

Chapter 8

Transnational Transformations:

From Government-Centric Interstate Regimes

To Cross-Sectoral Multi-Level Networks of Global Governance

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Much scholarly and public policy attention has focused on the contestation around older intergovernmental agencies such as the United Nations, World Bank, International Monetary Fund as well as newer ones such as the World Trade Organization and the International Criminal Court (Woods, 1999 and 2002).¹ But far too few of these, even scholarly versions, examine the relations between these organizations and the broader underlying institutional arrangements, i.e. inter-state regimes let alone perhaps a world society, of which they are constitutive elements, central actors and core symbols (Rittberger, 1995).

Even fewer rigorous analyses based on in-depth empirical research of the various new forms of “supra-state” and “trans-territorial” organizations that have been termed by other as global policy or action networks, have been offered (Reinecke 2000, Waddell 2003).² Though not fully satisfactory, we will utilize the label of “global governance networks” in this paper for this category that is not synonymous with intergovernmental

¹ In this paper, governments and intergovernmental agencies are actors while states and inter-state regimes are institutional arrangements. As is evident, we find the terms “nation,” “nation-state” and “international” problematic and thus refrain from using them. We correspondingly use awkward but still more meaningful terms such as “government-centric, inter-state regimes.”

² Part of our discomfort with this appellation is that policy might be narrowly construed and networks have become more a “fad” concept over time. Moreover, calling all of these organizations “networks” under-emphasizes their differential organizational structures and potential political significance.

organisations, multinational corporations, transnational professional associations, epistemic communities, or even transnational nongovernmental organizations by themselves, but rather novel arrangements *among* these various and other constituents including governmental agencies across sectors and levels of governance.³ Identifying the core features, genesis, effects and emerging roles of these global governance networks is critical for many reasons, not least of all because of their rapid proliferation over the last decade, from virtually zero to several dozens, and associated claims that they are the most potentially transformative new entrants in world affairs today.

Once again it is not surprising that negligible scholarship can be found that conceptualizes the relationships between these novel global governance networks to changes in broader underlying institutional arrangements like, for example, changes within, of, or perhaps even away from inter-state regimes. Regimes are understood as “sets of implicit and explicit principles, norms, rules and decision-making procedures around which actor-expectations converge in a given issue area,” and the actors that count for inter-state regimes are governmental (Krasner 1983, 3-4).⁴ Changes in rules and decision-making procedures are considered changes *within*, whereas changes in principles and norms are seen as changes *of* these inter-state regimes. But there is also the possibility that these global governance networks are a semi-formalization of “transnational organizational fields” and correspondingly an increasingly structured, albeit contested, world society.⁵

³ Among the most celebrated of such efforts are the Global Fund for Aids, Tuberculosis and Malaria.

⁴ There is been much debate about the definition of governance in recent years. It seems that the definition of an inter-state regime offers an excellent starting point, particularly for scholars concerned with global governance.

⁵ In broadening the focus from just the more formal global governance networks to the broader, underlying institutional arrangements of global governance, we are attempting not to repeat the analogous mistake of

Why have these global governance networks emerged, what are their defining features, and are they efficacious? Do global governance networks signal a possible shift underway from the pre-dominance of government-centric inter-state regimes in world affairs? Are these novel global governance networks constitutive elements of a new cross-sectoral, multi-level world society composed of transnational organizational fields or merely epiphenomena soon to be forgotten for all empirical and practical purposes?

In the next section we briefly identify some broad conceptual arguments -- all in their infancy -- that have been formulated to better explicate these novel and rapidly mutating phenomena and dynamics of world affairs. We then conduct a structured-focused comparison of four ostensible global governance networks, focusing on their historical genesis, organizational elements, potential impacts and implications for broader and deeper institutional arrangements that shape their issue areas. We conclude with some tentative findings and hypotheses on the framing questions laid out in this introduction, as well as avenues of research that will be required in the future.

Theoretical Foundations

Some rationalist scholars of world politics suggest that a “more complex political geography” is emerging globally where the actors of governance stretch beyond the confines of states to where governmental, civil society and private sector actors form functional coalitions and broad horizontal networks, and the institutions of governance include not only international laws and treaties, but also the use of norms, codes, and

scholarship that equates intergovernmental organizations as the same as inter-state regimes. For one of the best theoretical treatment of a “world society” approach, see Meyer et al (1997).

voluntary standards (Keohane and Nye 2000). Stepping back from this empirical claim, they subsequently identify five possible ideal types of global governance that might be envisioned: 1) a state-centric model, 2) an intergovernmental organization model, 3) a transnational private actors model, 4) a global governance networks model, and 5) a world state model (Keohane and Nye 2003).

The ideal-typical “state-centric model” is derivative of the conventional rationalist, neo-realist perspective that identifies anarchy with the lack of a world state, postulates states focused on survival (and possibly power maximization) as the primary actors, and the distribution of power among states as fundamental elements of world affairs and constraints on trans-state authority relations. Powerful states create intergovernmental organizations to achieve their interests and undermine those that do not (Waltz, 1979). The “intergovernmental organization model” is the neo-liberal rationalist variant in which governments as principals appoint intergovernmental organizational agents to whom they delegate tasks that will generate mutually beneficial gains for states by reducing uncertainty and transaction costs (Axelrod and Keohane 1985, Oye 1986, Milner 1992). But intergovernmental organizations can produce outcomes that would not be expected under the “statist-model” as a result of their relative autonomy from the lack of perfect monitoring by governmental principals as well as their relative capacity to act derived from various types of resources they garner and deploy.⁶

The rationalist “transnational private actors model” entails the recognition that a host of private, non-state actors increasingly act autonomously and generate outcomes in a range of issue areas of world affairs. Most of the activities of non-states actors

⁶ Barnett and Finnemore (2004) argue that intergovernmental organizations are “Weberian” bureaucratic organizations whose primary goals, somewhat similar to states, are first survival and then growth.

condition governance by prompting the actions of governments or by reshaping their interests, but there are emerging interactions and institutional arrangements that either marginally involve governments or relatively autonomous intergovernmental organizations, and often by-pass them altogether, such as corporate codes of conduct (Keohane and Nye 1972, Risse-Kappen 1995, Keck and Sikkink 1998, Sklair 2000, Khagram et al 2002, Hall and Biersteker 2002). A “global governance networks model” is a theoretical, empirical and practical extension of this rationalist approach in which governance involves the authoritative negotiation among the various governmental and/or non-state based actors that have interests at stake and capabilities to shape processes and outcome in particular issue areas. The most formal of these governance structures are said to entail trans-territorial, tri-sectoral initiatives that bring together actors from the public, private and non-for-profit sectors in the form of loose issue-based inter-organizational networks (Rhodes 1997, Reinecke,2000, Waddell 2003).

These rationalists discard the “world state model” as a matter-of-fact, noting the historical absence of such an entity as well as the unlikely prospects for one to be established for the foreseeable future.⁷ But they do suggest that the other four models are not necessarily mutually exclusive but rather “layered” versions of the progressively more complex reality of world affairs – with global governance networks complementing the others. On the other hand, they radically downplay an “inter-state regime model” of world affairs -- despite acknowledging that norms, standards and laws are increasingly important in world affairs -- by focusing almost entirely on intergovernmental organizations in their theoretical and empirical analyses.

⁷ Wendt (2003) argues that a world state is a teleological necessity.

That rationalists miss the possible importance of inter-state regimes is partly not surprising given the neo-utilitarian, actor-centric assumptions that limit their approach. In the words of the broadly constructivist argument about “structuration processes,” there are agents without structures. To the extent that there are structures, they are understood as incentives or constraints on means to ends, not constitutive of interests, preferences, identities, rules of appropriateness or of power relations (Ruggie 1998, Wendt 1999, Wendt and Fearon 2002). Correspondingly, the possibility that global governance networks are elements of changes within or of inter-state regimes, let alone of altogether novel transnational social fields potentially (re-)constituting a partially structured world society is not examined.

