



# Deepening democracy at the global level

*One illusion has been shattered on September 11: that we can have the good life of the West irrespective of the state of the rest of the world... The dragon's teeth are planted in the fertile soil of wrongs unrighted, of disputes left to fester for years, of failed states, of poverty and deprivation.*

—U.K. Prime Minister Tony Blair<sup>1</sup>

It has been said that the terrorist attacks of September 11 marked the end of the post-cold war era. Overnight, a broad range of simmering global challenges came to the surface, and the international community found itself in new and unfamiliar territory.

In the first few months after the attacks the hope was that the shared tragedy would bring the world together. And in several ways it has. The March 2002 UN Conference on Financing for Development, in Monterrey, Mexico, reversed the post-cold war decline in aid to developing countries. An agreement at the World Trade Organization (WTO) ministerial conference in Doha, Qatar, a few months earlier gave multilateral trade negotiations a new lease on life, avoiding the impasse that closed the previous ministerial meeting in Seattle, Washington.

These developments offer hope that the coming years will mark a new era for global decision-making. But there are also reasons to fear even greater global fragmentation and even greater weakening of international institutions. The war against terrorism and escalating violence in the Middle East risk creating new global fault lines. The most powerful states in the international system are not consistently seeking multilateral approaches to international security issues. And unrelated events—the collapse of Enron in the United States, the instability in Argentina—add to global unease about the rules

and institutions underlying global commerce. Economically and politically, frustration in developing countries about the skewed distribution of global power has seldom been greater.

This challenging global environment comes after a remarkable period of change and contrasting fortune. The 1990s began with great promise, with the end of the cold war heralding a new era. A world riven by the divisions of ideology was to be integrated by markets and technology. There was a wave of new democracies, unprecedented prosperity in North America and Western Europe and exceptional technological dynamism—most evident in the information and communications technology and human genome revolutions. Development also progressed notably in the world's two largest developing countries, China and India.

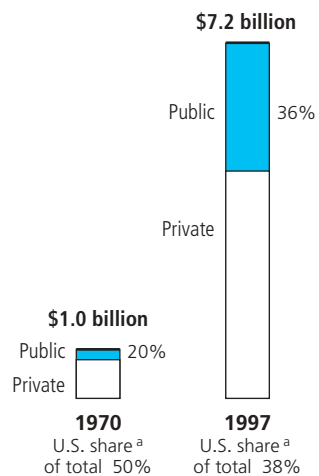
But while some developing countries did fairly well—both economically and in expanding political freedoms—the past decade has also seen severe reversals: The worst plague in human history as the death toll from AIDS surpassed that from the bubonic plague in Europe during the Middle Ages.<sup>2</sup> One of the worst famines ever, in the Democratic People's Republic of Korea. Serious conflicts in more than 50 countries.<sup>3</sup> Bouts of severe instability in the financial systems of emerging markets. And sharp increases in social and economic inequalities, including rapid surges in poverty in countries such as Afghanistan and Pakistan.

Trade rules consistently work against products from developing countries, such as agriculture and textiles, and fail to restrain protectionist abuses in industrial countries. On average, industrial country tariffs on imports from developing countries are four times those on imports from other industrial countries. And industrial countries provide about \$1 billion a

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FIGURE 5.1  
**Development funds increasingly flow through non-governmental organizations**

NGO funding to developing countries



Note: Includes official development assistance contributions to NGOs and official development assistance grants through NGOs.

a. Average of public and private contributions. Source: Lindenberg and Bryant 2001

day in domestic agricultural subsidies—more than six times what they spend on official development assistance for developing countries.<sup>4</sup>

In the face of these challenges, protests and cries of frustration have hit the streets in both industrial and developing countries, reflecting concerns that marginalized and less powerful people and states are losing out because of how global security and economic affairs are managed. These protests spring from different interests and have diverse agendas. But they are symptomatic of an almost universal belief that global cooperation must do a better job of preventing and managing a host of issues—especially those affecting people in developing countries. Such criticism spotlights global institutions and decision-making—and the need to make them more inclusive, democratic and effective.

There is no world government that can be made more democratic. But two elements could make global arrangements more effective and more reflective of democratic ideals:

- First, greater pluralism—expanding the space for non-state actors to influence policies and hold powerful actors accountable.
- Second, more democratic international organizations—increasing representation, transparency and accountability in decision-making.

#### PLURALISM AND GLOBAL DEMOCRACY: THE ROLE OF CIVIL SOCIETY CAMPAIGNS AND MULTISTAKEHOLDER PROCESSES

Over the past 20 years there has been an explosion in transnational civil society networks. The first registered international non-governmental organization (NGO), the Anti-Slavery Society, was formed in 1839, and by 1874 there were 32. But there was an astonishing increase in the 20th century, with the number of international NGOs growing from 1,083 in 1914 to more than 37,000 in 2000. Nearly a fifth of today's international NGOs were formed after 1990 (table 5.1).<sup>5</sup> And around the world, there are more than 20,000 transnational NGO networks. In many ways this revolution parallels the rapid growth of global business over the same period.

According to the Union of International Associations, membership in international

NGOs in low- and middle-income regions has increased faster than in high-income regions, with the biggest increases in Asia and Eastern Europe.<sup>6</sup> In Nepal the number of registered NGOs grew from 220 in 1990 to 1,210 in 1993, in Tunisia from 1,886 in 1988 to 5,186 in 1991. In 1996 the largest-ever survey of non-profits found more than 1 million such groups in India and 210,000 in Brazil.<sup>7</sup> The flow of resources through international NGOs has also risen substantially, increasing more than sevenfold in the past three decades (figure 5.1).

As a result a new global politics is emerging with the potential to catalyse change and innovation. A significant feature of these new movements is the pressure they exert on politicians and corporations in industrial countries to respond to the needs of developing countries. In 1992 an international campaign was launched to ban landmines. Few people predicted its success. Yet by 1997 some 1,400 NGOs in about 90 countries had succeeded in getting a Mine Ban Treaty signed prohibiting the use, production, trade and stockpiling of antipersonnel landmines.<sup>8</sup> The landmine campaign has raised consciousness and helped monitor compliance, and was awarded a Nobel Prize (see the special contribution by Campaign Ambassador Jody Williams).

#### JUBILEE 2000

The growing debt of very poor countries has provoked moral outrage around the world—outrage channelled into an effective movement for debt relief by the Jubilee 2000 campaign. The campaign put pressure on politicians in industrial countries through civic activism and protests in African, Asian and Latin American countries on the devastating effects of mounting debt on their development prospects. The global campaign thus magnified the voices of diverse groups across the world—and coordinated them in a global movement.

Jubilee 2000 had its beginnings at Keele University (in Staffordshire, United Kingdom) in 1990, when a campaign on the growing problem of developing country debt was proposed. Jubilee 2000 was launched in 1996.

In 1997 the International Confederation of

Free Trade Unions—representing 137 countries and 124 million workers—endorsed the Jubilee 2000 charter after the World Bank announced that in just one year the debt of developing countries had increased by more than 7%.<sup>9</sup> The International Union of Physicians—a powerful international organization formed by

eminent professors of medicine—joined the confederation in its support of the Jubilee campaign. The two organizations eventually worked for the launch of Jubilee 2000 in Spain, coordinating Spanish NGO efforts.

National campaigns started to flourish worldwide. During the same year organizations

TABLE 5.1  
International NGOs grew quickly in the 1990s

Purpose	1990	2000	Growth (percent)
Culture and recreation	2,169	2,733	26.0
Education	1,485	1,839	23.8
Research	7,675	8,467	10.3
Health	1,357	2,036	50.0
Social services	2,361	4,215	78.5
Environment	979	1,170	19.5
Economic development, infrastructure	9,582	9,614	0.3
Law, policy and advocacy	2,712	3,864	42.5
Religion	1,407	1,869	32.8
Defence	244	234	-4.1
Politics	1,275	1,240	-2.7
Total	31,246	37,281	19.3

Source: Anheier, Glasius and Kaldor 2001.

## SPECIAL CONTRIBUTION

### Eliminating landmines in wartorn societies

International social movements have grown tremendously in recent years and are increasingly influencing global policies. This trend is evident in the dramatic, largely unexpected success of the International Campaign to Ban Landmines between its 1992 creation and the 1997 signing of the Mine Ban Treaty prohibiting the use, production, trade and stockpiling of antipersonnel landmines.

In its short life the treaty—signed by 143 nations and ratified by 123—has had significant impact all over the world. More than 25 million stockpiled mines have been destroyed. Landmine production has fallen dramatically, and trade in the weapon has all but disappeared. Resources for mine clearance and victim assistance have increased. Most important, the number of new mine victims is falling in many countries. Moreover, the ban movement continues to gain momentum.

Global civil society—some 1,400 non-governmental organizations from about 90 countries that form the International Campaign to Ban Landmines—was responsible for raising public consciousness and drove the movement that resulted in the Mine Ban Treaty. Working with governments, the campaign stepped outside the normal diplomatic framework, formulating the treaty in just one year.

The campaign recognized the signing of the 1997 treaty as the beginning of the real work to eliminate

landmines. It knew that for the treaty to be fully implemented and complied with, innovative strategies would continue to be needed to sustain its partnerships and maintain the momentum. In addition to continuing its global advocacy on banning landmines, the campaign created another powerful tool to advance its efforts—the Landmine Monitor, which uses 120 researchers around the world to monitor the treaty and other aspects of the landmine problem. The annual *Landmine Monitor Report* provides the baseline against which progress towards eliminating landmines is measured.

