

## THE UNITED NATIONS

The United Nations’ development programs started from a strong commitment to help newly independent states in a post-colonial period when developing countries found that the institutional underpinnings of their economies were disappearing along with the departure of colonial rulers. That history has made the U.N. a preferred development partner for many developing countries, but it also drags development into the complicated web of U.N. politics, which still revolves to a degree around an increasingly unconstructive North-South divide. Many new states are also fragile and conflict-affected, and there the U.N. has a strong comparative advantage based on its legitimacy for intervention through the “blue helmets”. Thus, there is a long tradition of capacity building and state building in U.N. operations.

The U.N. is also the acknowledged leader on the ground for humanitarian assistance in the aftermath of a disaster. The Office of the Coordinator for Humanitarian Assistance is able to deploy tools such as the U.N. Disaster Assessment and Coordination to provide rapid and free assessment, coordination and information management to all donors after a sudden-onset emergency. The Inter-Agency Standing Committee provides a forum that brings together the major U.N. and non-U.N. (private) humanitarian organizations for coordination, policy-development and decision-making. Although there are issues about managing the transition from relief to development, the U.N. is the acknowledged leader in humanitarian assistance.

But the U.N.'s greatest development success to date probably lies in its ability to forge a consensus on the Millennium Development Goals. Originally suggested in a DAC report, the MDGs have gained power and strength from the fact that they have been endorsed by 193 member countries and 23 organizations, something that could only have taken place under U.N. auspices. As with all goals, the MDGs are not uncontroversial. There were concerns (significant in the World Bank) that they undervalued the importance of economic growth, infrastructure and energy. There were also concerns that cross-cutting issues became blurred by the focus on sector-specific targets. But thanks to the consensus and legitimacy of the U.N. process, these concerns have been put aside, and the MDGs have succeeded, beyond any other process, in organizing state and non-state development actors toward a unified, time-bound and quantified set of development objectives.

## THE DAC

The DAC has a 50-year history of coordinating development assistance. It has been the principal forum for the world's major official donors, aimed at improving the flow of long-term funds to developing countries (a target initiated by civil society through the World Council of Churches and then by the U.N. Conference on Trade and Development). The DAC has seen its function in part as being to encourage an equitable burden sharing among major economies in an attempt to permit developing countries to participate more fully in the global economy. As such, the DAC has long been a leader in setting norms and standards for development cooperation, starting with the critical function of defining "aid" (to exclude funds related to commercial or overtly political or security relationships) and providing a statistical reporting system to monitor member country progress, but continuing with discussing norms in a number of areas.

The DAC has also spearheaded the formation of specialized aid agencies in its member countries. The heads of these agencies meet once a year to discuss development issues, along with ministers and heads of multilateral agencies. In addition, the DAC conducts a peer review process of each member to share lessons of effective implementation and encourage movement toward best practice. Through the Working Party on Aid Effectiveness, the DAC has become more closely engaged in development knowledge sharing through South-South cooperation and triangular cooperation.

This learning function is reinforced by the DAC's role in setting targets, monitoring and evaluating members against a set of voluntary mutual commitments. One of its great successes has been to get major donors to commit to untying aid, despite the obvious interests and pressures to keep procurement tied to domestic companies. A similar effort at global cooperation was attempted in the form of the Paris Declaration targets, but in actuality only one of 13 targets was met by the 2010 deadline.

## THE WORLD BANK

The World Bank's aid agency, the International Development Association, has also passed its 50th anniversary. Traditionally, the IDA has been responsible for over half of all funds disbursed through multilateral agencies and it was established as a vehicle through which to channel long-term development funds. While the IDA's share of multilateral flows has been declining with the emergence of regional development banks, vertical funds and the European Union institutions, it is still the most prominent funding agency.

The IDA has played a major role in coordinating policy, evaluation and processes with regional development banks, most notably through the Common Performance Assessment System (COMPAS), a self-reporting exercise aimed at promoting management for results among the multilateral agencies.

The IDA's greatest strength, however, probably lies in its field presence and knowledge of and experience with development policies. The IDA has delegated more staff and authority to its missions than any other agency. Thanks to these resources, it has played a major role in helping partner countries coordinate donors in the field through poverty reduction strategy formulation, multi-donor trust funds and other mechanisms.

## THE G-20

As the newest pillar, the G-20 has less of a track record than others. When taking on development, one of the G-20's six core principles was complementarity, a desire to avoid duplication with other processes. It has therefore worked through existing institutions, refraining from setting up even a modest secretariat of its own. In the area of finance, the G-20 has been forceful, promoting a new architecture with the formation of the Financial Stability Board and accelerating governance reform in the IMF, demonstrating its capabilities in architecture reform. But in the development sphere, the G-20 has been slow to address the question of whether systemic reforms are necessary.

