United Nations Development Programme

Human Development Report Office

OCCASIONAL PAPER

Background paper for HDR 2002

Accountability in Global Governance

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2002/21

UNDP

HUMAN DEVELOPMENT REPORT 2002

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Introduction

The terrorist attacks on the United States on 11 September 2001 and their aftermath effects on the world economy have underlined vulnerabilities faced by developing countries and industrialized countries alike in a globalizing world. The attacks were undertaken by groups embedded in communities across the world, capable of using passenger aircraft and pathogens to wreak havoc within and across borders. Overnight US national security acquired a more global dimension and a new coalition-building impetus. So too global public health and the international pharmaceutical industry have sprung into the limelight with the spectre of anthrax spreading in and possibly outside of the US. Industrialized countries have found themselves in need of large preventive supplies of an antibiotic produced under patent by one large pharmaceutical company, forcing many to reassess the trade-related intellectual property rights regime that has been pushed in the WTO (FT 23/10/2001).

Globalization has deepened interdependence in global security, health, politics, and the world economy. It has also heightened expectations of global governance. Globalization has become an inflammatory issue. Some believe it brings modernization, growth and opportunities, but many others point to those who marginalized or who have been left dissatisfied by the process. Increasing public anxiety and doubt has been expressed in large-scale anti-globalization demonstrations surrounding major meetings of international economic and environmental organizations. Governments themselves have focussed more than ever before on how better to manage globalization. They have been assisted by a slew of expert commissions looking into the question (see UN 2001, IFIAC 2000, Ford Foundation 2001).

What has become clear is that global institutions and rules are failing to provide solutions to problems which markets cannot resolve. This includes problems of equity and justice at the international level. The argument for including justice and equity in any definition of public goods is reflected in the constitutions of countless agencies created in the wake of the second world war. The ILO constitution proclaims that`universal and lasting peace can be established only if it is based on social justice' and that `the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries'. Similarly we find that the WHO constitution not only declares that the enjoyment of the highest attainable standard of health is a fundamental right of all human beings, but also argues that health is `fundamental to the attainment of peace and security and is dependent upon the fullest cooperation of individuals and states'. In modern parlance, both these constitutions are arguing for the provision of public goods including equity and justice within and among states.

Even within the more explicitly market-oriented institutions we find enjoinments to ensure equity among and within member states. As regards trade the WTO, the IMF and the World Bank are all constitutionally enjoined not just to facilitate trade but to facilitate <u>balanced growth</u> in international trade among their members. Equally importantly, all three have as a core purpose the maintenance or attainment of high standards of living <u>within</u> all member countries.

Yet in 2002 there is an inadequate supply of international public goods (Kanbur et al 1999). At the same time, the problems which need managing are multiplying with increased market transactions, population pressures, the unintended consequences of new technologies, and the break-up of nations.

People within developing countries are particularly adversely affected by failures at the international level to ensure a number of crucial public goods. One key example is the need to apply trade liberalization rules consistently so as to apply to those products which developing countries produce such as agriculture and textiles. It also means restraining the protectionist abuse in industrialized countries of anti-dumping measures and the like. Another key public good is basic research on vaccines and treatments against vector-borne and other infectious diseases. Malaria alone kills roughly twice as many people worldwide as AIDS and disproportionately affects people in developing countries. In the fifties the WHO aimed to eradicate the disease. Yet in 2002 it attracts very little public funding for research or treatment and kills about 2.7 million people per year worldwide and sickens as many as half a billion.

Other examples of the failure to provide public goods include the absence of:

- adequate mechanisms permitting governments to resolve debt repayments crises in an orderly way;
- international coordinated measures which would enhance international financial and exchange rate stability;

- institutions to dampen the counter-cyclical tendencies of global capital markets and `contagion' which disproportionately affects developing countries due to less resilient local financial markets and more wary local and foreign creditors;
- effective action to slow global warming and protection of the ozone layer;
- preventive measures to maintain regional peace and security and to uphold international law;
- the protection of refugees and prevention of forced migration.

Yet those who are most adversely affected are virtually invisible in global governance arrangements.

Box 1: Failure to provide global public goods and the impact on developing countries

Unfair trade: It has been estimated that developing countries lose [$x million] per year due to trade protectionism in the industrialized world. This represents [x] times the total amount of debt relief presently being offered. (Cite UNCTAD report)

Little work on malaria: give WHO estimates, [x] per year die of Malaria, [$x million] is spent per year in research and treatment. This represents [x%] of spending on [comparable].

No debt resolution mechanism: [x] countries are presently indebted to the tune of [x%] of their GDP. A large portion of this debt has been incurred as countries roll over and reschedule debts from previous regimes and eras. The continuing growth of a debt overhang underscores the lack of an effective procedure and mechanism at the international level to permit the writing down of unsustainable debt in an orderly way, adjudicating among the claims of international financial institutions, governments and private sector investors.

Reduction of vulnerabilities to international capital markets:

Global warming and ozone depletion: Global warming and ozone depletion are estimated to impact on people in developing countries.. [give figures from UNEP]

Prevention and protection of refugees: give UNHCR estimates [x] per year... Virtually all are from developing countries and moving to developing countries.

The actors involved in global governance are not just governments. Recent financial and security crises highlight a host of other actors. In international finance we find banks, investment houses, security brokerages, hedge funds and asset managers are lobbyists and participants in the debate about how to govern (or leave to the markets) the global financial system. Similarly in global environmental negotiations we find large energy corporations. In global health policy we find pharmaceutical companies. On each issue we also find a host of non-governmental organizations (NGOs). Global governance creates an international arena for lobbying, representation and self-regulation not just among states but also among powerful private sector actors and NGOs.

The term global governance is contested at best. Some would say that the very term obscures more than it describes, proposing or assuming a `global community' which does not really exist and a form of management or government that is not really about governing (Streeten 2001). For this reason some clear definitions are in order. Global governance is here used to refer to the institutions, organizations, networks and processes generated by global actors in order to guide and restrain the behaviour of themselves and others in both national and international domains. These global actors include governments and multilateral or inter-state organizations, private sector actors who organize and undertake their commercial activities on a global basis, and non-governmental organizations whose membership, values, issues, organization or actions have a transnational or supraterritorial element. Global governance is a broader term than `global government' which suggests a centralized authority capable of creating formal obligations without the explicit consent of affected states and other parties.

Accountability in global governance is about information, monitoring, and the enforcement of limits and rules in the use of power. Accountability addresses ways in which dissatisfied or disenfranchised groups who are deeply affected by global governance can call those who exercise power to account, whether in the public or private sector. Within democratic political systems this is achieved through elections, ombudsmen, court actions, non-governmental agencies, and the media. In global governance, no actor can claim to have been elected by voters. Nor are many institutions subject to the normal restraints or checks and balances of public office. Multilateral organizations grapple with an unwieldy structure of government representation which makes accountability complex and difficult. Private corporations face even fewer, mostly self-imposed restraints. Non-governmental organizations set standards for other actors and play a vital role in monitoring performance, yet their critics argue that they themselves are not adequately held to account.

The past few years have witnesses an increasing demand for accountability at the international level. This desire for more accountable global governance has been sparked by a number of recent trends. Global governance itself has mushroomed as governments call upon international organizations such as the UN, the IMF, the World Bank, the WTO to take on broader, deeper roles in ensuring stability, growth, and security <u>within</u> as well as among states. Large corporations are organizing not just their commercial activities but also their lobbying and self-regulation at a global level so as better to protect their transnational activities and opportunities. Non-governmental organizations are spreading further afield (and delving deeper within fields) to monitor and publicize the activities of other global actors. In brief, the twenty-first century brings us more global actors, processes and issues, and a growing public anxiety about who is governing and at whose behest at the global level?

The implications for development are profound. Within the boundaries of the state people have at least enjoyed a <u>potential</u> to hold their governments to account, as described above through elections, impartial courts, ombudsmen, the media and such like. Yet increasingly, governments are delegating or ceding control over such decisions to international organizations, networks or other actors. This means that even in democracies, governments cannot be held to account for a widening range of decisions.

In the industrialized world the accountability gap is being partially plugged by an ever-expanding number of NGOs and active investigative media attention, not only on domestic issues but increasingly targeted at international actors. Government agencies, international organizations, and large corporations such as BP, Shell and De Beers have all found themselves the targets of uncomfortable scrutiny. In the public sector, consumers, parents, and patients are being offered more information and choice about products, schools and hospitals. Indeed, there is even an emerging debate about the downside of `too much accountability' by people in industrialized countries wearied by what seems an excess of monitoring, reporting and measuring outputs in public services.

Little of this is true for developing countries. The gaps in accountability at the national level have been explored in other parts of this report. In global governance, accountability to people in developing countries is equally poor. In international organizations, developing country governments have little power and influence to wield in holding these agencies to account. Furthermore, their own actions in these organizations are less monitored by their own national media and NGOs. In the global private sector, in new public-private expert networks and in `global civil society', developing countries have even less capacity to hold global actors to account. For these reasons, accountability in global governance and its implications for development need rethinking.

<u>1. Who should be held to account in global governance?</u>

Traditionally global governance has been concerned with formal multilateral organizations. Today however, global governance is more accurately described as a burgeoning array of institutions, networks, coalitions and informal arrangements many of which lie a little further beyond the public gaze and the direct control of governments.

There are at least five trends emerging in patterns of global governance, each of which is examined in this section. Most recently visible is the trend towards holding governments and regimes to account at the international level for their actions within their own borders. The second is the expansion of activities of international organizations, beyond facilitating and regulating relations among states and into directly affecting the lives of groups within developing countries. The third is the rise of more global private sector forms of self-regulation and governance. The fourth is the growth and activities of non-governmental organizations. The fifth and final trend is towards more `expert' or `independent' institutions of governance.

In each sub-section below these new forms of governance are analysed. In each case the capacity for less privileged people and countries to hold institutions to account is examined.

