



**Coherence or dissonance in the  
international institutional  
framework:  
Overlapping responsibilities**

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# 1 Introduction

Within the context of globalisation and the way that political and economic forces are challenging the present structure of global governance, this paper sets out to discuss the following questions:

- What, more specifically, are the forces that are challenging the set of institutions set up (or significantly reformed) after the second world war?
- What are the most important changes and adaptations over the last decade in the division of labour between (or the set of tasks carried out by) existing international institutions?
- To what extent, and how, have these changes increased *the overlap* between the mandates and functions of the different institutions, or, alternatively, made some institutions capture the turf of (take over the tasks of) others?
- To what extent is the present set of international institutions (or present structure of global governance) prepared to meet the demands of today and tomorrow; or in other words: which changes should be made in the present structure?
- What are the interests of developing countries in this picture? How should they relate to the present (piecemeal and anarchic) process of institutional adaptation, and what changes in the present system should developing countries strive for?

The paper is commissioned by the Inter-Governmental Group of Twenty-Four as a contribution to the joint G-24/Opec Fund workshop on '*Coherence or dissonance in the International Institutional Framework*' held in Vienna on 29-30 September 2000. Five different but related contributions shed light on the changing framework for global governance. The particular focus of this paper is to what extent and how these changes have led to *overlapping responsibilities* between different institutions, and what improvements the present situation calls for from the point of view of developing countries.

In discussing various dimensions of overlapping responsibilities, a wide definition of the term will be used. It can vary along a continuum from overlap in a technical sense between two small aid projects on one extreme to politically charged overlap between the overall missions of two institutions on the other. Overlap, naturally, use to be associated with waste of resources, and with destructive competition by two or more entities for the same turf. While this often the case, our wide definition also allows for the grey definitional area between overlap and adaptation. An example of this can be a UN organisation moving its mission in one country from economic development to political governance in the face of increasing competition in the former area from the World Bank. Here, there is still overlap in formal

responsibilities, while pragmatic adaptation to trends in donor support and institutional forces of gravity ensures avoidance of wasteful overlap in practice. A related issue is that of the relationship between overlap and competition. What some observers consider outright overlap in a turf war manner, others might see as healthy competition without which the quality of multilateral institutions services will inevitably decline.

## 2 Driving forces behind changes in global governance

The driving forces behind the present changes in global governance is a subject worthy of many book manuscripts in itself. Our intention here is just to present a rough framework to inform the discussion of overlap of responsibilities and particularly the question of how developing countries should handle this problem.

### 2.1 The end of the cold war

The emerging cold war in the late 1940s contributed to bring down the ambitious global governance structure designed (but never implemented) from 1943 and onwards. The stand-off and polarisation between the Soviet- and Western blocks virtually paralysed the Security Council and seriously impeded the development of a normative UN function in global economic and political affairs. At the same time, superpower rivalry provided impetus to contribute development funding as a means to please and win over to ones side the rapidly increasing number of new states due to decolonisation. Somewhat perversely, therefore, the cold war provided an important motivation to make concessional funds available to the emerging set-up of UN funds and programmes, specialised agencies and multilateral development banks. Contributing soft funding to multilateral organisations was also seen by OECD countries as a way of compensating vis a vis developing countries for the negative Western attitude to give the UN a strong political role in economic governance.

With the fall of the Berlin Wall in 1989, this picture changed significantly. The end of the cold war created a wealth of new opportunities for the UN to regain an important political and security role in global affairs. Many of these opportunities have been spoilt, but Kofi Annan's speech to the Millennium Summit in early September 2000 is witness of the central role that the UN plays and can play in global governance. The demise of the cold war also probably contributed, at least up till the Seattle meeting last year, to less polarisation and more constructive dialogue between developing and developed countries on issues of *economic governance*.