In the Seoul Development Consensus, the G-20 has also made a conscious break from aid toward a broader treatment of development, including trade, finance and knowledge. The beginnings of a coherent policy approach can be seen in the ongoing agriculture discussions. Export restrictions, commodity speculation regulations as well as provision for adequate regional stocks were all discussed.

But the G-20's greatest asset may be in its ability to give political momentum to agenda actions. By focusing on agriculture and infrastructure, the French G-20 Summit has the potential to accelerate action in two critical areas. Already, it has provided these issues with more visibility than they have previously enjoyed. The issue will be how to maintain focus over time (the extent of the legacy agenda) while leaving room for new priorities and initiatives. The G-20 must recognize it cannot spread its priorities too thin or else the political momentum that is its greatest strength will dissipate.

## A FRAMEWORK FOR A COMPARATIVE ADVANTAGE-BASED INTERNATIONAL DEVELOPMENT ARCHITECTURE

These elements of success of each pillar can guide a hypothetical framework for what the international development architecture might look like if it were based on comparative advantage. Such a framework starts from the assumption that an effective strategy has five components: (i) a set of goals or a vision, preferably time-bound and able to be monitored; (ii) a prioritized set of global actions and plans; (iii) practical advice and policy formulation at the country level; (iv) adequate funding and resources; and (v) learning and evaluation. This framing is set out in Table 1 below, along with the contributions of each of the development pillars.

**TABLE 1: A SCHEMATIC FRAMEWORK FOR AN INTERNATIONAL DIVISION OF LABOR**

	<b>U.N.</b>	<b>G-20</b>	<b>World Bank</b>	<b>DAC</b>
<b>Goals</b>	MDGs (and beyond) + Global public goods			Aid norms and standard setting
<b>Global Plans</b>	Fragile States, Disaster preparedness	Policy Coherence and Consistency/ Political will		Global donor aid quality commitments
<b>Country-level advice and policy</b>			Policy Dialogue	
<b>Funding</b>	Humanitarian aid	IFI replenishments and governance reform	Long-term development resources	
<b>Learning</b>			Multilateral management for results	Member peer reviews and global knowledge exchange

Table 1 is not designed to be inclusive of all activities of each pillar. There are useful activities undertaken under each pillar in the spaces left blank. Instead, it should be viewed as the basis of comparative advantage. For example, while the U.N. system may have a useful role to play in policy dialogue and capacity building at the country level, especially in areas such as climate change, it may not have a comparative advantage in that compared to the World Bank. On the other hand, despite the fact that the World Bank has a world class independent evaluation group to learn from its development experiences, the DAC has far more experiences to share from the activities of its member countries.

## APPLYING THE FRAMEWORK IN PRACTICE

This framework can be used to reflect on the first issue raised in this note: how to get a coherent set of messages from the international meetings of each pillar over the next six months.

The first such meeting was the G-20 Summit in Cannes, where the development issues of agriculture and food security, and infrastructure were discussed. Because the meeting was overshadowed by the unfolding European sovereign debt crisis, development issues did not receive much attention but recommendations made in background documents on agriculture and food security were endorsed. On infrastructure, the G-20 made some clear progress while in agriculture it may have missed some potentially significant opportunities.

On infrastructure, the G-20 endorsed a list of 11 major projects with high potential. Given their risk and size, the political momentum provided by the G-20 endorsement could be significant in helping bring to close and accelerate implementation of these projects. The G-20 also endorsed recommendations to strengthen the development of infrastructure project pipelines by reviewing the size of project preparation facilities, building skills of low-income country participants through internship programs, and encouraging the development of project templates and transparency procedures. It also suggested reviewing incentives in multilateral development banks to encourage risk-taking and leverage of private capital rather than balance sheet expansion. In suggesting reforms to the multilateral development banks, the G-20 seems to be encouraging faster change than contemplated by the executive boards of these institutions themselves. For example, the IDA board had recently rejected a proposal for IDA funding to be used for large infrastructure project preparation.

On agriculture, however, the G-20 could have usefully clarified the positions of its member countries on the evolution of agricultural commodity prices. Some G-20 members have blocked agreement in the Doha Development Round on the grounds that agricultural prices may fall too low (arguing that they need price support mechanisms and safeguards against import surges), while at the same time others argued in the agricultural ministers' meeting that food prices may rise so high that they should be allowed to impose export restrictions to protect domestic consumers. If a better understanding could be reached on the likely trajectories of commodity prices, there would be a far better chance of reaching agreement in one or other set of negotiations.<sup>12</sup>

As another example of a missed opportunity, G-20 countries could have reaffirmed their commitment and political will to fully fund agricultural development programs approved by the Global Agriculture and Food Security Program or to make every effort to seek additional financing to meet these commitments. This would have significantly boosted credibility in G-20 action plans as more than simply aspirational words.

