

New Coalitions for Global Governance: The changing dynamics of multilateralism¹

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Précis

This article seeks to inform current debates on the changing architecture for global governance by cataloguing and suggesting evaluation criteria for alternative multilateral arrangements. Rather than describing a system in crisis, it focuses on the dynamics of change and flexibility in which established inter-governmental organizations (IGOs) are challenged to meet new demands and requirements while accommodating new mandates and members as well as non-state actors with global reach. A proliferating and fluctuating set of intergovernmental and multi-stakeholder arrangements with more assertive and diverse actors best describes the international operating environment for collective decision-making and action across a range of global issues, raising fundamental questions of effectiveness, accountability, legitimacy, and sustainability and posing challenges to the authority of existing IGOs.²

Introduction

The world has changed dramatically since the end of World War II when the United Nations, the Bretton Woods Institutions, and a set of regional organizations were established to attend to matters of peace and security and economic cooperation. What is now only too well known as accelerated globalization has radically multiplied the numbers of international

transactions, actors, and modes of information sharing and communication that were previously dominated by established governments. In addition to the multiplication of countries seeking a voice in international fora, transnational movements of civil society, NGOs, multinational corporations, and even wealthy individuals are influencing the ways in which international public policy is made and implemented. Through advocacy, lobbying, and direct service provision (and now global terrorism), these non-state actors are changing perceptions and behavior in fields as diverse as international health, environmental management, peace and security, human rights, and trade. Intergovernmental organizations are themselves under constant pressure to reform, and new hybrid and ad hoc inter-state arrangements open avenues to extra-institutional responses, multiplex decision-making forums, and forum shopping.

While much has been made of an alleged “crisis in multilateralism” in the wake of the Security Council’s failure to mediate the 2003 Iraq crisis and the U.S. withdrawal from and abrogation of a number of treaties, such as the International Criminal Court, the Kyoto Protocol, the ABM Treaty, and the Biological Weapons Convention Protocol, collective action to address a range of global and transnational problems is in fact highly dynamic and adaptable. Without question, some multilateral institutions, notably the United Nations, face daunting challenges, as evident in Kofi Annan’s dramatic invocation to Member States to initiate a set of critical reforms:

“We have come to a fork in the road. This may be a moment no less decisive than 1945 itself, when the United Nations was founded. We must now decide whether it is possible to continue on the basis agreed when the United Nations was first set up, or whether radical changes are needed, to deal with threats ranging from terrorism and

weapons of mass destruction to the possibility that some States may act pre-emptively to respond to threats. ... It is not enough to denounce unilateralism, unless we also face up squarely to the concerns that make some states feel uniquely vulnerable, since it is those concerns that drive them to take unilateral action. We must show that those concerns can, and will, be addressed effectively through collective action.”³

Efforts to meet this institutional reform challenge occur in a number of ways, ranging from debates about enlarging the Security Council to make it more representative and “democratic” to the proposed Assemblage of Democratic States or the expansion of the G8 or G20 both in membership and mandate. The reformulation of the Organization of African States into a more robust African Union is another example of reform occasioned by institutional failings, by a convergence of Member States and civil society dissatisfaction, and by competition from other institutions, in this case sub-regional organizations manifesting both greater coherence and capacity and by the emergence of a new body, the New Partnership for African Development (NEPAD). Efforts to strengthen ASEAN and to transform MERCOSUR into a body able to deal with a range of human rights, democratization and security issues attest to the new assertiveness of sub-regional organizations in the face of a perceived need to address problems closer to home rather than through global organizations dominated by the major powers. The Secretary-General’s High-Level Panel on Threats, Challenges and Change represents an omnibus effort at redefining the international agenda requiring collective action and seeking institutional reforms appropriate for the times.

But beyond these institutional reform efforts, there are innumerable other attempts to change the way the international community does the world’s business. Over the past

several decades, a range of innovative modalities have emerged in the form of hybrid institutional arrangements (e.g. the Global Environmental Facility, co-managed by the World Bank, UNDP and UNEP), inter-agency coordinating mechanisms (e.g. the Inter-Agency Standing Committee, UNAIDS, and the Inter-Agency Internal Displacement Division), new intergovernmental coalitions (e.g. the G3), public-private partnerships, such as the Global Alliances for Vaccines and Immunizations, and private sector initiatives (e.g. Ted Turner's Nuclear Threat Initiative).

Coalitions of the willing, "friends of..." groupings,⁴ and multinational forces are further indications of the range of experimentation that has come to characterize the field of peace and security in recent years, despite the Security Council's exclusive claim to legitimating authority in this arena. Not only have regional organizations and, in the cases of Kosovo and Iraq, some countries chosen to intervene in other states without Security Council authorization, but there is also an increasing trend toward using private security forces in peacekeeping operations.⁵ In one little understood instance, the Centre for Humanitarian Dialogue, a private organization—albeit one largely dependent on the support of donor nations—was charged with negotiating and implementing the (now-failed) peace accord between Indonesia and Aceh, with several nations actually committing peacekeepers for that effort.

Nowhere is this reliance on a diversity of responses more evident than in the war on global terrorism and the struggle to contain the spread of weapons of mass destruction. The UN's Committee on Terrorism has developed protocols for reporting on state efforts to disrupt and dislodge terrorist activities through national laws and actions, and the G8 is trying to

curb the financing of terrorist operations through its Financial Action Task Force, but much of the momentum—in large part driven by the U.S.—comes from bilateral and regional efforts to share intelligence and build reliable military response capabilities, and from private sector actions to stem the flow of capital to terrorist organizations. Ad hoc arrangements, such as the British, French, and German initiative in Iran and the six-party talks in North Korea, aim to buttress the efforts of the International Atomic Energy Agency, while specific interdiction activities, such as the G8-generated Proliferation Security Initiative, raise the specter of an increased tendency to rely on non-institutional mechanisms to deal with these major threats to international peace and security.