The International Campaign to Ban Landmines and its Landmine Monitor have shown the critical role that civil society can play in changing global policies and monitoring compliance with agreed policies. The campaign recognizes that civil society does not replace government. But true democratic governance must provide a place for civil society to advocate change and ensure accountability in achieving that change.



**Jody Williams,**  
Campaign Ambassador,  
International Campaign to Ban Landmines

*In lobbying influential decision-makers, international financial institutions and others, Jubilee 2000 found allies such as the rock star Bono*

such as Friends of the Earth, Witness for Peace, Bread for the World, the Catholic Bishops Conference, the Methodist, Mennonite and Presbyterian churches, the Fifty Years Is Enough campaign and the Sojourners launched Jubilee 2000 in the United States and strongly pushed the U.S. Congress to back debt relief. By 1999 there were 31 national campaigns.<sup>10</sup>

In lobbying influential decision-makers, international financial institutions and others, Jubilee 2000 found allies such as the rock star Bono (see the special contribution by the lead singer of U2). These efforts played a big role in winning debt relief concessions from G-7 countries, including an expanded heavily indebted poor countries (HIPC) initiative and bilateral commitments to write off debt from countries such as the United States. The NGO campaign was facilitated by growing recognition at the In-

ternational Monetary Fund (IMF) and World Bank that debt relief was critical to reviving development in many countries.

#### *THE ESSENTIAL DRUGS CAMPAIGN*

By 1996 protease inhibitors and triple therapy for AIDS patients were sharply reducing deaths in countries where patients could afford the \$10,000–\$15,000 a year needed for treatment.<sup>11</sup> At the same time, a number of international NGOs became concerned about the impact that the WTO's accord on Trade-Related Intellectual Property Rights (TRIPS) would have on prices and access to vital medicines. In October 1996 Health Action International, a network of public health workers with members in more than 70 countries, led the first major NGO meeting on the issue. Soon Health Action In-

### SPECIAL CONTRIBUTION

#### The role of Jubilee 2000 in debt relief

Many things about the 21st century are bizarre. That people listen to rock stars talking about politics. That if your daughter is born in Malawi, chances are she may not reach her 5th birthday—but if she is born in the United States, she'll probably still be around at 80.

The facts that shock us must also anger us and inspire us to be bold. If everybody, whether born in Accra or Albuquerque, is to be able to achieve their full potential, the immense structural inequalities that define our world need to be broken down.

The Jubilee 2000 movement showed what can happen when forces join together. Millions blazed a path that we all must follow. Ordinary people from around the world articulated their concerns about a global economic injustice—unpayable, unjust debts—thereby altering rich country policy towards poor countries.

People in rich countries said that they didn't want the money back; people in poor countries said that the benefits must be used to reduce poverty. Student unions and mothers unions teamed up with nuns in Zambia and priests in Peru. Twenty-four million people from more than 60 countries signed the world's largest petition using pens, pencils, thumbs and computers. Where these people led, politicians began to follow.

The movement made history—though not actually in terms of getting enough debt cancelled. This we are still working on. But in terms of the sheer

force of people coming together to put pressure on governments—rich and poor—to be more responsive and more responsible.

We need to empower with information and listen to those who are most in need about how they can be supported. In Uganda schools using money freed by debt relief have blackboards on their walls detailing how the cash is being spent—for pupils and parents to monitor. The Uganda Debt Network in turn receives official funding to ensure that debt relief money is well spent on a national scale. This best practice needs to be copied much more widely, and shows how accountability and transparency can strengthen democracy.

People's movements in rich countries need to help give voice to the democratically elected leaders of poor countries and to civil society groups. Rich countries cannot be allowed to dictate just because they have the power. Some of us are well placed to develop and amplify the melody line—for greater democracy, accountability and transparency—but the chorus needs to be stronger. Individuals, communities and corporations need to step up. Too much is at stake for silence to be anybody's option.



**Bono**  
U2

ternational and the U.S.-based lobbying group CPTech formed a coalition and began campaigning for early access to medicines, with a core goal being to recast trade agreements to support public health goals. Médecins Sans Frontières joined the coalition shortly thereafter.

South Africa became a focus of the campaign when in July 1997 its new Medicines Act was challenged by U.S. pharmaceutical companies. South Africa wanted to proceed with a bill designed to accomplish rather modest goals: authorizing parallel imports of medicines and generic drug substitution. But large U.S. drug companies bitterly opposed the parallel trade provisions and claimed that the generic drug substitution provisions violated provisions of the TRIPS agreement. Adding weight to the threats of the drug companies, the U.S. government began putting considerable pressure on South Africa's government to repeal or modify the bill.

In 1998 the World Health Organization (WHO) also became a focus, when Zimbabwe's minister of health took a resolution to its executive board asking members to pass a revised drug strategy. The intent was to ensure that public health rather than commercial interests would have primacy in pharmaceutical and health policies and to review options under the TRIPS agreement to safeguard access to essential drugs. The resolution had been drafted with significant input from the NGO campaign group.

The WHO resolution created a furore in the pharmaceutical industry. Within a few weeks 37 pharmaceutical companies sued the South African government over its new Medicines Act, and at the same time pressed their governments (the United States and EU countries) to oppose the new WHO resolution. Though the WHO eventually adopted a revised drug strategy, in January 2001 the pharmaceutical companies reactivated their lawsuit against the South African government—invigorating a wider campaign by NGOs to preserve access to essential drugs. For example, Oxfam announced a campaign calling for Glaxo to withdraw from the South Africa case and lower its prices. Adverse publicity and government pressure eventually

forced the drug companies to withdraw their case and compensate the South African government for its legal bills (box 5.1).

In the meantime the campaign began seeking generic suppliers of crucial HIV/AIDS drugs. A pharmaceutical company in India, CIPLA, agreed with Médecins Sans Frontières to provide African countries with the medicines for \$350 a year per patient. This move transformed the immorality of withholding life-saving medicines into a real choice—putting enormous pressure on politicians in Europe and North America as well as on the major pharmaceutical companies and the TRIPS regime.

In November 2001 the WTO ministerial conference in Doha adopted a declaration on the TRIPS agreement asking member countries to implement it in a way that protects public health and promotes access to medicines for all people. The declaration gives countries the freedom to choose the grounds for granting compulsory licenses and the right to determine what constitutes a national emergency or urgent circumstances. The declaration also gives least developed country members until 2016 to implement the TRIPS agreement for pharmaceuticals, and allows for the possibility of further extensions. Though this was an important step in facilitating access to essential medicines, the campaign continues in full swing. The declaration did not resolve many issues, notably measures to help countries with no manufacturing capacity achieve access to medicines produced as generics in other countries.

#### *THE CAMPAIGN FOR INTERNATIONAL HUMAN RIGHTS AND AN INTERNATIONAL CRIMINAL COURT*

International relations have long been based on state sovereignty and sovereign immunity—protecting states and state leaders from outside interference. Yet crimes against humanity in the 20th century led to a powerful and universal belief that there are certain acts for which individuals have to be held accountable by the international community. Tragically, the last decade of the 20th century provided several cases where the consensus against war criminals was put to the test in countries such as Bosnia

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### Access to essential HIV/AIDS medicines—what made the campaign successful? From the campaign diary of CPTech

*The campaign worked closely with governments.* Non-governmental organizations (NGOs) helped developing country governments frame policies and initiatives while also lobbying policy-makers in the European Union and the United States, where major pharmaceutical companies are based. For example, activists advised South Africa's government on its Medicines Act and helped Zimbabwe draft the resolution asking the World Health Organization (WHO) to pass a revised drug strategy. In February 1999 U.S. campaign members proposed adding a provision to African trade legislation to cut off funding to agencies that pressed African countries to adopt intellectual property laws exceeding the requirements of the World Trade Organization agreement on Trade-Related Intellectual Property Rights (TRIPS). In March 1999 CPTech, Health Action International and Médecins Sans Frontières organized a workshop on compulsory licensing in Geneva. The information presented at the workshop shocked developing country delegations, inspiring an increasingly well-informed, determined coalition of NGOs and developing country delegates to challenge U.S. and EU trade policies on medicines.

*Developing country negotiators were expert and well-briefed.* NGOs worked closely with Southern African countries, which considered a new essential medicines strategy essential to counter U.S. and EU trade pressures on patent issues. Dr. Olive Shisana, the key ne-

gotiator for African countries, was tough and well informed—often reading sections of the TRIPS agreement and U.S. compulsory licensing decisions to poorly briefed U.S. and EU negotiators. The final strategy was an almost complete victory for developing countries and NGOs.

*Local NGOs played an important role.* In September 1998 NGOs from Thailand organized the first demonstration demanding compulsory licenses for HIV drugs. The Thai efforts were partly successful: Thai regulators permitted competition for fluconazole, and in nine months its price fell from 200 baht to 6.5 baht. Similarly, in late 1998 the Treatment Access Campaign was formed in South Africa.

*Industrial country activists were mobilized.* In 1999 CPTech began meeting with AIDS activists to discuss patent and trade issues—focusing on the growing disparities between industrial and developing countries in access to medicines. Few of the activists were aware of compulsory licensing or U.S. trade pressures on South Africa, Thailand and other countries.

*Generics manufacturers made the difference.* Pharmaceutical companies in developing countries played a critical role in the process. India's CIPLA offered generic substitutes of HIV drugs for \$350 a year per treatment—a small fraction of the price charged by the Western firms that held the patents on the drugs. The pressure exerted by generic substitutes from developing countries transformed the debate.