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The DAC High Level Forum on Aid Effectiveness in Busan will follow the Cannes meeting after only three weeks. At that meeting, it is important to deliver the message that existing commitments on aid quality made during the Paris/Accra forums will be fully implemented, while at the same time moving toward an articulation of “common but differentiated responsibilities” for all aid providers, laying out expectations for minimum threshold standards. The DAC can also use this occasion to move the discussion strongly away from a “one-size-fits-all” approach to a true learning meeting that respects the varied development experiences of DAC and non-DAC public and private development providers in low-income, fragile and middle-income contexts. By focusing on standard setting, monitoring of global commitments and learning, the DAC can lay the basis for new development partnerships.

The World Bank/IMF Development Committee will meet in April next year. There, the key messages must be on successful implementation of existing replenishments and capital increases (along with governance reform) of the multilateral institutions, along with clear support for future increases in long-term financing flows as needed to fill infrastructure and other development funding gaps. If major shareholders are serious about development, they should not block additional capital increases for fear of having their shares diluted. Ideally, the ambition should be for the World Bank to mirror the aggressive approach to reform and funding taken by shareholders of the IMF, which took place against a backdrop of a global financial emergency. Major shareholders could also recognize the existence of a major development emergency, with just a few years to go to meet the MDGs.

Following the Development Committee, the next major meeting will be the U.N. Conference on Sustainable Development in Rio. That event will be successful if it recognizes that energy and other sustainability targets were not included in the MDGs and if it launches a process of consultations and consensus-building toward a new set of sustainable development goals after the MDGs meet their 2015 deadline.

The Mexico G-20 meeting will take place almost immediately after the Rio+20 meeting. This summit and the preceding Sherpa meetings should strive to keep development on the agenda but narrow the list of topics discussed in the preparatory meetings. New initiatives should only be taken up if there is some likelihood of a breakthrough, perhaps to complete any unfinished business from Cannes if leaders ask for bolder action than what is currently agreed upon by respective representatives.

## WORKING TOGETHER

Table 1 illustrates that none of the four pillars can be effective by working in isolation. It also shows that none of the four pillars exactly duplicates the other. Thus, working together to build on comparative advantage is key to an efficient evolution of the global system. The key seems to be to couple one of the informal pillars (the DAC or the G-20) with one of the formal pillars (the U.N. or the World Bank) in a “variable geometry” fashion.

The G-20 has started this process in a useful way. One of the unsung achievements of the G-20 has been its ability to get others to work together. The agriculture report was produced by a group of 10 multilateral agencies. The infrastructure report similarly built on a multilateral development bank working group action report involving six MDBs. In both cases, the expert knowledge required to forge a consensus for action was

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assembled from existing institutions. The G-20 innovation to engage temporary high-level panels of business representatives appears to also have worked well in getting a private sector perspective on key issues and getting private initiatives aligned with meeting global challenges. The voluntary internship program to build skills and capabilities for low-income countries on PPPs and the construction sector transparency initiative are two good examples of specific private sector contributions to improved development impact.

Where the G-20 has been weakest is in its ability to include low-income countries and other non-members in its deliberations and in its links with civil society. It has also so far not demonstrated its ability to cut across sectors in a meaningful way. For example, the contentious issue of the role of bio-fuels in food price spikes was not taken up by the group. Nor has the G-20 used its political mass to aggressively push through governance reforms in development agencies in the same way as it has done to meet the challenges posed by the global financial crisis.

These weaknesses can be addressed. By working closely with legitimate formal organizations like the U.N. and the multilateral development system, the G-20 can indirectly provide a mechanism through which non-member states can have their voices heard. The risk is that because such participation in G-20 discussions is indirect, the non-member states will resist G-20 invitations to these other platforms for cooperation, viewing such overtures as unwelcome encroachment into the governance of these platforms. At the same time, strenuous efforts at consultation with non-G-20 members must continue. Dialogue with regional institutions offers a useful mechanism in this regard. The process of expert groups and workshops further permits additional voices to be aired in G-20 processes.