1.1 Governments and regimes

[A section on this should draw on Richard Falk's work on international and transnational law. It needs to highlight the capacity (and limits) of international law in holding governments and regimes to account. The most pertinent and clearest example is should be the inability to uphold international law (including the Geneva Conventions and UNSC Resolutions) in respect of Palestinian people- this should be a box.

The new situation - the `holding to account' of the Taliban regime for actions of people within its borders needs to be examined with the possibilities as well as problems that it raises].

1.2 International organizations

Over the past two decades globalization has drawn more actors into an interdependent world which requires regulation or management. The financial crisis in East Asia 1997 revealed that events in Thailand were capable of sparking what the IMF called a `currency meltdown' across East Asia, catalysing a collapse of the rouble in Russia in 1998 which in turn brought down the US hedge fund Long Term Capital Management which in turn threatened the largest banks in the USA. The crisis showed that global markets could not be left to their own devices without jeopardizing economic, political and social stability in several corners of the world. Government and multilateral intervention was necessary but sparked a debate about who should bear the cost? The answers to this question underpin core issues at stake in global governance.

In resolving the East Asian crisis and its aftermath, policy-makers had to address whether investors would lose their money or be bailed out to prevent a spreading crisis. If investors were bailed out, who would pay for the resources needed to bail them out? Would it end up being the workers and the poor across East Asia who had already been devastated by the crisis? The intervention in East Asia produced a sharp debate about the role and the accountability of international economic institutions in such crises (see Feldstein 1999). This is reflected in the ongoing debate about the need for a more effective and equitable mechanism for ensuring that all parties to debt crises share an appropriate portion of the burden.

[Box 1. Governing financial crises: public and private sector burdens]

Alongside the new vulnerability of all states to global crises, there has been a tangible expansion of inter-governmental decision-making into areas previously considered the preserve of national governments. This is most obvious in the current debate about the future government of Afghanistan and what role international organizations should play in shaping this (www.un.org/News/ossg/). Other examples lie in the way international organizations have come to work on issues within states such as security, human rights, corruption, poverty, and gender inequality. Whereas previously decisions in these areas were made at the national level and people could hold their national governments to account for policies, they must now look to multilateral organizations in which the question of who is making decisions and to whom they are accountable is less clear.

This trend towards delegating more decisions to international organizations is, if anything, accelerating. In response to various crises in the 1990s, high-level policy-makers and academics have offered a slew of proposals for creating yet more multilateral agencies in the hope that they will provide solutions to the new vulnerabilities created by globalization. These include proposals for a Global Environment Organisation (UN 2001), a global bankruptcy mechanism (EMEPG 2000, Raffer 1993), a global financial regulator (Eatwell 2000), an International Tax Organization (UN 2001), and an Economic Security Council (Stewart and Daws 2000, UN 2001). Yet at the same time, multilateral organizations face two distinct problems in the contemporary world: the inadequate commitment of powerful member governments, and the disillusionment of weaker states and also of civil society, as reflected on the streets surrounding any international meeting on the global economy or environment.

(a) the lack of commitment of powerful governments

Not all governments accept that their interests are best pursued through multilateral agencies such as the IMF, the World Bank or the UN Security Council and nor do these institutions have authority over all global actors. Developing and emerging countries have long argued that they are under-represented and ill-served by organizations which too often act like `rich men's clubs'. Such criticisms are being magnified as the institutions intervene more heavily in developing countries. Yet these states tend to continue to participate and commit to the processes and outcomes of multilateralism.

A greater threat to international organizations comes from powerful states who, even as they advocate multilateralism as the necessary correlate of globalization, are prone to `shopping around' for the arena in which they can best achieve their ends. Sometimes this means turning their back on multilateralism and pursuing their goals through private-public alliances, `coalitions of the willing', or regional or unilateral means. This creates a sense of injustice on the part of countries and groups required to `play by the multilateral rules', without a capacity either to set those rules or to avoid them.

In this regard, the US has special power and influence. It is perceived to exercise power and influence within international organizations much greater than its formal voting power or contribution to the resources of organizations. In large part this is because it has a range of alternatives and is virtually the only state in the system which can therefore choose on individual issues to take or leave multilateralism. This is worth illustrating. US trade policy offers an example. Although the US has pushed for a new trade round within the framework of the World Trade Organization, it can also seek to forge agreements with countries individually or in groups which better reflect the US desiderata.

In bilateral negotiations, one example is the US-Jordan Free Trade Agreement which was signed on 24 October 2000, eliminating duties and commercial barries to bilateral trade in goods and services originating in the United States and Jordan (USTR 2000). The agreement includes requirements which go well beyond what the US has managed to insert into the WTO agreements. The US-Jordan FTA includes provisions on intellectual property right protection, trade and the environment, labour, and electronic commerce and side letters concerning marketing approval for pharmaceutical products, and trade in services. In essence, the US-Jordan Free Trade Agreement sets an example of how the US might achieve its trade goals without recourse to multilateral institutions. However, there is a real limit to this strategy for it relies on such bilateral agreements with the United States becoming more widespread. With the exception of agreements with Singapore and Chile and within NAFTA, there is little evidence to date that this is the case.

A different alternative for the United States is illustrated by the Free Trade Area of the Americas (FTAA). The proposed agreement covers 34 countries in the Western Hemisphere and extends across nine issues: market access, agriculture, services, investment, intellectual property, government procurement, subsidies, antidumping, countervailing duties, competition policy, and dispute settlement. http://www.ustr.gov Like the US-Jordan Trade Agreement, the FTAA includes a number of issues which the US has been unable to insert into WTO agreements. For example, on intellectual property protection, the US proposal `complements and adds to the obligations that the US and most FTAA have undertaken through the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)' (USTR 2001). The efficacy of the FTAA in pushing the US trade agenda will depend on whether other countries in the Americas choose to submit to the FTAA, and as scholars of international relations would say to `bandwagon' with the United States or whether they might attempt to counter-balance US power by reinforcing their capacity to negotiate collectively in groupings such as MERCOSUR.

Outside of trade a similar trend in diplomacy exists in security where `coalitions of the willing' are increasingly used to undertake foreign policy goals. In Kosovo for example,
[expand this para using the evidence from Kosovo and from Afghanistan, contrasting]

What does this mean for global governance? Bilateralism and regional arrangements offer all states an alternative to purely multilateral regimes. However, the states who benefit most from such arrangements are those with the largest market access to offer, the largest security umbrella to share, and the greatest capacity to threaten negative consequences from non-compliance or exclusion. The United States has the largest single trade market and defence capacity. This means that in negotiations with any one state or small combination of states, negotiations are asymmetrically weighted towards US preferences and policies. Other countries worry that in long run the US will create a trade area within which it calls all the shots and other countries have little choice but to belong. For this reason smaller and less powerful states have long endorsed the need to undertake negotiations in universal, multilateral institutions, even as they `cover their bets' by participating in bilateral or regional arrangements with the United States.

All that said, as hinted above there are powerful limits on how far the US can turn its back on multilateralism and the genuine participation of other countries in the forging of international institutions. In the security realm, this is due both to the nature of security threats and to the emergence of new actors. Long prior to the terrorist attacks on the United States of 11 September 2001, it was clear to the US Commission on National Security that the military superiority of the US would not protect it from the emerging threats to US security. Not only did the Commission note with extraordinary foresight that terrorists and other disaffected groups would cause Americans to die, possibly in large numbers, on American soil, but in the Commission's words `the most serious threat to our security may consist of unannounced attacks on American cities by sub-national groups using genetically engineered pathogens' (USCNS 1999, p.8). Countering these kinds of threats requires not just different domestic institutions but a new form of diplomacy, international intelligence collection, security provision, and the building of international coalitions. It is not yet clear whether the US engagement in global governance will take the form of a renewed commitment to multilateralism or a preference for `coalitions of the willing'. However, what is clear is that to respond to the vulnerabilities of globalization not just in the world economy but equally for security, a new engagement in global governance is required.

(b) the disillusionment of developing countries and of civil society

The other challenge facing multilateral organizations is that large sections of the public no longer buy the idea that they are represented in institutions such as the IMF, the World Bank, the UN Security Council, or the WTO, nor that the institutions are adequately accountable for what they do. In reality, representation and accountability have always been weak in these multilateral institutions. Now, however, the weaknesses are glaring because the institutions are being called upon by their powerful members to intrude much more deeply into areas which were previously the preserve of national governments. Consider the increasing intrusiveness of international organizations in three areas.

In the security realm there has been a marked shift in international intervention. Prior to the end of the Cold War superpowers meddled in states all over the world in order to preserve their sphere of influence in the global balance of power. Since 1990 a new challenge has arisen, spurring a different kind of intervention. As civil and ethnic conflict erupts within states in virtually every region of the world, it has sparked international humanitarian and security concerns. International institutions and security alliances have been called upon to intervene in order to contain such conflicts, to stabilize the regional threat they pose and to alleviate the humanitarian catastrophes which result. The UN in particular has been called upon to assist in peacemaking, peace-building and peace enforcement <u>within</u> states.

Intervention to stem crises occurring within states is not diminishing. Indeed, the US Commission on National Security in the 21st Century, again with seeming prescience as to the situation in Afhanistan, reported in February 1999:

> `over the next 25 years...most violence will erupt from conflicts internal to current territorial states....In consequence, the number of new states, international protectorates, and zones of autonomy will increase, and many will be born in violence.'

The Commission then reflected that

> `The major powers will struggle to devise an accountable and effective institutional response to such crises'. (USCNS 1999)

Few countries accept that the existing institutional structure is adequate.

In the international financial system, a new intrusiveness has also emerged in response to the challenges of globalized capital and financial markets. In the wake of financial crises in the 1990s, policy-makers desperate to contain the risks and vulnerabilities involved in highly mobile, globalized capital markets have sought ways to strengthen and stabilize the system. The main G-7 response has been to call upon the IMF to ensure `forceful, far-reaching structural reforms' in the economies of their members in order (among other things) to correct weaknesses in domestic financial systems and ensure growth and poverty alleviation (IMF 1998). The World Bank has been expected to follow suit. This epitomizes a decade of dramatic rewriting of the role of the multilateral organizations.