Ultimately, these diverse efforts will be judged on their efficacy, as well as on their legitimacy.⁶ The former, of course, is a far more “neutral” measure, which we ultimately should be able to judge by a standard of a safer and more stable world. If weapons of mass destruction and terrorism are contained, a public good will have been credibly provided. Likewise, if global warming is reversed, contagious diseases contained, poverty reduced, and human rights guaranteed, there is likely to be a generalized judgment of the world as a better place. Closely associated with the question of efficacy, however, is the additional matter of sustainability. As more and more goods and services are being provided by non-state actors through voluntary, ad hoc and, hence, unpredictable funding, issues of human and financial resource substitution raise the specter of a broad, but undisciplined set of unsustainable initiatives.

However, an additional set of issues, requiring closer examination and assessment, undergird the legitimacy of collective action. First among these is the question of participation.

Asymmetrical power relations drive many of the decisions in international fora, whether intergovernmental or civil society, and the capacity to go it alone or to revert to extra-institutional venues seems increasingly the rule rather than the exception in international behavior. Demands to broaden the decision-making and governing mechanisms in intergovernmental organizations and to provide for greater access to non-governmental groups is one manifestation of this fact of global governance.

A second issue involves the appropriateness of private actors in public spaces, since private sector actors are not generally subject to public accountability in international affairs (this is, of course, changing with the expansion of international criminal law). A third matter of concern is the longer-term effect these changes are having on the current set of intergovernmental organizations, whose crisis of legitimacy and occasional operational failures have led to the rash of experimentation that currently confronts us, including the range of alternative intergovernmental and multi-stakeholder arrangements intended to improve collective action outcomes. Although these extra- and non-institutional arrangements may be intended to supplement rather than replace existing inter-governmental mechanisms, their long-term consequences are difficult to predict.

Finally, there is the question of sustainability. Both *ad hoc* institutional arrangements and private sector initiatives tend to focus on particularistic issues and lack the permanent authority, on-going financial commitments and, hence, continuity needed to address major global problems over the long term.

I. Alternative Intergovernmental Arrangements

Intergovernmental institutions have responded to these pressures for increased effectiveness by setting up inter-agency coordinating mechanisms such as the Inter-Agency Standing Committee for humanitarian action and UNAIDS, as well as hybrid institutional arrangements (e.g. the Global Environmental Facility and the Global Compact) designed to enhance the existing institutions' response capacities. These institutional innovations notwithstanding, governments increasingly opt to act through diverse intergovernmental arrangements, operating alongside or outside the traditional intergovernmental institutions on a widening set of interrelated issues, including global economic and financial matters, threats to peace and security, including more recently, terrorism and weapons of mass destruction.

Many new intergovernmental initiatives have developed over the past decades in response to a perceived lack of effectiveness of existing multilateral institutions, notably the United Nations and the Bretton Woods institutions, in dealing with transnational and global problems. The first manifestations of these alternative intergovernmental arrangements dealt predominantly with global economic and financial issues. Developing countries for example, feeling that the World bodies were insufficiently responsive to their needs, established the G77 in 1964, subsequently clamoring for a New Economic Order. From the perspective of the most powerful countries, Cold War paralysis of the UN Security Council and the large increase in the number of UN member states following de-colonization made the United Nations ineffective in dealing with the financial and oil crises of the seventies, triggering the establishment of the G7. These intergovernmental initiatives have grown in number and kind over the past decades to include additional G-groupings, such as the (now) G8, the

G20, the G3, the G21, and the G90; more assertive regional and sub-regional organizations; and multiple ad-hoc arrangements such as coalitions of the willing, multinational forces, and various “friends of...” arrangements.

While, the United Nations General Assembly, with most of the world’s nations represented on a one-country-one-vote basis, has rarely been called upon to solve an urgent global crisis, limited membership groups of rich nations such as the G8, the OECD, the Basle Committee, and the G10 within the IMF have taken important decisions on economic and financial issues with a global impact.⁷ These new groupings tend to both complement and, at times, challenge the existing intergovernmental institutions. For example, the G8 broke the deadlock during the Kosovo crisis by preparing a draft Security Council resolution that was adopted within a few hours of having been presented. Similarly, the G20 of Finance Ministers could become a potential source of competition for the IMF’s International Monetary & Finance Committee in dealing with international financial crises.

Likewise, the frequency and scope of peacekeeping interventions by ad hoc “coalitions of the willing” increasingly came to be seen as a more effective way to manage conflict in the face of divisions that hinder Security Council action. Examples include the Multinational Force Observers that helped to establish a buffer zone between Israel and Egypt in the Sinai in the late 1970s, NATO’s action against Yugoslavia in 1999, and the recent US-led Operation Iraqi Freedom. In other instances, including the temporary Peace Monitoring Force in northern Iraq (US, UK, Turkey), the EU mission in Macedonia, and the first Australian-led force in the Solomon Islands, lead states acted in advance of Security Council

authorization, highlighting alternatives to the UN even in the areas of peacemaking and peacekeeping.

