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DEVELOPMENT
ADVANCEMENT THROUGH INTERNATIONAL ORGANIZATIONS

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AUTHORS' NOTE

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ACRONYMS

AMC	Advance Market Commitment
BRICS	Brazil, Russia, India, China and South Africa
DAC	Development Assistance Committee (OECD)
GATT	General Agreement on Tariffs and Trade
GPU	General Postal Union
ECLAC	Economic Commission for Latin America and the Caribbean
FAO	Food and Agriculture Organization
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDRC	International Development Research Centre
IEO	Independent Evaluation Office
IFC	International Finance Corporation
IFI	international financial institution
IMF	International Monetary Fund
ITO	International Trade Organization
ITU	International Telegraph Union
MDGs	Millennium Development Goals
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
RDB	regional development bank
RCT	randomized control trial
UNCTAD	UN Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WTO	World Trade Organization

EXECUTIVE SUMMARY

The familiar world of international organizations principally devoted to development has been upended by two phenomena. First is the emergence of sustained economic success in the developing world (mostly in Asia, but increasingly also in Africa and, in a less spectacular way, Latin America) amid compelling, continuing need among the world's poor. Second, the slow-moving, serious financial and economic crisis of the industrialized world since 2008 has reordered priorities in many of their capitals toward domestic spending and away from costly international projects.

Both phenomena point to deeper issues. The success in reducing poverty in developing countries has not been the result of a single-minded application of the nostrums of the international development organizations. And many of the challenges the world, and especially developing countries, face today (climate change, access to new technologies, managing the Internet) are not directly addressed by the work of the existing family of development institutions.

A new set of institutions (the BRICS [Brazil, Russia, India, China and South Africa] Development Bank, if and when it comes into being, the Chiang Mai Initiative, which pools international reserves among some Asian countries, and new philanthropic foundations centred in developing countries) will complement, but not soon supplant, the activities of traditional multilateral actors. Failure to reform governance in traditional international organizations is bound to lead to the rise and strengthening of the alternatives. What this new constellation of institutions will look like is uncertain, much less the place of the traditional actors within it. But its main thrusts are becoming clear — a recognition that development is not a clearly defined goal with only one or two paths to reach it, and that good ideas are generated anywhere in the world. The emerging system will succeed if it nurtures this multiplicity in innovative ideas, and abets their application, suitably modified to suit other circumstances, across countries and regions.

INTRODUCTION

Notions of development have varied over time, and therefore an account of the international organizations concerned with the advancement of development must be accordingly elastic.

The roots of these international organizations lie in two aspects of global interconnectedness. The first is the propagation and management of a nascent technology for the global good, which resulted in the International Telegraph Union (ITU), now the International Telecommunication Union, in 1865, and the General Postal Union (GPU), now the Universal Postal Union, in 1874.

The second driver of international cooperation to achieve prosperity, articulated during the early 1940s, was the failure of the Treaty of Versailles and the League of Nations to protect the peace. The ruinous economic reparations the treaty imposed on Germany led to the severe economic and social distress, laying the foundation for the rise to power of Hitler's National Socialism and its revanchist agenda in Germany, which precipitated World War II.

Until the end of World War II, the principal intergovernmental organizations were not concerned with the poorest countries in the world, but with the consequences of poverty and marginalization among the warring nations of Europe. The Bretton Woods Conference toward the end of World War II foresaw the creation of three organizations, the third of which, the International Trade Organization (ITO), was stillborn, with the General Agreement on Tariffs and Trade (GATT) signed in 1947 to take on some of its functions. Here, the imperative was to create and protect global economic gains that would underpin a lasting peace. The idea of alleviating material poverty in the poorest countries (which were mostly still colonized in 1945) did not come until later.

The desired content of development in the Global South (those continents lagging the industrialized countries in economic prosperity as of the 1950s and 1960s) has been greatly contested, as have been the methods advocated and deployed to achieve it, not least in the preferred balance between poverty alleviation and social empowerment (although for many, these, at times, have seemed synonymous). This may account for the proliferation of international organizations purporting to promote some aspect of development, each with a strong constituency, at least for a time.

Recently, the success of the first wave of Asian "tigers" and the phenomena of the emerging economies and the BRICS have resulted in fluidity in the client base of the principal postwar development organizations. Meanwhile, the funding base of these institutions and resistance to change in their internal governance continues to evolve. Non-official actors (mainly the US philanthropic foundations and the international non-governmental organizations [NGOs]) and newer formations (the vertical funds related to health and nutrition, the Consultative Group on International Agricultural Research [now known by its acronym, CGIAR]) — the international agricultural research system) and even new mechanisms (such as social- or development-impact investment vehicles) have re-enforced the notion that poverty alleviation programming in poor countries has to be situated in the larger context of global cooperation and well-being, and lend itself to a variety of approaches.

In the wake of the international financial and economic crisis that has gripped much of the industrialized world since 2008, with sometimes-delayed knock-on effects for some developing and emerging countries, the development landscape looks starkly different. Many of the traditional development donors of the industrialized world experienced declining interest in development and pauperized treasuries battling domestic banking and other systemic financial failures. Many developing countries and, indeed, the continent of Africa (hitherto described, at times, as a "basket case") have performed better. This has called into question not so much the imperative of development, but the mechanics and the institutional infrastructure through which it has been pursued in the developing world. Thus, the "golden age" of international development organizations may be coming to a close, in part, perhaps, as victims of their own success. Even if they do not disappear, a recasting away from traditional poverty alleviation in poor countries to the provision of global public goods (financial stability, climate change mitigation and, more controversially, security) is likely to accelerate.

This hypothesis is developed only partly in chronological fashion. The next section of this paper examines the genesis of international organizations focusing on development — the period between 1865, when the ITU was created, and the end of World War II. The third section covers the results of the immediate postwar period, in particular the Bretton Woods organizations, the UN system and the regional development banks. Their governance and (not coincidentally) the ideas and policies they favour merit special attention. The fourth section covers the parallel emergence of the foundations — the large NGOs with a global reach and the more recent ancillaries to the established official organizations, such as the vertical funds and trust funds. In the fifth section, a constellation of international developmental actors is examined, highlighting the transition that each subgroup is undergoing. The final section concludes that the prognosis for organizations caught in this transitional stage in global economic governance can only be uncertain. The challenge will be for the global community to craft what the 2013 *Human Development Report* calls "coherent pluralism."[1]

GENESIS

When hydraulic and pneumatic power was replaced by electricity, "this was once again genesis" (Landes 1969, 284), for electric power was made to be transmitted over long distances. By the late 1830s, electricity had passed the stage of scientific curiosity to become a commercially viable form of energy with application, initially, in communication. Between 1837 and 1895, a spate of developments — the electromagnetic telegraph, the undersea cable, the telephone and wireless — revolutionized communication and ushered in a new era in cross-country cooperation, which was driven by the need for arrangements of various kinds to locate and use the nodes and connections between them effectively.[2] Fifteen separate agreements covered telegraph links within Prussia alone. On May 17, 1865, the ITU was established by 20 European countries after only two and a half months of negotiations. This occurred 20 years after Samuel Morse transmitted his first public message through his ingenious new medium, the telegraph.

About the same time, a series of measures were introduced in England that resulted in core concepts that were rapidly taken up by other countries — the postage stamp that signalled prepaid mail, and uniform rates for domestic letters of a certain weight regardless of distance. In this case, the route to an international agreement took longer. A series of conferences starting in 1863 resulted in the creation of the GPU by 22 countries in Bern, Switzerland, on September 15, 1874, thus multilateralizing what had worked so well at the national level.

