ABSTRACT

Since the early 1990s many international institutions have been urging governments to conform to standards of `good governance'. Yet the same institutions have been rather slow in applying equivalent standards to their own structures and decision-making processes. In this paper I examine what this would mean. I argue that principles of participation, accountability, and fairness can be applied broadly to global civil society, but that they ought equally be applied to relations among states within international organizations. Using illustrations drawn from the experience of a number of institutions (the Inter-American and African Development Banks, the UN Security Council, the GATT/WTO, the International Fund for Agricultural Development, the Global Environment Facility, and the European Union), I explore the tensions and trade-offs which arise in trying to ensure full participation and accountability. I conclude that neither formal structures of representation nor consensus decision-making necessarily enhance good governance. Rather, institutions need to focus on adequately representing different categories of stake-holders, and implementing voting and decision-making rules which better ensure transparency and accountability.

GOOD GOVERNANCE IN INTERNATIONAL ORGANIZATIONS

Good governance moved onto the agenda of many international organizations at the end of the Cold War when calls for democracy and better government became louder and as expectations were heightened as to what international organizations might do to further this aim. Many multilateral agencies took up the summons - from the United Nations, to multilateral development banks - and are now part of a chorus of voices urging governments across the world to heed higher standards of democratic representation, accountability and transparency.

Much more slowly, multilateral organizations have begun to question what `good governance' means for the way in which they themselves are structured and make and implement decisions. They have been very slow to set down a standard for themselves - and indeed there is little precedent in the international system for doing so. To quote the former Secretary General of the United Nations: `democracy has not
Yet if international organizations are going to become more participatory, accountable, and transparent, what standards are relevant to them? This paper sets out to provide one part of an answer to this question, primarily probing what `good governance' means for relations among states in multilateral organizations. The first section explores the concept of good governance, how it has emerged, and what its core principles mean. A distinction is drawn between applying principles of good governance to relations among states within international organizations (`international governance'), and applying the principles more broadly to links between individuals, peoples, groups and international organizations (`global governance'). The emphasis of the following sections is on international governance. Several institutions have been chosen to illustrate the tensions and trade-offs. These include the regional development banks, the UN Security Council, the GATT and World Trade Organization, the International Fund for Agricultural Development, the Global Environment Facility of the UNDP/World Bank, and the European Union. By looking at the actual practices of organizations, the paper highlights existing problems of governance and the scope for improvement even as among inter-state relations. The conclusions of the paper relate the paper's findings on international governance to the broader questions and issues raised by global governance.

1. THE EMERGENCE OF THE `GOOD GOVERNANCE' AGENDA

At the end of the 1980s, scholars and practitioners of development expressed real concern about the failure of structural adjustment and the failure of so many countries to reap the fruits of a decade of stringent reforms. By the early nineties, the answer widely agreed upon, was that countries taking on reforms simply did not have adequate institutional depth and capacity. At the same time, this finding coincided with a renewed interest in institutions flourishing in the social sciences - from Nobel-prize winning economists, to international relations experts. Furthermore, the concern with institutions and governance emerged amidst increasing worldwide interest in democracy and democratization in the wake of the end of the cold war. Unsurprisingly, `good governance' started to be seen not just as a necessary condition for effective reforms but also as fitting with a new rhetoric about democratic participation and accountability. Against this background, a whole new literature and set of prescriptions about `good governance' was unleashed.

In some agencies, the new idea of `governance' or `good governance', borrowing from US corporate language, has simply meant good quality management. This narrow definition of governance envisages limiting the role of the state whilst ensuring it provided the necessary framework of policy and
institutions for markets to flourish. Institutions, in this view, exist to iron out imperfections in the market place, and to provide a limited range of what economists define as `public goods'. A slightly broader version of this definition emphasizes the need to strengthen the `institutional capacity of the state' through the enhancement of autonomy, efficiency, rationality, and training. (8)

An alternative understanding of good governance links institutions and society with a wider conception of government. Within this broader view, governance is concerned, as Oran Young defines it, with the `establishment and operation of ... the rules of the game that serve to define social practices, assign roles, and guide interactions'. (9) In order to understand this broader notion of governance, scholars are now drawing upon political and sociological literature about the conditions and institutions which are necessary to represent and mediate the vast and competing array of interests in any society. (10) At the same time, international institutions such as the World Bank and agencies of the United Nations are deriving a check-list of factors which, in their experience, are useful indicators of `good governance', these include key principles such as: participation, accountability, and fairness (which will be elaborated more fully below). (11)

Over this time, there have been surprisingly few attempts to link the emerging literature about good governance and institutions in a specific way to international organizations. (12) Yet the time is ripe for such a linkage. International institutions are besieged with new problems arising from both the convergence of globalization and the impact of the end of the cold war. The recent financial crisis in East Asia, the humanitarian and security crisis around the Great Lakes of Africa, and the problems of climate change and ozone depletion are but a few of such problems.