#### Decreasing support for multilateral assistance

On the other hand, though, there are reasons to believe that the same developments have contributed to decrease OECD government motivation to sustain the developmental role of the UN and also to some extent the multilateral development banks. The 1990s have seen a

significant decreasing trend in donor support for multilateral aid (as well as aid in general), in particular as applies to core budget support. Although cold-war motivated aid spending might have been more pronounced in the bilateral field, it is probably still a relevant explanation for the decline in multilateral budgets. With decreasing geopolitical rationale for giving aid, donors have partly become more protectionist in terms of tying aid directly or indirectly, and partly more demanding on multilateral organisations as to the quality and relevance of their aid activities.

## **2.2 Globalisation - threat or opportunity?**

Globalisation is as important and controversial as it is ill-defined, and this is not the place for comprehensive conceptual explorations. Understood, though, as a continuous process of dynamic change fuelled by technological innovation and more open markets, it is creating complex challenges to multilateral institutions. To many the expanding role of the private sector threatens the hegemony of both domestic and international public sectors. For instance, both NGOs and private companies are performing many tasks today that either bilateral or multilateral aid agencies took care of yesterday. The corporate social responsibility (CSR) agenda that has inspired Kofi Annan's Global Compact provides many opportunities for multilateral bodies, but also underlines the increasing proliferation of private stakeholders competing for previously public domains.<sup>1</sup> This competition is not limited to aid projects in sectors such as health, education and agriculture, but increasingly manifests itself in competition for agenda-setting in the global public domain.

As such, globalisation can in many ways lead to increasing overlap in global governance responsibilities. This is partly because of new entrants into the market for public goods (NGOs, private companies, media groups), but also due to adaptive steps by and among the multilateral institutions themselves. However, along another dimension, globalisation is definitely also creating new opportunities for intergovernmental organisations, and thus for global governance. Many of them have negative connotations but are crucial at that: wars and violent conflict, the uncontrolled spread of AIDS and other diseases, the global traffic in drugs and other criminal activity, global environmental problems and the problem of global tax havens. Other challenges are more neutral or positive in nature: regulation of the use and spread of genetic engineering or the provision of global rules of the game for 'the new economy'. The UN Millennium Declaration just signed by a record number of heads of government testifies to a strong political conviction that global governance must be strengthened, and that the UN has a crucial role to play.<sup>2</sup>

To multilateral organisations, the positive side of these developments is that globalisation makes the case for provision of international public goods stronger than ever. Conversely, however, if there ever was a monopoly in terms of providing these goods, it no longer exists. Increasingly, multilateral organisations are challenged as to whether they command a comparative advantage over other stakeholders, including regional bodies like the EU as well as NGOs and the corporate world.

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<sup>1</sup> The UN Global Compact was formally launched in New York in late July 2000, in a meeting where 40-50 top private sector executives participated in addition to representatives of UN organisations, labour groups and NGOs.

<sup>2</sup> The Millennium Summit saw the participation of more than 180 heads of state, and took place in New York from 6-8 September 2000.

### 3 Division of labour in global governance: how it emerged

Before exploring these changes in global division of labour more in detail, it is necessary to take a brief look at the historical roots of the present structure of global governance. In so doing, we will see that major adaptations of international institutions to global change is nothing new, and that the past may provide valuable lessons for present and future policy-making.

As the second world war drew to a close in 1945, a global institutional framework for the post-war world was already emerging. Once allied victory was in sight, the mood among global governance designers was optimistic indeed. The formative years of the UN and the Bretton Woods twins saw an unprecedented optimism in what the new institutional structure could bring about. Its aim was nothing less than securing peace and welfare for the coming generations. Where the League of Nations had failed to avoid trade wars and political conflicts ultimately leading to the Second World War, the new international order was tasked to make poverty and war obsolete features of the past. The following observation by Robert Asher, probably the most prominent expert of the first decades of post-war international co-operation, provides a good illustration:

*In the mood of the time, however, the obstacles to effective collaboration were for the most part viewed through a golden haze, and few appeared insuperable. The UN and the specialised agencies, it was assumed by the general public, would play a major role in repairing the ravages of war, in preventing depression, in developing respect for fundamental human rights, and in promoting the 'conditions of stability and well-being which are necessary for peaceful and friendly relations among nations'.<sup>3</sup>*

As a telling anecdote, the following quote from the UN ambassador of the US should be interpreted in this light, as he addressed the inaugural ECOSOC meeting in 1945:

*Seldom before in human history has an organisation been created with greater opportunity to save mankind than has been given to the Economic and Social Council under the Charter of the United Nations.<sup>4</sup>*

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<sup>3</sup> Asher et al 1957, page 2, with a reference to the UN Charter, Article 55.

