

G20 DEVELOPMENT PLAN BRIDGES OLD AND NEW

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KEY POINTS

- The Seoul summit will break new ground in the G20 building process with the inclusion of development on the leaders' agenda — with an emphasis on building resiliency, balanced and long-term growth in emerging markets and other countries.
- The G20 Working Group on Development has drafted a plan that advances a new approach to development integrating elements of the traditional donor model and the new rising donor model.
- Bridging the differences of the old and new models will be key to reaching consensus on a new development approach — a role that the Korean hosts believe they have the experience to play.

The decision to put development on the agenda of the Seoul G20 summit marks a new stage in the progress of the self-described “premier forum” for managing the world economy. The Korean hosts deserve credit for this accomplishment. They lobbied skillfully for it and have proposed a vision of the G20’s comparative advantage in dealing with development.¹ This vision focuses on the “economic” dimension of development, emphasizing sustainable, balanced and enduring growth, and building resiliency. Aid discussions are excluded and better left to other arenas such as the United Nations, World Bank and the G8.

By expanding the formal agenda to include development, the G20 speaks to the concerns of emerging markets and other developing economies within the G20 itself, but also to the majority of the 172 countries that are not members of the G20. The initiative goes some way to boosting the legitimacy of the G20, which is a self-selected grouping.

Furthermore, by confronting the issue of development, the G20 can gain some momentum for itself beyond its response to the global financial crisis. The G20 leaders’ original and concerted focus on stabilizing the world economy has weakened as the financial crisis has faded. Development is seen as a momentum-building item that can restore a sense of longer-term purpose and even urgency to the G20 process.

Korean strategists preparing the summit have stated unambiguously that there is no “one-size-fits-all” formula for developmental success; that a variety of development models and approaches should be considered; and that developing countries must lead in designing and implementing their strategies tailored to their own circumstances.²

Nonetheless, in discussions for Seoul conducted by the G20 Working Group on Development (G20 WGD) through a broad-based consultation with developing countries and global and regional organizations, a plan with eight key pillars has been identified:³

- Infrastructure;
- Private investment and job creation;
- Human resources development;
- Trade;
- Financial services;
- A G20 platform for knowledge sharing;
- Resilience and food security; and
- Governance.



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This plan essentially advances a new “G20 approach” to development that incorporates elements of the model traditionally advanced by bilateral Western donors in the Organisation for Economic Cooperation and Development Development Assistance Committee (DAC OECD) and the development lessons from China and other countries that some are calling the “rising donors.”⁴ The timing is not coincidental. The validity of the development policy advice put forward by traditional donors has faced serious questioning in recent years. Although the challenge to the traditional donors precedes the global financial crisis, it has further intensified in the wake of the financial crisis.

Given that such major emerging nations as Brazil, India and China (BIC) have come out of the global crisis earlier than many of the most advanced economies, and seem to have suffered less, it is not surprising that other countries (both developed and developing) are looking more closely at their experiences and drawing lessons-learned and best practices. The rising influence of these states in international development is part of the broader shift in the global order taking place today.

A tell-tale sign of their increasing influence on development thinking is that the G20 WGD has identified infrastructure as the first pillar in its proposed plan. The priority that *should* be attached to large-scale infrastructure and energy sector development versus a “pro-poor growth” approach that emphasizes targeted public-sector spending in the social sector, particularly health and basic education for the poorest of the poor and those living in remote and disadvantaged areas, has been an issue in the ongoing policy scrum between China as development partner and the traditional donors. The BICs’ growing influence in the development debate is also seen in the WGD’s identification of financial services — including access to public financing models for enterprises of all sizes — as crucial to determining outcomes in many parts of the developing world. The state development banks of China and Brazil are leading reference points.

The eight-pillar plan is an effort to promote a paradigm shift and a new consensus on development. This is not an easy goal because it requires bridging differences from competing approaches and models of development, taking from the old and the new. Similar challenges as well as competing institutional interests constrain the other development-related proposal that the Korean hosts are advancing at Seoul: a “global financial safety net” to support countries facing liquidity or currency crises in times of international financial or monetary crisis.

The Korean hosts have positioned themselves in a bridging role at this summit; what is interesting is that the major rising states also see themselves as “bridges” in the North-South divide, presenting themselves as advocates for the needs and concerns of the least developed and low-income countries at global discussions. The Republic of Korea host rightly believes that its remarkable experience of moving from a low-income to developed country in only one generation contains unique lessons for other developing countries.

The summit in Seoul will be a litmus test of whether, or to what degree, “the 20” can agree on policy prescriptions and priorities for a new and shared agenda on global development. At a time when significant differences in developmental preferences exist, it will be the first serious effort to strike a new consensus on global development. Success on this item will increase the G20’s legitimacy and sustain momentum of the G20 process. A promising sign is that the major emerging countries appear to want to support the success of the first G20 leaders’ summit to be held outside the old trans-Atlantic power base.

ENDNOTES

1 See ODI video at: www.odi.org.uk/events/details.asp?utm_source=newsletter&utm_medium=email&utm_campaign=101025&id=2498&title=g20-development-agenda-can-make-difference#audio-video.

2 To read Choong Yong Ahn’s article, go to: www.globalasia.org/V5N3_Fall_2010/Choong_Yong_Ahn.html.

3 For discussion and overview of the WGD’s draft plan, see: www.globalasia.org/V5N3_Fall_2010/Choong_Yong_Ahn.html.

4 See the article at: www.yorku.ca/ycar/programmes_projects/BRICS.html#network.