

**Connecting up Platforms and Processes for Global Development:
Five Strategic Roles for the G20 to 2015 and Beyond**

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By the end of 2015, the international community is programmed to establish new strategic global frameworks for addressing development and climate challenges. At the same time, it must carry forward and embed in these frameworks, the fundamental effort to increase the capacity-building impact of development cooperation at the country level.

The development cooperation system today is characterized by ‘hypercollective action.’ A wide range of actors, platforms and processes is involved, and issues and initiatives cut across institutional and policy communities, while the steering function is underprovided. It is essential to link up the various platforms and processes so that they constitute a coherent, effective global development effort that works to eliminate extreme poverty and to advance sustainably, people’s well-being around the world .

G20 leadership can bring impetus and coordination to this polycentric international development system at a time of transformative change in the global economy.

Strategic Action One: Work Towards Convergence in UN Processes on Development, Sustainability and Climate Change

Challenge: There are three major UN processes underway: on development strategies beyond the Millennium Development Goals (**MDGs**) beyond 2015, on sustainable development goals (**SDGs**) which are to be coherent and integrated with the post 2015 development strategies, and the UNFCCC process to produce a new Global Framework Agreement on **climate change** from 2020. They culminate together at the end of 2015, at which point they will be matters of high political and public interest. Achieving inspiring, coherent outcomes in 2015 will be a test of global leadership.

These processes are all interrelated, but they are dealt with largely by separate policy communities at the national and global levels. The G20 can assist upstream in shaping coherent, convergent outcomes, for which Heads of State will take final responsibility. An important contribution by the G20 would be to ensure well-coordinated across-government preparation processes in G20 capitals and through a G20 2015 Strategic Convergence Group maintain an overview of the key political issues which cut across and connect up these agendas and processes.

Action: i) Invite UNSG Ban Ki-moon to inform the St Petersburg G20 of progress and key issues in bringing the major UN processes on development, sustainability and climate change onto a

converging track so that strong, coherent outcomes are achievable in 2015. ii) Set up a G20 2015 Strategic Convergence Group, to underpin work towards significant and coherent global frameworks for inclusive and sustainable development and collective action on climate change. iii) Assist this convergence process by strengthening or creating coordination arrangements in G20 capitals across relevant ministries.

Strategic Action Two: Support developing country transformation strategies, capacities and public management systems through the Global Partnership on Effective Development Cooperation at the country level

Challenge: At the country level, the polycentric development cooperation effort brings diverse ideas and strengths but agency failures and dysfunctional incentives undermine national capacities and public policy processes. In fragile states, special attention is needed to building effective state capacities. And the integration of climate change policies and programs adds a further challenge.

Bringing fragmented efforts within coordinated national programs and public management systems, and working in longer-term time frames, has been a focus of reform for more than a decade. Important progress has been made, with developing countries strengthening their public policy and management systems and taking a leading role in the aid policy and practice discussions at regional and international levels. But there is still a long way to go.

The Global Partnership on Effective Development Cooperation established after the Busan High Level Forum at the end of 2011 should work to speed up collective action on these issues. Under ministerial leadership from Indonesia, Nigeria and the UK, this Global Partnership has created a new political space for the whole range of development actors, public and private. And within this framework, fragile states have formed a ministerial group, the “g7+,” working in terms of a New Deal, focused on peace-building and state-building objectives.

With its cross-government and cross-system overview, and in conjunction with the UNDP and the OECD support teams, the G20 can strengthen the connection between global and local efforts to increase the effectiveness of development cooperation. Emerging countries in the G20 could bring to bear their experiences in managing their own development processes and in fostering the domestic intellectual and analytical capacities needed to help leaders as they shape and articulate national strategies and reforms.

Action: i) Invite Indonesia to present a progress report to the St Petersburg G20 on country level development cooperation models. ii) This report should be supported by three country case studies prepared by local think tanks on the performance and problems of the development cooperation effort in these three countries (including at least one fragile state). iii) Articulate the findings in ways that can be used by G20 leaders in shaping their policies on development cooperation. iv) Maintain this reporting process each year as a means of promoting further cooperation among G20 countries and others to build up developing countries’ core capacities.