<sup>4</sup> Asher, 1958, page 289.

### 3.1 Broken expectations

To cut a long story short, neither ECOSOC nor the overall United Nations structure were given any real chance to live up to such expectations. The onset of the cold war, as already mentioned, sealed the fate of any large scheme vision of global governance. A far more pragmatic approach soon came into favour in the United States and among its main allies. They were certainly not prepared to develop any global, representative body like the UN into a supra-national organisation. Issues of pressing national interest that required international co-ordination were to be taken care of by institutions that the US and its close allies could control and which reflected the economic and political power structures of the day. In assessing the record of the first post-war decade of multilateral co-operation, Robert Asher did not see a very prominent role:

*The most notable multilateral initiatives of the last decade, moreover, have, with a few exceptions, been taken outside the UN framework. In the economic field, these include three concomitants of the Marshal Plan, the Organisation for European Economic Co-operation, the European Payments Union (EPU), and the European Productivity Agency; three associations involving Benelux, France, Germany and Italy, the European Coal and Steel Community (ECSC), the European Economic Community (common market), two other European groupings, the proposed free trade area, and the proposed Nordic Customs Union; and a peculiar arrangement that includes participants from several continents and has both multilateral and bilateral features, the Colombo plan.<sup>5</sup>*

Even within what Asher called the UN framework, the strongest-to-be institutions were not part of the UN family proper. They both experienced a tough start-up period, but the IMF and the World Bank soon came out as relatively robust organisations, with the former having the most clear-cut normative role. The strong efforts by developing countries to challenge the World Bank as the key provider of concessional finance, for instance through the campaign to launch SUNFED, never won developed country support.<sup>6</sup> Moreover, the remains of the withered International Trade Organisation (ITO) concept, GATT, took several decades to gain the important position - again outside the UN framework - that it was later to carve out for itself.

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<sup>5</sup> Asher, 1958, page 289-90.

<sup>6</sup> Bergesen and Lunde, 1999, pages 40-44.



## 4 Exploring the present pattern of change and adaptation

The reason for this glimpse into the immediate post-war history is to better understand the challenges posed to concerned governments and international institutions today. The lessons may be summarised for our purposes as follows:

- The international institutional framework as established in the wake of the second world war itself constituted a painful and pragmatic adaptation to global developments beyond the control of both national policy-makers and international bureaucrats.
- The main global political players established a range of new institutions outside the newly founded United Nations, and thus seriously weakened the UN's role in global governance.

Nevertheless, the notion that present global trends are seriously challenging the institutional structure as created fifty years ago, is still to a large extent valid. Even if they failed to live up to (in hindsight admittedly naive) expectations, a global set of intergovernmental institutions were created, much of it with global representativity (one nation, one vote) as the basic decision-making rule. Indeed, many of the functional bodies with clearly delineated mandates date back to the nineteenth century: ITU, the International Telecommunication Union (1865), WMO, the World Meteorological Organisation (1873) and UPU, the Universal Postal Union (1875). Also, rather new institutions such as WIPO, the World Intellectual Property Organisation (1970) took over functions previously covered by the Bern and Paris conventions of the 1880s (protecting artistic work and industrial property respectively).

It is, thus, more than hundred years since governments recognised the demands for international, and increasingly, global co-ordination. The work of these functional organisations, which are mainly specialised agencies linked to but not governed by the UN, seldom make headlines. But they perform indispensable services without which the world would have been a far more chaotic and dangerous place to live. In addition to the direct benefits stemming from co-ordination and the systematisation of and distribution of information, it is probably fair to assume that they have had and still have a broader political impact in terms of enhancing discipline and the co-operative spirit in the global society. And they generally provide access for all countries in the world on a representative basis.

