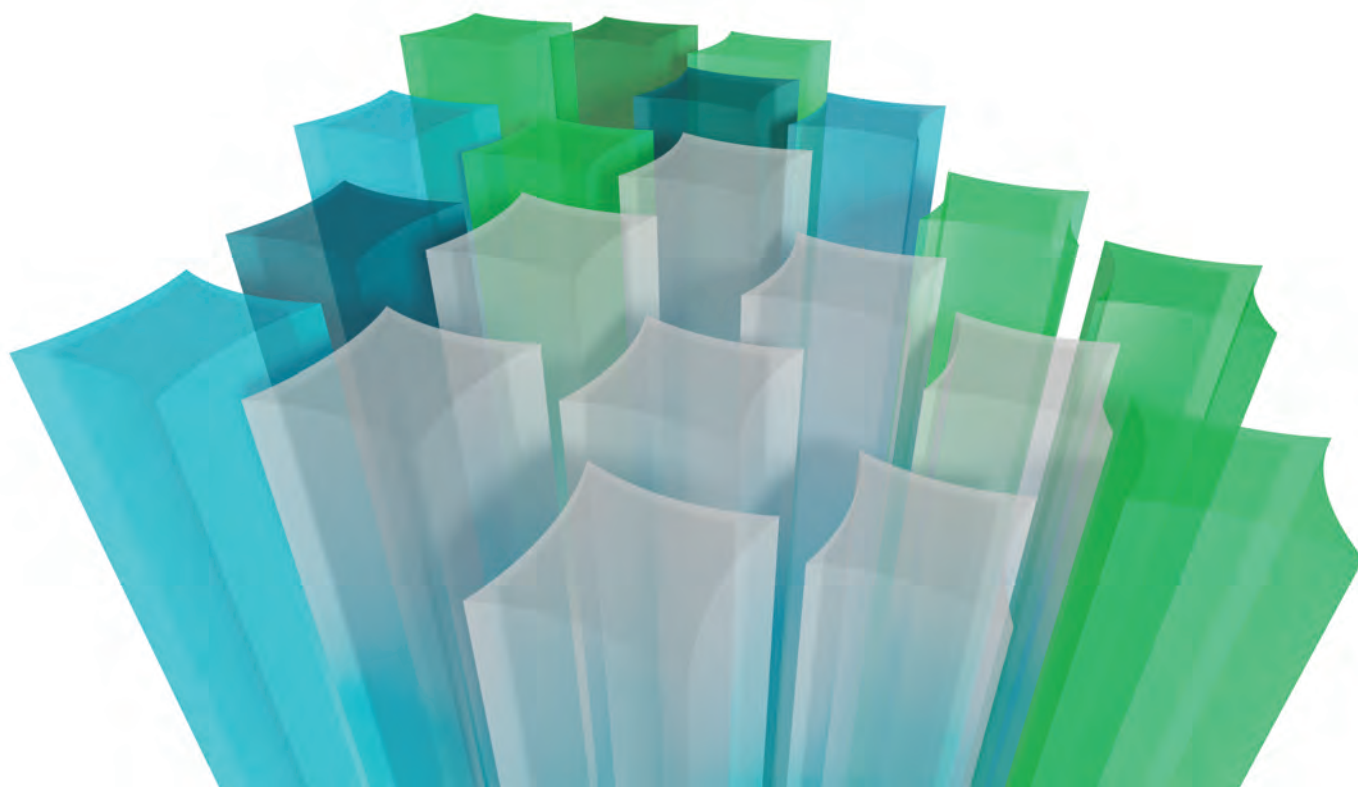


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Making the G20 Summit Process Work: Some Proposals for Improving Effectiveness and Legitimacy



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The Centre for International
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Addressing International Governance Challenges

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Summary

This paper assesses the current context following the G20 summits in Washington, London and Pittsburgh and the prospects for the forthcoming meetings in Canada and Korea in 2010 and beyond. It asks which global problems could be on future agendas and how to achieve both effectiveness and legitimacy. It discusses the composition of the G20, working and coordination methods in the preparatory process, and effective outreach processes. The main conclusions are:

- The G20 should limit the agenda to the financial crisis issues and contain the inevitable pressures to broaden the agenda by inviting other groups and organizations to provide recommendations for consideration at future G20 meetings.
- Composition is an intractable problem, with no correct answer. Legitimacy and efficiency could be attained by the Europeans speaking with one voice rather than six or eight, while the host country invites two or three “guests.”
- To reconcile the need for extensive preparation with the antipathy to formal bureaucracy, the G20 should

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set up a summit “non-secretariat.” This nimble, non-bureaucratic structure could be located for one year in the host country, headed by the G20 troika sherpas, with two being non-resident.

- More systematic and structured consultations with non-G20 countries, civil society, parliamentarians, the policy research community and the private sector could add to legitimacy and effectiveness.

Introduction

In the wake of the global financial crisis, the Group of 20 (G20) emerged as the “premier forum for international economic cooperation” (U.S. Department of State, 2009). Global leaders met (for the first time as a group of 20) in Washington, and subsequently in London and Pittsburgh, when it became apparent that the existing political and economic institutions — the International Monetary Fund (IMF), the Group of 8 (G8), the United Nations (UN) or the G20 grouping of finance ministers — were incapable of coordinating a response to the financial crisis in the fall of 2008. With the IMF viewed by developing countries with scepticism, the G8 unrepresentative of current global realities, and the UN too large,¹ another format was needed to bring the crucial decision makers together. Furthermore, the participation of leaders at the highest level was needed. The decisions required to tackle the financial crisis went beyond the boundaries of G20 finance ministers’ portfolios.