Strategic Action Three: Link up the agendas for Financial Integrity, Economic Transformation and Development Finance

Challenge: The phenomenon where developing countries become de facto exporters of capital via illicit flows is fundamentally dysfunctional. To achieve economic transformation in developing countries, financial integrity is paramount, as the history of resource rich countries shows, with its close connection with elite incentives. This involves a holistic approach to financial integrity, bringing together action across the global financial and fiscal systems to eliminate illicit flows and increase financial transparency, fostering capacity development to strengthen the institutions and resources needed to effectively manage national wealth for sustainable development progress.

The G20 is uniquely placed to help pull together these political and operational elements, taking further its work to date on corruption and related areas of international finance and development. This involves i) closing down the channels for illicit flows that both undermine political focus on inclusive national wealth creation and adversely impact on reputation, investor confidence and new entrepreneurial talent, and ii) helping to strengthen the institutions and skills needed to intermediate and manage development finance both domestic and external. Financial integrity in terms of the quality of the regulatory environment and investment decision-making is equally critical for generating sustainable long term financing of infrastructure, urbanization and rural development, including the integration of new green growth and climate change financing flows. As these capacities strengthen, both domestic revenues and foreign finance will grow rapidly as a development story takes hold.

The international effort to target illicit payments through banking systems, trade invoicing etc and associated professional services is central to ensuring that political incentives in developing countries drive towards using national resources for inclusive national wealth creation. This change in incentives will change the prospects for transformative development under effective states and create the confidence and reputation that will drive long term investment and domestic resource mobilization.

Action: *The G20 should elaborate a vision of development finance built around a holistic concept of financial integrity. This vision should set out the foundations for inclusive development and for building the capacities and confidence that will unblock long term development finance for infrastructure and green growth more generally, and underpin domestic financial market development. The 2013 Russian Presidency's three-dimensional growth agenda proposed for the G20 is consistent with this holistic approach.*

Strategic Action Four: Support the economic transformation vision of the African Union

Challenge: In the context of the 50th anniversary of African unity this year, African leaders are preparing to launch a new phase in Africa's renaissance designed to make Africa a dynamic, middle-income continent through strong and sustainable internal and external growth dynamics within the next 50 years. This new phase of transformation is designed to build on more than a decade of creating policy and institutional frameworks that have greatly improved African growth and growth prospects. Now the African Leaders project is to convert growth arising from commodity revenues driven by the growing middle class in emerging countries into transformational, inclusive economic development.

Many G20 members have built valuable partnerships with African leaders and institutions, especially the African Union. G20 member South Africa plays a strong role in advancing the economic transformation agenda in Africa and will host the next BRICS Summit in Durban at the end of this coming March, including a special session with NEPAD on strengthening BRICS support for regional integration in Africa.