Twenty years ago, the IMF and World Bank concerned themselves respectively with setting targets for achieving macroeconomic stability and making project loans. The past two decades have witnesses a gradual expansion of each institution into prescribing and requiring measures of structural and institutional reform. This new interventionism has been detailed with more specificity by Devesh Kapur who has calculated that whereas in the 1980s borrowing countries were required to conform to say 6-10 `performance criteria', in the 1990s an average of some 26 measures were being required by the IMF and World Bank (Kapur, 2001). The work of the IMF and World Bank now takes them into the heart of domestic politics within borrowing member states, advising and monitoring reforms in areas such as the rule of law, judicial reform, corruption, and corporate governance.

The problem is that the constitutional structures of the IMF and World Bank reflect their origins as essentially technical agencies dealing with issues of international coordination. Yet their activities have expanded well beyond that which was originally envisaged and their representative structures do not adequately hold them to account (as will be discussed further below). The new `opening up' of the institutions to the public by publishing their work and consulting more with non-governmental organizations and `civil society', as well as the strengthening and creation of new agencies of monitoring, evaluation and review are all recognitions that the old-style multilateralism has to find new ways to legitimate itself.

In international trade a similar picture emerges. Since 1986 international trade rules have expanded to cover domestic or national rules on foreign direct investment, the entry of foreign personnel, intellectual property rights (TRIPS), trade-related investment measures (TRIMs), sanitary and phytosanitary measures, technical barriers to trade, anti-dumping, subsidies and countervailing duties (WTO, Multilateral Agreement on Trade in Goods). This list seems now to be expanding to include competition policy and government procurement both of which are being discussed by WTO working groups. The international limitations being imposed on national governments are stark. A simple example is that a government wishing to maintain a high standard of food safety or environmental protection is now limited by strict international rules as rulings on beef hormones and the use of dolphin-safe fishing nets have shown (Hoekman and Kostecki 2001).

Even though all states enjoy an equal vote in the World Trade Organization, nevertheless developing countries have little scope to hold it to account. This is because in reality WTO decisions are adopted by consensus and that consensus tends to be thrashed out in informal negotiations meetings (often called the `Green Room' process) which are dominated by the United States, the European Union, Japan and Canada (`the Quad'). The bottom line in these negotiations is that states with large market-shares enjoy the most significant input and influence over decisions. In essence this leaves most developing countries as decision-takers (Woods and Narlikar 2001). Furthermore, private sector actors from the powerful Quad countries play a vital behind-the-scenes role (Dobson and Jacquet 1999) and those NGOs who play a role tend overwhelmingly to be from industrialized countries: for example, of the 738 NGOs accredited to the Ministerial Conference of the WTO in Seattle, 87% were based in industrialised countries.

The implication of the analysis so far is that global governance is being pushed to foster deeper cooperation among states not just about inter-state rules but also about their domestic arrangements. This means multilateral agencies are impinging more than ever on decisions directly affecting local communities, interest-groups, and national domestic political and economic arrangements, particularly in developing countries. The problem is that these agencies are perceived as remote and unaccountable to most people within the developing world. To put this in the language of democracy theorists, it is not clear that the new global governors enjoy the consent of the governed.

In each of the UNSC, IMF, World Bank and WTO all member countries are represented on the governing bodies of the institution. In theory, this enables people across the world to hold the institutions to account provided: (1) they have a government which actually represents them; (2) all governments are adequately represented on the governing body of the international organization; (3) that the governing body comprising governments genuinely supervises and directs the work of the organization; and (4) that the management and staff of the organizations respond and are equally influenced by all government members. These presumptions do not all hold in any international organization. Not all people are genuinely represented by their governments. Furthermore, not all governments are directly or equally represented in the organizations discussed so far.

In the IMF, the World Bank and the United Nations Security Council a few powerful countries are represented by their own government such as the UK, USA, and France. Most countries are not. Rather most people of the world live in countries who are grouped together in large constituencies represented by just one representative. In the World Bank, for example, the peoples of Angola, Botswana, Burundi, Eritrea, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe are represented by just one Executive Director.

In the IMF and the World Bank, the voting power of each country is not equal but is based on a series of formulae which give heavier weighting to larger economies (see box below). In the UN Security Council five of the fifteen seats on the Council are held by the largest victors of the second world war (USA, UK, France, PRC and Russia) and each has a power to veto an action or resolution undertaken by the Council. All other states are represented by rotating elections to the other ten seats on the Council.

Box 2. Developing countries representation in international organizations
[pie graphs of representation and voting power in IMF, WB, UNSC, UNGA, WTO]

Beyond formal rules and representation, the work of international organizations is heavily shaped by informal influences and conventions which seldom weight the scales in favour of developing countries. For example, the heads of the World Bank and IMF are chosen according to a political convention whereby the United States and Europe get to nominate their own candidate for each respectively. Other countries and critics rightly brand the process non-transparent and insufficiently accountable . The Fund and Bank are also perceived to be overly accountable to their largest shareholder, the United States, largely through informal influences such as the location and staffing of the organizations and their susceptibility to pressure from the US Executive and Congress.

The disproportionate capacity (compared to all other members) of the US to hold the UN or the IMF to account is illustrated in each round of negotiations on contributions. For example, in the last negotiations for increasing the IMF's resources, the US Congress, with no consultation with other governments, succeeded in setting down unilateral terms for change and reform in the IMF, in return for which a quota increase was agreed (Locke, 2000). Similarly in the United Nations, a package of reforms was agreed at the behest of the United States in [complete and cite]. The capacity of one government to hold any international institution to account, greatly magnifies and highlights gaps in accountability to all other stakeholders and especially developing countries. A similar pattern is emerging in the global private sector.

1.3 The global private sector

Global private sector governance is much quieter and less visible than multilateralism and inter-state institutions. Yet it provides a vital set of norms and institutions which are part of global governance. For example, the International Chamber of Commerce declares that it enjoys ` unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade' (ICC 2001). Along with its private rule-setting function, the ICC provides the International Court of Arbitration, the world's leading arbitral institution. Like other private sector organizations, the ICC has close links to governments and multilateral organizations. Indeed, within a year of the creation of the United Nations, the ICC was granted consultative status at the highest level with the UN and its specialized agencies. This is but one small part of private sector global governance.

The trend towards private sector (sometimes referred to as private network) governance in part reflects the needs of companies who have become more global in their operations, productions networks, and commodity chains (Gereffi and Korzeniewicz 1994). Where possible, such transnational corporations avoid state or inter-state regulation. Instead they create their own tier of private-sector `governance', `standard setting', `codes of best practice' or self-regulation. For example, from 1973 onwards the International Accounting Standards Committee (IASC) successfully edged out inter-governmental efforts to promulgate regulation and the setting of accountancy standards, taking up a central role now recognized by the G-7, the IMF and the World Bank in 1998 (Martinez 2001). Similarly in the financial sector there is the Washington DC-based Institute for International Finance with its role lobbying and proposing self-regulation for financial sector actors, major private credit-rating agencies such as Moody's and Standard & Poor's, and US cyberspace companies who have crafted codes on privacy, property rights, and copyright laws (Lessig 1999).

The US private sector plays a powerful role at the centre of this kind of governance. In the international chemistry industry, for example, it is the American Chemistry Council (ACC) representing all major US chemical companies has launched a `Responsible Care' code in 1988 in response to public concerns about the manufacture and use of chemicals. The code requires members continually improve their health, safety and environmental performance; to listen and respond to public concerns; to assist each other to achieve optimum performance; and to report their goals and progress to the public. The code is now being adopted in some 46 countries, representing over 85 percent of the world's chemical production (ACC 2001). In a more individual fashion US corporations such as Nike and Mattel have created codes of conduct governing their subcontractors in less developed countries.

In large part these private sector governance bodies have been created to obviate the need for government or inter-governmental regulation and in some cases as a response to growing NGO and media pressure in their own home countries. These kinds of private sector self-governance regimes leave major private sector actors based in the world's largest economies in the driving seat. That said, however, this does not spell an involuntary shift in power and authority away from governments and states and towards private actors. On the whole private sector governance emerges where powerful states choose not to regulate, or indeed where states actively support private sector actors in generating their own regime and then cooperate closely with that regime.

For example, the United States government helped to create the Internet Corporation for Assigned Names and Numbers (ICANN), a non-profit corporation formed to assume responsibility for the governance of various aspects of the internet such as the IP address space allocation, protocol parameter assignment, domain name system management, and root server system management functions previously performed under U.S. Government contract by IANA and other entities (ICANN 2001). In this instance, the US turned to a non-governmental form of governance because it feared that a formal inter-governmental organization would be too slow and cumbersome in dealing with rapidly developing issues. (Keohane and Nye 2000, 24)

The problem for people within developing countries is that private sector governance and standard-setting emanates almost without exception from within the most powerful industrialized countries. This creates private arrangements which affect life in the developing world even more than in the industrialized world where the activities of large corporations tend to be quite heavily government-regulated. In much of the world the main task of monitoring and publicizing the activities of these companies and their codes is undertaken by non-governmental organizations.

One advance in the accountability of the global private sector has been the emergence of `multi-stakeholder processes', meaning networks and commissions which bring together NGOs, transnational corporations and governments in order to provide ad hoc monitoring and reporting units (Hemmati et al 2001). For example, the World Commission on Dams began work in 1998 with four commissioners from governments, four from private industry, and four from NGOs. It was set up to review the development effectiveness of large dams and to develop internationally acceptable criteria, guidelines and standards for the planning, design, appraisal, construction, operation, monitoring and decommissioning of dams (World Commission on Dams 2000, see also Dubash et al 2001). This network highlights a growing sensitivity by private corporations and governments to criticism and monitoring by transnational NGOs whom they are now including within networks of governance.

A yet more ambitious example of public-private-NGO partnership in governance is the UN's recently launched Global Compact initiative which brings together private companies, governments, multilateral organizations, and NGOs. The objective of the Compact is to bring together governments, companies, workers, civil society organizations and the United Nations organization itself to advocate and promulgate nine core principles drawn from the Universal Declaration of Human Rights, the ILO's Fundamental Principles on Rights at Work and the Rio Principles on Environment and Development. In signing up to the Compact, companies are asked to commit themselves to act on these principles in their own corporate domains. Since the formal launch of the Compact on 26 July 2000, the Compact has grown to encompass several hundred participating companies as well as international labor groups and more than a dozen international civil-society organizations.