This paper explores potential actions to secure the effectiveness and legitimacy of the G20, including the possibilities for the G20 to expand its purview beyond the financial crisis and act as a “global contact group” to pursue policy consensus on various global problems.

Context

The G20 group of finance ministers from the leading industrial and developing economies was established in 1999 in the aftermath of the Asian financial crisis; it was a joint initiative of Canada’s Finance Minister Paul Martin and US Treasury Secretary Lawrence Summers. The G20 finance ministers were successful in forging consensus on a framework for debt restructuring and the need for IMF reform (Goutier, 2010). In 2004, recognizing the changing global dynamic, Prime Minister Paul Martin proposed raising the G20 to leaders’ level. Initially there was resistance, including in Washington, to yet another

grouping. Opposition evaporated in the face of the scale of the 2008 crisis and the necessity to reach broader-based agreement than the G8 could deliver. The previously scheduled November 2008 G20 finance ministers’ meeting in Washington was then upgraded to a leaders’ summit. What is most significant is that it was the US that decided that the G8 leaders and the G20 finance ministers were not enough to deal with the financial crisis.² In Washington, the leaders agreed to meet again in London, and then another meeting was set for Pittsburgh, to follow up on the progress being made in response to the crisis. With the G20 leaders meeting this year in Toronto and then in Seoul, it appears that this leaders’ forum has become “the” forum for international economic cooperation.

Most observers agree that the coordinated efforts emerging from the three G20 summits so far have contributed to a more rapid recovery than anticipated. In Washington, in September 2008, leaders drafted a plan and assigned specific tasks for implementation by various institutions. In London, in April 2009, promises were made to increase resources for the IMF, repair the financial system and maintain the global flow of capital. In Pittsburgh, in September 2009, the communiqué focused on jobs and the real economy, while re-endorsing previous promises and directing the Financial Stability Board (FSB) to monitor progress on financial regulation. The Pittsburgh communiqué also incorporated policies on climate change and energy into the recovery agenda.

The G20 has already delivered on several of the commitments contained in the communiqués from these three summits. The former Financial Stability Forum (FSF) was upgraded to the FSB and expanded to include all G20 members. On March 10, 2010, the FSB launched the *Framework for Strengthening Adherence to International Standards*. This initiative encourages

all countries and jurisdictions to raise their level of adherence to international cooperation and information exchange standards, including by identifying non-cooperative jurisdictions and assisting them to improve their compliance. (FSB, 2010)

FSB members will undergo periodic peer reviews. The first peer review on implementation of the *FSB Principles for Sound Compensation Practices and their Implementation Standards* was completed in March 2010. The jury is out on the effectiveness of the proposed peer review.³

1 Ramesh Thakur has remarked that “the gap between promise and performance [of the UN] remains unacceptably large” (Thakur, 2002).

2 US Treasury Secretary Henry Paulson had a key role requesting a separate meeting with the G20 countries (McKinnon, 2008).

3 See Alloway (2010).

In addition to the work of the FSB, the Organisation for Economic Co-operation and Development (OECD) has been providing advice and policy analysis to governments, and developed a comprehensive strategic plan to support the implementation of the *Framework for Strong, Sustainable, and Balanced Growth*, which the G20 launched at Pittsburgh. The OECD has focused on coordinated employment policies and standards of transparency and exchange of information in tax matters. Since April 2009, over 90 tax information-exchange agreements have been signed and over 60 tax treaties have been negotiated or renegotiated to incorporate the standards of transparency (Gurría, 2009).

In working with international institutions to promote multilateral efforts, the G20 played a pivotal role in containing the recession by coordinating national expansionary monetary and fiscal policies, as well as drawing out general principles of strengthening financial regulation and supervision. What happens at the G20 summits, in June in Canada and in November in Korea, will be important for assessing if the G20 can emerge — as Paul Martin envisaged — as the forum in which leaders meet to form consensus and coordinate policy for various global issues, including climate change. Several obstacles and concerns persist.

In grading the G20's performance to date, Ngaire Woods said the group has:

[D]one very well in preventing the wealthy economies from seizing up. They coordinated quickly and they took some decisive cooperative action. I think they get high marks for that. They have done a little bit — 5 out of 10 — on financial regulatory reform. But when it comes to easing the impact of the crisis on developing economies, [they get] 3 out of 10 because they have been high on promises but low on delivery. (Goutier, 2010)

The inability to meet past promises is a constant criticism of the G20 (and G8). Reforms agreed upon in Pittsburgh are threatened by countries seeking “to ensure that their own financial sectors don't lose a competitive edge” (Clark, 2010). Reforms at issue include bank-sector taxes, rules requiring more capital to back lending and minimize leveraged trading and the means to keep tabs on big international institutions' cross-border activities. The FSB recently reported that many nations are lagging behind on reforms, although progress has been made in major financial centres such as the US, Britain, Germany, France, Japan and Hong Kong (Torobin, 2010). Inconsistent approaches to exit strategies and premature withdrawals of some measures could jeopardize global stability.

Internal dynamics could interfere with the G20's potential to be the successful contact group for future global governance. There are divisions within the G20 countries, for example, on China's monetary policy and currency controls, the pace at which emerging and developing countries are recovering from the crisis, the timing for the removal of stimulus packages, and the management of trade protectionism. There is a “G2 operating at the heart of the network ... US-China negotiations on key issues will be a central factor in shaping dynamics and negotiations with other members” (Martinez-Diaz and Woods, 2010). Perhaps the G20 is the answer to a G2; the G20 must overcome these obstacles to form a consensus and deliver on past promises.

