



Is there a Global Governance Deficit and What Should be Done About It?

A Paper by Peter M. Haas

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Berlin provides a perfect metaphor for global environmental governance –a piece of literary indulgence in the spirit of Heinrich Boll. Political reality here has not always corresponded to geographical reality. Or, as the Brundtland Commission report wrote, “The globe is one, but the earth is not.”

The challenge for effective governance is how to encourage governments to pursue comprehensive policies to achieve Sustainable Development within an international political context that has inhibited the pursuit of comprehensive and long-term goals. An international society of states founded on the principle of national sovereignty alone discouraged serious state attention to international environmental externalities, as well as suppressing the voices of those in ecologically threatened areas; often the poor within societies, and the global commons outside national jurisdictions. While developing countries have not been pollution havens for the rich, they do lack the ability to forcefully present their positions at international negotiations on sustainable development and environmental protection.

Brave New World

The contemporary international political system faces two new geopolitical realities that challenge the old geographical principals of national sovereignty. Consequently there is the potential for replacing the traditional dichotomous concepts of global governance organized either by hierarchy or by organized anarchy with a network model of decentralized global governance performed by multiple actors, whose interactive effects in practice would yield more effective global coordination and performance of major governance functions. This is a political project or vision of incremental multilateralism, as more parties become part of a growing project of globalization over which each has an interest and a say; thus establishing the institutional mechanisms for promoting the beneficial features of globalization while minimizing the more egregious negative effects.

First is the complexity of a globalizing world, whose management requires more holistic or comprehensive policies to address environmental externalities (a diplomatic term for ecological collapse) and to support Sustainable Development.

Second is the proliferation of new political actors and the diffusion of political authority over major governance functions, particularly in the environmental sphere. These new actors include NGOs, MNCs, organized transnational scientific networks known as epistemic communities, global policy networks, and selective international institutions that are capable of exercising discretionary behavior independently of the wishes of their dominant member states such as UNEP, the World Bank since 1987, the ECJ, and possibly the EU Commission.

International Responses to Global Complexity

Since 1972 there have been many efforts to design international institutions to better harmonize international decision making to promote environmental protection, and,

later, to promote Sustainable Development. The United Nations Environment Programme (UNEP) was established in 1973 to be “catalytic” and performed remarkably well with fairly scarce resources. It helped to develop a significant body of international environmental law, encouraged other international institutions to take account of the environmental consequences of their programmatic activities, and trained hundreds of developing country officials in techniques of ecological resource management.

But things have changed dramatically in the last 30 years with the spread of environmental consciousness and the proliferation of environmental regimes, commonly called Multilateral Environmental Agreements (MEAs). UNEP is now under funded, overloaded and remote. In short, it is relatively obsolete, eclipsed in resources and prestige by other international institutions that have taken on new environmental responsibilities, such as the World Bank, the EU for Europe, and even, to the dismay of many environmentalists, the WTO. Indeed many NGOs such as the World Resources Institute and ECOLOGIC have assumed some of the functions of global governance including environmental monitoring and policy verification.

Recent years have seen several major reform proposals for redesigning the United Nations and Bretton Woods systems to recognize these new political realities and to address the perceived gaps in the performance of some key governance functions in the realms of environmental protection and sustainable development: a governance-deficit. The primary functions of environmental governance are presented in Table 1 below.

Why Reform?

3 broad reasons are provided for the need for such reform

The first has to do with redundancy and overlapping responsibilities and tasks amongst international institutions. This is presumably a bad thing out of a general rationalist impulse for simplification and centralization, because of the inefficient use of scarce resources by competing international institutions, and the logistical difficulties faced by small bureaucracies who have to attend and prepare for too many meetings at the institutions and the MEA Conferences of Parties. I find this argument unpersuasive because I think that some degree of redundancy is actually desirable in the international system, as it provides insurance against the decline of any individual international institution and fits better with an ecological institutional design vision of requisite diversity. If the governance deficit is due to performance gaps and redundancies between international institutions then they should be clearly identified and addressed through capacity building.

The second argument is a straightforward efficiency argument. More activities could be conducted if there was less competition for resources between organizations and less redundancy between organizations. I find this unpersuasive because it would have the effect of consolidating political influence in the international system in a smaller number of major IOs, increasing the possibility of political capture and the actual decline in the efficient use of financial resources due to capricious national budgetary cycles, as has been a recurrent problem for UNEP. If the governance deficit is simply

a problem of UNEP's resources then it should be elevated to UN Agency status and given more money.