It bears highlighting that the Global Compact is not a regulatory regime nor even a code of conduct. The UN describes it as `a value-based platform designed to promote institutional learning. It utilizes the power of transparency and dialogue to identify and disseminate good practices based on universal principles' (UN Global Compact 2001). http://www.unglobalcompact.orgNevertheless, the Compact reflects the degree to which international organizations and large multinational private actors today perceive a need to respond not just to global markets but to global social and political pressures: `as markets have gone global, so, too, must the idea of corporate citizenship and the practice of corporate social responsibility. In this new global economy, it makes good business sense for firms to internalize these principles as integral elements of corporate strategies and practices' (UN Global Compact 2001).http://www.unglobalcompact.org

In large part the new awareness of multinational companies has been achieved by the actions of NGOs and the media, especially in industrialized countries. Many companies are now wary of the power of consumers in their largest markets to boycott or respond negatively to bad press. For example, large oil companies such as BP and Royal Dutch/Shell have been publicly accused of colluding in human rights violations in countries such as Colombia and Chad-Cameroon. Both companies have adopted human rights policies strongly endorsing the UN Universal Declaration on Human Rights. Both companies are also offering to work more closely and openly with NGOs (BP 2001, Shell 2001).

On a sceptical view, http://www.bp.orghttp://www.shell.orgcompanies, like other actors in global governance are simply learning to invest more in their public relations. Nevertheless, even some critics believe that corporations have a potential power to effect change, even in areas such as human rights. As Human Rights Watch notes `a well-implemented policy [by BP] could have far-reaching effects, since BP merged with the U.S. oil major, Amoco, to form the third-largest oil company in the world (behind Shell and Exxon), with operations in countries with poor human rights records such as Algeria and Colombia, and operating in alliance with Statoil - which also has a human rights policy - in Angola and Azerbaijan' (Human Rights Watch 1999).http://www.hrw.org

In a similar vein, diamond companies such as De Beers have attracted bad publicity about their role in mining `blood' and `conflict' diamonds in countries where the industry funds and perpetuates brutal civil wars such as Sierra Leone. In their Annual Report 2000 De Beers write of the `threat to the entire legitimate diamond industry' posed by the `effect of conflict diamonds on consumer confidence' (De Beers 2000). To ward off this threat, the diamond industry has created a World Diamond Council based in New York to develop, implement, and oversee a tracking system for the export and import of rough diamonds to `prevent the exploitation of diamonds for illicit purposes such as war and inhumane acts' (World Diamond Council 2001). As with the oil companies above, the extent to which diamond companies implement effective policies in this area will depend not on governments or inter-governmental institutions but on NGOs who monitor and publicize infractions and thereby create the link between consumers in the North and corporate operations in the South.

Private sector initiatives to improve the environment, human rights, workers' rights and such like reflect a response to the growing capacity of consumers and shareholders in large industrialized countries to hold companies to account. They also reflect companies' fears that not only consumers but also employees (both present and future) may turn away from companies branded pariahs by transnational NGOs or that governments might intervene and regulate at the behest of their voters. The result is a web of private sector generated and monitored `standards', `principles' and policies, sometimes in cooperation with governments or inter-governmental institutions which form an important element of global governance. The accountability in these new networks is patchy. Often the world is relying on transnational NGOs as agencies of accountability without which many global corporate activities would remain almost entirely unmonitored.

1.4 Non-governmental organizations

Highlighted in the discussion so far has been the increasing role of non-governmental organizations, often referred to as `global civil society', in monitoring and drawing attention to issues of global governance. It has been estimated that transnational non-governmental organizations have grown from about one hundred groups at the turn of the century to over 5,000 at the end of the 1990s (Held et al, p.54). More recently, two different kinds of non-governmental organizations have not only increased in number, but have become important parts of global governance.

The most visible and vocal NGOs are large transnational non-governmental organizations based in industrialized countries who lobby for particular principles or issues such as debt relief, environmental protection, and human rights such as Amnesty International, the World Wildlife Fund, or Oxfam. These groups do not claim to represent countries or geographical groups nor do they represent particular commercial interests (although they are accountable to their donors and members and many are also in the business of delivering aid or similar goods). Their stake in the arena of global governance is more of a deliberative one. They bring principles and values to the attention of the attention of policy-makers and firms. They also play a role in monitoring global governance, analysing and reporting on issues as diverse as the Chemical Weapons Treaty, negotiations on global climate change, world trade, and the actions of the IMF, World Bank, and transnational corporations. In so doing transnational NGOs provide information, debate and criticism which is fundamental to holding both private and governmental sectors to account.

A rather different community of NGOs is now also becoming increasingly involved in the debate and implementation of global governance. More `locally-based' NGOs predominantly in developing countries are being drawn into the fray. These groups claim to represent local constituencies. Many operate to plug gaps in their own country's government. Some try to make up for the fact that their government fails to represent a certain section of the population. Others attempt to make up for a government's lack of capacity to deliver certain kinds of assistance or services. Some are opposed and repressed by their governments. Others work closely with their government.

Increasingly these groups are being included in discussions with international aid donors, international organizations and other arenas of global governance. Their entry has been catalysed by a number of shifts in thinking about both aid and governance. Already in the 1980s, non-governmental organizations, private charities and voluntary services were applauded by new conservatives especially in the Thatcher and Reagan governments in the UK and USA as alternatives to government involvement in welfare, aid and social policy. This thinking spilled over into aid policies which sought to channel aid through non-governmental groups in both the industrialized and developing countries. That trend changed in the 1990s with the rise of international support for democratization and a wave of development thinking focussed on strengthening and modernizing the state. It is now recognized that good policies and outcomes require good politics. That means effective government, not effective NGOs competing with a weak government.

A different logic now drives the inclusion of locally based NGOs in international fora. Aid institutions and donor governments have recognized that wider participation and `ownership' on the ground is necessary for development policies to be successfully implemented. This has been reiterated in numerous World Bank and IMF publications (World Bank 1989, 1992, 1994, 1996, 1999 and IMF 1997, 2000). Getting wider ownership and participation is difficult, especially in countries where governments have few networks for consultation or representation and where wide gaps exist in terms of who they represent and how. For these reasons, agencies such as the UN, the IMF, the World Bank and the UNDP are encouraging both their own local representatives and government officials to develop consultative links and closer relations with local NGOs. This brings new tensions and problems to both local and international politics.

A key issue raised by the emergence of NGOs in global governance is who chooses which NGOs to include or consult in national or international negotiations? At the national level, if the government plays a key role, critics allege that genuine consultation is not taking place. Where outsiders play a role, governments argue that their sovereignty and their own processes of democracy are being subverted. Where the local representatives of international organizations are involved, they risk becoming powerful gate-keepers who use their power to favour some groups over others to cement and further their own position. At the international level all these problems are replicated. For these reasons, the increasing reliance at the global level on NGOs to provide some modicum of accountability in itself poses important new challenges to the legitimacy and accountability of global governance.

1.5 Independent experts

A growing trend in global governance is the temptation by governments to use `technical' or `expert' groups or networks as a flexible and efficient way to manage globalization. The approach eschews old-fashioned representative institutions in which politics and power among states are central. Rather, the emerging pattern of governance replaces state-based institutions of governance with networks of experts so as `to preserve national democratic processes and embedded liberal compromises while allowing the benefits of economic integration' (Keohane and Nye 2000, 37).

The presumptions underpinning this model are institutionalist and functionalist. The focus is on cooperation rather than power. The goal is to `get the job done' rather than to waste undue energy on process. Networks comprise participants with special technical expertise and material stakes in an issue, such as the chemicals, accountancy and financial stability networks mentioned above. Because they are selective, these networks are cohesive, technically sophisticated and efficient. Their legitimacy derives from their efficiency or the quality of the outcomes they produce i.e. results not process matter most, or to express it in the language of some political scientists, the quality of the outputs matters more than the democratic inputs.

An example of expert or network governance is the Financial Stability Forum (FSF) was convened at the behest of the G-7 in April 1999, to promote international financial stability through information exchange and international co-operation in financial supervision and surveillance. The new network was self-consciously selective, bringing together experts from the most important players in the international financial system including national authorities responsible for financial stability in significant international financial centres, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. There was no sense that the FSF should represent all countries or regions of the world. Rather its goal was to co-ordinate the efforts of various bodies in order to promote international financial stability, improve the functioning of markets, and reduce systemic risk (FSF 2001). The http://www.fsforum.orglegitimacy of the FSF rests on its efficiency in achieving its stated goals. That said, however, interestingly the G7 have found it necessary to expand its membership to include representatives from Hong Kong, Singapore, Australia and the Netherlands (FSF 2001).

The `efficiency' or output rationale for governance is enjoying a growing appeal among scholars and policy-makers alike. Indeed, we find it being applied to a number of other inter-governmental bodies. Three examples come to mind: the IMF, the European Union, and the WTO. In each case arguments have been made for more independent and expert-oriented governance so as to avoid the problems, vested interests and contradictions which arise from domestically-rooted inter-governmentalism. Part of the argument has been elegantly expressed by Ernst-Ulrich Petersmann in the following terms: `governments risk to become prisoners of the sirene-like pressures of organized interest groups unless they follow the wisdom of Ulysses (when his boat approached the island of the Sirenes) and tie their hands to the mast of international guarantees' (Petersmann, p.5). Away from the hurly-burly of domestic politics, policy-makers (we are led to believe) can come to more rational and selfless conclusions.

In respect of the IMF it has been argued that the IMF `should be made truly independent and accountable' so as `to permit it to focus more efficiently on surveillance and conditionality' (De Gregorio et al 1999). These authors proposed that the IMF's Executive Directors should be discouraged from taking advice from their governments. Like a central bank, the IMF should be permitted to work in a more technical, independent way with its accountability ensured through transparency and a different kind of oversight by member governments. The rationale is that just as independent central banks have proven better at fighting inflation, so too an independent world authority would better protect international financial stability.