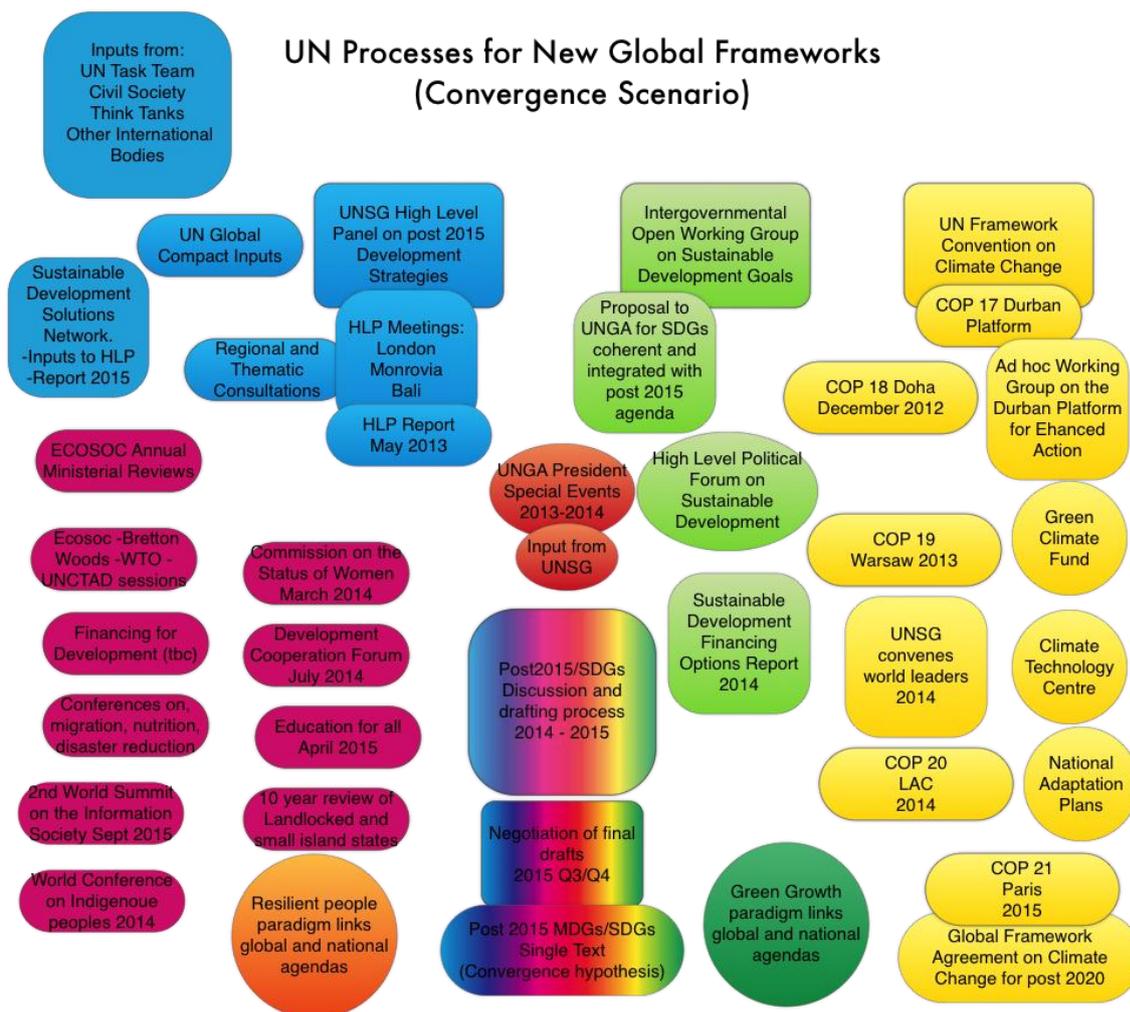
Action: G20 Leaders should i) provide a strong signal of support at St Petersburg for the new African economic transformation plan, ii) invite the AU to join the G20 as a full member, iii) set up a G20 African Transformation Support Group to help develop opportunities and break bottlenecks.

Strategic Action Five: Develop the G20 role as a forum for strategic thinking on global transformations

Challenge: The dynamic and interactive megatrends operating in the global economy, and at regional and national levels, are shifting wealth and geo-political interests, creating new risks, challenges and opportunities for peaceful development. The ongoing exponential increase in computing power is generating major economic, social and political paradigm changes. Economic transformation and dynamic capacity development are becoming key words. Meanwhile planetary limits are at dangerous tipping points.

Looking ahead at new risks, challenges and opportunities for peaceful development, and having the tools to do so, is another key role for the G20 as a global reference point for collective thinking and collective action. International organizations with multidisciplinary policy reach can help here. The Think 20 group, the labor and business groups and civil society can organize special studies and alert reports. A further action would be to create an attractive easy-to-navigate web portal for accessing current work of relevance for global economic governance. This forward-looking, horizon-scanning work stream would give the G20 the tools to play a significant integrating and leadership role across the international development system, complementing the accountability framework.

Action: The G20 should i) develop its forward-looking, horizon-scanning role, drawing on the G20 Leaders own roles at the centre of Government and on the support system of international organizations, the Think 20 and the G20 consultative fora, ii) launch a series of G20 Vision Reports.