The specialised agencies are among the global players currently challenged by the forces of globalisation. There is a widespread concern that globalisation leads to unprecedented change in multilateral rules of the game. The IMF is challenging the World Bank's 'Washington monopoly' in poverty reduction. Regional trade groupings are testing WTO's global

hegemony in trade regulation and dispute settlement, while new elements in the WTO agenda, increases the organisation's interface with many UN bodies. And UN organisations like the UNDP and WHO are seen as losing out - partly to the World Bank and partly to the private sector (widely defined).

Change, adaptation and in many cases an increasing overlap in the international institutional framework is taking place at many different levels. Below we will look at four such levels, which in fact each are worthy of larger separate studies. Therefore, the following account will have to be brief. And, rather than concluding as to which organisation is capturing the other's turf, the main aim is to stimulate reflection on how the immense global challenges are best handled; in general as well as seen from the perspective of developing countries.

## 4.1 Challenges from the outside

Challenges from the outside come from a variety of sources, meaning organisations or groups with no specific global mandate nor globally representative decision-making rules, and spanning everything from anarchic NGOs to well-established regional economic organisations.<sup>7</sup> The category also covers challenges to the Bretton Woods organisations from the private sector, reflecting convictions not least in the United States that large chunks of e.g. IFC and MIGA's mandates should be left to private sector bodies.

Naturally, to developing countries, the tendency for external actors to encroach on the territory of globally representative institutions, is a source of deep concern. Representative decision-making rules, particularly as they apply to UN organisations proper (one nation, one vote), remain invaluable to the majority of countries in the world who otherwise scarcely have any voice in global affairs. Its value lies partly with the real impact that it provides for poor countries in the boardrooms of international organisations, but also in the broader symbolic value enshrined in the one nation one vote system.

In assessing the extent to which particularly UN turfs are threatened by outside players, however, it is important to remember the point made in the brief historical detour above. For various reasons, the role of the UN in global governance have seen clear limits from day one. While this is and should remain a continuous concern for developing countries, it does not mean that organisations structured otherwise can not serve the interests of the developing world. One obvious example is regional organisations for trade and economic co-operation. Collectively, they are a challenge not least to global trade bodies like the WTO. Particularly smaller countries across the world share a strong interest in halting the potential erosion of multilateralism due to excessive regionalisation. This is a strong concern in my country (Norway), which remains outside the main regional organisation in Europe. On the other hand, however, it would be foolish to ignore the positive dynamics stemming from the increasing regional and sub-regional co-operation in Asia, Africa and Latin-America.

How to strike the right balance between regional and global co-operation is therefore a complex issue. The failure of Seattle and the ensuing WTO deadlock have probably already given a boost to regional trade blocs. One concern that is growing in the absence of WTO progress is the phenomenon of 'forum shopping'; the tendency of countries (often the larger

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<sup>7</sup> Since NGO challenges to the established institutional framework is the main topic of another paper for the same workshop, NGOs get far less attention here than they would otherwise deserve given the paper's topic.

ones) as aggrieved parties to choose between regional dispute resolution machinery like NAFTA and the global WTO framework. To developing countries, who are just beginning to capitalise on the important WTO conflict resolution mechanisms (by winning cases against the big trading powers), erosion of the authority of this machinery would be bad news indeed. Put otherwise, the worst of worlds for developing countries is unrestricted big power bilateralism, with no way whatsoever to hold governments responsible for protectionism.