The composition and reach of these intergovernmental arrangements continue to evolve, and they have proven remarkably flexible in adapting to a rapidly changing international context, often making them attractive alternatives to more rigid, formal organizations. For example, the G7/8 took a leading role in UN reform after the end of the Cold War, dealt with nuclear proliferation questions following the disintegration of the Soviet Union, attempted to coordinate policies regarding former Yugoslavia, and most recently played an important role in curbing the financing of terrorism.⁸

The G8's recent response to terrorism, involving the international financial institutions, private actors, the UN, and regional organizations, presents a good example of the increasingly collaborative approaches these intergovernmental coalitions employ to address complex challenges. With the support of the G7 finance ministers, the Financial Action Task Force expanded its mission from money laundering to curbing terrorist financing by intensifying its cooperation with the UN, the Egmont Group⁹, the G20 finance ministers and central-bank governors, as well as the IMF and the World Bank. This effort has led to the freezing of over \$100 million in assets, believed to be associated with terrorism, in 150 countries.¹⁰

The G8 has also increased its level of collaboration with additional states and private actors to improve its WMD counter-proliferation efforts. The G8 Action Plan on Nonproliferation, which incorporates ongoing efforts such as the Proliferation Security

Initiative, the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, the Nuclear Supplier Group guidelines, and the Missile Technology Control Regime, provide more examples of increased efforts by the major powers to employ extra-institutional approaches to international cooperation to address complex international problems.

South-South Coalitions

Although the G8 and many of the state-based initiatives it designed are perhaps the most important in terms of setting the global agenda, a number of increasingly assertive South-South coalitions have emerged since the establishment of the G77, notably the G21 and the G3. Notwithstanding the attempts of rich-country led intergovernmental initiatives to become more inclusive and participatory, as in the expansion of the G8 to the G20, these new Groups are reacting to what they see as the dominant powers' agenda setting and action, increasingly compelling coalitions of powerful states to make concessions and alter the way they operate.

There is a real sense of futility in many developing countries when faced with decisions passed down by the G8, unauthorized interventions by ad-hoc coalitions of the willing, or, more generally, the overwhelming power and influence of wealthy, industrialized countries, especially given the veto power of the Permanent Members of the Security Council and the weighted voting in the Bretton Woods Institutions. Standing, rule-based institutions such as the WTO are supposed to protect against "bilateral bullying" but multilateral forums are

essentially dominated by rich countries, which (despite some divergent interests) are able to form effective alliances and push through agendas that are in their collective self-interest.¹¹

This sense of futility among developing countries has been exacerbated by the over-inclusion and ineffective policy coordination that has long hampered some of their traditional coalitions, such as the G77 and the ACP group. The G77 has become increasingly ineffective as the economic and political realities of the main negotiating block of developing countries and those of its present 132 member countries have grown far apart. At the same time, a number of new developing countries' initiatives, often led by "emerging middle powers" that maintain unity and common purpose, seem able to exert more influence over international affairs. The Cancun WTO ministerial meeting witnessed the efforts of a Group of 21 developing countries to derail rich countries' concerted efforts to get their way. Led by Brazil, India, and South Africa, this group managed to block US-EU attempts to renege on promises made at Doha to reduce price-distorting agricultural subsidies and tariffs and was prepared to see the talks collapse rather than give up on their agenda, putting the major economic powers on notice that they can no longer expect to enjoy a free hand in trade negotiations with disparate, uncoordinated weaker countries.

So potentially influential are the combined efforts of Brazil, India, and South Africa that the group has already been dubbed the G3. Yet it remains to be seen whether this core group can maintain its unity on a broad range of international policy-issues (beyond seeking to secure permanent seats on the Security Council). Notably, in June 2003, the three countries established the "IBSA Trilateral Commission," to promote scientific and technical co-operation as well as advocate a reformist development model inside the WTO and other

international institutions. Yet the Commission risks going the way of other diplomatic initiatives unless a clear and cogent agenda can be formulated and unless key constituencies can be mobilized to move it forward. Finding common purpose and keeping the coalition together vis-à-vis a myriad of bilateral and regional trade agreements, and substantial bilateral pressure exerted by the U.S., will remain a formidable challenge.

The Legitimacy of Traditional and Alternative Intergovernmental Arrangements

This proliferation of intergovernmental initiatives has resulted in a set of informal arrangements for collective action to address a range of global and transnational problems that has proven highly dynamic, multi-layered, and adaptable. Major and middle powers, and developing countries alike, increasingly seem to favor these mechanisms to deal with urgent and complex transnational issues due to their lack of institutional constraints, the shared interests of a smaller number of more cohesive members, and their greater ability to mobilize resources in support of their actions. However, their proliferation has also rendered the international architecture increasingly complex and unrepresentative, and raises questions regarding their legitimacy, accountability and sustainability, as well as the ultimate effect of such interest-group fragmentation on the on-going operations of formal multilateral organizations and principles of universality.

Most important among these questions is the claim that the already unequal decision making procedures in international bodies, such as the UN Security Council and the Bretton Woods institutions, is compounded by the increasing number of decisions on global governance which are taken outside the established multilateral system. The G8, the G20, but also, to a

certain extent, the G3, are clubs of the richer and more powerful. Although these groups stretch to accommodate new mandates, members, and non-state actors, relatively powerful states and NGOs tend to get invited to sit at their deliberating tables, leading to an increased marginalization of the least powerful actors.

In addition, most of these informal state-to-state arrangements seem to have few or no mechanisms of accountability or oversight. No public records exist of their meetings and discussions (apart from a final declaration) and few specialists and officials involved in their deliberations are under public or parliamentary scrutiny back home. Although the agenda-setting and policy coordination efforts of such governmental groupings can have a substantial effect on the operations of established intergovernmental organizations, no formal relations tend to exist with the existing multilateral institutions.