In dealing with new issues, international organizations are being challenged in terms both of their legitimacy and their effectiveness. This challenge takes two forms. At the global level, institutions are being challenged by non-state actors and domestic lobbies - raising broad issues of global democracy. Here, the good governance agenda translates into questions about the very foundations of world order and the place of sovereignty within it. (13) At a more modest level, the legitimacy of international institutions is being contested by states within organizations who feel inadequately consulted or represented. The old hierarchy of states within multilateral fora is being challenged and their effectiveness and legitimacy questioned by smaller and/or weaker states. Here, the good governance agenda can be applied to prescribe greater participation, accountability and fairness as among states within organizations.

Applying good governance to arrangements among states in international organizations may seem a rather old-fashioned idea. Indeed in the 1980s and in the early 1990s, scholars began a fully-fledged assault on state-centred international politics based on sovereignty. Since that time new rationales for
intervention and expanded conditionalities have been opened up, the increased participation of NGOs has been encouraged, and concepts of `global civil society' have been developed. There has been a tendency, in other words, to move away from the older more state-centred views of international relations and towards a more `global' approach. This new approach has made an important contribution to thinking about democracy at the global level. As regards international organizations, however, the tendency to dismiss sovereignty as anachronistic and illegitimate needs a further rethinking.

At the end of the 1990s, many states participating in international fora have undergone or are undergoing democratization. As they become more democratic, so too these states' claims to being the legitimate representatives of people are bolstered. For international organizations this means that `the state' remains an important - even if no longer exclusive - way to represent people all over the world. At the same time, however, the principles upon which power and influence are distributed among states within institutions need to be rethought.

2. STATE-CENTRED ORGANIZATIONS AND GOOD GOVERNANCE

For a long time, the effectiveness of international organizations has been presumed to derive from the commitment and actions of their most powerful members. In other words, institutions are effective so long as they reflect the hierarchy of power among states. This assumption underpinned the organization of the League of Nations (in which the most powerful took up permanent seats in the executive - the Council), as well as the UN Security Council in which the Permanent Five members enjoy what amounts to a veto on all substantive issues. Likewise, in earlier international organizations, voting power was determined purely by contributions, ensuring that the most economically powerful would prevail: as in the Telegraphic Union established in 1865 and, subsequently, in the Universal Postal Union, the International Wine Office, and the International Institute of Agriculture, all of which were created by 1914.

In the second half of the twentieth century, however, questions of legitimacy began more strongly to influence the core structure of international organizations. In the first place, equality among states has developed as an important principle which borrows from ideas about equality and the rights of `man'. By analogy, individual states should be treated as equal members of international society. And further bolstering this argument is the view that we should respect the sovereign equality of states because each is a unit within which humans can express political rights and consent to be governed. The principle of equality has been applied in many organizations which have accorded every state an equal vote, such as the GATT, its successor the WTO, and the United Nations General Assembly. The principle has also underpinned the allocation of an equal number of `basic votes' to otherwise unequal members in the IMF and the World Bank.
However, for most of this century, equality among states has only been recognized in formal rights of representation. In reality, in the name of `effectiveness', these formal rights have given way to structures which reflect the hierarchy of power among states. Yet today, for practical reasons, this top-down, hierarchical vision of management is being reevaluated. (19) Certainly in the short-term, effectiveness requires that an institution be able to make the relevant or necessary decisions; to muster the necessary resources and capabilities; and to apply resources to implementing and enforcing decisions. And these qualities can all be met by the most powerful states running an organization. However, effectiveness in the longer term requires more.

The long term effectiveness of an institution requires agreement about rules, identity and decision-making among members. Scholars working on the effectiveness of institutions point out that an institution must be able to prove that it can fulfil its allotted role and thereby prove to its members that it is necessary. It needs an ongoing *raison d'etre* which is recognized by the membership, and a coherent underlying system of ideas for defining problems and their solutions which members perceive as valid, as well as a capacity to absorb new systems of ideas when its own are seen to be failing. (20) An effective institution must also be able to retain its identity whilst adapting to change, so that it can plan overall strategic directions and policy choices in conditions of stress and change yet at the same time ensure, through rigid transformation rules, that it retains its character and status. (21) Furthermore, organizations need procedures to determine policies which the membership can and will implement.

More profoundly, it has been argued that for an institution to be effective, there needs to be a symmetry of power within the institution for if powerful states or groups of states can simply flout the rules, the institution is unlikely to endure over time. As one academic argues `the more symmetrical the distribution of power, the harder it is to establish institutional arrangements initially but the more effective they are once formed'. (22)

These longer-term considerations of effectiveness require a more active and participatory membership than the traditional hierarchical vision and herein lies a powerful reason for applying lessons of `good governance' to international institutions. The core lessons of `good governance', as defined by multilateral organizations, include three often overlapping principles: participation, accountability, and fairness. Below, each principle is discussed in turn.

3. CORE PRINCIPLES OF GOOD GOVERNANCE
Participation has become a core issue not just because of the attractiveness of the idea in an era of democratization. There are powerful practical reasons for an increased emphasis on participation. For example, the World Bank has found projects are more successful where those most affected by the particular project participate directly in its design and operation. The logic is that participation in decision-making and implementation gives people a sense of ‘ownership’ in a project and a very real stake in its success. Yet applying this principle is not easy for whilst, on the one hand, it may be desirable to empower locals in this way, on the other hand, organizations need to control their operations spread all over the world. As a result ‘participation’ is often rendered in a watered-down form, as described by two analysts from the World Bank:

‘Participation has often been equated with explaining the project to key stakeholder (individuals and groups who stand to gain or lose from the project), instead of involving them in decision-making. Borrowers are not committed to project goals. Their ‘ownership’ has been sought by making them responsible for preparation and implementation, instead of ensuring that the impetus for the project is local and that the process provides explicit opportunities for consensus building’.