Other scholars have formulated elements for understanding global governance networks derived from an ostensibly more “constructivist” approach that historically has posited the importance of broader and deeper institutional and societal “structures” that shape and are shaped by the identities and actions of governments and intergovernmental organizations (Kell and Ruggie 1999, Ruggie 2002). Perhaps the most powerful argument offered along these lines is that the forward march of globalization is threatened by the fact that global markets are not sufficiently embedded in a universally shared system of social values, a dangerous gap between market forces and social expectations, reminiscent of Karl Polanyi’s (1944) *The Great Transformation*. Specifically, the inter-state regime of “embedded liberalism” that historically under-girded political stability and economic expansion for at least the states of the industrialized west is becoming unraveled by globalization with nothing to replace it (Ruggie 1982). A second piece of the argument is that the gaps in global norms and institutions or, in other words, failures

of extant inter-state regimes brought about by globalization will stimulate the creation of new, more robust inter-state regimes or perhaps altogether new forms of complex institutional arrangements.

More specifically, globalization – conceptualized as economic and political liberalization along with rapid technological change that has spurred greater degrees of market integration – has undermined the capacities of states and the inter-state system. As a result, a set of operational gaps in governance have emerged: 1) between the territorial basis of the state system and the trans-border nature of many if not most problems, 2) between the need to take speedy actions while keeping long temporal periods and sustainability into account that runs counter to state-based electoral time-cycles and bureaucratic decision-making, 3) between the complexities of cross-border problems and the information and knowledge possessed by governmental and intergovernmental actors to address them, and 4) between growing social expectations and global market expansion. In addition, a two-fold participatory gap has emerged between those that are benefiting from the processes of globalization and those that are not, and between the demands for and the available opportunities for participation in authoritative decision-making (Reinecke 2000, Martin et al 2000).

Global governance networks -- identified once again by these authors as loose trans-territorial, multi-stakeholder arrangements that bring together organizations from the public, private and not-profit sectors -- fill these gaps. To be fair, it is noted that these novel organizational forms emerge not only to fill the functional gaps in governance generated by more simplified or complex processes of globalization. Like rationalists, they identify that these networks emerge in a context in which governments and

intergovernmental organizations are no longer the sole actors or forces with trans-territorial interests or capacities. They also implicitly suggest that some -- although unidentified -- actor or actors are aware of these governance gaps and note that other, newer trans-territorial actors that now are relevant consciously create global governance networks by linking the latter in novel organizational arrangements to address the former.

But despite its “constructivist” orientations, the arguments that are offered from this work remain broadly (neo-)functionalist in orientation, focusing primarily on system-level failures, necessary responses, and the actors that already have the capacities to act in the requisite ways. Adequate explanations of why these agents -- either the supposed “conveners” or the emergent trans-territorial constituents – that are engaged in global governance networks act in the ways that they do are not offered. Why the particular organizational form of a global governance network emerges or is chosen is not addressed. Finally, why and how these global governance networks might actually perform these gap-filling functions, and what broader and deeper institutional ramifications they might have are not examined empirically or explored theoretically.

To sum up, the key hypotheses that emerge from this theoretical review are: 1) global governance networks are functional responses to gaps generated by processes of globalization that states and the extant inter-state system cannot fill, and 2) various new organizational actors besides governments and intergovernmental agencies that have trans-territorial reach and/or have identities and interests for which states and the inter-state system are not sufficient are critical to the functioning of these global governance networks. There seems to be implicit agreement that these global governance networks are not replacing or super-ceding governmental and intergovernmental action or state

institutions and inter-state regimes -- but rather complementing or supplementing them by filling in for their inadequacies. While these ideas do offer some basis of understanding and explanation, they remain elementary, particularly in terms of their analysis of the complex political interactions shaping and potential broader institutional implications of these global governance networks.

Comparative Empirical Analysis

In order to begin deepening our understanding, we now examine four ostensible and quite recent global governance networks that have been identified by various actors as particularly noteworthy: the World Commission on Dams Minerals, Mining and Sustainable Development Initiative; Global Reporting Initiative; and the Global Compact. The first two were global governance networks designed as short-term strategic intervention whereas the latter two continue to grow and become more institutionalized. In order to increase the rigor of this relatively inductive analysis of a small number of cases, we employ the method of “structured-focused comparison.” We first ask similar questions of each case such as: How did it emerge? What were its espoused goals? How was it structured organizationally? How has it evolved? What have been its effects? And, what role does it play in the institutional arrangements that shape its domain?⁸ We compare and contrast our results across cases to derive findings and potential hypotheses that address the themes from the theoretical exploration above.

⁸ On the method of “structured-focused” comparison, see George and Bennett (2005). The comparative analysis is based on archival research, participant observation, and interviews with key actors that have either chosen to be part or not as well as those potentially affected by or expert watchers of these global governance networks. We have deliberately not referenced the sources of these case reconstructions for readability purposes but welcome any queries to the research that generated them. The empirical research is ongoing.

We can offer at best simplified overviews of these extremely complex cases that can provide a basis for initial analysis. In particular, the sections on the origins of these experiments do not delve deeply into their longer historical genesis, and the sections on the evolution of their structures and process do not convey the dynamism each has entailed. Moreover, the sections on their impacts and roles are highly speculative because they are so recent in origin, and all ongoing in some fashion. Finally, it should be noted that in-depth investigation (archival research, interviewing, participant observation, etc.) on these and other global governance networks is ongoing.

The World Commission on Dams (WCD)

The WCD is an example of a cross-sector, multi-level initiative in global governance whose creation was driven by progressively more organized and effective transnational coalitions of nongovernmental organizations and social movements. Increasingly intense conflicts over large dams emerged worldwide at the local, national and international levels from the 1950s onwards. By the 1980's, transnational coalitions of domestic nongovernmental organizations and social movements with foreign and international counterparts began to effectively block the construction of new large dams out of concern for the destructive effects both on ecosystems and the lives/livelihoods of affected peoples, their disappointing economic performance, and the broader models of development in which they were embedded.

Genesis

Motivated by their increasing successes in individual campaigns against large dams as well as larger policy and institutional reform efforts, opponents of large dams gradually ratcheted up their demands for the creation of an independent body to conduct a comprehensive review of the performance of large dams that had been built with the support of international aid agencies. The opportunity to achieve this goal presented itself at a joint, April 1997, World Bank–World Conservation Union (IUCN) sponsored workshop on the future of large dams attended by a wide group of representative stakeholders in Gland, Switzerland.

After discussion of a recently produced World Bank evaluation of 50 large dams around the world supported by the World Bank was reviewed and critiqued -- most intensely, but not exclusively, by members from transnationally allied opponents -- the latter demanded an independent and comprehensive “audit” of the performance of large dams that had been built with the support of international agencies. But proponents of large dams -- particularly those representing private sector dam-building companies and professional technical and industry associations -- proposed that a set of criteria and guidelines for the future also be formulated. And representatives of intergovernmental agencies such as the World Bank called for a review of all large dams built -- not just those supported by aid agencies.

In highly contested exchanges, the assembled participants concluded that no existing group or organization had broadly recognized legitimacy to evaluate the historical experience with large dams worldwide or to propose recommendations for the future. The participants converged on the establishment of an independent world commission with a two-year mandate to review the development effectiveness of large

dams worldwide and generate new criteria and guidelines for these projects – both to be published in a final report. The World Commission on Dams (WCD) would be “governed” by a number of – initially set at 8 – commission members, including a chair, selected from the range of stakeholders involved in large dam issues. A secretary general and secretariat would be appointed as the administrative apparatus of the WCD. An expanded “forum” of stakeholder representatives, including by many but not all of those at the Gland meeting, would be created to monitor and contribute to the work of the commission. Perhaps most importantly, the guiding principles of the new entity would be independence, transparency, participation and inclusiveness.

