

Conference Report:

Capacity building, Lessons and Future Directions

**Rockefeller Foundation
Bellagio Study and Conference Center
December 8 –12, 2003**

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BELLAGIO AGENDA
Capacity building, Lessons and Future Directions
December 8 –12, 2003

- 1.** Monday after Dinner –
Negotiating with the IMF
Reflections - Tom Bernes.
- 2.** Tuesday –
IMF Accountability, Southern Inclusion and Capacity Building:
Chair: Barry Carin
Presenter: Angela Wood
Discussants: Alex Allan, Tom Bernes, Ariel Buirra, Jan Aart Scholte,
Ngaire Woods
- 3.** Wednesday morning
The G 20, Southern Inclusion and Capacity Building
Chair: John English
Presenter: Gordon Smith
Discussants: Andrew Cooper, Bruce Montador, Jan Art Scholte
- 4.** Wednesday afternoon
Role of capacity building in development:
Multilateral and Bilateral Programs
Chair: Maureen O’Neil
Presenter: Shabbir Cheema
Discussants: Jorge Braga de Macedo, John Stremlau
- 5.** Wednesday Dinner
*Joint working dinner with Lincoln Chen’s Global Public Health
Conferees.*
- 6.** Thursday
Assessment of the CFGS NEPAD capacity building initiative
Chair: Bruce Montador
Presenter: Barry Carin
Discussants: Laurent Coche, Stanlake Samkange,
George Trone, Arnaud Ventura

Enhancing Accountability in the International Monetary Fund

Introducing the report, Angela Woods suggested that the motives behind improving accountability were to enhance decision making, to bring more views into the arena, and to increase country ownership of IMF programmes.

The IMF's role had changed markedly from when it had been set up. It was no longer a credit union: it now had structural creditors and structural debtors. Its membership had increased, and now had much more diversity of needs. The level of IMF engagement with countries was now much deeper: it was no longer just involved with exchange rates and macroeconomic policies, but now with issues such as poverty and sustainability.

The IMF's governance and accountability had not kept pace with the shifts in its role and responsibilities. There was a need for comprehensive reform. Among the issues that needed to be considered were:

- more equitable representation on the Board;
- improved oversight by the Board of the activities of the IMF's staff;
- how to improve the accountability of the Board itself;
- introducing more voices into the policy debate;
- enhancing the monitoring and evaluation of IMF programmes;
- greater transparency over who took decisions on policies;
- better staff incentives, a complaints procedure, and an ombudsman;

The report itself was divided into five chapters, and the discussion broadly followed the same structure:

1. Accountability, Parliaments, and the IMF Board
2. Improving Southern voices on the IMF Board
3. Bringing more voices into the policy debate
4. Enhancing learning and policy accountability at the IMF
5. Operational policies and procedures and an ombudsman

1. Accountability, Parliaments, and the IMF Board

This chapter argued that Parliamentary engagement was desirable for a number of reasons, such as increasing the national ownership of programmes and improving accountability. In creditor countries it could take a number of forms. "Soft" oversight involved investigation, commissioning and receiving reports, asking questions of IMF staff and of Executive Directors or Governors. "Hard" oversight involved accepting or rejecting IMF policies, normally using the opportunity presented by quota reviews or other funding requests. In practice, only the US Congress really exercised "hard" oversight. There was also "very hard" oversight, for example when the US Congress sought to dictate IMF policy on specific issues, though it was questionable how effective this was in practice.

In countries in the South, it was rare for parliamentarians to be involved in IMF programmes while they were being developed. Political firefights tended to emerge only after agreements had been signed. There were exceptions: Brazil's parliament took a

more proactive line, with a requirement that the government must present new loans to the Senate before they were signed.

The IMF had made some attempts at outreach to Parliaments. Resident representatives often built up relationships, though the IMF's Independent Evaluation Office (IEO) had found that not enough political analysis was being done on generating ownership of programmes. The IMF held some seminars for policy makers, and there was contact between Executive Directors and parliaments.

Among the issues for discussion were:

- what was the appropriate chain of accountability from citizens to the IMF?
- are Parliamentarians better placed or better equipped than civil society organisations to hold the IMF to account?
- what impact did “hard” accountability have?
- was it still appropriate that finance ministers remained the main channel through which the IMF negotiated?

In discussion of this chapter, the following points were made:

- Greater clarity was needed over the notion of accountability. Accountability could be seen as the answerability of governors to the governed for actions and omissions. It was related to, but not the same as, transparency. Transparency was a tool to help improve accountability.
- It was also important to consider to whom it was that bodies such as the IMF were accountable. Was it Governments, citizens, the private sector, poor people, or others? Different mechanisms were appropriate for different stakeholders.
- The main channel of accountability should be through Governments. That was the constitutionally correct route. It was Governments who were accountable to their electorates. Suggestions that staff in institutions should be directly accountable to outside groups represented a slippery slope that would ultimately weaken proper accountability. The IMF Managing Director could not be accountable to national parliaments: that fell to the Governor for that country.
- There was nonetheless a strong case for outreach to national Parliaments, as part of the process of improving transparency, and hence bolstering accountability. But there were also risks in the process. Parliaments and their committees tended to focus on special interests, and were vulnerable to capture by NGOs. And it should be recognised that there was little interest from the perspective of developing countries in increased engagement between the IMF and western parliaments.
- There was a danger that international institutions got less attention than they should from national governments, and from finance ministers in particular. In those circumstances, policies could become too rigid, with results that would not

be supported if more analysis and scrutiny were carried out. Getting parliamentarians more involved was one way to generate greater scrutiny.

- Finance ministers were the logical channel through which the IMF dealt with national governments. They were involved in the key policy issues, and had a legitimate role in creditor countries as guardians of taxpayers.
- Some of the problems of accountability arose because of the IMF's expanding mandate, and its mission creep. Mechanisms to consult parliamentarians did not address the real issue, which was a lack of capacity in the organisation. On this argument, there needed to be greater focus on the core mission of the IMF, and a move back from a social-economic political transformation agency.
- The role of the US executive director in the IMF, and the position he took on various issues, was governed by a lot of US legislation. But it had little impact, except perhaps to reduce the influence of the US ED.
- As well as “soft” or “hard” accountability, there were also intermediate notions. The French ED, for example, was required by law to bring a report to Parliament, which was then debated. In Switzerland, the parliament was formally part of the Article IV consultations.
- The Fund had been almost wholly reactive to external pressures. It was only because of quota problems in the US Congress that a staff member had been appointed in 1983 to act as liaison with Congress. It was only because of the problems in Seattle and elsewhere that the Fund now had four people dedicated to liaison with Civil Society Organisations. In contrast, there was only half a post to deal with parliaments in all the rest of the world.
- The Fund had no guidance to staff on how to deal with Parliamentarians—apart from a half page note by the legal department warning about the dangers of saying anything. There was no staff training on dealing with Parliaments or CSOs. There was no research in the Fund on practices elsewhere. There were no incentives, and staff appraisals didn't cover this area. All this needed to be addressed.
- The IMF was not good when it did make presentations to national parliaments. Other organisations had been more successful in building parliamentary assemblies that took an interest in their operations—NATO for example. The IFIs were seen as remote and mysterious, and had not attracted any group of sympathetic and interested supporters within parliaments.