Although not purely developmentally oriented, the ITU and the GPU were part and parcel of the series of technological and institutional advances that transformed commerce, international relations and social interconnectedness (echoed in many ways in recent decades by the creation of the virtual world made possible by a radically new generation of advanced information technologies). The member states, and even those peripheral to these agreements, were made richer and more developed as a result. These two agreements are the precursors to international cooperation around what are today known as global public goods, of which common standards of the sort embodied in the ITU and GPU remain the purest examples of something non-excludable and non-rivalrous. The joint nature of development and the provision of a public good is an undercurrent of the organizations covered in this paper. Even an international organization concerned with nothing but fighting poverty at the national level is creating a global public good via the accumulation of lessons learned and knowledge within it, its transfer to and application in other countries, and the creation of near-universally accessible datasets. At another level, the more prosperous countries they promote reinforce the wealth of their neighbours and trading partners.

The creation of the GPU was followed by a period that was not only lean, but also marked by significant failure in

1 See United Nations Development Programme (UNDP) (2013), in particular chapter 5.

2 For an account of technological advances in this period and their impact on society and the economy, see Landes (1969).

international cooperation.[3] The Treaty of Versailles and the League of Nations signally failed to "win the peace," with disastrous consequences. The predatory policies in trade, investment and exchange rate management in the years after the crash of 1929 were punctuated by ineffective international coordination, mostly ad hoc, resting on a poor understanding of the analytic underpinnings of the economic fundamentals and, in any case, not under the auspices of an international organization.

The "value proposition" that countries saw in cooperating around the various elements of communications a generation earlier was simply not evident in matters of macroeconomic performance. The lesson, a hard one learned by the entire world, was that a new "United Nations" approach would require considerable economic cooperation enshrined in strong international organizations. US President Franklin D. Roosevelt and UK Prime Minister Winston Churchill, in particular, appreciated the point; more importantly, they were also in a position to do something about it.

THE UNITED NATIONS AND BRETTON WOODS

The period between 1950 and 1975 has been termed the "golden age" of economic growth; during that period, the world economy grew continuously and almost everywhere at an unprecedented rate, which seemed to prove that "development" was not only possible, but indeed achievable, especially as the welfare state in European countries indicated that state intervention could lead to vast social improvements. This was the period when the "development cooperation experiment" took off and average annual economic growth across developing countries as a whole averaged over five percent, which was higher than the comparable rate in the industrial world. Many international organizations were either created or expanded and came into their own during this period.

The focus of the Charter of the United Nations is on peace, human rights and freedom. These words are used generously, starting in the preamble, and continue throughout the document. Chapter IX (on international economic and social cooperation) and Chapter X (on the Economic and Social Council) enshrine the view held strongly by Roosevelt and Churchill that the peace had to be supported by economic cooperation arrangements that had teeth. But the work to create the related institutional architecture and ordain the means to bring these arrangements to life formally, began a year earlier at the United Nations Monetary and Financial Conference, at Bretton Woods, New Hampshire.[4]

THE UNITED NATIONS

Article 57 of the UN Charter, agreed at San Francisco in 1945, urged that pre-existing "specialized agencies" with a role in the economic, cultural and several other spheres be "brought into relationship" with the UN. One such agency was the International Labour Organization, founded in 1919 in association with the League of Nations, which had, on request, provided advice to a variety of governments, with "technical assistance" (an early form of UN support for development) being a close cousin. The first major development program outside of the industrialized world to follow the creation of the United Nations, the Colombo Plan (established in 1950 and initially assisting several South Asian countries, eventually including some others), impelled at the outset by the Commonwealth, had nothing to do with the United Nations. But as decolonization proceeded, bringing independence to a welter of essentially very poor states during the 1950s and early 1960s, the United Nations was deluged with calls for support and assistance. Beyond the (initially modest) help, largely advisory, provided by several UN specialized agencies, the UN General Assembly set aside US$300,000 in 1948 (even then hardly a princely sum) for "technical assistance" for economic development, soon followed in 1949 by the creation of an institutional umbrella, bringing together specialized agencies and the United Nations itself known as the "Expanded Program of Technical Assistance." By the end of the 1950s, this program was spending close to US$35 million annually.

But much more was required, and in 1966, the UNDP came into being through the merger of two other UN entities, eventually becoming the United Nation's largest broad-brush development actor, which also nominally serves a coordinating role and most often underpins UN country representation throughout the developing world. Its 2012 funding levels, currently under some pressure from donors, reached nearly US$5 billion. But the specialized agencies also provide developing countries with considerable program assistance beyond advisory services.

With an ever-growing array of UN institutional actors, generating oft-derided "UN sprawl," competition among these entities for now-shrinking overall levels of traditional donor dollars tends to generate counterproductive programmatic stampedes in whatever direction the donors seem to favour (however briefly), often forsaking their core mandates. The donors, in theory, committed to high-

3 One exception, beyond the remit of this paper, was the emergence late in the nineteenth century of internationally available mechanisms for arbitration of commercial and other disputes, including ones between states — notably the creation of the Permanent Court of Arbitration in 1899 — as a means of promoting commerce and avoiding conflict arising from unaddressed grievances. Such judicial and administrative dispute resolution mechanisms have since proliferated, generally in helpful ways. Much of the work of the World Trade Organization (WTO) today is arbitral in nature with its dispute resolution system (which, on balance, has generally operated well).

4 There was extensive prior preparation, and even precedent in US-Latin American relations, as Helleiner (2014) describes.

minded principles enshrined in such worthy but nearly instantly discarded statements as the Paris (2005), Accra (2008) and Busan (2011) declarations, have rarely remained committed to strategies and priorities for long enough to establish basic proof of concept. Not surprisingly, during the current economic crisis, development assistance has become increasingly contested in parliaments of several formerly steadfast donors. Further, the 1990s and 2000s witnessed a growing trend among donors to fund telegenic emergency situations in which many lives where at immediate risk, rather than longer-term development that could benefit many more over time.[5] UN agencies are more vulnerable to disruption in funding than are the Washington-based international financial institutions, which generally enjoy support from donor treasuries and aid ministries. In sum, donors and UN agencies make for unhappy bedfellows, with the United Nations often spread too thin to achieve serious impact, with the exception of some narrowly focused, often innovative and well-managed agencies such as the United Nations Children's Fund (UNICEF).

The greatest contribution of the United Nations and its many agencies and programs almost certainly does not lie in the outcome of its "operational activities." As argued by the superb UN Intellectual History project, in its most vivid volume, *UN Voices*, it is in the field of ideas that the United Nations has most greatly distinguished itself, doubtless, in part, because of its plurality and because of the dogged attachment to them of a number of past and present staff members and national representatives (Weiss et al. 2005). At the UN, ideas are constantly under challenge. This is healthy. Not coincidentally, it was at the United Nations that the concept of human development was embraced, and that related work on the Arab world, led by Rima Khalaf Hunaidi, foreshadowed the Arab Spring and documented the deficits and frustrations that led to this massive regional upheaval.

THE INTERNATIONAL FINANCIAL INSTITUTIONS

Preoccupation with material poverty in poor countries was underplayed at the Bretton Woods Conference held during three weeks in July 1944. The ITO, had it been created, was primarily intended to focus on the rules governing trade in wealthy countries. Of the 23 initial signatories to the GATT, only 10 were developing countries. Only three more developing countries joined in the next 10 years. The main reason was that Article XVIII, the only part of the accord concerning developing countries, which granted them exemption from certain obligations, was deemed to be too onerous to actually implement. Instead, the developing countries joined their richer counterparts in using the balance of payments exception when they wished to apply trade restrictions. A series of other aspects important to developing countries, related to commodity price stabilization and incentives to locate value-added activities in developing countries, were unacceptable to the United States and, therefore, were missing from the GATT. In trade as in finance, the aim of the Bretton Woods negotiators was to reconstruct war-torn Europe and ensure a liberal economic order within it and with the United States.

With the ITO failing to come into being, and the GATT being agreed independent of the United Nations (and remaining that way), the WTO, unlike the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF), also foregoes formal links with the UN (although its director general does participate in high-level UN executive discussions).

