Workshop Report

Between Club Governance and “Grey Zones” Governance

New Challenges to Global Governance

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“The rise of the emerging countries = a shift of power?”

For some years now, discernable changes have arisen in the group of actors involved in international relations.  
One of the most obvious is the rise of the newly industrialising (emerging) countries – primarily China and India,  
but also Brazil, South Africa and Mexico. The extent to which their ascent will lead to a genuine shift of power in  
the international arena is a matter of controversy, however.

With the exception of South Africa, Africa is still marginalised at the international level, a situation which is in-  
compatible with this continent’s significance in relation to key issues on the international agenda. There are also  
a number of “middle-sized” regional and economic powers which are not represented in G20 but which have  
considerable economic power and/or large populations. This group of countries may well harbour major “disrup-  
tive potential”.

Besides these changes in the international arena, a transformation is taking place at the societal level as well,  
although it is unclear whether this will ultimately strengthen or weaken the actors concerned. One striking aspect  
is the fact that international civil society organisations have become far more professional in their approach and  
have penetrated various semi-governmental institutions. Their influence over the agenda of purely intergovern-  
mental bodies such as G8 or G20 is now reported to be considerable. At the same time, however, there are gro-  
wing signs of tension between the emerging powers, with their greater insistence on state sovereignty, and civil  
society’s demands for a more participatory approach.

From G8 to G20?

The forums which bring together global governance actors are also changing and multiplying. Besides the estab-  
lished international organisations, various more or less exclusive “clubs” exist, along with a growing number of  
innovative forums which generally have a clear thematic focus and operate in the somewhat nebulous orbit of  
the international organisations (“grey zones” governance).

In this context, the “clubs” attract a particularly high level of public attention. The best-known is G8, although its  
future is uncertain following the (permanent?) increase in the importance of G20. Upgraded to the level of the heads  
of state and government as part of the response to the world financial crisis, G20 claims to be far more  
representative than G8. G20 therefore may well epitomise the power shift taking place in international relations,  
mentioned above. But just how profound is this shift of power? That remains a contentious issue. There are  
suspicions that G8 may well continue to set the tone, even within G20. It is also uncertain, at this stage, whether
G20 will forfeit some of its significance and impact as the world economic crisis ebbs away. Much depends on its self-perception and future thematic agenda: the question is whether G20 will confine itself to macroeconomic coordination (including development, if appropriate) or cover a broader range of issues in future.

What does the future hold for the established international organisations?

The Organisation for Economic Co-operation and Development (OECD), too, is currently undergoing a phase of transition whose outcome is uncertain. Prompted not least by institutional self-interest, there is a discernable effort to globalise the OECD – by expanding its membership, on the one hand, and, on the other, by creating new forums linked to the OECD, with close to global membership in some cases.

The status of the international financial institutions (IFIs) has clearly been enhanced by the new tasks assigned to them by G20 in response to the world financial crisis. The reforms which have been demanded for years in relation to the allocation of votes in the World Bank and the International Monetary Fund (IMF) have also now been initiated.

The efforts to reform the United Nations (UN), under way for decades, have yet to achieve any success, and the consequence of this failure is the formation and strengthening of alternative structures. In reality, there currently appears to be no prospect of the UN’s enjoying a renaissance as the core structure for global governance, although the UN is still regarded by many as the appropriate forum in which to conduct the debate about global goods. The possible failure of the MDG project, which greatly enhanced the standing of the UN and generated considerable impetus for its efforts, is likely to exacerbate its declining significance.

Forums for “grey zones” governance

In recent years, numerous new forums have emerged within the orbit of G8/G20, the OECD and the UN. They are a testing ground for alternative forms of political governance and interaction between various stakeholders. Examples of such forums linked to the UN system include UNAIDS and the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM). The latter evolved from a G8 initiative and now administers half the funds available to combat these three diseases. The GFATM is managed by representatives of governments, business and civil society who have equal status and decide jointly how the monies should be spent.

Within the IFIs, too, new types of mechanism have evolved through which substantial sums of money are channelled. They include, first and foremost, the Global Environment Facility (GEF) and the climate funds. The latter are resourced from voluntary contributions from governments and currently have a funding volume in excess of US-$ 6 billion. In the decision-making bodies, the donor and recipient countries are represented on the basis of parity.

Finally, the field of “grey zone” governance also includes a range of multi-stakeholder initiatives involving governments, business and civil society. Examples are the Extractive Industries Transparency Initiative (EITI), the Kimberley Process (diamonds) and the Forest Stewardship Council (FSC).

Themes and motivation

The increasing diversity of international forums raises the question of which themes will be addressed by specific configurations in future. It may be assumed that the topics will migrate between the “more powerful” and the “weaker” institutions, depending on the international community’s perception of the issue at any given time. New forums are often set up to deal with new topics as well, and these forums can pioneer the analysis of the issue and act as a testing ground for new forms of governance. However, the underlying intention may also be to prevent a particular issue from being addressed by a “higher-status” forum.

A key aspect is actors’ motivation for engaging in some way at global level. The assertion of national interests is generally likely to be the driving force here. Besides the need for international cooperation on transnational problems, the safeguarding of global public goods, etc., international crises can be identified as a further key driving factor. Once the pressure created by a crisis has subsided, however, the institutions and processes established in response to it may find it difficult to justify their existence, for example, or may find their decision-making capacities eroding.
**G20 in a coordinating role?**

In view of the proliferation of forums, the fragmentation of global governance and an increasingly regulated environment, coordination between and within individual policy areas is becoming increasingly important (meta-governance). If this coordination is inadequate, there is a risk that measures adopted in one policy field will impede progress in others or even render progress impossible. Opportunities to secure concessions from individual actors through bargaining between or even within individual policy fields are also likely to be missed.

There is currently some discussion about the possibility of G20 taking on a meta-governance role. Indeed, to some extent it is already doing so. As a self-appointed non-legitimised body, however, its assumption of this kind of steering role is extremely problematical. Stronger linkage between G20 and the UN could be one potential solution, but this has only been discussed hypothetically so far. Initially at least, coordination within, rather than between, policy fields would seem to be a more realistic option.

**Legitimacy vs. effectiveness?**

The question of legitimacy and effectiveness arises with both old and new forms of governance. The first factor that is crucial for an assessment of any institution’s legitimacy and its need for legitimation is the field in which it operates. For example, club governance could be acceptable as a building block of global governance if it helps to identify topics for discussion in multilateral forums, creates coherence, prepares solutions, or mobilises funding. It becomes problematical, however, if it then begins to pre-empt the formal decision-making process.

The relationship between legitimacy and effectiveness is a contentious one. Whereas a high level of legitimacy is associated with a cumbersome institution in some quarters (the UN being one example), there are those who argue that effectiveness is impossible without legitimacy. Others, in turn, argue that in reality, network diplomacy is more important than legitimacy for the assertion of interests. These apparent contradictions are partially resolved if different sources of legitimacy are considered. Not only must a distinction be made between input and output legitimacy: other factors, such as the rule of law or competence, must also be considered. Coordinating functions and decision-making processes can then be regarded as legitimate as long as the interests of all stakeholders are taken into account.