2. Improving Southern voices on the IMF Board

This chapter argued that representation in the IMF Board was increasingly unbalanced and no longer democratic. This led to a decline in Board efficiency and sub-optimal decision making, as well as a failure to understand the needs of developing countries.

Developing countries in total had a voting share of less than 30%, with creditor countries had a share of over 60%. On the Board, 14 seats were held by developed countries, and only 10 were held by developing countries.

The workload of Southern EDs was much greater. They typically had more countries to represent, all of whom had IMF programmes. They were less well resourced, and had less backup from home countries. Seats on the Board were normally rotated every two years, so there was little opportunity to build up institutional memory.

There were a number of possible mechanisms for increasing the voting shares of debtor countries up to, say, 50%. This could be done by increasing basic votes or by skewing quota increases towards developing countries—for example by using PPP rather than market exchange rates in quota calculations. Similarly, there were several options for increasing the number of Southern seats on the Executive Board: this could be done directly, or by mechanisms such as placing a cap on the number of countries per seat.

In discussion of this chapter, the main points made were:

- The way the Board operated meant that governments in developing countries did not feel engaged. This was particularly true in the case of Africa, which had two chairs with twenty four members each. Ministers did not feel any close link to Executive Directors and the Board. There were many who felt that this structure of the Board was unbalanced and unsustainable. Having seven single-country seats at the same time as the two twenty-four-country seats was hard to justify.
- Current quotas were in no way representative of the size of economies, with Denmark having a larger quota than Korea, and Belgium a larger quota than Brazil or Mexico. The European Union was grossly over-represented on the Board. Its GDP was about 90% of that of the US, but it had nine directors. With a single currency, there were no internal balance of payments problems, and this undermined a large element of the logic of quota calculations. If EU quotas were adjusted to eliminate intra-EU trade, they would fall by 40%.
- The key issue was whether tinkering with votes would improve the track record of the IMF. The reality was likely to be that power would remain with those who had the money.
- The only time that relative quota imbalances could be adjusted was during a quota increase. This was in any case badly needed. The IMF did not have sufficient resources to be as effective as it had once been. Quotas had initially been the

equivalent of nearly 60% of world trade, but now represented only 4%. The amount of finance available had shrunk, and with that had come greater conditionality.

- The Fund did not have sufficient resources to act as a credit union for emerging markets. The crisis in Korea had illustrated this. A package had been put together, but it was not automatic and not predictable. The crisis had deepened and the problems had increased. The CCL was supposed to help, but had been inadequately resourced and poorly designed. The package that could be put together by the IMF alone had been limited by the size of Korea's quota. So other countries had stepped in, but the price had been a lifting restrictions on imports and on foreign takeovers in a way that was highly advantageous to the creditor countries.
- The present situation meant that many developing countries held on to large reserves as an insurance policy to protect themselves against volatility. This represented a real cost. The IMF had been set up to provide liquidity so that the world economy could function without individual countries needing to hold large reserves. That function had been lost.
- Many of the Fund's most important mechanisms had been allowed to wither. The CCF had reflected the view that a sensible way to deal with commodity shocks was to finance the initial impact without conditionality. The switch to reliance on standby credits implied the appropriate action was to reduce demand, with little regard for the costs.
- There was a need for an increase in basic votes as well as quotas. Both had been elements in the original compromise out of which the Fund had been drawn up. Basic votes were an important but largely symbolic issue. The initial trade-off between economic strength and democratic principles had been eroded and should be restored. But the impact would be uneven—Brazil would lose—and increases in basic votes needed to be tied to a selective quota increase.
- Quotas determined influence as well as access to resources. Voting power in itself was often overplayed: there were very few votes in the Board, though the Secretary did look at the informal weight of votes. The broader issue was ability to get issues put on the Board agenda, and to get the staff to undertake necessary analysis. This was linked to personal qualities as well as importance in terms of quotas. There were several examples of long-standing Executive Directors from developing countries who were able and understood the system well. They carried influence well beyond the voting strength they commanded.
- Although some argued that voting power was over-played, it remained the case that there was little debate about the merits of many issues, with decisions taken on the basis of which views carried the greatest voting power. A developing country ED might produce a carefully reasoned argument, only to find countries

such as the US rejecting them without giving reasons, and the Board falling into line behind that.

- Even though developing countries together had a veto, this was of little relevance. The sorts of issues where the veto was important—increases in quotas, SDR allocations etc—were those where the US was normally resistant and developing countries in favour.
- The size and quality of staffing in Executive Directors' offices was a big issue. Many larger constituencies rotated staff every two years or so, which made for very variable quality, and little opportunity to build up experience. The Fund had just added three advisers to each of the African EDs' offices, but the Directors themselves were worried whether they would be able to choose the best people. The Fund was considering what guidelines might be laid down for selection of staff in EDs' offices.
- Other mechanisms for capacity building for African chairs were also important. G7 countries could immediately tap advice and information from their Treasuries and Central Banks. The same support was needed for developing countries. This might be done regionally in the first instance, perhaps with a trust fund to support policy research.

3. Accountability and policy dialogue: Bringing more voices into the policy debate

Many of the issues raised in this chapter—such as increased involvement of national Parliaments—were covered in the discussion of other chapters. But some more general points were made about ownership of programmes and about creating alternatives to the IMF by way of competition:

- The IMF's managing director had spent a lot of time on the issue of the Fund's role in low-income countries. PRSPs were supposed to put the borrowing country in the designer seat. There were still growing pains, and problems of ownership where PRSPs were written by the IFIs or by NGOs, rather than by the country itself. In those cases, it was often not sufficiently tied into the budget process.
- For HIPIC, the creditor countries had put a certain amount of money on the table. The Fund then had a choice of saying it was inadequate and doing nothing, or of accepting it as the starting position for drawing up policies and programmes.
- Competition between institutions was potentially an important tool. The IBRD had lots of competition from private sector lenders, who charged rates only a little above the Bank's, and without conditionality. The Bank's business had been declining, and this had forced them to look at conditionality. An Asian Monetary Fund was something that should be considered afresh—though this model was probably not applicable everywhere, for example in Africa.

4. Power without responsibility? Enhancing learning and policy accountability at the International Monetary Fund

This chapter started by looking at why the demands for greater accountability had arisen. This was largely because the institution had changed, and was getting deeper into policy prescriptions. Demands for greater accountability were a response to the way the IMF did not learn from mistakes, and repeated them.

The chapter then examined who should be accountable for policy failures. One of the first questions was who had policy ownership. Formally, the IMF advised and approved programmes and Governments agreed to them. But there was no documentation that revealed the true extent of ownership, and set out which policies were fully agreed between the two sides, which were imposed and which had been rejected.

It was hard to hold Executive Directors or Governments to account. Ex ante outcomes were difficult to determine because of the inevitable shocks; and many programmes were not implemented in full. But there *should* be ex ante analysis of political risks, social risk, shocks etc.

The chapter's conclusion was that staff should be held to account for compliance with procedures, and governments for the policies they accepted.