The third argument is the need for a strong environmental presence in the international system, especially as an environmental advocate at the WTO, or as a counterweight to the WTO in trade and environment disputes. I find this argument persuasive but it is not clear that a counterweight to the WTO's presumptive bias towards trade liberalization over environmental protection in its Trade & Environment arbitration decisions requires the creation of a massive countervailing institution.

Proposals for Reform

The most ambitious reform is the creation of a Global Environmental Organization, or World Environmental Organization. This idea has been proposed most forcefully by the German Advisory Council on Global Change, the German academics Frank Biermann and Udo Simonis, and Dan Esty and the Yale Center for Environmental Law & Policy. Chancellor Schroder and President Chirac have publicly supported this initiative, although it has absolutely no support in the United States government. The US remains selectively committed to most elements of multilateral environmental diplomacy, despite its reversal on the Kyoto Protocol, but it is not interested in potentially expensive institutional reform or the creation of new international institutions until 2005 at the earliest.

In 2002 a Governance review commission organized by UNEP called for the creation of Global Ministerial Environment Forum, essentially a periodic set of Summits for Environmental Ministers. This would be a good way to encourage the adoption of high-sounding commitments when the domestic climate is favorable in the major countries, but would lack any ongoing administrative abilities or institutional memory for how to conduct effective multilateral environmental diplomacy.

A more modest suggestion came from the 1997 Task Force on Environment and Human Settlements, called by UN Secretary-General Kofi Annan, which has, not surprisingly, been adopted by UNEP's Governing Council. It suggests strengthening UNEP by elevating it to a specialized agency (and thus being entitled to a fixed and regular budget) and by improving its ability to coordinate activities with other specialized agencies, although with no clear guidelines about how such coordination was to be achieved in the absence of strong political will by member governments or the heads of the agencies. France is currently circulating a slightly more comprehensive proposal for a strengthened UNEP that would conduct more scientific activities without shedding any of its present responsibilities. It is doubtful that there is much support by the US government for this proposal, or much concern by the US electorate.

These proposals constitute an overly narrow conception of potential responses to the governance deficit. UNEP reform still puts too much reliance on a small and remote organization. Yet there is no political future for eliminating UNEP, because developing countries insist on maintaining the headquarters of a UN agency in a developing country. The question then is what to do with UNEP, since it is currently overstretched.

On the other hand creating a new centralized GEO appears utopian, given the lack of political will in the US and abroad, lack of popular concern in the mass publics, and the general distraction for the international community provided by the fight against terrorism.

Proposals for increased centralization of responsibilities, or the creation of a new monolithic body run counter to the key insight of the most sophisticated current organizational theorists about the best institutional design for managing complex problems, such as global environmental issues. The best designed institutions for dealing with complex and uncertain policy environments are loose, decentralized, dense networks of institutions and actors that are able to quickly relay information, and where there are sufficient redundancies in the performance of functions that the elimination or withdrawing of funding by one institutions does not jeopardize the entire network.

In short, strong centralized institutions are fundamentally unecological. They run counter to the ecological principle of requisite diversity or flexibility; inhibit random mutation, or policy innovation; and are easily captured by single powerful parties.

A better way of reforming the global environmental governance system, I argue, takes this new decentralized governance design principle seriously. In international circles it is now referred to as multi-level governance. The United Nations Global Compact is a recent effort to institutionalize multilevel governance within a network of networks that includes a variety of nonstate actors without sacrificing the principle of national sovereignty.

Such a network model would involve the streamlining and improvement of the performance of existing governance efforts, rather than creating new governance bodies. A lot of governance is clearly already going on, the trick is to improve it and to enhance the synergies between the performance of these different functions. A clearer map is necessary of the actual division of labor between governments, NGOs, the private sector, scientific networks and international institutions in the performance of various functions of governance; their comparative advantages; and how well they actually perform these activities.

Effective governance rests on the performance of multiple governance functions. Some functions are formally performed: that is by the direct commitment by somebody to a clear actor to perform the designated function or functions. Others may be performed indirectly: that is the functions may be observed but are not the consequence of intended action by those contracting some set of activities to be performed by the relevant actors. Some activities may have multiple indirect effects. For instance, by publicizing issues norms and standard setting may be achieved. By verifying and providing resources one may achieve compliance. By mobilizing civil society governance efforts may promote agenda setting and framing, and thus define new national preferences that narrow the range of feasible negotiated outcomes. Educating elites and governments may have similar effects.