‘Participation’ requires more than involvement in an institution. It requires that affected parties have access to decision-making and power so that they acquire a meaningful stake in the work of the institution. In other words, affected parties must come to see the decisions of the institution as their own decisions - the success or failure of which relies upon their actions. This is what is meant by the term ‘ownership, or references to `owning’ particular policies. The next section will examine problems in ensuring ‘ownership’ and ‘participation’ in international organizations through formal structures of voting and funding, using regional development banks to illustrate how formal control of decision-making structures does not necessarily lead to the kind of participation and ownership described above.

A second and equally important way of binding members to an institution is to ensure appropriate lines or forms of ‘accountability’. In the narrow sense of the term, accountability requires that institutions inform their members of decisions and also of the grounds upon which decisions are taken. Practically, this means having procedures which ensure transparency and flows of information. As will be seen later in this paper, even this narrowly defined requirement is not yet met in many international organizations. However, there is a further deeper meaning to accountability.

Institutions make decisions on behalf of or for other actors: be they states, regions, or individuals. Accountability requires clarity about for whom or on whose behalf the institution is making and implementing decisions. Furthermore, it demands clarity about who has the power to limit or sanction the institution’s work. If organizations were simply run ‘by the most powerful, for the most powerful’, lines of accountability would be easy to draw. Today, however, the demands of effectiveness require less obvious hierarchy, and principles of democracy demand a rethinking about to whom institutions are accountable. For example, where an organization is to be accountable to its member states, decisions need to be made about how the accountability (such as through voting or representation) should be
apportioned: by economic weight or some other contribution to the institution; by population size so as to be more democratic; or according to which members are most affected by policies? These questions are now being posed in most international organizations. Furthermore, beyond their member-states international institutions are increasingly being called to account for their actions by non-governmental organizations, by individuals, and by other non-state actors.

Non-governmental organizations (NGOs) pose a challenge to the accountability of multilateral organizations. The latter are created and formally accountable to their members who are states. Yet, NGOs argue that states are merely vehicles for representing people and that in fact institutions are accountable to people. Hence, NGOs claim their right to represent people and issues which states are neglecting, and to hold international organizations accountable to NGO constituencies and issues. Here, undoubtedly some NGOs have done some excellent work, empowering otherwise marginalized people, promoting participation, and forcing governments and international organizations to be more accountable to some of the most powerless groups that they affect. However, there are serious issues about good governance and accountability that are raised by the claims of NGOs.

There is a tendency in much of the existing literature to assume that most NGOs act in the above-described optimal manner. Yet NGOs are a vast and largely unregulated spectrum of organizations - some legitimate, some self-serving and corrupt. For this reason, within the framework of good governance, NGOs themselves need to be subjected to standards of accountability and good governance. Accountability, for example, has often meant NGOs working in developing countries being answerable back to donors in the industrialized countries. Yet, good governance surely requires that these NGOs become accountable to those most affected by their work and on whose behalf they are advancing claims. If not, NGOs might themselves be accused of falling into the same hierarchical structures of governance as the institutions they accuse of lacking accountability.

A further problem arising from the participation of NGOs is that they act for particular constituencies and in relation to particular issues. This is acceptable as a `second-best' solution where, as mentioned above, NGOs give voice to marginalized and disempowered people, neglected by the state. It is `second-best' in the sense that it substitutes for the imperfect way in which states represent their own peoples. However, even if they are accountable to their own particular constituencies, NGOs are not being subjected to a scrutiny which distinguishes those fulfilling this `second best solution' from those engaged in special pleading and rent-seeking for already-powerful groups. Hence, rather than ensuring good governance, unregulated NGOs risk distorting the accountability of international organizations, skewing their responsibility yet further away from principles of good governance and towards an unevenly selected set of groups or issues.

In the sections below, problems of accountability will be examined in the context of particular structures
and decision-making processes within organizations. It will be seen that accountability needs to reflect not just in formal representation, but equally in decision-making procedures and rules and also in the implementation of decisions. Surprisingly, where consensus decision-making has been adopted in organizations, often on the grounds that it would ensure greater participation of all parties, in practice it has often reduced accountability. By contrast, carefully constructed voting requirements might enhance accountability.

Finally, a third principle of good governance is `fairness' which has two aspects: substantive and procedural. Procedural fairness is a legalistic notion requiring that rules and standards be created and enforced in an impartial and predictable way. In other words, procedural fairness requires the processes of representation, decision-making, and enforcement in an institution to be clearly specified, non-discretionary, and internally consistent. All members should be able to understand and predict the processes by which an institution will take decisions and apply them. Such requirements bolster those of transparency and accountability discussed above. Yet, as will be seen below, in existing international organizations, procedural fairness is often circumvented by procedures which privilege informal meetings and decision-making.