Among the areas where the chapter argued that action was needed were

- better ex ante prediction and analysis, including poverty and social impact analyses, environmental impact analyses and political economy analyses;
- more monitoring of *outcomes* rather than inputs, with suitable intermediate targets;
- better ex post analysis, looking at outcomes in relation to predictions and the reasons for divergences

There was also a need for better incentives for staff, including

- promotional incentives, to encourage innovative thinking and successful policy prescriptions
- clearer operational procedures, with an integrated learning process set up as best practice
- greater Board oversight
- greater transparency, so that external stakeholders could monitor information on actual and predicted outcomes

In discussion, the following points were made.

- The key issues was that the IMF had made too many significant mistakes, with major consequences for people who played no part in the decisions. The IMF was in a position of huge influence since other credit agencies would not act without the IMF stamp of approval. Yet IMF staff did not have the necessary abilities or training.

- The issue of accountability was crucial in borrowing countries. Was it right that decisions which affected everyone were taken out of the political process and decided by the IMF? If a programme was badly designed and failed, who took political responsibility? Countries and governments were often in a desperate position when they need IMF resources, so they accepted IMF programmes even if the conditions were not appropriate.
- Because of concern about IMF policies, potential borrowers were accumulating reserves, with high opportunity costs. They did not want to leave themselves exposed to the risk of needing Fund credit after their experiences with recent programmes.
- Some, however, argued that the IMF had made fewer mistakes than often alleged, and had learnt from them. The IMF had admitted to some errors in fiscal policy prescriptions. But countries such as Korea and Thailand had got back on track relatively quickly. Indonesia had problems that were more to do with local governance than IMF prescriptions. IMF policies in Brazil could not be described as a failure. And Argentina had decided to go its own way. The IMF gave advice to a wide range of countries, with many success stories. The fact that countries sometimes waited until the last minute to go to the Fund made the task harder.
- On another view, the problem was not the intellectual failure of staff, nor the mandate of the IMF as set out in its articles. Rather, it was the way G7 governments had promoted political agendas such as privatisation and liberalisation, without any clear evidence that this was appropriate in the circumstances where IMF credit was needed. Mission creep had occurred because of pressure from G7 governments rather than over-ambitious staff. G7 governments saw IMF programmes as a convenient way of dealing with problems in other areas, such as trade, labour or environmental issues.
- Accountability for poor policy advice was a problem for any government or international body. The mistakes came to light years later, when many of those originally involved had moved on to other roles.
- It was wrong to seek to hold staff accountable for policy failings. As had been noted in earlier discussion, accountability for policy flowed via governments through executive directors and the managing director. If the staff were performing inadequately, then the Board should hold the managing director accountable. What needed to be brought out was whether policies were failing because the managing director had failed to hire the right people, or because creditor governments had insisted on inappropriate policies or had failed to provide the resources needed.
- Who was accountable varied with the nature of the problem. If the problem was with the constitution of the IMF, and who defined its mandate, then the solution

was voting reforms. If the problem was mission creep, with the IMF acting outside its mandate, then governors and the Board should be held to account. If the problem was in operational procedures and the way the IMF did its business, then the managing director and staff should be held to account by the Board.

- Staff incentives were important. The incentives at the moment were skewed towards supporting institutional views. What was needed was systems that encouraged staff to look less at textbooks and more at outcomes on the ground, with a continuous engagement with countries rather than just emergency visits when there was a crisis.
- The internal politics and dynamics within institutions such as the IMF was often crucial to understanding the decisions taken. Staff were good at judging who carried the greatest influence, and what policies were likely to be agreed. When one or two large countries took strong ideological positions, as in the 1980s, they could sway a wide range of decisions, even where the prescriptions were not appropriate.
- There were attractions in increasing the funding and remit of the Independent Evaluation Office (IEO). But the overall costs of the IMF's operations needed to be controlled, so that its charges to borrowers were kept low.
- The wider debate about streamlining conditionality had been won. But it had not necessarily been won at the operational level. This was partly because of political pressures in individual cases, and partly because not all the staff were convinced. There was a need for operational rules that ensured that conditionality was being streamlined.
- IMF resident representatives needed to be courageous in resisting pressure from Washington. They needed greater independence, and an ability to speak frankly.
- The IMF was now a much more transparent organisation. A huge amount of material was available on its web site.

5. Operational policies and procedures and an ombudsman

The basic issue raised in this chapter was that the IMF lacked operational policies and procedures. It needed an ombudsman as a means of holding staff to account for policies. And it needed operational procedures which set out in a regulated way what stakeholders could expect from the IMF. The ombudsman would be independent of management, with a power of investigation, and would report direct to the Executive Board.

Much of the discussion of operational procedures was taken under the previous chapter. On the specific issue of an ombudsman, the view expressed was cautious: it seemed premature to consider an ombudsman at this stage. The OIE had only recently been set up, and needed time to bed down.

Key points of advice for Paul Martin

In conclusion, the Chairman suggested that participants might sum up their views by drawing out key issues or themes which they would see as the most important for the new Canadian Prime Minister.

A tour de table produced a range of views, which can be summarized around the following broad themes:

- Developing countries, particularly in Africa, feel excluded from an effective role in the IMF. The only way to start is by leveling the playing field. The first step should be capacity building, through such measures as increasing support for African EDs offices and setting up regional hubs. Adding another Board seat for sub-Saharan Africa should also be a priority.
- The IMF has a fundamental problem of legitimacy. This cannot not be solved simply by adding advisors to the African Directors. It is a problem of representation. The actions needed include an increase in basic votes and an increase in quotas. This would take several years, but what is needed now is an early announcement of plans to move in this direction.
- The IMF is too insular and doesn't pay enough attention to other voices. It suffers from a democratic deficit. Formal accountability should remain through Governments to national parliaments. But greater involvement of parliamentarians would be a significant step towards opening up the debate.
- The IMF isn't playing the role it should. It needs backing to get issues such as sovereign debt restructuring back on the agenda. It needs to boost its capacity to provide advice on the big issues: changing exchange rate regimes; alternatives to privatisation; managed regional foreign currency reserves.
- There is a need to reform the internal structures of the IMF. It needs better mechanisms for monitoring and evaluating the outcomes of its programmes, and in particular their impact on poverty. It needs clear operational guidelines, especially on conditionality.

The G20 at Leaders Level?

This discussion built on points raised at the meeting jointly hosted by the Centre for International Governance Innovation and the Centre for Global Studies in Waterloo, Ontario on 26-27 October, 2003, and looked ahead to the further meeting to be hosted by IDRC in Ottawa on 29 February 2004.

The genesis for the discussion was Paul Martin's proposal that the G20 might meet at Leaders level. He had for some time taken a keen interest in the issue of increased global interdependence, and the machinery for resolving global issues. Many of the globalization processes were unstoppable, and often brought significant benefits. But there were also real problems. Too many people were left behind, with inadequate support. Most leaders in the South did not oppose globalisation *per se*, but wanted the process shaped so that their countries could benefit.

