Lessons from the Frontlines: What I Learned From My Participation in the G20

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It is a rare privilege for an academic who has specialized in international economic institutions to get a chance to put what he has been researching into practice. I had this privilege when I became the first head of the South African Reserve Bank’s (SARB) new International Economic Relations and Policy Department. In this capacity I represented the SARB in the G20 meetings in which it participated during my approximately two years with the Bank, which concluded at the end of October 2014.

This article is my first attempt to reflect on the lessons I learned about the G20 and its relations with the countries and entities that participate in its meetings. It is divided into four sections. First, I will give a brief overview of the G20 process in order to put my experience and the lessons I learned into context. Second, I will discuss seven lessons I learned about global economic governance from the experience. Third, I will make three general observations about the G20 process. The final section is a conclusion.

Two caveats are in order. First, this article contains my personal reflections on the G20 and all the opinions expressed in this article are my personal opinions. Nothing that is stated in the article should be attributed to the South African Reserve Bank or the South African Government. Second, it is important to note that central banks participate in all the meetings of the Finance Ministers and Central Bank Governors leading up to the G20 Summit but they do not participate in the G20 summit itself or in the meetings of the G20 Sherpa track. Consequently, my reflections and opinions are based only on my experience as a participant in the G20 finance track meetings.

I. The G20 and its Finance Track

A Brief Overview

In the wake of the 1997 Asian financial crisis, the G7 finance ministers and central bank governors decided that they needed to incorporate a broader range of countries into their regular dialogue on international economic and financial policy issues. They therefore established the G20 as an informal forum in which the finance ministers and central bank governors from nineteen major advanced and emerging market economies and the European Union could meet once a year to discuss international economic issues. Each year the meeting was held in a different G20 participating country. The finance minister from the host state acted as the chair of the finance ministers and central bank governors meeting and the host state’s officials acted as the chairs of the preparatory meetings. In addition, since the

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3 The members of the G20 were: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States and the European Union.
group was informal and did not have its own secretariat, the host state for that year provided the secretariat support for the year.

Following the onset of the global financial crisis in 2008, the G20 was elevated from the ministerial level to a heads of state and government level. The first G20 leaders’ summit was held in November 2008 in Washington. At their third summit in Pittsburgh, the participants designated the G20 as the “premier forum for … international economic cooperation”.

In order to accommodate the elevation of the G20 to the level of leaders, a new track, the Sherpa track, was added to the G20 structure in 2008. The “Sherpas” are the personal representatives of the leaders, and their primary function is to guide each leader to the “summit”. The result is that today the G20 is a multi-layered structure that proceeds along two tracks—the Finance track and the Sherpa track. It culminates in an annual G20 Leaders’ Summit at which the leaders issue a communiqué and appended documents, which are the product of the combined outputs of the two tracks.

Both the Finance and the Sherpa track involve two levels of official meetings. The lower level consists of a series of working groups made up of technical level officials from the G20’s participating countries and institutions. The second level consists of a series of meetings of policy level officials. Thus, the Finance track involves working group meetings of technical experts from the ministries of finance and central banks of the participating countries and institutions and a set of meetings of the Finance Ministers and Central Bank Governors (FMCBG) and their deputies. Examples of the working groups are the Framework Working Group (FWG) which is responsible for the G20’s efforts to develop and implement a strategy for promoting strong, sustainable and balanced growth, and the Investment and Infrastructure Working Group (IIWG), which seeks, inter alia, to promote financial support for small and medium-sized enterprises and for infrastructure. The Sherpa track, which focuses on political and development issues of interest to the leaders involves meetings of technical officials from the ministries of foreign affairs and/or the offices of each leader’s Sherpa and a set of meetings of the Sherpas and their deputies. Examples of the working

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5 Paragraph 50, “G20 Leaders Statement: The Pittsburgh Summit” (24-25 September 2009, Pittsburgh), available at http://www.g20.utoronto.ca/2009/2009communique0925.html. It should be noted that during 2008-09, the acute phase of the global financial crisis, the G20 leaders met in three summits. They were held in Washington in November 2008, London in April 2009 and Pittsburgh in September 2009. Thereafter there has only been one summit per year.