*The U.S. government changed its position.* At the chaotic 1999 WTO ministerial con-

ference in Seattle, Washington, U.S. President Bill Clinton announced a shift in policy, stating that U.S. health care and trade policies would ensure access to needed medicines for people in developing countries. And after President George W. Bush took office in January 2001, the new U.S. trade negotiator shocked the country's pharmaceutical industry by declaring that the government would not overturn Clinton's executive order and would continue to consider public health in matters concerning trade and intellectual property rights. Increasing media coverage focused on the moral imperative of protecting public health in developing countries.

*The European Commission played a constructive role.* In 2000 the European Commission launched an extensive review of its trade policy on access to medicines. A series of consultations with NGOs and drug companies addressed both general and technical issues, allowing EC trade officials to clarify issues and evaluate different arguments. These discussions fostered the environment that in 2001 led to the WTO's supportive declaration on public health, essential drugs and the TRIPS agreement.

*Adverse publicity forced drug companies to withdraw their case.* In March 2001 the court case pitting U.S. and EU drug companies against the South African government began with massive global publicity. Médecins Sans Frontières' Internet petition asking the companies to drop the suit received about 250,000 signatures—about the same number of South Africans who died of AIDS the previous year.

Source: Love 2002.

and Herzegovina and Rwanda. Global judicial mechanisms faced an unprecedented challenge because the overwhelming majority of conflicts occurred within states.

As international intervention in these conflicts increased, there was an inevitable demand for judicial mechanisms to hold accountable the perpetrators of injustices. Several ad hoc tribunals had a major impact on international law, including the recognition of rape as an act of genocide and a prosecutable crime against humanity (box 5.2).

Campaigns for international human rights have owed their unexpected success to voluntary associations of citizens acting on the basis of transnational values and goals. Amnesty In-

ternational and Human Rights Watch, particularly for civil and political rights, have developed extremely effective ways of influencing governments. Links have been established among transnational NGOs, local activists and individuals and groups that were targets of government abuse. Information became an instrument of "soft power" because most governments were reluctant to have their images tarnished by objective reports that could not be dismissed as hostile propaganda.

The emergence of such networks has evolved to the point where it is plausible to posit the emergence of "global civil society" as a constituency of networks committed to attaining global justice on a range of issues. The

strength of this new dimension of world politics has been augmented by a flexible capacity to enter collaborative relationships with governments in the pursuit of shared goals. The most successful expression of this collaborative process led to the establishment of an International Criminal Court.

As early as 1948 the UN General Assembly instructed the International Law Commission to study the issue of an international criminal court. But the initiative went nowhere for several decades as a result of the cold war. Then in the aftermath of the establishment of ad hoc tribunals for Rwanda and the former Yugoslavia, the General Assembly asked the commission to submit a draft statute for an International Criminal Court. In 1996 the General Assembly carried the process a step further, mandating a diplomatic conference that would seek inter-governmental agreement on the establishment of such a tribunal.

This conference, held in Rome in 1998, led to the adoption in treaty form of the Rome Statute of the International Criminal Court. Civil society human rights organizations across the world mobilized support for the court, campaigning nationally and internationally for ratification. The court passed a key milestone in April 2002 when the 60th ratification was received by the United Nations—the critical mass needed to establish the court.

The International Criminal Court has the authority to prosecute genocide, crimes against humanity, war crimes and the crime of aggression (if an agreed definition of this crime can be reached along with conditions for its application). The exercise of criminal jurisdiction is limited by acceptance of the complementarity principle: the court can act only if systems of national justice fail to indict and prosecute those alleged to be guilty of such criminality. In this sense the international court is a second line of protection, with primary reliance being placed on national judicial systems.

Formidable obstacles remain for the International Criminal Court, including opposition from powerful countries such as the United States and several countries in Asia. The United States, which “un-signed” the treaty and withdrew in May 2002, objects to the court because

BOX 5.2

### **Making rape an act of genocide and a crime against humanity—the Rwanda tribunal**

In 1998 the testimony of a Rwandan woman, identified simply as JJ, made legal history—leading to the first case of a court holding rape to be an act of genocide and a crime against humanity. Jean-Paul Akayesu, mayor of Taba, Rwanda, was found guilty of ordering, instigating, aiding and abetting acts of sexual violence in a case brought before the International Criminal Tribunal for Rwanda.

The first person ever prosecuted for war crimes by an international military tribunal was Sir Peter von Hagenbach, in 1474. Rape was included among the charges only because von Hagenbach had failed to inform the city in which he and his men committed the rapes that it was officially occupied. It took a long time for rape to become a central charge in international trials against war criminals. The Geneva Conventions dedicate only two articles specifically to rape and only implicitly condemn it in others as “outrages upon personal dignity” or “inhuman treat-

ment”. The conventions do not make rape a war crime, but a “grave breach”.

Rape was first defined as a crime against humanity in 1996, in the statutes of the Yugoslav war crimes tribunal. This definition made it a prosecutable offence, considered quite revolutionary. But human rights activists and women’s groups complained that the category of “crime against humanity” involved difficult questions of proof. So, after months of debate, rape was also listed in the category of “genocide”—a less limiting concept. In that sense the Yugoslav tribunal paved the way for the Rwandan trial against Akayesu, who was first arrested in 1995 on charges that did not include sex crimes. Akayesu’s conviction represents a fundamental step in the evolution of international law and sent an important message not only to the international community but also to a country where, as the UN Special Rapporteur on Rwanda put it, “rape was the rule and its absence the exception”.

*Source:* Neuffer 2001.

of fears that U.S. nationals will be brought to trial through a process that it finds questionable. These controversies affect issues such as funding and judicial independence. There are also practical difficulties of determining whether justice has been rendered at the national level. Further, as litigation over former Chilean dictator Augusto Pinochet highlighted, there is evolving support for the exercise of universal jurisdiction by national courts: for holding an individual subject to indictment and prosecution for crimes of state wherever and whenever they took place. In theory, this could downplay the role of the International Criminal Court.

Even so, the establishment of a widely ratified international court is a promising innovation. The court provides a measure of legal protection against the worst abuses of state power directed at people. It limits territorial sovereignty by making leaders accountable to external standards. Such accountability may have a deterrent effect, as well as provide those victimized by the crimes with vindication and punitive relief. And it extends the rule of law to the behaviour of the highest officials—and to those

*A rise in transnational civil society campaigns has come alongside the emergence of new multistakeholder processes as an important new feature of global power and decision-making*

who act under the cloak of their authority. For all these reasons the international court is an important achievement for a campaign in which NGOs provided vociferous support to the United Nations.

A rise in transnational civil society campaigns has come alongside the emergence of new multistakeholder processes as an important new feature of global power and decision-making. In part this is due to the recognition that participation, public support and ownership by local actors and governments is vital for international cooperation to work. But it also reflects a rise in the aspirations of civil society, academics and business groups to become involved in policy at the global level.

These new processes challenge the traditional intergovernmental model of international relations. They reach inside states to involve local communities and affected people. They also reach beyond governments to transnational groups, alliances and experts. Equally important, the new multistakeholder processes stretch beyond mere consultations to a more active role for non-state actors in setting agendas and formulating and monitoring policy.

#### *THE WORLD COMMISSION ON DAMS*

The World Commission on Dams, which began its work in 1998, has been described as a watershed in new global processes. The commission is an experiment in multistakeholder negotiations, with four commissioners from governments, four from private industry and four from NGOs. It reviewed the development effectiveness of large dams and developed internationally acceptable criteria, guidelines and standards for the planning, design, appraisal, construction, operation, monitoring and decommissioning of dams. Its findings have been published as a major report.

The commission's process represents a complex, innovative new approach to an important global problem (box 5.3). The commission has established significant benchmarks and norms for incorporating environmental considerations. China, India and other large countries have criticized some results out of fear that opposition to dam construction will handicap their

efforts to meet national energy needs. But the commission has promoted a rich, nuanced debate on environmental considerations.

This underscores the lesson of the campaign for the International Criminal Court: that new process does not always create new consensus. As with the court, a key challenge for supporters of the commission is to find ways to engage in constructive dialogue with their opponents.

#### *POVERTY REDUCTION STRATEGIES*

The IMF and World Bank have adopted a new multistakeholder process for forging poverty reduction strategies in the context of debt relief programmes. All countries requesting debt relief under the latest phase of the heavily indebted poor countries (HIPC) initiative must adopt a Poverty Reduction Strategy or an interim strategy developed through a broad participatory process. The IMF and World Bank describe the process as one in which the borrowing country and its people take the lead, with Poverty Reduction Strategy Papers being prepared by the government with the active participation of civil society, donors and international institutions. The international institutions hope the process will generate fresh ideas about strategies to achieve shared growth and poverty reduction goals—and to help develop a sense of ownership and national commitment to reaching those objectives.

The new process attempts to ensure that a wider range of stakeholders get influence and share control over priority setting, policy-making, resource allocations and access to public goods and services. But the kind of participation envisaged by the process holds mixed implications for democratic governance. Most notably, the term *participation* tends to refer to a wide range of interactions with stakeholders at the governmental, national and local levels. An intragovernmental 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 rare cases does interaction involve the kind of collaborative planning and decision-making envisaged in the

### Should large dams be built?

In 2000 the World Commission on Dams released its comprehensive report, *Dams and Development*, to address the acrimonious debate over building large dams. Supporters of large dams believe that they are an efficient, effective way of meeting a society's water and energy needs, arguing that opponents overestimate the capacity of alternatives to meet growing needs. Supporters also contend that more transparent, participatory and publicly accountable decision-making on dams could be prohibitively expensive. And they believe that decisions about dams' broader social and environmental effects are political—and should be resolved through the political process, not through a specific project's decision-making process.