A more stringent requirement of fairness is `substantive fairness' which concerns a more contested terrain. Here fairness refers to how equitable the outcomes of an institution are, as well as the distribution of power, influence and resources and general equality within an organization. Whilst during the 1970s, debates over the structure of international organizations drew heavily on arguments about fairness and equality, in the 1990s, many aspects of substantive fairness lie beyond the ambit of `good governance'. However, some elements are in fact implicit in the principles of participation and accountability already discussed. That is to say, for reasons of effectiveness and democracy, more equality of treatment, wider participation, and greater access to decision-making are all now on the agenda of international organizations.

Overall this section has outlined the principles of participation, accountability, and fairness. The sections below examine practical aspects of applying these principles to institution. In the first place, the experience of regional development banks is used to illustrate some of the pitfalls of trying to achieve participation or ownership through formal representation, voting or control of an institution. In the second place, the paper addresses the issues of accountability and fairness in decision-making. Here, the experiences of the United Nations Security Council and the GATT are invoked to illustrate the way the dominant `consensus' mode of decision-making can preclude accountability within an institution. Subsequently, the paper analyzes different ways of distributing votes and voting requirements within institutions so as to reflect the various stakes of members within the institution and promote good governance. This latter section draws respectively upon the experience of the International Fund for Agricultural Development and the Global Environment Facility. Finally, the experience of the European Union is examined to open up and contrast issues of global governance that are not addressed in the previous sections.
Over three decades ago, regional development banks were created to work alongside the multilateral development banks such as the World Bank. For example the Inter-American Development Bank was established in 1959 and the African Development Bank in 1966. These agencies were structured so as to ensure that developing countries in each region would feel that the institutions were their own and take responsibility for their policies - `ownership' in the jargon. The regional development banks would give countries more of a `voice' in matters of development assistance and provide a forum for more solidarity and cooperation among members. It was assumed that these aims could be met by ensuring that developing countries from each region had a controlling share of votes, of capital, and over staffing within their respective organization. Yet the subsequent experience of these institutions has been mixed and poses a sharp question as to how it is that real `ownership' - as opposed to formal control - by a particular group can in fact be ensured in an institution.

The Inter-American Development Bank (IDB) was deliberately structured to ensure a strong `regional character' and a responsiveness to `Latin American needs'. For this reason the Bank's regional members hold a majority of the Bank's capital and votes; its President is always from South or Central America; and until 1972 only members of the Organization of American States could apply for membership in the Bank. As a result of its structure, the Bank is said to be more `in touch' with the region than other multilateral funding agencies and it has a greater presence there in the form of field offices (although it has been criticized for under-utilizing them(30)). Furthermore, it is the largest international lender to the smallest, poorest countries of the region.

However, an inspection of how the IDB works as an institution reveals that the formal structure of ownership does not reflect in how influence is actually wielded or used within the institution. In the first place, in spite of the Southern and Central American voting power within the Bank, the United States enjoys enormous dominance. This is explained by both formal and informal decision-making practices within the institution.

Formally, the US has a veto on constitutional decisions which require either a 3/4 majority or a 2/3 majority-of-regional-members and it used to be the case that the Board's quorum required the presence of the US Executive-Director. Even in the concessional window of the Bank (the Fund for Special Operations) where the US now contributes only 8.22%, it retains a veto power. Less formally, although the US does not have a blocking minority in the ordinary capital account of the Bank, nevertheless, it has negotiated a procedure to ensure that it retains a power to delay loans that it disapproves of.
At the informal level, members of the Board say that US has tremendous influence due to the resources the US mission to the Bank have at their disposal - to present, argue and lobby for particular positions or policies. Additionally, the US position is further strengthened by the position of the headquarters in Washington DC, and the fact that one quarter of its top management, its Executive Vice-President and usually also the Financial Manager and General Counsel are from the US.

The experience of the IDB suggests that control of an institution is strongly affected by informal influence and the decision-making rules. The leverage wielded by the US goes beyond that suggested by the ownership and voting structure of the institution. Yet US dominance is not the only hindrance to Central and Southern American participation and ownership of policies. A further issue of governance emerges from an examination of relations between the political executive of the organization (the Board), and its operational staff and management. Here, one finds that the governments represented on the Board of the IDB exercise very little control over the overall objectives and policies of the institution. Although the IDB was created as an institution in which Central and Southern American governments would define core objectives and articulate broad policy directions, in fact they do not. However, this is not due to a lack of formal power. Rather, it is due to what the 1993 Taskforce on Portfolio Management called a `culture of control' - the extent to which the Board spends all of its time constantly exercising a detailed control of loans and thereby neglecting the broader tasks of governance. (31)

Similar problems have emerged within the African Development Bank (AfDB). In 1994 a Task Force into the management of the Bank reported `paralysing mistrust, suspicion and resentment' within the Bank and between its Board and management. The Board interfered too much in the wrong kinds of issues, scrutinizing details in the budget process and sometimes even usurping the powers of the President. (32) In a similar vein, other analysts have argued the Bank needs more effectively to delegate to its management and staff. (33) This repeats the story of relations between management and Board in the IDB. In the AfDB, the powerful majority position of African members on the Board has not translated into a control and responsibility for the overall direction and policy of the organization. Rather the Board spends it time scrutinizing individual projects and micromanaging.