6 For more information on G20’s 2015 activity see official website: https://g20.org. Also see, fact sheet on G20 under Turkish Presidency, available at: https://g20.org/wp-content/uploads/2015/06/Fact-Sheet-G20-Turkey-2015_.pdf (last visited 15 June 2015). The complete collection of the publicly available official G20 documents, as well as other relevant information is available from the G20 Research Group: http://www.g20.utoronto.ca/

7 At their summit in Pittsburgh in 2009, the G20 leaders announced in their communiqué that they had agreed to launch a “Framework for Strong, Sustainable and Balance Growth”. The framework would involve international cooperation to promote policies aimed at stimulating growth, creating employment, and maintaining responsible and sustainable fiscal policies. They also tasked their FMCBG to initiate a “a cooperative process of mutual assessment” of national policies and their implications for the pattern and sustainability of global growth. See, Preamble, Paragraphs 13-15 and section on “A Framework for Strong Sustainable and Balanced Growth in, “G20 Leaders Statement: The Pittsburgh Summit” (24-25 September 2009, Pittsburgh), available at http://www.g20.utoronto.ca/2009/2009communique0925.html.

8 The other issues currently being discussed in the finance track are reform of the global financial architecture, financial regulatory reform and tax reform.

9 This paper does not discuss the Sherpa track meetings in any detail because central banks only participate in the Finance track.
groups in this track are the Development Working Group (DWG) and the Anti-Corruption Working Group. These two tracks run more or less in parallel until the end of the G20 year when their work is combined in the preparatory work for the G20 Leaders’ Summit. It is important to note that currently the G20 does not have its own independent legal existence, its own permanent secretariat, or its own permanent leadership. Instead, each year its affairs are managed by a troika, which is chaired by the country that is presiding over the G20 that year. It is assisted in this assignment by the past and future Presidents of the G20, with the three countries making up the “troika” for that year. In fact, the country currently presiding over the G20 plays the most active role in leading the G20 during the year and so often acts as the public face of the G20 for the year. It is responsible for determining the priorities for the G20 for that year, organizing and chairing the Finance and Sherpa track meetings and the Summit for that year, for managing the communiqué drafting process for the G20 Summit and the FMCBG and Sherpa meetings, and for providing secretariat support to the G20 during the year. The use of the troika system allows the G20 to transfer knowledge from one chair to the next and ensures that each time a new chair takes over it has acquired, through its participation as incoming chair in the troika, some experience in how to run the affairs of the G20. The next year it is able, through its participation as outgoing chair in the troika, to transfer its knowledge and experience to the current and incoming chairs. It is important to note however that the leadership of the working groups in both tracks is arranged on a different basis. Each working group has two or three co-chairs and in most cases the co-chairs come from different countries from the G20 President. For example for the last few years, India and Canada have co-chaired the FWG regardless of the identity of the G20 chair. The rationale for having co-chairs, who usually consist of one advanced economy and one emerging market economy, appears to be to ensure that a range of states are able to play a leadership role in the work of the G20. The final point to note is that, in fact, “G20” is an inaccurate designation for the group because there are more than twenty countries participating in any given year in the affairs of the G20. In addition to the nineteen countries and one supranational body that are the permanent members of the G20, there are a number of informal members. These include Spain, which is considered a permanently invited guest of the G20, the African countries that chair the African Union (AU) and New Partnership for Economic Development (NEPAD) and the Asian country that chairs the Association of South East Asian Nations (ASEAN) for that year, one or two countries that are invited as the guests of the G20 President for that year, and representatives of the key international organizations involved in global economic governance. The organizations that participate regularly in the work of the G20 are the International Monetary Fund (IMF), the World Bank Group (WB), the Organization of Economic Cooperation and Development (OECD), the Financial Stability Board (FSB), the

10 The other issues currently being discussed in the Sherpa track are employment, trade, food security and energy sustainability.
11 In fact, the separation of the two tracks is not absolute and during the Australian Presidency efforts were made to enhance coordination between the two tracks.
12 Id. Currently, the permanent members of the G20 are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States and the European Union. In addition, the participants in G20 meetings in 2015 will include: Spain, Azerbaijan, Singapore and the chairs of ASEAN (Malaysia), African Union (Zimbabwe) and NEPAD (Senegal)
Bank for International Settlements (BIS), the United Nations (UN), the International Labour Organization (ILO) and the World Trade Organization (WTO). In addition, a representative of the G24 participates in the Deputies level meetings in the finance track. Since there is no voting in the meeting, all these entities participate on equal terms in all meetings.

*The Schedule of the G20 FMCBG Meetings*

The G20 FMCBG track schedule consists of 6 meetings during each G20 Presidency. It begins with a deputies meeting in the December preceding the year of a particular country’s presidency. During the actual year of its presidency, there will be one other deputies meeting held approximately half way through the year. In addition, there will be two FMCBG meetings held in the country of the G20 chair, one early in the year and the other early in the second half of the year. In addition, the FMCBG will meet in Washington DC during the Spring meetings of the IMF and, if useful, either they or their deputies will meet during the IMF Annual meetings. Each of the FMCBG meetings will be preceded by a deputies meeting with the possible exception of the meeting in Washington DC at the time of the IMF Annual Meeting. Thus, there are a total of 4 meetings of the FMCBG and 5-6 meetings of the deputies during the year of any country’s leadership of the G20 process. The intended function of the first “stand-alone” deputies meetings is to determine the work program for the year for the G20 finance track and of the second is to assess the progress in implementing the work program. The function of those meetings that precede the FMCBG meetings is to help refine the issues for discussion at the FMCBG meeting.