Chinese and US interests diverge, despite a mutual interest in financial stability. Tensions arising from such concerns as arms sales to Taiwan, the Dalai Lama and Google censorship trump cooperation in the G20. The emphasis on the divergence of interests is a weak argument — the G8 would be subject to the same criticism given the split between Russia and the US on issues such as NATO expansion or Georgia. We cannot deal with global deadlocks by confining discussion only to the like-minded. To solve global problems we must have countries at the table that have different views and interests.

The G20 has the potential to combine the best of the G8 and the UN while avoiding their drawbacks:

The G20 offers the best crossover point between legitimacy (based on inclusiveness and representation), efficiency (which requires a compact executive decision-making body) and effectiveness (where those who make the decisions have the greatest ability to implement or thwart them). Its purpose would be to steer policy consensus and coordination and mobilize the requisite political will to drive reform and address global challenges... It could combine the personal engagement and informality of G8 summitry, the detailed preparation and follow-up work required to vest summits with successful outcome and delivery and the unique legitimacy that only the UN can confer as the sole authenticated voice of the collective international community. Thus, the real challenge is how to retain the positive attributes of the existing major nodes of global governance while shedding their pathologies. (Thakur, 2010)

The Future Agendas

The effectiveness with which the G20 confronts the financial crisis and delivers on its Washington, London and Pittsburgh commitments, and those to be made this year in Toronto and Seoul, will determine its credibility and value as a forum for managing other global challenges. Without sustained coordinated efforts in the recovery phase of the financial crisis and its successful resolution, the G20 will not continue as an influential forum, let alone expand its portfolio beyond international economic cooperation.

The enlargement of the agenda, if any, will take place progressively. This is the experience of the G7.⁴ There is an emerging consensus that the G20 has helped mitigate the impacts of the crisis and has proven effective; agreement reached in the next six months on some of the tougher issues will augment this consensus. The G20 could move its agenda beyond economic issues to eventually include development, climate change, nuclear proliferation, public health and other major governance issues with global political, social, environmental and economic consequences. G20 countries stated, in the Washington communiqué, that they “are committed to addressing other critical challenges such as energy security and climate change, food security, rule of law, and the fight against terrorism, poverty and disease.”

Debates within the G20 have not addressed climate change per se, but rather the financial aspects of dealing with climate change and how economic growth, post-crisis, must be sustainable. The discussions within the G20 that have occurred on climate financing focused on financing options, not on who pays what — a divisive issue between emerging economies and developed countries. To include elements of climate change solutions in G20 discussions, France has indicated it will use its G20 chair in 2011 to push for taxes on financial transactions to raise money to fight climate change (Fogarty, 2009).

The slow progress in the United Nations Framework Convention on Climate Change (UNFCCC) on a new climate change deal has prompted the EU to view the G20 as potentially one of the more effective forums for these negotiations, although the Europeans “remain firmly committed” to the UNFCCC. Following the recent EU summit, then UK Prime Minister Gordon Brown supported the EU position, stating, “I believe we need to find a new way, perhaps with a larger group of the G20 to bring the talks together” (Philips, 2010). The US has promoted the idea of using the G20 as the forum for pursuing a solution to financing climate change

(Shankaran and Matthew, 2009). In contrast, Brazil, Russia, India and China have stated that the main forum for negotiating climate change should be the UNFCCC.

Despite the views of some G20 countries that an alternative, smaller forum is required to advance climate change negotiations, it appears that neither Canada nor Korea will use their positions as the 2010 G20 chairs to add climate change explicitly to the summit agendas. Nevertheless, it is likely that climate change considerations and the need for green growth will permeate the financial and economic discussions at the Canadian and Korean summits.

Several G8 members, who have, or think they have,⁵ greater relative influence than they do in the G20, may want to maintain the G8 for as many issues as possible (Canada, Italy and Japan share a strong interest in maintaining the G8). In principle, Russia has called for the G20 to adopt the international economic issues from the G8 agenda and leave political issues such as non-proliferation, global threats and regional stability as priorities for the G8. Canada echoes this call, and will use the 2010 G8 summit to focus on development and international security issues and the G20 summit to function as an economic forum. Korea also supports a financial focus to the G20, and, in 2009 argued “not to dilute the focus of the Summit by adding other heavyweight issues such as climate change...” (Sakong, 2009). Korea, the first recipient-turned-donor country of the OECD, will introduce economic development into the G20 and will seek to “bridge the perspectives” of the advanced and emerging economies in the G20 process (Sakong, 2010).

Global challenges are interconnected. Leaders cannot discuss the international financial system without also discussing trade, development and international institutions. Previous G20 communiqués mentioned climate change, trade, energy, food security and development within the context of countering the financial crisis. In Pittsburgh, climate change and trade were on the agenda, with little visible effect. The potential does exist for these “heavyweight” issues to become the focus of future G20 meetings. To a large extent, how and when the enlargement of the agenda occurs is up to the G20 chairs. However, leaders will decide what they want to talk about — and careful preparation and choreography can be upset by sudden crises. Leaders are perfectly capable of deciding to have unplanned discussions⁶ or of adding new themes for subsequent meetings.

4 In fact, expansion of the G7 to the G8, adding Russia, took place over five years.

5 Having more “air time” in a smaller group does not necessarily translate into more influence.

6 For example, transnational crime in 1995.

Composition

The G20 represents the new dynamic of global politics (Bradford, Bhattacharya and Linn, 2010). No international forum can be effective as a global coordinating committee without having Brazil, China and India involved. The G20 has been functioning for ten years at the finance ministers' level, and has a history of cooperation and consensus building. The group includes ten nations from various regions of the non-western developing world, six Asian nations, three Islamic nations, and is large enough and diverse enough to closely reflect the political economy of the world today (Bradford and Linn, 2010). At the same time, it is still a small enough group that its members can develop relationships and establish trust, leading to successful collaboration.