In order to determine who specifically would be selected as commissioners, the chair and secretary general of the WCD, an interim group of key stakeholder representatives was agreed upon by the Gland workshop participants. During a negotiation process that took more than a year, each of these decisions was hotly contested. At several points, deadlock seemed to foreshadow an end to the process. Eventually, 12 instead of the initially envisioned 8 commissioners, including a chair and vice-chair, and a 13th ex-officio commissioner/secretary general were selected.

Thus the WCD was created from an intense political process in which virtually every aspect of its mandate, organizational structure, and funding was negotiated. Each actor attempted to advance its own agenda in shaping the WCD. It became even more global in orientation as a result of the shift in focus from only World Bank-funded projects to all large dams. It became multi-stakeholder partly as a result of the absence of other politically acceptable alternatives, and partly as a result of the broadly accepted premise that a multi-stakeholder orientation would increase the likelihood of success.

Structures and Processes

All significant aspects of the WCD, its membership, structure, work program and sources of financing, were envisioned to be cross-sectoral, multi-level and global. The twelve commissioners ranged from a South African Minister of Water Affairs (and Chair) to the leading social movement activist around large dams in India to the CEO of one of the largest energy multinational corporations in the world. The 10+-member secretariat, headed by the secretary general, included individuals from all over the world, from different disciplinary backgrounds, and with extremely varied professional histories. A WCD Forum, as mandated, eventually was broadened into a much wider range of 60 members including representatives of national ministries of water/power and foreign/international aid agencies to heads of professional industry associations and private sector firms to leaders of international nongovernmental organizations and community-based as well as indigenous peoples groups.

The central activities of the WCD, elaborated in a work program, were also to be cross-sectoral, multi-level and global. The work program activities included 9 in-depth case studies (7 river basin and 2 national) in countries ranging from China to the USA to Zimbabwe to Norway, a ‘cross-check’ survey of 125+ dams located in 50+ countries worldwide, 17 cross-cutting thematic reviews on issues ranging from the impacts of large dams on indigenous peoples to options for water resources development and management. The work program also envisioned an extensive “stakeholder consultation/communication” effort that included several regional consultations, an active solicitation of submissions from any interested person or organization from all over the

world, a regular newsletter eventually published/translated into three (or more languages), and a state-of-the-art website.

The principles of independence, transparency, openness and inclusiveness guided both the formulation and implementation of the WCD. The commission's perceived independence partly depended on its adherence to an informal norm that no more than 10% of the operational budget would come from any single actor, and none of the funding of nearly \$10 million could be "tied." Each of the work program activities – case studies, cross-check survey, thematic reviews – was continually pushed and pulled by both internal and external actors around the degree that it was transparent, participatory and inclusive in greater breadths and depths.

The earliest, most powerful and sustained criticism of the WCD came from particular governments from some developing countries -- such as Indian federal authorities -- that argued that the commission was a self-appointed body with no legitimacy. Less vocal in their criticism but increasingly disengaged was the Chinese government which quietly compelled the Chinese commissioner to disengage mid-way through the process. However, by the end of its life, the WCD was able to complete a national case study in both countries and the Indian government sent a representative to the WCD Forum. Private sector companies were more cautious than critical early on, but increasingly became engaged with the WCD over time. From the critics of large dams building, the Brazilian movement of dam-affected peoples (MAB) had an extremely volatile relationship with the WCD from the time of its establishment through the publication of its final report but still considered it one of the most accessible global entities with which it had engaged.

Outcomes and Effects

The final report of the WCD was completed in September and issued in November 2000 – three months behind schedule. It was presented to the WCD Forum and the broader ‘international community’ as required by its mandate. It was signed by 11 commissioners and the secretary general (the commissioner from China had withdrawn without replacement). One of the remaining 11 commissioners -- the leading Indian social activist -- signed but only with the inclusion of a note of dissent that the WCD report did not go far or deep enough in its recommendations.

The report satisfied the first part of the WCD mandate with an extensive review of the effectiveness of large dams, of their financial, economic, environmental and social impacts, an assessment of water and energy options, and an analysis of the state of governance arrangements in this area. It claimed neutrality on the subject of whether or not large dams should be built in the future, but strongly urged that these projects be considered as only one of many options for water and energy development – including the option of improving the utility of already built large dams. The final report very consciously embedded its review of the pros and cons of large dams in a wider discussion about options for water and energy development.

For some actors from a range of perspectives on large dams, the report did not adequately fulfill the second part of the WCD mandate. Guidelines were formulated for decision-making processes in which large dams may be potentially built, but stringent economic, social, environmental and technical criteria for the sanctioning of large dams

were not offered. Nevertheless the WCD process achieved enough legitimacy that all relevant groups have reacted to its report and recommendations.

The report was welcomed by many large dam critics from civil society, who are concerned about governance and a voice in decision-making processes. A letter from a transnational coalition of 109 nongovernmental organizations, community-based groups, and social movements from 39 countries notes that the report vindicates many of the concerns they have previously raised and calls upon decision-makers to incorporate all the recommendations of the report before funding more large dams. Many aid agencies, especially European funders, and regional development banks were generally publicly supportive. The World Bank did not adopt the WCD's recommended guidelines but did accept the WCD normative framework of "recognizing rights and risks" arguing that high risk – high reward projects like large dams were sometimes necessary to achieve development goals.

Criticism of the final report, of its accuracy and the recommendations emphasis focusing on decision-making process were leveled by some of the most powerful proponents of large dams, primarily from associations of industry professionals and private sector firms as well as some developing country governments. The International Hydropower Association objected that the overall tone of the report casts a negative light on large dams and claims that its conclusions are based on inadequately researched data in that only a fraction of the world's 45,000 dams were studied. An early posting from the International Commission on Large Dams (ICOLD) protested that in only offering guidelines for "consultations" with stakeholders, the report failed in its mandate to offer technical criteria and standards for the planning, construction, and operation of dams.

Moreover, it argued the kind of negotiation and decision-making process proposed in the report would be so cumbersome that it would stall any new large dams.

Nevertheless, the United Nations Environmental Program constituted a Dams and Development Project (DDP) to formalize a follow up process to the WCD in which even the most ardent critics of the final report participated. The first phase of the DDP from 2001 to 2004 involved extensive communication of the WCD's report in global, regional, national and local dialogues all around the world. The report and recommendations of the WCD were translated into multiple languages and disseminated widely. The second phase of the DDP from 2005 to 2007 involved the promotion of policy and procedural reforms as well as practical tools to improve decision-making around the planning and management of large dams in light of the WCD recommendations.

As a result, the WCD process and final report became a central focal point in the dynamics around large dams, and reoriented the debates about large infrastructure projects as well as sustainable development more broadly. For example, the very same professional associations that criticized the WCD's report revised their own guidelines around large dams in relation to the WCD's recommendations. In addition, the analysis and the recommendations of the Commission were introduced into the discussions around the social and environmental guidelines to be adopted by Export Credit Agencies. As with all of the global governance networks examined in this chapter, a definitive evaluation of the WCD's impacts is yet to be produced. One lingering question is whether or not the WCD would have been even more effective had it not been a time-bound initiative like the Minerals, Mining and Sustainable Development Initiative

discussed in the next section or a longer term entity like the Global Reporting Initiative and Global Compact which are the subjects of the subsequent two sections.

The Minerals, Mining and Sustainable Development Initiative (MMSD)

The Mining, Minerals, and Sustainable Development Initiative is an example of a recent multi-actor, multi-level global governance network initiated by a coalition of private sector firms, led in this case by the Global Mining Initiative (GMI). The GMI was established in 1998 by a group of ten leading private sector, multinational mining firms that are members of the World Business Council for Sustainable Development (WBCSD). The WBCSD, in turn, is a global umbrella association of hundreds of transnational corporations united by an ostensible commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Along with the International Chambers of Commerce and World Economic Forum, WBCSD is one of the three key global multi-sectoral business associations involved in world politics.

