

G20 and BRICS: Engaging with International Organizations to Generate Growth

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Born in response to the economic and financial crisis, G20 and BRICS have become established summit institutions in the system of global governance.

Viewed through the rational choice institutionalist paradigm:

The summit institutions are established by the respective countries' leaders' voluntary agreement **to perform concrete functions and missions.**

The club members accustomed to strategic action, of roughly equal standing, coming from a wide range of civilizations, continents and economic development **act in a highly strategic manner to maximize the attainment of their priorities.**

Summits are settings where strategic interaction between leaders plays a major role in determining the political outcomes.

To maximize benefits from the new arrangement **the founders may choose to engage voluntarily with existing organizations in a mode they regard most efficient for attainment of their goals.**

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We have explored how G20 and BRICS interact with the international organizations and what modes of engagement the leaders choose to build on strengths in implementing the forum mission and functions.

According to Putman and Bayne, summit institutions can resort to a combination of the “catalyst”, “core group” and “parallel treatment” approaches.

Acting as “catalysts” they exert a powerful influence for international organizations' changes through endorsement or stimulus, or compel them to reform.

Engaging with the IOs as a core group they can impart a new direction by giving a mandate or provide a political leadership that the other organization needs to continue steer its course and harness its members and international community support.

Summit institutions can also create their own mechanisms working in parallel with existing institutions.

It is assumed that G20 and BRICS practice all three models: “catalyst”, “core group” and “parallel treatment”. The study undertakes to test this assumption.

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We draw on quantitative and qualitative analysis of documents adopted by G20 and BRICS (all documents except the Hangzhou and Goa summits) to trace the dynamics of their engagement with multilateral organizations and identify preferred models across the presidencies and policy areas.

As a first step, quantitative approach is used based on three parameters: the number of references to a particular organization made over the period, its share in the total number of references, and the intensity.

The intensity is expressed as a ratio of the number of references to the institution to the number of characters (including spaces and punctuation) in the documents as follows:

$$D_1 = M_1/S_1,$$

where D_1 is the intensity of references to a particular international institution for a given year (period), M_1 is the number of references made to this institution during this year (period), and S_1 is the total number of characters in the documents for this year (period). To make the findings more easily understood, D_1 is multiplied by 10,000.

As a second step, qualitative analysis is carried out, to identify the most characteristic models of G20 and BRICS engagement with multilateral organizations, as well as the dynamics and intensity.

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Since their first summits both G20 and BRICS consistently engage international organizations, though the intensity and patterns of engagement differ across presidencies and organizations. Nevertheless some general trends can be observed.

While the intensity of G20 and BRICS engagement with the IOs declining, it remains high. London and Pittsburg, and Yekaterinburg and Brasilia, the first two summits defining the G20 and the BRICS missions and the roles in the system of global governance, stand out with the highest intensity levels.

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The international organizations shares in the G20 and BRICS discourse reflect the summit institutions' missions and agendas.

G20 consistently pushed for the IMF quota and governance reform, supported World Bank Group and regional development banks efforts to mobilize finance and catalyze financing for infrastructure investment, and relied on the OECD expertise in elaboration of decisions on a wide range of challenges: from tackling Base Erosion and Profit Shifting (BEPS) project to implementing structural reforms for growth. The G20 baby – Financial Stability Board has become an indispensable partner in expediting and supervising the reform of financial markets and regulation. The UN is in the top ten, though it only comes seventh in the G20 discourse.

The UN is the most frequently mentioned institution in the BRICS documents. The next most frequently mentioned institution is G20. BRICS members have consistently expressed support to the G20 efforts to generate strong, sustainable and balanced growth. BRICS members also regularly coordinate their positions on key issues on the G20 agenda. BRICS own institutions, namely, the New Development Bank and Contingent Reserve Arrangement are also frequently mentioned.

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Since the first summit in Washington the IMF has been G20 most important partner. From London to Antalya G20 consistently built pressure for the IMF reform agreed in 2010 urging the United States to ratify the reforms. BRICS also consistently call for the IMF and WB reforms. Lack of catalytic effect is probably one of the factors that led to the reduction in the absolute number and intensity of references to these institutions in BRICS documents.

Acting as a core group the G20 mandated the IMF to undertake a new detailed assessment of the global economic and financial situation and prospects. The MAP has become “an analytical backbone” of the G20 Framework for Strong, Sustainable, and Balanced Growth. It is a perfect example of the G20 acting as a core group in its engagement with the IMF.