The failure of African Board members to participate in, and take responsibility for, the broad strategic decisions of the organization is further exacerbated by the low level of engagement and concern on the part of African members in questions of the institution's financial and operational strength, as well in as the quality of its work, and its contribution to African development. Here, non-regional members of the Bank who hold a minority of votes have informally set the directions of the institution because they have involved themselves with analysing, monitoring and evaluating the Bank's performance, as well as in defining new policies and directives and budgetary and commitment objectives.
In summary, in spite of the fact that the AfDB has a structure of capital, voting and staff designed to ensure African participation and responsibility for the institution, this has not translated into African ‘ownership’: African members have not made the institution their own by setting the overall direction of the institution and taking responsibility for it. Indeed, even at the operational level it has been said that ‘the Bank is absent when it should be present’, and that it has ‘no systematic relations' with the African countries who are its majority share-holders.

Seen in overview, formal ownership in the IDB and the AfDB (through the holding of votes and shares) has not translated into the aspired levels of participation and responsibility for the institution. Yet this original aim has not been thwarted purely by realpolitik or a background dominance of the most powerful states. Rather, it has been thwarted by insufficient commitment of members to the institution's core purposes, and insufficient institutional resources with which they might have backed up their own participation. Overall the lesson for good governance is that principles and formal structures need to be backed up by resources and members' commitments.

5. CONSENSUS AND PROBLEMS OF ACCOUNTABILITY

Participation and accountability within institutions are not affected only by action (and inaction) within the overall structure of voting and ownership. Equally importantly, the decision-making procedures operating within an institution determine how members participate and who is responsible for different kinds of decisions. Formal decision-making rules also offer a rough guide to accountability within an institution.

In an inter-state organization, the most straightforward way to ensure that all states have a voice in decisions is to enforce a rule of ‘unanimity' - since unanimity gives every state a veto. However, this can greatly impede the effectiveness of an organization since even the smallest state can hold the others to ransom. Consensus decision-making, by contrast, is often held out as a more workable requirement for while unanimity requires every member of an institution to vote affirmatively (or to abstain where this is defined as a positive vote), ‘consensus decision-making' avoids voting, requiring a less formal expression of agreement among the parties to a decision.

It is often assumed that consensus gives more voice to those with less voting power and that it ensures a peaceable and constructive atmosphere within institutions. For these reasons, it is often simply asserted that consensus decision-making contributes unproblematically to `good governance'. Yet the experience
of consensus decision-making in international organizations does not bear this out, as we will see below in examining the case of the UN Security Council and of the GATT/World Trade Organization (WTO).

The experience of the Security Council of the UN is particularly interesting since some have propounded it as a model for global economic governance on the grounds that it would be more representative and more accountable than the IMF or the World Bank. Yet such arguments underplay the negative aspects of governance raised by the working practices of the Security Council and in particular the impact of consensus decision-making on governance within that organization.

The Security Council is made up of 15 members, 5 of whom are permanent (China, France, Russia, UK, USA) and 10 of whom are non-permanent representatives of various groupings of countries. A minimum of nine votes is required for any decision, which must include the concurring vote of all five Permanent members. Yet most of the Security Council's business is not carried out by formal voting, rather it is conducted in informal consultations-of-the-whole, in which consensus decision-making replaces voting. Whilst undoubtedly this improves the capacity of the Council to despatch its business, nevertheless, it has negative impacts on participation and transparency within the organization which are worth highlighting.

In the first place, according to members of the Council, consensus decision-making has bred a much higher level of informal consultations, private straw votes and meetings of small groups. Key decisions, in other words, are taken outside of formal meetings. Even on procedural matters when votes are taken they `are, so to speak, pre-cooked in informal consultations', and whereas there used to be frequent votes on the adoption of the agenda, `nowadays agendas are always agreed in advance... in informal consultations'. This means that only a restricted number of members get to participate in the process of real decision-making. This is not the only adverse impact on good governance.

A further, deeper problem with informal processes is that they are unrecorded. This means that the reasoning for a decision is not open to scrutiny by other states, and nor is the position taken by each member. In these ways the Council is not accountable to states who are not party to the informal processes even if they are directly affected by the Council's decisions (e.g. for budgetary reasons). Aware of this problem, the Council has recently instituted some procedures for briefing a wider group of states. Obviously the lack of any record also means that the business of the Council is also not open to wider public scrutiny.

The experience of the Security Council also highlights that reliance on informal negotiations which take place behind the scenes, magnifies the unequal resources available to members in order to work
effectively to push their own preferences. Those with the greatest staffing and research capabilities are much better placed to use the `informal negotiations' such that, in the words of one commentator `delegations ...can simply be overwhelmed by delegations of members such as the US'.

Consensus decision-making then, can have adverse consequences on `good governance'. We find that the practices within the Security Council have not only sharpened the argument for a wider membership of the Council (to include Germany, Japan, and developing countries) but have also catalyzed more insistent calls for greater transparency and accountability in the Council's procedures. Yet at the same time, the accountability of the Security Council has been eroded in other ways. In particular the General Assembly's control over the Security Council's budget has been altered. After strong US lobbying in the 1980s Resolution 41/213 was passed which requires critical budget decisions to be adopted by consensus at the stage of the Committee for Program and Coordination (as opposed to the Charter requirement of a 2/3 majority of the General Assembly).