There is even a suggestion that a more independent IMF could also be more accountable. Three discrete measures are proposed to ensure this: (1) increased transparency with the publication of voting records, Executive Board minutes and performance evaluations; (2) the strengthening and bolstering of an oversight committee comprising Finance Ministers; and (3) a requirement that Executive Directors justify their actions in terms of an explicit mandate such as `to advance economic and financial stability' and face dismissal by the oversight committee if they failed. This chapter will return to some of these issues in the next section.

The problem with this rather technocratic vision of the IMF is that it underplays the extent to which the

IMF makes political rather than technical decisions and the extent of disagreement even on so-called `technical' issues about what policies undertaken in which order and in which country will best advance economic and financial stability. At the very least considerations of `for whom?', and `at whose cost?' will weight the answers. This is why the process of decision-making in the IMF is unavoidably political. In the end it involves ranking and prioritizing the rights and obligations of different groups of people. Protesters on the streets argue that the IMF always resolves such questions in favour of creditors, both government and private sector. Developing countries argue that they are marginalized not just by the formal rules but equally, if not more by the informal mechanisms of influence and decision-making within the institutions. It is not clear that making the IMF more independent would alter either of these perceptions.

In the European Union a similar output-oriented rationale for governance is emerging. Put simply it is that: `At the end of the day, what interests them [ie people living in the EU] is not who solves these problems, but the fact that they are being tackled' (Prodi 1999). This output-oriented rationale is strongest in arguments for European Monetary Union (EMU) and more specifically in the nature and structure of the European Central Bank (ECB) which lies at the heart of EMU. The ECB is an independent and unaccountable body (e.g. compared to its counterparts in the UK, USA and Japan all of which publish formal voting records of their decisions), whose legitimacy rests on its technical and expert nature rather than a potential representativeness or democratic accountability.

More recently efficiency or output arguments have been extended beyond the European Central Bank. They are emerging in wider and more political initiatives such as institutional reform and enlargement where questions of legitimacy and democracy, it has been argued by one scholar, are increasingly being left to be dealt with as issues for public relations not institutional reform (Kohler-Koch 1999). European Commissioner Michel Barnier underscored this view in his very recent call for European policy-makers to go beyond negotiating the `necessary technical adaptations' to institutions and to consider how to reinforce the democratic legitimacy of the European Union (Barnier 2001).

The World Trade Organization (WTO) is a final example of an organization we are told should be more independent. In order to minimize the rent-seeking producer interests who have so much power at the national level, it has been argued that the global trading system should be `constitutionalized' where a written constitution is understood as `a contractual means by which citizens secured their freedom through long-term basic rules of a higher legal rank'. (Petersmann 1995) Similar arguments are made by quite a wide range of scholars pressing for the WTO to become a vehicle for enforcing core values in human rights, environmental protection and labour standards.

In constitutionalizing the WTO it is assumed that the `long-term basic rules' on which trade should proceed are relatively uncontestable and should not be shipwrecked on the ragged shores of national politics. Yet many would argue that these rules belong in the national realm, encroaching as they do into issues of welfare, the environment, labour rights, and intellectual property protection. They reflect not some higher legal truth but deeply political priorities and choices over which citizens should have some say. This is not a simple contest between economists who favour liberalization versus NGOs pushing human rights and other values. The outcomes involve subtle adjudications over priorities, means and ends. Should one form of environmental protection be privileged over another? Should one specied of dolphin be protected more than another? Most importantly of all, who should decide and to whom should they be accountable?

One response to the political problems of constitutionalizing the WTO has been to argue that the institution should be more `inclusive' (Howse and Nicolaidis, 2000). By including NGOs and other interested or expert parties for example we can improve the quality of deliberations and decisions on trade issues. To quote one enthusiast: `the right way to defeat bad ideas is with better ideas. Just as national democracy entails participation and debate at the domestic level, so too does democratic global governance entail participation by transnational NGOs' (Charnovitz, 2000). There are a couple of problems embedded in this argument.

In the first place, the inclusion of NGOs will not necessarily redress the failure of the WTO adequately to represent some countries and groups while it over-represents others. Indeed, inclusion might exacerbate rather than redress the lack of voice and influence suffered by developing countries. For instance of the 738 NGOs accredited to the Ministerial Conference of the WTO in Seattle, 87% were based in industrialised countries. Enthusiasts of inclusion need to consider more carefully how NGOs might be included without further distorting the underrepresentation of developing countries and peoples in the WTO.

A second problem arises with the broader argument that we might consider the WTO as a deliberative space within which the best ideas win. In this argument for `network governance' the focus shifts from procedures and `inputs' (i.e. elections and representative government) to the quality of debate and the `outputs' of the system. The inclusion of NGOs and experts is said to ensure high-quality deliberation which improves outputs. This is because the process of deliberation is one in which the best ideas can be aired and genuinely expert participants can partake without the limitations of a representative system. Participants `learn' and change their minds, coming better to understand alternatives and modify their own starting positions.

The missing element in the deliberative network model is politics. The kinds of vested interests which `distort' trade policy at the national level are assumed to disappear at the international level. Yet even a cursory examination of private sector participation in existing WTO negotiations reveals their powerful influence. Groups such as the US Coalition of Services Industries (CSI 2001) http://www.uscsi.organd International Financial Services, London (IFSL 2001) http://www.bi.org.ukwere deeply involved in negotiations on the General Agreement on Trade in Services and the WTO Basic Telecommunications and Financial Services Agreements. The Financial Leaders Group, a private sector group of North American, European, Japanese, Canadian, and Hong Kong financial leaders publicizes its role as `a key player in securing the 1997 Financial Services Agreement and continues its work in the current WTO services negotiations' (FLG 2001). Naturally representatives of private sector organizations bring a high level of expertise and ideas to the negotiating table. However, they represent, indeed they have a duty to represent, the narrow sectoral and material interests of their members. It distorts reality to propose that they should ensure that the `best' or `better' ideas win. The reason they exist and have come to the negotiating table is to represent the interests of their members.

The debate about deliberative networks highlights the need to pay attention in global governance to who defines the rules and outcomes of deliberation. Those who focus on `outputs' pay too little attention to inputs and decisions about who participates, who sets the agenda, and within what parameters the acceptable outcomes must fall. In so doing, the network governance enthusiasts overlook deep problems of legitimacy and accountability which arise from these processes.

For developing countries the question of who controls networks, their agendas and powers is vital. Take the example of the FSF mentioned above which has three issues on its agenda: capital flows, off-shore financial centres, and highly-leveraged institutions (FSF 2001). All three have a direct impact on developing countries who are vulnerable to the systemic risks and issues involved, and some of whom will be directly affected by regulation in this area which could reduce offshore financial activities upon which they rely. Governance in these areas - be it regulation or standards - will benefit some countries and cause significant costs to others. What will justify these choices?

For output-oriented governance specialists the answer is the quality of the results and their contribution to international financial stability. Critics on the other hand argue that the results are very subjective. There are many competing models of international financial stability. Some focus on regulation, others on liberalization. Some emphasize capital controls, others on universal openness of capital accounts. The vigorous debate about which measures best achieve international financial stability underscores the need for a legitimate process of goal-setting and policy-making and the need for that process to be an accountable one.

The new trend towards more independent, technocratic governance unshackled by the clumsy and unmanageable constraints of multilateralism might well obscure but certainly does not extinguish the political forces and vested interests which underpin governance at the global level. For this reason greater not less accountability of a political nature must be sought in each arena of global governance.

2. Improving accountability in global governance

The previous section analyses new trends in global governance and highlights a number of gaps and biases in accountability. For some there is a simple solution to this problem and that is to democratize international institutions. Yet this argument is both flawed and risky. It is flawed because it overestimates the extent to which democracy is possible at the international level. It is risky because it suggests a way to legitimate supplanting democracy at the national level with a more intrusive global governance.

The evidence about emerging global governance suggests that the pressing question is not how one might reinforce the power and scope of international institutions to regulate the affairs of member states. Rather, the more urgent question is how to make existing institutions of global governance more accountable to those they most affect? Let us consider why this would not be fully achieved by democratizing the institutions.

2.1 The limits of democratic accountability

It is easy to imagine that if all governments in the world were both democratically elected and equally represented in international organizations, there would be far less of a problem of accountability in global governance. However, it is worth noting immediately that even in such an ideal world, the capacity of people to hold international institutions to account would still be very limited.

In the first place, there is an unavoidable `democratic deficit' in international organizations because people do not get directly to elect (nor to throw out) their representatives on the WTO, the IMF, the World Bank or the UNSC. Instead, those who live in democracies get to elect politicians some of whom form a government which appoints Ministers who represent and choose delegations to represent a country. For this reason, even in an ideal, universally democratic world, international economic governance is removed from representative government. Even if they so wished, citizens could not use their votes effectively to influence, restrain or hold to account their government in its actions in an international organization. And even less directly in countries with highly developed systems of parliamentary accountability such as the United Kingdom, the oversight by parliament of international institutions is weak. In most developing countries it is yet weaker.

However, the `democratic deficit' does not rule out improving the accountability of international organizations. In fact, looking a little harder at the argument for democratizing international institutions, it is sometimes used wrongly to suggest that in directly-elected democracies, voting and representation are the principal means by which governments are held to account. In theory citizens could use elections to reward or punish politicians. In reality, votes are rarely used this way. Political scientists have shown that voters do not tend to use their votes to sanction officials for abuse, neglect, or incompetence (or indeed to reward the opposite). Voters often use elections to express party loyalty or enthusiasm for a future set of policies (Przeworkski, Stokes & Manin 1999). Very often voters face `problems of information, monitoring, and commitment' (Maravall 1999). For these reasons, elections are not the principal form of accountability within national political systems. And if they are not in national politics, it is inconceivable that the same elections might hold a government to account for its actions in an international economic organization.