These FMCBG and deputies meetings will be supplemented by approximately 4 meetings per year of the different working groups reporting to the FMCBG. The participants in these meetings are technical level staff in the finance ministries and central banks of the member countries. In most cases these meetings will take place in either the country of the G20 presidency, sometimes around one of the FMCBG meetings, or in the country of one of the co-chairs of the working group. It is also possible that the co-chairs will decide to hold a working group meeting in another location. During my time at the SARB, for example, even though South Africa was not one of the co-chairs, one of the working groups, at the request of the co-chairs, held a meeting in South Africa.

The result of this schedule of meetings is that, in fact, the FMCBG or their deputies and their teams are meeting about every two months during the year. In addition, their representatives on the working groups, many of whom will also attend the FMCBG or deputies meeting as part of the support team for the principals, are meeting an additional 3-4 times per year. This means that the officials in these meetings are spending a considerable amount of their time each year preparing for G20 meetings, participating in the meetings and doing the necessary follow up after the meetings. Given that two of these meetings are timed to coincide with the IMF Spring and Annual meetings, the preparation and follow up for these G20 meetings have to be coordinated with the preparation and follow up for the IMF meetings.

*The Function of G20 FMCBG Meetings*

The FMCBG, Deputies and working group meetings, collectively, are designed to achieve a number of purposes. First, they are expected to help the participating policy makers coordinate their financial and economic policy decisions so that they advance the expressed
goals of the G20. In the case of the Finance track, these include promoting strong, sustainable and balanced growth and international financial regulatory reform. These goals have been agreed and refined in the course of the work of the G20 since 2008. For example, during the Australian G20 presidency in 2014 the goal of strong sustainable and balanced growth was defined to incorporate an additional 2% growth by 2018.13

Second, they are an opportunity for the policy makers to monitor the work of the technical level working groups. For example, at each deputies and FMCBG meeting, the co-chairs of the FWG will give a report on its work on implementing the goal of strong sustainable and balance growth, which will then be discussed by the FMCBG. They will also get similar reports from all the other working groups in the finance track. In addition, each FMCBG meeting will receive a report from the chair of the Financial Stability Board (FSB), which reports to the G20, about the status of the G20’s financial regulatory reform agenda. These reports will, if applicable and appropriate, include an appeal to the G20 FMCBG to make greater efforts to complete and implement the work program of the working groups and the FSB. These meetings, therefore, offer the FMCBG or their deputies, whichever is applicable, the opportunity to comment on the work that their officials are doing in the working groups, that is being done by the FSB, or on any other issue on the agenda for the meeting and to highlight their concerns about these issues and their intended and unintended consequences.

Finally, the meetings are designed to generate the finance track’s inputs into the preparations for the annual G20 Leaders’ Summit. This means that the communiqué that is the final product of each FMCBG or Deputies meeting serves both to inform readers about the results of the particular meeting and as an input into the preparations for the Summit.

An important informal consequence of these meetings is that they enable the participants to hold side meetings with their counterparts either to share views on the items on the G20 agenda or on other issues of common concern. For example, the BRICS FMCBG and Deputies will often meet on the side lines of the G20 meetings. In addition, many countries will hold bilateral meetings with their counterparts from particular participating countries or institutions.

The frequency of the FMCBG and deputys meetings results in there being a lot of repetition in the agendas for each of the meetings. This is a consequence of the fact that most of the time international economic affairs do not change so rapidly that there are new issues to discuss at each meeting. While this creates a certain amount of repetition in the work of the G20, it does provide time for each participant, to develop a good understanding of the issues on the international agenda and of each of the G20 participants’ views on the issue, to educate other participants about their views and concerns and for the participants to reach as much agreement as is possible on the contents of the G20 Leaders’ communiqué. In this regard, it is important to note that many of the participants in the G20 meetings are also meeting with their G20 counterparts in other settings—for example the central bank governors meet regularly at the BIS, the finance ministers of sub groups of countries will be meeting in settings such as the G7, the European Union, the BRICS and in regional meetings.

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in Africa, Asia and Latin America.

II. Lessons Learned

What did I learn as a participant in the G20 process?

