An Overview of WEF’s Perspective
As of November 15, 2012

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An Overview of WEF’s Perspective

WEF’s diagnosis of the current ills in global governance and WEF’s prescriptions for treatment of these maladies are important contributions to the debate on the future of global governance.

WEF acknowledges that neither the US, nor the EU, nor any grouping of G7/G8 countries can still be counted on to make and implement crucial global economic decisions. In their view, the realities of globalization have eclipsed the post-WWII hierarchy of nation-states and the existing architecture of international organizations. WEF sees that the OECD governments and the UN system are no longer “The Actors” in global economic governance. Some key formerly ‘developing’ countries have achieved a global economic and political stature that has made them into governing ‘Actors’ in their own right.

In WEF’s view, multinational corporations, international civil society organizations, and larger developing countries have entered the space formerly held by the major Northern nation-states and the UN system. This transformation has not occurred overnight. Rather, over the past decades all these Actors have in different ways built global or regional governance systems that exist in parallel to the existing formal system of international organizations and bilateral relations. In the case of the MNCs, their effective reach as de facto global governance institutions has long surpassed the functioning of the UN system. International civil society organizations have a created a separate people-to-people sphere in governance with the other Actors in global governance. These three institutional governing forces sometime intersect tumultuously with each other, sometimes engage each other with a profound understanding of the independent role of the other governing system and sometimes join together on a common project. In WEF’s view this alignment has evolved into something new in governance history -- something that WEF seeks to capture in the phrase “geography of cooperation.”

The implication of this is four-fold. First, MNCs and international CSOs need to be recognized in their own right as full Actors in the global governance system, not just as lobbyists to nation-states or international proponents of specific positions or solutions. Second, governments of selected ‘emerging economies’ should also be formally acknowledged as significant players in global governance, not just one amongst equals in the developing world. Third, only by embracing these new Actors formally and in a constructive manner can one meaningfully attempt to manage globalization. And fourth, corporate executives and international CSO leaders need to be self-conscious of their new global Actor role and not try to pretend or minimize, as they have done in the past, their leadership role in global governance. WEF’s position is that a realignment of these three categories of Actors – MNCs, civil society leaders, and nation-states -- has the best shot at managing globalization.

In its view, the World Economic Forum is the body best suited to develop a new framework for a post-United Nations-based system of international governance. It has fifty years’ experience convening leading stakeholders from the political, economic, cultural, civil society, religious, and other communities to discuss the way forward in global affairs. It has built a reputation as an innovative thought center. It has played a role in global conflict resolution. WEF openly recognizes that economic inequalities and global governance failures are inhibiting the adaptability of the current economic system to continue to grow and prosper. As the three co-chairs observed in their introduction to this report: “The time has come for a new stakeholder paradigm of international governance analogous to that embodied in the stakeholder theory of corporate governance on which the World Economic Forum itself was founded.”

Related Ideas: Fragmentation of Information and Leadership; Driving Synergy
1. with the possible exception of NATO, which has redefined its geographic scope far beyond the north Atlantic Ocean
2. with possible exception of military affairs.
3. “... economic disparity and global governance failures are shaping the evolution of many other global risks, and inhibit our capacity to respond to them. The interconnectedness and complexity of issues mean that unintended consequences abound, and traditional risk response mechanisms often simply shift risk to other stakeholders or parts of society” - WEF press release 12 June 2011: New Report Warns Current Global Governance Systems Lack Capacity to Deal with Global Risks “ United Kingdom, 12 January 2011
Four New Institutional Ideas

Drawing on the experiences of Davos and the expertise of their advisors, GRI has brought four new institutional ideas to the debate about the next phase of global governance: multi-stakeholder governance, voluntarism in governance, an institutionalized G20, and a hybrid state-corporate United Nations.

On a conceptual level, governance by multi-stakeholder groups grows right out of Davos and Schwab’s stakeholder theory. In this view, multinational corporations are the central decision-makers in a globalized world. However, in order to be effective and legitimate, these firms need to engage proactively with key stakeholder groups. This engagement will provide corporate executives a learning experience and at the same time imbue these stakeholders with a frame of thinking aligned with current corporate perceptions of the contemporary realities of globalization.

Beyond the exchange of ideas between multi-stakeholder groups at Davos, there has been a growing day-to-day practice of multi-stakeholder engagement in global issues.

WEF’s approach, described more fully below, is to elevate the Davos model and these practical experiments into a new explicit form of global governance. These multi-stakeholder groups, public-private partnerships, or coalitions of the willing and able, as they are variously termed in the Everyone’s Business, should take the lead in addressing unsolved global issues. There is no need to wait for the intergovernmental system to gain universal consensus to act; those countries, those multinational enterprises, and those civil society bodies that share a common approach should take it upon themselves to act. The official intergovernmental system can provide de facto recognition to a multistakeholder process and it can, after the fact, provide de jure legality to the outcomes of a given public-private partnership. WEF’s approach therefore embraces the efficiency for action for those who are ready to act.

Allied to a multi-stakeholder governance approach is the idea that all the participants volunteer their time, energy, and capital to solve a given problem. Volunteerism in governance solves a number of complicated issues. First, it dispenses with the long, drawn out negotiation process for binding international agreements and their subsequent country-by-country adoptions. It also means that participants in governance actions are not relatively weak foreign affairs officials but are active participants in a global issue, including country representatives outside of the ministries of foreign relations. Identified problems can be address more quickly without, in their view, recalcitrant governments, old fashioned narrow minded business executives, and divergent views from civil society. Those who find the right combination of partners can move ahead, so long as the other key institutions of international governance do not overly object.

Volunteerism in governance also means preservation of the informality of public-private partnerships, a continuation of the quiet recruitment for multistakeholder groups and the maintenance of self-selection for coalitions of the willing and able. Key Actors can join or abstain, as and when it best suits them. Find the right combination of government offices, the most interested global corporations, and the best informed civil society experts and let them find the right solution. Others from international, regional, and local communities, businesses, or governments can join the volunteer team over time.

WEF’s contribution is to assert that volunteering on a global level can make things happen with greater effectiveness than the universal decision-making of UN bodies. WEF also argues that the outcome of the process will have greater legitimacy as the key multinational corporations and other interested constituencies are seen as working together.
A Revamped G20 and the United Nations

What these multi-stakeholder groups and their potential volunteers need are policy leaders who can generate the political, social, and economic enthusiasm to get things moving. In WEF’s view, nation-state leadership can best be provided by an institutionalized G20, a body that weaves together the G7/G8 countries with leading nation-states of the global South. A revamped G20, in WEF’s view, ought to provide permanent rotating seats at the table for the most powerful Southern nation-states of the day, rather than continuing the G7/G8 practice of extending ad hoc invitations to a varying collection of developing countries. GRI makes a number of other recommendations on how to institutionalize the G20 leadership role with other nation-states and major multilateral institutions. The hope is that the G20 can have sufficient public and informal gravitas to define the way new issues ought to be addressed and can exert dynamic governmental leadership to implement the decisions via relevant multistakeholder teams.

The United Nations system can play four crucial new roles in this environment. It can participate in various ways as a player in appropriate multistakeholder coalitions outside of the UN system. It can provide its ‘blessing’ or acquiescence to global public-private partnerships (PPPs) and their outcomes. The United Nations system can also address those global issues that are not being handled by multistakeholder coalitions or by the G20. And it can open its doors for non-state Actors, particularly those concerned multinational corporations, to help develop UN’s own policies and to help deliver UN programs in developing countries. One of GRI’s major analytic arguments is that, by incorporating executives of multinational enterprises and selected civil society leaders inside the formal leadership of global institutions, there will be an increase in the effectiveness of the global institutions and legitimacy of globalization itself.

In this manner, the strengths of all the major global Actors can be engaged on global issues through global public private partnerships; the Actors in these multistakeholder coalitions can be those, including the UN system, who have the interest and capacity to volunteer to work on an issue; the key G20 countries can provide leadership and solutions for matters of greatest urgency for them; and the UN system, with new support from the multistakeholder community, can attend to the remainder of issues that need a legitimate international home.

In this way, WEF re-casts the UN Charter’s role for non-governmental organizations as consultants to nation-states into a new multi-stakeholder governance structure that puts non-state Actors at the same level as governments. GRI moves from the current blended system of international hard and soft law into one where voluntary international undertakings can take center stage. And GRI sees ways to make the United Nations system, at both the intergovernmental level and the secretariat level, more intertwined with corporate suites and the civil society world.
Urgency for a Change

In WEF’s view, the post-WWII international system functioned tolerably well until recently. By the time of the 2008 financial crisis however, it was no longer a creditable, effective, or efficient governance system. The legitimacy and the fragility of the system were too clearly evident to be ignored. As John DeGioia, chair of GRI’s Global Agenda Council on Faith and President of Georgetown University, explained in his introductory essay:

The 2008-09 economic and financial crisis put an end to a familiar and comforting narrative: the story of uninterrupted growth made possible by markets, trade, and innovation on a worldwide scale. In that narrative, institutions and the values they embody were left implicit and all but invisible. Institutions embodied the rules of the game, to be tinkered with when necessary in the name of efficiency. The crisis revealed a more complex picture – institutions grounded on values of narrow self-interest, short-term thinking, and a lack of concern with the global common good.