For the meeting in Waterloo, Barry Carin and Gordon Smith had prepared a paper "Making change happen at the global level." That paper had started by analyzing some of the achievements of the G7/8 process, including the completion of the Uruguay Round and action on debt relief and on money laundering. The paper had also discussed examples from other fora where action by leaders had produced outcomes that *ex ante* might have seemed unachievable. The paper had then looked forward to some of the issues and global challenges facing the world and that might be addressed by G20 leaders. These included trade negotiations, climate change and financial issues.

It was interesting that, since the Waterloo meeting, Klaus Schwab, the President of the World Economic Forum, had produced proposals for a P21 meeting of Heads of Government, using very similar arguments—though focusing rather more on security than on financial and economic issues. Schwab had explicitly said that the creation of the P21 should mean the end of the G8.

The discussion at Bellagio covered the following main themes.

The general concept of a G20 at Leaders level

Most of those at the meeting voiced general support for the proposal. The world had changed. The G8 had been able to play a significant role in the past in settling issues such as trade negotiations. But current negotiations on trade and climate change required agreement from a wider group. The G20 offered a prospect for achieving results on issues that the G8 could not solve by themselves. The G20 proposal might have flaws, but it represented a step forward. There was a danger that searching for a perfect forum and perfect accountability might simply perpetuate all the existing problems.

But others noted that the formation of a G20 would not in itself address many of the problems with the existing international architecture, which included

- a lack of democracy;
- a tendency to spawn a proliferation of entities, agencies and initiatives;
- inadequate linkages into the central role of the UN;
- failure to address the concerns of the South, or the issue of poverty.

If the proposal for a G20 at Leaders level were taken forward, it would be important to expand the focus from narrow economic management (particularly in emerging markets) to a broader development agenda. The membership and composition would be crucial, as would its ability to support the central role of the UN.

Informality and personal contact

The most recent meeting of G20 Finance Ministers had been encouraging, with much better quality discussion than at the IMFC. That demonstrated that a group of this size could work effectively and maintain the benefits of informal exchanges and personal contact.

Some, however, wondered whether the effectiveness of the G20 Finance Ministers could be preserved in addressing bigger, broader issues. A consensus-based approach could be unwieldy, and there was a risk of a small group acting as a *directoire*—as for example happened on the Security Council. That might accelerate the formation of a G3 (US, EU and Japan), which would not be in Canada's interests.

Some questions were also raised about whether the discussions among G20 Finance Ministers were quite as frank as they appeared. Follow-up interviews after earlier meetings had suggested that many debtor countries had great concerns about issues of conditionality and prioritization. But they had not aired these at G20 meetings, feeling that the key issue for them was to secure industrial country support and that this might have been compromised if they had been seen as being difficult about the conditions attached.

It was also noted that, while informality had many attractions, it went against the trend in national governments for greater accountability and greater openness. In a similar vein, global networks could produce striking results in the right circumstances. But many of the successes had been in groups which operated in private, out of the public gaze, such as judges and financial regulators. It would be important that a G20 was seen to deal with global issues in an open and transparent way.

Legitimacy and accountability

Some concern was expressed whether the G20 would solve the perceived problems of G8 legitimacy. The G20 would represent a wider spread of countries, but meetings restricted to Heads of Governments would still leave the issue of civil society organisations feeling excluded—and their concerns might even be magnified if a G20 was seen as an even more powerful forum. On this analysis, a G20 might do little to quell the demonstrations and protests that recent G8 Summits had faced.

Against that, it could be argued that the primary chain of accountability was through elected leaders to Parliaments and the people who had elected them. The G20 would have greater legitimacy since it was not restricted to the major industrial countries, and would be a more balanced forum in which to discuss global issues. Meetings of Head of Government could help create a consistency between national positions taken by trade ministers, finance ministers, environment ministers etc at their respective meetings.

The issue of legitimacy was bound up with the issue of membership. There would be problems, for example, if the membership did not include any of the poorest countries. Many of the potential issues that the G20 might address, such as HIV/AIDS, debt or water, had a particular impact on the poorest.

There would be attractions in having a mechanism to handle outreach from the G20 to civil society organisations and others, though that might be hard to organise. An informal advisory group, along the lines of the WTO, was one option. Outreach should not be restricted to NGOs, but should also extend to Parliaments and to business.

The poorest countries, and the voice of the South

The G20 would include members from the G24 and G77. If, as a result, those members showed less interest in the G24 and G77, the creation of the G20 might have the unintended effect of weakening the voice of the South. On the other hand, it would offer the South more of a say in top-level international discussions, which was an important objective. Provided the G20 was seen as representative, it could carry great weight in speaking out on many of the issues such as infant mortality, life expectancy, hunger etc. The G77 sometimes lost credibility because of its tendency to be driven by rhetoric rather than by analysis.

It would be important for the issues facing the poorest to remain high on the agenda for the G20. The most powerful countries in the South did not have a good record in speaking up for the poorest. They might well seek to focus G20 discussions on the issues of concern to middle income countries, rather than on the interests of the poorest.

The future of the G8

Most felt that the G20 should be seen as replacing the G8, rather than as adding to the range of international fora. There would be inevitable duplication over the agendas and remits if the G8 and G20 continued in parallel. And it would be hard to get agreement on the creation of a G20 if it involved another institution and another summit meeting—there were arguably already too many international gatherings for Heads of Government.

On the other hand, there were disadvantages in losing the G8 as a forum. The G8 had lots of critics, but it was important not to lose sight of its achievements, such as the global partnership for Africa and the global health fund. No other group could have achieved that. The G8 process was a flexible one, and allowed innovations such as inviting leaders of NEPAD, something which a G20 might find harder to do. For poorer countries, the G8/NEPAD relation provided more than a G20 would. On the other hand, some of the other G8 experiments with bringing in additional participants had not produced very useful debates or outcomes.

It was very likely that Finance Ministers would want to continue meeting as the G7 as well as the G20, though that did not mean that Leaders had to meet at G8.

Some felt that the expansion of the G8 to a G20 should be taken more slowly than envisaged in Paul Martin's proposal. The formation of the G20 Finance Ministers' group

had been driven by a crisis that needed to be addressed. There was no similar sense of crisis to drive the creation of a G20 Leaders' group. Personal contact among leaders was important, but it was natural for politicians to exaggerate what could be achieved by face-to-face discussions. Rather than moving straight to a G20, it might be better to make the transition more slowly. The next logical step was to add China and make it a G9.

Practical issues

There were a lot of practical issues surrounding the creation and management of a G20 Leaders process. The numbers of officials and media attending G8 summits was already huge. And the preparation for a G20 would be correspondingly harder. It would be important to keep the organisational burden under control. The G20 would not be attractive if it involved 2½ times the preparation and 2½ times the numbers as the G8. In any event, the preparatory process would be different: what worked with part-time sherpas for the G8 could not be expected to work for the G20.

The timing for launching the proposal and securing agreement was tricky. The forthcoming Summit of the Americas would provide one opportunity for Paul Martin to raise the issue with some of the key players—and President Lula of Brazil in particular had a strong interest in managing globalisation. But it might be dangerous to do this without having got the US onside in prior discussions.

The attitude of the US was critical, especially as they were hosting the 2004 G8 Summit. Their attitude would be influenced by whether the G20 would be likely to help solve some of the problems that most concerned them. The timing was complicated by the US presidential election next year, which might make the administration less inclined to take risks by changing the status quo unless they saw clear benefits.