Although it seems we have arrived at a point at which the G20 will persist as the global economic forum, there is a lively debate about which countries should be at the table. Africa is underrepresented — with only South Africa at the table. Europe is overrepresented, especially since Spain⁷ and the Netherlands were invited to the Washington G20 and will be in attendance again in Toronto. Pittsburgh involved the leaders of ASEAN and the African Union (AU). The Nordics have lobbied for a seat. Poland has been vocal about joining the group, based on its size. There is no clear criterion for membership. One could argue that GDP per capita is a better measure of a country's capacity to contribute to solutions in poor countries; GDP aggregates the output of many impoverished farmers.

Several options — all with their pros and cons — have been proposed.

As in any international grouping, there is a trade-off between increased size (greater legitimacy) and allegedly greater efficiency. In 2000, Norbert Weinrichter argued for a G3:

Generally, cooperation gets easier if the number of partners decreases and transaction costs are reduced. Thus, replacement of the G7 by a "G3" should make things easier. One simple conclusion from this is that efficient cooperation requires a single and stable player in external relations. Many authors have suggested that the community institutions and the Member States should take all necessary steps to ensure the best possible

cooperation in regard of the unity of representation in international organization. To put it more directly, only one voice should speak for the euro in the international field. Where different actors internally share competences, they should coordinate in advance who will speak and vote in the framework of an inter-institutional agreement. This institution is then considered trustee of the other actors whenever their competences are at stake.⁸ (Weinrichter, 2000)

Stewart Patrick of the US Council on Foreign Relations outlines three other options for a global coordinating group: the G8, a G13 (or some intermediate group), and "variable geometry." The appeal of retaining the G8 is most felt by the smaller members, such as Canada and Italy, who will see their role and influence reduced in a larger forum. Patrick notes that the G8 "provides a more congenial forum than the G20 for discussing sensitive political and security matters" (Patrick, 2009) because of their shared economic and political values (Russia aside — admittedly a very large caveat), and therefore it is also in the other Western members' interest to safeguard the G8.

An intermediate forum, such as a G13, is less cumbersome than a G20, but more inclusive than the G8. Brazil, China, India, Mexico and South Africa have been meeting with the G8 through the Heiligendamm process since 2006, and would be the likely additions — France had supported this composition. The G13, however, does not include a Muslim country. Adding one of Turkey, Saudi Arabia, Indonesia or Egypt and increasing it to the G14 could resolve this concern. The difficulty is deciding which of those Muslim countries might be included. In 2009, France announced that when it hosts the G8 in 2011, it will convene 14 leaders: the G8 +5 plus Egypt (Zeenews, 2009).⁹

Variable geometry is characterized as a "pragmatic option" in which the countries participate based on their interest in a particular issue and their capacity to address it. Variable geometry could rotate around a core group (either the G8 or the G13) to reduce transaction costs. A current example of variable geometry is the Major Economies Forum (MEF) on Energy and Climate Change. The G13 countries, plus Australia, Indonesia and Korea, comprise this group; they met six times in 2009 and are planning to meet again in 2010. A second example is President Barack Obama's April 12-13, 2010, Nuclear Summit in Washington, which discussed future steps to secure vulnerable materials, combat nuclear smuggling, and deter, detect and disrupt attempts at nuclear

7 "The scramble for a seat in Washington has turned the G20 meeting into a national fixation in Spain and provided fodder for facile comedy: In a television skit, a gangly Zapatero impersonator bangs desperately on closed doors and showers Sarkozy with kisses; in another, he complains he cannot find his G-spot." (Burnett and Bennhold, 2008)

8 The prospect of the Europeans being able to agree to speak with one voice is close to absolute zero. In any case a G3 would be ruled out on legitimacy grounds.

9 However, Turkey and Indonesia dwarf Egypt in economic terms.



AP Photo/Carolyn Kaster

terrorism. There were 44 countries at the table — too many to expect serious progress at the meeting itself.

The proliferation of summit meetings is itself a problem. There is a limit to the number of summits that the US or Chinese presidents will attend. The question arises as to whether consolidation makes sense, given the time burdens of travel to these events. Perhaps one longer event, over three days, makes more sense than a series of individual meetings.

In a recent speech delivered at the UN, Singaporean Ambassador Vanu Gopala Menon encouraged the G20 to adopt a variable geometry approach in its ministerial meetings to strengthen its engagement with non-members. Ambassador Menon further supports the inclusion of different countries in the G20 decision-making process for issues in which these countries have a vested interest. Too many people at the table preclude the intimacy and personal connection that was the prime contributor to past successful G7 summits. Complexity increases when different people are present for different issues — which in many cases are interlinked.

The feature of G7 meetings most appreciated by leaders was the opportunity for meals with their counterparts, with only whisper interpreters present — their officials being banished from the room. The value of this feature is clearly more problematic the larger the number at the table.

Regardless of which countries are included in the G20, those excluded will be unhappy and decry the group's illegitimacy. The Pittsburgh Summit, unfortunately, had 55 seats at the table. Of course, 20 of these were finance ministers or bankers — but 35 are too many. Format matters — one seat per country (elbow to elbow) should be the rule to deliver the requisite informality.

Twenty at the table is the limit for an effective group. Expansion of the G20 (yielding to the pressure of the Spanish, Dutch and Nordics, and accepting seats for ASEAN, the African Union and the Caribbean Community (CARICOM)) will inevitably result in the creation of a smaller, executive group operating in a less transparent manner.