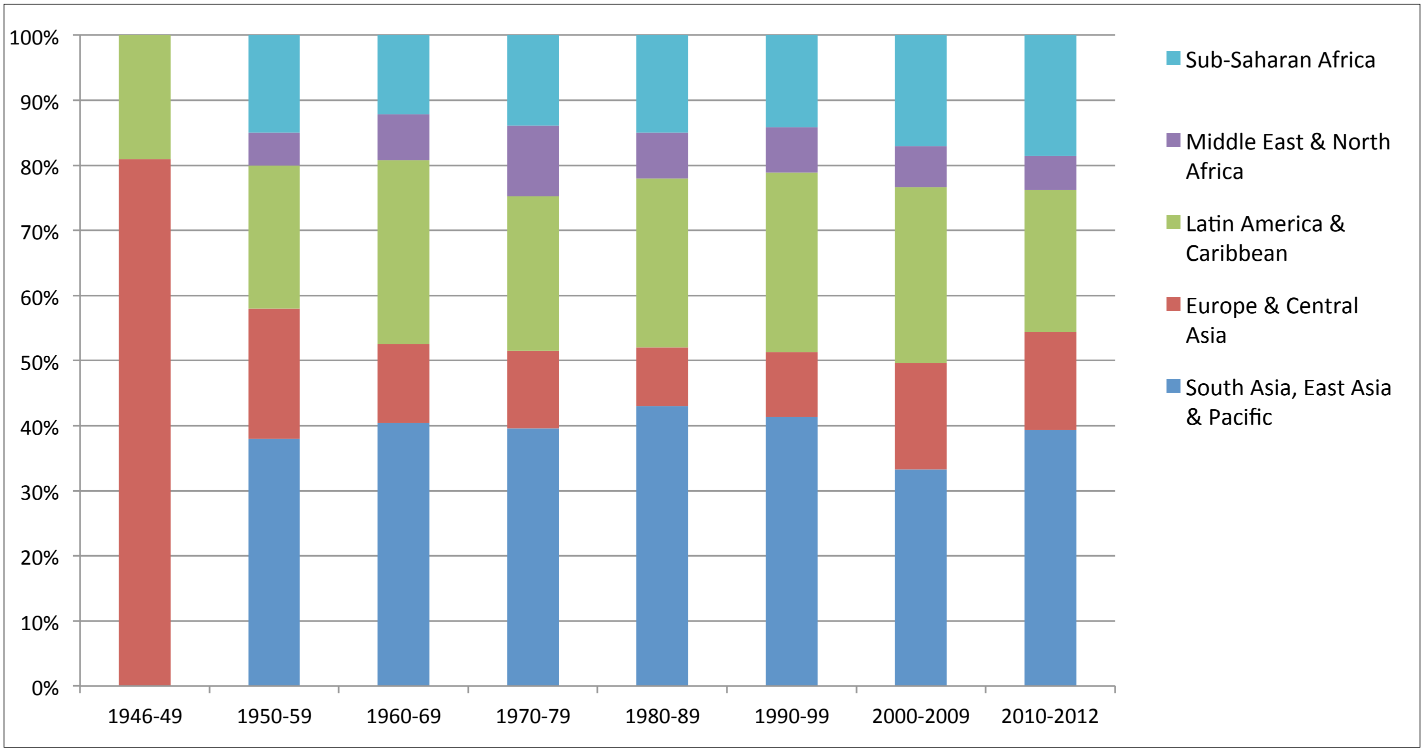
The IBRD was also geared toward supporting the recovery of the industrialized world from the ravages of war; lending at market and near-market rates of interest put IBRD resources out of the reach of most developing countries. Accordingly, its main clients remained European for a decade after the Bretton Woods Conference ended (see Figure 1). Even the first major organizational change, the creation of the International Finance Corporation (IFC) in 1956, was geared to identifying investible projects in the private sector, and thus complicated lending to developing countries during a period when a strong government hand in industry and enterprise prevailed. It wasn't until the creation of the World Bank's "soft loan" arm, the International Development Association (IDA), in 1962 that development concerns truly became pre-eminent in the operations of what was now the World Bank Group.[6]

The IMF was initially even further removed from the development realm than were the GATT/ITO and the IBRD. This organization was created to address the twin issues of the availability of international liquidity for trade and investment, and adjusting to balance-of-payments difficulties. The pivotal debate between John Maynard Keynes and Harry Dexter White on whether the core of the IMF's functions should be driven by the hybrid unit of account "bancor" or the American dollar as the global reserve currency was both technical (about the relative efficiency of various adjustment mechanisms) and political (about the cementing of status of the United States as the

5 This syndrome came to be known as the "CNN effect," due to that television network's introduction of non-stop news cycles often focusing on famine and war as pestilence of various sorts, impelling publics to exert pressure on their governments and the governments, in turn, on the UN to "do something" in response. The 2010 earthquake in Haiti is an example of this syndrome at play, with very little lasting impact of international intervention to relieve the suffering and rebuild.

6 The early years of the World Bank are covered in Kapur, Lewis and Webb (1997); for the evolution in lending patterns see Table 1-1 therein.

Figure 1: Regional Distribution of IBRD/IDA Lending Commitments



Source: World Bank, World Development Indicators (2013); Kapur, Lewis and Webb (1997).

global hegemon).[7] The suggestion from India's delegation that an additional purpose of the IMF as set out in Article I be "to assist in the fuller utilization of the resources of economically under-developed countries" was rejected (James 2009, 16).The Bretton Woods Conference consciously avoided distinguishing between developed and developing countries (or indeed any other grouping of attendees), but in so doing, it *reinforced* this distinction since non-distinction was not value neutral.[8]

With such roots, two things followed in all three Bretton Woods organizations. First, time, trends and events (mostly related to decolonization and the wretched state in which the colonial powers left their former dependencies) ensured that development concerns came to the fore dramatically during the early 1960s. Second, they did so within institutions seen very much as creatures of the developed countries.

Following its distinctly non-developmental first decade, the GATT commissioned a study (the Haberler Report)[9] that was even-handed in its assessment of the detrimental effects of developed country policies, particularly in agriculture, on developing countries and on the goals of misguided inward-looking policies in developing countries themselves. Despite the intent of a new Part IV in the agreement to more purposefully recognize the trade *and* development agenda, measures that developing countries saw as concrete were few. The Kennedy Round (1964–1967) was disappointing for developing countries, as it did little to penetrate the thicket of agricultural protectionism in developed countries and tariff escalation by degree of manufacturing at exactly the time when developing countries saw higher value added as the route to greater levels of development. But by the end of the round, the fissure had already occurred, with the creation in 1964 of the UN Conference on Trade and Development (UNCTAD), a group seen by all concerned as better reflecting developing country views and interests, but one bereft of financial resources and possessing few of the practical results-oriented negotiating attributes of the GATT, unsatisfactory as these were. At the United Nations, debates (often limited to calling for further debates) tended to be claims-based and advocate redress as much as a political matter looking to establish concrete measures on the ground.

7 Although accounts of the discussion at the conference abound, see Mikesell (1994) for a readable, first-hand memoir.

8 Helleiner (2014) is an important exception to this view. He argues that developing countries, particularly Latin American countries, had strong representations at the conference, and previously, in their dealings on this subject with the Americans. However, once the conference was over, "the world changed quite dramatically.... Very quickly after the war, US officials turned their backs on much of the development content of the Bretton Woods agreement." In any case, the end result remains that developing countries were a disaffected group after the Bretton Woods order was established.

9 See GATT (1958).

Still, developing country membership of the GATT continued to grow. More importantly, the global trading regime was increasingly seen as a vehicle that could benefit developing countries disproportionately if appropriately reformed. The Uruguay Round provided a perverse impetus to the development agenda by yielding disappointing results for developing countries in a range of issues —intellectual property, investment, agriculture and services — that went well beyond the emphasis in previous rounds on simple tariff reduction. These concerns, and the creation of the WTO with its dispute settlement mechanism, set the stage for the Doha ("Development") Round, launched in the shadow of the 9/11 attacks in November 2001. But if this round was supposed to be about winning "hearts and minds" by demonstrating the inherent advantages to developing countries of belonging to the liberal global economic order, it has failed. While the definitive assessment of why this is the case has yet to be completed, it appears that the rich countries could not bring themselves to make the sorts of changes to the status quo that the post-Uruguay Round development agenda implied, while developing countries, now with a clear set of "emerging" countries among them, still saw themselves as uniformly poor and deserving of concessions likely due to only a small number among them.