Opponents of large dams argue that governments build them without full recognizing their social and environmental costs. They also contend that pro-dam groups undervalue alternatives means of meeting a society's water and energy needs. And they believe that the decision-making and operations of proposed dams are non-transparent and offer no opportunities for participation to people affected by the projects.

The report by the World Commission on Dams addresses these and other issues and offers a framework for decision-making based on seven strategic priorities: gaining public acceptance, assessing all available options, addressing

existing dams, sustaining rivers and livelihoods, recognizing entitlements and sharing benefits, ensuring compliance and sharing rivers for peace, development and security. The report proposes the adoption of a rights-based approach, in consonance with the UN Charter, Universal Declaration of Human Rights, UN Declaration on the Right to Development and Rio Declaration on Environment and Development.

The debate on dams reflect deeper divisions in the development community on the nature of legitimate, viable decision-making—divisions illustrated by recent conflicts on corporate relocation decisions and by protests against the World Trade Organization in Seattle, Washington, in 1999 and against the World Bank and International Monetary Fund in Prague, Czech Republic, in 2000. On one side is a technocratic view of executing economic policies and projects that have already been sanctioned by the mandated authorities. On the other are increasingly loud calls for these policies to take better account of the broader human and environmental costs for people and communities.

In the past there was fairly broad consensus that social and political issues could be separated from economic and technocratic issues. This tidy demarcation made conventional decision-making easier, with environmental and so-

cial issues resolved through political processes and economic and technical issues resolved through program-specific decision-making. But as the debate on dams has highlighted, this separation is now much more hotly contested.

The World Commission on Dams report shows that the conventional model of development decision-making—isolated from social, environmental, cultural and political implications—is no longer feasible. But it recognizes that there are still considerable arguments over what constitutes an alternative. Although the report has received much acclaim, it has also been subject to serious criticisms and reservations—particularly from the dam-building lobby, which finds itself split between those willing to accept the report's recommendations and other major players who remain implacably opposed. In addition, some large developing countries have complained that the report's recommended approach threatens their sovereignty.

That said, the contents of the report and the way it was produced set a useful precedent for the international community. By bringing accountability and participation to an issue previously considered technocratic and beyond public scrutiny, the World Commission on Dams extended the debate and broadened the scope for similar innovations in other contested areas.

*Source: American University International Law Review 2001.*

description of shared control over decisions and resources.

The problems are perhaps not accidental, because the desire of international institutions to build a participatory capacity-building and policy-making process has clashed with the need to disburse debt relief as rapidly as possible. Indeed, these institutions have often been under intense pressure to disburse debt relief from the same civil society groups that are pressing for deeper popular participation.

Take Burkina Faso, where participation in the HIPC/Poverty Reduction Strategy process took the form of a one and a half hour meeting of donors and civil society.<sup>12</sup> Where participation has been limited to ad hoc consultations, workshops and meetings, there is little evidence that it has affected decision-making or accountability.

These and other experiences with the Poverty Reduction Strategy process have underscored that more genuinely inclusive decision-making requires the full sharing of information and tasks, multistakeholder involvement in assessing and monitoring progress and institutional reforms that embed new participants in processes of priority setting, policy-making, implementation and monitoring in an ongoing and continuous way. These are the common elements in two successful Poverty Reduction Strategy experiences in Uganda and Viet Nam,<sup>13</sup> though in developing their strategies both countries were also able to draw on existing policies and institutions. In their poverty reduction activities both governments have been held accountable by institutionalized transparency, consultation and participation in planning and monitoring.

*As markets have gone  
global, so too must the  
idea of corporate  
citizenship and the  
practice of corporate  
social responsibility*

The UN Global Compact, since its formal launch in July 2000, has grown to encompass several hundred participating companies as well as international labour groups and more than a dozen international civil society organizations. Its aim is to bring such players together to advocate and promulgate nine core principles drawn from the Universal Declaration of Human Rights, the International Labour Organization's Fundamental Principles on Rights at Work and the Rio Declaration on Environment and Development. In signing the compact, companies are asked to commit to these principles in their corporate domains. The compact has been taken up in more than 30 countries, including Brazil and India.<sup>14</sup>

Of the 400 companies that have expressed interest in supporting the compact's core principles, only 70 have provided examples of how they have put these principles into effect.<sup>15</sup> Such practical examples are necessary for inclusion on the compact's Website, after which a company is more open to public scrutiny on its commitment to social responsibility.

Clearly, the compact is not a regulatory regime—or even a code of conduct. The United Nations 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.”<sup>16</sup> That said, the compact reflects how international organizations and large multinational private actors perceive a need to respond not just to global markets but also 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.

Several NGOs support the Global Compact but would like it to have more regulatory teeth—something for which it has neither the capacity nor the mandate. In New York the compact's secretariat employs just four professionals. And no member country has given the compact the mandate to “name and shame” or to take legal action.

While recognizing that the Global Compact is an important innovation, many civil society organizations are wary that it could be used in public relations. Accordingly, several of them—including Corpwatch—have started scrutinizing the activities of firms that sign the compact. Such pressure helps corporations be more conscious of the public spotlight on their environmental and labour records. Indeed, much of the current movement towards corporate social responsibility has been due to the pressure exerted by NGOs, consumers and the media (box 5.4).

*NEXT STEPS IN DEEPENING THE ROLE OF  
CIVIL SOCIETY*

NGOs are helping reshape global politics by playing two distinct roles. One is to put pressure on decision-makers through campaigns. This role provides voice to different groups but does not place any responsibility on these organizations to engage with formal processes of change. Any group or individual is entitled to a voice. This is a legitimate part of democratic pluralism. As long as this voice does not infringe on the rights and liberties of others, it does not require channelling or control.

But the second role of NGOs is distinctly different—involving them directly in global negotiations. Furthering this role requires formal arrangements that involve responsibilities for both international NGOs and intergovernmental agencies. This suggests a need to give some formal structure to their role in decision-making.

NGOs participating in global forums are trying to address this issue in three ways. The first has been to aggregate the views and demands of various NGOs and present a coherent case for negotiations. For example, umbrella groups such as the Women's Environment and Development Organization have often tried to play a constructive role in aggregating demands and negotiating proposals. Similarly, the Conference of Nongovernmental Organizations is trying to provide a platform for joint discussion of issues and procedures, such as accreditation to intergovernmental organizations.

A second form of structured dialogue involves formulating common codes of conduct

### Pressure from non-governmental organizations for corporate social responsibility

The 1990s saw a considerable increase in non-governmental organization (NGO) activism on corporate responsibility. This was partly a response to the perception that governments were not effective at controlling large corporations following the extensive deregulation of the 1980s. NGO activists also became more aware of the power and influence of transnational corporations, and became concerned that unregulated globalization would have negative social and environmental consequences in developing countries.

NGO campaigns have focused on three major areas involving the impact of transnational corporations. The first, labour rights, has been taken up by international development NGOs such as Oxfam, Christian Aid and the Catholic Institute for International Relations. Some have focused on specific issues within their area of expertise—for example, Save the Children Fund has focused on child labour. In addition, new NGOs and coalitions of NGOs have emerged, such as the Clean Clothes Campaign in Europe and the Coalition for Justice in the Maquiladoras in the Americas.

A second prominent area involves human rights, particularly relative to the actions of security forces and the rights of indigenous pop-

ulations. Mining and oil companies, developing new sources of natural resources in developing countries, have often found themselves in conflict with indigenous groups in the areas where they operate. Yet many governments, interested in increasing exports, tax revenues and extractive royalties, have repressed local opposition. As a result some transnational corporations have found themselves conniving, at least tacitly, in the suppression of indigenous populations. The most prominent example was Shell's involvement in Nigeria's repression of the Ogoni people. Organizations such as Human Rights Watch and Amnesty International have raised questions about the impact of transnational corporations on human rights.

NGOs have also been active in highlighting the effects of corporate actions on the environment. Shell was also the target of a Greenpeace campaign against the dumping of the Brent Spar oil platform in the North Sea. Other examples include campaigns against the environmental impacts of transnational corporations engaged in mining—as with BHP in Papua New Guinea. In 1997 Friends of the Earth drafted a model code of conduct for mining projects.

Without an intergovernmental system for regulating global business, many NGOs see

comprehensive codes of conduct for transnational corporations—if effectively monitored and independently verified—as a means of constraining corporate power. But there is broad agreement that such codes should complement government regulation, not substitute for it.

The variety of organizations makes generalizations difficult. For example, environmental NGOs focus on environmental codes, while development NGOs tend to emphasize labour rights. Whatever the cause, targeted campaigns by NGOs can threaten the reputations of corporations—forcing them to respond. In mining, companies long attacked for corruption and lack of concern for the environment and indigenous communities have responded by forming the Global Mining Initiative. Other NGO campaigns include those that led to the (U.S.) White House Apparel Code condemning sweatshops in developing countries and the Agreement to Outlaw Foreign Commercial Bribery.

Many corporations have responded to such activism by establishing codes of conduct and changing business practices. Some have also set standards for domestic firms on labour, environmental and human rights issues. Little of this activity would have occurred without the high-profile efforts of NGOs.

Source: Jenkins 2001.

for members. This derives from the need for many NGOs to distance themselves from violent, nihilistic groups, evident in many protests against globalization. Accordingly, groups such as Friends of the Earth Europe have launched codes emphasizing peaceful protest and proposals advocating positions, rather than simply reacting negatively. Similar codes on advocacy, non-violence and tolerance have been adopted by the U.K. New Economics Foundation.