A further concern is that the proliferation of these parallel state-based arrangements could lead to even more so-called “forum-shopping” by countries that can pick-and-choose among the mechanisms that best fit their individual political agenda. By-passing the traditional multilateral system in this way could erode the universality of rules and procedures and further reduce the sense of fairness and legitimacy and, ultimately, the common sense of purpose that underlies formal charter agreements. By-passing the World bodies might also influence the choice of issues that gain prominence on the international agenda. The global security agenda, for example, is dominated by western concerns regarding terrorism and WMD proliferation, rather than the fight against extreme poverty, the proliferation of small arms, urban violence, and HIV/AIDS that are paramount on the security agendas of most developing countries.

Finally, there is a concern about the sustainability of these alternative mechanisms. This is, per definition an issue for ad-hoc coalitions; but it also applies to most other initiatives that are not directly linked to the established multilateral institutions, lack a secretariat that could otherwise guarantee a sense of continuity, and are not underwritten by assessed contributions. Furthermore, intergovernmental coalitions promoted by elected leaders tend to focus on issues that are at the top of their administration's agenda at a particular moment but could lose currency when leadership changes. Hence, these initiatives might be good for a quick and flexible reaction to particularistic, front-burner issues but bad for establishing, driving, and implementing long-term policy.¹²

The claims that powerful intergovernmental coalitions, such as the G8, might eventually sideline the chartered multilateral institutions therefore seem overstated. Intergovernmental coalitions by their nature lack the kind of broad participation that affords a degree of legitimacy to the major multilateral institutions and, as shifting coalitions, there is no real authority that binds members to agreed actions over time. For these reasons, intergovernmental coalitions often seek to collaborate with established multilateral organizations, both to gain broader adherence to their initiatives and to provide them with continuity on the global agenda. In fact, many G8 initiatives aim to strengthen the very institutions for which many of their actions are surrogates. The G8 Action Plan on Nonproliferation, for example, includes an initiative to enhance the IAEA's effectiveness and integrity,¹³ while the G8 Action Plan for Peace Support Operations will enhance the peacekeeping capabilities of the UN, the AU, and NATO.

Overall, the existing multilateral institutions retain, by and large, their dominant role in international norm-setting and policy implementation. Alternative intergovernmental groupings, such as the G8, predominantly function as parallel, complementary institutions¹⁴, focusing primarily on agenda-setting and the coordination of policies regarding new or deadlocked issues, but also engaging in implementation when traditional mechanisms fail to deal with crucial issues, as happened during the Kosovo crisis. In this respect, John Kirton refers to the G8 as a global governance “gap filler”, creating its own institutions where none currently exist, or as global “governor of last resort”, acting when existing institutions have failed to solve a global crisis.¹⁵

II. Multi-Stakeholder Arrangements

Just as a multitude of alternative intergovernmental arrangements have emerged to address issues that are presumed to be under-attended or mishandled by the formal multilateral institutions, so too have NGOs and multinational corporations sought to expand their influence and inputs into the making of international public policy and the delivery of essential goods and services that national governments and intergovernmental institutions seem unable or unwilling to provide.¹⁶

Through advocacy, protest, public policy analysis and development, and as contractors for service delivery, NGOs have become an increasingly important actor in international public policy making as well as in the provision of international goods and services around the world. According to the Union of International Organizations, the number of known international NGOs increased from about 13,000 in 1981 to over 47,000 by 2001.¹⁷ During

the fiscal year of 1998, twelve large humanitarian NGOs had a combined budget of \$3 billion and employed over 27,000 staff worldwide.¹⁸

For their part, the increasing power and influence of transnational corporations (TNCs) have made them an integral part of the international public sector. The numbers are themselves illustrative: there are approximately 64,000 TNCs with more than 850,000 subsidiaries and millions of suppliers¹⁹; in the year 2000, the combined revenues of the Global 500 companies were over \$14 trillion; and these companies employed over 47 million people. These firms account for a vast number of the international transactions that drive globalization and interdependence.²⁰

While corporations are often viewed as primarily economic entities, they play important political and social roles in making and implementing international and global public policies. Their influence occurs through direct engagement in areas of their particular interest, such as trade and finance, and more indirectly through public policy institutions that they underwrite. Through multiple forums, from the World Economic Forum to business associations like the Business Council for Sustainable Development and The Prince of Wales Club, TNCs exert economic and political influence over the ideas and practices that guide multilateral institutions.²¹

Rather than the result of stand-alone efforts, this growth of private involvement in the international public arena has been supported by bilateral, multilateral, and private donors who have become increasingly disappointed in purely state-led or market-led approaches. Rejecting top-down government regulation and redistribution while acknowledging the

potential of market failures, these donors have enabled private sector involvement through the promotion of technological innovation, competitive enterprise, and the use of market means to achieve public ends.²²

While not an entirely new phenomenon (witness the trilateral arrangements of the International Labor Organization), multi-stakeholder partnerships, as they have come to be known, emerged in the beginning of the 1990s as the preferred form to organize cross-sectoral alliances that could build on the comparative advantages of NGOs, governments and corporate actors. Well known examples include the Global Reporting Initiative, the Apparel Industry Partnership, the Forrest Stewardship Council, and the Global Alliance for Vaccines and Immunization, as well as bilateral partnerships such as the CARE-Starbucks alliance.

The UN boosted this trend of increased private involvement in international public policy making by embarking upon a series of major World Conferences and Summits through the 1990s, and by launching the Global Compact as a means of influencing corporate conduct in areas of public concern, such as human rights, labor and environmental standards.