The systemic failures came from a number of directions. The most challenging for the international elite was the speed and severity of the transformation of a simple housing bubble and subsequent bankruptcy in one country to a global financial crisis. During this period, major internationally important institutions from central banks, OECD governments, corporate suites, to national ministries of finance were unsure what they could do to prevent the cascading of events or even to re-stabilize the system. In the end the OECD nation-states could think of no better solution than a wholesale bailout of the international banking sector, a public intervention tool that, should the need arise, they cannot invoke year after year.

As events since the publication of Everyone’s Business have shown, there are more uncontrolled international financial crises looming on the horizon. Concerns continue to be expressed by international elite community about the resilience of the current system, about the effectiveness of intervention tools to contain these crises and about who at the national level will cover the costs of systemic failures. As the joint US-EC intelligence study, Global Governance 2025 explained, “[t]hree features of rapid globalization are driving demands for more effective global governance: deepening interdependence, interconnected problems, and the mingling of domestic politics with international issues.”

At the other end of the global social structure, there is another perspective about the fragility and failures of globalization itself. The claim that globalization would bring benefits world-wide was not holding up. There were the realities of the food, energy, and water crises; the increased knowledge of inequality in income and assets within and between societies; the ongoing wars of “choice”; the disproportionate potential and actual consequences of climate change; and the increased assertions of narrow national self-interest undermining potential benefits of globalization. As Samans, Schwab, and Malloch-Brown explained in their joint introduction:

... [A] global population that is more informed about global challenges is by definition more conscious that its priorities are not being translated adequately into action. This fuels popular frustration and cynicism about whether international institutions genuinely reflect popular will and are fully accountable.

From this perspective, what was working was the dynamics of the World Economic Forum. WEF had evolved into a corporate-centric body with a wide network of related stakeholders that grappled regularly and creatively with the tough issues of the day, something that the existing world governance system was simply not willing to do. Although there were academic and civil society conferences and papers published on a wide range of governance topics and the UN system regularly hosted open-ended seminars and panels, these on their own, according to WEF, were ineffective in re-conceptualizing global governance. It needed a body securely tied to the international business community to get the process of redesigning governance going and going in the right direction.
Related Ideas: **Arrangements out of step; Sweeping changes; Historic error to revert to complacency**

1. “Efforts to adapt institutions to post-Cold War dynamics have so far failed, and no power seems to have the capacity or the will to fill the vacuum [created by the less assertive US]. Meanwhile, old conflicts persist and new threats are emerging. States remain the main actors in international security, but they are not the only actors, and in the absence of a new conceptual framework, their grip is weaker. New non-state actors (multinational corporations, international and national non-governmental organizations (NGOs), organized crime and terrorist cells) may topple the international chess board. The post-Cold War order is fragile and subject to rupture.” Enhancing Global Security By Lilia Shevtsova, Senior Associate, Carnegie Endowment for International Peace, Carnegie Moscow Center, Russian Federation, and Jean-Marie Guehenno, Senior Non-resident Fellow, Brookings Institution, pg 415

2. “The [2009] financial crisis has drained the world’s capacity for dealing with shocks. The frequency and severity of risks to global stability have amplified, while the ability of global governance systems to deal with them has not” WEF press release 12 June 2011: New Report Warns Current Global Governance Systems Lack Capacity to Deal with Global Risks “ United Kingdom, 12 January 2011

3. “Creating a Values Framework”, pg 443

4. “Global institutions have proved themselves singularly unable to understand the structural changes in systemic risk. As made evident by the financial crisis, even the IMF, BIS, central banks and other well endowed institutions were surprised and incapable of achieving their ambition of global financial stability. New thinking and risk management systems are urgently required. Together the United Nations and Bretton Woods institutions have the global mandate to secure a safer, inclusive and sustainable global society. To date, they have failed to grasp the scale or extent of change in the nature of risk and the threat this poses to the achievement of their mandates. . . . " Managing and Mitigating Global Risks: Systemic Risk in the 21st Century By Ian Goldin, Director, James Martin 21st Century School, and Professorial Fellow, Balliol College, University of Oxford, United Kingdom Pp 441/442

5. Global Governance, 2025, pg 4

6. Samans, Schwab, and Malloch-Brown introduction pg 9
Prognosis for Change

The Davos community has been concerned about the propensity of the existing global governance system to hide from tough issues. Without a new set of tools for managing the international financial system, the central corporate institutions aligned around Davos perceived a risk of a deeper, structural failure with the next unexpected crisis. ¹ And with unexpected crises come increased unexpected consequences and an ever diminishing set of effective policy tools to manage subsequent crises. ² A key premise of the Global Redesign Initiative is that action was needed following the 2008/2009 events and that the experiences flowing from Davos gatherings can bring the right Actors to the table to design the appropriate actions.

WEF’s own prognosis for meaningful change in global governance shifted from an optimistic tone to a rather pessimistic one by the end of its one and a half year GRI project. By January of 2010, it recognized that the intense interest shown by the world’s elite political, business, and media professionals for new international structures to reverse the global economic recession seem to have dropped down a memory hole. These leaders were more concerned about ‘exit strategies’ from state intervention and nation-state debt management than about global governance reform and structural instabilities in globalization. But the de-legitimatization of the global system and threats to the integrity of the existing global governance system from globalization remained a long-term problem in urgent need of a solution. As Samans, Schwab, and Malloch-Brown wrote in their joint introductory essay:

> The world has paid a severe price for its complacency about systemic financial and macroeconomic risks that were well publicized but nevertheless allowed to accumulate for too long. Many other serious global risks are accumulating, awaiting a proactive cooperative response. It would be a serious, historic error to revert to complacency and return to business as usual in international relations. ³

While the fundamental redesign of the global system might be put on hold until the next major uncontrollable crisis, WEF still wants to use its position as a high profile international organization to nurture a multitude of individual proposals. Each of these proposals might provide an experimental platform that could, in coming years, stimulate governance debates in line with WEF’s broader policy directions.

Related Ideas: Appetite for reform waned; Historic error to revert to complacency

1. “The international system has reached an evolutionary crossroads. At best, it can be said to be experiencing natural growing pains as it adapts to new circumstances. At worst, it is in full crisis, facing the prospect that further shortfalls of cooperation will generate political tensions that degrade the international order which was painstakingly constructed out of the ashes of conflict in the mid-20th century.” Samans, Schwab, and Malloch-Brown, introductory essay, pg 5

2. “In particular, economic disparity and global governance failures are shaping the evolution of many other global risks, and inhibit our capacity to respond to them. The interconnectedness and complexity of issues mean that unintended consequences abound, and traditional risk response mechanisms often simply shift risk to other stakeholders or parts of society.” WEF press release 12 June 2011 : New Report Warns Current Global Governance Systems Lack Capacity to Deal with Global Risks ³ United Kingdom, 12 January 2011

Perceived Limitations of the Current System

Besides the redefinition of the participants in global governance, WEF identifies two main concerns with the current international system: a loss of legitimacy and a sharp drop in effectiveness. The former deals with perception of impacts of globalization and a fear that without a proper repair to the international system it might no longer be seen as acceptable to the wider international community. The latter deals with the sense that, within the current system, there are insufficient economic or political levers available to manage the complexities of globalization.

Related Ideas: Public governance failures
Loss of Legitimacy

In 2008, WEF commissioned a survey of 130,000 respondents on values and ethics. One of the conclusions of the study was that, “in the wake of the economic crisis, this survey revealed a perceived deficit of values in the economy and a need to fundamentally rethink the development of the morals and ethical norms that underpin our global economic systems.” ¹ The WEF’s Youth Global Leaders task force expressed a similar view: “The global financial crisis of 2008 and the ensuing economic recession has called into question the character and trustworthiness of business managers around the world.” ² The joint US-EU intelligence report echoed a parallel message, “Today the legitimacy and credibility of the US and the EU as political leaders is openly questioned by other rising power centers and large swathes of the international community.” ³

For the WEF, these observations are danger signs that need priority attention. Placing legitimacy as one of two criteria for the GRI project may well be one way that WEF can try to make sure the exposure and the challenge to legitimacy of the 2007/2008 crisis is not widened further in the next financial crisis.