The third set of measures relates to the increased involvement of NGOs from developing countries, to increase the representativeness of groups based in industrial countries. Only 251 of the 1,550 NGOs associated with the UN Department of Public Information come from developing countries, and developing country NGOs account for an even smaller share of those in consultative status with the UN Economic and Social Council.<sup>17</sup> But coalitions are being built, and national NGOs are participat-

ing in global networks on issues of relevance to them. In the Jubilee 2000 campaign a frequently cited example comes from Uganda, where industrial country NGOs such as Oxfam provided technical assistance to local organizations so that they could develop proposals for their dialogue on debt relief with their government. The results were then incorporated in the global campaign. A similar process was evident in the essential drugs campaign.

Official intergovernmental bodies are also responding to the need to structure NGO participation in global governance. In some cases, particularly involving human rights, UN treaty bodies allow “alternative” reports, prepared by NGOs, to accompany official reports. In other cases, such as the committee process for the Organisation for Economic Co-operation and Development (OECD), discussions are organized between official delegations and NGOs prior to formal deliberations. International or-

*There is growing awareness that accountability, where NGOs are concerned, must be a two-way street*

ganizations have also formulated policies for NGOs, outlining criteria for their accreditation and mechanisms for engagement.

Moves by NGOs and intergovernmental bodies to structure the role of NGOs are part of a natural evolution that has the potential to add a fresh voice to global decision-making. But these new multistakeholder processes are only a partial step towards more inclusive global governance—since they address only a few distinct issues.

Civil society groups have also brought their energies to bear on international institutions more broadly, lobbying for greater voice and deeper participation. These efforts can often bring new insight, expertise and energy to policy-making. But easier access to international institutions and businesses—through revolutions in communications technology and global coalitions—can also magnify the voice of obscure, unrepresentative or antidemocratic organizations. And it can undermine formal accountability.

These concerns have come to the fore at the global level in recent debates about NGO access to international institutions such as the WTO. International NGOs have fought a long campaign for greater access to such institutions, but progress has been limited. The UN General Assembly, for example, still does not allow NGOs to participate in formal decision-making. On one side, developing country officials complain that their sovereign rights are being undermined by NGOs that lack the legitimacy of elected governments. On the other, NGOs counter that they are interested only in having a voice, not a vote, and that national institutions often offer little scope for citizens' voices to be heard.

There are no simple solutions to these dilemmas, especially in countries where all the elements of governance crucial to human development—economic, social and political—are undergoing dramatic change. But there is growing awareness that accountability, where NGOs are concerned, must be a two-way street. To genuinely contribute to stronger democratic institutions and more democratic politics, civil society groups are recognizing that they too must be accountable for their actions. Otherwise, they risk losing public confidence and the legitimacy that enables them to engage in civic life.

## **BUILDING MORE DEMOCRATIC INTERNATIONAL INSTITUTIONS**

Multilateral organizations face two distinct problems in the contemporary world: the inadequate commitment of powerful member governments and the disillusionment of weaker states. In the face of these challenges, policy-makers are all too aware that international institutions have to be made more effective and more accountable.

This concern has been expressed in proposals for new institutions to deal with the problems of globalization. In a series of high-level commissions appointed by politicians, international organizations and private foundations, proposals have been made for a new global environment organization, a global bankruptcy mechanism, a global financial regulator and an international tax organization.

Creating such new institutions would require tremendous political will from powerful states: political will that so far is not very apparent. More profoundly, however, the structure and workings of any such new institutions would need to take into account some of the emerging lessons about how and why international organizations need to be made more representative and more accountable.

Although globalization has vastly expanded the demands on global institutions, it has also heightened a crisis of legitimacy and effectiveness. Large parts of the public no longer believe that their interests are represented in institutions such as the IMF, World Bank, UN Security Council and WTO—or that the institutions are adequately accountable for what they do. Representation and accountability have always been weak in these multilateral institutions. But today the weaknesses are glaring because the institutions are being called on by their powerful members to intrude much more deeply into areas previously the preserve of national governments—especially in developing countries. Over the past two decades these institutions have increasingly prescribed and required structural and institutional reforms. For example, in the 1980s countries that borrowed from the IMF and World Bank were required to meet 6–10 performance criteria—and in the 1990s, some 26.<sup>18</sup>

Efforts to deepen democracy in international institutions must confront the realities of global power. Powerful countries will inevitably invest more energy and political capital in institutions that enable their power to be exercised. Once they are members of an elite club, countries are reluctant to lose that power or see it diluted by opening to new members. This explains why proposals for reform always encounter stiff resistance. And that is why broad acceptance of the principle of democratization has translated into so little progress at the level of specific proposals.

*PROMOTING DEMOCRATIC PRINCIPLES IN INTERNATIONAL FINANCIAL INSTITUTIONS*

Although developing countries are deeply affected by the decisions of institutions such as the IMF, World Bank and WTO, they have little power in their decision-making. There is an unavoidable democratic deficit in international organizations because people do not get to directly elect (or throw out) their representatives. This would be true even if all member countries of international organizations were flourishing democracies. Under present arrangements, even if they so wished, citizens could not use their votes to influence, restrain or hold accountable their government in its actions in an international organization. Nor can citizens rely on their parliaments and politicians to hold international organizations accountable. That said, however, the democratic deficit does not rule out improving the representativeness of international organizations.

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, consensus decisions are always underpinned by the realities of power and a knowledge of which actors can veto or push final decisions. In reality, consensus decision-making seldom gives voice to marginalized actors.

What is needed is to rewrite the way seats and votes are allocated within international or-

ganizations, to better recognize the increased stake of developing countries. Their cooperation and commitment to international agreements is vital if any international organization is to succeed in managing globalization.

For this reason the old rules about representation are no longer viable or desirable. Put bluntly, the IMF and World Bank will not be able to do their jobs effectively if they remain tied to structures that reflect the balance of power at the end of the Second World War. In the past 55 years their roles and duties have changed beyond recognition, as have the expectations of their vastly increased membership.

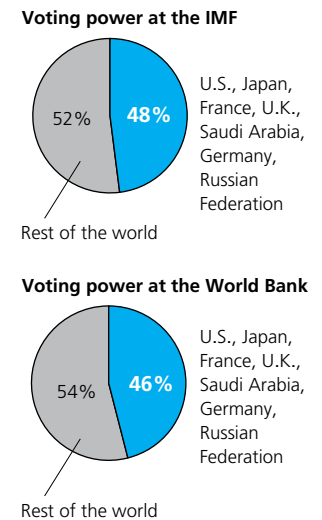
Nearly half of the voting power in the World Bank and IMF rests in the hands of seven countries (figure 5.2). This voting power is exercised in the formal decision-making bodies—the executive boards—of each institution.

Equally important are the informal influences and traditions that shape the work of these organizations. These informal processes further weight the scales in favour of industrial countries. For example, the heads of the World Bank and IMF are chosen according to a political convention whereby the United States and Europe nominate their candidate for each, respectively. Other countries and critics rightly brand the process as undemocratic and insufficiently accountable.

Yet more profoundly, the institutions are often criticized by academics, industrial country NGOs and developing country analysts for basing their economic advice and policy conditionality on a narrow world view that reflects the interests of their most powerful members. In particular, they are widely perceived as being overly accountable to their largest shareholder, largely through informal influences such as the location and staffing of the organizations and their susceptibility to pressure on select issues.<sup>19</sup>

These concerns about who the IMF and World Bank represent have been heightened as the institutions have begun to prescribe policies over an ever broader range of issues. Concerns about corruption and other aspects of politics affecting macroeconomic imbalances in IMF member states have led that organization to join the World Bank in paying more attention

FIGURE 5.2  
**Whose voice counts at the IMF and World Bank?**



Source: IMF 2002a; World Bank 2001b.

*The new role of the IMF and World Bank highlights the need for deeper participation by their borrowers: developing countries*

to governance issues in its policy prescriptions and programmes. These shifts have increased scrutiny of the institution's internal governance—specifically the representation of countries, the way policy advice is formulated and the uneven risks associated with policy advice. The new role of the IMF and World Bank highlights the need for deeper participation by their borrowers: developing countries.

A primary source of contention relates to the shares of developing and industrial countries in decision-making. Members of the IMF do not have equal voting power. Voting weights are based on two components. Each member has a set of 250 basic votes that come with membership.<sup>20</sup> The second component is determined by economic power. Votes accompany country quotas that reflect the economic strength of countries. Since the formation of the IMF there has been a major imbalance in the evolution of the two sources of voting power. Basic votes have declined dramatically as quotas have increased. The share of basic votes in voting power has declined from 12.4 % to 2.1%.<sup>21</sup> At the same time, an additional 135 countries have become members, including many transition economies.<sup>22</sup>

During this period the basic nature of the IMF and World Bank has changed. They were created at the end of the Second World War as institutions of mutual assistance. The IMF would provide resources to any country facing temporary balance of payments difficulties. The World Bank would help channel investment to countries for postwar reconstruction and development. This sense of mutual assistance has changed in the intervening years.

Today the IMF and World Bank lend exclusively to developing and emerging economies. Furthermore, their loans are linked to conditions that increasingly impinge on the domestic policies of the state. The result is a new kind of division between creditor countries on one hand, who enjoy increased decision-making power and have used it to expand conditionality, and borrowing countries on the other, who view conditionality as externally imposed. This can be particularly worrisome when there is considerable division of opinion on that policy advice, and when the risks associated with the

policy advice are borne almost exclusively by the people of the borrowing country.