Governments are held to account through a variety of different social, political and legal institutions. These same institutions also hold other actors to account. And it is to these institutions that we must turn to find ways in which to make global governance more accountability. The fundamental elements include ensuring that actors exercising power are:

(1) transparent about what they are doing and why;
(2) monitored in their work, policies and operations and that the results are reported;
(3) enforcement takes place to ensure actions stay within jurisdictional bounds and conform to relevant rules, norms and policies.

In respect of global governance, we need to examine whether such steps are being taken so as to increase the accountability of the international organizations, in particular to their developing country members?

2.2 Transparency and monitoring: how much accountability?

Transparency refers to the recording, reporting and publishing of information about the processes, decisions and outcomes of an institution. Although it is a cornerstone of accountability, most organizations have strong reasons for limiting transparency. These include the need to protect proprietary or confidential information and a belief that openness would adversely affect their decision-making process. Principally the fear is that publication would limit full and frank discussion of a topic, closing off the opportunities for finding consensus among participants and that transparency entrenches people in particular positions that they have to account for afterwards to those they represent outside the walls of the meeting. Of course, the latter reason implies a fear of too much accountability of participants to those they represent.

In many instances decision-makers worst fears about transparency have proven ill-founded. For example, for a long time interest rates were set in the United Kingdom by a secretive process which was deemed necessary due to the sensitivity of the decisions made and the need to protect an open debate amongst those making the decisions. Yet since the creation of the Monetary Policy Committee of the Bank of England in1998, both the minutes and votes of individual members of the Committee have been recorded and published shortly after meetings. Far from reflecting worst fears, the result has not been to shut down real debate and to limit discussion. To cite an expert outsider's assessment gleaned from conversations with the members of the committee: `Discussions were said to be lively and well focused on the relevant information and the decision to be made, with ample opportunity for examining key issues and for airing a full range of views by all MPC members' (Kohn 2000, 2).

Opposition to transparency has gradually waned in both the public and private sectors as previously perceived dangers have been recognized as overstated. Indeed a revolution has occurred in many international organizations such as the IMF and World Bank. In the IMF where information was previously inaccessible to anyone outside the walls of the institution, most research is now published on the website along with a substantial amount of documentation regarding its work with individual countries. Furthermore, the IMF is pressing governments to permit greater disclosure and publication of policies and agreements made with the IMF (these must be kept confidential if a government so wishes).

The most noticeable gap in the transparency of both the IMF and the World Bank regards decisions taken by their Executive Boards. The minutes of Board meetings are not published. Votes are not taken and therefore cannot be recorded or publicized. This is a significant omission for institutions which purport to be representative and whose member governments claim to be accountable to their own people. It is extremely difficult to hold one's government to account for a collective decision if their role in that decision is not known. The counter-case is often made that the secrecy of Board deliberations and members' positions reinforces the `collegiality' of the Executive Board and its capacity to make decisions by consensus. This argument is the same as that made for `independent expert' governance as already discussed above in section 1.4. As argued there, it suffers from an overly technocratic view of the decisions being made and in the end fails to persuade that the Board's obligation to be accountable is outweighed by the benefits of being unaccountable.

Along with transparency, evaluation and monitoring are core elements of accountability. Most institutions are under constant pressure from shareholders and members as well as outside NGOs and critics, to evaluate their operations and effectiveness in a more through, effective and public way. The new expectation that institutions conduct and publish critical evaluations of themselves was highlighted by the UN's publication of a very critical independent examination of UN policy in Rwanda, commissioned by the Secretary General in May 1999 (UN 1999). Similarly the Executive Board of the IMF has undertaken and published three independent evaluations of the work of the Fund: the Enhanced Structural Adjustment Facility, IMF surveillance, and the research role of the institution. Prior to this new trend, critical evaluations tended not to be made publicly available. Indeed, when the World Bank undertook a path-breaking evaluation into its own policies, the resulting `Wapenhans report' was not made publicly available (World Bank 1992).

While outside assessments provide useful snapshots of institutions, most organizations also benefit from continual internal monitoring. For example, the World Bank has the longest standing independent evaluation office, the Operations Evaluation Department (OED) which sits within the Bank and reports directly to the Executive Board. The OED rates the development impact and performance of all the Bank's completed lending operations, the Bank's policies and processes. It works alongside at least four other monitoring units within the institution including the Quality Assurance Group, the Internal Auditing Department, the Monitoring and Evaluation Service and the World Bank Institute's Evaluation and Scholarship Department.

[add a note on evaluation and monitoring within UN agencies]

The weakness of monitoring and evaluation in all organizations is that too often reports and reviews are ignored and not followed up. This was highlighted by the specially-formed Evaluation Group of Executive Directors in the IMF who noted the lack of follow-up and monitoring of changes and reform subsequent to any evaluation (IMF, 2001). Indeed, the very first listed goal of the IMF's new Independent Evaluation Office (IEO) reads: `Enhancing the learning culture of the IMF and enabling it to better absorb lessons for improvements in its future work' (IEO/IMF 2001).

Many both within and outside of international organizations believe that publishing critical evaluations of an organization is one way to ensure that findings get some public attention and external pressure for change which can help to overcome inertia or vested interests within the organization. As yet however, the IMF does not publish all evaluations of its work. For example, the work of the Office of Internal Audit and Inspection (OIA) is not published, nor are all internal evaluations undertaken by operational staff. Equally in the World Bank not all the work of the OED is published even though since 1993 its "Annual Review of Evaluation Results" (ARDE) has been published along with summaries of evaluation reports for selected projects. Without publication not just of activities but of independent assessments of what organizations are doing, it is difficult for the public to judge how well or poorly an organization is undertaking its responsibilities and equally difficult for outsiders to offer support to insiders who recognize the need for change. For this reason monitoring and transparency are intertwined.

Turning to developing countries, the more specific question is whether increased information and monitoring in and of themselves can help people in developing countries hold global institutions adequately to account? This depends on the capacity within and among developing countries to absorb, publicize and act on information. When information is released into the public domain, it needs to be picked up and publicized by NGOs, the media, politicians and others at the national level and subsequently translated into governmental and non-governmental pressures on the international organization. The problem for developing countries is that they see this occurring much more in industrialized countries. The result is to increase the influence of industrialized countries through informal channels and thereby further marginalize the influence of developing countries. Unsurprising then that developing countries have often opposed increased transparency and monitoring. However, blanket opposition cuts off an important longer-term goal of holding these institutions better and more equitably to account.

There are several more subtle issues within the realm of transparency and monitoring which demand the attention in particular of developing countries. In the first place, for practical reasons not all information can be collected and released about all activities. It is vital, therefore, to examine the alternatives, analysing which kinds of information (collected by whom and how) will most benefit development? Too often arguments for transparency in all international organizations ignore the costs and opportunity costs of choices about what to monitor and what to publicize.

Transparency requires making some difficult trade-offs. For example, at the national level consider the choice between collecting elaborate forms of data which might assist in economic modelling, and simpler forms of data which might be adequate for development planning. The choice has implications both for cost and for the capacity of local agencies to aggregate the information. At the international level the same trade-offs apply but the question of who pays for transparency is often less clear. Yet in the IMF and World Bank, for example, it is borrowing members who bear the cost of increased transparency and monitoring through increased loan charges. Across the wider spectrum of international agencies, budgets spent on transparency and monitoring not only might otherwise be spent directly on development, but also represent choices about what to monitor and for at whose behest?

[Box 3. Tough choices about transparency: comparison of two sets of data]

2.3 Judicial-style accountability and its limits

A more active form of accountability with a direct counterpart in national governments is judicial-style accountability which uses refers to tribunals, ombudsmen or other processes of redress. The object is to ensure that organizations act within their powers and in keeping with their own operational rules. Judicial-style panels or actors examine specific actions or decisions taken by an institution in order to adjudicate whether or not some breach has occurred. Often in the case of courts, tribunals or ombudsmen there are few direct powers positively to direct a wrong-doing institution to take some alternative course of action. Rather the process draws attention to a breach of rules and can result in agencies being asked at least to reconsider their decision.

Two unprecedented steps in global governance have been taken in this regard in the World Bank group. In 1993 an Inspection Panel was created by the Executive Board of the World Bank to service the IBRD and IDA. The Inspection Panel can receive complaints from any group able to show that: (1) they live in the project area (or represent people who do) and are likely to be affected adversely by project activities; (2) they believe that the actual or likely harm they have suffered results from failure by the Bank to follow its policies and procedures; (3) their concerns have been discussed with Bank management and they are not satisfied with the outcome. A three-person Inspection Panel has powers to make a preliminary assessment of the merits of a complaint brought by a group, taking into account Bank management responses to the allegations. Subsequently, the Panel can recommend to the Board that a full investigation be undertaken, and make recommendations on the basis of such a full investigation. The Executive Board retains the power to permit investigations to proceed, and to make final decisions based on the Panel's findings and Bank Management's recommendations.

A different model of judicial-style accountability was created in 1999 to service two other agencies within the World Bank group: the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). A Compliance Adviser/Ombudsman's office (CAO) was set up after consultations with shareholders, NGOs and members of the business community. The aim is to find a workable and constructive approach to dealing with environmental and social concerns and complaints of people directly impacted by IFC and for MIGA financed projects. The CAO or ombudsman and her staff are independent of the Bank and IFC and report directly to the President of the World Bank. The emphasis of the office's work is on dialogue, mediation and conciliation. The CAO has the power to make recommendations but not to act as `a judge, court or policeman'.

There are several obvious limits to judicial-style accountability. First, not everyone is in an equal position to use the procedures available, not just in bringing formal complaints but in ensuring that the threat of such actions keeps officials of an institution within their powers and rules. In many cases people in developing countries have relied on Northern NGOs to assist in funding and presenting their case.

Critics allege that the role of NGOs risks skewing the work of accountability tribunals in favour of issues and areas of most concern to people within industrialized countries, as expressed through Northern NGOs, leaving unserviced those people in the developing world who have not attracted the attention of such NGOs. A further risk is that the outcomes of a formal process such as the Inspection Panel, may well end up being shaped more by the needs of Northern NGOs to garner publicity through confrontation and show-down, rather than by quiet measures which more modestly improve the lives of those directly.