The first lesson: is that the G20 should be seen as an ongoing process that can be divided into annual segments, each of which consists of a series of meetings of technical experts and policy makers from the participating countries and organizations which culminates in an annual leaders’ summit. The annual schedule of meetings leading up to the summit is supplemented by a series of informal communications between the technical experts and policy makers on a bilateral basis, both in face-to-face meetings either on the side lines of the G20 meetings or in other settings, and in electronic and telephonic communications. However, each annual segment is linked to the next year’s segment by the continuation of its work program and by the ongoing interaction between its participants. For example, the G20 leaders agreed to the “Framework for Strong, Sustainable and Balanced Growth” at their summit in Pittsburgh in 2009. This led to the creation of the FWG which meets regularly to operationalise the framework. Each year they have encouraged countries to make individual commitments that advance the objectives of the framework and that can be assessed in the G20 mutual assessment programme and they have reported to the FMCBG and, through them, to the leaders on the progress that the G20 are making toward these objectives. Over time, these efforts contributed to the leaders’ agreement in 2014 that the G20 countries would cooperate to increase global growth by an additional 2% by 2018. Each country informed the FWG of the set of individual actions that it would take as its contribution to reaching this goal. Presumably, each year between now and 2018, the G20 leaders’ will assess their progress towards meeting this goal and, if appropriate, will mandate their FMCBG and the FWG to cooperate in identifying new measures that states can take at the national level for reaching the 2018 target.

The benefit of analysing the G20 process in this manner, particularly for the smaller G20 participants is that it is that it frees them from treating each meeting or each “G20 year” as an isolated event in which they can only hope to achieve short term tactical benefits. It allows them to think more strategically about their objectives for the G20 and how they can achieve them over the middle term. This is important because these participants are essentially G20 “agenda takers” and not “agenda makers”. Thus, for example, in principle, this approach would enable South Africa and its fellow African participants to develop a strategic approach to enhancing their voice and participation in all relevant global economic governance forums, even though some specific issues of interest to Africa such as reform of IMF or World Bank governance may only be on the international agenda every five or more years. In developing this strategy, countries can seek to use every appropriate meeting as an opportunity to either seek to convince other participants in side meetings to support their cause or to use the actual G20 meetings themselves to raise the profile of the issue until such time as it is ripe for inclusion in the formal G20 agenda.[]

This view of the G20 as process also suggests that each G20 participant should ensure that its planning for meetings in the FMCBG and the Sherpa tracks are coordinated and mutually supportive, even if each meeting in these two tracks is held independently of each other and

14 See, supra, notes 3 and 7 and accompanying text.
the two tracks tend only to come together in the Leaders’ Summit. Moreover, this view suggests that prudent planning requires coordinating priorities for the G20 process with planning for and engagements in other international meetings in which these countries participate, such as the IMF Spring and Annual meetings, the meetings of central bank governors at the Bank for International Settlements, and for those regional meetings in which the central bank governors and/or ministers of finance participate. The latter are particularly relevant for small G20 participants like South Africa because they enable South Africa, possibly in conjunction with the other African G20 participants for that year, to communicate with their non-G20 regional counterparts about the issues on the global agenda and, if appropriate, to develop joint strategies and tactics for dealing with these issues.

The second lesson is that because of the troika system, G20 participants should view participation in the G20 leadership as a three-year engagement. While the country acting as G20 President for a particular year, clearly plays the most active role in the leadership of the G20 for that year, the other members of the troika do have the access and capacity to influence the work of the G20 during their tenure in the troika. This follows from the fact that the G20 President will consult with the other members of the troika, even while it is responsible for establishing the priorities for the year and, as the chair of each meeting, determines such operating practices as the agenda for the meeting and the order of speakers during the meeting, including the identity of lead speakers on each issue, the management of the time available to each speaker, and prepares the drafts of the communiqués and manages the communiqué drafting process. This means that the outgoing chair has the ability to ensure that its priorities from the previous year are not ignored and that attention is paid to them in G20 discussions. Similarly the incoming chair can ensure that its interests are not unduly undermined or constrained by the G20’s actions during the year before it takes over. The troika arrangement also suggests that the other G20 members, particularly smaller countries, should focus on all three members of the troika in developing their strategy for extracting value from their participation in the G20 process.

One caveat is in order to this second lesson, namely that since most of the communications between the members of the troika take place “behind the scenes” it is difficult to assess exactly how the relationship between the members of the troika works and how other countries can best utilize the existence of the troika.