Consider full capital account convertibility, suggested by the IMF in recent years. Many analysts claim that this advice contributed to greater instability in East Asia, the Russian Federation and elsewhere. The IMF came under sharp criticism for such advice, as well as for the way it handled various crises. This debate is complex, and the IMF has vigorously defended its role. The point here is not to debate the technical merits of the policy advice. It is to see what can be done to make decision-making more transparent and accountable—and to increase the voice of developing countries in shaping those decisions.

There is now greater recognition of the need for the World Bank and the IMF to increase the representation of developing countries. They could do so in a number of ways.

*First, by increasing the proportion of basic votes allocated to each member.* When the IMF was created, each member was given an equal number of basic votes as well as a percentage of votes that reflected its economic size. As noted, basic votes have been neglected and now account for less than 3% of total votes.<sup>23</sup> Restoring a degree of parity in voting strength for developing countries requires increasing basic votes to an agreed proportion of voting rights.

*Second, by enhancing the voice of developing countries within the institutions.* Formally, all members of the IMF and World Bank executive boards are supposed to appoint the institutions' presidents. But by convention, Europeans select a candidate for director of IMF and the U.S. government selects the head of the World Bank. The adverse symbolism of a closed, secretive selection process based on privilege in institutions committed to greater accountability and transparency is obvious. The selection process needs to be opened and perhaps made somewhat more substantive regarding the candidates' views on the vision for the organizations. A selection committee for such a post would enable broader participation and transparency.

Another step would be increasing the number of seats for developing countries on the ex-

executive boards. At present executive directors from developing countries represent large constituencies and have minimal input on policy formation. The number of developing country executive directors could easily be increased, along with more input from technical staff that could better help them prepare for serious policy discussions. Moreover, as in many other institutions, female representation at the highest levels remains low (figure 5.3).

The democratic character of these institutions could be enhanced by revising the role of quotas, improving the gender balance in high-level decision-making and strengthening the executive directors of developing countries and involving them in the selection of the institutions' presidents. These reforms would also change perceptions of international financial institutions—away from a continuing suspicion of external domination to one where developing countries feel greater ownership and responsibility for decision-making.

*Third, by making the institutions more accountable for their actions*, not just to their board members but also to the people affected by their decisions. Governments are held accountable through a variety of social, political and legal institutions. These institutions must also be used to make global financial institutions more accountable. Specifically, this means ensuring transparency and monitoring and evaluating their rules, decisions, policies and actions.

*Transparency.* Although it is a cornerstone of accountability, international financial institutions long argued that they had to limit transparency to protect proprietary or confidential information and to not adversely affect full and frank discussion in their decision-making processes. But this revolution has occurred in many international organizations, such as the IMF and World Bank.

The World Bank adopted an information disclosure policy in 1993, leading the way for other institutions. By 2001 the Bank had expanded the policy's scope to include the release of documents on the Heavily Indebted Poor Countries initiative and Poverty Reduction Strategy Papers, including summaries of board discussions of these documents, and papers by International Development Association deputies

on replenishment negotiations. A revision of this disclosure policy in September 2001 further extended the information available to the public to include a greater number of project-related documents and the chairman's summaries of board discussions of Country Assistance Strategies and Sector Strategy Papers. A more systematic approach to accessing Bank archives was also developed.

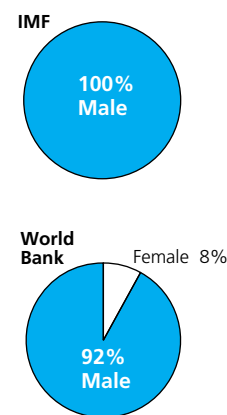
At the IMF, where most information was previously inaccessible to anyone outside the walls of the institution, research is now published on the organization's Website along with considerable documentation on work with individual countries. The IMF is also pressing governments to permit greater disclosure and publication of policies and agreements with the IMF (these must be kept confidential if a government so wishes).

But serious gaps in transparency remain. For democratic accountability the most noticeable are decisions by the Bank and IMF executive boards. The minutes of board meetings are not published. Votes are not taken and so cannot be recorded or publicized. This means that citizens of member countries (or interested outsiders) cannot hold executive directors or their governments accountable for their policies in the IMF or World Bank.

The secrecy of board deliberations and members' positions is often defended on the grounds that it reinforces the collegiality of the executive board, the frankness of discussion and its capacity to make decisions by consensus. Interestingly, the Monetary Policy Committee of the Bank of England once made a similar argument—debunked by the subsequent experience of that agency, whose minutes and votes have been recorded and published shortly after meetings since 1998.

*Monitoring and evaluation.* Like most institutions, global organizations are under constant pressure from shareholders, members, NGOs and critics to evaluate their operations and effectiveness in a more thorough, effective and public way. This includes subjecting themselves to outside, independent scrutiny and to constant internal monitoring. The new expectation that institutions conduct and publish critical independent evaluations of themselves

FIGURE 5.3  
Women on the boards of directors of international financial institutions



Source: Women's Environment and Development Organization 2002.

*The newest form of accountability in international organizations goes beyond transparency and evaluations and offers a more active, participatory form—best described as judicial-style accountability*

was highlighted by the UN's publication of a critical independent examination of its policy in Rwanda, commissioned by the Secretary General in May 1999.<sup>24</sup>

Similarly, the IMF's executive board has published independent evaluations of the Fund's Enhanced Structural Adjustment Facility, its surveillance and its research. More recently, the IMF created a semi-independent Office of Independent Evaluation. More extensive evaluations are undertaken in the World Bank Operations Evaluation Department. This department is part of the Bank and reports directly to the executive board, rating the development impact and performance of the Bank's policies, processes and lending operations.

To be effective, the results of all of these evaluations must be published, followed up and investigated, and necessary changes undertaken. This is particularly important for large organizations suffering from considerable inertia.

Without publication of independent assessments of what organizations are doing, it is not only difficult for the public to judge how well or poorly an organization is undertaking its responsibilities, it is also impossible for outsiders to offer support to insiders who recognize the need for change. By publishing critical reports, institutions can catalyse public attention and external pressure for change, helping to overcome inertia or vested interests within the organization. For these reasons the IMF may want to re-evaluate its policy of not publishing the work of the Office of Internal Audit and Inspection or of internal evaluations by operational staff. Similarly, the World Bank may want to consider publishing all the work of the Operations Evaluation Department (since 1993 its *Annual Review of Development Effectiveness* has been published along with summaries of evaluation reports for selected projects).

*Judicial-style accountability.* The newest form of accountability in international organizations goes beyond transparency and evaluations and offers a more active, participatory form—best described as judicial-style accountability. Just as tribunals, ombudspersons and other processes of redress permit citizens to hold governments accountable in national set-

tings, international counterparts are emerging to hold international organizations accountable. This form of accountability is intended to ensure that organizations act within their powers—and in keeping with their operational rules. Specific actions or decisions are examined, and attention is drawn to any breach of rules. Judicial-style accountability does not correct bad decisions. But it can publicize wrong-doing and encourage organizations to reconsider decisions.

The most notable recent steps in this direction are the World Bank's Inspection Panel, created in 1993 to deal with loans, and the Compliance Adviser/Ombudsman's Office, created in 1999 to deal with the work of the International Finance Corporation and Multilateral Investment Guarantee Agency. The Inspection Panel investigates complaints from any group of people able to show that:

- They live in a project area (or represent people who do) and are likely to be adversely affected by project activities.
- They believe that the actual or likely harm they have suffered results from failure by the Bank to follow its policies and procedures.
- Their concerns have been discussed with Bank management and they are not satisfied with the outcome.

The Inspection Panel makes preliminary assessments of the complaints, taking into account Bank management's responses to the allegations. The panel can then recommend to the Bank's executive board that the panel proceed with a full investigation. The board retains the power to launch full investigations and to make final decisions based on the findings of the panel and the recommendations of Bank management.

The Compliance Adviser/Ombudsman's Office—set up after consultations with shareholders, NGOs and members of the business community—aims to find workable, constructive approaches to dealing with environmental and social concerns and complaints of people directly affected by projects financed by the International Finance Corporation and Multilateral Investment Guarantee Agency. The office's work focuses on dialogue, mediation and conciliation. The office has the power to make rec-

ommendations but not to act as judge, court or police officer.

Both these experiments have resulted in the development and publication of detailed operating principles and procedures—standards to which the institutions can be held accountable. In this respect they have increased transparency and opportunities for monitoring and evaluation.

That said, there are several limits to judicial-style accountability, particularly for developing countries. First, not everyone is in an equal position to use the procedures—not just in lodging formal complaints but also in ensuring that the threat of such actions makes officials mindful of their powers and their organizations' rules. In many cases people in developing countries have relied on industrial country NGOs to help fund and present their cases. Critics allege that the role of NGOs risks skewing the work of accountability tribunals towards issues and areas of most concern to people in industrial countries, as expressed through their NGOs. That would leave unserved 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 that of the Bank's Inspection Panel, may end up being shaped more by the desire of industrial country NGOs to garner publicity through confrontations and showdowns, not by quiet measures that more modestly improve the lives of people directly affected by projects.

Second, judicial-style accountability can be used to attack good decisions that suffer only a minor technical flaw relative to the rules. It can also be long, costly and time-consuming—diverting resources from the institution's central purposes. For this reason the threshold for a complaint to spark a full inspection is crucial.

Third, judicial-style accountability examines whether an institution has adhered to its policies and operational rules. It does not examine or adjudicate the quality or purposes of those policies and rules. Nor does it substitute for or offer recourse against the responsibility of decision-makers to make good policies and rules. It cannot prevent or call to account bad decisions made within the rules—which means that accountability for the quality of the rules has to be achieved through other means.