Looking further ahead, the G8 Summit in 2006 was scheduled to be in Russia, who would see their interest as being not to dilute their role by expanding the G8 to a G20. So the best window of opportunity might be to persuade the United Kingdom government, who were due to host the G8 Summit in 2005. It would be important also to influence other key countries: China, for example, was showing increasing interest in the G20 Finance Ministers, which might make them see a Heads of Government G20 as having advantages over simply joining a G9.

The February 29th meeting should avoid getting bogged down in detailed questions of mechanics. This was really something for civil servants to sort out. The February meeting should focus on the evidence as to whether a new body would help solve some of the existing problems which the current international architecture was handling poorly.

Membership of the G20

There were three main options for the nature of membership of a Leaders G20:

- (i) a fixed group of individual countries;
- (ii) a fixed group of members, some there individually, some representing particular constituencies;

- (iii) a group whose composition varied from time to time depending on the issues being addressed.

There were arguments for and against each of these options. To the extent that the objective was to build personal contact among leaders, that pointed to a fixed membership. To the extent that the objective was to harness those needed to solve a particular problem, that pointed to more variable geometry.

If some members of the G20 were seen as representatives of a particular constituency, that would help ease concerns about composition since it would reduce debate about why one country had been included and not another. But it might lessen the effectiveness of the G20 as an institution: it would build up two classes of membership, creating a situation like the UNSC where some members were permanent and others not. And some areas, such as Africa, would almost inevitably follow a policy of rotating membership; that had proved unsatisfactory in other fora, such as the IMF.

The simplest option might be to take the existing membership of the G20 finance ministers. But that group had been drawn up with the objective of dealing with financial crises in middle-income countries; as a result, the membership was much less appropriate for dealing with other global issues that might be on the agenda for a Leaders meeting.

One particular problem was that the G20 finance ministers did not include any representatives of the poorest. That risked an own-goal with respect to legitimacy. If the poorest were not represented, that would give them a lesser role in the international architecture than they had now with the access they were given to the G8.

It was unlikely that G20 could satisfactorily be determined on the basis of objective criteria such as size of population, size of economy etc. That would lead to over-representation for Europe and under-representation for the poorest.

But picking representation from the poorest raised its own problems. Nigeria and Bangladesh might be chosen on grounds of size. But that in turn would raise questions about the balance of African representation: should a Francophone country be added? what about Ethiopia and Egypt? And if there were additional representatives from Africa and from the poorest, which existing G20 members should be excluded?

The general issue of the appearance of usurping the central role of the UN pointed to inviting the Secretary General to G20 meetings. Other heads of international institutions might be invited to attend individual meetings or parts of meetings, depending on the agenda.

Deciding on the issues of membership was going to be gory, though it would have an important influence on the success of the proposal. There was a danger that membership issues could dominate the discussion at the 29th February meeting, and it would be necessary to manage the meeting so that the other issues received their share of the

debate. Even though there were substantive issues around the choice of members, final decisions would be heavily influenced by political considerations.

The remit and agenda of the G20

There were areas where the G20 could fill what were clear gaps in the existing international architecture. For example, there was no single group of governments which was charged with monitoring how the international institutions were performing in fulfilling their various remits across a number of issues linked to globalisation. If the G20 took this on, it might be able to shine a light on the muddle when too many agencies rushed to fill the same space or on the gaps when they all stood back.

While the G20 might find a broad mandate in relation to global financial architecture and global issues such as trade and environment, it was important also to look for niche roles. These could include work on global public health (including both HIV/AIDS and SARS); water; GMOs; and on terrorism and security—which would be attractive to the US.

Among global financial issues that a G20 might discuss were matters such as

- exchange rate systems and regional support. China had an important role to play in this, since it was already engaged in bilateral swap deals;
- global competition policy. At present, the main forum for debate seemed to be by US/EU, even though many of the points of friction were with other G20 countries;
- standstills and the resolution of financial crises. There needed to be a new co-ordinating mechanism. Codes of conduct were unlikely to work in a crisis, and investors would once again get burned. Lessons from past crises were quickly forgotten

These might well be issues primarily for finance ministers. But the dynamics of G20 discussions would be different, and some Leaders from middle-income countries would have a keen interest in these issues, and might want to ensure they were aired at Head of Government level as well as among finance ministers.

Agenda for February 29th meeting

In looking ahead to the February 29th meeting, it was suggested that one way of analysing the usefulness of a G20 would be to draw up a set of scenarios for the major issues that might be discussed over the next few years. The way in which the G20 might address the issues could be compared with how existing fora might deal with them in the absence of a G20. In each case, the analysis would consider the key players in the debate, and how they might be involved. It would also be useful to analyse how the preparatory work might be carried out, given that the objective was not to create a new international secretariat.

This proposal was widely welcomed. One additional point that should be covered in each scenario was the level at which the G20 should meet—in particular the implications of dealing with the issue at the level of Leaders or Finance Ministers.

It was agreed that scenarios should be commissioned for each of the following issues:

- trade (including agricultural reform);

- global public health;
- terrorism and weapons of mass destruction;
- climate change;
- financial crises;
- debt (especially HIPIC debt).

The scenarios should be short (no more than two to three pages) and should follow a common template, which would be worked up by Barry Carin based on the comments that had been made.

These scenarios would be discussed alongside the papers already commissioned for the 29th February meeting, and would help to answer the key question of how a G20 might overcome some of the blockages in the current arrangements, and how it might improve global governance.

Capacity Development at the Country Level

Introducing his paper, Shabbir Cheema said it was based on practical experience from work carried out for the World Bank, OECD, UNDP and the UN, as well as donor evaluations. It had also benefited from recent Dutch case studies.

Capacity development was of growing importance. Globalisation was prompting governments to seek to improve the ability of states to conduct and develop more responsible economic policies. But the term ‘capacity development’ was often imprecisely specified, enabling everyone to claim they were pursuing it.

For the purposes of his paper, Shabbir Cheema saw capacity building as being the acquisition by institutions, organisations, groups or individuals of the ability to perform functions on a regular and sustainable basis. In the 1950s and 1960s, the focus had been on institution-building. In the 1970s and 1980s the focus had shifted to institutional strengthening. In the 1990s and 2000s, the focus had shifted again, to capacity development.

Any capacity development initiative should follow a number of principles. These included that it should be people centered; participatory and consultative; should promote ownership and commitment; demonstrate leadership; and manage risks and expectations. Capacity initiatives could be carried out at a number of levels: developing capacity at the level of the individual was necessary but not sufficient for success. Capacity at the entity level was also vital, and included such issues as determining the mission and strategy of an organisation, its culture, its processes and its resources.