In 2013, three-quarters of the 159 members of the WTO were developing countries. Among the Bretton Woods troika, only the director general of the WTO is selected free of considerations pertaining to nationality or region of nationality; two of the six heads have been nationals of a developing country, including the current one (Roberto Azevêdo from Brazil.) Developing countries are increasingly using the WTO's dispute resolution system to litigate developed countries and each other. But developing countries are also leaders in negotiating the approximately 550 regional trade and investment agreements in force or under negotiation, which, whatever the rhetoric about their being WTO-conformant, suggests countries are hedging their bets when it comes to their reliance on the WTO. The latter's Doha Round of negotiations to achieve further liberalization of international trade across a range of sectors has been marked by continued dominance of the United States and the European Union, although the developing countries have, this time, played a blocking role, which they either could not or did not adopt in earlier such rounds.

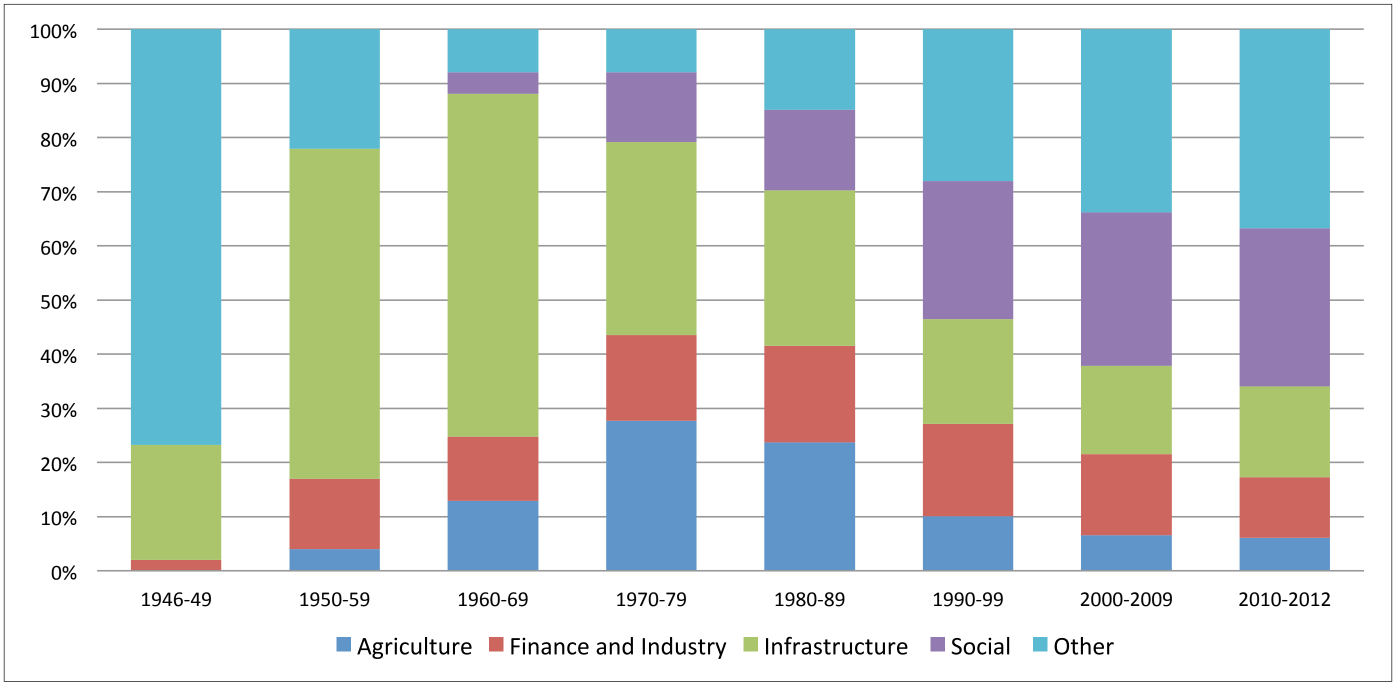
In the World Bank Group (which, in addition to the IBRD, IDA and IFC, also includes the Multilateral Investment Guarantee Agency and the International Centre for the Settlement of Investment Disputes), there is less ambiguity than there is in the cases of the WTO and the IMF about it being a developmental organization. Following the dominance of postwar reconstruction in Europe and Japan in the IBRD's operations at its creation, and the success of the US-led reconstruction plans in Europe (the Marshall Plan) and war-torn Asia, it appeared self-evident that the same route of infrastructure financing and policy development was the key to overcoming poverty in the poor countries of the world (see Kapur, Lewis and Webb 1997, Table 1-1). The sectoral pattern of lending by the World Bank reflects the evolution of thinking on the development paradigm over time, from agriculture and infrastructure in the early years to the "soft" sectors including governance, and a resurgence in belief in infrastructure more recently (see Figure 2).

Before long, complementing the Washington-based international financial institutions (IFIs) were a range of RDBs, starting with the Inter-American Development Bank, created in 1959, which, with the Asian Development Bank (created in 1964) offers the greatest lending capacity among the RDBs. In 2009, the African Development Bank made total commitments of US$12.6 billion, not far behind the others. After years of internal wrangling and management dysfunction, the African Development Bank has been on an upswing of credibility and effectiveness for the past decade. These banks — lower key, better integrated in their regions and less "preachy" than the IMF and World Bank — tend to attract less attention and to court less controversy than the IMF and World Bank (sometimes unwittingly) have. Put another way, despite efforts by successive waves of management reform to turn them into "knowledge institutions," the RDBs have not succeeded in breaking the dominance of the World Bank and the IMF in the arena of ideas, research and outreach. Some of the regional economic commissions of the UN have been more successful in this regard, with the UN Economic Commission for Africa and the Economic Commission for Latin America and the Caribbean (ECLAC) renowned for their "think tank" and technical assistance roles. Ever since the pioneering leadership of its first director Raúl Prebisch, ECLAC, in particular, has come to define the "structuralist" school of thinking and, more broadly, the notion of a locally owned and credible institution that produces ideas that are counterpoints to externally driven visions of development.[10]

The question of how "development-oriented" the IMF is has persisted throughout its history. At its outset, this reflected the state of the discipline of economics, wherein the development stream had yet to be credibly fleshed out both in theory and in its empirical applications. Nevertheless, in practice, there are several reasons to consider the IMF a part of any discussion on international organizations concerned with development. First, for significant periods of time, use of the IMF's borrowing facilities has been dominated by developing countries.

10 For an account of the interplay between leadership, ideas and organizational development at ECLAC and UNCTAD, see Dosman (2008), especially chapters 12, 13 and 18.

Figure 2: Sectoral Distribution of IBRD/IDA Lending Commitments



Source: Kapur, Lewis and Webb (1997); World Bank Annual Reports (2004, 2007, 2012).

Current World Bank sectoral classifications have been placed into Kapur, Lewis and Webb (1997) classifications as follows: "Agriculture, fishing, and forestry" as "Agriculture"; "Finance" and "Industry and Trade" as "Finance and Industry"; "Information and Communications" and "Transportation"as "Infrastructure"; "Education," "Health and other social services" and "Water, sanitation and flood protection" as "Social"; and "Energy and Mining," "Public Administration, Law, and Justice"as "Other."

Developing countries are especially prominent among its repeat, long-term clients (see Figure 3). Second, the organization's technical assistance and capacity-building activities have concentrated on developing countries (especially if one includes the former Soviet Union and Eastern Europe in this category). Third, IMF lending is frequently the catalyst for other financial flows into developing countries, concessionary and non-concessionary, private and public.