Representatives of NGOs and the business world were invited to attend and make inputs to UN Conferences, such as the 1992 Earth Summit in Rio, the 1995 World Summit on Social Development in Copenhagen, and the World Summit on Sustainable Development in Johannesburg in 2002. The degree of NGO penetration into these intergovernmental meetings and organizations is not fundamentally different from seventy years ago.²³

However, the number of NGOs has grown enormously and NGO participation is more formalized and takes place at many more levels and in many more fields than ever before,

making their overall impact on global decision-making and action more substantial than in the past.

In fact, the growth of NGO and corporate involvement is changing the nature of UN relationships with private actors.²⁴ This change is characterized by a much larger NGO and corporate presence throughout the UN system, the more diverse institutional character of the non-governmental organizations involved, and the greater diversity of issues that they seek to address at the UN and in other international fora. Above all, UN relations with private actors has become increasingly political and operational, rather than formal and ceremonial, reflecting the increasing willingness of the UN to see them as international actors and partners, and the desire of NGOs and corporations to engage with the UN as part of the institutional architecture of global governance.²⁵

The Global Role of NGOs

NGOs are now engaged along the entire policy cycle. Their activities include advocacy, rule making and standard setting; knowledge generation and dissemination; promotion, monitoring and evaluation of treaty obligations; and delivery of social services in communities around the world.²⁶ Their contribution to global policy increases pluralism, gives voice to the aspirations of politically marginalized groups, and takes up critical issues that might otherwise not surface on the political radar screen. Rather than simply voices of advocacy and opposition, however, they are increasingly engaging government and multilateral organizations as partners in global governance initiatives.

In the words of former Brazilian president Fernando Henrique Cardoso:

'the legitimacy of civil society organizations derives from what they do and not from whom they represent or from any kind of external mandate. In the final analysis, they are what they do. The power of civil society is a soft one. It is their capacity to argue, to propose, to experiment, to denounce, to be exemplary. It is not the power to decide'.²⁷

Much of this “soft power” turns on their network structure and their capacity to use information technology to mobilize constituencies across the globe and thereby multiply their voices. These networks have proven increasingly effective in shaping global public policy, especially when they managed, as the International Campaign to Ban Landmines did, to engage governments and intergovernmental organizations in their activities. They have changed the landscape of global governance, by adding an influential and flexible instrument to the range of intergovernmental and multi-stakeholder arrangements that are shaping global public policy.

However, these ad-hoc networks have important weaknesses in terms of accountability, equity, and sustainability. Since most international NGO campaigns are organized as network coalitions, they often lack a clear hierarchy or membership and established organizational and governance mechanisms. Although they bring together actors from around the globe, northern NGOs tend to exercise undue influence over their agendas and practices. Furthermore, networks, such as the Coalition for an International Criminal Court, the International Action Network on Small Arms, Jubilee 2000, The Climate Action Network, and the Coalition to Stop the Use of Child Soldiers are issue oriented, have a very fluid constituency, and little accountability or oversight mechanisms. Every network member

is independent and has its own sources of funding, making it relatively easy for a network to dissolve as soon as its goal has been reached and also facilitating the rapid formation of new networks when a new issue arises. Since NGOs are usually not subject to elections or market pressures, nor want to be closely regulated, they are often accused of lacking transparency. Most NGOs acknowledge this need and have made important steps in providing annual reports of their financing and activities. In fact, Paul Wapner argues that when comparing the mechanisms of accountability, most existing NGO mechanisms allow for greater accountability than those of states or TNCs.²⁸

Corporate Involvement in Global Governance

The increasing power and influence of transnational corporations (TNCs) have made them an integral part of the international public sector. Unable to carry the burden of globalization's many challenges, national governments and IGOs increasingly look to the business community to couple its new global reach with new global responsibilities within their 'sphere of influence'. Companies are increasingly held accountable not only to their shareholders, but also to employees, suppliers, and society at large. Voluntary corporate social responsibility (CSR) initiatives such as the Global Compact, corporate codes of conduct and global Public-Private Partnerships (PPPs) represent a new set of efforts to achieve those aims. The strength and weaknesses of these innovative approaches need to be better understood by analysts and activists alike, because they are likely to be increasingly called upon to close global governance gaps in the years ahead.²⁹

Transnational corporations have been particularly prominent in setting standards for human rights and environmental protections by adopting voluntary codes of conduct in lieu of public regulation. Although many observers have questioned the effectiveness of business self-regulation, they have extended their regulatory reach to suppliers as well as their own subsidiaries on a transnational scale that is beyond the capacity of most governments or IGOs.

Corporations have also reached into the international public domain through engagement in the provision of public goods and services on an unprecedented scale. They have matched their increased power and reach by setting up or engaging in global PPPs, providing additional resources to address specific health or development needs in developing countries. In the field of international health management, for example, the use of PPPs for the development of drugs for malaria and TB, or facilitating the wider provision and use of vaccines for HIV/AIDS and other illnesses, is usually regarded with approval, in view of the urgent need to save lives.