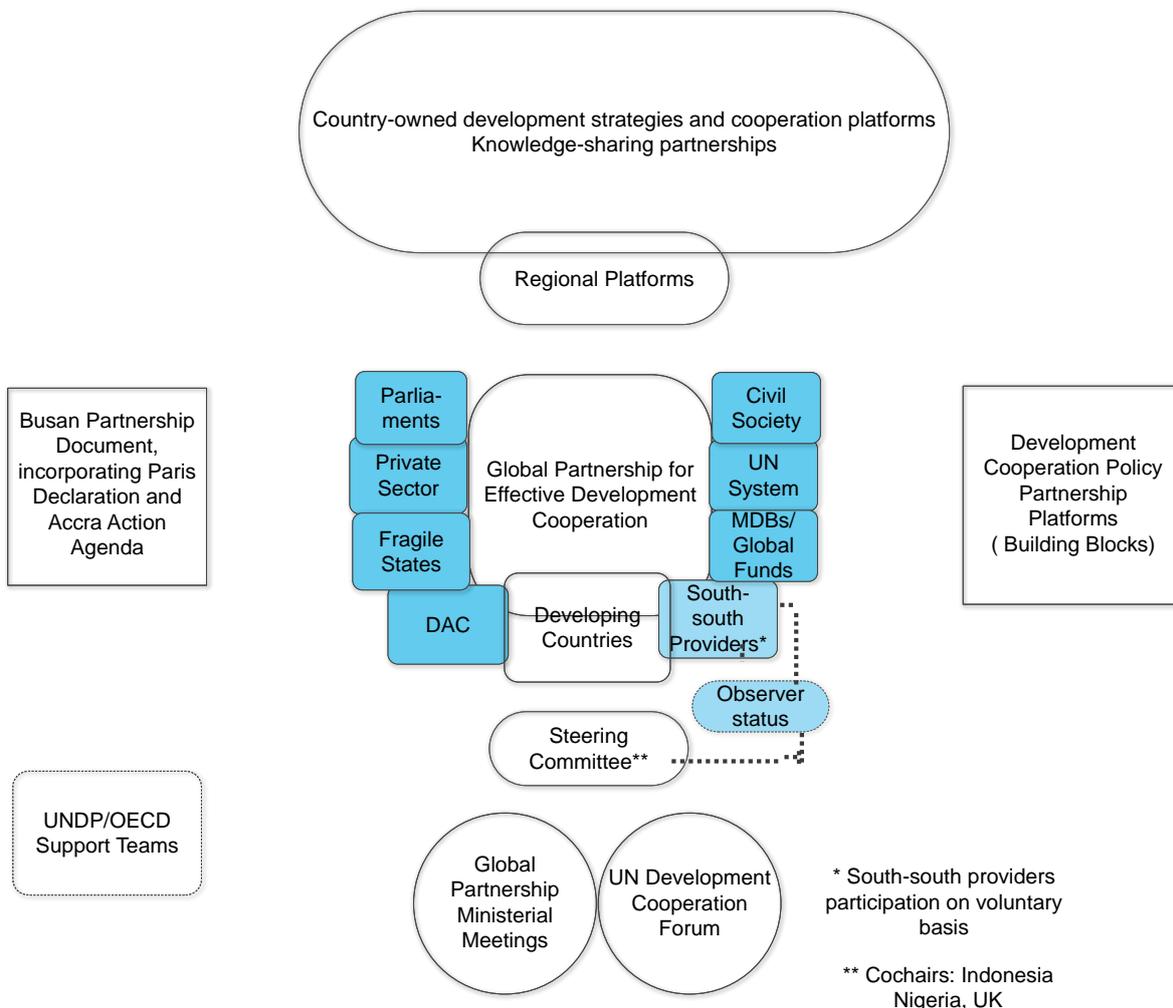
Note: Color coding is based on the following scheme.

- Blue: UN-led meetings and consultations for post-2015 development agenda
- Pink: UN thematic conferences (Monterrey Financing for Development up for review in 2014; UN Development Cooperation Forum in 2014 as a comprehensive event)
- Green: Rio+20 sustainable development process
- Yellow: UNFCCC-based climate change negotiation process
- Rainbow: convergence of MDGs and SDGs and climate change framework

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