WEF is concerned that such widespread public skepticism can lead to widespread doubt about the underlying principles of the global system. They recognize that when corporate leaders are seen as lacking morals, it does not take much for the institutions of globalization to be seen as immoral. In this situation, it would become harder and harder for the G20, for the IMF, or for individual corporate spokespersons to command respect and effective leadership on global matters of concern to the Davos community. They know that it would be increasingly problematic if important messages from the world’s elite leaders were ignored by large communities of people around the world.

The loss of legitimacy, like the loss of trust in a bank, is very difficult to recover. When people lose trust in a bank, they are likely to want to pull their money out which can have a cascading effect on related banks. Were such a process to happen with the global finance sector, WEF realizes that it too could easily produce a very serious systemic shock to globalization itself.

Consequently, the GRI project focused its attention on ways to recover from the loss of legitimacy in the redesign of the institutions of global governance.

Related Ideas: Arrangements out of step; Sweeping changes; Historic error to revert to complacency

1. Moral Economy Dialogue: Global Agenda Council on Faith, “The unique opinion poll on values and ethics conducted by the World Economic Forum last year, involving 130,000 respondents, demonstrated clearly that the majority of people across the globe believe the current economic crisis is related to values and ethics. . . . Almost half of all respondents believe that businesses should be accountable to their shareholders, their employees and their clients and customers equally. In the wake of the economic crisis, this survey reveals a perceived deficit of values in the economy and a need to fundamentally rethink the development of the morals and ethical norms that underpin our global economic systems” pg 300.

2. Global Business Oath: YGL Oath Project Task Force, pg 289

3. Global Governance 2025, pg 10
Lack of Effectiveness

The efficiency criteria for WEF is, however, quite different in character from the focus on the loss of legitimacy. WEF’s principle concern is that the current system has become unmanageable, particularly in times of serious crisis. The 2008/2009 financial crisis exposed the institutional weakness of the prevailing system. For example, the collapse of one firm (Lehman Brothers) produced a serious of quite unexpected consequences that left major central banks, global financial institutions, major treasury departments, leading stock exchanges unsure what would happen next. The tools for managing such crises and even the analytic capacities to forecast such events were too ineffective for the nature of the global crisis. For WEF, this lack of effective policy tools for maintaining order demonstrated a structural weakness inside the global economy.

In this situation, the informal network of financial banking institutions, central bankers, the UN system, the OECD countries, and the Financial Stability Forum were clearly too weak. They were also too fragmented into specialized units and too autonomous from each other to deal with big globalization challenges. In WEF’s view, the entire international system lacks effective policy incentives to grapple with such major global matters.

In part, GRI considers that the fragmentation of decision-making among existing international organizations is a derivative problem from the fragmentation of decision-making in national capitols. At the national level each ‘topic’ is managed by a separate staff which has relative independence from the top and elected leadership. This has created institutional policy silos and a complementary de facto hierarchy between the various policy bodies at the national level.

At the international level, WEF argues that this makes it is very difficult to formulate clear and coherent policies on tough global issues. In its view, this long standing silo structure, which has been a nuisance in the past, has created a burdensome obstacle to state-centric global leadership in today’s world.

GRI also notes that “the international system lacks adequate built-in incentives "to focus disparate, but relevant, resources and capabilities on common, complex challenges. One important source for effective incentives for the Davos community are ‘messages’ and ‘signals’ from the market." The global market, however, also seems to have failed in its job of sending the correct price, performance, and market incentives to key actors in the finance community, to the elites of key countries, to the senior echelons of government, and to the leadership of international organizations. Without sound incentives, WEF asserts the Actors in global governance are likely to make incorrect assumptions and to act in ways that are not conducive to the long term structural stability.

In general, intergovernmental policy space has become significantly smaller than the policy space ‘managed’ by international commercial markets. For all its separate parts, the official international system is, for WEF, too marginal to real power to deliver what is needed to manage a global economy, a global population, global wars, and a global ecosystem. As an example, the WTO remains years behind on revising international trade rules that were supposed to better stabilize the 100-plus developing countries. And the international system at the heads of state level can declare priorities for Millennium Development Goals that have minimal impact on the behavior of the international market and on most OECD countries themselves. The relatively small policy space for bilateral relations by nation-states and the multilateral system means that it cannot function effectively as a counter-weight to the self-interested demands of the global market, particularly in times of crisis.

WEF’s approach is to bring key firms in the international market and the institutions of the formal global governance system better in alignment with each other. By stressing ‘can-do’ corporate pragmatism as a replacement for ‘failure mentality’ abounding in the state-centric system, WEF sends a positive message about a
new cooperative world involving multinational corporations, the nation-state, and the leadership of civil society working together more effectively.

**Related Ideas:** Missing sense of ownership; Migration; Dual-oversight agency


2. A view also shared by the Helsinki Process. "The multistakeholder approach can help provide a more robust interdisciplinary flavour to discussions and address the problem of strict boundaries between actors dealing with different global problems, thus bringing parallel discourses into one. These divisions are very clear for example in the economic sector, where there are separate international for trade, finance and aid, and mostly also different ministers in different countries for each issue, giving very little consideration to improving coherence." Helsinki Process, pg 28.

3. One of the strongest dissents from a key GRI recommendation is by Ashok Khosla, Chairman, Development Alternatives, India, and Caio Koch-Weser, Vice-Chairman, Deutsche Bank Group, Deutsche Bank, United Kingdom. They argue in their introductory essay "... our current systems of governance, finance, production, and consumption create perverse incentives for the over-exploitation and degradation of natural capital. These systems and our incentive structures need to be reoriented." Ensuring Sustainability: Leadership and Action for a Sustainable World Pg 374

4. “Although global governance institutions have racked up many successes since their development after the Second World War, the growing number of issues on the international agenda, and their complexity, is outpacing the ability of international organizations and national governments to cope.” Global Governance 2025, pg iii
New Governing Actors

As WEF makes clear in Step One, a crucial transformation is to have governments, international organizations, civil society bodies, and opinion-makers recognize that the nation-state and UN system is only one part of the global governance system.  

The nation-state has long seen itself as the only Actor in global governance. It has formed bilateral, regional, and multilateral agreements with other nation-states. In all the major multilateral state-to-state agreements, governments carefully insured that any international organization created would have limited functions and that only nation-states would sit on the governing bodies of these organizations. Other bodies from international professional associations to local small community organizations could, in the language of the UN charter, be ‘non-governmental organizations in consultative status’ to the Economic and Social Council.

The WEF challenge is to introduce the new Actors in global governance to governments and the UN system as ones required by ‘reality’, and ones that the nation-states recognize as necessary and legitimate. WEF knows that it must get the Northern governments to recognize that these new governors will help them meet their own self-expectations and international goals.

Currently the debate within the formal international system regarding non-state Actors focuses on the question of how to provide access for non-state Actors to witness intergovernmental meetings, to address global conferences, and to lobby representatives of nation-states and the international secretariats more easily. In the current structure, governments and the UN system are the core of the international governance system. Civil society organizations, multinational corporations, media, and religious bodies are external Actors who seek to influence these key players.

WEF takes a sharply different view, namely that these non-state Actors are, in reality, already part of the global governance system. It is only that the intergovernmental community has not yet formally recognized this transformation. This message has many implications. To delegates from nation-states, WEF is saying that they should recognize that the global media, international firms, scientific bodies, and international CSOs are or are becoming their peers in global governance. To executives in the corporate world, WEF is saying that their global economic power has in fact become a global governance power and that they need to make a change in their corporate mindset in order to accept this idea. To the staff at international organizations, WEF is saying that the formal ‘only-governments-decide’ approach is antiquated, as non-state Actors are actually making many of the crucial decisions. And to leaders of civil society organizations, WEF is saying that they should move from seeing themselves as lobbyists of a weak inter-state system to active participants, along with the corporate sector, in the globalization governance process.

While this new approach to global political governance is in line with Davos practice, it is not widely accepted by governments, “non-state actors” themselves, the political science community, or, indeed, with the broader public.

Related Ideas: Arrangements out of step; Redefinition; Strengthen UN with non-state resources

1. Samans, Schwab, and Malloch-Brown introduction, pg 12 &13. “The first step is for governments and international organizations to conceive of themselves more explicitly as constituting part of a much wider global cooperation system that has the potential to overcome the limitations of scale, information and coherence from which they currently suffer.”
2. Piot, Bloom, and Smith, in their introductory essay on health, address this UN skepticism directly: “International health-related governance is no longer adapted to the new ecosystem, as it largely excludes non-state actors (be they NGOs or businesses), is disconnected from financial, trade and economic decision-making, and lacks the power to broker binding accords promoting global health. . . . However, the time has come for national, multilateral and bilateral institutions to welcome and embrace this pluralism of health actors, in contrast to lamenting about it as we can read in statements by international development agencies and public health experts. This diversity can be a formidable force if brought together by strong political and policy leadership working for a common agenda.” Peter Piot, David E. Bloom, and Peter Smith, Ensuring Health for All: Towards a New Paradigm for Health for All, (World Economic Forum: 2010), pg 411. Piot is a Professor and Director, Institute of Global Health, Imperial College London, United Kingdom; Bloom is the Clarence James Gamble Professor of Economics and Demography, Harvard School of Public Health, USA, and Smith is a Professor, Health Policy, Imperial College London, United Kingdom
MNCs as Governing Actors

MNCs as governing Actors have long been able to make decisions and influence decision-making in the international arena.