[Box 4. The limits of judicial inspection: the China Western Poverty Reduction Project] [include quotes from ICT, Inspection Panel, Bank management, and critics]

A second limitation on judicial-style accountability is that the process can be used to attack good decisions which suffer minor technical flaw in respect of the rules. It can also be long, costly and time-consuming, diverting resources away from the central purposes of the institution. For this reason the thresh-hold or cause for complaint which can spark a full inspection or action is crucial.

A final important limitation in judicial-style accountability is that the process examines whether an institution has adhered to its existing policies and operational rules. It does not examine or adjudicate the quality or purposes of those policies or rules. Judicial-style accountability does not substitute or offer recourse against the responsibility of decision-makers to make good policy or rules. It cannot prevent or call to account bad decisions being made within the rules. This means that accountability for the quality of the rules themselves has to be achieved through some other means.

BOX 5: Stronger forms of legal accountability

1. Corporate governance principles
In corporate governance there are core rules protecting the rights of minority shareholders. [complete]

2. Professional responsibility and negligence with international arbitration
International organizations who give expert and professional advice to governments could be held professionally accountable for the quality and diligence of that advice (just as are accountants, auditors, doctors and other professionals). [complete]: (Raffer 1999).

The forms of accountability highlighted in box 5 could usefully expand the scope for holding decision-makers in global governance collectively to account through the recognition of minority or developing country shareholders' rights. It might also hold officials acting in a professional capacity to account for the quality and diligence of their work. Still untouched however are a large range of substantive policy decisions made by international organizations in which people in developing countries in decision-making have little input. Here a real capacity to hold decision-makers to account requires adequate participation in the processes of priority setting, policy-making, resource allocations and implementation.

2.4 Participation and accountability

In many of the international organizations discussed so far decision-making is characterized by informal processes of consultation and consensus-building. As a result, a member wishing to hold other members to account needs to be privy to much which cannot be recorded and circulated as a publication. This has been highlighted in the case of the WTO where both developing countries and NGOs argue that the organization's procedures should be both more accessible and more transparent and this means more than publishing reports and minutes of meetings online. It requires actual participation in meetings at all levels for this is what is required in order to understand the nature and depth of political negotiations and compromises which lie behind formal pronouncements. None of the mechanisms of accountability discussed so far address this. The WTO provides a useful example.

Participation in international decision-making

Developing countries highlight that most WTO decisions are taken in small group meetings and consultations and then presented as a fait accompli at the Council level. For example, `Green room' consultations are usually convened at the initiative of the Director General and include the powerful Quad (United States, European Union, Japan and Canada) as well as countries deemed to have a vital interest in the issue under discussion and countries which have traditionally played a leading role in the GATT (such as Brazil and India representing developing countries, and Bangladesh representing the least developed countries). Usually about twenty countries are included in any one Green room consultation.

The problem for most developing countries is that they are excluded from these core yet informal decision-making processes. A further problem is that even if all meetings were open to them, most developing countries do not have the personnel and resources to cover the plethora of groups and discussion going on at any one time. The rapid expansion of the WTO's agenda is exacerbating this problem. It has been estimated that there are about 1200 formal and informal WTO meetings taking place through the year (Hoekman and Kostecki, 2001). This widening agenda is placing the tremendous pressure on the limited resources of developing countries, making it virtually impossible for them to keep abreast of what is going on, let alone to contribute knowledgeably and authoritatively to the processes.

Some attempt has been made further to open up the green room and informal processes of negotiations and consensus building within the WTO, as has also occurred withinthe UNSC (Wood 1996). In the WTO, notifications of small group meetings are posted on bulletin boards, participation in these meetings is by invitation as well as self-selection, minutes of at least some informal meetings are published. However, even if efforts are made not to present Green Room decisions as a fait accompli, these decisions are presented at the Council level only at a fairly final stage of the discussion. It is not easy for developing countries to intervene effectively in this final stage, when they have not participated in the initial discussions and lack a detailed understanding of the issues involved.

In summary, for member states wanting to engage and contribute in the policy-making and negotiations of the WTO, adequate transparency cannot be achieved through formal minutes and reports because consensus is formed within the organization primarily through informal meetings and consultations. Transparency for members requires either presence at all levels of negotiations, or deep and detailed briefings (as opposed to formal minutes). Similar points have been made in respect of the United Nations Security Council (Wood 1996), and other organizations.

The need for more accountability at the international level is further underscored by the lessons being learnt about participation and accountability at the interface between national and international organizations.

Participation in joint global-national decision-making

Participation by local actors and governments in order to ensure the efficacy of global governance has become the focus of virtually all international and development agencies around the world in recent years. The attention to participation has come due to what the IMF identifies as two trends: the increasing interaction that the institution has had with civil society, including academics, business groups and NGOs; and the realization that a necessary pre-condition for adjustment policy success is broad public support, or public 'ownership' (IMF 2001a). One direct example of the new focus on participation lies in the process by which the Fund and Bank are encouraging `nationally owned' poverty alleviation strategies. This process is worth some attention in order to examine the emerging relationship between participation and accountability.

All countries requesting debt relief under the latest phase of the Highly Indebted Poor Countries (HIPC) Initiative must adopt a Poverty Reduction Strategy (PRS) developed through a broad-based participatory process, or they must at least present an interim paper setting out the government's commitment to and plans for developing a PRS (IMF 2001b). The participatory process envisaged is described in the following way: `the borrowing country and its people will take the lead. PRSPs [Poverty Reduction Strategy Papers] will be prepared by the government, based on a process involving the active participation of civil society, NGOs, donors, and international institutions. It is expected that countries will keep civil society informed about developments in the program, and involved in monitoring its implementation' (IMF 2001c).

The rationale for participation is that participatory processes allow for the exchange of information between government and other stakeholders; this increases decision-making transparency, which in turn improves government accountability to the people; and thereby results in an overall increase in good governance and economic efficiency in development activities (WB/IMF 2001, vol 1, part 2.1, p.3).

The expectations of the new participatory process are high: `locally-produced PRSPs are expected to generate fresh ideas about strategies and measures needed to reach shared growth and poverty reduction goals, and to help develop a sense of ownership and national commitment to reaching those objectives' (IMF 2001c). The role of the IMF and World Bank is `to assist in the process, and it is expected that other multilateral and bilateral donors will also provide advice and expertise. However, the strategy and the policies should emerge out of national debates in which the voices of the poor, especially, are heard' (IMF 2001c). The processes by which this `hearing' and participation will take place are not altogether clear.

Participation is defined by the institutions as:

> `the process through which stakeholders influence and share control over priority setting, policy-making, resource allocations and access to public goods and services' (WB/IMF 2001, p.3).

In practice the term is used to refer to a range of interactions with stakeholders at governmental, national and local level, as depicted in box 6 below outlining the World Bank's definitions of participation. An intra-governmental meeting in a Ministry of Finance counts as `participation' as does a village-level participatory poverty assessment. Some interactions involve disseminating information. Others involve consultation. In rarer cases interaction involves the kind of collaborative planning and decision-making envisaged in the description of shared control over decisions and resources.

Box 6: Participation and accountability

Information Dissemination	One-way flow of information	e.g. translation into local languages, dissemination of material, informal presentations and public meetings.
Consultation	Two-way flow of information	e.g. participatory assessments, beneficiary assessments, consultative meetings, field visits and interviews.
Collaboration	Shared control over decisionmaking	e.g. participatory planning techniques, workshops to determine positions and priorities, formation of joint committees, joint work with user groups.
Empowerment	Transfer of control over decisions and resources	e.g. capacity building for stakeholder organisation, strengthening legal status of stakeholder organisations, stakeholder authority to manage funds, hire and fire workers.

Source: World Bank *Participation Group's* Typology of Participatory Mechanisms
See also McGee 2000.

The implications of participation as envisaged in the PRS process are mixed. In many cases the desire of international institutions to build a participatory capacity and policy-making process has clashed with the need to disburse debt relief fast. Hence, in Burkino Faso we find that the HIPC/PRSP process was dealt with in a consultation with donors and civil society which lasted one and a half hours (European Commission 2000). In general, where participation has been limited to ad hoc consultations, workshops and meetings, there is evidence that it has little effect on decision-making or accountability (SGTS 2000). This is especially the case if there is no established relationship among the parties, no clear policy positions, and a wide range of priorities and decisions to be adjudicated.

Overall the weak results of the PRS process in ensuring effective participation underlines that participation which actually influences policy-making must include: the sharing of information, tasks, and the assessment of output; a diversity of institutional partners; and clear control by the government in managing the process (SGTS 2000). These elements have been common to two of the slightly more successful PRS processes in Vietnam and Uganda. In these cases it also bears noting that each had pre-existing policies and institutions to draw upon in their PRS. In each case the government has been held to account in its poverty reduction activities by an institutionalised process of transparency, consultation, and participation in both planning and subsequent monitoring.
The experience of the poverty reduction strategy process in a variety of countries highlights that information and consultation are necessary but not sufficient conditions for improving accountability to stakeholders. Equally vital are institutions which permit participation in the processes of priority-setting, policy-making, implementation and monitoring in an ongoing and continuous way. This echoes the experience of developing countries in the WTO and other international organizations. It is also underlined in recent experiments in `multi-stakeholder processes' of decision-making, where it has been shown that `stakeholders must feel that they have access to the process, that their voices are fully heard, and that their participation in the deliberations is meaningful' (Dubash et al 2001, 4).

The implication is straightforward: in ensuring full accountability, transparency and disclosure are no substitute for direct participation and institutionalized input and monitoring in institutions. For this reason the presence of developing countries in each stage of policy-making in international organizations is vital.

3. Policy implications

This chapter began with a reflection on what global governance is failing to provide and how that failure impacts on people within developing countries. It analysed the limited scope for redress through existing mechanisms of accountability both in multilateral institutions and in the less formally accountable non-governmental sphere of governance. From this analysis a number of policy conclusions flow.
Accountability in global governance can be improved through the enhancement of existing mechanisms of transparency, monitoring and evaluation and judicial-style review. However, some larger scale reforms are necessary if the actors in global governance are better to be held to account by less privileged people and

countries.