Forum shopping between global and regional trade bodies take place, at least, in a more disciplined and transparent context, but developing countries have interests in limiting it. Global rules of the trade game on a representative basis is the preferred alternative. The WTO still does not qualify to that effect, as vividly demonstrated in Seattle. On the other hand, however, this very failure has created a window of opportunity in a rapidly growing acknowledgement that the developing country voice in the WTO should be strengthened. One pragmatic step in this direction was taken with the launching in late 1999 of a legal advice mechanism to enhance poor country access to and use of WTO's dispute resolution machinery. Another example is the apparent reassessment of WTO bargaining positions by the EU and the US that has been taking place since Seattle, at least seemingly influenced by developing country views.<sup>8</sup>

A different but still significant challenge to multilateral organisations comes in the form of competition with bilateral donor agencies and international NGOs. Although efforts are made through the Comprehensive Development Framework (CDF) (see below) to make unhealthy overlap give way to co-operation based on complementarity, bilaterals and NGOs in many cases pose significant threats to the turfs claimed by multilateral development agencies. This is not the place to shift the ground between the different stakeholders, but just to indicate that not least in the field of development co-operation multilateral agencies face tough challenges from a range of 'competitors'.

## 4.2 Increasing turf war in Washington?

The World Bank and IMF came into being with relatively clear and distinct mandates. In addition to functional differences (facilitation of economic development in the longer term versus (short term) financial and macro-economic stability), early post war developments made the World Bank superfluous in the industrialised world. The IMF, on the other hand, still has a genuinely global mandate. The division of labour between the two institutions has long been the matter of controversy, however. Many factors, including the onset of the debt crisis in 1982, made it more and more difficult to distinguish between their mandates. Solving complex debt problems makes a mockery of any attempt to distinguish short term financial stability from longer term development issues. Thus, the stage was set for gradually closer co-operation as well as an increasing number of conflicts between the Bretton Woods twins. Conflicting views on conditionality design not only made life difficult in Washington; it became a source of confusion (as well as a split and rule opportunity) for developing country governments adhering to structural adjustment programmes.

Relations improved somewhat in the early 1990s. The 1997 Asian crisis, however, brought serious disagreement into the open on both prevention and cure. It also led the Asian

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<sup>8</sup> See for instance Financial Times, 6 December 2000: '*Brussels to alter trade round stance.*'

Development Bank into the equation, striving for a stronger regional touch to economic governance. This is not the place for shifting right and wrong among the three, but suffice it to say that extensive dialogue in the aftermath of the crisis seems to have created a more constructive approach to dealing with economic and financial problems in the developing world. Still, elements of the recent rapprochement between the IMF and the World Bank may have created a situation of increasing function overlap. During the last years of Michel Camdessus' regime, new debt initiatives and general pressure for giving the IMF a more explicit anti-poverty role, increased its interface and thus the potential for overlap with the Bank's mission.

Then, at least at the level of rhetoric, the IMF has recently been digging deeper into a policy field formerly 'controlled' by the World Bank and UN organisations. The trend seems to be modified, though, by Horst Köhler's new IMF regime. Taking over the Fund on 1 May 2000, he called on the organisation to focus more on its core areas of specialisation, relating to monetary, fiscal and financial policies in member countries. His call reflects the view strongly held by many US think-tanks and policy-makers that the IMF has become over-extended by trying to incorporate too broad a range of goals relating to social, poverty and governance issues into its programmes. Most notoriously, in the view of critics, these included recently the Fund insisting on the dismantling of Indonesia's clove monopoly. A modification along the lines suggested in the US-based Meltzer report, for instance, would clearly limit the overall scope of IMF's agenda and thus probably reduce the potential for World Bank/IMF overlap.

In the present post Seattle- and Washington political climate, such modifications are also highly controversial. Nobody wants to be the prime scape-goat of the anti-globalisation lobby, and the lobbying by many governments to bring the IMF squarely into the Comprehensive Development Framework (CDF) and the PRSP process may be intended to move the Fund in the opposite direction.<sup>9</sup> The issue has therefore been subject to careful board- and management scrutiny in both organisations. On 6 September 2000, they issued a joint declaration aimed at improving the way they work together. Even if not giving in hundred percent to recent mandate restriction pressure, the tendency towards a modified and more focused IMF role is clear. It is acknowledged, though, that their missions are closely related. In crisis situations, for instance, the Fund would be expected, according to the declaration, to take the lead in negotiating an overall stabilisation and reform programme with a country. At the same time, the Bank should take the lead in the design of structural parts of the programme. The declaration also saw co-operation improved in areas of common interest by a new financial sector liaison committee.<sup>10</sup>

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<sup>9</sup> PRSP stands for Poverty Reduction Strategy Papers, and is a recent joint World Bank/IMF/recipient country approach to poverty reduction.