Genesis

According to the GMI, the mining and minerals sector, and individual companies within it, faced a number of challenges to their own individual and collective survival and growth, chief among which were pressures from financial markets regarding risks and returns, rising public criticism -- particularly from local communities linked to indigenous peoples, labor, environmental and human rights organizations around the world -- of the industry's social and environmental performance, and the increasing trend

towards greater governmental intervention in the sector. But the ten business executives that established the GMI espoused the view that the organization's mission entailed more than just ensuring the short-term survival and growth of their companies and the industry. Rather it would seriously explore pro-active options for a global transition to sustainable development in the mining sector.

In July 1999, The GMI commissioned the International Institute for Environment and Development (IIED) to undertake a "scoping project" on possible means by which to move the mining sector towards sustainability and thus increased legitimacy. IIED is a well-established, leading independent non-profit research institute that works in the field of sustainable development, based in London. The scoping project consisted of three main objectives: 1) to offer an external view of the global challenge of sustainable development facing the mining sector, 2) to propose the scope of investigations on these challenges and strategies for addressing them, and 3) to suggest an organizational arrangement for carrying this out. According to IIED, the three-month scoping project involved consultation with multiple actors at multiple levels as well as a review of existing initiatives and research on mining around the world.

In its October 1999 scoping report, IIED recommended that GMI under the auspices of the WBCSD support the creation of a two-year initiative of participatory analysis and action strategy formulation for the mining sector much like the WCD. The guiding principles of the proposed MMSD initiative would be strategically focused on the long-term, global in reach, balanced in substantive issues addressed, comprehensive in investigatory scope, inclusive of a range of actors, reinforcing of existing work,

professionally organized and managed, realistic of the possible achievements given time and scope, and action-oriented towards concrete changes in practice.

The work of the MMSD would involve high levels of expert research and participatory consultation to generate a technically sound and politically legitimate final report identifying how the mineral sector could make a transition to sustainable development, what principles and practices should guide the sector, what mining companies in particular could do, and how ongoing and newly emergent initiatives in this area could be strengthened and coordinated – particularly through the planned World Summit on Sustainable Development in 2002. The scoping report laid out a three-tier governance structure composed of a sponsoring group, assurance group, and working group (see next section for more details).

The IIED scoping report was approved by the WBCSD/GMI in December 1999. The original member firms of GMI persuaded an additional 14 other mining companies to join them in sponsoring the MMSD initiative. These companies, again under the umbrella of WBCSD, commissioned and pledged the initial 60% of the funding estimated to implement the MMSD to IIED. Eventually a total of 28 corporations pledged at least \$150,000 each to the project. IIED's executive director was designated as the project coordinator of the independent MMSD project, and IIED was to deliver a final report and recommendations for follow-up activities by December of 2001.

Thus the MMSD was constituted as a global, cross-sectoral and multi-level initiative as a result of a number of interacting factors: 1) leading mining companies took a political decision to proactively shape the institutional context in which they had to work, rather than continuing to react defensively to the mounting pressures they faced; 2)

rather than develop only in-company policies or industry codes of conduct independently, they engaged a non-profit think tank to provide advice on an appropriate course of action; 3) and the non-profit think tank as a matter of normal operations engaged in a multi-stakeholder consultation process to produce the advice which generated a recommendation for a independent and transparent initiative that would balance expert knowledge and multi-stakeholder participation, and be global and multi-level in orientation. The MMSD was an organizational arrangement for negotiating and developing recommendations for both the norms and principles as well as procedures and decision-making structures of a long term global institutional mechanism for the mining sector potentially involving actors that had a wide range of understandings and interests with respect to these elements.

Structure and Process

The MMSD consisted of a three-tier organizational structure and involved the execution of a two-year work plan. The “work group” was responsible for developing and executing the work plan, as well as to draft and complete the final report, with the advice and support of the assurance and sponsoring groups. The head of the work group was a project director who was selected by the IIED project coordinator. The project coordinator and director selected a dozen or so senior research and administrative staff from various disciplinary and institutional backgrounds to manage the day-to-day operations of the MMSD. In the last resort, the work group retained the right to publish all its findings independently if no consensus was found with the assurance and/or sponsoring groups.

The multi-actor “sponsoring group” included the organizations financing the project, particularly those that each contributed \$150,000 or more. MMSD did not meet its target ratio of funding -- the envisioned 60%–40% private sector compared with non-corporate funders goal -- and the list of sponsoring group members was dominated by the GMI and other mining firms. Even the “non-corporate” funders were primarily international and governmental aid agencies such as the Canadian International Development Research Centre (IDRC). Not surprisingly, there was not a single labor union, nongovernmental or community group’s member of the sponsoring group.

The multi-actor “assurance group” was responsible for advising, peer reviewing, and ensuring the integrity of the overall MMSD initiative. It ranged from between 12 to 25 members during the life of the MMSD. More reflective of wide array of actors with stakes in mining issues, its members were initially selected by the project coordinator and director based on consultations they conducted and recommendations they received during the early stages of the formal initiative. Over the MMSD life, more transparent and formal procedures for selection were developed, and several assurance group members added to broaden the range of views and regional backgrounds around mining issues globally. The chair of the assurance group through at least half of its official life was a former president of the both the U.S. National Wildlife Federation and IUCN.

The MMSD project strategy and work plan consisted of four primary sets of activities – research and analysis, information and communication, stakeholder engagement, and planning for outcomes. Each of these activities was undertaken by both the work group at IIED in and regional MMSD partners that were constituted during the course of the initiative. The idea to form regional partnerships was generated during the

early months of the initiative as a result of feedback from various multi-actor meetings. The regional partners were established primarily in the principal mine producing regions of the world. It seems that more of the research activities was solicited by IIED to “globally recognized expert institutions,” while the regional partners increased the breadth and depth of the participatory activities of the overall initiative.

The most vocal and sustained opposition of the MMSD initiative came from critical nongovernmental, community-based, and social movement organizations, coalitions and networks around the world – many who refused to participate at all. Others became more engaged over time in response to perceived greater transparency, openness, and responsiveness of the initiative – particularly the regional processes but also the nature of the work program which evolved from a primarily technical, environmental and economic focus to more directly engage social, institutional and governance themes. It seems that various labor organizations were generally more involved throughout and that the original private sector companies have remained committed to the process with some additional firms joining from time to time. The evolving regional processes seem to have engaged governmental actors much more whereas the IIED work group was able to develop strong links with various intergovernmental organizations such as the UN Global Compact and the World Bank mining unit.

Outcomes and Effects

The MMSD’s final report was completed several months behind schedule and was formally launched at the World Summit on Sustainable Development in August 2002. The actual impact of the MMSD’s output on day to day mining operations or the

actual policies and practices of mining companies will not be realized for several years. However, the report has been criticized even by the mining companies as not having concrete and actionable recommendations.

Perhaps most notably, the mining industry established a permanent new umbrella organization – the International Council on Metals and Mining (ICMM), building on an earlier industry association known as the International Council on Mining and the Environment. The ICMM is to be a more independent entity than its predecessor, to continue to facilitate engagement among the multiple actors across sectors with stakes in the issue area of minerals and mining, and to offer more concrete recommendations to the mining industry in four key areas: environmental stewardship, product stewardship, community responsibility and general corporate responsibilities. ICMM's first director was Dr. Jay Hair, a former leader of various nongovernmental organizations and chairperson of the assurance group during the initial six months of the MMSD initiative.

Although the formal MMSD initiative ended following the publication of the final report, informal networks and others institutional arrangements that developed through the MMSD may have a much longer life and greater impacts than the initiative itself. For example, most of the groups that boycotted the MMSD did attend the culminating conference of the initiative in May 2002 suggesting more engagement among the range of actors at the back end than at the front. The construction of inter-organizational networks seems to have progressed furthest, however, through the activities of the regional MMSD partner organizations and it may be at that level that the most important long-term effects of the initiative will be seen.