Most of the international economic and political space is largely ‘governed’ by the firms in a given sector or geographic region. The enterprises make an enormous number of decisions that affect the distribution of vital needs (e.g. the prices and quantities of food supplies); set payments for labor (e.g. the push to drive wages down between different jurisdictions); determine what products are traded in the market (e.g. the selection of products to manufacture and their technical standards); and that create de facto local governance arrangements (e.g. export processing zones and communities affected with the natural resource “curse”). The net result is that control of international markets, unlike domestic markets, remains outside any state (or inter-governmental) intervention.

In this context, GRI recognizes that if MNCs are not involved in the process of international negotiations, the outcome of those negotiations is unlikely to be accepted by these dominant Actors. Unlike national political processes whereby the state can exercise regulatory authority, at the international level MNCs do not recognize an obligation to follow interstate decisions or declarations. If MNCs are just passive non-participants, an intergovernmental agreement or declaration may be just words on a piece of paper, further discrediting the existing international community. The lack of recognition by the intergovernmental community of the governance power of multinational corporations may well be contributing to its own weakening. MNCs may well have the final ‘vote’ on an intergovernmental outcome in the sense that they can obstruct (actively or passively) its implementation.  

In recent decades, the traditional source of government finance to implement international decisions has eroded at the national level. The 1960s set target of 0.7% of GDP toward development has been not been attained by most OECD countries. In the past three decades, the range of acknowledged actions at the international level that need significant funding has expanded exponentially. The new funding demands are wildly expensive; it is often not even possible to estimate the order of magnitude of outlays for a reasonable response to climate adaptation, mass population migrations, Millennium Development Goals, or ocean degradation. The net effect is that MNCs and private foundations have become the prime source of funding for new intergovernmental programs. This is only possible if, of course, they agree with the proposed intergovernmental projects and programs.

One example of this shift in financial realities is the 2009 climate financing ‘commitment.’ At the Copenhagen climate conference, some key OECD Governments declared 2 that there should be $10 billion per year available for climate-related costs for the 2010-2012 period and $100 billion per year from 2020 onwards. The OECD nation-states endorsed this level of funding with the ‘understanding’ that a significant portion will come, not from their official development assistance budgets, but from the resources of willing multinationals and other donors. WEF’s perspective is that this half recognized reality should become a fully recognized reality by the international community, by nation-states and the UN system.

The WEF approach diverges in a number of ways from that of the International Chamber of Commerce, the World Business Council for Sustainable Development, and other international business associations. WEF argues explicitly that MNCs have already become crucial Actors in global governance. It points out that MNCs cannot pretend that they are simply overgrown national enterprises or that they are not able to make or break international agreements. This is a marked departure from the position of old line business trade organizations as well as from the views expressed in mainstream political economy and governance discussions.
WEF argues that if leading MNCs were inside the formal international decision-making machinery, these firms may well be able to craft an outcome that will not produce passivity or objections from other MNCs. In short, WEF wants to use the recognition of the defacto MNC 'vote' on intergovernmental decisions to get MNCs institutionalized as members of the formal governance system.

Related Ideas: Missing sense of ownership; G20 Stewardship; Energy efficient; Financial risk repository

1. The joint intelligence agency report put this in a slightly different fashion. “... Power is also shifting toward nonstate actors [bold in original], be they agents or spoilers of cooperation”. Global Governance 2025, pg iv

Civil Society as a Governing Actor

WEF sees civil society organizations as a different kind of governing Actor.

WEF’s concept of civil society begins with non-governmental organizations (NGOs) but also includes institutions that are based in the academic community, the international media, the religious world and the cultural industries. In WEF’s international and regional meetings, it invites a cross section of representatives from these non-state, non-business communities. From WEF’s perspective, the leaders of civil society bring four important attributes to the Davos experience and to global governance.

In the first instance, these organizations are repositories of knowledge about the complexities of globalization.

Second, they have a strong moral commitment to address the structural imbalances in the world.

Third, they are willing to share their knowledge and value commitments with senior MNC executives who have a deficiency in their knowledge-base about the impacts of globalization and a weakened moral compass by their over-concentration on business matters. Some CSOs have already opted to engage directly with MNCs in an effort to address specific crises or to implement specific projects. These mini-governance undertakings -- whether called ‘partnerships’, ‘public-private projects,’ or ‘corporate relationship building exercises’ -- demonstrate a new form of activist-based civil society relationship to international business.

Fourth, civil society leaders have legitimacy with communities of people who are overly marginalized in the global community. These civil society leaders can be important vehicles to help convey significant ideological messages from the international elites to diverse communities around the world. These messages, whether conveyed face-to-face or via various electronic networks, can have a significant impact on the leadership of other community and civil society organizations.

For WEF, the disconnect between the UN system, nation-states, and MNCs on the one hand and the ‘realities’ of the world on the other can be compensated in part by the knowledge and moral capacities of civil society and their links to wider communities around the world.

Related Ideas: Missing sense of ownership; Plurilateral
Emerging Economies as Governing Actors

WEF recognizes that the old colonial powers and the newer imperial powers need to team up with regionally dominant powers in Latin America, Asia, and Africa in order to better manage the diffusion of economic power that has grown in tandem with, and as a result of, globalization. This diffusion of economic power means that the current division of the world into categories of ‘developed,’ ‘developing,’ and ‘countries in transition’ and its variants ¹ no long reflects reality.

From the 1980s on, the World Bank, IMF, UNDP, and UNCTAD experimented analytically with replacement categories for the dichotomy of countries into the developed/developing scheme. They tried introducing subcategories (e.g. middle income developing countries) and cross-over categories (e.g. oil producing countries). At the same time, the UN system saw the evolution of numerous subcategories of developing country group (e.g. Least Developed Countries [LDCs], Small Island Developing states [SIDs], Landlocked Developing Countries [LLDCs]). Others adopted classifications that created tiers within regions of developing countries (e.g. regional superpowers/locally dependent countries).

WEF argues that it now appropriate that select 'developing countries' are given full recognition not only for their regionally significant roles but also as members of the global economic leadership team. These selected developing countries' will be expected to complement their regional international interests with a larger global vision.

Yet WEF’s recognition of regional-group leadership is tempered by its uncertainty about who exactly might be the long-term regional powers. The selection of Brazil, India, China, and South Africa is clear. In the selections of the next tier down, however, there are conflicting views. WEF recommends that the G20 maintains a flexible view about the long-term composition of its Southern members.

¹. or ‘North’ and ‘South’; or ‘G77 and China’ and ‘OECD countries’; or ‘developed’ and ‘underdeveloped’; or ‘Group B’ and ‘Group C’ (UNCTAD categories); or ‘developed Asia’, 'developing Asia', and 'China'
For WEF, the multi-stakeholder concept is centered on the corporation with the 'stakeholders' as constituent bodies associated with the corporation. As Schwab outlined the idea in 1971 and restated it in 2010 in the First Forty Years, the “management of the modern enterprise must serve all stakeholders (die Interessenten), acting as their trustee charged with achieving the long-term sustained growth and prosperity of the company.” ¹

The First Forty Years emphasized this corporate-centered view with a graphic from Schwab’s 1971 book. The graphic shows the “company” in the center with ovals from top to bottom that read “shareholders (owners),” “creditors,” “customers,” “national economy,” “government and society,” “suppliers,” and “collaborators.”² The three crucial elements of what WEF means are embedded here – first that multi-stakeholder structures do not mean equal roles for all stakeholders; ³ second, that the corporation is at the center of the process; and third, that the list of WEF's multi-stakeholders is principally those with commercial ties to the company: customers, creditors, suppliers, collaborators, owners, and national economies. All the rest of the potential stakeholders are grouped together as “government and society.”

At the founding of the United Nations, governments in the UN Charter created a category of non-governmental organizations in consultative status to the ECOSOC. ⁴ ECOSOC does not actually ‘consult’ these organizations; rather, it gives them permission to attend their meetings, to distribute position papers, and to engage one-on-one with delegates inside the ECOSOC chamber. ⁵ The phrase “non-governmental organizations” was clear to the founding governments. It was any organization that was not a government. ECOSOC early on established a committee to receive applications from “non-governmental organizations (NGOs)” and to recommend which ones should be granted the privilege of ECOSOC consultative status.