In addition, it is likely that this lesson is of more relevance for the smaller and weaker members of the G20 than for the most powerful members. The reason is that the most powerful participants, merely by virtue of their economic and political power, can exert influence over the agenda of G20 FMCBG meetings and their outcomes and so do not have to rely so heavily on this type of careful mid-term planning. The reason is that the chairs of the G20 need to show a certain deference to the concerns of the most influential G20

15 In fact, both the Australian and the Turkish chairs have made efforts to ensure better coordination between the two tracks.
16 These participants are the current chairs of the AU and NEPAD. The ability of these African participants to plan is complicated by the fact that, except for South Africa, the African participants change each time the chair of the AU and NEPAD change, which is usually annually.
17 It is important to note that the fact that the key powers do not need to rely as heavily on mid-term planning as do smaller countries, does not mean that they do not engage in such planning. In fact, because they tend to have greater resources than the smaller countries, it is more likely that they will engage in more planning on G20 issues than the smaller countries.
FMCBGs—the United States, the European Union, Germany, Japan, the United Kingdom and China—in establishing the G20 agenda and in arranging the speaking order in G20 meetings. In addition these powers have the resources to make sure that they can participate effectively in all G20 meetings, communiqué drafting sessions and can make the most effective use of the opportunities for bilateral and sub-group discussions on the side lines of the G20. The result is that they also have the ability to shape the outcomes on each issue of concern to them at G20 meetings. The only time their influence might be curtailed is when either a group of determined smaller countries have organized to advocate certain items or outcomes or when the key powers cannot agree amongst themselves on how to deal with a particular issue. The latter situation can also be significant because it may impede progress in the G20. For example, during the discussions on the Framework for Strong Sustainable and Balanced Growth, at the Pittsburgh summit in 2009, Germany was advocating for more fiscal constraint while the United States was more concerned with promoting growth and employment than with reducing budget deficits. Their disagreement resulted in a framework that promotes both policies designed to stimulate growth and fiscal sustainability even if these two objectives are difficult to reconcile in the short term. The continuing disagreement between these two countries reduced the G20’s capacity to provide clear and consistent leadership for dealing with the aftermath of the economic crisis. The adverse effects of this disagreement on the rest of the G20 were reduced over time as both Germany and the United States modified their positions so that they became somewhat more easily reconciled. This helped make the 2014 target of an additional 2% of growth by 2018 easier to achieve.18

The third lesson, is the importance, particularly for small and middle size powers, of forming alliances to advance particular interests in the G20. This suggests that the extent to which small states, such as South Africa, can engage effectively in the G20 depends on the efforts they make to identify their priorities for the G20, to determine how important these priorities are, in the sense of deciding how much effort and political capital it is worth spending on the particular issue, and on building tactical alliances with other G20 participants on these particular issues. In fact a determined G20 participant should coordinate its efforts to form tactical alliances inside the G20 with a plan for exploring the possibility of forming alliances with non-G20 participants on the same issues. The reasons are that the support of non-G20 countries can add credibility and significance to the positions taken by the G20 participant in G20 meetings and can also result in the same positions being advocated by both G20 and non-G20 countries in a range of relevant international forums.

For example, South Africa’s advocacy of a third chair for Africa on the IMF Board of Executive Directors is strengthened to the extent it can show that other African countries support its position and that these other African countries are advocating for the same thing in other international bodies like the IMF, and the UN. This suggests that South Africa should coordinates its work in the G20 on this issue with its engagements in regional bodies. This will enable it to use regional and sub-regional forums to encourage other African states to promote the same issues in their other bilateral and multilateral international engagements. It also suggests that South Africa can strengthen its position by coordinating its G20 position with efforts to garner support from forums of developing countries like the G77 and from bodies in which it participates with other middle powers like the Commonwealth. In fact South Africa has attempted to implement this approach. In 2013 the South African Reserve

18 The effect of this debate can be seen in the texts of the communiqués from the summits of 2009-2014. These texts are available at: http://www.g20.utoronto.ca/summits/index.html
Bank raised the issue of a third chair for sub-Saharan African on the IMF Executive Board at the annual Governors meeting of the Association of African Central Banks and was able to win their support for South Africa’s position. Unfortunately, South Africa has not yet been able to capitalize on this initiative because the G20 discussions on IMF governance reform have been stalled because of the refusal of the US Congress to ratify any IMF reforms.

A fourth lesson is that the functioning of the G20 suggests that while the power balance in the world might be shifting, it has not yet moved enough to substantially improve the ability of most emerging markets, with the possible exception of China, to influence the agenda for and priorities in global economic governance. This means that while a country like South Africa may now have a seat at the table for the most significant global economic policy debates and, as a consequence, has a voice in these debates, its capacity to influence the outcome of these debates is still limited. In addition, the distribution of power has not yet shifted enough that countries like South Africa can have anything more than a marginal influence on the global economic agenda setting process. For example, South Africa, which was interested in having development issues receive more attention in the G20 was only able to succeed in having the G20 establish a DWG because countries like France and Korea supported this initiative while they were the chairs of the G20. However, the existence of this working group enables South Africa and other developing countries in the G20 to raise their concerns and have them discussed at the technical level in the G20. These concerns, in turn, will be raised, albeit indirectly, through the reports of this working group, in the main G20 meetings. It is important to note that this does not necessary result in these concerns being incorporated into the actual G20 agenda. In fact, the development issues incorporated into the G20 agenda are usually only those issues that are of interest to the key G20 powers.