Among the action points for successful design of capacity development initiatives were:

- *identify specific entry points* – to address the question of how to get the process started;
- *integrate external programmes into national development strategies*. PRSPs were the anchor around which donors designed programmes. In practice, different donors had different priorities and requirements and this could impose huge costs. So harmonisation of donor requirements was vital;
- *ensure the central role of the country in co-ordinating external assistance*. There needed to be an entity within government that had the capacity to take control over the process, and evaluate external donors;
- *identify flexible and adaptable strategies*. Recognise that no one size fits all
- *use “process consultation” methodologies*. Don’t prescribe a course of action, but instead develop ways to handle change. Many of the consultants employed by IFIs displayed an arrogance that they knew the only solution;
- *restructure technical co-operation for capacity development*. Existing mechanisms hadn’t delivered results, though there had been success stories. Requirements for success included political commitment, local expertise, and the involvement of all parties, including the private sector and civil society;
- *strengthen country ownership*, through such mechanisms as ensuring the country chaired and hosted meetings, and reducing the power of vested interests;

- *promote effective governance and effective civil service.* Even if the design is right, an initiative might still fail if the civil service is demotivated and unable to implement it;
- *promote sustainable capacity outcomes.* Western education tended to produce a focus on short-term results. But sometimes a longer-term focus was necessary;
- *use the power of knowledge management*

The aim was to develop a global framework based on country-level experience, recognising that each country was different. For developing countries to make the most of the opportunities in the global financial and economic architecture, they needed first to build their own capacity and put their own houses in order. They would then be better placed to gain the benefits of globalisation.

In discussion the following points were made:

- culture was often seen as a force against change. But all successful programmes had made positive use of culture. Cultural sensitivity did not mean condoning corruption, and could help secure change.
- experience with NEPAD provided clear evidence of the need for capacity building. Mbeki himself had identified lack of capacity as the Achilles heel. One problem in Africa was that it was exporting human capital, and losing 60-70,000 skilled people annually to jobs in developed countries.
- as well as focusing on the country level, it was also important to consider capacity both at the regional level, and at the sub-state or local level. The UN and its agencies did not always have the power to open doors at the regional level, and had greater acceptance and trust at the country level. But there were successful examples of UNDP work at the regional level, eg with ASEAN.
- the lack of tertiary education facilities in Africa heightened the problem of losing skilled people. Except in South Africa, most students had to go to the US or EU to study, and at least half did not return.

Responding to these points, Shabbir Cheema said it was welcome how far the ideas in this paper had come to be accepted. More and more Heads of Government in the South were now emphasising the importance of governance, for example. And there was encouraging work in the OECD DAC in agreeing on harmonised procedures.

Peer Review and Public-Private Partnership among Developing Countries

Introducing his paper, Jorge Braga de Macedo said globalisation was in itself neither good nor bad. The outcome depended on governance at the global, regional and local level. Surveillance mechanisms inevitable involved taking views about the competitiveness of national economies, as well as about structural issues—though the latter were often ignored by the IMF. It was also important to know the cyclical position of the economy, since that affected the arguments for reform: in good times, actions needed to be taken to protect future prosperity; in bad times, actions had to be taken to avoid further economic woes.

The mechanisms for surveillance that had been developed for industrial countries could not simply be transferred to developing countries. Even though there was nothing fundamentally different, they needed adaptation.

It was worth considering why the Marshall Plan had been successful in post-War Europe. Was it simply because of the volume of aid provided? Or was it because of the way it had been apportioned? The evidence suggested the latter, with the OECE playing a key role: the learning process had been a comprehensive example of peer-review.

Surveillance had its basis in information sharing and benchmarking. There was scope for wide differences in approach. At one end of the spectrum was the European Union, where the countries wished to converge their economic performance and there was a strong commitment to harmonisation. At the other end of the spectrum were cases where peer pressure was simply a proxy, and there was no ultimate commitment to harmonisation.

When the exchange rate mechanisms in the EU had first been established, they were simply agreements between Central Banks. They had then become a convergence instrument, with codes of conduct being developed. The recent developments on the stability and growth pact was a worrying development, representing a code of conduct that was ineffective through not being followed. The broad economic policy guidelines had become too complicated (for reasons that were unclear) and had no effective convergence mechanism.

In Africa, the position was different. There was a self-selection process, and its credibility was not compromised by forcing reviews on those who did not wish to participate. What was missing, however, was action on public-private partnerships for development. There were two areas where this approach would work well:

- developing cyclical indicators that were available in real time. It often took two years in Africa to publish GDP statistics, and they were subject to huge revisions. So there was a need for quicker, more reliable indicators;
- developing innovative forms of financing, such as microfinance.

In Mozambique, the local business organisations had helped develop cyclical indicators that were available relatively quickly. This led to some specific recommendations in the paper:

- broaden the existing projects in Southern Africa to encompass the entire SADC, through an EU-SADC investment promotion programme;
- extend the experience of Mozambique by presenting a case study on the use of cyclical indicators in Cabo Verde to the next Business Forum held by the Community of Portuguese Speaking Countries (CPLP);
- further extend this approach to draw out linkages between macroeconomic and structural reforms in time for the next meeting of the Macau Forum in 2006. This was an important example of South-South cooperation, which the OECD could discreetly support.

In discussion, the following points were made:

- approaches differed between the OECD and NEPAD on peer review. In the OECD, there was a wide variety of mechanisms, often carefully tailored. The process caused officials to focus on where policies were going. By contrast, the NEPAD process had less focus on peer review and more on shared experience; and there were doubts whether peer pressure could realistically apply Africa-wide;
- there risks that donor pressure could make NEPAD peer review too complicated, by imposing it as a test of acceptability of programmes. The African concept was one of demonstration and of feedback to each other. On the other hand, there were dangers if peer review was seen as too vague to be a credible mechanism;
- peer review had not worked well in Central America. In the Bank for Economic Integration, the borrowers had a majority on the Board, and creditors were in a minority. The appraisals were done by Central Americans, and even if a country's proposal appeared poor, others supported it since they would need support in the future;
- to be successful, peer review needed a culture of honesty and self-criticism which was not always present. Getting transparency and candour was a real challenge;
- while cyclical indicators were important, peer review required a comprehensive examination of governance and of fiscal and monetary policies;

Responding to these points, Jorge Braga de Macado accepted that peer review had defects. But it was better than imposed, top-down solutions. It was right to start with simple mechanisms, and not be too ambitious initially.

Helsinki Process on Globalisation and Democracy

Ambassador Rantakari explained that the Helsinki Process was seeking to bring together all the relevant stakeholders for a comprehensive dialogue on global governance. The objectives were based on the United Nations' Millennium Development Declaration and the process was intended to look at gaps and at practical policy recommendations. It had been launched in cooperation with the Government of Tanzania, which had been Finland's largest development partner for 20 years. A large number of internationally prominent individuals had agreed to take part.

The aim was to be as open as possible in its processes, and to get feedback from all the various stakeholders. Special attention was to be paid to marginalised groups: the various tracks under the Helsinki process had been asked to provide recommendations about how such groups could be reached, even if they were not represented formally.

The main elements of the Process were:

- the Helsinki Group itself;
- the three tracks covering: new approaches to global problem solving; the global economic agenda; and human security;
- the dialogue amongst stakeholders.

The next Helsinki Conference would be in 2005, and in the meantime it was intended that each track should meet three times. There would also be hearings and networking with other groups.