Fourth, judicial-style accountability does not resolve problems of unrepresentative or poor decision-making. But new institutions of scrutiny and monitoring can promulgate greater transparency and monitoring of global institutions. They also offer people within states some measure of redress in the institutions that affect their lives—yet in which they have little or no voice.

#### *PROMOTING DEMOCRATIC PRINCIPLES IN THE UNITED NATIONS*

The call for greater inclusion and democracy at the United Nations has led to calls for widening the organization's representative base. Reform proposals focus on three areas. The first involves expanding representation in the UN system—increasing the plurality of voices so that the institution is not seen as being solely for governments and bureaucrats. There have been proposals for a People's Assembly—something similar to an elected European parliament, with citizens around the world electing representatives. In addition, proposals have been made to allow civil society organizations to participate in the discussions of the General Assembly, Economic and Social Council and Security Council.

A second set of reform proposals focus on shifting power in international organizations towards those with more democratic decision-making procedures. Such reforms would redress the imbalance in power weighted towards organizations in which a few countries dominate decision-making. Ironically, the more representative parts of the United Nations—the General Assembly and the Economic and Social Council—are usually considered the least effective. Especially for economic and social issues, much of the power and influence has shifted to the better-funded World Bank and IMF.

In part this is because the powerful industrial countries that are the main contributors to the United Nations are loath to endow the General Assembly or Economic and Social Council with real powers because these bodies are dominated by developing countries. Global governance ultimately has to balance power and principles, effectiveness and legitimacy. Recognizing this, proposals have been made to bol-

*Critics allege that the role of NGOs risks skewing the work of accountability tribunals towards issues and areas of most concern to people in industrial countries, as expressed through their NGOs*

ster the UN role in the economic and social arena. The proposal for an Economic Security Council tries to strengthen the role of the United Nations while recognizing that any such proposal will require the support of the world's major powers (box 5.5).

The third set of reform proposals seek to remove or reduce UN procedures seen as fundamentally undemocratic. Among these the use of the veto at the Security Council has attracted much attention—on the grounds that giving this power to the council's five permanent members divides countries into first- and second-class citizens. In recent years the rapid growth of peacekeeping operations has focused more at-

tention on the Security Council (see chapter 4). Vetoes have not impeded its recent activism because there have been few disputes among the five permanent members (table 5.2). And on the rare occasions when the veto is used, it applies to a limited number of issues (table 5.3).

Nonetheless, the Security Council's secretive processes and the veto power of its five permanent members have come under repeated criticism. Though progress has been made on making some processes more transparent, proposals for wider reform remain unaddressed (box 5.6). Pressure for reform will likely increase.

#### PROMOTING DEMOCRATIC PRINCIPLES IN THE WORLD TRADE ORGANIZATION

Few people deny the enormous advantages of increased global trade. Over the past year the WTO's conference in Doha and its extension of membership to China have highlighted the organization's vast potential for improving the lives of the world's poorest people. Most developing countries support the principle of multilateral negotiations to open global markets for the benefit of all. But many countries have widespread concerns about WTO agreements—particularly the way they are negotiated.

Although all countries have a seat and a vote in the WTO, actual decision-making occurs in the "green room"—the small group meetings convened by the director-general and heavily influenced by Canada, the European Union, Japan and the United States. Most developing countries are usually excluded.

Until a few years ago the general public was also in the dark. Most people knew little about the negotiations under way at the WTO and even less about their implications. Even today many parliamentarians and politicians seem ignorant of important WTO negotiations, even though as WTO members their countries are compelled to change their policies—sometimes substantially—based on the agreements that result.

Recently, however, civil society groups from both developing and industrial countries have become heavily involved in WTO issues. Labour

#### BOX 5.5

#### Revisiting the question of an Economic Security Council

*Human Development Report 1994* proposed creating a UN Economic Security Council. Several others have also put forward the idea, including the Commission on Global Governance in 1995, Stewart and Daws in 2000 and, more recently, the United Nations University in 2001. *Human Development Report 1994* proposed that:

A further step in strengthening the UN role in sustainable human development would be the creation of an Economic Security Council (ESC)—a decision-making forum at the highest level to review the threats to global human security and agree on required actions. The council must be kept small and manageable. Its membership could consist of 11 permanent members from the main industrial and more populous developing countries. Another 11 members could be added on a rotating basis from geographical and political constituencies.

The voting system in an Economic Security Council should not include a veto. But to reassure all constituencies that their legitimate interests would be protected, the voting system should be to have all decisions ratified not just by a majority of all members but also by majorities of the industrial and developing countries.

As well as coordinating the activities of the UN agencies, the Economic

Security Council would act as a watchdog over the policy direction of all international and regional financial institutions. To implement its decisions effectively, the council should have access to a global human security fund. The council would need to be backed by a professional secretariat to prepare policy options for its consideration.

An intermediate alternative to the Economic Security Council would be to extend the mandate of the present Security Council so that it could consider not just military threats but also threats to peace from economic and social crises.

Since then there has been some progress in this regard, as the UN Security Council met for a session on HIV/AIDS in 2000, a recognition of wider threats to human security. But like other proposals seeking to re-energize the original intent of making the United Nations a major influence on socio-economic development, progress on the Economic Security Council has been painfully slow. These and other proposals aim to reverse the shift in power on economic and social policy to the World Bank and International Monetary Fund, with UN agencies relegated to a fairly minor role. A body such as the Economic Security Council is also intended to improve coordination among diverse UN agencies that, over the years, have often been in conflict.

Source: Commission on Global Governance 1995; Nayyar 2001; Stewart and Daws 2000; UNDP 1994, p.84.

TABLE 5.2  
**Use of the veto has become rare on the UN Security Council**

Period	China <sup>a</sup>	France	Soviet Union/ Russian Federation	United Kingdom	United States	Total
<b>Total</b>	<b>5</b>	<b>18</b>	<b>120</b>	<b>32</b>	<b>74</b>	<b>249</b>
2001	–	–	–	–	2	2
2000	–	–	–	–	–	0
1999	1	–	–	–	–	1
1998	–	–	–	–	–	0
1997	1	–	–	–	2	3
1996	–	–	–	–	–	0
1986–95	–	3	2	8	24	37
1976–85	–	9	6	11	34	60
1966–75	2	2	7	10	12	33
1956–65	–	2	26	3	–	31
1946–55	1	2	79	–	–	82

a. Between 1946 and 1971 the Chinese seat on the Security Council was occupied by the Republic of China (Taiwan).

Source: Global Policy Forum 2002a.

TABLE 5.3  
**Vetoes on the UN Security Council apply to a small range of subjects, 1990–2001**

Date of vote	Vetoing member	Vote (yes–veto –no or abstain)	Subject
14 December 2001	United States	12-1-2	On the withdrawal of Israeli forces from Palestinian-controlled territory and condemning acts of terror against civilians
27 March 2001	United States	9-1-5	On establishing a UN observer force to protect Palestinian civilians
25 February 1999	China	13-1-1	On the extension of UN peacekeeping in the former Yugoslav Republic of Macedonia
21 March 1997	United States	13-1-1	Demanding Israel's immediate cessation of construction at Jabal Abu Ghneim in East Jerusalem
7 March 1997	United States	14-1-0	Calling on Israel to refrain from East Jerusalem settlement activities
10 January 1997	China	14-1-0	Authorization of 155 observers to verify the agreement on the ceasefire in Guatemala
17 May 1995	United States	14-1-0	On the Occupied Arab Territories (East Jerusalem)
2 December 1994	Russian Federation	13-1-1	On transport of goods between Bosnia and Herzegovina and the former Yugoslavia
11 May 1993	Russian Federation	14-1-0	On Cyprus (finances)
31 May 1990	United States	Not available	On the Occupied Arab Territories
17 January 1990	United States	Not available	On the violation of diplomatic immunities in Panama

Source: Global Policy Forum 2002d.

### United Nations or United Five? Reforming the UN Security Council

Reform of the UN Security Council has been on the agenda of the General Assembly since 1979. But it has gained much greater salience in the post-cold war period as the council has become better able to act. In 1988 the council passed only 13 resolutions—in 1992 it passed 93. This renewed activism, particularly in peacemaking and peacekeeping, have strengthened calls from both industrial and developing countries for a more representative, accountable and open Security Council.

When the UN Secretary-General invited member states to submit comments on council reform in 1992, 80 states responded. The General Assembly has since established an open-ended working group to consider all aspects of the question of increasing Security Council membership and other proposals. Reform proposals have come from state entities and civil society: for example, from the NGO Working Group on the Security Council and from independent think-tanks such as the Commission on Global Governance. All the proposals focus on two issues: expanding the council and taming its veto.

Lack of consensus, with the council's five permanent members supporting the status quo, thwarts progress on either issue. Several proposals have suggested enlarging the council by increasing both permanent and non-permanent seats. In addition, Germany, India and Japan have joined forces to win permanent membership.

But several countries have opposed increasing the number of permanent seats. Many

others support increasing council membership, but on a rotating basis through periodic elections and with a quota of seats assigned to every region. But though it is broadly agreed that African, Asian, Eastern European and Latin American states should be guaranteed representation, the question of which countries should represent each region raises thorny questions: how to choose between Argentina and Brazil, for example, or between India and Pakistan.

Steps to reform the power of veto are also controversial. Among others, the Commission on Global Governance and the Canadian Committee for the 50th Anniversary of the United Nations have strongly argued that new permanent members should be denied the veto. But many see this as a new form of discrimination between first- and second-class members within the council. The Canadian committee also raised the possibility of requiring a double or triple veto to halt a resolution, and suggested limiting the issues that can be vetoed to charter amendments and the appointment of the Secretary-General.