The opposition of many segments of civil society to MMSD remained a continuing theme in many subsequent efforts, including the World Bank's Extractive Industries Review.⁹ The irony of the MMSD initiative was that in its attempt to be multi-level and cross-sectoral, the organizers actually distanced many of their potential constituents who perceived their participation to be tantamount to cooptation. Indeed the criticisms to this effect caused substantial rifts between the NGOs that boycotted the process and those that joined in. The NGOs that boycotted the initiative wrote an open letter to the industry indicating their reasons for taking this decision and largely predicated their resistance on the perception that the outcome of the process had been predetermined by the funders, and would characterize mining as "sustainable" under mildly mitigating circumstances. Some of the NGOs that have resisted this effort have a normative stance with regard to mining as being inherently unsustainable and thus would label any attempt at defining "sustainable mining" as "greenwash."

In a five-year, retrospective, the executive director of MMSD, Luke Danielson prepared an institutional history of the initiative after deliberating with a group of stakeholders initiated by the Global Public Policy Institute in Berlin, Germany (Danielson and Digby, 2006). A major challenge identified in this report is differentiating between "deadline-driven" policy forums and "consensus-driven" forums. Ostensibly, deadlines may expedite consensus and hence the two modes could be conflated. However, civil society groups in the case of MMSD were intent on focusing on consensus as noted:

⁹ The Extractive Industries Review (EIR) was established by the World Bank president James Wolfensohn in 2001 in response to criticism from civil society about the Bank's investment in the extractive industries without appropriate review of its own guidelines. The Bank attempted to learn the lessons of MMSD and the WCD by appointing an Eminent Person to lead the effort by themselves and fully funding it. The choice was Dr. Emil Salim, the former environment minister of Indonesia. However, interestingly, the EIR recommendations are considered to be far more radical than the WCD and MMSD – proposing that the World Bank should no longer fund any oil and mining projects.

One of the major points of negotiation in the development of the MMSD project was precisely that NGO representatives wanted the Assurance Group charter to provide that there would not be a report without consensus. Industry representatives insisted that there had to be a report, one way or another. It was a true point of cleavage, and it is understandable why it was so. The attempt to have an Assurance Group that was neither a Board of Directors with legal authority and control nor simply an advisory group with no control at all was one of the innovations of the MMSD project (Danielson and Digby, 2006, p. 73).

At the end of the day, the deadlines prevailed and the Assurance Group focused on getting a report ready for the WSSD in 2002. Nevertheless, the process of constructive confrontation that MMSD facilitated transcended states and paved the way for newer efforts such as the Extractive Industries Review (EIR) of the World Bank. While the EIR was largely co-opted by NGOs and many of the recommendations were deemed unacceptable by the World Bank leadership, the process of engagement helped to set boundaries of negotiation for all sides. This may have led to institutional learning which resulted in the most recent manifestation of a global governance network in the extractive sector – the Extractive Industries Transparency Initiative (EITI). This effort, which was promoted by the British government at the WSSD has allowed for greater space for civil society, while recognizing the continuing salience of the State. Membership to the initiative is still delineated at the national level. However, the governance structure of the initiative is managed largely by civil society, most notably, the founder of Transparency International Peter Eigen. Recognizing the continuity of this matter, the Norwegian government has offered to provide a long-term secretariat for this initiative in 2007. The MMSD initiative perhaps did not have as great an effect in the developing world relative to its potential but acted as a catalyst for other efforts that followed a process of institutional learning about the creation and effectiveness of global governance networks.

The Global Reporting Initiative (GRI)

The GRI is a cross-sectoral and increasingly multi-level permanent initiative that is developing and disseminating globally applicable guidelines for reporting information on the environmental, social and economic performance of organizations. While intended for any type of organization, including those in the public and not-for-profit sectors, the GRI's initial focus has been on formulating "sustainability" guidelines for "triple-bottom line reporting" that are as generally accepted as conventional financial reporting standards to be utilized by transnational and large national corporations.

Genesis

The broad justification offered for the GRI's founding is three-fold: 1) accepted guidelines for disclosure of economic, social and environmental performance are critical to measuring and verifying the actual success of private sector firms and other organizations in executing policies and programs supportive of sustainable development; 2) the information generated from the utilization of the reporting framework will allow private sector firms in particular to identify and improve their internal practices, as well as make it easier for external actors such as socially and environmentally responsible investors and analysts, activists of critical nongovernmental organizations, government officials and others to evaluate these practices; and 3) a generally recognized framework is required because the current extra-financial reporting practices of corporations are inconsistent, incomplete and non-comparable. Taken together, these three rationales are linked to a claim that improved sustainability reporting is a crucial part of addressing the problems produced by current processes of globalization, by particularly filling

associated gaps of governance with respect to the transparency and accountability of multinational corporations.

But in-depth empirical research suggests a much more circuitous and political genesis of the GRI in which the idiosyncratic events, actor characteristics as well as broader political-economic factors were important. In 1990, a U.S.-based non-profit organization called the Coalition for Environmentally Responsible Economies (CERES) drafted a set of environmental principles that corporations should adopt following an oil spill disaster known as the Exxon-Valdez. Another, proximately-based U.S. non-profit think tank called the Tellus Institute developed an environmental reporting toolkit to assist corporations in measuring and reporting the success they had with implementing the principles. Major U.S. corporations produced over 1500 environmental reports based on the CERES principles and Tellus disclosure guidelines over the subsequent six years.

In 1997, CERES decided reporting had to go global. The pivotal incident was a meeting in which senior managers of a major U.S. corporation told representatives of CERES that they needed a single globally accepted reporting standard that included not only environmental, but also social and economic performance. The broader political pressures for corporate responsibility and demands for disclosure had grown exponentially, the managers lamented, and costs of providing different sets of information were becoming prohibitive. An initial partnership between CERES and the United Nations Environmental Program (UNEP), which had become increasingly involved in engaging corporations on environmental issues, the advise of a cross-sectoral “Steering Group” for the start up phase, and growing funding donated by the United

Nations Foundation along with several other philanthropic organizations eventually led to the decision to establish a permanent independent organization called the GRI.

GRI was conceptualized as global from its inception because of a demand by a particular set of actors -- private sector corporations -- who were both responding to the rise of broader contextual pressures as well as advancing an institutional arrangement that fit their political and economic interests. The institutional arrangement was a generally accepted global voluntary reporting scheme. Indeed, it was never really questioned that it should be a global *voluntary* reporting scheme – it was assumed that this feature was critical to success because corporations would oppose and the likelihood of other possibilities like an inter-state treaty with government-based regulation (e.g. an interstate regime) being successful were not very high.

However, non-profit business service organizations like CERES, intergovernmental agencies like UNEP, and the various stakeholders that were selected to the interim steering groups, including representatives from professional accountancy associations and advocacy social movement organizations among others, were convinced that the organization which would drive this institutional mechanism should be multi-stakeholder and, over-time, multi-level in orientation. CERES was itself a cross-sectoral initiative. UNEP, along with other UN agencies, had explicitly begun to adopt a “multi-stakeholder” approach to its work during the 1990s. The philanthropic organizations that funded the GRI increasingly prioritized support for “multi-stakeholder,” “multi-level” global initiatives. Linked to the cross-sectoral orientation was a commitment to be independent of any particular stakeholder, while transparent, accessible and inclusive of all.

Correspondingly, during the start-up period of GRI managed by CERES in the first five years, sets of reporting indicators and guidelines were generated by various cross-sectoral groups consisting of researchers and practitioners, tested by growing numbers of companies from more and more sectors, commented on by a wide range of actors representing different types of organizations and political interests, and revised in several iterations. Again, active lobbying of governments to include these in state policies or inter-state regimes was not considered a high priority -- participating in GRI and/or utilizing the GRI reporting framework would be a quasi-voluntary act of organizations. It was postulated that sustained, broad and deep engagement with all relevant and critical actors was the key organizing principle that would lead to the guideline's continual improvement, acceptance, legitimacy and thus success.