Table1. Matrix of Functions

Function	Formal/direct	Informal/indirect
Issue linkage	<ul style="list-style-type: none"> • By inter-governmental negotiations • By new information provided by epistemic communities • Through financial mechanisms (GEF) • By IOs (GEO/WEO) 	<ul style="list-style-type: none"> • By scientists • By business/industry
Agenda setting	<ul style="list-style-type: none"> • By IOs and member states • By scientists 	<ul style="list-style-type: none"> • By NGOs • By media • By scientists
Developing usable knowledge	<ul style="list-style-type: none"> • By scientists 	<ul style="list-style-type: none"> • By scientists • By NGOs • By business/industry
Monitoring	<ul style="list-style-type: none"> • By IOs • By committees nominated by MEA secretariat • By MEA signatory governments 	<ul style="list-style-type: none"> • By NGOs (particularly in developing countries) • By Scientists
Rule making	<ul style="list-style-type: none"> • Negotiations by national governments • By NGOs (principled standards) 	<ul style="list-style-type: none"> • By Business/Industry (de facto standards) • By NGOs (principled standards)
Norm development	<ul style="list-style-type: none"> • Epistemic communities 	<ul style="list-style-type: none"> • By NGOs (equity & environmental preservation) • By Business/Industry (efficiency)
Policy Verification	<ul style="list-style-type: none"> • Governments 	<ul style="list-style-type: none"> • NGOs • IOs
Enforcement	<ul style="list-style-type: none"> • (Hard) Law • WTO and MEA rules 	<ul style="list-style-type: none"> • NGO campaigns
Capacity building (tech transfer)	<ul style="list-style-type: none"> • Official technical assistance (national and local government) • Business/Industry • Science community (education/training) 	<ul style="list-style-type: none"> • Business/Industry (joint venture)
Capacity building (organizational skills)	<ul style="list-style-type: none"> • By IOs • By NGOs • Science community (education/training) 	<ul style="list-style-type: none"> • By Business/Industry
Promote vertical linkage	<ul style="list-style-type: none"> • IOs • National and Local Governments 	<ul style="list-style-type: none"> • NGO • Scientific community
Financing	<ul style="list-style-type: none"> • Government (ODA) • Regional Development Banks • Multilateral bodies 	<ul style="list-style-type: none"> • By Business/Industry

Addressing the governance deficit effectively should take serious account of these new ideas. Governance should rely on a differentiated division of labor between different elements of international civil society, with clearer efforts paid to coordinating the efforts, assuring rapid and accurate information flow between the

various actors involved in governance, and to address the real existing gaps in current effective governance. Seriously applying this network vision of governance would entail some reorganization, some consolidation, and the creation of a limited set of new organizations.

I think that some core set of responsibilities should be left with UNEP associated with its initial scientific research and monitoring responsibilities, with other governance functions redistributing amongst other international actors. UNEP could help draft a global ecosystem assessment seeking to develop a priority of global environmental threats of interest to the international community, and coordinate ongoing standing international scientific panels to conduct environmental research and monitoring. Such a concentrated and reinvigorated UNEP would contribute to improved agenda setting for international environmental governance.

Reorganization

- **Agenda Setting.** A more systematic early warning system is needed for alerting the international community to impending environmental threats, such as suggested for UNEP. Current agenda setting is largely performed by NGOs, who often provide exaggerated claims or false warnings. The challenge is to develop early warning signals that are accurate – that is that don't miss threats and that don't cite potential urgent threats that subsequently prove unfounded. Better environmental monitoring might improve agenda setting, but the creation of standing international scientific panels responsible for evaluating the state of the environment would be a valuable reform, with such examples at the IPCC, the Millennium Ecosystem Assessment, and the Ozone Trends Panel.
- Alternatively more sophisticated measurement techniques using social indicators of populations at risk could provide an early warning system of ecosystem threats. Migration patterns of groups living in target ecosystems is an example, as well as tracking prices of scarce resources or measuring keystone species for signs of threats to marine species are examples. NGOs and scientists monitoring coral reefs as an early warning sign of climate change is another example of alternative measurements techniques for agenda setting.
- **Verification:** Current arrangements for verifying state compliance with international environmental obligations is very weak. NGOs could help keep track of governmental adherence to their international obligations, and revitalized Earth Council could serve this purpose. The Earth Council was created after the 1992 Rio Earth Summit, modeled on Amnesty International and its verification role in human rights regimes, but has subsequently languished.
- **Technology Transfer and Financial Resource Transfers:** There is clearly a gaping need for finance for Sustainable Development. The GEF exists for this purpose, as does the Montreal Ozone Fund, but the financial resources for those institutions are inadequate to the task. Recent trends in ODA and foreign investment also suggest that insufficient amounts of money are going to countries in need for significant capacity building for Sustainable Development. Incentives by industrialized country governments could encourage MNCs to transfer green

technologies to developing countries, and informational clearinghouses about green technologies in the public domain could serve a public good here, created either by international institutions such as the International Energy Agency, NGOs, or the private sector.