As an alternative, the Ford Foundation has suggested that peacekeeping and enforcement measures be the only measures susceptible to veto power. The Commission on Global Governance envisaged a two-phase reform process. Initially, the five permanent members would agree to forgo the use of the veto while new, non-veto-holding members were added. In the second phase the five permanent members would have

grown accustomed to not having veto power and be willing to let it die. This suggestion is based on the fact that in recent years countries have been making much greater efforts to avoid a veto.

Debate over the veto is symbolic of much wider concern about the UN role in the world. In a more unipolar world, many critics allege that the institution has become an instrument of foreign policy for a few major powers. There is related concern that the will of the international community should be based on procedures that make the United Nations more democratic. Given global power imbalances, such efforts can only go so far. But in a world where international agencies are actively promoting democracy for the first time, there is much greater scrutiny of decision-making in international organizations. In response to strong pressure from Australia, Canada and Sweden the Security Council has become more open and transparent. Information is less restricted—for example, an agenda is now published in advance of council meetings to allow non-members to lobby on specific issues. The flow of information to the General Assembly has also improved. But the Security Council is still widely perceived as an outdated legacy of the Second World War, functioning primarily as an instrument of a few major powers. With little or no progress on the broader reform agenda, such as elimination of the veto, this perception will persist.

*Source:* Paul 1995, 2001; UNAC 1995; Global Policy Forum 2002c; Commission on Global Governance 1995; Thakur and Newman 2000.

unions and groups focused on development, poverty and the environment have sought to use the WTO to further their causes. And the WTO is feeling their influence, not so much as a result of NGO activity within the WTO but because of the highly public criticism they have levelled against it.

In 1993 in Bangalore, India, a rally of 500,000 farmers pledged to defy the WTO's Uruguay Round agreements.<sup>25</sup> Farmers groups in France have also held large protests against the WTO's agriculture agreement. And environmental and consumer groups have highlighted threats to environmental and food safety standards from WTO agreements. As a result of these and other efforts, the WTO secretariat

and many WTO members have begun to work with civil society organizations more directly, contributing to the policy dialogue and negotiating process within the WTO.

In principle, the WTO's consensus procedure gives every member country the power of veto. The decision-making process and the power it confers on developing countries enabled many to resist the inclusion of labour standards on the agenda of the 1999 ministerial summit in Seattle, Washington (United States). But the backroom deals among powerful states that underpin "consensus" decision-making have led to frequent complaints.

The WTO is accused of being one of the least transparent international organizations,

TABLE 5.4

**Africa lacks representatives at World Trade Organization headquarters**

Number of countries	Number of representatives
15	0
16	1 to 3
6	4 to 6

Note: As of August 2001.

Source: CUTS-ARC 2001.

largely because few developing country members are able to participate effectively in negotiations and decision-making. Decisions are based on “one country, one vote” and made by consensus, giving the WTO the appearance of democratic decision-making. Decisions are made by the General Council or by representatives in subsidiary bodies (such as the TRIPS Council or Agriculture Committee). Major decisions are also made or endorsed by WTO ministers at ministerial conferences, usually held every two years.

But in practice, the WTO is dominated by a few major industrial countries—while the poorest developing countries have little or no representation or negotiation capacity. In 2000 as many as 15 African countries did not have a representative at WTO headquarters in Geneva (table 5.4)—while Mauritius, a very small country, had five. The WTO has responded to these disparities by seeking to establish a technical assistance unit to help developing countries with negotiations.

Demands for greater voice in the WTO echo a recent history of underrepresentation in international negotiations. Relative to their share of the world’s population, low and medium human development countries have poor representation in negotiations on international conventions, such as the one on plant genetic resources (figure 5.4). Deeper reform of WTO decision-making will require consideration of proposals for improving transparency and participation in the WTO system.

*First, WTO consultations, discussions, negotiations and decision-making have to be made truly transparent, participatory and democratic.* Discussions and negotiations being planned and taking place at the WTO must be

made known, and all members must be allowed to participate. To facilitate fair representation of members’ various positions, consideration should be given to a negotiation system that combines full participation by all members with the efficiency of a representational mechanism. The Cartagena Protocol on Biosafety offers an interesting model for such a system (box 5.7).

*Second, the WTO should be impartial and be seen as impartial.* In particular, it should not be seen as taking sides with more powerful countries at the expense of developing countries. The system should reflect the fact that most WTO members are developing and transition economies, which have at least as great a stake as industrial countries in a fair and balanced multilateral system. Procedures should enable developing countries to voice their interests and exercise their rights. In addition, developing countries should be better represented in the WTO secretariat, especially in senior positions.

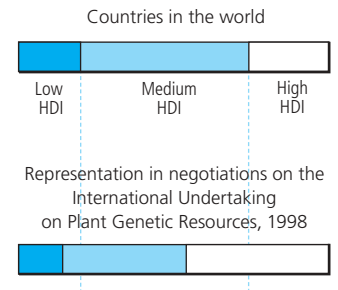
*Third, there should be much greater transparency in the WTO—and other international organizations—in relation to national democratic processes.* Parliamentarians should be kept constantly informed of developments at the WTO and other international organizations. And given the potential effects of these developments on national policies and practices, they should be debated. Open debate may be opposed by adversely affected groups, but the process can create political legitimacy for trade liberalization. Such is the case in India, where some groups remain opposed to trade liberalization but open debate has created a substantial constituency of support across the main political parties.

#### DEEPENING DEMOCRACY—GLOBAL AND NATIONAL IMPERATIVES

Many reforms have been proposed in this chapter, covering a variety of ways that democratic processes could be advanced globally. These include ways of increasing representation, transparency and accountability to promote specific reforms in international institutions.

The traditional argument against greater participation and representation is that they render decision-making clumsy and unworkable.

FIGURE 5.4  
**Whose voices are heard in international negotiations?**



Source: UNDP 2000a.

### The Biosafety Protocol—a model for inclusive global governance?

Global negotiations have proliferated in recent years—and taken on much greater significance. This has led people to compare the many kinds of negotiations under way and to search for more transparent, democratic models. In particular, many forums have been looking for ways to give all participating countries a fairer say. The Cartagena Biosafety Protocol, established under the Convention on Biological Diversity, is a case in point.

Negotiations for the protocol started in 1996 and concluded in 2000. At one stage, as the target date for concluding the negotiations neared and the differences among the contending parties still looked wide, there were fears that the talks would break down. But a combination of transparent, innovative methods and an active, impartial chairperson allowed the successful conclusion of one of the most contentious negotiations in international law.

Juan Mayr Maldonado, Colombia's minister of environment, introduced the new methods when he became chair of the Extraordinary Meeting of the Conference of Parties to the Convention on Biological Diversity, held in Cartagena in February 1999. He continued to use these methods at an informal consultation of the members in Vienna in September 1999, until the conclusion of the negotiations at a resumed Extraordinary Meeting of the Conference of Parties in Montreal in January 2000.

The main features of the methods involved:

- Grouping country participants by their interests and positions, rather than by geography or income. A significant innovation was the formation of the like-minded group, which enabled most of the developing countries to caucus while the few that held a different position could join another group.

Source: Ling 2000; Khor 2002.

This was a departure from the norm, in which developing countries come under the single umbrella of “the Group of 77 and China”.

- Selecting representatives from each group to act as spokespersons, with the number of spokespersons depending on the number of members in the group. This approach allowed for a more equitable representation of views.
- Allowing all member countries to be present during negotiations, even though the negotiations were carried out among the group spokespersons. Thus the meetings were transparent and open to the participation of all members.
- Encouraging the participation of non-governmental organizations (NGOs). In Vienna the chairperson met separately with NGOs and industry. In response to NGO requests for access to the negotiations, instantaneous audio reception was provided in a “spillover” room next to the government consultation room. Thus NGOs and representatives of international organizations were able to follow the discussions. And in Montreal all observers, including the media, were able to sit in on the plenary sessions.

These new arrangements brought the complicated, often contentious negotiations over the protocol to a successful conclusion. They helped strike an effective balance between three sometimes competing priorities: allowing all members to participate, enabling negotiations among so many countries to flow within time constraints and ensuring transparency and openness so that members could have the information needed to follow the discussions. The new approach also improved the flow of information to NGOs and increased NGO involvement.

But this view must be set against a new reality. The United Nations, IMF, World Bank and

WTO have all found that without greater participation and representation, progress is often not possible.

International organizations are expected to provide a wide range of global public goods that demand deep compliance the world over. These organizations require people in both industrial and developing countries to commit to global goals—and to act accordingly. Such commitment and action can be achieved only if international organizations are considered legitimate. This does not mean that international institutions must—or could—reflect the interests of every group in the world. But it does mean that these institutions must take into account a diversity of interests and adjudicate among them in a fair, just way.

Achieving deeper democracy globally will require expanding political space for a range of civil society actors and including developing countries more deeply in the decision-making of international institutions. Efforts to achieve these goals must confront the realities of global power. But they hold out the possibility that both industrial and developing countries will be better served by more inclusive global cooperation that gives excluded and marginalized people a stronger voice.

Whether this can be realized will largely depend on citizens and governments in more powerful countries recognizing that reform is in their interest. But in a more interdependent world, that interest is becoming more apparent. International institutions are promoting democracy and democratic principles in developing and transition economies—a very positive development. But they will not succeed without the natural corollary: greater democracy, transparency and accountability in the institutions themselves. This dual process—deepening democracy at the national and global levels—has the potential to transform the lives of the world's people.