Both G20 and BRICS consistently called for the WB reform to increase the voting power of developing and transition countries. The WB became one of the G20 key partners in implementation of the Seoul Multi-Year Action Plan on Development contributing. G20 request to the WB to act as secretariat for the Global Infrastructure Connectivity Alliance is one of the recent core group model engagement cases.

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As mentioned earlier, the UN comes first by the share and intensity in BRICS discourse. BRICS call for the UN reform and enhanced role of India and Brazil in the United Nations. Given the universal nature of the UN BRICS refer to the organization on most of the agenda issues: conflict resolution, human rights, development, fight against terrorism and corruption. BRICS engage with the UN both in a catalytic and core group modes. G20 dominating engagement model with the UN is that of a core group. The very first example being the G20 London summit leaders call on the UN to establish an effective mechanism to monitor the impact of the crisis on the poorest and most vulnerable working with other global institutions. The latest example comes from the Antalya declaration and is related to ICT: the leaders noted the key role the United Nations played in developing norms in this sphere and welcomed the 2015 report of the UN Group of Governmental Experts in the Field of Information and Telecommunications in the Context of International Security.

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BRICS countries actively support a stable and non-discriminatory trading system, with the WTO at its core, and have included international trade issues as a priority in the agenda since the forum establishment. The BRICS focus on the relationship between trade and development determines frequent references to another relevant international institution - UNCTAD.

The WTO and the UNCTAD come the tenth and sixteenth by the share of references. Core group type-engagement with the WTO is closely related to the G20 commitment to refrain from raising new barriers to investment and trade, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports. Since Pittsburgh the G20 encourage the WTO to work towards a balanced and ambitious conclusion of Doha Development Round, though their steady efforts have not yielded expected catalytic influence. A more successful example of G20 catalyst approach is the leaders push for WTO Trade Facilitation Agreement.

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The OECD is the fourth most often referenced IOs in the G20 discourse. The intensity of engagement is rising steadily as the OECD contribution to the G20 agenda grows. The trend reflects G20 expanding agenda and increasing reliance on the OECD expertise as well as the OECD entrepreneurial capability. The G20 summits provided political impulses and blessings to many of the OECD activities, from the macroeconomic to anti-corruption policy areas, and acting as a core group relied on its expertise in deliberations, directions setting, decision-making and delivery; while the OECD sought to project its influence beyond the OECD through its alliance with the G20.

The recent example is OECD contribution to the G20 Blueprint on Innovative Growth agreed at the summit in Hangzhou, an initiative China set forth as a priority of its G20 presidency to break a new path for development. The OECD was requested to support the Task Force G20 set up at the summit to take forward the G20 agenda on innovation, new industrial revolution and digital economy, getting an opportunity to impact the G20 future agenda and the G20 members' national policies across the three areas.

BRICS only mentioned OECD once, in conjunction with the commitment to implement BEPS. Support to the G20 activities, and coordination of positions on key issues on G20 agenda are the two main dimensions of BRICS engagement with this international institution.

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Intensity of engagement with IOs is high for both BRICS and G20. However, their preferences for the models of engagement and the partner organizations are different reflecting the mission and the agenda.

BRICS engagement with international institutions is mainly based on two models: the “catalyst” approach and “parallel treatment”. The establishment of BRICS own institutions has not led to a considerable decrease in the number and intensity of references to other international organizations. BRICS countries themselves point out that the new institutions act as complements to the existing financial system and aim to improve the efficiency of its functioning as a whole. Thus, the BRICS and its New Development Bank and Contingent Reserve Arrangement should be considered as additional tools for the development of multilateralism and coordination rather than alternatives or competitors to existing international institutions.

The G20 mostly resorts to a combination of the catalyst and core group approaches. There are very few cases of parallel treatment. In fact we can count them by the fingers on one hand, and most of them are in the sphere of the infrastructure investment: **High-Level Panel for Infrastructure Investment (HLP)** which was set up in Seoul with a mandate to mobilize support for scaling up infrastructure financing; **the G20 Global Infrastructure Initiative and Global Infrastructure Hub** with dedicated resources to help implement the G20’s multi-year infrastructure agenda under the Initiative launched in Brisbane; and **the Global Infrastructure Connectivity Alliance** announced at the Chengdu Finance Ministers and Central Bank Governors meeting. This phenomenon reflects a persistent gap in the demand and supply for infrastructure investment and governance leadership in this area.

Thus in implementing the forum mission and functions G20 prefer to engage with key international organizations, rather than build G20 centered governance system, acting as “a hub of a global network”.