Controversy around the IMF does not centre on whether it is a "development organization," but on charges that it has imperfectly integrated such concerns into its approach to financial and macroeconomic policy and its operations. Although its external critics are legion,[11] it is the IMF's own arms-length evaluation office that has produced the most telling critiques of the organization. A report of the IMF's relations with its member countries, published in 2013, concludes: "The degree to which the Fund is viewed as a trusted advisor is found to differ by region and country type, with authorities in Asia, Latin America, and large emerging markets the most skeptical, and those in large advanced countries the most indifferent" (Independent Evaluation Office of the IMF [IEO] 2013, 1).

11 The Group of Twenty-Four Research Program has produced the longest-standing (since 1971) and most compelling critical analyses of the IMF and the World Bank. A representative compendium is Buira (2005).

In the aftermath of the current economic crisis, the IMF has become more flexible — for example, on the degree of fiscal restraint that is required during adjustment, and in its historic antipathy to capital controls. But it has not gone unnoticed that the flexibility has come in the face of crisis in Western Europe, not the developing world, where the IMF is the junior partner in the troika of organizations addressing the rescue effort. Other evaluations more directly concerned with IMF operations in developing countries provide the fodder for the overarching conclusion about the IMF in the developing world cited above.[12]

The research programs at the IMF and the World Bank, nominally the driver for the tone and content of these organizations' lending and technical assistance activities, have also recently come under criticism for being varied in their technical merit, "message-driven" and often lacking in their understanding of local context.[13] This contrasts with an earlier era when these institutions were seen as leaders in areas such as the framework for macroeconomic analysis, cost-benefit analysis and the interplay between growth and distribution.[14]

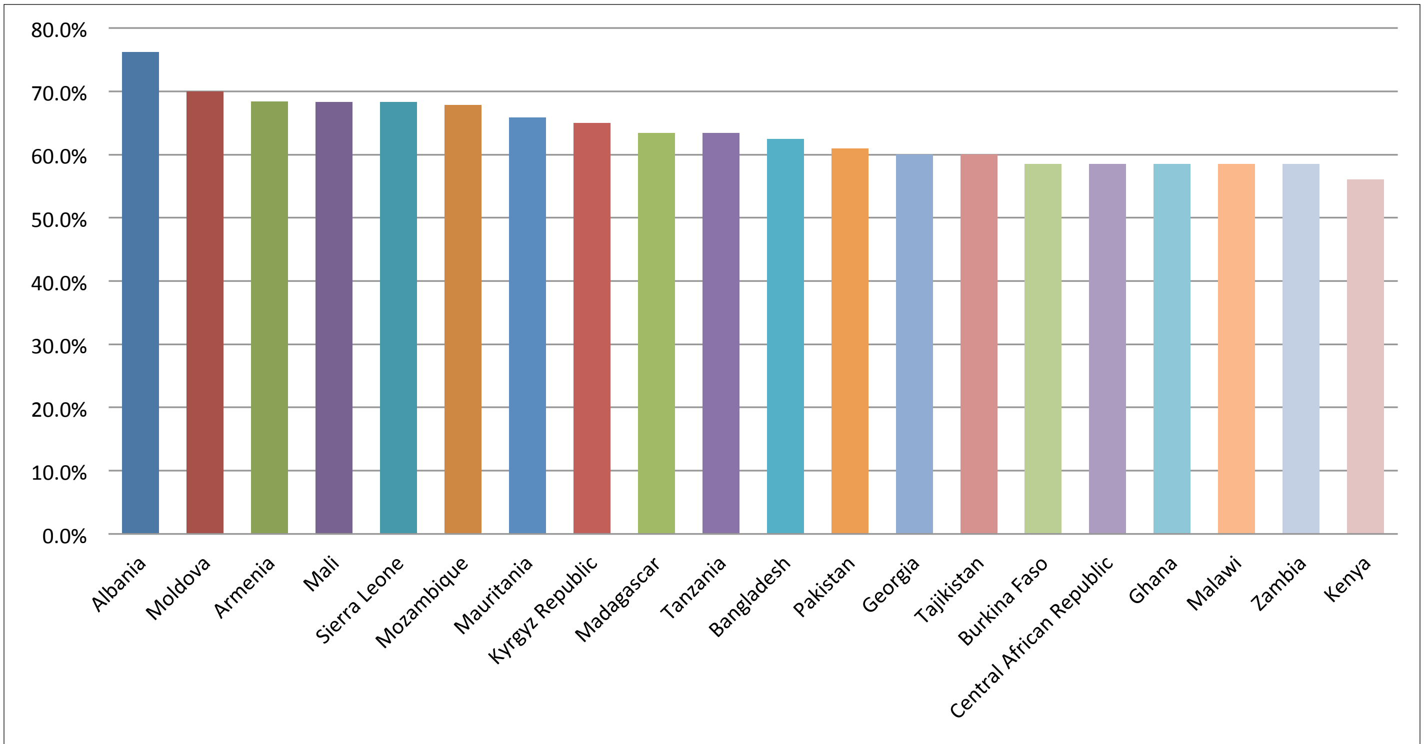
12 See, for example, IEO (2003, 2004, 2005, 2007, 2010).

13 See IEO (2011) and Banerjee et al. (2006).

14 For a recent account of the heyday of intellectual leadership at the IMF and World Bank, see Leipziger (2014).

Figure 3: Recidivism Remains a Major Concern for Developing Countries

(% of Time under Fund Program)



Source: IMF (2013).

Both the IMF and IBRD were tarnished by backlash against the so-called Washington Consensus of the late 1980s and early 1990s urging "structural adjustment" on developing countries facing acute financial difficulties in ways that paid too little attention to local conditions, income distribution, regional differences and what disciplines other than economics might have added to their analysis. Both institutions were unprepared for the international storm they unleashed. The narrow outlook of the IMF is hardly surprising, nor inappropriate, but as several of the IBRD's recent presidents have noted, the World Bank Group's staff, enjoying a wider remit, have not been sufficiently multidisciplinary. Rightly or wrongly, the World Bank has come to be seen by many as retrenched behind walls of privilege and self-regard, and has often seemed tone-deaf to the sensitivities and aspirations of other communities, including, at times, the Bank's clients.

Paradoxically, the Bank and the Fund were right at the level of principle and practice in arguing that sound financial management needed to be restored as a cornerstone of any long-range development plan; while their staffs can be assessed in many ways, flattering and otherwise, it is worth noting that many of the most impressive leaders of the developing world have served on the staff of one or the other, sometimes both. Indeed, perhaps the greatest contribution of the IBRD to development has been in shaping several generations of technocrats and leaders who brought evidence-based policy to bear on the challenges of their countries when given an opportunity to do so.

The unbalanced and increasingly controversial governance structure of the IFIs — effectively the power relationships — at the apex of the IMF and the World Bank complicates any attempt to evaluate their performance. The industrialized countries are heavily favoured (which explains the preference of the latter for these institutions over UN agencies and programs in which the developing countries have a greater voice). Each organization is run by a board comprised of countries that are allocated voting shares based on a formula that combines size of GDP, wealth and openness. Quota reform has been contentious throughout the history of these organizations and, not surprisingly, requires the assent of both gainers and losers. As a result of the inherent inertia in this process, and the anxiety aroused in key Western capitals over the emergence of serious competition for international influence, the United States and, in particular, Western Europe, continue to be overrepresented at the expense of the emerging economies in the developing world. With some nods toward a more open and transparent selection process, the head of each organization is still determined as if it were 1950. The head of the World Bank is reliably an American national, and that of the IMF a Western European. In today's world, particularly in the wake of the 2008 financial crisis, which originated in and severely damaged the industrialized world, this state of play undermines the global standing of the IFIs. Indeed, it demeans both institutions.[15]

Further irritating the sensitivities of countries rapidly emerging from poverty to global significance (while often still harbouring many poor individuals) was the trend established in the 1970s for the meetings of the consultative Group of Five, then Seven, then Eight to establish — subtly and otherwise — policy priorities for the IFIs and to commission work from them. The creation of the Group of Twenty (including a number of "emerging" powers) at the leaders' level in the heat of the financial and economic crisis in 2008, intended to play a similar role, has, after a promising start, produced disappointing results. However, it serves as a signal of accommodation with the Global South not yet reflected in such bodies as the UN Security Council.[16]

NON-TRADITIONAL ACTORS

Although private money — meaning the combination of investment, philanthropy and remittances — has always operated alongside official flows to developing countries, its size and impact has grown in recent years. Technically, it surpassed official flows during the 1990s (Hudson Institute 2012, 15 and Figures 4 and 5; see also Figure 4 in this paper), but this is mostly due to the growth in remittances and investment, which responds to an invisible hand relative to the deliberate programming of development institutions. The activities of the major US foundations do, however, bear mention, as they have been impactful, albeit during certain periods and in certain sectors, in a manner that is disproportionate to the size of their operations.