Despite the value of these contributions, however, there are several potential dilemmas associated with the use of global PPPs for public service delivery.³⁰ First, the objectives of global PPPs do not necessarily overlap with the long-term goals of multilateral institutions. Partnerships focusing on a single illness, for example, may divert resources from overall WHO efforts to develop sustainable national primary health-care systems. Arrangements involving private sector provision of cheap or free goods and services also require public funds and hence can compete with UN agencies' efforts to obtain funds from the same donor sources. Although these private initiatives can generate much needed additional

resources and have proved effective in responding to specific health issues, they add to increasing panoply of under-funded initiatives and draw away public funds that might otherwise support core programs that reflect the decisions taken by the agencies' governing bodies.³¹ Moreover, their very structure and financing—short term goals, high profile philanthropic funding, and participation of only a few large TNCs—suggests that some of these global PPPs may be short-lived, while the need for vaccination, clean water, and poverty alleviation programs will persist. In fact, a recent Business for Social Responsibility report, concludes that the development effects of today's partnerships remain essentially untested and that, without some major adjustments, most of them will flounder, and will be forgotten within a few years.³²

Notwithstanding these potential dilemmas, PPPs are a relatively new phenomenon that continues to evolve. More recent PPPs tend to be more sensitive to some of the institutional concerns that have arisen. For example, the African Comprehensive HIV/AIDS Partnership in Botswana (with the Bill & Melinda Gates Foundation and Merck & Co., Inc.) moved beyond product-based treatment and also focuses on building up the national health system, training physicians and providing prevention and care in acknowledgement of the pivotal importance of institutional development and government engagement for the sustainability of the initiative.

Intergovernmental Organizations and Corporate Power

A perpetual state of resource constraints at the UN compounds the potential problem of undue corporate influence in global policy making. Although the Global Compact is not

intended to raise funds—it is about encouraging better corporate practices—its existence facilitates corporate sponsorship of other UN activities and agencies. Large TNCs are most likely to be interested in the reputational benefits of participating in the Global Compact, but they are also likely targets of UN agencies anxious to involve them in partnerships that generate additional funding. Coca Cola, Microsoft, Novartis, and Nestlé are only a few examples of enterprises simultaneously involved in both the Global Compact and program partnerships with UN agencies. UN agencies respond to those corporations who knock loudest, who have the best access, and who are able to fund the projects they propose. Since UN agencies and programs develop partnerships with businesses on their own contractual terms and sometimes in competition for resources from the same firm, it further widens the opportunities for corporate partners to set the terms for their engagement.³³

A central issue is how to structure and situate public-private partnerships (PPPs), intended to achieve specific and practical objectives, in a manner that safeguards the central function of intergovernmental institutions as the organizations responsible for setting global public policy. The fragmenting of decision-making among a widely proliferating number of complex PPPs may weaken or even displace some of the UN's normative functions, in particular when full transparency is missing. Olilla argues that the involvement of UN agencies in PPPs tends to increase agency accountability to the corporate partners while decreasing their direct accountability to their own governing bodies.³⁴

Another dilemma is the inadequate voice of low-income countries' representatives in the decision-making of global PPPs. Little is known about how developing countries will react to the trend of shifting technical and normative discussions from UN forums, such as the

WHO (where developing countries have some representation), to governing boards and technical advisory committees of the global PPPs (where it appears that they are less well represented).

To assess the degree of private influence in PPPs, it is important to look at the individual institutional set-up of these partnerships; in particular to differentiate between global PPPs organized as a quasi-public institution and PPPs that have a purely private organizational form. In the field of health, for example, arrangements orchestrated from within the UN agencies, such as the Global Alliance for Vaccines and Immunization (GAVI), Roll Back Malaria (RBM), STOP TB, and others, operate through their host's policies and procedures. To include one person representing the pharmaceutical industry in the 16-member Board of GAVI, for example, adds necessary expertise while being highly unlikely to overturn the entire policy-making system of WHO, UNICEF, the World Bank and other members, especially as the host of the GAVI secretariat (UNICEF) retains a veto on its actions.³⁵

However, the issue of appropriate accountability and oversight is increasingly problematic for legally independent partnership entities such as the International AIDS Vaccine Initiative (IAVI) or the Medicines for Malaria Venture (MMV) that are actually private sector not-for-profit organizations, as well as in instances such as the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) and the Global Alliance for Improved Nutrition (GAIN), which operate through structures largely independent of the major UN-decision-making processes.³⁶ The Global Compact also externalized its accountability mechanism by establishing an Advisory Group that oversees key decisions, while decision-making in the Business Partners for Development is highly decentralized to partnership 'clusters'.³⁷ This

lack of accountability is exacerbated by undefined guidelines and limited public disclosure of information surrounding many global PPPs.

These examples involve a shift away from vertical to horizontal forms of governance and accountability. These horizontal governance structures might increase the flexibility and effectiveness of particular initiatives, but they also erode UN oversight and accountability, the more so when PPPs are established as separate legal entities.³⁸ For an organization that is supposed to speak for “We, the Peoples”, and given the financial weight and influence of the corporate actors involved, such a lack of intergovernmental control is reason for concern. Finding an adequate answer to questions of participation and accountability, while retaining the flexibility and effectiveness of these new initiatives is of the utmost importance, not only to consolidate the role of global PPPs and foster new partnerships, but also to ensure that partnerships are acting in the best international public interest.

Conclusion

This article has sought to set out the parameters for a more comprehensive and informed debate on the pros and cons of a rapidly changing system of decision-making and collective action in global affairs. No longer dominated by a few formal intergovernmental institutions, the multilateral system (if that is what the shifting constellation of alternative arrangements can be called) is in a state of perpetual flux. Albeit still characterized by a set of asymmetrical power relationships at both the global and regional level, it is increasingly challenged by innovative governance arrangements driven by competing interests and demands from actors traditionally outside of or marginalized within the established inter-state institutions.

While alternative intergovernmental arrangements tend to complement rather than undermine formal multilateral institutions, continuing resort to them could further sideline the UN on the most important issues of the day, thereby resulting in a magnification of the role of power politics on the global stage as evidenced by recent events in Iraq. Furthermore, in addition to raising fundamental issues regarding legitimacy, accountability and sustainability (the foci of this article), a world of ad hoc negotiations, shifting alignments and alliances, and interest-based coalitions risks exacerbating existing concerns about consistency in adherence to international law, universality of standards and codes of conduct, and equity in the distribution of international public goods and services.