In the future, perhaps Europe should have fewer seats. Europe is over-represented in the executive bodies of many international institutions. Colin Bradford and Johannes Linn suggest that, in an ideal world, Europe would only have one chair and one voice in international institutions. An alternative could be to reduce their seats to five (the logic being that the Americas, with a larger total GNI and population than Europe,¹⁰ have five seats) and let them decide among themselves who will fill those seats.

10 In 2008, Argentina, Brazil, Canada, Mexico and the US had a combined population of 675.7 million and combined GNI of US\$18.6 trillion. The EU population was 497.6 million with a US\$17.3 trillion GNI. (World Development Report, 2010.)

Canada is inviting Ethiopia and Malawi (holder of the African Union Presidency) – along with the Netherlands, Spain and Vietnam – as guests to the Toronto G20 meeting. While this step clearly augments the African representation, it is unlikely that these countries will be involved in the meeting preparations. There is a risk of petulant ingratitude at “just being invited for dessert.” In any case, adding more seats to the table risks rendering the discussion inefficient. One way forward would be for the EU representatives to commit to speak with only one voice at the summit.

In addition to the current G20 being over-represented by Europe, it is under-represented by Africa and smaller states. In 2003, Klaus Schwab called for a “Partnership 21” (P21) to act as a new global group to tackle global challenges. The P21 call was for ten developed and ten (“of the most important”) developing countries, plus seats for the UN and the EU.¹¹ Schwab included both Nigeria and South Africa. There is a trade-off between legitimacy and effectiveness. Taking the current 20 countries as given (at least for now), effective mechanisms for outreach and consultation will be essential to ensure that the activities and decisions reflect as broad a spectrum of views as possible. Figure 1 (opposite and on page 12) depicts various options that have been proposed for a global coordinating group with 20, or close to 20, members.

A “Non-Secretariat”¹²

The preparatory process for summits is both an art and a science. A critical role is played by each leader’s personal representative, called the “sherpa.” The country hosting the annual G8 event organizes the summit, which takes place each year in June or early July. The incoming host takes over on January 1 and generally calls several preparatory meetings involving officials from member countries. It is customary for the host G8 sherpa to visit each of his or her counterparts in December before the start of the presidency to seek views and establish a personal relationship. Since 1995, the host has convened a meeting of all the member sherpas after each summit, in the latter part of the year, to review progress on the commitments made at the leaders’ meeting.

The G8 summit process has been criticized for the lack of continuity and implementation monitoring. The G20 summit will have to demonstrate that it can do better. The preparation of a G20 meeting is much more complex than a G8. With

the increased number of participants relative to the G8, the challenge for coordination and continuity is more extreme. The preparation and follow-up process for the G20 summit will be more demanding as it involves many more players, not to mention more frequent change in leaders. It would be very onerous, for example, for the host sherpa to visit all the member countries. The preparation of a G20 meeting at leaders’ level is also more challenging than preparing for G20 finance ministers’ meeting. Finance ministers and their officials meet many times during the year. The G20 summit will have a more comprehensive agenda relative to the G20 finance ministers’ meeting.

The G20 will meet at leaders’ level twice in 2010 – in Toronto in June, and in Korea in November. The hosts plan each meeting according to their own agendas. The challenge is to manage and organize the summit to ensure continuity, institutional memory, and the implementation of plans and promises, and yet be driven by capitals. The need for extensive preparation must be reconciled with the antipathy towards creating a formal bureaucracy for summits. Preparation must be done through a nimble, “non-bureaucratic” secretariat – controlled by leaders – that would provide administrative and other support to the overall activities of the G20.

Currently, with the G20 chair rotating among members, the incumbent chair temporarily establishes an informal secretariat for its term to coordinate the group’s work and organize its meetings (Republic of Korea, 2010). Korea’s is more formal – called the “Presidential G20 Committee.” At the finance ministers’ level, the G20 chair is part of a revolving three-member management “troika” of sherpas that consists of the current chair and the immediately preceding and succeeding chairs. The management picture at leaders’ level is less clear with both Korea and Canada hosting the G20 in 2010. Currently, there appears to be a “quintet;” the past hosts – the UK and US, Canada and Korea, and France (The White House, 2010).

One way to address the management challenge – to reconcile the need for extensive preparation with the antipathy for formal bureaucracy – is to set up a G20 summit “non-secretariat.” Leaders would not want to see a bureaucratic structure take over the G20 summit. The existence of a heavy secretariat structure could undermine the commitment by the national government departments and agencies to the G20 summit processes. Formally, the proposed non-secretariat would be located for one year in the host country. Alternatively, it could be hosted in one of the troika countries and move every three years. It would be headed by the G20 troika sherpas, with two being non-resident. There would be no separate “executive secretary” or “managing director.”

11 See Government of Slovenia (2004); and The Hindu Business Line (2004).

12 A non-paper in diplomatic jargon provides text for a proposed agreement offered informally for discussion without committing the originating author to its proposals.