The activities of philanthropic organizations domiciled in developing countries and operating nationally are increasingly important, but beyond the purview of this chapter. Although reliable data is scarce, it is unlikely that they yet compete seriously with the funding levels of other actors such as the IFIs and the US foundations.

Of total US philanthropic flows for development of US$39 billion in 2010, foundations accounted for US$4.6 billion or about 12 percent (ibid., 8 and Table 1). But unlike the atomized nature of the other 88 percent of non-official US international assistance, a few well-organized, determined and effective organizations have been instrumental in creating the "brand" that this stream of aid and impact has come to represent. The Carnegie Corporation (established in 1911), the Rockefeller Foundation (1913), the Ford Foundation (1936) and the MacArthur Foundation (1970) have broad remits to advance human welfare, unconstrained by strictures on the geographic or thematic scope of operations. The Bill & Melinda Gates Foundation, initiated in 1994 in another form and eventually building the largest endowment of any private foundation, is motivated by the ethos embodied in its slogan "all lives have equal value" and, with its bold approach to programming allied to the quest for quantifiable results, is a leader in its field and also influences the views of government donors.

In practice, this has resulted in sustained investments in a limited number of well-defined program areas, supported by strong staff and management and excellent governance structures at the apex. During its formative years, the Rockefeller Foundation supported research on malaria, hookworm and yellow fever, starting with pilot sites in Arkansas and Mississippi, and soon expanding to 25 sites across the developing world. In China, it created the China Medical Board to modernize the health system in that country. This seminal work still has echoes in current efforts to eradicate tropical and neglected diseases.

Similarly, the first Green Revolution, which saw agricultural productivity rise in Mexico and South Asia, particularly in the late 1960s, began 25 years earlier as a series of initially uncoordinated and later coordinated investments by the Ford and Rockefeller Foundations. The Bill & Melinda Gates Foundation and the Rockefeller Foundation are leading a second generation of this effort, focussed on Africa. The Ford and Rockefeller Foundations, along with the World Bank, the Food and Agricultural Organization (FAO) and Canada's International Development Research Centre (IDRC), were also instrumental in the creation of CGIAR, a network of 15 research centres around the world working on the science and policy of agriculture. These donors and some aid ministries have worked hard to support the creation and expansion of indigenous capacity for policy formulation in developing countries across a wide range of fields, including economics, for example, through the African Economic Research Consortium and the Economic Research Forum for the Arab Countries, Iran and Turkey in Cairo.

The CGIAR is emblematic of a number of hallmarks of the foundations' role in international development. One — a start via a far-sighted, well-executed pilot investment

15 There exists one salient case from a previous generation of an imperfect but not failed attempt to deal with changing global power structures. The still well-regarded International Fund for Agricultural Development was created in 1977 largely to recycle petrodollars to the developing world and, in its governance structure and operations, provide a large role to the oil-producing world. A less desirable development in this regard is the growth in the number and size of trust funds at the IFIs. They are an inefficient way to account for the rise of "other" powers as they multiply objectives, funders and procedures.

16 Ironically, further to severe financial strains within the European Union in the run-up to 2012, emerging countries agreed to contribute additional funds to the IMF (for the second time since 2009) in order to meet any contingencies that the institution might face in supporting crisis-riven countries, while Canada and the United States declined to do so, arguing that European actors had done too little to help themselves to warrant further outside support.

— has already been noted. The other is the capability to attract larger, less agile players (in this case, the FAO, World Bank, the US government and later a host of other official bilateral funders) to bring an initiative to true scale. A third is for the creation to become its own entity, not just through its financial strength, but also through its own operations and ideas. In many parts of the world, the CGIAR is seen as a "funder" and/or international organization just like its procreators. Finally, the activities of the foundations are known to value and draw on local participation and ownership in ways that many projects of the bilateral funders and the IFIs are not. This local institutional development is largely what the foundations are valued for most in countries such as Brazil and India, in which they have a long track record.

In addition to investments in health and agricultural research, some foundations have come to be known — and sometimes criticized — for their support for liberal visions of society and democracy. Through subtle modalities such as scholarships in Western universities and support for future leaders, but also through more explicitly political means such as the creation of or support for existing civil society organizations dedicated to human rights, freedom of speech and democracy, the Carnegie Corporation and the Ford and MacArthur Foundations (and, more recently, the Soros Foundation/Open Society Institute) have nurtured communities that very much hold liberal Western mores on social and political matters.[17] Their offices in many parts of the developing world are hubs for the small, though influential, elite that are preoccupied with such concerns. A classic example of this facet of the foundations' activities is the support the Ford Foundation (along with the IDRC) provided to academics and civil society leaders and their organizations in the Southern Cone of Latin America during the years of dictatorship there in the 1970s and 1980s. This support was experienced personally and later recalled by several presidents who came to power in the region (Muirhead and Harpelle 2010, 147–52).[18]

In recent years, the foundations have been parties to organizational innovation in development in two other instances that bear mention. The first is in the creation of the so-called "vertical" or "global" funds, of which the two largest are the GAVI Alliance (formerly the Global Alliance for Vaccines and Immunization) and the Global Fund to Fight AIDS, Tuberculosis and Malaria. These funds have accounted for much of the increase in foreign aid in recent years. In keeping with principles on aid coordination and effectiveness agreed to by the world's major development funders, these funds bring together a variety of funding organizations to work on a particular sector or sub-sector in a limited number of countries. By its very nature, such a fund is both a complement to and competition for the more established multilateral development organizations, and typically bypasses existing national governments and agencies. Their newness and nature have meant that it would be premature to place any weight on the early evaluations of these endeavours, which, not surprisingly, highlight the tentative nature of successes, if any, and the teething pains of a new organizational form superimposed on rather than genuinely integrated with an existing one.[19]

A second innovation is the bringing to proof-of-concept stage of an idea, which was first proposed in 2004 by Michael Kremer (2004), to use public funds to "pre-create" a market for advances in health where the risks to invest in research and development without such a guarantee are too high for private sector firms. The first such Advance Market Commitment (AMC), for pneumococcal vaccines, was funded by five countries and the Bill & Melinda Gates Foundation. Initial reports indicate that vaccines suited to developing country conditions have indeed been forthcoming, and that the main constraint is excess demand relative to supply. The principle underlying the AMC approach is a broad one, and can be applied to other areas, for example, agriculture and energy, both of which have featured in commentary on the subject. To be sure, the question is one of the availability of resources, but the more fundamental underlying question is organizational. The first two conclusions of Bezanson, Isenman and Shakow's (2012) review of the vertical funds bear mention here too: "Think twice: global action does not necessarily mean a new vertical fund" and "Use existing institutional capacity."

With such a changing ecology, the Organisation for Economic Co-operation and Development's (OECD's) Development Assistance Committee (DAC), comprising 27 official donor agencies from the traditional rich countries, is anachronistic as a forum for anything more than the generation of data on development assistance. No "table" exists that brings together the traditional players with the new official and established non-official funders, and if it were required, it is not clear that the OECD would be the obvious host. The DAC's credibility has suffered from the whiplash-inducing correctives to aid policy its members advocated in Paris (2005), Accra (2008) and Busan (2011), suggesting incoherence at best, near-panic at worst, and perhaps brought about by the relentless short-term (and often domestically driven) perspective that OECD political figures have brought of late to debates on aid.