The fifth lesson, which follows directly from the fourth lesson, is the importance of using the opportunities presented by the G20 meetings to develop relations with other G20 participants. This involves arranging bilateral meetings and other side meetings with counterparts from other G20 participants. It is important to note that this can include both representatives of the other countries and of the international organizations that participate in the meetings. One possible benefit for small states like South Africa is that they can use these side meetings to try and enhance their influence with the G20 troika and through this to influence the work of the G20 and its agenda. An additional benefit of these side meetings is that they can strengthen personal and professional ties between counterparts in these other countries and organizations, which can have spillover benefits outside the context of the G20 process. For example, the relations forged in these meetings can enable the officials from these countries to share information, ideas and experiences on matters of common interest and to build tactical alliances in other international settings.

The sixth lesson is that the G20 process places significant demands on the resources of the participating countries. Most obviously, the G20 process involves multiple meetings, which impose a time consuming travel schedule on the participants. In addition, and even more significantly, the G20 process imposes an important “homework burden” on each participating country and entity. First, participants must prepare for each meeting. The preparation involves mastering the technical and/or policy issues to be addressed in each

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meeting, determining the participant’s position on the issues and devising the strategy and tactics for advancing that position. This in turn is likely to involve careful internal discussions and analysis and also arranging and planning for the G20 working group and FMCG meetings. These internal discussions will necessarily have to include coordination between the central banks and ministries of finance in each country and, in most cases, between the ministry of finance, those ministries that participate in the G20 Sherpa track, and those ministries that are interested in particular issues on the G20 agenda. It may also involve conversations with counterparts in other countries and international organizations. It will also require follow up reports, assessments of the outcomes of each meetings and their implications for the next meeting. Those countries that are the chairs of working groups and the G20 meetings will also need to engage in additional work to prepare the agenda and work program for the meetings in addition to preparing their own positions on the issues to be discussed at the meetings. This burden is exacerbated by the tendency of documents to come in late and very close to each meeting.

The substantial resource commitments imposed by the G20 process raises an important question for small countries: Do the potential gains from participation in the G20 justify the significant costs that participation entails? The answer, I believe, is yes for at least two reasons, as long as the participating country plans and prepares carefully and effectively for the G20 meetings. The first reason is that the G20 offers small countries like South Africa the opportunity to ensure that its voice is heard by the key global economic powers on the major issues of the global economic governance agenda. Also, South Africa and other emerging powers can use their participation in the G20 meetings to ensure that their concerns about the proposed outcomes on these issues receive attention. Needless to say, this benefit can only be realized if these powers, in fact, prepare carefully for participation in these meetings, including by coordinating their participation in the meetings with their engagements in other important regional and global bodies. The second reason for such participation is that it offers insurance benefits. When the next economic or financial crisis hits, these small countries will be able to draw on the connections they have made through participation in the G20 and will be able to use their presence in the key G20 meetings to help them deal with the crisis.

The seventh lesson is the significant role played by the international organizations (IOs) in the work of the G20. This is an inevitable consequence of the fact that the G20 does not have its own secretariat and is reliant on the IOs for providing it with research and other services that would otherwise be provided by a secretariat. This means that any background studies, for instance, that are required, or any assessments that must be made of the implementation of the actions agreed by the G20 will be done by one or more of the IOs.

This situation creates both a threat and an opportunity for the IOs. The opportunity is that it enables them to play an influential role in the work of the G20. In fact, their participation in

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20 Over time the G20 agenda has expanded so that it is paying attention to issues like international trade, energy, labor, and small and medium-sized enterprise development. Consequently, the number of government ministries that have an interest in the G20 has grown. This increases the resource implications of G20 engagements for each participating country. It should be noted, however, that given the independence and relatively clearly defined mandates of central banks in most countries, the impact of this G20 agenda expansion on central banks is limited. The reason is that many of these new issues are outside the mandates of central banks, which tend to be focused on monetary and financial regulatory matters. As a result, it is not necessary for the central banks to participate in their own state’s inter-departmental discussions.
the G20 helps expand their influence over and their role in global economic governance. This can be seen, for example, in the enhanced role of the IMF in global economic governance since the G20 was elevated to the heads of state and government’s level. It can also be seen in the growing role of the OECD, which is not a universal organization in global economic governance. For example, the OECD is playing a leading role in the global tax reform agenda and is an active participant, often in conjunction with other international organizations, in reports to the G20.