For its part, private involvement in global public affairs is generally viewed positively, but it too raises important questions of accountability and sustainability. Even as governments and foundations actively promote public-private partnerships and even direct private sector engagement, we know relatively little about the long-term consequences of private actors in unregulated international public spaces. The conventional wisdom is that NGOs are progressive, increase diversity and participation, advocate for and provide improved services, and hold public sector actors accountable; however, they too are characterized by asymmetries in power and interests, are in the end accountable only to their donors and their boards of directors (and hence to themselves), and suffer the paradox of potentially relieving the public sector of its responsibilities.

Private actors have made great strides into the international public realm, indeed have become an integral part of it in fields such as humanitarian assistance, international health,

human rights, and the environment. NGOS are increasingly self-conscious about their roles in these areas, adhering in general terms to the 'do no harm' principle and increasingly establishing codes of conduct and review processes for their own activities. A lot, nonetheless, remains to be done, both in examining the role of private actors in fields where states traditionally were the sole provider of public goods, such as international justice and peace and security, and in weak state environments where accountability is in particularly short supply.

How to encourage more effective decision-making and operational mechanisms that satisfy input (and output) legitimacy criteria is the central question of global governance, one that is being put to the test in the broad range of innovative arrangements that now characterize the multilateral system. The proliferation of these arrangements and new actors within the multilateral sphere has attracted considerable attention but still lacks a generally agreed pragmatic and normative framework for global governance that recognizes the broad range of actors along the public-private spectrum, their respective capabilities and responsibilities, and their complementary roles in shaping the global public policy agenda. While formal and informal intergovernmental arrangements and multi-stakeholder initiatives will continue to evolve and adapt to changing international realities, a more deliberate effort will need to be made to find the right balance between them if we are to ensure a more effective and legitimate multilateral response to the urgent global problems that confront us.

BIO

Prior to founding the Center on International Cooperation at NYU, Shepard Forman directed the Human Rights and Governance and International Affairs programs at the Ford Foundation, where he also was responsible for developing and implementing the Foundation's grant making activities in Eastern Europe, including a field office in Moscow. He served on the faculty at Indiana University, the University of Chicago and the University of Michigan; conducted field research in Brazil and East Timor; and authored two books on Brazil and numerous articles, including papers on humanitarian assistance and post-conflict reconstruction assistance.

Derk Segaar has a MA in Human Geography from Utrecht University, the Netherlands, and a Master in International Affairs from Columbia University, New York, supported by a Fulbright scholarship. At CIC, he was the Coordinator of the New Dimensions of Multilateralism Project. He is currently based in Nairobi, Kenya, where he writes on the political and humanitarian situation in Sudan for the Integrated Regional Information Networks (OCHA-IRIN) of the United Nations.

¹ An earlier version of this paper was prepared for the Helsinki Process on Globalisation and Democracy.

² This paper has its origins in a series of meetings convened by the Center on International Cooperation at New York University (CIC) with a small core group of UN and World Bank officials, members of the diplomatic corps, NGO activists, and policy analysts to examine the changing dynamics of multilateral decision-making and action. Rather than an in-depth research effort, the project, New Dimensions of Multilateralism, sought to describe innovative, alternative approaches to global problem-solving in diverse

fields requiring broad-based collective action, including international justice, humanitarian affairs, environmental management, health, and peace and security, as well as cross-cutting issues of NGO participation, corporate involvement in global public affairs, and alternative arrangements for global governance. We are grateful to the Rockefeller Foundation and the Brine Charitable Trust for their support of this effort.

³ Secretary-General Kofi Annan during the opening of the 58th plenary session of the General Assembly of the United Nations, Tuesday, September 23, 2003. See subsequent report of the High-Level Panel on Threats, Challenges and Change, 'A More Secure World: Our Shared Responsibility,' December 2004, and the Secretary-General's follow-on report, *In Larger Freedom*, March 2005.

⁴ See Teresa Whitfield, *A Crowded Field: Groups of Friends, the UN, and the Resolution of Conflict*, CIC Occasional Paper, June 2005.

⁵ Bruce Jones with Feryal Cherif, *Evolving Models of Peacekeeping: Policy Implications and Responses*, CIC 2004; and Shepard Forman and Andrew Grene, 'The Security-Council and Regional Organizations,' in David Malone, ed., *The UN Security-Council in the 1990s*, Lynne Rienner, 2004.

⁶ Robert O. Keohane posits in *Power and Governance in a Partially Globalized World* (2002, p.234) that legitimacy has two components and that international institutions are judged both on the procedures they follow (inputs) and on the results they obtain (outputs). If one widens this definition, legitimacy of input would refer to institutions' processes of accountability, transparency, democracy, participation, appropriateness of actors, and other procedures, which render a process or initiative more legitimate, while legitimacy of output could be extended to include outcomes, efficiency, and sustainability; in short, legitimacy based on results.

⁷ World Commission on the Social Dimension of Globalization, *A Fair Globalization: Creating Opportunities for All*, 2004, p.77.

⁸ This trend toward expanded mandates is also discernable in the UN, the World Bank and regional and sub-regional organizations such as the EU, ECOWAS, MERCOSUR, ASEAN and APEC, regional economic integration mechanisms which recently broadened their agendas to include peace and security issues.

⁹ The Egmont Group promotes the coordination between national Financial Intelligence Units.