<sup>10</sup> Source: Financial Times, 7 September 2000.

## 4.3 Supporting development - what role is left for the UN?

World Bank lending for what the UN terms human development (health, education, nutrition, population) increased ten-fold between 1985 and 1995.<sup>11</sup> This happened as developing funding for UN organisations was starting to dry out. The soft funds at the disposal of the World Bank (e.g. through various trust funds), dwarf by far the total budget of the UN's assumedly prime development body, the UNDP. Along similar lines, the World Bank spends far more on health and education than WHO and UNESCO respectively. It also plays an increasingly important normative role in these vital development policy areas, as a development knowledge broker and agenda-setter - not least through its annual World Development Report. As such, the World Bank challenges both the operative and normative functions of the UN development support machinery.

No wonder, then, that UN organisations are afraid of increasing World Bank domination of the global development agenda. When Kofi Annan presented *'the most far-reaching reforms in the 52 year history of the United Nations'* in 1997, the relationship with the World Bank was a major issue of concern:

*The movement of the Bank into areas similar to those hitherto in the purview of the United Nations will bring additional resources to bear on similar objectives. However, this brings added urgency to the task of ensuring an appropriate distribution of responsibilities between the World Bank Group and the United Nations for the benefit of the programme countries. This should take the form of functional rationalisation in a complementary and co-operative manner between the work of the United Nations and the World Bank...<sup>12</sup>*

Even if clouded in diplomatic language, the writing is on the wall. Solid verbal support for a strong UN role in international development notwithstanding, the donors have voted with their feet in terms of financing for development. To UN organisations like UNDP it is both a catch 22 situation and a vicious cycle: donors (including the traditionally UN-friendly Nordic ones) want real impact, and thus support already strong institutions where minor changes for example in poverty reduction policy may have greater influence than the total programme activity of a small UN body. This policy further strengthens the World Bank at the expense of struggling UN organisations, creating a self-fulfilling prophecy.

In many ways, therefore, donor countries have been important driving forces behind this mission- and operational overlap of the two sets of institutions. However, the extent to which, and how, these developments are leading to increased overlap in the sense of waste of scarce resources, is not immediately clear. Strong competition has initiated a process of operational adaptation and high-level discussions as envisioned by the UN Secretary General in the quote above. There are signs, for instance, that UNDP and the World Bank are starting to work together more constructively. Hopefully, the Comprehensive Development Framework (CDF), a concept developed by the World Bank but at least formally embraced by UN

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<sup>11</sup> Bergesen and Lunde, 1999, page 131.

<sup>12</sup> Bergesen and Lunde, 1999, page 93, quoting from 'Renewing the United Nations: A Programme for Reform', the UN, New York, July 1997.

agencies, will lead to increased co-operation and a more constructive division of labour debate. Just the fact that the former Vice-President for external relations in the Bank, Mark Malloch Brown, is now leading UNDP, while Mats Karlsson, a leading UN -friendly Nordic development figure has taken Brown's old job and is also responsible for UN relations, should bode well for co-operation rather than confrontation and unproductive turf wars. One result is a likely scaling down of UNDP ambitions in economic development and a sharpening of its profile instead in governance. Such reform is by no means uncontroversial, however, and has led to stiff resistance from many G-77 countries. This illustrates the inherently political character of issues of mission overlap.