The analysis of the Security Council highlights problems of transparency and participation which arise from consensus decision-making. It also underlines, as we saw in the case of the regional development banks, that members who wish to influence decisions must commit high levels of staff and resources so as to generate proposals and lobby for them both outside and inside of formal meetings.

The findings about the impact of consensus are all endorsed by the experience of the decision-making which took place within the GATT, the predecessor of the World Trade Organization. In the GATT (as in the WTO) every member had one vote and decisions required either a simple or a specified special majority of votes. Consensus decision-making, however, prevailed and the result was to undermine the equal power of states to vote. Within the GATT the requirement of consensus encouraged powerful states to offer concessions and to use retaliatory threats. As participants explain, these countries could push negotiations behind the scenes, apply bilateral pressures and simply not hold meetings until a consensus had been reached. The effect was to concentrate negotiations among a small group of powerful members (usually the `Quad': US, EU, Japan and Canada) who tended to present decisions virtually as a *fait accompli* to the other (and particularly developing country) contracting parties.

Perhaps the clearest case of abuse of `consensus' lay in the GATT's dispute resolution procedure which many regarded as both unworkable and highly political. When consensus was required for the Council to accept panels' rulings, countries adversely affected would simply use delaying tactics. Panel decisions themselves were also often seen as unfair and partial in their treatment of different countries, since they would reflect the desire to reach consensus rather than the application of rules.
An important change in governance has been made in the new World Trade Organization (WTO) which, like the GATT, is an equal-voting institution. The WTO, however, is a stronger institution than the GATT with a structure and enforcement mechanisms which give it `teeth'. In particular, it has a disputes settlements procedure which, unlike that of the GATT, can make rulings which are automatically accepted by the organization unless there is a consensus against acceptance. Already this seems to have improved the legitimacy of the organization. Whereas the GATT mechanisms tended to be used mainly by the `Quad', the WTO is now being used by a wide range of countries: of all the requests before the WTO in mid-1996, about half were from developing countries.

There are two final issues about the use of consensus which are highlighted by the experience of the WTO. In the first place, the scope for using consensus needs clarifying. At present within the WTO, consensus is overriding other rule-making procedures, such as in lower Councils which have rules of procedure of their own, these are ignored when consensus is not reached and decisions are `bumped up' until consensus is reached at a higher level, if necessary going as far as the General Council. In other words, consensus has become an all-pervasive practice which overrides other decision-making rules. This risks spreading some of the problems of consensus decision-making already alluded to above.

A second problem relates to who is formally included in the `consensus process' and whether or not, by consensus, a meeting might decide to ignore a voting requirement. This is no arcane matter since consensus decisions reflect the mood of those present at the meeting. It is therefore a procedure which excludes those who cannot be present or who cannot afford to have a permanent delegation in Geneva. In 1996, only 72 of the 124 members of the WTO had delegations at the organization. For this reason, consensus is a procedure which can detract from the requirements of good governance.

In summary, the experience of both the Security Council and the GATT/WTO highlight several dangers of consensus decision-making. First, it can encourage decision-making in informal fora thereby excluding groups of members who are not part of the `core' group of powerful members. Second, the process of consensus decision-making is unrecorded and the accountability of members contributing to the decision is therefore reduced. Third, formal decision-making rules which do ensure particular kinds of accountability or representation can be superseded by the operation of consensus. Finally, consensus decision-making involves only those present at a meeting and not necessarily all those who should be included in a particular decision.

Consensus, whilst often applauded as a step towards good governance can have the opposite effect, reducing transparency and accountability and thereby increasing the challenge of improving governance. How then, can particular groups and stake-holders in an institution be ensured of inclusion and participation? The next sections examines the experience of other kinds of decision-making procedures.
The previous section argued that consensus decision-making can operate to exclude particular groups from decision-making. Yet good governance requires the inclusion of particular groups or states. Expressed another way, there are a range of stakes in the institution which need to be balanced in its governance. The stake-holders of international organizations include: member governments who contribute resources; members whose compliance is required for the institution to be effective; and members who represent groups affected by the institution's policies. The key question for any institution is how to reflect and balance the various stakes in the institution and how to adapt when those stakes change. In recent times, international organizations have used or reformed their voting structures and voting requirements to achieve an appropriate balance. This section investigates what their experience suggests for how voting systems might be used to alter or to contribute to good governance in an institution.

The International Fund for Agricultural Development offers an example of how an institution can adapt to changing stakes. It was established in 1977 in order to channel `oil earnings' from the OPEC countries towards neighbours most affected by the increase in oil prices, hence assisting agricultural development and food production in developing countries. The voting structure of the organization was planned so as to reflect the stakes of the various members. Its 1800 votes were split among three groups of countries, giving 600 votes to each of: Category I (the developed countries), Category II (OPEC countries) and Category III (developing countries). Each group was then left to decide how it would allocate votes among its members. Each did so in a way which reflected its relationship to the institution and its aims. Developed countries distributed 82.5% of votes according to each member's contribution, and only 17.5% equally among members. OPEC countries distributed 75% of votes by contribution and the other 25% equally. Developing countries distributed all votes equally among the members.