¹⁰ G7 Finance Ministers, *Statement of G7 Finance Ministers and Central Bank Governors, Ottawa, February 9, 2002*. See: <http://www.g8.utoronto.ca/g7/finance/fm020902.htm#action>.

¹¹ This section is based on informal observations made by Christian Barry and Andrew Kuper of the Carnegie Council for Ethics and International Affairs in preparation for a joint seminar, planned in October 2004, in collaboration with the Center on International Cooperation.

¹² Risto E. J. Penttilä, *The Role of the G8 in International Peace and Security*, IISS, 2003, p.66.

¹³ Sea Island Summit 2004: G8 Action Plan on Nonproliferation. See: http://www.g8usa.gov/d_060904d.htm

¹⁴ Many scholars argue that the G8 doesn't fit the definition of an institution since it lacks some fundamental features of an institution, such as a charter and a secretariat.

¹⁵ John Kirton, *Explaining G8 Effectiveness: A Concert of Vulnerable Equals in a Globalizing World*, 2004, p.9.

¹⁶ The United Nations Development Program claims that '250 million people are now "reached" by NGOs (as opposed to 100 million in the 1980s) and their rising budget of \$7.2 billion is equivalent to 13 percent of net disbursements of official aid'. The 1999 annual report of the World Bank states that the percentage of World Bank approved projects, run through NGOs, increased from an average of 25% over the period 1987-1995, to 50% in 1998.

¹⁷ Helmut Anheier and Nuno Themudo, 'Organizational Forms of Global Civil Society: Implications of Going Global,' in H. Anheier, M. Glasius, M. Kaldor (eds), *Global Civil Society 2002*, 2002, p. 194.

¹⁸ Marc Lindenberg and Coralie Bryant, *Going Global, Transforming Relief and Developments NGOs*, 2001, p. 12.

¹⁹ Committee for Economic Development, *Reducing Global Poverty, Engaging the Global Enterprise*, July 2003, p. 5, citing UNCTAD, *World Investment Report 2002*.

²⁰ Shepard Forman, *A Manageable World: Taking Hold of the International Public Sector*, Center on International Cooperation, 2001.

²¹ Following the rapid growth in wealth creation during the 1990s, private and corporate foundation giving increased from \$11.3 billion to \$22.8 billion between 1994 and 1999 (this growth slowed down somewhat, following the stock-market decline in 2000). On average, just over 11% of total US foundation giving was allocated to international activities in the 1990s; private donations to domestic NGOs for foreign projects increased 65 percent over the decade.

²² Ann Zammit, *Development at Risk, Rethinking UN-Business Partnerships*, UNRISD/South Centre, 2003, p. 33.

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- ²³ Steve Charnovitz, 'Two Centuries of Participation: NGOs and International Governance', in *Michigan Journal of International Law*, Winter 1997 Charnovitz claims that the PCIJ and the economic Consultative Committee of the League of Nations were more open to NGO participation than, respectively, the ICJ or ECOSOC.
- ²⁴ Derk Segaar, *The Evolving Roles of NGOs in Global Governance*, Center on International Cooperation, May 2004.
- ²⁵ Tony Hill, *Three Generations of UN-Civil Society Relations: A Quick Sketch*, United Nations Non-Governmental Liaison Service, April 2004.
- ²⁶ Jan Martin Witte & Wolfgang H. Reinicke, 'Beyond Multilateralism: Global Public Policy Networks', in *International Politics & Society*, 2/2000.
- ²⁷ F. H. Cardoso, *Civil Society and Global Governance*, High-Level Panel on UN-Civil Society, 2003.
- ²⁸ Paul Wapner, 'Defending Accountability in NGOs', in *Chicago Journal of International Law*, Volume 3, No.1, Spring 2002, p. 197-205.
- ²⁹ John G. Ruggie, 'The Theory and Practice of Learning Networks, Corporate Social Responsibility and the Global Compact', in the *Journal of Corporate Citizenship*, Spring 2002, p.35.
- ³⁰ Derk Segaar, *Corporate Power and Democratic Responsiveness, The Impact of Corporations on Global Public Policy*, Center on International Cooperation, April 2004.
- ³¹ Ann Zammit, *Development at Risk, Rethinking UN-Business Partnerships*, UNRISD & The South Centre, 2003, p. 252.
- ³² Simon Zadek et al., *Working with Multilaterals, Building Stronger Private-Public Partnerships for Sustainable Development*, Business for Social Responsibility, July 2002.
- ³³ The WHO, the World Bank, and UNICEF have all acknowledged the need to exercise caution over the selection of private sector partners. WHO's guidelines on partnerships with the corporations, for example, single out tobacco producers and arms manufacturers as incompatible partners.
- ³⁴ Eeva Olilla, 'Health-related public private partnerships and the United Nations', in B. Deacon, E. Olilla, M. Koivusalo and P. Stubbs (eds.), *Global Social Governance: Themes and Prospects*, 2003.
- ³⁵ Roy Widdus, 'Public-private partnerships for health require thoughtful evaluation', in: *Bulletin of the World Health Organization*, 2003, 81 (4), p.235.
- ³⁶ Derk Segaar, *Innovative Arrangements in International Health, the Implications of Private Involvement in Public Service Delivery*, Center on International Cooperation, September 2004.
- ³⁷ Simon Zadek et al., *Working with Multilaterals, Building Stronger Private-Public Partnerships for Sustainable Development*, Business for Social Responsibility, July 2002.
- ³⁸ Ann Zammit, *Development at Risk, Rethinking UN-Business Partnerships*, UNRISD & The South Centre, 2003, p. 253.