Figure 1: Options for Composition



A. Group of 20



B. Group of 20: Total of 5 seats for European countries – EU discretion who holds those seats



C. Group of 20:
– Germany, Italy and UK, + UN, ASEAN, AU



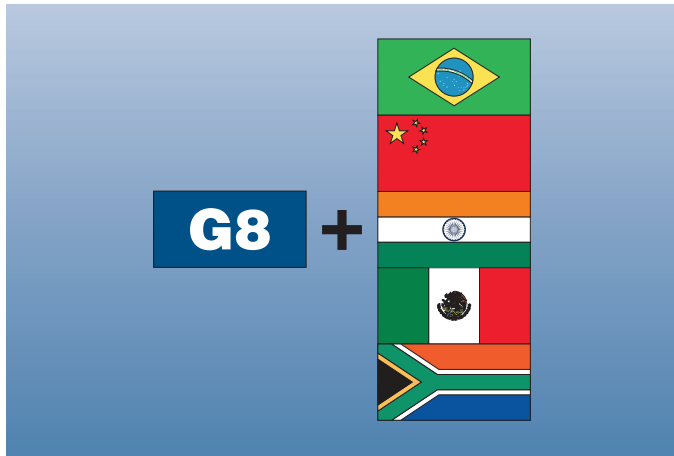
D. Major Economies Forum (MEF):
Meetings on energy and climate change

Figure 1 (pages 9 and 10) depicts the options for composition of a global coordinating group with 20, or close to 20 members. It is currently unknown how many additional groups will be invited to the G20's June meeting in Canada and to the November meeting in Korea. Options B and C are permutations of the current G20 and are proposed to redress the over-representation of Europe. In option B, there would be five European seats in total, and the EU and its members could decide by whom and how those seats would be filled. Option C removes the individual European countries, except France – the 2011 host – and redistributes those seats to regional organizations. Option D, the Major Economies Forum (MEF), last met in October 2009, and is planning to meet in spring 2010.

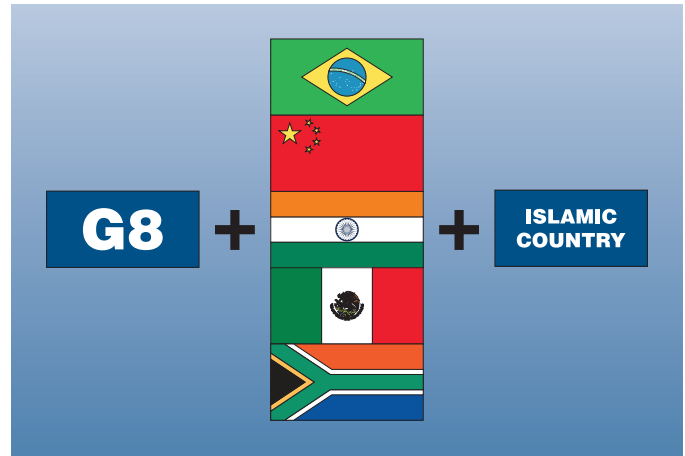
The five countries proposed in Option E (page 10) have been meeting on the margins of the G8 summits. Option G involves replacing Canada and Italy with China and India.¹³ In variable geometry, the base group could either be 8, 13, 14 or 20. Criteria could be set for deciding which countries are invited for which issues based on interest, capacity and or degree to which the country will be affected.

¹³ By any reasonable criteria concerning the capacity to contribute to global solutions, Canada has excellent credentials: GDP in 2050, economic efficiency, educational attainment, the UNDP human development index, land mass, measures of innovation potential, control of energy resources, carbon sinks, trade, direct foreign investment abroad, military expenditure, and the Chinese concept of comprehensive national power. But will this be enough? See Carin and Mehlenbacher (2010).

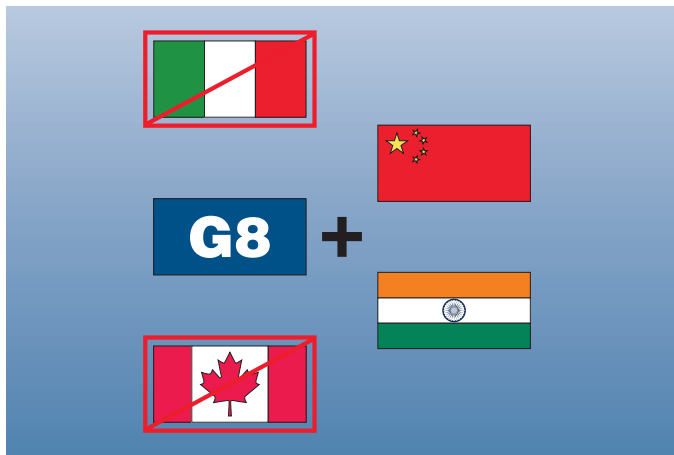
Figure 1: Options for Composition (continued)



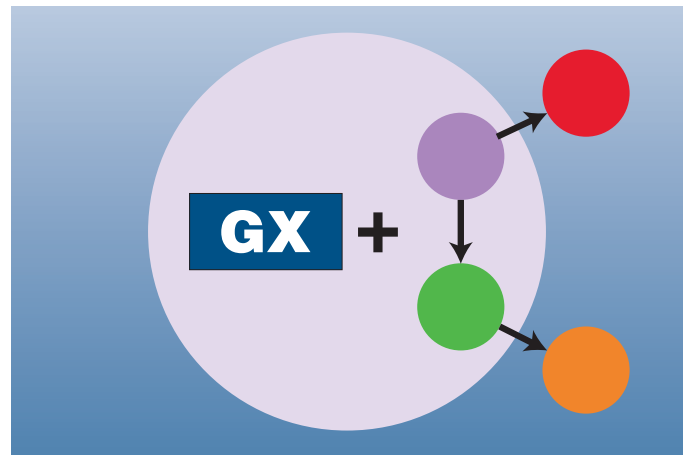
E. Group of 13 + Brazil, China, India, Mexico, South Africa