Some advocate new international institutions. For example, many recently convened panels of eminent experts suggest the creation of more inter-governmental agencies to deal with issues such as environmental degradation, global public health, and financial and economic stability. Yet the creation of new agencies risks masking the reasons why existing agencies are failing - and failing developing countries in particular.

Although many institutions have broad powers and purposes, most are inadequately funded and anachronistically structured. As a result they are ineffective or unpopular - or indeed both. They either have too few resources to make any impact. Or they are accused of a new form of imperialism and of overriding the needs of less privileged people within developing countries. The immediate governance challenge is to reform existing institutions so as to make them both more effective in the provision of necessary public goods, and more accountable to less privileged people, especially in developing countries.

What does this require? Undoubtedly in several cases this demands an increase in resources. The present Director-General of the WTO ruefully noted when he took over that his budget was about one third of that of the World Wildlife Fund. In part the argument for increased funding is based on the fact that international organizations can only be effective if they have resources. Unlike rulers within states, multilateral agencies have no legislative or enforcement powers of their own. They compete with a variety of other actors and pressures in the global system. If they need to ensure cooperation among all countries in combatting diseases or environmental degradation, they need resources to offer assistance and incentives to those who can least afford to cooperate in the short-term. For this reason a number of new ways of funding international agencies have recently been proposed.

[insert here assessment of new funding proposals from Zedillo report, Ford Foundation Report, Common pool approach of Kanbur et al, etc]

More funding for international organizations is only one part of the solution. Another is to ensure that each institution is directed by its member governments to provide the most urgently needed international public goods, rather than expanding into less clearcut areas of global regulation and intervention. A case in point is the expansion of the WTO agenda into areas such as intellectual property and trade-related investment measures <u>before</u> it has achieved the more fundamental goals of balanced free trade in agriculture and textiles. Another is the expansion of the IMF and the World Bank into wider and deeper conditionalities <u>ahead</u> of ensuring that international mechanisms and institutions are adequate to support balanced trade and growth and greater stability in exchange rates and global capital markets.

A further and equally important imperative is to reform representation and decision-making within the international institutions. Here three related issues need to be addressed: the present bias in favour of the powerful; inadequate representation of developing countries; and inadequate capacity on the part of many developing countries to contribute or to influence policy-making through informal channels.

As discussed earlier in this chapter, in many agencies there is a clear bias in favour of special interests such as the most powerful states and large private sector actors in both formal and informal processes and rules. The answer to this does not lie in greater independence of institutions through recourse to neutral `experts' and the like - precisely because, as argued above, political and economic interests cannot be abstracted out of global negotiations. Rather institutions need to balance the representation and participation of different interests and actors - and be seen to be so doing. Greater and more focussed transparency has a role to play here in opening up agenda-setting meetings, recording and publishing national positions and voting records on decisions, and ensuring access to information which is most relevant and appropriate to the needs of people in developing countries. Trade-offs exist here between the constructive role of NGOs and the risk that they represent concerned consumers, donors and activists in the industrialized countries rather than the interests of the less privileged in developing countries.

Developing countries have often opposed the participation of NGOs, concerned that these groups eclipse their own role and access to institutions. Yet people in developing countries stand to gain if NGOs push for the kind of transparency and openness which exposes and reduces a bias against the key concerns and priorities of the less privileged. Here to some extent political alliances need to be forged between governments and NGOs with the goal of making the structures of decision-making in institutions more representative and more accountable to those against whom the institutions are presently biased. Yet more important is the role of NGOs in holding other non-state and private sector actors in the world economy to account.

The role of developing country governments in global governance needs to be bolstered through changes in formal representation. This is a necessary (albeit insufficient) condition to redress the existing bias in international organizations. Although many organizations work by `consensus' and say that this diminishes the importance of formal voting power and seats, it is worth noting that consensus decisions are always underpinned by the realities of power and a knowledge of which actors can veto or push final decisions. Consensus decision-making in reality seldom gives voice to marginalized actors (Woods 1998).

What is needed is to rewrite the way in which seats and votes are allocated within international organizations better to recognize the stake of developing countries. This stake has changed. People in developing countries are no longer simply `objects' of the international system, `collaterally' damaged or improved by it. Their cooperation and commitment to implement internationally agreements is vital if any international organization is to succeed in managing globalization. For this reason the old rules about representation are no longer either viable or desirable. Put bluntly, the Security Council, the IMF, the World Bank, and the WTO cannot properly do their jobs nor avoid public backlash against them if they remain subservient to the vetoes of those who won the second world war, or who dominate the world economy. The institutions must change in order to be both effective and legitimate.

The old argument against increased participation and representation is that it renders decision-making more clumsy and unworkable. Yet we must set against this a new reality. Implementation is not possible without greater participation and representation. In a globalizing world key international organizations are expected to provide a wide range of international public goods which demand complex and deep levels of compliance the world over. They need people in both industrialized and developing countries to commit to global purposes and goals and to fashion certain kinds of action accordingly. This commitment can only be achieved if these same people accept the international agencies as legitimate. This does not mean that international institutions must or could reflect the diverse interests of every group in the world. It means that institutions must be seen to be taking into account a full diversity of interests and to adjudicate among them in a fair and just way.

Others have argued that accountability in the global economy would be improved by an overarching institution such as an Economic and Social Security Council (variously proposed by Bertrand 1985, UNDP 1994, Commission on Global Governance 1995, Ul Haq 1995, Stewart and Daws 1996 and 2000) or an `Economic Security Council' such as that described in the recent Zedillo Panel report to the Secretary-General of the United Nations. The Zedillo panel describe a Council which `would have the same standing on international economic matters that the Security Council has with regard to peace and security' (UN 2001). Of course, the existing Security Council is rife with its own bias in voice and representation. However, the Zedillo Panel propose an alternative: a small, powerful Council comprising representatives from each region as well as smaller states, using the existing five UN regional economic commissions to elect representatives (UN 2001). This proposal highlights a widespread dissatisfaction with the way in which countries are under-represented in present global economic institutions. It also points to a different way to structure representation in the Security Council. That said, an over-arching Council could not substitute for the much-needed reform of the purposes, resources and decision-making structures in each of the existing economic institutions.

A more significant place at the table and in formal decision-making is important not only to improve the representativeness of international organizations. It is also a key step towards enhancing the voice of developing countries and the quality and influence of their input into global decision-making. At present the voice of people in developing countries tends to be lost not just due to under-representation of their governments. It is often the case that small, poorly-resourced delegations have little time to prepare or fully to consider the issues of global governance at stake. It does not follow automatically that better formal representation resolves this (Woods 1998). However, it would increase the incentive for even small and under-resourced countries to prepare and take seriously the positions they advance and the interests they represent in international organizations.

The political obstacles to the reforms discussed above are obvious. States enjoying a privileged position in the status quo seldom support change even where there is a good longer-run rationale. However, in negotiating for change, there are several elements of any international organization `package' which can be put on the table and negotiated as part of reform. These include not just the allocation of seats in the governing body of the organization and voting and veto powers within it but also: the location of the headquarters and other parts of the organization (which carry many spin-off advantages); the selection of the head; the selection of other senior management posts; decision-making rules for different categories of decisions (e.g. constitutional, strategic and operational decisions); and finally, the financial structure of the organization or who pays what to which part of the organization and with what capacity to impose terms.

[complete]

Conclusions

Global governance stands accused of being unaccountable and deaf to the world's diversity of peoples and issues. The accusation is not altogether unfounded. This chapter has described a web of governance comprising multilateral institutions, private sector networks, inter-state networks and coalitions, and bilateral and regional arrangements. It portrays a system in which the underlying power and hierarchy of states and the most powerful transnational corporations is unavoidable, even (or even especially) in the so-called technical, expert arrangements to which policy-makers seem increasingly attracted.
For some, the solution is to democratize global governance either from the bottom-up or from the top-down. Political theorists have long argued that globalization or growing interdependence presents an opportunity - if not the need - to establish a more global democracy, or at the very least to enshrine human rights and some form of global redistribution as a corner-stone of global governance (Beitz 1979, Doyle 1997). In recent debates we see this in arguments for `mainstreaming human rights' and for implementing a universal set of moral values - a `law of peoples' - and a clear set of principles regarding the nature and composition of international institutions (Held 2001, HDR). The problem faced by proponents of these proposed goals is the lack of legitimate institutions and instruments with which to promulgate them. The rise of yet less accountable forms of global governance highlighted in this paper further compounds the problem.

This chapter argues instead for more focus on the existing processes of global governance and to whom they are accountable. It proposes a number of ways to enhance the capacity of people in developing countries to hold international institutions to account. These include specific kinds of transparency and monitoring, a strengthening of legal forms of redress against international actors, and enhanced overall participation for developing countries. All these forms of accountability rely to some degree on non-governmental organizations, both transnational and local. In this regard, people and governments in developing countries have every interest in monitoring the transnational NGO community to ensure not just that developing countries are not marginalized in `global civil society', but equally that strategic alliances are forged where possible with transnational NGOs to promulgate and enhance greater accountability to people in developing countries.

More fundamentally, the chapter calls for rewriting the constitutions of major international organizations so as to make them more representative, more accountable to those they affect, and more effective. If developing countries are given a more genuine `seat at the table' they will have more scope to speak and more incentive to enhance the quality of their input and influence in global governance. The advantages of this will accrue to more than developing countries. Worldwide protests have underscored the perception that global governance is biased in favour of particular groups and that international institutions are unfair in the way they adjudicate among competing interests. The onus is now on policy-makers to increase confidence in institutions by making them more genuinely representative, more clearly and effectively accountable, and more equitable in the way they trade-off different interests in decision-making. A focussed and timely set of reforms could foster the confidence and commitment of people in both industrialized and developing countries alike, in itself a pre-requisite if the institutions are more effectively to provide the international public goods necessary for global growth, security and stability.

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