17 They are today joined by local philanthropists with similar aims, such as Mo Ibrahim in Africa and Nandan Nilekani in India.

18 For an account of the evolution of the main foundations see Adelman and Spantchak (2014); Atwater and Walsh (2012); Berman (1983); Bresnan (2006); Farley (2004); Fosdick (1988); and Parmar (2012).

19 See Bezanson, Isenman and Shakow (2012) and Isenman and Shakow (2010) for a meta assessment of evaluations of the individual funds.

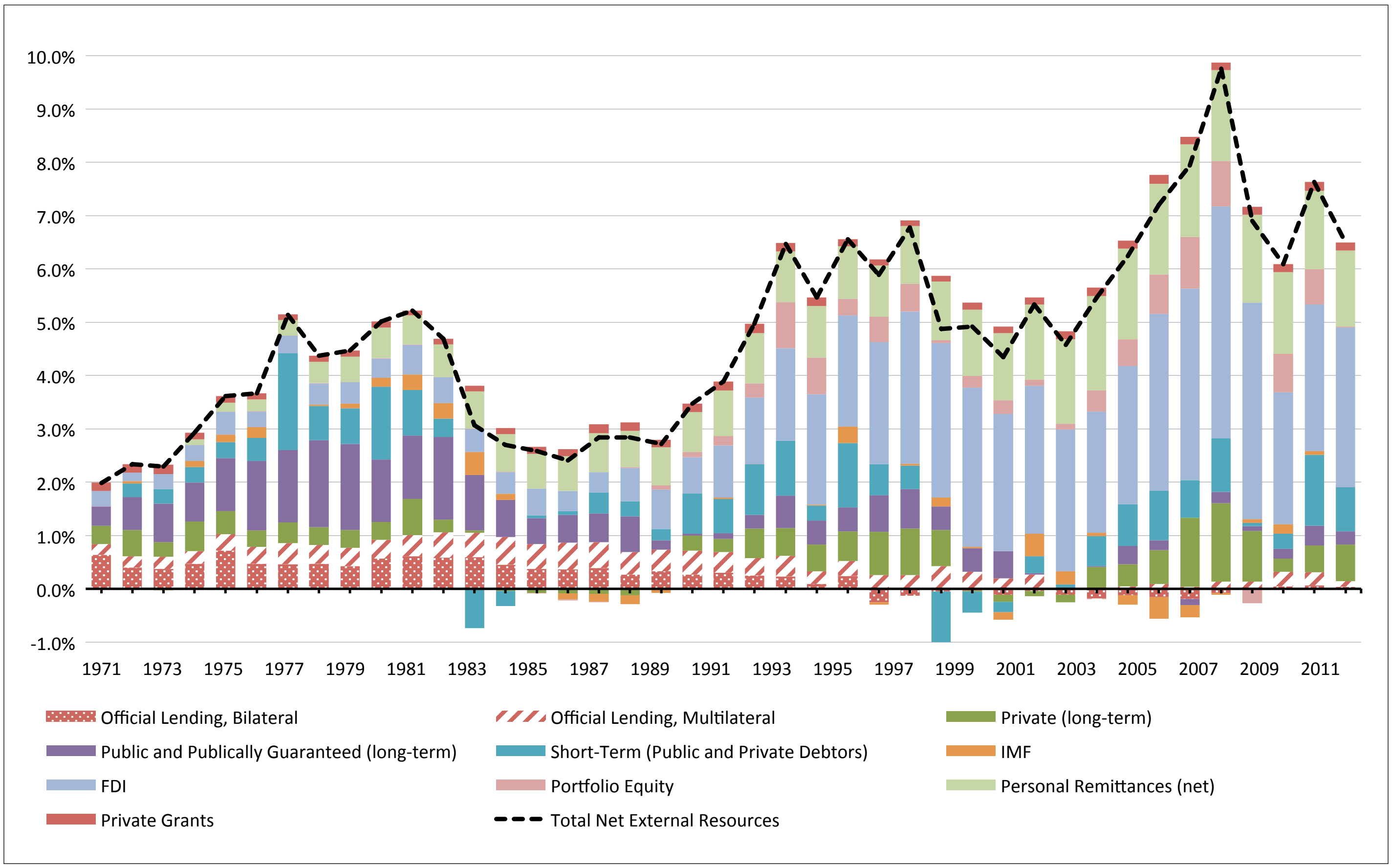
TRANSITIONS

That the world, including and especially the developing world, is a different place today than it was in 1944 when the world's economic statesmen convened at Bretton Woods, let alone in 1913 when the Rockefeller Foundation started work in China, is an axiom. The ecosystem of international organizations that address development has also evolved, although the evolution has been additive, not integrative. Examples abound of changing priorities and even "exits" from a certain line of work or region, however, few of the major organizations have "gone out of business." And this is a serious problem, confusing publics, dispersing resources and often underperforming relative to the potential impact of leaner and more focused machinery, such that in much of the developing world (and elsewhere) "internationals" are often seen as essentially a privileged parasitical class profiteering from the poverty of others, a frequently unfair caricature, but one rooted in inescapable perceptions. Increasingly, these perceptions also attach to some humanitarian NGOs.[20] This is mainly because after 60 years of being in the business of fighting poverty, poverty remains (albeit with less severity and in relatively smaller concentrations within countries and developing continents).

20 The title of a recent piece on the subject, "The NGO Republic of Haiti" (Klarreich and Polman 2012), is telling.

Figure 4: The Evolving Magnitude and Composition of Developing World Financial Flows

(Low- and Middle-income Countries, Net, % of Regional GDP, 1970–2011)



Source: World Bank, World Development Indicators (2013).

With increases in private capital inflows and remittances, the financial resources of the organizations cited in this paper form a dwindling proportion of international flows into developing countries (see Figure 4). This, coupled with the increase in the capacity within developing countries themselves to mobilize finance, suggests that, for the most part, the leverage of international organizations derives not from money, but from their ideas and their way of pursuing outcomes.

Consider the Bretton Woods "twins" — the World Bank and the IMF. So far, the World Bank has successfully transformed itself numerous times, from a vehicle for financing infrastructure and leading in the intellectual contributions to development thought to managing debt relief to sector-specific lending and policy advice and, more recently, to harnessing information and communications technologies for development and adapting to climate change. It is not clear, though, where exactly the World Bank dominates relative to its varied competitors, or what its comparative advantage is and will be going ahead. The RDIs, the private financial sector, the foundations, other official bilateral funders and developing countries themselves all have considerably more financial and intellectual capacity (thanks, in part, to the World Bank) than they did when the Bank was created 65 years ago. It might be the very success of the development enterprise that has created this state of affairs. If current President Jim Yong Kim's prediction that, save for a core three percent afflicted by war and natural disasters, global poverty (defined as living on US$1.25 or less per day) can be ended by 2030 comes to fruition, then the question about the organization's future is already a live one.

The IMF is in a similar existential situation, although for different reasons. Unlike the decreasing poverty levels that make the World Bank's remit shrink, the frequency and magnitude of financial crises is not decreasing unambiguously.[21] But following the crisis in Asia in 1997, many countries have been "voting with their feet" and self-insuring by ramping up their own reserve holdings rather than relying on the IMF to tide them through a similar event in future. They are augmenting this capacity with regional reserve pooling and currency swap arrangements such as the Chiang Mai Initiative in East Asia, an additional cushion before they might ever have to access IMF resources in the future. In Europe, it is not clear what meaningful contribution the IMF can make as the guardian of the global financial system when it plays third fiddle to the European Commission and the European Central Bank, and telegraphs publicly both its resentment of, but also its powerlessness to seriously influence, these larger players.[22]

Both the IMF and the World Bank experienced their heyday in the aftermath of the fall of the Soviet Union and its satellite countries in the late 1980s. Fraught as that period was — and discussion of it remains contentious — money and ideas flowed from the two organizations, early and effectively, to transform the region. No such global grand challenges remain and as Leipziger (2014) points out, "intellectual leadership has migrated away from the IFIs" just as "the development paradigm offered by both IFIs has lost its glamour." A study of the World Bank and the regional development banks completed in 1997, aptly titled "Titan or Behemoths?," prophetically reached a similar conclusion — "The banks were created, after all, as *means* to certain desired ends. The question, *What are the desirable outcomes of development?* is no longer as simple as it used to be, and thus, does not command the same degree of consensus" (Culpepper 1997, 166).