Structures and Processes

Thus, from virtually the start, it was clear to the founders that the GRI would actively involve the participation of a wide-range of actors including private sector firms, business associations, human rights and environmental organizations, religious groups, labor unions, professional accountancy associations, think tanks and university research institutes as well as, albeit with not much focus, governmental and intergovernmental agencies. There was no overt or outside political pressure to do so, but a cross-sectoral multi-stakeholder model was seen as the most legitimate and effective organizational form available. In addition, wide-ranging investigations and consultations on the appropriate future organizational structure of GRI reinforced and deepened this framework.

The first official GRI guidelines were launched in June 2000, after nearly 15 months of dialogues and consultations that preceded the public debut of the GRI at its 1st international symposium held in London the previous year. Thirty one companies agreed to pilot test the GRI inaugural guidelines while at the same time a process for developing the next generation of guidelines commenced. The second iteration of the guidelines were unveiled at the World Summit on Sustainable Development two years later. A number of sectoral supplements and additional technical protocols and toolkits were developed over the next several years leading up to the launch of the G3 guidelines in October of 2006.

An interim secretariat was established to administer the GRI in early 2000, especially its numerous multi-stakeholder working groups. The secretariat was advised by a cross-sectoral and multi-stakeholder Steering Committee that included 17 members of which only 2 were from the developing world (1 from India and 1 from Colombia). Recognizing that a global entity could not be so northern dominated, the interim secretariat ensured that there was broad representation from outside the OECD at the second GRI international symposium held in November 2000 and subsequently held meetings in all corners of the global. As a result, the GRI's global network grew from 200 to over 2000 members within a span of two years.

In March 2002 a Board replacing the Steering Committee was announced with Judy Hendersen as Chair (who brought with her the experiences of a former Commissioner at the WCD). Two months later the GRI was formally inaugurated at the United Nations with the approval of the UN Secretary General, the GRI shifted from a CERES-based program with technical support leadership provided largely by Tellus

Institute to a stand-alone entity headquartered in Amsterdam. Legally incorporated as a non-profit in the Netherlands with official political and also some financial support from the Dutch government, the fiduciary responsibilities of the GRI were given to a “Board of Directors” of fourteen (and subsequently sixteen) members chosen so as to represent the widest possible cross-section of constituencies, experiences, expertise and geographical origins.

Board members are appointed individually and the Board is collectively advised by the “Stakeholder Council,” a policy forum of 60 registered stakeholder organizations of the GRI. The 60 organizations were selected to formally be representative of the broad array of actors -- similar to those identified previously -- that would have interests and capabilities linked to the GRI mission. An unlimited number of organizational stakeholders are also invited to voluntarily participate in the Council on a non-voting basis.

The Board appoints the chief executive officer of the GRI as well as approves the various appointments to a relatively small 25 to 30 person secretariat staff given its global mandate. The idea is to “leverage” the interests and resources of an ever-expanding global network of organizations and individuals supporting and interacting with GRI, whether through the Board, Stakeholder Council, Technical Council, Charter Group of Funders, consultation events, reporting and review processes, etc. The “Technical Council” consists of 10 to 15 Board appointed experts who provide strategic direction to the work program -- particularly the development and dissemination of the reporting indicators and guidelines -- managed by the secretariat staff.

The Charter Group of Funders was the set of large donors that have donated more than \$3 million dollars collectively to the GRI. An expansion of this group beyond the primarily U.S.-based philanthropic organizations that initially constituted it was expected given the projected annual GRI budget of approximately \$5 million over the short-term. However, the idea of retaining an expanded version of Charter Group was quickly discarded. There was also a proposal to establish of several offices in each geographical region of the world to make the GRI more formally multi-level but these have never materialized partly due to the a scarcity of resources . Revenue generation activities that supported the independent, transparent, cross-sectoral and multi-level approach of the GRI were also envisioned but to date have not been developed.

Outcomes and Effects

It is difficult to evaluate the outcomes and effects of the GRI because of its relative youth, the complex mechanisms by which these impacts are likely to occur, and somewhat ironically the absence of a baseline standard for comparison. The level of contestation around the GRI is minimal compared with the other global governance networks examined in this paper, not to mention many conventional intergovernmental organizations -- although some actors do question the value of voluntary reporting without verification and even certification. Nevertheless, in a relatively short period of time, the GRI has become the unquestioned focal point for the development of globally accepted, voluntary, triple bottom-line reporting standards and indicators. A World Bank survey of over 100 multinationals in 2002 found that the GRI guidelines were second only to the ISO 14000 in influencing their investment and purchasing decisions.

The GRI is contributing to and being empowered by the growing political momentum for institutional arrangements that constitute corporate citizenship, accountability, responsibility and sustainability (CCARS) at the trans-state level and in countries around the world. Experts and long-time observers of CCARS as well as business-society-governmental relations concur that partly due to GRI's efforts, non-financial reporting is higher on the agenda for and altering the behavior of multiple types of actors, from corporations to investment agencies to nongovernmental advocacy groups to labor unions to even governments and intergovernmental organizations. For example, the French Parliament recently passed legislation requiring French corporations to produce triple-bottom line reporting, the European Union included a similar recommendation in its White Paper on corporate citizenship, and the Japanese Government promulgated a set of official guidelines with similar objectives -- all identified the GRI framework as an acceptable standard. The Johannesburg Stock Exchange in South Africa and a new stock exchange in Brazil now require corporations who list with them to do triple-bottom reporting -- the New York Stock Exchange considered a similar requirement after corporate scandals in the United States. Again GRI is featured prominently in those efforts.

Groups identified the GRI as one of the most important and innovative global governance networks from across the functional and political spectrum at the 2002 World Summit on Sustainable Development in South Africa. Furthermore, over six hundred corporations were utilizing the GRI framework at least partially if not in its entirety by 2004. Most recently, the 16 top minerals and mining companies of the International Council on Mining and Minerals which emerged from the MMSD process announced

they would all produce sustainability reports based on GRI guidelines for the sector. While many practitioners in developing countries such as Brazil find the GRI guidelines too onerous, when the International Standards Organization began a process to establish corporate social responsibility guidelines in 2005, it adopted the GRI's cross-sectoral, multi-stakeholder working group process. And utilizing the reporting framework is considered an acceptable mechanism by which corporations can meet their obligations to the United Nations Global Compact, another global governance network focusing on CCARS – the global governance network we examine in the next section.

The Global Compact

The Global Compact is an example of a cross-sectoral, multi-level global governance network initiated by an inter-state body, in this case the Secretary General's office of the United Nations. Launched in July 2000 by Secretary General Kofi Annan, the Global Compact invites and encourages private sector companies -- particularly multinational corporations -- to voluntarily adopt universal principles of human rights, labor rights, environmental stewardship, and anti-corruption and to incorporate them into their business practices. It further engages companies in dialogue with other "critical stakeholders" such as labor unions as well as large nongovernmental advocacy and service organizations to maximize learning on how the principles can best be implemented.

Genesis

Senior advisors in the U.N. Secretary General's office justified the idea of a voluntary initiative in which corporations adopt universal principles out of a conviction that the current globalizing economy was in jeopardy as long as its fruits were not adequately shared and global markets not sufficiently embedded in broadly shared social values. In papers and speeches published on the Global Compact, Annan and his chief advisors, John Ruggie and Georg Kell, argued that by the end of the 20th century far more effort in global rule-making had gone into securing the rights of multinational corporations and creating the conditions for free flows of trade and finance than into protecting the environment, labor and human rights, or eradicating poverty around the world (Kell and Ruggie, 1999). Unless the growing gap between market expansion and social concerns was addressed, they warned, "rejectionist criticisms" of globalization would grow into a full-scale backlash. This would lead local and national communities to turn inwards and become protectionist, which, in the view of Annan and his colleagues, would be disastrous for the economies of developing countries and the world more generally.