- **Enforcement:** It is a common lament that many MEAs are not enforced, or that governments don't submit data on enforcement so that there is insufficient information to be able to make informed judgments about the extent of enforcement with MEAs. NGOs can help monitor enforcement, as well as the creation of impartial 3rd party inspectors who would be able to inspect facilities for compliance, such as the IAEA does, with limited success.

Consolidation

Efficiency gains and the creation of new usable knowledge could be achieved through the consolidation of the way that many of the current scientific (i.e. research and monitoring) functions are currently performed.

- **Environmental Monitoring:** Environmental monitoring should be consolidated by environmental medium, to be conducted by consortia of international institutions and scientific networks, and possibly NGOs, and even MNCs if they would be willing to provide emission data. For instance, in the area of ocean monitoring there is a plethora of monitoring activities conducted by the IOC, GESAMP, UNEP's Regional Seas Programme, and US NOAA. And this is only a partial list. Different bodies are responsible for monitoring different oceans. All of these activities should be consolidated, although the logic of consolidation has not yet been established: should it be by simple environmental medium, by geographic region, by common cause of the environmental problem, or by some other justificatory logic?
- **Rule Making and MEA administration:** Many countries complain of regime saturation that exceeds their ability to effectively participate in the management and development of particular environmental regimes because the headquarters are spread around the world and the schedules of major meetings are not coordinated. Consolidating the MEA secretariats in one location makes sense in this regard. Consolidation would make travel easier for government officials, and would facilitate joint activities between the environmental regimes and their secretariats. Most importantly, perhaps, it would also have the effect of creating the equivalent of standing environmental embassies at this centralized location which would improve national foreign environmental policy making as well as elevating the profile of environmental policy makers within their own foreign ministries and governments. The basic institutional requirements for this clustering proposal are a location with good telecommunications, sufficient office space, and ample conference facilities. It is unclear to what extent a new organization body would be required, or whether it could simply consist of a MEA department store, all under one roof. In practice when the GATT became the WTO there was a massive change in institutional influence and design, but in

practical terms it merely entailed changing the sign over the front door and printing new business cards for the secretariat.

Creation

Several governance functions are inadequately performed, and probably require the creation of new institutions to improve their performance. It is not clear that one institution needs to serve all these functions, or whether they could be assigned to different bodies.

- **Norm Setting:** A High Commission for the Environment should be created so that there would be a high profile figure able to help develop normative principles for environmental protection and Sustainable Development, akin to the UNHCR (Refugees) or UNHCHR (Human Rights).
- **Protecting the Environment from the WTO:** The environment needs an advocate before WTO Trade & Environment arbitration panels. There are two different institutional options for performing this function. A more modest one involves the creation of a roster of potential trade & environment lawyers who would be invited by the WTO to participate on arbitration panels. A more ambitious option would be to assign that function to the clustered MEA body.

A switchboard institution must be created to facilitate information flow between the different networks and levels of actors engaging in environmental governance. A centralized information coordination and diffusion body is still necessary, but it could be small, so long as it is technologically sophisticated and able to make use of current communications technologies to rapidly transfer information between the various bodies engaged in performing these key functions of global environmental governance. It would be largely virtual, and it is not clear that it need be affiliated with the environmental policy body.

Kyoto Protocol

These arguments about multilevel governance may be applied to the Kyoto Protocol as well. The reality is that the Kyoto Protocol is dead. President Bush made it clear that the US will never sign the Protocol, and read the obituary to the Protocol in his 2003 State of the Union Address. Without US participation few other countries will seriously pursue their commitments, even if the Protocol enters into force.

But alternative ways to mitigate global climate change still exist, from the perspective of the decentralized institutional design features and multilevel governance presented here. Major corporations including BP and Royal Dutch/Shell have begun to apply Kyoto targets to their own corporate operations, so there is clearly some political will in the private sector for private environmental governance. Carbon taxes would encourage private sector innovation in cleaner technologies. Government support for investment in alternative fuels and cleaner technological processes would also help. President Bush announced that the US would spend \$1 billion on green technology R&D. These are both proposals that do not require international cooperation, and can be based on public-private partnerships by individual countries. After a period of

private governance of climate change governments would find it easier to mobilize constituencies for a public climate change regime that would be founded on more mature technologies.

Conclusion

We live in a new world. Like Berlin after 1989, there are many opportunities for new creative initiatives that did not exist before. By taking advantage of a decentralized network of governance functions global governance may be improved, and the prospects for Sustainable Development advanced.