The committee immediately encountered differences about which candidate organizations were truly independent from governments and which were not, and whether new NGOs should be approved based on their own merit or based on merit and the need to maintain geographic balance within the accredited NGO community. ⁶ Over the past 60 years the “non-governmental organization” concept has been stretched to include everything from religious bodies to sports organizations, and from regional community groups to municipal, state, provincial, and regional governmental agencies.

By the 1980s and 1990s, two other processes challenged what was the supposed to be the clear definition in San Francisco. First, the Conferences of the 1980s and 1990s authorized their ‘own NGOs’ participants, giving up on the ECOSOC committee battles about State-funded organizations and geographic balance. Second many of these “non-governmental organizations” themselves were unhappy to be called what they were not, rather than what they were. The combination of these two processes produced a variety of new names - “civil society organizations,” “multistakeholder organizations,” and “Major Groups” to name a few.

The multistakeholder consultation process gained wide support as an umbrella term that allowed women, workers, academics, community organizations, and others to be able to meet and advocate their joint positions to governments. It also provided a way to share resources in monitoring government positions during intergovernmental negotiations. The Rio Conference in 1992 ⁷ created nine major non-state groups which could, as part of the official process, address governments and have all of the ECOSOC privileges. At the Rio+10 Johannesburg conference in 2002, ⁸ projects involving these multistakeholder groups gained additional recognition as official "type II conference outcomes." ⁹
By 2007, the report of the Helsinki Process could summarize the diversity of purposes of multistakeholder consultations in the following manner:

Numerous past initiatives stand to demonstrate that multi-stakeholder cooperation – bringing together representatives of government, civil society, the private sector, religious organisations, academia and media – may take a range of different forms and contribute to global governance and problem-solving in various ways:

- Multi-stakeholder initiatives can help to broaden discussion and identify global public needs. As such, they create a transnational public discourse around complex problems that require a global approach and open up alternative solutions;
- Multi-stakeholder cooperation can introduce the element of global issue interest into intergovernmental negotiations, alongside the traditional national interest;
- Successful multi-stakeholder initiatives facilitate negotiation, and may thus help to overcome stalemate in highly conflict-ridden policy arenas;
- Multi-stakeholder cooperation helps to gather and disseminate knowledge by bringing together actors with different views on and approaches to issues;
- Multi-stakeholder initiatives help to create and correct markets by mobilising multi-stakeholder “coalitions of the willing;”
- Multi-stakeholder initiatives may help to broaden participation in global governance.

WEF proposes to take the multi-stakeholder concept of “engagement” and “consultation” into “multi-stakeholder governance.” There are some sharp differences between “multi-stakeholder consultations” and “multi-stakeholder governance,” some of which are often blurred by the loose use of the term ‘multi-stakeholder.’ In the Rio process there are, as noted above, nine categories of stakeholders, including one category for sub-national governmental units and one category called just ‘NGOs.’ In the Helsinki Process paper cited above, there are seven categories on stakeholders including ‘governments’ as a separate group.

The selection of the categories of major participants is a crucial element in the transformation from a consultative system to a governance system. Any number of categories of stakeholders can advise or lobby a central Actor. When these categories are given governance authority, those particular institutions take on a special leadership role and potentially displace other categories into secondary status.  

Also crucial is the relative roles assigned to each category. In a multistakeholder governance system, the various actors can vie for the leadership role and the nation-state is but one or many potential candidates for that role. WEF’s therefore moves from a system where non-state Actors influence a state-centric governance system into one where the state is only one Actor and not necessarily the dominant one. Rather than a corrective to a rigid state or inter-state structure, WEF envisages in Step One that “multistakeholder governance” could be a replacement for primary state-centric international structures.  

This is consistent with Schwab’s founding principles for the World Economic Forum forty years ago.
Related Ideas: Limitations of universal frameworks; Anchoring G20 inside the UN; G20 + ECOSOC; Public-private; Fisheries; Dual-oversight agency; Multidimensionality; Repositioning; Results-oriented coalitions; Nuclear fuel

1. The First Forty Years, pg 7.

2. The First Forty Years, pg 7.

3. “The principal objective of all the Forum’s activities is to strengthen the future force of its constituents and, ultimately, their impact power in the world community.” “Our Leadership Concept: Entrepreneurship in the global public interest.”, The First 40 Years, pg 119.

4. These non-governmental organizations are accredited only to the ECOSOC, not to the General Assembly nor the Security Council.

5. “The International Chamber of Commerce (ICC) was one of the first “NGOs” to receive consultative status at the UN in 1946, and the International Organisation of Employers (IOE) followed a year later. However, individual companies had no formal participation opportunities in UN bodies until [the Financing for Development Conference in 2002]”, FES – Multistakeholder pg 12.

6. The government-supported or not debate was a reflection of the Cold War while the geographic balance debate was a reflection of the North/South split.

7. Formally the World Conference on Environment and Development in Rio de Janiero, Brazil.


9. Final UN conference outcomes are generally inter-Government agreements about what Governments and international organization are expected to do. At Rio +10, these normal outcomes were labeled ‘Type 1’ outcomes, while newer corporate-government-NGO-government project agreements were called ‘Type II” outcomes.


11. “In this new paradigm of international cooperation, ‘global partnerships’, ‘multistakeholder initiatives’, ‘global public policy networks’ and governance concepts of ‘variable geometry’ (Helsinki group) are perceived as the future of international cooperation, moving beyond traditional nation-state, FES - Multistakeholder, pg 7.

12. Samans, Schwab, and Malloth-Brown introduction pg 10. “. . . while experimentation with individual public-private and multistakeholder partnerships has flourished over the past decade, including in many international organizations, they continue to play an incremental, even experimental, role in the international system rather than a systematic one. For this to change, policy-making processes and institutional structures themselves will need to be adapted and perhaps even fundamentally repositioned with this in mind.”
Multi-stakeholder Classification Scheme

The format and structure of multi-stakeholder arrangements varies considerably. As a consultative system, the diversity of the formats is a welcome addition to the relatively more fixed systems used in intergovernmental negotiations. With GRI’s recommendation to move to multi-stakeholder governance, the lessons from these experiences take on new meaning. Annex C is a synoptic framework for categorizing the various forms of non-state and state structures used or proposed for multi-stakeholder engagement in global affairs.

In this classification there are at least two forms of international “multi-stakeholder consultations” and each has its own distinct sub-divisions. In one form the non-state Actors essentially seek to convince the state and the UN system of their views, as in classic lobbying. The other form is one in which the governments have asked specific non-state Actors for their institutional advice on a matter. This would best be called an advisory form. The first part of Annex C has additional details on each of these two forms of “multi-stakeholder consultations.”

The second part of Annex C identifies eight different formats for “multi-stakeholder governance,” five of which are currently in use and three of which are new formats proposed by GRI. The three new GRI forms are ones in which governmental functions in fragile states are handled by a dual-oversight agency composed of the international donor community and representatives of the nation-state; a multistakeholder coalition of the willing organizations which join together to tackle issues that are important to the coalition members; and a Davos-styled structure to provide global leadership where the intergovernmental community has not acted. GRI’s recommendations for a multi-stakeholder governance models are in alignment with a number of currently functioning multi-stakeholder systems. Some of them are in distinct narrow fields; some of them have been around for quite some time, even if they are largely out of public attention; and some of them have garnered a good deal of public approval.

<table>
<thead>
<tr>
<th>Multi-stakeholder consultation forms</th>
<th>Example(s)</th>
<th>Key features</th>
<th>Further info</th>
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<tbody>
<tr>
<td>Lobbying</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lobbying : Standard Style</td>
<td>ECOSOC</td>
<td>Derives from the UN Charter; requires a lengthy formal approval from ECOSOC; limited number of NGOs approved; focused on 48 Governments on ECOSOC</td>
<td>Lobbying Annex C</td>
</tr>
<tr>
<td>Lobbying : Modified standard style</td>
<td>Conference of Parties to MEAs</td>
<td>An ad hoc approval process; greater number of NGOs approved; greater involvement with more governments and more flexible options to engage delegations</td>
<td>Lobbying Annex C</td>
</tr>
<tr>
<td>Lobbying : Secretariat</td>
<td>Global Compact</td>
<td>Focus includes lobbying senior UN officials, not governments; requires annual fees and approval by Secretariat</td>
<td>Lobbying Annex C</td>
</tr>
</tbody>
</table>
### Lobbying Style

<table>
<thead>
<tr>
<th>Advisory</th>
<th>Advisory: Standard Style</th>
<th>Advisory: Modified Standard Style</th>
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<tbody>
<tr>
<td>Governments designate categories of CSOs which then select their own members; Each Major Group, with the permission of the Chair, can regularly participate in plenary and work sessions</td>
<td>Major Groups and Commission on Sustainable Development</td>
<td>TUAC and BIAC at the OECD</td>
</tr>
<tr>
<td>Member Governments agreed to establish self-standing permanent CSOs; TUAC and BIAC are asked their views on OECD matters and have privileged access to delegations and secretariat</td>
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### Multi-stakeholder Governance Forums