The main contributors to the Fund (developed countries) had their influence in the institution protected not by a majority of votes but by special majorities and quorum requirements. Most major decisions (including lending policies, criteria and regulations regarding financing, and approval of the budget) required a special majority of 2/3 or more. This gave Category I countries a veto power over the combined strength of OPEC and developing nations. Furthermore, a strict quorum requirement in both the Council and the Executive Board, required that members representing at least one half of the votes in each of the 3 categories and overall representing 2/3 of all the votes must be present.

Yet today stakes in the organization have changed. Developed countries as opposed to oil-producing countries have now become the major donors and they have demanded more say within the institution,
having already pushed for internal changes in the institution to improve accountability and efficiency in delivering projects. As a result the basic structure of votes was revised in 1997 so as to distribute votes among all members in part on the basis of membership (ie basic votes) and in larger part on the basis of contributions to the Fund. The result is a voting structure which reflects a new balance of stake-holders. It bears noting that this is not simply a change in a theoretical voting requirement. Rather, as officials within agencies are quick to point out, even though formal votes are seldom called, voting structures underpin all decision-making within organizations: they provide a weighting of influence and power which is felt throughout all parts of the agency. This is equally true in a more recently created institution.

The Global Environment Facility (GEF) was deliberately structured to reflect a particular range of stakeholders. Launched as a pilot program in 1991 and then restructured in 1994, the institution's charter reflects the good governance and democracy agenda of the international community mentioned above, pledging `to ensure a governance that is transparent and democratic in nature, to promote universality in its participation and to provide for full cooperation in its implementation among the UNDP, UNEP and the World Bank'.

Beneath the rhetoric, there are essentially two sets of stakes reflected in the GEF. On the one hand, the organization was created because industrialized countries wished to do something about environmental degradation. On the other hand, it was quickly acknowledged that effective action to moderate global environmental degradation required the cooperation and participation of developing countries. From the outset, developing countries made it clear that they would not participate in the GEF if it were structured in the same way as the World Bank or the IMF. The voting structure of the restructured GEF reflects these aims.

Within the GEF the voting structure requires a 60% majority of the total number of participants in the GEF (whose votes are placed by their representative members on the Council) as well as a majority representing 60% of total contributions to the Fund. This voting rule is only invoked where decision can not be reached by consensus. However, as already mentioned above, the voting requirement implicitly weights the structuring of `consensus' within a meeting since where votes are not taken, `consensus' is deemed to be reached when an informal tally of `would-be' votes around the table reflects an appropriate majority.

It is unclear how successfully the structure of the GEF functions. The institution has been the subject of a barrage of criticism from various quarters, including critiques of its inadequate funds, and calls for it to make `less agonizing' disbursements. From these broader judgments about the effectiveness and resources of the organization, it is difficult to discern clear views about it as a model of governance. However, for the more modest purposes of this paper, the example helps to illustrate the way in which
stake-holding can be reflected in the formal structure of an institution so as to structure the weight of influence which lies behind any consensus decision-making process.

A further significant element of the governance of the GEF is its openness to the participation of grassroots and non-governmental organizations at all levels - not just in projects but also in policy and programme development. When the institution was created, its founding members debated at length the arguments for and against the inclusion of NGOs (including the arguments addressed in the first section of this paper). In the end, some participation by NGOs was accepted. In practice, the organization has permitted an approved set of NGOs to participate in its work. Problems which arise from such practices have already been raised above (in section three). The wider concern being reflected here is how an institution can create links to societies and groups who are not adequately represented by its member states. Such concerns have been more fully debated in the context of the European Union which is the subject of the next section.

7. BEYOND INTER-STATE STRUCTURES OF GOVERNANCE

Increasing integration in the European Union has led to a lively debate over issues of governance. At stake is how best to ensure that peoples in Europe are represented in institutions which are taking decisions which increasingly affect their everyday lives. Furthermore, how can these institutions be made accountable to the people they affect?

At the most state-centred level, the issue of representation has been taken up by large states who argue that their populations are inadequately represented in the Council of the Union which places more premium on equality among its member-states than on equality among differently-sized populations. The addition of new small states to the Union is exacerbating this problem. Here, two kinds of solution are being considered: re-weighting votes; or introducing a double-qualified majority vote which would require a majority of votes also to reflect a majority of the EU’s population. The object of double-qualified majorities (DQM) would be to enhance the representation of large, populous states, without touching the existing voting rights of states within the Union. This resembles the double majority required in the GEF (above).

Interestingly, existing studies have examined what impact DQM would have on voting power among states in the Council. These studies suggest that a double majority of 66% would shift some voting power to the larger members; a double qualified majority of 50% would simultaneously increase the power of both the largest and smallest members. Overall, the studies highlight that the results of DQM would be rather ambiguous. At the same time, however, scholars agree that the most important result of any
alteration in voting would be on perceptions of the legitimacy of the Council. That is to say, a change in the formal voting structure would enhance the perceived `representativeness' of the Council.