To make the system work, the G-20 must make every effort to complement and support the existing governance of other platforms, while also ensuring that the views of smaller states are legitimately represented in these institutions. In theory, the G-20 does not bind any non-member. Its communiqués are carefully worded to avoid any suggestions that the group speaks on behalf of non-members. Nevertheless, if the G-20 puts its political muscle behind a global initiative, it creates expectations that others will also follow suit. It is those expectations that make the G-20 meetings a “contingent liability” for many non-members.

This is also the reason why the G-20 should concentrate on providing political momentum to global goals that have already been established by legitimate processes. For example, there have been many calls for the G-20 to take up the issue of climate change. But this could be a mistake. The G-20 does not have the legitimacy to forge a global consensus. What it can do best is put political muscle behind implementation of already agreed global goals.

The larger difficulty in the G-20 lies with getting policy coherence on development within the member countries of the G-20. Here, consideration should be given to merging the development work-stream with the finance ministers' process. Already, there has been a first joint meeting of G-20 development ministers and finance ministers but the G-20 has so far resisted the topic of the adequacy of "resources for development". That is unfortunate. At the end of the day, official resources still play an important role in development and independent analytical work on both agriculture and infrastructure has highlighted the need for additional flows and new financial instruments.

The United Nations can also do more to work together with others. The priority for them is to interact with agencies like the multilateral development banks with strong operational experience. The U.N. is about to launch a process for setting new global goals for development, beyond the MDGs. That process should address one critique, namely that the MDGs themselves were not set with enough focus on the plans, policies and resources required for implementation. Also, the global targets were not clearly built from country specific targets, making monitoring efforts hard to interpret. Regional development institutions may be able to play a valuable role in helping bridge the gap between the global and country levels for the next set of development goals.

The DAC is moving from aid effectiveness to development effectiveness and offers perhaps the best opportunity for linking private business and civil society to the international development architecture by embracing the concept of new partnerships for development. But to do this, the DAC would need to refashion the Working Party and its work-streams to give far greater voice to new partners and far greater leadership to partner countries to develop their own development strategies. As an informal club, the DAC has the advantage of being able to use "variable geometry" to fashion like-minded groups that can set standards and norms to improve development impact. It has shown the way on aid transparency and increasingly on evaluation. The Busan High Level Forum has the potential to offer a breakthrough in approaches to fragile states.

Of course, the DAC has no formal mechanisms to bind non-members to its principles. It is therefore well served by working closely with the U.N. and the development banks that have more universal membership.

In the same way, it is important for the World Bank to use its cooperative governance structure to engage more closely with China and other emerging economies in development collaboration. For example, the World Bank's Debt Sustainability Framework needs greater flexibility to permit large infrastructure projects and other growth-creating investments. The World Bank is in a good position to assess development partners' interventions in its country reports and to flag practices that may be at odds with norms for high impact development. Its extensive field-presence and country experiences make it a natural partner for linking country activities with global processes of the U.N. and the DAC.

These examples suggest areas of focus and the scope for collaboration among the four main pillars of international development cooperation. Given the complexity in terms of number of players, the cross-cutting nature of development and the rapidly changing global context, it is natural for the architecture itself to be in flux. The most important point is that it should evolve in a way consistent with comparative advantage.

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## ENDNOTES

1. See the World Bank's "World Development Report, 2011" and the OECD's International Dialogue on Statebuilding and Peacekeeping as recent examples of new approaches to fragility.
2. By 2007, 86 developing countries had a rating from at least one of the three main international rating agencies.
3. Global consultations on development are increasingly emphasizing non-aid instruments of co-operation. "Trade and investment, not aid" has become a common refrain in the developing world.
4. Killen and Rogerson, 2010
5. OECD, 2010. See also, World Bank 2008
6. The United Nations tried bravely to institute a "One U.N." movement on development to achieve coherence among U.N. agencies, but in practice this has failed to overcome the fragmentation of the system in the way envisaged.
7. Kharas et al. "Catalyzing Development" Brookings Press, 2011
8. See Birdsall and Kharas, 2011, "Changes in the Quality of Official Development Assistance, 2011". The significance of aid relationships is an indicator that assesses whether aid from one donor is high compared to other donors on average across all recipient countries.
9. Figure is drawn from the OECD/DAC list of multilateral organizations eligible for ODA contributions from members.
10. The Accra Agenda for Action issued a warning in 2008 to the global community to "think twice" before establishing any new multilateral agencies.
11. OECD/DAC, 2011, "Survey on Monitoring the Paris Declaration" [http://www.oecd.org/document/1/0,3746,en\\_2649\\_3236398\\_48725569\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/1/0,3746,en_2649_3236398_48725569_1_1_1_1,00.html)
12. Homi Kharas, October 2011, "The G-20 and the Global Food Crisis"