The focus of the tracks was currently very broad. But it should become tighter as the work progressed. Analytical reports would be available on the Helsinki Process web site. It was difficult at this stage to say much about the outcomes, but the intention was to address issues such as "Where would the world go if nothing is done to change the present governance arrangements?" and "What would the world look like if the Millennium Goals, and other commitments such as those at Doha, were all implemented in full?" The hope was that there would be consensus on direction, but it was not the intention to seek unanimity on the conclusions.

In discussion, the following points were made.

The objectives of the Process were commendable. But it was important to be aware of other initiatives there had been in this area. Many of them had failed, and it would be important to avoid making the same mistakes. The State of the World Forum's Commission on Globalisation had had problems of funding; it had produced a series of interesting discussions and reports, but had ultimately not led anywhere. The Commission on Global Governance, chaired by Ingvar Carlsson and Sonny Ramphal, had produced a lengthy report with extensive recommendations. But it had not built up an adequate base of support, and its recommendations had been rejected even by natural supporters such as Canada. The Carnegie Commission on Preventing Deadly Conflict, chaired by David Hamburg and Cyrus Vance, had produced an excellent report. But once the main proponents had moved on, there had been no follow-up and the initiative had

faded away. The report “Responsibility to Protect,” by the International Commission on Intervention and State Sovereignty (backed by Canada’s IDRC), had tried to learn from these earlier processes. Lloyd Axworthy, who was on the Board of the MacArthur Foundation had put money into the follow-up, and the document and its recommendations had been kept live.

These experiences suggested that it would be necessary to think well beyond publication and dissemination of a report. What was needed was an on-going process, one that could change the terms of the discourse. There would be advantages in starting a dialogue soon with the Global Studies Network, which had a strong interest in the issues of globalisation and democracy, and on global governance. It was made up of 35 institutions from all the world’s regions. Another useful channel was the magazine “Global Governance,” which could provide a forum to debate the issues.

It would also be important to firm up the focus of the work, so that clear outcomes and recommendations emerged. Otherwise there was a danger of it being seen simply as another debating forum, without real impact.

The objectives for Track 1, on new approaches to global problem solving, were not clear from the material presented. What issues would it be addressing?

Responding to these points, Ambassador Rantakari said that although the existing plans only covered the next two years, the Finnish government was considering the outreach period, and planning a strategy to ensure follow-up. The suggestions of linkage to the Global Studies Network was a valuable one that he would follow up.

Track 1 was intended to cover issues such as

- marginalisation
- failed States
- burden sharing
- security issues—violence, terrorism and conflict
- the environment
- inequality, inclusion and democratisation
- indigenous people

But it was very much up to Track members to determine the issues they wished to address.

Assessment of the Centre for Global Studies (CFGS) NePAD Capacity Building Initiative

Record of the discussion at Bellagio on 11 December 2003

This meeting had been called to review the NePAD Capacity Building Initiative which had been led by the CFGS and supported by the Charles Stewart Mott Foundation and the IDRC. It had been initiated at a meeting in Bellagio in April 2002 and was aimed at developing practical initiatives to support the NePAD objectives. The background to the review had been set out in the paper “Effective Strategies to Realize the New Partnership for Africa’s Development (NePAD): Lessons Learned” by Barry Carin and Gordon Smith.

The NePAD documents and the G8 Action Plan had produced a long, encyclopedic list of things that needed to be done. Nothing had been left out (aside from some quibbles whether there was adequate attention to the problems of HIV/AIDS), but there had been little guidance on priorities.

The aim of this CFGS project had been to select specific, concrete initiatives, and demonstrate how they could be worked up and implemented. The intention was to be pragmatic, aiming to influence real decisions, rather than simply producing more papers and recommendations. The project had also deliberately been set up as a rapid process—and one lesson learnt was the limitations on how quickly work such as this could in practice be carried out.

Since the project aimed to influence decision-makers, the use of “mapping” techniques had been introduced, so as to make sure that adequate thought was given to how ideas might be promoted and implemented. In particular, Richard Hodapp’s “Decision Mapping®” process had been used, and taught to those participating in developing individual projects. One of Hodapp’s insights was how much time was often spent on design and how little time on promotion. His methodology provided clear ways of targeting “owners”, evaluators and implementers of the decisions we desire to influence in appropriate ways. This methodology had meshed in with other models for influencing governments, for example the IDRC’s action mapping process.

The original intention had been to select the proposals to be “mapped” through a competition, with a jury of prominent Africans doing the selection, with the Centre for Global Studies helping to make sure the successful proposals were plugged into the decision makers. In the event, it had not proved possible to secure funding for drawing up the full range of proposals, so the process had had to be scaled back.

Pages 7-9 of the Carin/Smith paper set out the sequence of meetings and the proposals selected. Parts of the process had gone well, and there had been enthusiasm for the selection process at the Johannesburg meeting in September 2002. But it had subsequently had become clear that some of the participants had not fully appreciated the nature of the task, or the commitment needed. This had led to the list of projects being scaled back further, before the final meeting in Addis Ababa in February 2003. That

meeting had established concrete ideas for how the remaining projects should be taken forward.

From the perspective of the Centre for Global Studies, some of the lessons presented to this meeting were:

- a process like this would not work unless the mappers were really committed and ready to act as evangelists. The process might have been more successful if more time had been built in for recruitment. In addition, more focus was needed on building larger teams led by well-known people.;
- there had been confusion whether it was institutions or individuals who were being recruited to the process. In some cases, CFGS had thought it was recruiting institutions, only to find the individuals intended to work independently;
- the planning process had not left enough time for tutoring the mappers in the techniques and processes;
- CFGS itself had not engaged properly in decision mapping, in particular in planning how best to communicate effectively with CIDA and secure their support;
- the timetable had been grossly over-optimistic.

Some points were then made about the state of play on individual projects, both from the proponents and from others at the meeting.

African Tertiary Institution Consortium on HIV/AIDS

This project had arisen because of a recognition that little was being done to address the interface between students and tertiary institutions in handling the huge problems of HIV/AIDS. The project had deliberately proposed a consortium involving grass-roots ownership, rather than involving Vice Chancellors and university bureaucracies. A constitution had been agreed at a workshop in November, and the first AGM was planned for July 2004. The University of Witwatersrand had volunteered to be the secretariat, and one immediate task was to undertake the necessary fund-raising.

The aim was to help strengthen the resolve in institutions to tackle this problem effectively, and to remind all staff of the need to find ways to weave awareness into their interactions with students. Promoting discussion about the issue was important: it helped those involved to realise they were not alone. The workshop had produced some stunning anecdotes, but many students remained unwilling to acknowledge the problem for fear of shattering illusions.

The intention was to develop a peer-review mechanism for policies to deal with HIV/AIDS in tertiary institutions, and to have a traveling roadshow to demonstrate how this could work. It was proving difficult to engage the NEPAD secretariat, but there remained real enthusiasm for the project and for its importance.

Multi Functional Energy Platform in West Africa

The obstacles faced in this project (as indeed in the others) were ones that were common to many development projects in Africa. Finding appropriate partners in Africa was hard.

Institutions were often difficult interlocutors, with shifting staff and varying objectives. The focus that had been put on process, and on setting up networks, had been a commendable feature. But the real test would come in actually running and expanding the project over, say, five years.