<table>
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<th>Current practice</th>
<th>Example(s)</th>
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<tr>
<td>Multiple Chambers Model</td>
<td>ILO / Marine Stewardship Council</td>
<td>Each category of member meets separately; an approved resolution needs to be adopted independently by each chamber</td>
<td>Governance Current - Annex C 1</td>
</tr>
<tr>
<td>Non-state body with de facto state authority Model</td>
<td>ISO</td>
<td>Members are national standard setting bodies which may or may not be a formal part of the government; the outcome of ISO has legal force under WTO trade rules</td>
<td>Governance Current - Annex C</td>
</tr>
<tr>
<td>Joint Government – Science - Non-State- Body Model</td>
<td>IUCN</td>
<td>Governments can have multiple representatives; Scientific groups have separate taskforces; NGOs can have multiple categories of representatives;</td>
<td>Governance Current - Annex C</td>
</tr>
<tr>
<td>Consortium Arrangements</td>
<td>ICANN / CGIAR</td>
<td>The multistakeholder structures of ICANN and CGIAR are unique in part because of their distinctive history, in part because they are a business/funding structure; and in part because of complex engagement claims from the wider public</td>
<td>Governance Current - Annex C</td>
</tr>
</tbody>
</table>

### New WEF formats

<table>
<thead>
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<th>New WEF formats</th>
<th>Example(s)</th>
<th>Key features</th>
<th>Further info</th>
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</thead>
<tbody>
<tr>
<td>Parallel Non-State Governance Sessions at UN organizations</td>
<td>No precedent</td>
<td>When UN intergovernmental system governing bodies meets, there is a separate parallel governing meeting with key non-state actors</td>
<td>Governance – WEF new forms Annex C</td>
</tr>
<tr>
<td>Fragile State Joint Governance</td>
<td>No known precedent</td>
<td>&quot;...a dual-oversight agency [bold in the original] where responsibility is shared between state authorities and external funders in order to meet the urgent needs of the population in fragile states through the delivery of essential social and</td>
<td>Governance – WEF new forms Annex C</td>
</tr>
</tbody>
</table>
Ad hoc coalitions of the willing and able | Iraq war coalition | Building Block Three, GRI

A self-selected group of actors, some of which may be states, corporations, or civil society organization join together to fix an a mutually agreed ‘global problem’; presented as an alternative to a nation-state / UN system response

| 1. Annex C – Governance Current systems (IX C 3) |
| 2. Annex C – Governance WEF new systems (IX C 4) |
| 3. Plurilateral Building Block Three (VIII E 3 a) |
Multi-stakeholder Governance in Practice

Outside the UN system, there are four large-scale, multi-stakeholder structures: ISO (the International Organization for Standardization), CGIAR (the Consultative Group on International Agricultural Research), ICANN (International Corporation for Assigned Names and Numbers) and the IUCN (International Union for the Conservation of Nature). The current ISO, a post-WWII body, prepares technical product and process standards. While its membership is country-based, the national standard setting bodies, which ‘represent’ countries, are themselves a mixture of individuals designated by vendors, manufacturers, governments, consumers, professional bodies and academia. CGIAR, which was founded by the Ford Foundation in 1971, now has sixty-four public and private institutional members working on agricultural research, thirteen international organizational members including the World Bank and four private foundations (Ford Foundation, Kellogg Foundation, Rockefeller Foundation and the Syngenta Foundation for Sustainable Agriculture).

In the case of the IUCN, there are six categories of members. Governments can be represented by their ministry of foreign affairs and separately by individual agencies of the same government. IUCN’s non-governmental category is divided into separate groups for national NGOs and international NGOs. IUCN’s lists of endangered species and recommendations on nature and biodiversity are highly regarded and often formally recognized in domestic law and regulations. ICANN has nationally designated participants from the private sector, government, academia, and civil society. Its structure is an unusual compromise, as ICANN moved from a Pentagon-supported project to a “private market-based” organization. All four of these non-UN bodies have different concepts for membership, for decision-making, and for self-financing. And all four continue to struggle with governance matters and the appropriate role of the different constituencies.

A series of smaller, sector-specific multi-stakeholder governance bodies have been created often to assist in accrediting and standardizing practices in socially responsible sectors. For example, the Forest Stewardship Council is a multi-stakeholder body that defines standards for sustainably managed forests. It also oversees an international certification and labeling program for trees harvested from these forests. The Marine Stewardship Council seeks to protect fish and marine resources outside national territorial waters. Its Stakeholder Council has two 20 members chambers, one chamber for commercial interests (e.g. those involved with catching, processing, supplying, retailing, and fish food service sectors) and one chamber for the public interest (e.g. those with fishing concerns from the academy, science, management, and the marine conversation communities). These specialized international accrediting and standardizing bodies now support an international self-support organization, ISEAL, to help them share experiences about governance, certification issues, and the international standard setting process.

The longest standing UN-based multi-stakeholder governance organization is the ILO. The ILO addressed the issue of state/non-state governance back in the 1920s. It has a formal tripartite governance system wherein each constituency (Governments, Employers, and Workers) separately meet to agree to a common position. The actual members of the Employer and Worker groups are selected by two mutually agreed bodies, the International Organization of Employers (IOE) and the International Confederation of Free Trade Unions (ICFTU). When all three groups agree, it is a formal ILO outcome. While there are more positive references in Everybody’s Business to the ILO than to any other organization in the UN system, the ILO governance structure is not presented as multi-stakeholder prototype by the GRI.

There are also significant new multi-stakeholder experiments within the UN system. In 2009, the FAO Committee on World Food Security transformed itself into the “foremost inclusive international and intergovernmental
platform dealing with food security and nutrition.” 5 Besides governments, its formal members now include UN agencies, international agricultural research institutions, and “civil society and non-governmental organizations, particularly organizations representing “smallholder family farmers, fisherfolk, herders, landless, urban poor, agricultural and food workers, women, youth, consumers and indigenous people.” 6 Similarly the participants in the Cartagena Protocol on Biosafety (SAICM) include a diverse collection of institutions in their decision-making system.

The newest multi-stakeholder governance form is the Financial Stability Board (FSB). The FSB structure is unique in that its stakeholders represent multiple parts of the same governments. Each government has a separate and independent seat at the table for its economic and monetary officials. The FSB, located in Basel alongside the Bank for International Settlements, was created at the instigation of the G20 to help them develop a coordinated response to the 2008/2009 financial crisis.

GRI’s recommendation is to elevate these international multi-stakeholder governance arrangements into a generic system to replace nation-state based governance as the norm. The potential – and for the currently operating multi-stakeholder organizations the actual – complexities of this form of international governance are not addressed in the GRI report. One example of these complexities is the number of categories of lead Actors and how this number is selected and how individual Actors are assigned to their categories. In some instances in the GRI report, the number can vary from two to an indefinite “many.” And in some case the ‘many’ no longer includes nation-states. 7 In other cases, the ‘many’ means only many corporations and business associations with token civil society and government presence. 8

In essence, WEF wants the world to move from multi-lateralism to multi-stakeholderism.


2. An online governance diagram for one of ICANN key committees indicates the complexity and uniqueness of this particular multi-stakeholder structure. See http://gnso.icann.org/en/about/gnso-council.htm (accessed July 22, 2012)


4. “The ISEAL Alliance is the global association for social and environmental standards. Working with established and emerging voluntary standard systems ISEAL develops guidance and helps strengthen the effectiveness and impact of these standards... ISEAL members are leaders in their fields, committed to creating solid and credible standard systems that give business, governments and consumers the ability to choose goods and services that have been ethically sourced but most of all help the environment and guarantee producers a decent living.” Website of ISEAL, visited May 5, 2012, http://www.isealalliance.org/


6. Ibid

7. “Participants in a first phase of this dialogue would include key officials from relevant multilateral institutions (e.g. WTO, FAO, UNEP, OECD), representatives from multinational companies committed to sourcing sustainable seafood products, representatives from IGOs that can speak to developing country interests (e.g. Pacific Islands Forum, CARICOM, the Commonwealth Secretariat, or the ACP Group of States), and leading thinkers in the field (e.g. WWF)” Ocean Governance Initiative : Global Agenda Council on Ocean Governance and YGL Restoring Ocean Health Task Force, pg 103.
8. “A scalable platform to enable worldwide progress on energy efficiency within individual industry sectors. Specifically, the May 2009 agreement among G8+5 countries to create an International Partnership for Energy Efficiency Cooperation (IPEEC) at the International Energy Agency should be given an explicit, new private sector dimension, providing an officially sanctioned and supported global platform for voluntary intra-industry discussions and cooperation on energy efficiency within many sectors. . . . The process would be open to companies from all countries.” Enabling Architecture for Low-Carbon Energy Transformation: Task Force on Low – Carbon Prosperity, pg 120
Public-Private Governance

Public-Private Partnerships (PPPs) are a specialized case of multi-stakeholder governance. In PPPs, there are only two categories of Actors, but potentially there are multiple forms in which these actors may be connected.