Regaining their earlier prominence will require a regression in poverty of epic proportions or an insight into development that is both unique and not amenable to "borrowing" by other organizations. Neither of these is a likely scenario. If poverty did suddenly and universally increase, it is not clear that the world would turn back the clock and vest its financial resources in one or two institutions. And the advances in development practice and in financial management have not come from the World Bank or the IMF but, in keeping with a multipolar world, from everywhere. Marshalling these for the global good and adapting them for local needs requires a global institution, but this would be a far cry from what currently exists.

At the very least, a reckoning is likely to occur in the foreseeable future, as the marginal dollar devoted to global poverty reduction will face numerous choices — a bilateral aid program, the World Bank and some of the IMF's facilities, one or more of the regional development banks, and new endeavours such as the proposed BRICS Development Bank. When the marginal dollar is generated in a developing country, the choices will frequently be different.

Never a primarily financial institution, the WTO is in a happier space, providing a forum for multilateral trade liberalization (although this too competes with the plethora of regional trade initiatives) and, more solidly,

21 Reinhart and Rogoff (2008, 2009, 2010) provide the most comprehensive historical analysis of financial crises currently available. In a rich, wide-ranging assessment of crises dating back centuries, these assertions stand out: the proportion of world income represented by countries in default or rescheduling exhibits strong cyclical tendencies but the peaks have barely changed through history including the post-World War II era (2008, 3–6); using several measures, the duration of a crisis has not decreased in the post-World War II era (2010); and the current crisis is the only one since the Great Depression that meets the definition of a global crisis (2009, chapter 14). The sum of the evidence does not sustain the conclusion that the financial world is any more stable on account of its modern-day multilateral stewards.

22 The discussion of this plays out daily in the financial press — and will for some time. For a snapshot, see *Financial Times* (2013).

the creation of a basis for global case law via the dispute settlement body. Perhaps a lesson from the WTO and the earlier era of the ITU and GPU is that it is easier to gain global consensus around facilitation of the use of a new technology or norm than it is to "bring" development via a master plan.

By dint of their smaller size (although at about US$2.6 billion the annual outlays of the Bill & Melinda Gates Foundation rival those of some mid-sized national foreign aid budgets) and innovative corporate culture, the foundations might well continue to thrive internationally and indeed spawn counterparts in the developing world. This would be in keeping with the notion that it is ideas, not money, that matter most to development, now and in the future.

CONCLUSION

The discussion of international organizations focusing on development has been primarily institutional, but it is important to point out that transformational individuals can galvanize organizations, indeed whole communities, well beyond organizations. Even the most hidebound organizations can yield to a strong drive for change and reform, as the UNDP did under the energetic leadership of Mark Malloch-Brown. Sadako Ogata was a superb advocate, and defender of principle, when serving in the thankless position of UN High Commissioner for Refugees. Government leaders of all types quailed at her approach and she admirably energized a seriously overworked team. Melinda Gates complements her husband's technocratic drive with independent insight, and together they take impressive risks for development, supported by their admirable philanthropic investment. Robert McNamara largely redeemed his tarnished reputation as a dangerously indecisive US Secretary of Defense with a superb, thoughtful run as World Bank president. Jim Grant's 15 years at the helm of UNICEF are still considered the agency's "golden age." All down the line, in international organizations as elsewhere, individuals matter crucially.

The familiar world of international organizations principally devoted to development has been upended by two phenomena: the emergence of sustained economic success in the developing world (mostly in Asia, but increasingly also in Africa and, in a less spectacular way, Latin America) amidst compelling continuing need among the world's poor, many of them located in India, itself a rising power; and the slow-moving, serious financial and economic crisis of the industrialized world since 2008, which has reordered priorities in many of their capitals toward domestic spending and away from costly international projects.

The basic needs of the remaining poorest countries will continue to command support globally, but calls from the industrialized countries for increased burden-sharing from emerging powers, for example, in mitigating climate change, have not yet been answered, while several industrialized powers continue to cling to outdated privileges within a number of international forums that should open up to reflect a new world order. A new set of institutions (the BRICS Development Bank, if and when it comes into being, the Chiang Mai Initiative and new philanthropic foundations centred in developing countries) will complement but not soon supplant the activities of traditional multilateral actors. Failure to reform governance in traditional international organizations is bound to lead to the rise and strengthening of the alternatives. The prognosis for institutions caught in this transitional stage in global economic governance is uncertain.

One challenge for the field of development, as for national governments, is that policy success in responding to a given set of ideas simply yields new policy challenges requiring new ideas and methodologies. This is one of several reasons that the project of development is often viewed by cynics as perpetually disappointing. A new interest in quantifying development outcomes relating to specific spending arises, in part, from a desire to effectively challenge critics of the "development biz." However, in our experience, development is somewhat mysterious, responding in different ways to the same therapies in different parts of the world and in different circumstances. The quest for certainty favours a "deep drill" approach (often an expensive one) to development research informing policy, but one that may be relevant only to a small area or community and, thus, potentially misleading more widely.[23]

Informing this insight is the reality that the globe's development success stories are very different from each other. During their boom years, China and India had little in common, and each of them had even less in common with Brazil. Consequently, the quest for a single "model of development" may always have been a fool's errand, one too often indulged within development organizations devoid of sufficiently robust internal challenge functions. Overarching statements, such as the Millennium Development Goals (MDGs), put a spotlight on the issue. But what issue? The MDGs ignore important elements of the development enterprise, such as freedom and technological innovation, while framing a mostly basic needs agenda. With the objective itself contested, it is little wonder that neither an overarching statement about development like the MDGs nor a common table à

23 The current vogue for randomized control trials (RCTs) as a means of establishing developmental "proof" and "truth" may prove ephemeral, particularly if the zeal of its proponents succeeds in marginalizing other research instruments and methods. RCTs are a valuable asset in the research tool kit but reliance on them would seem short-sighted if not narrow-minded.

la OECD DAC is likely to be central to the discourse and action around international development in the future.[24]

Development organizations doubtless face a significant shakeout generated by traditional donor governments intent on cutting their contributions to international causes while they tend to distress among their fellow citizens on the domestic front, which compels their urgent attention.[25] Emerging countries, beset by varying degrees of economic uncertainty, are unlikely to pick up the slack for now. Logically, this shakeout should take on a Darwinian edge, with many smaller, weaker institutions disappearing or merging with others while the stronger ones hunker down and retool as best they can. In the long run, the outcome of such a rationalization may be a positive one, even if, for now, anxiety and fear stalk the international sections of the development community. If the dysfunction of excessive sprawl in the institutional architecture of international development research, policy and programming is effectively addressed in the years ahead, few beyond those immediately affected will complain.

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24 Equally deleterious has been the tendency of aid organizations, both official and in the non-governmental sphere, to stampede toward whatever programming direction funders appear (however temporarily) to favour. This has provoked at least one long-term trend that may prove to have undermined both development and humanitarian organizations — overlooking their core mandate to invade each other's turf, with the UN High Commissioner for Human Rights (with a strong agency) shading into work on development, and a large number of UN agencies whose mandates have little to do with humanitarian relief claiming a mission to provide it. These pathologies were greatly exacerbated by the so-called CNN effect of 24/7 coverage of telegenic natural and manmade disasters and violence provoking a political drive to respond by reorienting development funding towards shorter-term humanitarian objectives. The resulting incoherence of many agencies trying to do a bit of everything (while increasingly not standing strongly for anything) is striking.

25 Even some US foundations chose, during the recent crisis, to accentuate domestic rather than international grant-making.

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