The project itself was ongoing. UNDP was supportive, but substantial co-financing was needed. To do this would require assistance, guidance and lobbying, and the chances of success would be improved if efforts were combined. To get through the AfDB bureaucracy needed pressure both from donors and from those on the ground.

The issues were not all about money. It would be helpful to continue to work together to deal with other substantive issues. Proper monitoring and evaluation was needed—not the routine end-of-project evaluation carried out to satisfy auditors, but a real analysis of what worked and what didn't. The IDRC work on poverty at village level was a good example. The basis for a successful approach to NePAD and to donors had to be a clear and convincing proposal that set out the costs and the expected results, based on good analysis and research.

West African MicroCredit Fund

This project had had its roots in proposals from the field—from Benin, Mali and Senegal for example—which PlaNet Finance had decided to support. The process had been useful, but had had its weaknesses. It had been hard at first to understand the nature of the mapping process, and six months had been a very short time to draw up plans for the size of project that was contemplated. Nonetheless, a clear product had been developed, along with a clear strategy to sell the product to sponsors.

It had not proved possible to implement this in the way envisaged, but two other related funds had been established. Even where funding approaches had not been directly successful, there had often been spin-off benefits. One of the problems had been that the IFC had been very interested but had wanted to see a different structure covering all of Africa. That was not the aim of the project, which saw a real need to establish a specifically West African fund first.

2005 had been identified as the year of microfinance. The objective was to make a start in West Africa and then to present to the G8 Summit in 2005 a proposal for expansion to other countries. Thanks to the mapping process, there was now a clearer understanding of who to target. Help was still needed on promoting the plans to the governments in Senegal and Benin in particular. Further work was also needed on marketing and on targeting other decision makers. A key lesson was that promoting projects such as these took time.

Resource Plunder Database for Africa

The mapping process had been useful, though not perhaps in the way envisaged. The full Hodapp process was arguably too complicated and time-consuming given the time constraints on the project. But some of the insights had been useful, for example in the distinction between owners, evaluators and implementers. In some ways, the mapping

process might have been better aimed at the *champions* of the proposals, rather than at the *designers*.

There had also been a problem of sequencing. It had taken time to produce good projects, both in this case and others, with the result that some of the focus on process had lacked real substance without a clear idea of the project to be promoted.

The Resource Plunder Database was in many ways different from the other projects. It was not particularly difficult to implement or to fund but it was both dangerous and raised issues of litigation. So its most pressing needs were institutional immunity and political cover. The United Nations Security Council had seemed the obvious home, but caution had been expressed about the dynamics. Other institutions had therefore been examined, including the NePAD secretariat. Another factor was that the UNSC had been dominated by work on Iraq recently, though that could change before too long and open a new window of opportunity.

Electoral Code (Norms, Standards and Mechanisms) for the African Union

No representative of the project could be present at the meeting, but it was noted that the initiative had progressed rapidly, with the mapper being actively involved in the work in this area being carried out by the Conference for Stability, Security, Development and Co-operation in Africa (CSSDA).

General points on the process

The meeting then considered the general points raised about the process, in particular where it had been successful and where it had not. The main points raised were:

- The aims of the program had been over-ambitious, but that was to the CFGS's credit. The outcomes had exceeded what many other comparable programs might expect to achieve in such a short period. To get several projects to the implementation stage was a noteworthy achievement. The program had rightly focused on deliverables, rather than just producing reports. Much had been learned, and there was scope for building on the process, as well as moving forward on some of the projects.
- If the program was looked at as an exercise in capacity building, it had arguably not been put together in the most appropriate way. There were some strong points: the consultation process; the investment in knowledge institutions in developing countries; the use of new knowledge management techniques. But the process had not been integrated with national processes, and there was little country ownership. It had not properly supported governance processes, or taken account of countries' roles in co-ordinating with NePAD. It had also been too donor-driven. These issues needed to be addressed in the design of future projects.
- Others disagreed, particularly on whether the process had been donor-driven. The presenters at the meeting in Addis Ababa had *all* been from African countries, and individuals from those countries had been able to take an idea and develop it. And

on capacity building more generally, there was an important agenda in improving the skills of policy entrepreneurs, independent of action taken with governments. It was in any case perhaps too ambitious to evaluate the program in terms of its success in capacity building. What the Mott Foundation had asked the CFGS to undertake was a pilot program to test whether the ideas would work in practice, rather than a fully-fledged program of capacity building.

- The process had produced a very useful contribution to the academic literature, and it would be worth conducting a more formal review of the methodology used, and the obstacles that had prevented all the objectives being achieved.
- Many of those at the meeting encouraged the CFGS to write an op-ed article for suitable publications which could explain what had been achieved and what issues had emerged. It was important to share experience, and many would be interested in this process.
- It was disappointing that it had not proved possible to get the projects endorsed by the G8 Summit in Evian, as had been hoped. But in the event, the Evian Summit had not focused on specifics in the way that the Kananaskis Summit had. The 2005 Summit in the UK had now been set as the time when the G8 would formally review progress on the G8/NePAD action plan.
- It had proved very difficult to engage with the NePAD secretariat, whose resources were very stretched. They did not have the capacity to be an operating partner. But it was nonetheless important that projects had some sort of official blessing from the secretariat. Equally, it was important to look for ways in which the secretariat's own capacity could be boosted. The secretariat could benefit from outcome mapping techniques, so as to develop a clearer focus on what needed doing to get proposals implemented.
- There was also confusion about the wider governance arrangements for NePAD, including the co-ordination between countries and the handling of national, regional and sub-regional programmes within individual countries.

NePAD

These points led on to a short discussion on NePAD itself, in which the main points raised were:

- Although some scepticism had been expressed about NePAD, it was important to see it as an *African* project. Support from the G8 was secondary, and NePAD did not stand or fall depending on donor support. It was not happening overnight, but NePAD *was* changing the way Africa operated. Capacity building was only part of the problem: also important were governance, infrastructure and resources.
- It was important also not to focus exclusively on the problems faced by Africa. That only served to create a sense of “why bother?” Of course there were

problems, but there were also more positive points. Zimbabwe, for example, now had a better educated population, with six universities compared to one at independence.

- At the same time, it was right to look to NePAD to produce concrete results. It was not just a political initiative to demonstrate that Africa was taking responsibility for its future. People in Africa wanted to see change, with new ways of delivering services and a real sense that NePAD was making a difference.

Conclusions

The meeting generally endorsed the conclusions and recommendations in the Carin/Smith paper, while at the same time counseling against the sense that the process had failed to deliver its goals. It was commendable to have got as many as five projects ready for implementation, and much had been learned than would be useful for future efforts.

The Mott Foundation, too, felt that much had been accomplished in a short period of time. While NePAD was about Africa helping itself, it was also about creating partnerships with the G8 and other institutions and this project had demonstrated how that might be achieved. The process also offered insights into new approaches to managing globalisation.

The CFGS, for its part, had until recently felt gloomy about the outcome of the process; that sense had been expressed in the paper. But more mature reflection—and the points made here—had increased their optimism about what had been achieved. It was welcome that so many participants felt that the lessons would be of wider interest. Nonetheless, there remained a lot of work to complete what had been begun.