The first ‘P’ - ‘public’ - narrows the actors to state institutions and/or a combination of state institutions. In a particular PPP, one might find just a municipal government; in another PPP one might find a provincial authority, a national authority, a para-statal development corporation, a school board and a ministry of finance. Each of these actors has a specific role within the traditional state structure and, in the context of a PPP, they also tend to keep their semi-autonomous roles. However it is constructed, it is the participation of the state institution that gives a political legitimacy to the PPP undertaking.

The second ‘P’ - ‘private’ - orients the concept in another way. The private category could be just one firm that wishes to have a non-traditional relationship with a state actor. Or it could be a consortium of firms in a sector, a MNC and a several local businesses, or a combination of MNCs, transnational banks, and transnational services firms. It is this component of the PPP that is expected to deliver the project in a more efficient manner than the state-institution alone or the firm or sector in a competitive marketplace. The claim for greater efficiency in delivering local public services by granting a strong role for the business sector is central to the GRI’s approach. 1

The third ‘P’ - ‘partnership’ - is the most ambiguous term. It seems to suggest a legal partnership, but there are seldom formal, legally binding documents for a PPP. It resonates with the idea of a matrimonial relationship, but there is seldom any meaningful joint interaction in a PPP except at key media events. It also sounds like a reference to a governance system that is consensus-based and mutually rewarding, but is generally driven by one or two key members.

The ambiguity of ‘the partnership’ is crucial for the public acceptance of the arrangement. This ambiguity also allows non-governmental organizations to participate in a PPP under the public P and allows the international financial institutions (IFIs) and multilateral development Banks (MDBs) to participate in a PPP under the corporate P. For the WEF, these PPPs are the testing ground for their multi-stakeholder governance proposals. In 1992, Prince Philip observed that

... (B)usiness is uniquely well placed to take a lead and to get things done, but in partnership with local communities, governments, non-governmental organizations and other representatives of the voluntary sector. ... The concept of public-private partnerships has gained wider support among business and civil society stakeholders in recent years, with the Forum becoming the world’s foremost catalyst to promote PPPs. 2

The Prince’s observation is reflected in the wide array of calls for public-private partnerships in the GRI taskforces.

Related Ideas: Bribery; Carbon capture; Climate funds; Education; Emissions; Financial Risk Repository; Food redesign; Health issues; Low-carbon growth; Migration; Risk management; Water stress; Worker protection

1. “Today, however, the pluralization of political and economic power among states and the greater weight of business, civil society and even sub-national governmental institutions implies that efforts to strengthen international cooperation will increasingly need to have a wider focus, applying ... the aforementioned tools: ... In integrating non-governmental expertise into the formulation of policy frameworks, be they formal (legal) or informal (voluntary or public-private); and integrating non-governmental resources into the policy implementation.” Samans, Schwab, and Malloch-Brown introduction pg 18
2. H.R.H. The Prince of Wales, Address to the World Economic Forum Annual Meeting, Davos, 4 February 1992 The First 40 Years, pg 112
Governance by Volunteering

Over the centuries, nation-states developed a range of legal options to express their inter-governmental decisions. They could build international hard law by negotiating and ratifying treaties, conventions, and other legally binding agreements. The progressive development of the rule of law was seen by many as important social goal and counterweight to authoritarianism and lawlessness within countries. On the less binding side, governments could make soft laws through joint declarations, intergovernmental resolutions, and international plans of action. These explicit soft law multilateral governmental actions were complemented by the accumulation of daily practices of countries, which take domestic decisions involving foreign actors on matters not covered by hard law and grant these regular practices recognition as a part of international soft law.

This mixture of hard law (the conventions) and soft law (the declarations and national practice) provide a wide range of options for nation-states to use in formalizing their joint undertakings. All these are in addition to any bilateral agreements, military alliances, or regional economic integration agreements. In the current climate change negotiations, for example, one of the issues that remains on the table is whether the next joint multilateral action under the UNFCCC is going to be “protocol, legal instrument, or an agreed outcome with legal force.”

At the heart of the Global Redesign Initiative is a new opt-in-opt-out governance approach. GRI clearly advocates that states, MNCs, and CSOs work together voluntarily, when it suits them. Those that want to participate should; those that do not want to participate can stay out the process. The fact that the non-participants stay on the sidelines is not seen as a particular hindrance, at least as less a hindrance than obligatory standards. The thrust toward volunteer implementation is captured well in last phrases of Step One.

Redefine the international system as constituting a wider, multifaceted system of global cooperation in which intergovernmental legal frameworks and institutions are embedded as a core, but not the sole and sometimes not the most crucial, component.

The joint US National Intelligence Council and EU Institute for Security Studies report on the future of global governance makes a similar argument:

In some cases, innovative approaches stem from dissatisfaction with the relative inertia of traditional frameworks or with their perceived Western bias. Such approaches often involve ‘lighter’ forms of cooperation than the highly legalized regimes inherited from the 20th century: consultation replaces regulation, codes of conduct prevail on binding norms, regional initiatives escape lengthy debates in multilateral forums, and national prerogatives trump international authorities in implementing and overseeing agreements. ¹

GRI argues that, if nation-states don’t act on a specific matter, then they should expect that, according to Building Block Three, “plurilateral, often multistakeholder, coalitions of the willing and able” could voluntarily take over a given international governance function.

This enthusiasm for voluntary implementation in Everyone’s Business extends even to the trade regime. The trade GRI taskforce presents a detailed call for a WTO protocol laying out the ground rules for acceptable trade accords involving a voluntary collection of nation-states, unlike the current arrangement where all the members of the WTO accept a new agreement. ²

The call for voluntary state and corporate action extends even to emerging new global issues. The GRI taskforce proposal for ocean governance is premised on such volunteerism – those firms and civil society bodies which find an interest in a cleaner ocean and stronger fish stocks are encouraged to create a market-driven system. ³
are no sanctions on those firms or nation-states that do not want to be involved in having a healthy ocean, nor are there penalties for those nation-states, firms or ships which willingly keep undermining the quality of the oceans.  

The government-by-volunteering message may well re-cast the developed legal foundation of traditional state-to-state international relations. If there is a significant global problem that needs attention, then the best way to address that crisis may well be through a voluntary multi-stakeholder approach, not a multilateral approach.

Related Ideas: Plurilateral; Multidimensionality; Repositioning; Results-oriented coalitions; Nuclear fuel

1. Global Governance 2025, pg 18
3. “Use Market Mechanisms to Drive Better Management of Fishery Resources: Ocean governance includes not only governmental action, but also various norm-setting activities that occur in the non-governmental and private sectors. A recent development is the use of market incentives (access and price premiums) for companies that meet standards of “sustainability.” These incentives promote beneficial changes in behaviour . . . . The upshot of this development is that the “major buyers” are engaged in finding solutions, and they are setting norms for behaviour and asserting these norms through “market mechanisms” – they are voting with their wallets in favour of sustainable fisheries. “Ocean Governance Initiative: Global Agenda Council on Ocean Governance and YGL Restoring Ocean Health Task Force, pg 101
4. The Oceans taskforce does recommend a data exchange system between land-based law enforcement governments and organizations. This Blue Ocean Peacekeeping Force would “combine the data, resources and intelligence of law enforcement officials, navies, and coast guards, search and rescue services, and other cooperative maritime surveillance and enforcement arrangements. In addition to its focus on the high seas, it could also enhance the capacity of countries to combat crime in Exclusive Economic Zones, where requested. It could enhance INTERPOL, which covers criminal activities that may take place on land or at sea (piracy, terrorism, smuggling (drugs, humans, wildlife) and pollution) by adding a dedicated oceans presence. And finally it could build links with existing cooperative maritime surveillance and enforcement arrangements such as the Forum Fisheries Agency, Niue Treaty countries, Australia and France cooperative maritime surveillance in the Southern Ocean and others, and provide complementary global coverage.”, GRI , pg 110
G20: The Global Leaders

WEF looks favorably on the G20. It claims that the G20 can be the new global social-political-economic leader, one capable of providing appropriate goals, correcting global wobbles, and managing conflicts between other governing Actors far better than its predecessor, the G7/G8.