But while this justification of the Global Compact's importance was developed early on in the initiative's life, the emergence of this global governance network was hardly an orderly or strategically planned affair. Indeed, at first it was just a line concocted to add spark to a speech the Secretary General was invited to give at the World Economic Forum. Kofi Annan simply wanted an idea that would be pro-active and innovative in terms of the UN's role in economic globalization, which had been relatively marginal relative to the World Bank, International Monetary Fund and World Trade Organization. In the January 1999 speech, Annan rhetorically challenged businesses to

promote and apply nine universal principles in the areas of human rights, labor standards, and environmental practices, all drawn from international agreements including the Universal Declaration of Human Rights, the Fundamental Principles and Rights at Work of the International Labor Organization, and the Earth Summit Agenda 21. Annan argued that together these principles constituted a widely shared set of values to underpin the new global economy, put a human face on the global market, and stave off reactionary backlashes or restrictions that would hamper free trade.

Indeed, prior to the actual speech there were absolutely no plans to operationalize the Compact. A completely surprising strong and favorable response from CEO's of multinational corporations, the International Chamber of Commerce and some labor leaders, however, led to the decision to give the Compact more coherence and legitimacy by creating a formalized organizational structure, with the Secretary General's office acting as convener. Efforts were made to develop policy coordination among UN agencies that represent the areas the nine principles address: the ILO, UNEP, and UNHCR who in turn formulated programs to support the Compact's success. The growing involvement of labor and other "civil society" organizations in the initiative came from the vocal criticism leveled by some of these groups for inclusion or completely against the Global Compact by others, and from companies for whom dialogue and cooperation with other "stakeholders" seemed politically essential to advancing their interests. In July 2000, after two consciously assembled cross-sectoral, multi-stakeholder meetings, the Global Compact was formally launched with letters of commitment from a range of companies, labor organizations, and a handful of prominent

international nongovernmental organizations such as Amnesty International. A secretariat was established within the UN Secretary General's office that November.

The Global Compact thus emerged as a conjunctural outcome of several factors and not just as a functional but relatively spontaneous response to fill a self-evident gap in global governance. These included: 1) the UN Secretary General office's political and bureaucratic interest in become a more central actor with respect to "managing" economic globalization; 2) the "conveners" particular analysis of globalization in which free flows of trade, finance and investment are by and large positive forces if embedded in certain social and environmental norms -- norms that already existed in inter-state (UN) agreements but were not efficacious; 3) a set of political dynamics in which particular multinational corporations and other actors pushed for an institutional mechanism that was voluntary, other transnational actors such as international labor unions and nongovernmental organizations pushed for the creation of a formal organizational arrangement that was cross-sectoral in orientation, and yet others criticized either or both the institutional mechanism and organizational arrangement; and 4) the belief by those actors that supported the ideas of the Global Compact in the value of the U.N. hosting the initiative.

The net result -- a new organizational arrangement in which a set of extant social norms of the inter-state system would now be implemented by multinational corporations and other non-state actors -- could entail not a change *of* but *within* inter-state regimes. But the addition of a novel set of "distributed implementation" procedures and rules to operationalize the principles involving primarily and predominantly non-state actors might signify a broader shift in the nature of underlying institutional arrangements as

well. And the question of whether or not the Compact could adopt additional norms and principles over time in addition to the original nine was left open.

Structures and Processes

The organizational structure of the Global Compact has evolved in a punctuated manner responding to political pushes and pulls from various network actors as well as to unplanned or unanticipated opportunities. While the overall architecture of the Global Compact remains fluid, procedures, structures, and concrete activities are gradually taking shape. To join, companies must publicly state support for the principles and annually post on the Compact website an example of progress made or lessons learned in implementing the principles (Communication of Progress or COP). In its literature the Compact repeatedly emphasizes that it is not a regulatory instrument, a code of conduct, or a vehicle for performance review, but rather “a value based platform designed to promote institutional learning”. Tobacco and arms companies have been excluded, while the only original criterion for inclusion is professed support for the principles and collaborative learning model.

The Global Compact secretariat under the leadership of top advisors to the U.N. Secretary General initially undertook four primary, cross-sectoral and multi-level sets of activities: annual Policy Dialogues, the Learning Forum, Partnership Projects, and Regional/Country Outreach. Annual Policy Dialogues were designed to bring together representatives from business, nongovernmental organizations and public policy institutes among others to develop collaborative solutions to specific challenges posed by globalization. The first of these dialogues, held in September 2001, focused on the ethical

and practical dilemmas faced by businesses operating in zones of conflict and spawned a number of multi-actor, multi-level working groups. A set of dialogues on implementing corporate responsibility for sustainable development was held in 2002. Subsequent themes included business and development, HIV-Aids in the workplace, business and conflict, and anti-corruption.

The Learning Forum is a vehicle for encouraging companies to continually improve practices in keeping with the nine principles. It features a databank and internet platform for the sharing of good practices and in depth case studies that are ostensibly critiqued by academics, nongovernmental organizations and other actors and ultimately reviewed at an annual conference. Partnership projects encourage companies to collaborate with UN agencies on specific projects in the developing world in areas such as child labor, the protection of non-renewable resources, literacy, health care, and discrimination.

Finally, the Regional/Country Outreach program actively recruits companies from around the world to join the Compact, and fosters regional partnerships based on multi-actor participatory engagement activities. As mentioned earlier, various UN agencies support and complement these activities; for example, UNDP holds multi-stakeholder consultations in dozens of countries around the world that further add to the multi-level focus of the Compact. To date over 50 country-level Global Compact Networks have been established around the world

The Compact office defines its task as providing a sustainable organizational infrastructure and coordinating effective delivery systems for the four sets of activities. It does not supervise the projects themselves. The office is financed by voluntary,

unrestricted donations from UN member-states and philanthropic foundations, and, to avoid possible conflicts of interest, accepts no financial support from companies. As a result, development of Compact initiatives has been constrained by limited resources. In April 2006, an official non-profit foundation was established to raise funds for the Compact from a broader array of potential donors.

As the Compact has grown, policy and governance questions have multiplied; to address them an advisory board has recently been created. It is yet unclear how board members are selected and what their ultimate role will be. A “Leaders Summit” focused on the future of the Compact, and particularly its governance, was held in June 2004 and a second one will be held in 2007. Based on that meeting and a November 2004 workshop of representatives from the Compact’s country networks, a governance reform process resulted in dramatic changes.

A major item on the agenda of the Compact was the question of whether to introduce more robust standards for inclusion and exclusion of companies and other actors. In this regard, a potentially crucial policy decision was taken to require that all companies involved would have to produce a “Communication on Progress (COP)” describing how they have attempted to implement practically their commitment to the Compact’s principles. Over the past three years, hundreds of companies have been made “inactive” from the Compact for not submitting updated COPs over a two year period. However, many critics are still not satisfied that this new requirement was stiff enough for companies to be able to deploy the brand of the United Nations.

As a project of the Secretary General’s office, the Global Compact did not require official sanctioning by the U.N. General Assembly or Security Council because the

original nine principles were derived from already ratified inter-state conventions. Proposals to include additional norms were not considered early on primarily as a result of political calculation of not opening the Global Compact to a debate of member governments in the U.N. General Assembly. But the adoption of the U.N Convention Against Corruption along with the persistent lobbying of anti-corruption nongovernmental organizations involved in the Compact such as Transparency International, led to the adoption of a 10th Global Compact Principle on Anti-Corruption in mid-2004.