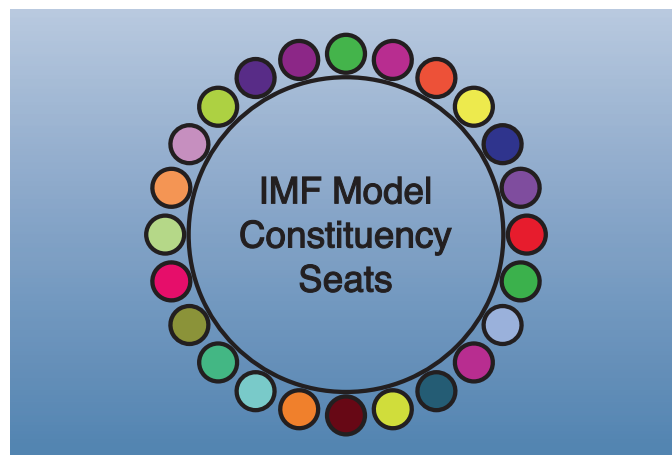
F. Group of 14 + Brazil, China, India, Mexico, South Africa, *Egypt, Indonesia, Turkey, or Pakistan



G. +2; -2
- Canada and Italy; + China and India



H. Variable Geometry
Having a base group countries and then inviting additional countries depending on topic/issue



I. Constituencies modeled on IMF system

Effective logistical and technical support for the G20 can be provided by seconding or cross-posting high-level staff from member countries of past, present and future hosts — forming a troika — for three-year terms. Seconded officials would maintain the essential contact with their own leaders and host government. This could ensure that the secretariat work was not isolated from official policy direction. Officials would remain on their home government's payroll. There are precedents. Some officials have been seconded ad hoc to host countries. In an effort "to make the G20 work for the future," Shriti Vadera, a former British cabinet minister, left her post to assist the Korean government as a liaison between the outgoing British and incoming Korean G20 chair. Additionally, the UK has seconded a senior official to Canada in the run-up to the June meeting.

Such administrative staff could be supported by technical staff from member countries or international organizations who would work on the summit agendas' thematic issues. Johannes Linn proposes a "permanent" secretariat be located for three-year intervals in the capital of a troika country (Linn, 2009).¹⁴ Placing the secretariat in one location would ensure a more integrated approach between secretariat administrative, technical and logistical staff. A "permanent" secretariat would also provide a more integrated and coordinated approach to summit preparation and follow-up, to management of external relations and outreach, and to general communications. With these staff carrying out their work in a permanent location, the chairs, the three sherpas forming the troika, could remain in their host countries and manage secretariat work remotely. Alternatively, quarterly meetings of the sherpas, at the call of the host country, could act as the coordinating group to supervise a handful of staffers.

Stronger liaison contact points and implementation reporting requirements could be established in the key international institutions that are tasked with following up on G20 summits. Alternatively, existing structures could be asked to provide support (as was the case with the OECD in the case of the "Heiligendamm Process" of the G8). The small budget of the secretariat would be funded in equal parts by the members of the current troika.

The functions of this "non-secretariat" secretariat would be to provide support for:

- Preparation of the summits (agenda and technical background);
- Follow-up of summits (monitoring implementation of commitments); and
- Managing relations with non-member countries and organizations.

Linn suggests that given the sensitivity concerning expansion of international bureaucracy and the aversion toward the formality of a new structure, it may be better to refer to the proposed administrative support unit as "G20 Summit Staff" (Linn, 2009).

Outreach and Consultation Processes

A variety of consultative mechanisms will be required to ensure that voices from developing countries and non-G20 countries are heard, and that the process does not descend into bloc politics. COP-15 in Copenhagen recently demonstrated the inability of 193 countries to act as a negotiating forum (and the inability of a group of five to deliver anything meaningful). The challenge is to incorporate the wide range of interests and perspectives into this smaller group without losing effectiveness. The legitimacy of the decisions and directions taken by the G20 depends on the degree to which those left out feel represented by the process — the greater their perception of inclusion, the more likely they will be to adopt or endorse G20 policy positions. As such, despite its informality, the G20 must complement its activity by reaching out to other governments as well as to business, civil society and the policy research community. Its governance model should be to consult and cultivate, not to command and control. Promoting transparency and participation will buttress the G20's legitimacy.

Official circles have an incentive, if not a prejudice, to minimize peripheral meetings — for example, ministerial meetings of environment, health or energy ministers.¹⁵ Time is limited and cacophony from the full spectrum of petitioners is not constructive. To promote transparency and participation, if only to buttress its own legitimacy, the G20 could establish systematic processes to hear other voices. Some suggestions follow.

¹⁴ Linn suggests it be located in an emerging economy — we think not and cite the UN Environment Program in Nairobi as a cautionary example of the risks of placing headquarters in a city that is not fully developed.

¹⁵ On the other hand, the Koreans plan a Youth 20, a business event, and a G20 tourism conference.

The Non-G20

Countries not in the G20 are concerned about not having a presence. Countries like the Nordics, Poland and those in the Caribbean believe they have the weight to justify their presence, or the peculiarities and vulnerabilities that need to be heard. The Heiligendamm Process was established to organize a dialogue between the member states of the G8 and the important emerging economies on the biggest challenges facing the global economy. It institutionalized high-level dialogue on several issues—suggesting the OECD as the platform (G7 Summit, 2007). The Heiligendamm Process dialogue can be replicated between the G20 and non-G20 countries. It would be important not to fall into a trap whereby the G20 both imposes and specifies the process. Consultations should take place to ensure joint ownership of the future process. In order to work with the G20, non-G20 countries could strengthen networks among themselves “to coordinate their policy positions and to build up their capacity in areas in which the G20 pronounces” (Martinez-Diaz and Woods, 2009).