It should be added in this context that competition for funds and turfs may be just as tough and destructive between UN funds, programmes and specialised agencies, as between the UN and multilateral development banks. The scarcer the funding available for the large number of organisations, the tougher the turf fights in and between headquarters in New York, Geneva, Vienna and Paris, and often even more so in the field. World Bank dominance may contribute indirectly to tougher UN infighting, though, by shrinking the turf that an increasing rather than decreasing number of UN agencies are fighting for. A classic bone of contention within the UN family has been, for instance, the assumed 'empire-building' by the UNDP at the expense of a range of other (more or less) operational UN bodies.

#### **4.4 Trading roles of WTO and the UN - overlap or complementarity?**

In many ways, the globalisation first of GATT and then since 1995 of the World Trade Organisation (WTO) is a victory for developing countries. GATT negotiating rounds up till and through the Tokyo round of the 1970s largely confirmed the image of GATT as an exclusive rich man's club. This changed in the run-up to and throughout the Uruguay round. The 1990s have seen developing countries take on increasingly central role in global trade discussions, as WTO membership has now risen to more than 130 countries and is set to eventually include virtually all countries in the world. This rapid institutional globalisation of world trade has, however, revealed strains and inequalities in international trade governance. Developing countries increasingly see it in their interests to use the WTO in the fight against protectionism and selective bilateralism. But the failure in Seattle revealed more than anything else that WTO ambitions have grown much faster than the quality of the organisation's decision-making machinery. While acknowledging, as all governments do, trade-offs between effectiveness and representativity, being left out in the corridors is not the preferred bargaining position of developing countries.

As mentioned above (4.1), current negotiations on how to move beyond Seattle provides a potentially promising source of influence for developing country governments. At the same time, more low-key but still important processes of trade bargaining are moving their way through the existing decision-making system. One example is the WTO Agreement on Trade in Services (GATS). Impacts of these processes are carefully scrutinised by governments in developing and developed countries alike. *However, the evolutionary development of global trade governance (in products as well as services) also gradually widens the interface, between WTO and a range of other institutions.* With such interface expansion comes opportunities for co-operation as well as new sources of conflict and overlap in responsibilities. Some of the most politically charged relationships to this effect are those

between WTO and the International Labour Organisation (ILO) and the United Nations Environment Agency (UNEP) respectively.

Involved here is primarily a tug of war over politics and basic missions rather than the operational overlap discussed in 4.3 above. We also talk of much more different institutional entities, not least given that the WTO scarcely has any operational function in terms of economic development - the key turf fought over between the World Bank and UN organisations. Specific areas of institutional overlap may already have emerged, but attention is mainly focused on much broader division of responsibility issues. At stake are key questions concerning global environmental regulations, labour rights and the vexed question of conditionality. For general as well as more specific reasons, developing countries are largely sceptical of expanding WTO's mission to include environmental issues and even more so labour rights. Some concessions have been given in the environmental area, probably reflecting partial agreement on how to deal with environmental sustainability as well as a tactical wish not to alienate totally the strong environmental movement.

Since 1945, developing countries have aimed to maximise the thematic coverage of organisations with decision-making rules favourable to them. Conversely, they have tried to limit the scope of organisations where decision-making reflects global economic and political power structures. As such, the G-77 preference for handling environmental issues in UNEP and labour issues in the ILO fits a well-established pattern, with parallels also to G-77 negotiators in New York aiming to restrain the World Bank's capture of assumed UN turfs. This strategy may come under increasing strain, however, as G-77 members are coming around to see the WTO as a gradually more important tool for pursuing developing country interests. For instance, the political energy formerly invested in making UNCTAD a partly competing body for trade negotiation has for long been rechanneled into strategies for making the WTO itself more sensitive to developing country demands.

Still, developing country aims to create a constructive interface between WTO and UN environmental and social organisations command considerable support also in the developed world. As in other parts of WTO's agenda, it makes less and less sense to polarise issues along simplistic North/South dimensions. An example is the call of French Prime Minister Lionel Jospin for a strong World Environmental Organisation under UN auspices to create a counterweight to the WTO, and probably also to take pressure off WTO in order to make it focus on its main agenda: liberate and regulate trade. Interestingly, Calestous Juma, a prominent developing country voice in the global environmental debate took issue with Jospin recently, warning strongly against the establishment of the new organisation.<sup>13</sup> This is not the place to make a stand on this new proposal, but the examples illustrate the diversity of views across North/South divides on how to structure the interface of global governance in the areas of trade and environment.