The G7 started as the G6, and then Canada wanted to join the group and it became the G7. Other OECD countries, some of which had larger economies than some of the G7 nations, thought they should be given a formal, permanent seat. This would have changed of the name of the group to the G9, G10, G11, and so on. These reasonable demands were partially resolved by extending annual informal invitations to non-G7 OECD countries and to selected non-OECD countries to attend parts of the G7 meetings.

The G7 became the G7/G8 after the end of the Cold War. Russia was invited to join the economic discussions (the G8) but excluded from the coordination meeting on geo-political-military matters (which continued as the G7).

With leadership from then Canadian Minister of Finance Paul Martin, ministers and central bankers from selected former colonies in the South and China joined with G7/G8 ministers and bankers to discuss macroeconomic matters. When the G7/G8 saw that it needed to again re-fashion itself, it upscaled the twenty member Canadian ministry of finance group to the heads of state/government level and created the G20. As the model was centered on ministries of finance and central banks, the criteria for the fourteen new members of the G20 was the relative financial importance of the former colonies, not necessarily their political, economic, environmental, or social importance.

The G20’s strength for the WEF is that it better reflects the redistribution of nation-state power in today’s globalized world. It also shakes up the rather moribund G7/G8 meetings that in any case were no longer dominating the direction of global geo-politics. With the history of the G7/G8 in mind, GRI proposed four significant institutional changes in the workings of the G20.

First, WEF wants to associate the G20 with the UN and therefore with other nation-states. The benefit of this proposal is that the G20 can gain a platform to encourage other nation-states to accept its leadership and its specific proposals. The semi-formal relationship with the UN is intended to enhance G20 legitimacy in the eyes of the universal membership body. In terms of procedure, GRI suggests that the G20 formalize its current ad hoc guest relationship with ECOSOC and clearly designate the Secretary-General as the 21st ex officio member of the G20. GRI also wants the incoming, current, and future chairs of the G20 to issue a joint report to the other UN member states on the recent activities of the G20 and to have its ministers brief the ECOSOC on G20 developments in person.

Second, GRI recommends that the G20 avoid the membership rigidity that restricted the effectiveness of the G7/G8. It proposes that the G20 agree early on to keep its membership criteria flexible. Over time, some more economically successful countries may falter or fall out of favor with key G8 countries. And other countries with a broader political and/or social basis in regional affairs may need to be drawn into the group. In the editors’ introduction, Samans, Schwab, and Maloch-Brown recommend that the G20 re-think its membership every decade, using a combination of regional balance (two per region) and global importance to select its 20 state-members.

At the UN, regional balancing has often meant that each region self-selects its representatives. This has led to some uncomfortable moments, as other regions find a regionally selected country politically inappropriate.
Consequently, GRI recommends that potential regional countries should be excluded from G20 membership if they are currently under Security Council sanctions.

GRI also proposes that regional organizations be given observer status at the G20. In the first instance, this might mean that “the EU, ASEAN, African Union, and OAS” would regularly attend G20 meetings as observers. At the moment there are over 30 regional inter-governmental organizations similar to the four named above. This recommendation reflects GRI’s awareness that important countries are increasingly seeing regional bodies as significant players in developing and implementing their economic and political objectives.

In the G7/G8 structure, the staffing was provided by the country which held the annually rotating Chairmanship. The G7 did not want to establish an ‘independent secretariat’ as that might imply the de facto leadership by one of the G7 countries. While this resulted in discontinuities in policy planning and failures in policy implementation, the G7/G8 preferred flexibility and an informal structure to one that had a firm institutional base. WEF suggests that the G20 would be more effective with a secretariat based in a developing country and that it should be staffed by senior officials from the incoming, current, and former Chair’s countries. In this manner, the politics of deciding on a lead OECD country is finessed, and the dysfunction of a constantly changing staff is minimized.

Related Ideas: 
- Arrangements out of step; 
- Public governance failures; 
- G20 top down; 
- Reconciliation; 
- Anchoring G20 inside the UN; 
- Early harvest; 
- G20 stewardship; 
- G20 + 3Gs; 
- Added leadership; 
- G20 + ECOSOC; 
- Financial risk watchdog; 
- Education; 
- Worker protection; 
- Joint review

1. later Prime Minister

2. “The UN Secretary- General should be made the 21st ex officio member of the group. Each year, the troika of G20 Leaders (past, present and prospective chairs) should issue a report to the United Nations, summarizing the main outcomes of the process for the year. A group of its relevant ministers should make themselves available for annual or semi-annual hearings within the Economic and Social Council (ECOSOC) to expand upon the report and respond to questions from non-member states.” Samans, Schwab, and Malloch-Brown introduction pg 27

3. Samans, Schwab, and Malloch-Brown’s joint introduction “One approach27 would be to include as members the largest two economies from each region – the Americas, Europe, Asia and the Pacific, North Africa and the Middle East, and Sub-Saharan Africa – plus the 10 other largest economies in the world. Membership should be reviewed in light of these criteria every ten years, and countries subject to UN sanctions should be considered ineligible. The principal regional organizations such as the EU, ASEAN, African Union, and OAS, should be accorded observer status.” pg 27

4. “ Rationalize participation. One approach27 would be to include as members the largest two economies from each region – the Americas, Europe, Asia and the Pacific, North Africa and the Middle East, and Sub-Saharan Africa – plus the 10 other largest economies in the world. Membership should be reviewed in light of these criteria every ten years, and countries subject to UN sanctions should be considered ineligible. The principal regional organizations such as the EU, ASEAN, African Union, and OAS, should be accorded observer status. The chair could continue the recent tradition of extending informal invitations to leaders of other countries depending on the agenda.” Samans, Schwab, and Malloch-Brown introduction pg 27

5. “Finally, a relatively small secretariat should be established, based in a developing country and staffed principally with secondees of the current, preceding, and prospective chair countries.” Samans, Schwab, and Malloch-Brown introduction pg 27
Key segments of the international elite were quite concerned that global market mechanisms had failed to control the speed of the transmission and the intensity of what should have been only a domestic US housing crisis. If anything, these global market mechanisms increased the uncontrollable speed at which financial instability from one sector in one country turned a national crisis into a global phenomenon. In short, WEF’s leaders recognized that the ad hoc solutions that patched up the 2007/2008 crisis did not provide adequate security to control future global macro-economic crises. The GRI also saw that the public perception that the global financial crisis was out of control contributed to the de-legitimization of globalization. Too many countries, too many organizations, and too many people were openly critical of globalization and of multinational banking. Many were fearful that they faced diminished opportunities to improve their own lives and institutions.

Out of GRI’s discussions, there evolved a proposal to bring some of the key informal global governance processes and Actors under the wings of the UN system. This integration of global executives with UN diplomats and civil servants was seen as a way to rejuvenate the acceptance of globalization. The thinking is that, if globalization leaders were more involved in the policy development and program implementation of the UN, then organizations and peoples throughout the world may well look more favorably on the legitimacy of their combined efforts. The proposal for enhanced engagement with the UN system also marked the transformation of the informal global governance system of the international market into a new alliance with formal institutions of global governance. The benefits of conjoining the informal market-based system with the official state-centric system were that multinationals were no longer outside the gate, but were entering the system as equal or greater than equal partners in a transformed UN system.

There are a good number of the proposals in Everybody’s Business which brings part of the informal global governance system under the umbrella of the formal system; there are also a good number of proposals in Everybody’s Business for taking topics on the current agenda of the UN system and moving them under a multi-stakeholder umbrella. The United Nation system has a role – albeit one not envisaged in the UN Charter – in WEF’s redesign of global governance. Finding the right balance between the UN Charter state-centric governance system and a firm-centric, multi-stakeholder governance system is what will, in WEF’s eyes, make both systems work better.

In this new "geometry of cooperation" framework, WEF can draw on a limited number of current formal-informal governance understandings. For example, the Kimberly Process for managing potential blood diamonds brought together a consortium of gold mining and trading firms, civil society actors, and African governments with gold mining sectors. These Actors constructed on their own a certification process to keep conflict diamonds out of international trade, even in trade with non-participating countries. To enhance international legitimacy for the Kimberly Process, they sought and welcomed a formal General Assembly resolution endorsing their procedures. This partial integration of the de facto system, in WEF’s view, gives it greater legitimacy by the implicit endorsement of nation-states, most of which remain outside the de facto system.

The concepts behind WEF’s perspective on global governance are first that multinational corporations; nation-states, including the UN system; and selected civil society organizations ought to jointly -- and are best able to -- manage a globalized world. And second that, without such a joint team to re-assert effectiveness and legitimacy to globalization, the systemic tensions in globalization will continue to challenge the foundations of the global market and international relations.
The next section of the Readers' Guide examines this re-balancing in terms of the current traditional divisions of governance within capitols and within the academic literature.

Related Ideas: Challenges to UN system; Participation; Public-private; Enabling action; Informal conference planning; Joint review