The recently formed Global Governance Group (3G), representing 23 small- and medium-sized countries, is an example of one such network. Its purpose is to ensure that the actions and decisions of the G20 complement and strengthen, rather than undermine, the United Nations (Deen, 2010). The 3G is particularly interested in securing the formal participation of the UN Secretary General in G20 summits and preparatory meetings. Their view is that

for the G20’s deliberations to be translated into effective actions on a global scale, they will need to be more consultative, inclusive and transparent...This will require the development of appropriate mechanisms to engage and consult the wider U.N. membership (Deen, 2010).

G20 Parliamentarians

Previous experience with parliamentary assemblies (for example, NATO) indicates that there may be a useful role for legislators in reaching common understandings. Legislators could have a significant role in any future activity focused on accountability for summit commitments. Global Legislators Organization for a Balanced Environment (GLOBE International), founded in 1989, consists of senior cross-party members of parliament from all G8 countries and Brazil, China, India, Mexico and South Africa; it shadowed the formal G8 negotiations and allowed legislators to work together in a “G8+5 legislators’ forum” outside the formal international

negotiations. In an effort to develop productive consultative mechanisms, the GLOBE’s legislators’ forum could include parliamentarians from all G20 countries. Canada and Korea could co-host meetings of the group in Seoul and Ottawa in 2010 to broaden the dialogue and develop a better sense of priorities and policy approaches prior to the summit meetings.

Business

There is a need for a process to give a voice to business communities from member countries and provide advice and counsel on policies affecting business and industry. Canada is inviting two senior business leaders from each G20 country to the Toronto summit to exchange views among themselves, engage in an informal dialogue with finance ministers, and offer recommendations to leaders. Korea has also recognized this need and will host a Business Summit at the same time as its G20 summit, “to bring the private sector into the process” (Sakong, 2010). In Davos, in 2009, HSBC Group chairman Stephen Green called for the setting up of a “Business 20” forum comprised of the world’s largest companies, including from the developing world, with a focus on those with international operations. The commentary on his proposal highlighted the potential for an almighty squabble as companies compete to be included ... Deciding who gets to be in the G20 is ticklish enough and that only involves selecting 20 countries from a possible 200 or so. How much more tricky would it be to find a consensus on which 20 companies should be in the B20 from a sample size of thousands? (Sakong, 2010)

One solution would be to use as a model the consultative mechanisms of the Business Industry Advisory Committee (BIAC) and the Trade Union Advisory Committee (TUAC) at the OECD. The committees could consist of representatives of associations or networks of major businesses, business organizations and NGOs representing business views — such as the World Business Council for Sustainable Development (WBCSD), and of major trade union alliances, respectively. The BIAC and TUAC have advance access to the agendas of OECD Ministerial meetings and confer with the chairs and vice chairs of ministerial meetings preceding the event.

Research Community

South Korea could invite representatives of think tanks and research institutions from G20 countries to meet in Korea several months before its summits in November. A G20 think tank network could be formally constituted,

with a small permanent secretariat being provided, possibly set up in partnership by Canadian and Korean institutions. The network would operate a “Track 1.5” process¹⁶. Membership could be extended to organizations in non-G20 countries.

Conclusion

For 2010, Canada and Korea should try to secure the legitimacy of the G20 by succeeding in resolving the financial crisis. The preparations and deliberations should focus on formulating and implementing the necessary cooperative actions.

- Pressure should be directed at the EU representatives to speak with one voice (despite occupying six or more chairs). This would allow each host country to invite several “guests” to provide for better regional representation without increasing the number of participants beyond an effective limit.
- A “non-secretariat” to carry out preparations for summits should become the norm, resident in the host country, staffed by officials from the troika governments who would remain on their own government’s payrolls. Other governments could second staff on the same basis. The Head would be the troika country sherpas.
- Using existing models (parliamentary assemblies, the OECD’s advisory committees, the Heiligendamm process), G20 hosts should establish systematic consultation processes to allow for meaningful, substantive dialogue throughout the preparatory process.

¹⁶ “Track 1.5” is an informal or unofficial process working outside “Track 1” negotiation, mediation or government-to-government processes. Participants may include serving diplomats, private actors, researchers and people from other walks of life.

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Acronyms and Abbreviations

ASEAN	Association of Southeast Asian Nations
AU	African Union
BIAC	Business Industry Advisory
CARICOM	Caribbean Community
FSB	Financial Stability Board
FSF	Financial Stability Forum
G8	Group of 8
G20	Group of 20
GLOBE	Global Legislators Organization for a Balanced Environment
IMF	International Monetary Fund
MEF	Major Economies Forum
OECD	Organisation for Economic Co-operation and Development
P21	Partnership 21
TUAC	Trade Union Advisory Committee UNFCCC United Nations Framework Convention on Climate Change
WBCSD	World Business Council for Sustainable Development

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The Centre for International Governance Innovation is an independent, nonpartisan think tank that addresses international governance challenges. Led by a group of experienced practitioners and distinguished academics, CIGI supports research, forms networks, advances policy debate, builds capacity, and generates ideas for multilateral governance improvements. Conducting an active agenda of research, events, and publications, CIGI's interdisciplinary work includes collaboration with policy, business and academic communities around the world.

CIGI conducts in-depth research and engages experts and partners worldwide from its extensive networks to craft policy proposals and recommendations that promote change in international public policy. Current research interests focus on international economic and financial governance both for the long-term and in the wake of the 2008-2009 financial crisis; the role of the G20 and the newly emerging powers in the evolution of global diplomacy; environment and energy, including climate change; and issues related to global and human security.

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