A second issue of representation within the European Union concerns the links between international organizations and political arrangements within countries. Regional governments have been concerned that the institutions of the EU would reinforce the power of central governments. For this reason the Treaty on European Union (the Maastricht Treaty) set up a Committee of the Regions which held its first session in 1994 and is emerging as the guardian of the principle of subsidiarity (i.e. that decisions should be taken by those public authorities which stand as close to the citizen as possible). The Committee is also contributing through its Special Commission on Institutional Affairs to the debate about the reform of the EU institutions. Additionally, the Maastricht Treaty opened up the possibility for regional governments to head delegations to the Council of Ministers. Previously only national level Ministers could takes seats in the Council. However, since this reform, both Germany and Belgium have had regional leaders head delegations on issues such as education and culture. Importantly, these changes underline the shifting of sovereignty on some issues simultaneously up to the EU level and down to the regional level. This is a kind of change to which increasingly other international organizations will have to adapt.

A further `global governance' problem illustrated by the European Union is that of the `democratic deficit'. This refers to the lack of direct representation and accountability for decisions taken at an international - here European - level. The problem for the European Union is exacerbated by the shift to qualified majority voting on a number of issues which empowers a majority (rather than unanimity) of the members of the Council to make decisions which directly affect voters across all the states of the Union. Aware of the problem of accountability, in the 1992 Maastricht Treaty, the council (has) introduced a procedure that included the directly elected European Parliament more closely in decision-making. Under a new `co-decision' procedure, some forty-nine instruments had been adopted by mid-1996. Subsequently, the 1997 Treaty of Amsterdam has extended the scope of co-decision to new areas, including employment, social policy and transport. Sceptics point out, however, that the European Parliament has yet to attract public confidence and support such that it's inclusion will be seen as legitimating of the Council's decisions. Their opponents argue that if the Parliament were further empowered, it would attract more interest and this would reverse the very low voter-turnout for elections to the European Parliament.

The debate over `democratizing' Europe's institutions reflects the concern that as European institutions make more and more decisions which affect EU citizens' everyday lives, so too they must be made more democratically accountable. In the language of good governance, the widening jurisdiction of inter-governmental institutions demands a rethinking of participation, accountability and fairness within them. This rethinking needs to include, yet also to go beyond, the issues of `international governance' emphasized in this paper.
8. CONCLUSIONS

This paper started out by introducing the debate about good governance and the principles expounded in this debate. A distinction was drawn between `international governance', used to refer to arrangements among states, and `global governance' which envisages a broader set of links among individuals, groups, states and institutions. The paper has focused primarily on the challenge of international governance, using specific examples to illustrate the problems and possibilities for applying principles of ownership, participation, inclusion, and accountability to relations among states within multilateral organizations. These examples highlighted three points. First, `ownership' by particular states within a multilateral organization is not necessarily achieved through formal control of the management and voting structure of the institution. Second, consensus does not necessarily foster the basic elements of good governance among states. Finally, specific voting requirements can be used in order to bolster perceptions of accountability, transparency and representation as among states within an organization.

These arguments are important because they highlight the need to rethink inter-governmental relations within institutions so as to ensure greater and more universal participation and accountability. This form of inter-state good governance can not be side-stepped by opening up participation to a broader group of non-state actors and NGOs. Indeed, it could be argued that similar principles need to be applied to the participation of non-state actors, for otherwise there is a risk that institutions will simply increase access to representatives of US and European-based groups and further skew institutional participation and accountability away from the broader, more universal set of members.

Nevertheless, the final example invoked - the European Union - highlighted the importance of the broader global governance agenda. The democratic deficit which is emerging in the European Union has its parallels in several other international institutions. Indeed, international institutions today exercise influence over many policy areas which were once considered the purview of state sovereignty. The World Bank and the International Monetary Fund, for example, are each involved in advising and monitoring economic policies and arrangements within states. Indeed, these institutions themselves have put good governance on the agenda, because they realize the extent to which their programmes need to be at least understood and perceived as legitimate not just by governments but by a wider range of actors within states. Equally, virtually all international institutions have accepted that a purely state-centred system of representation in world politics is imperfect and hence many have opened up some scope for participation by NGOs. This paper has argued that the good governance agenda also requires that organizations rethink the way in which relations among their state-members are organized.
Endnotes


26. See the discussion in UNDP, supra at note 23.


32. Ibid. pp 26 & 31.


34. The Bank is located in Abidjan, Côte d'Ivoire, with an African President and mostly African staff, and did not initially admit non-regional members. Today African countries hold 12 of the 18 seats and a 50% voting share in the concessional window of the Bank (which is 98% funded by non-regionals).


38. Ibid.

39. In October 1994 the Council agreed that the President would give informal oral briefings to inform non-members of the Council about the informal consultations of the whole; in February 1994 the Council members decided to make draft resolutions `in blue' (ie in near final-form) available to non-members of the Council; and a 1995 Presidential Statement (S/PRST/1995/234) sets out a list of `improvements to make the procedures of the Sanctions Committee more transparent'.


43. See the Fourth Replenishment Resolution at the Twentieth Session of the Governing Council, (Council of the International Fund for Agricultural Development) February 1997, Resolution 86/XVIII.


46. Ibid.