Beginning in 2005, the Compact did implement far reaching governance reforms, responding in part to the criticisms that were being leveled against it (see below), and established six key entities in its new frameworks. A Board was created with 20 full members from across business, civil society, labor and UN sectors. The Board became the primary strategy and policy making body of the Compact. The Secretary General of the UN, the Chair of the Compact's Foundation and the Executive Director of the Compact are additional ex-officio members of the Board. The Board meets annually and the first meeting was held in 2005.

The Global Compact Office, led by the Executive Director, is the secretariat that administers the daily affairs and implements the various activities. It works closely with the Inter-Agency Team comprised of representatives from the various UN agencies that are engaged with the Compact including UN Environment Programme (UNEP), Development Programme (UNDP), Industrial Development Organization (UNIDO), High Commissioner for Human Rights (OHCHR), and Office on Drugs and Crime (UNODC). The sixth agency is the International Labor Organization (ILO).

Local Networks around the world are a fourth pillar of the Global Compact. These groups focus on promoting the Global Compact at regional and country levels, advise the Global Compact Office on strategic opportunities, nominate members for the Board, and hold an annual Local Networks Forum (a fifth governance pillar) to share experiences with one another from around the world. The last and perhaps most visible of the governance structures is the tri-annual Global Leaders Summit which is focused on highlighting achievements of, reenergizing commitment to, and identifying new strategic directions for the Compact.

Outcomes and Effects

As with the GRI, it is difficult to specify--and even more difficult to evaluate--the outcomes, effects and emerging broader role of the Global Compact. Nearly 3000 organizational stakeholders from all corners of the world have engaged in the Compact since its founding in 2000. The Compact has "recruited" hundreds of transnational corporations as well as hundreds of large national companies particularly from the developing world to its network -- all of which have agreed to honor the now 10 universal principles. Recruiting major U.S. companies, however, has proven difficult until the recent corporate scandals because many had already adopted the Global Sullivan Principles and/or, perhaps more importantly, many feared that formally adopting the principles would expose them to lawsuits given the nature of U.S. law. It seems that some corporations have letters from the Global Compact assuring them that the adoption and implementation of the principles is purely voluntary. It remains to be seen whether

external pressure or competitive interactions within the private sector will be a significant factor in the adoption and/or implementation of the principles.

The Policy Dialogue seems to have generated some substantive cross-sectoral, multi-level efforts. For example, several companies agreed to focus their energies through partnerships in one of the forty lowest income economies in the world and contribute to social development in that country. The normative appropriateness of such a project has not been debated. The Learning Forum has proved more challenging as it invites companies to be publicly self-critical in evaluating their attempts to implement the principles – an endeavor that is not high on their agendas. Examples and cases presented so far have tended to read like press releases touting good works.

The role of “civil society” organizations in the Compact remains diverse and controversial. Large labor, human rights and environmental nongovernmental organizations with trans-territorial reach in particular are urged to work cooperatively with companies to help effectively implement the principles and to comment on specific cases; however, they do not have any mechanisms through which to raise substantive concerns about corporate practices that blatantly violate one of the principles. Thus far, civil society has been mostly represented in the Compact by large Northern-based international nongovernmental organizations. Save the Children in its initial letter of support warned that the Compact’s constituency should expand to include more direct representatives of groups whose basic needs are denied. The U.S.-based organization CorpWatch has been highly critical of the Compact as has the developing world-based Third World Network of nongovernmental advocacy organizations, among many others.

The Compact has been criticized for supporting token efforts toward corporate responsibility through its “learning environment” approach, while many groups argue that the Compact offers very little real scope for internal debate (an informal rule is that organizations participating in Compact activities cannot criticize each other during the interactions). The scope of the Compact is also growing exponentially due to the breadth of the principles and the number and variety of companies and organizations encouraged to join. It remains uncertain whether the Compact will become a central organizational arrangement linked to a broader and deeper institutional framework of meaningful and sustainable relationships that fosters substantive change in corporate practices and its view of sustainable and inclusive economic globalization. But it does seem that the Global Compact’s centrality continues to grow, as exemplified by its connection to the GRI and the MMSD analyzed previously.

Tentative Findings, Hypotheses and Future Research

What are the defining features of these global governance networks and why have they emerged? Do these global governance networks signal a possible shift underway from the pre-dominance of government-centric inter-state regimes? Are these novel global governance networks constitutive elements of a new form of multi-actor, multi-level global governance?

These particular cases all attempt to link and even integrate social, economic and environmental foci (or human rights, labor and the environment) and increasingly anti-corruption in their agendas. They also all and it seems that most global governance networks legitimate themselves as transparent, participatory, and accountable initiatives

to all stakeholders, but independent from the dominance of any single or set of stakeholders. These stakeholders, however, often come from much more complex sectoral and political origins than tri-sectoral (government, business, and nonprofit/nongovernmental organizations) perspectives can explain. For example, scientists and technical professionals, identity groups like indigenous peoples or religious communities, labor organizations that often don't agree with nongovernmental organizations and numerous other constituencies that do not fit in or cut across these three sectors often actively shape and participate in these global governance networks.

Moreover, the emergence of these experiments was clearly not simply a functional response to the gap between global governance arrangements and transboundary problems or needs driven by broadly-accepted views of globalization. Rather complex processes of conflict and negotiation among wider set of (usually) trans-territorial actors, growing cognitive and normative beliefs in cross-sectoral and multi-level multi-stakeholder models as appropriate organizational forms, broader contextual political and economic factors contributed to their genesis and even idiosyncratic events. Contested meanings of globalization, development, sustainability, and even governance (for example voluntary versus mandatory approaches) are part of the genesis and constitution of these arrangements, as well as their evolving dynamics and effects.

It may be likely, however, that the creation of future global governance networks will be increasingly justified and legitimated by this type of neo-functional argument. Indeed, our study reveals that global governance networks increasingly exhibit tendencies towards institutional isomorphism – the core features identified above. Yet despite broad isomorphic tendencies, significant differences exist across these experiments in terms of

politics, organizational arrangements, and effects. What is particularly interesting is that the driving “actors” behind the constitution of each was different and they were organized in very different ways; yet they have been pushed and pulled in strikingly similar directions. In addition, there are growing attempts to build linkages among global governance networks such as those examined in this paper – for example between the MMSD, Global Compact, and GRI.

Thus, there is suggestive evidence that a contested reconfiguration of the *legitimate* actors that constitute world affairs: from a 20th century world of states and IGOs to 21st century world consisting of multiple actors with trans-territorial constituencies, capacities and world views is underway. Contested transnational structuration processes now more visibly involve multiple sets of actors attempting to enact novel scripts of norms, principles, rules and decision-making procedures that could very well be signaling a longer term shift underway from government-centric inter-state regimes – certainly changes *within* some and *of* other inter-state regimes. *Perhaps most profoundly, global governance networks have also themselves become sources of a novel “organizational scripts” for the reconstruction of global governance – they have put into play the possibility that multi-stakeholder networks as opposed to either unilateralism or multilateralism will or could be the future of world affairs.*

The cases examined herein certainly are primarily about the global political economy and its potential re-embedding into social structures and natural environments. It is important that future research examine global security issues areas in addition to further deepening the analysis of these and other cases. Moreover, these cases certainly are located at one end of the continuum of governance ideal types – relatively formalized

cross-sectoral, multi-level organizational forms. Nevertheless, it may actually be that most issue areas in the global arena are informally cross-sectoral and multi-level in nature—consider anything from trans-border crime and terrorism to finance.

Cross-sectoral, multi-level models of and for world affairs may just be the institutional formalization of already existing underlying, albeit asymmetric and contested, structural realities (Braithwaite and Drahos 2000, Simmons and de Jonge Oudraat 2001). Institutional stickiness, entrenched political-economic interests, and failures of imagination will certainly challenge the future of global governance networks. But no one predicted that the entire globe would become organized around mutually exclusive territorially bounded and formerly sovereign states during the 20th century. It is certainly possible that overlapping and interlocking global cross-sectoral and multi-level governance networks could similarly broaden and deepen during the 21st century.

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