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<sup>13</sup> Financial Times, 6 July 2000. Juma is presently with Harvard University and was the formerly in charge of the UN Biodiversity Convention' secretariat.

## 5 Developing country interests

We have seen above that globalisation and related developments have forced the present system of global governance into unprecedented patterns of adaptation, turf wars and resulting overlap in responsibilities. Particularly in the area of economic development, overlap span the whole continuum from overall mission (or political) overlap on one extreme to the nitty-gritty of aid project overlap on the other. Turf fights among UN organisations and between them and the World Bank have often come in the form of very practical struggle over who should run this or that programme in a given recipient country. At the same time, questions of what kind of organisation should provide sensitive advice on key economic restructuring issues are inherently political ones. Here, UN organisations structured around the one nation one vote system have generally lost out to the World Bank and the IMF, where decision-making reflects global economic power.

The same pattern applies to some extent in the area of international trade, where GATT and then WTO have been dominated by the big trading powers but where demands for increased developing country leverage have started to make impact. Here, issues of overlap in responsibility are primarily political rather than technical in nature, although future discussions of the interface between WTO and UN bodies such as ILO, UNEP and WIPO will also have to take on very practical dimensions.

How should developing countries position themselves in terms of responsibility overlap in global governance? Generally, developing countries have tended to respond by advocating maximum power and tasks to organisations that they control. This still seems to be a dominant strategy in a number of fora, most notably in the boards of organisations run according to this decision-making principle. A range of related factors have contributed, however, to a more flexible approach in pursuance of the interests of admittedly very different developing countries:

- All since 1945, industrialised countries have tended to move issues of important national interest to institutions where decision-making reflect economic and political power. There is no sign that this tendency is waning. The fate of the New International Economic Order is evidence of the futility of aiming for radical structural change in global governance based one nation one vote principles.
- Governments in developing countries have common interests with particularly smaller industrialised countries in supporting multilateralism as an alternative to un-checked bilateralism and protectionism. The chances of succeeding in this effort are probably larger with pragmatic approaches rather insisting of UN-type decision-making machinery.



- On the more positive side, new operational concepts such as the Comprehensive Development Framework (CDF) create potentially significant opportunities for developing countries for enhanced influence over multilateral development assistance. CDF, although originally conceived in early 1999 by the World Bank, has already become a globally endorsed vehicle for increased coherence of all international support for development. Crucial to the CDF concept is the insistence on developing country government ownership over development interventions, in order to avoid the present tendency of a given government having to adhere to 20-40 different donor prescriptions.
- With the cold war fading into history, strengthening UN normative functions should be high on the priority list for developing countries. If more by implication than explicitly, this will strengthen the voice of developing countries in global governance. Such a window of opportunity comes not least because of increased convergence in views on how the global economy should be governed. With less confrontation East-West and less polarisation North/South, the UN can start working again in ways closer to the visions of its founding fathers.
- Moreover, developing country influence in formally non-representative global organisations are increasing and is likely to increase further. Globalisation, although perceived as a threat in other regards, is forcing developed countries to broaden the legitimacy of international governance. The demands of NGOs to get their part of the cake is a challenge to both developed and developing countries, but overall it is a qualified guess of this author that developing countries will wield far stronger influence in WTO and the Bretton Woods institutions in five years time than they do today.

Finally, as flexibility is called for in order to maximise developing country interests in basic 'political overlap' issues, it holds also for the more specific and technical overlap challenges. In a complex globalising world, no fixed, detailed scheme is likely to work, and there are no global institutions with the authority to decide and even less so to implement it. Therefore, *policy coherence and co-operative as well as intellectual pluralism* are concepts that should be further explored as proposed guiding principles of global multilateralism. Add the rapid onset of the so-called new economy, and the case for creative flexibility gets even stronger.

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