The threat is that it places additional and often onerous burdens on the resources of the IOs for tasks that, arguably, are outside their core mandates. For example, they are being asked to prepare reports for the G20 and not their full membership and to undertake assessments of the activities of the G20 that are not always of benefit to all their non-G20 member states. Since they are not necessarily given additional resources for these tasks, it means that they are having to divert resources from other purposes for the benefit of a sub-set of their membership, possibly at the cost of activities that benefit their poorest and weakest member states. One example of this is that the IOs undertake the assessments of the G20 states that have been agreed in the Framework on Strong Sustainable and Balanced Growth. This means, for example, that the IMF is having to allocate staff time to making assessments, in addition to their regular Article IV surveillance reviews, of the G20 countries that could have been spent on assisting their poorer member states deal with their macro-economic challenges. This situation creates a dilemma for the IOs who need to consider how they can assist their non-G20 member states to gain some benefits from their G20 activities. For example they could inform their full membership information about their work for the G20 and about the agenda of the G20 and can convey to the G20 the concerns of the non-G20 membership about the priorities and activities of the G20. The latter is a particularly important function, given the exclusive nature of and concerns about the legitimacy of the G20.

III. General Observations about the G20 Process

There are three more general observations that can be made about the G20 process. First, there is a significant process of socialization that takes place at both the technical and policy-making levels in the G20. In general, most G20 participants send the same people to each G20 meeting. Thus, the same group of technical experts tend to attend each working group meeting. Many of these experts also are the people who support the principals at each G20 FMCBG or deputies meeting. Given the frequency of these meetings, this means that the same group of people are meeting each other to discuss the same issues approximately every 6 weeks. In addition, they are often communicating with each other both as a group and in side discussions between these meetings. This has two effects, which at least at the margins have an impact on the G20 process and its outcomes. The first is that all technical level participants in the G20 process quickly get socialized into the G20 process. This means that they learn the “dos and don’ts” of how to engage most effectively with other participants in the meeting, which topics can be most effectively raised in the meetings and they develop a stake in building and protecting their own standing with their international peers. In addition, they quickly develop a network of contacts with whom they can communicate when they are looking for information on the issues on the G20 agenda. Inevitably, as in any socialization process, the participants also learn what sorts of issues and ways of presenting them should be avoided because they will be seen as evidence of “bad manners” and will result in some sort of informal group sanction. This is particularly relevant for the emerging powers that depend, at least in part, on their reputation and performance in G20 settings to establish and
maintain their standing in the group.

In this regard it is important to note that the G20 process is not entirely rational. While, there is no doubt that each delegation behaves professionally and works hard to advance its country’s interests and position, it is also true that less rational factors influence the process. This can be seen most obviously in the role that personality plays in the process. Participants that are viewed as being particularly knowledgeable, intelligent or personable will have broader networks of contacts within the “G20 community” and so will be more effective in getting their message across than participants who do not have these reputations. The former group is also more likely to be given the benefit of the doubt and to be consulted more often informally by the “G20 community”.

It should also however be noted that the actual operation of the G20 process suggests that this process of socialization into the “G20 community” appears to have limited impacts, in fact, on the functioning of global economic governance. While the operation of the G20, as seen through its communiqués, would suggest that there is some convergence in approach among G20 countries, it is not clear that this process extends much beyond the level of rhetoric. Thus, the participating states learn to “play the game” and to agree to language in communiqués, and to support programs that seem to suggest that they have agreed to take actions that support a coordinated program of action among the G20. However, they often tend to do so without offering to take any actions beyond those that they have already decided to take for other, often domestic, reasons. For example, all the G20 countries agreed in 2014 to take actions that would help implement the G20’s goal of an additional 2% of growth by 2018. However, almost all these identified actions were ones that countries had already taken or that they had stated they would take anyway.

Second, the efforts of the G20 to engage the non-G20 countries in the G20 process, while not insignificant, still remain unsatisfactory. During my time at the G20 each country that chaired the G20 made efforts to meet with non-G20 countries, usually in regional settings, and to solicit their views on the G20 agenda. They also invited a number of guests, as mentioned above, such as the countries chairing important regional groups like the AU and ASEAN to participate in the G20 process during their year as chairs of these regional groups. One motive for doing this was to try and promote G20 legitimacy in regard to its role in global economic governance. However, it is not clear how much the system of ad hoc consultations actually contributes to this objective. The reason is that the G20 agenda often focuses on complex technical issues in ways that only those who are regularly engaged in the G20 process are able to fully understand and discuss. Officials who may only be consulted once during the year by the G20 chair are unlikely to have the requisite background information or incentive to get up to speed on these technical issues, which may be of only limited direct relevance to their domestic situations. As a result, their ability to engage effectively in one meeting with the G20 chair is limited. Similarly, the G20’s invited guests who know that they will only be participating in the G20 process for one year, particularly if they are small countries that are only marginal players in the global economy or if they have limited government capacity, are unlikely to conclude that devoting the necessary attention to the G20 is a good use of government resources. As a result, these G20 guests and the participants in the G20 consultations are often unable to engage actively in the G20 process to both their own and the G20’s detriment, both in terms of G20 legitimacy.
and efficacy.

This is a particularly relevant issue for Sub-Saharan Africa, which is represented each year by one permanent participant in the G20 and by the chairs, for that year of the AU and NEPAD. This has adverse effects for both South Africa and the African region. First, it means that South Africa, alone among the G20 participants, has a responsibility beyond looking after its own interests in the G20. It has an unstated additional responsibility, both to Africa and the G20, to ensure that African concerns are raised in the G20. However, this responsibility is not without complications. In particular, the presence of official regional representatives— the AU and NEPAD chairs -- suggests that South Africa should defer to them when it comes to stating African, as opposed to South African, positions. However, given the annual rotation in these positions, these representatives may have substantially weaker capacity to represent Africa in the G20 than South Africa.

Fortunately, this situation is amenable to a relatively simple two-part solution. First, South Africa’s FMCBG needs to integrate its participation in regional forums into its G20 planning. This integrated approach will enhance South Africa’s efficacy as an advocate for African views in the G20 and will help enhance their African counterparts’ knowledge about G20 affairs and how they can affect Africa. Second, Africa needs to develop a small dedicated secretariat that can support the AU and NEPAD chairs in preparing for and participating in the G20 meetings during their year as chair. This secretariat will develop the expertise and institutional memory that is needed to provide these rotating chairs with the support that they need to take advantage of their participation in the G20. The most logical place to locate this small secretariat would be the AU.

The third observation, as indicated above, is that while the IOs play a critical role in the G20, they are not adequately meeting their obligations to all their member states. All the participating IOs, with the possible exception of the OECD are in the situation that the majority of their member states are not participants in the G20. Nevertheless, they are devoting a not-insignificant amount of resources to supporting the G20. While there are good reasons for this, it creates the risk that they are not serving the interests of their entire membership through their engagement with the G20. There is however a relatively simple way for them to mitigate this risk—they need to develop mechanisms for regularly informing their non-G20 membership about their views on the issues on the G20 agenda and for hearing from these non-G20 countries about their concerns in regard to these issues and the way in which the G20 is dealing with them. The IOs can use this information to inform the G20 about the views of the non-G20 countries, which should mitigate the risk that the G20 participants support policies, practices or standards that have unintended adverse consequences for non-G20 participants. For example, the IOs, which may include some UN agencies in addition to the IMF, World Bank, and OECD, that prepare reports for the FWG meetings could share these reports with their entire membership so that they are aware of the IOs’ views on how well the G20 are meeting their stated objectives in the Framework for Strong, Sustainable and Balanced Growth. They could also invite the non-G20 members to provide them with their comments on these reports and could arrange a meeting on the sidelines of their regular annual meetings at which non-G20 members could discuss developments in the G20 with IO staff.
IV. Conclusion

The lessons and observations discussed above suggest that for a country like South Africa, the G20 is a complex and challenging forum. It is unlikely to yield significant benefits unless middle and emerging powers like South Africa treat the G20 as an ongoing process rather than as a series of annual events. This “process” approach encourages these countries to engage in medium-term planning that has the potential to produce substantial accomplishments over time rather than the small opportunistic benefits that may be extracted from any particular G20 meeting or set of annual meetings. It also indicates to these countries that they should not see the G20 in isolation from their other international engagements. Instead they should coordinate their planning for and participation in the G20 with their engagements in other international forums and entities, both at a regional and global level. This approach, together with the insurance and international relations benefits that these countries can extract from regular participation in a key policy making forum with the major global economic powers will help justify the significant resources that their governments will have to allocate to their participation in the G20.

Finally, this article is an effort to convey the lessons learned by one participant in the G20 process. It therefore is subject to all the limitations of personal observations. Nevertheless it highlights both the strengths and weaknesses of the G20 process and makes some, modest suggestions for improving the process at least from the perspective of small countries like South Africa. It is also hoped that other participants will be stimulated by this article to provide their own personal views of the process and how it can be improved. Given that the G20 is likely to remain an important forum for global economic governance for the foreseeable future, it is important that there be a robust debate among all stakeholders on how to make the G20 more efficient and effective and responsive to the concerns of all its stakeholders.