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Good Governance in International Organizations

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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—from the UN to multilateral development banks—took up the summons. They 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 in which they make and implement decisions. They have been very slow to set down a standard for themselves—and there is little precedent in the international system for doing so. To quote former UN Secretary-General Boutros Boutros-Ghali: "Democracy has not featured in the history of the international system of states. Sovereignty, rather than democracy, has been its guiding principle. . . . [Today,] the democratization of the international system can be seen as both necessary and possible."[1]

Yet if international organizations are going to become more participatory, accountable, and transparent, what standards are relevant to them? In this article, I set 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 of the article explores the concept of good governance, how it has emerged, and what its core principles mean. I draw a distinction 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*). My emphasis in the following sections is on international governance. I have chosen several institutions to illustrate the tensions and trade-offs. These include the regional development banks, the UN Security Council, the General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO), the International Fund for Agricultural Development, the Global Environment Facility of the UN Development Programme/World Bank, and the European Union.[2] By looking at the actual practices of organizations, I highlight existing problems of governance and the scope for improvement even among interstate relations. In the conclusion, I relate the article's findings on international governance to the broader questions and issues raised by global governance.

The Emergence of the Good Governance Agenda

Scholars and practitioners of development expressed real concern at the end of the 1980s about the failure of structural adjustment and the failure of so many countries to reap the fruits of a decade of stringent reforms.[3] By the early 1990s, the answer widely agreed on was that countries taking on reforms simply did not have adequate institutional depth and capacity.[4] This finding coincided with a renewed interest in institutions flourishing in the social sciences—from Nobel Prize–winning economists to international relations experts.[5] Furthermore, the concern with institutions and governance emerged amid increasing worldwide interest in democracy and democratization in the wake of the end of the Cold War.[6] It is not surprising that scholars and practitioners started to see good governance 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 were unleashed.

In some agencies, the new idea of governance or good governance, borrowing from U.S. corporate language, came simply to mean good quality management.[7] This narrow definition of governance envisages limiting the role of the state while ensuring it provides the necessary framework of policy and institutions for markets to flourish. Institutions, in this view, exist to iron out imperfections in the marketplace 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 on political and sociological literature about the conditions and institutions needed 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 UN are deriving a checklist of factors that, in their experience, are useful indicators of good governance. These factors include key principles such as participation, accountability, and fairness (on which I elaborate below).[11]

Surprisingly few attempts have been made during the same period 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 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 these 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 nonstate actors and domestic lobbies—raising broad issues of global democracy. 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 who feel inadequately consulted or represented within organizations. The old hierarchy of states within multilateral forums is being challenged and their effectiveness and legitimacy questioned by smaller or weaker states. Here, the good governance agenda can be applied to prescribe greater participation, accountability, and fairness 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 full-fledged assault on state-centered international politics based on sovereignty. Since that time, new rationales for intervention and expanded conditionalities have been opened up,[14] the increased participation of nongovernmental organizations (NGOs) has been encouraged, and concepts of "global civil society" have been developed.[15] There has been a tendency, in other words, to move away from the older, more state-centered views of international relations and toward 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 forums have undergone or are undergoing democratization. As these states become more democratic, so too their claims to being the legitimate representatives of people are bolstered. For international organizations, this means that *the state* remains an important—if no longer exclusive—way to represent people all over the world. At the same time, however, the principles on which power and influence are distributed among states within institutions need to be rethought.

State-Centered Organizations and Good Governance

The effectiveness of international organizations has for a long time 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.[16] This assumption underpinned the organization of both the League of Nations (in which the most powerful took up permanent seats in the executive—the Council) and 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 financial contributions, ensuring that the most economically powerful members would prevail. This was the case in the International 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 that borrows from ideas about equality and the "rights of man."[17] 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 that have accorded every state an equal vote, such as the GATT, its successor the WTO, and the UN General Assembly. The principle has also underpinned the allocation of an equal number of basic votes to otherwise unequal members in the International Monetary Fund (IMF) and the World Bank.[18]

However, for most of this century, equality among states has been recognized only in formal rights of representation. In reality, in the name of effectiveness, these formal rights have given way to structures that 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 among members about rules, identity, and decisionmaking. Scholars working on the effectiveness of institutions point out that an institution must be able to show that it can fulfill its allotted role and thereby prove to its members that it is necessary. It needs an ongoing raison d'être that is recognized by the membership. It needs a coherent underlying system of ideas for defining problems and their solutions, a system that members perceive as valid. And it needs 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 while 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 that the membership can and will implement.

More profoundly, it has been argued that for an institution to be effective, a symmetry of power must exist within the institution because it is unlikely to endure over time if powerful states or groups of states can simply flout the rules. 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, I discuss each principle in turn.

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.[23] There are powerful practical reasons for an increased emphasis on participation. For example, the World Bank has found that projects are more successful where those most affected by the particular project participate directly in its design and operation.[24] The logic is that participation in decisionmaking 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. 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 stakeholders (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.[25]

Participation requires more than involvement in an institution. It requires that affected parties have access to decisionmaking 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 on their actions. This is what is meant by the term *ownership,* or references to owning particular policies. The next section examines 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 decisionmaking structures does not necessarily lead to the kind of participation and ownership I describe 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 on which decisions are taken. Practically, this means having procedures that ensure transparency and flows of information. As will be seen later in this article, 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, international institutions are increasingly being called to account for their actions not only by their member states but by NGOs, individuals, and other nonstate actors.

Nongovernmental organizations 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 that 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.[26] 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.[27] 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 to donors in the industrialized countries.[28] 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 I mention 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 that 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 toward 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 decisionmaking processes within organizations. It will be seen that accountability needs to reflect not just in formal representation but equally in decisionmaking procedures and rules and also in the implementation of decisions. Surprisingly, where consensus decisionmaking 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: procedural and substantive. 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, decisionmaking, and enforcement in an institution to be clearly specified, nondiscretionary, 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 that privilege informal meetings and decisionmaking.

A more stringent requirement of fairness is substantive fairness, which concerns a more contested terrain. Here, fairness refers both to how equitable the outcomes of an institution are and to general equality and the distribution of power, influence, and resources within an organization. Although during the 1970s, debates about 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.[29] 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 decisionmaking are all now on the agenda of international organizations.

Overall, in this section I have outlined the principles of participation, accountability, and fairness. In the sections below, I examine practical aspects of applying these principles to institutions. In the first place, I use the experience of regional development banks 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, I address the issues of accountability and fairness in decisionmaking, invoking the experiences of the UN Security Council and the GATT to illustrate the way the dominant consensus mode of decisionmaking can preclude accountability within an institution. Subsequently, I analyze 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 on the experience of the International Fund for Agricultural Development and the Global Environment Facility. Finally, I examine the experience of the European Union to open up and contrast issues of global governance that are not addressed in the previous sections.

Participation, Ownership, and the Limits of Formal Control

More than 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 (IDB) was established in 1959 and the African Development Bank (AfDB) 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 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 its capital and votes; its president is always from South America 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 underutilizing 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 South and Central American voting power within the bank, the United States enjoys enormous dominance. This is explained by both formal and informal decisionmaking practices within the institution.

Formally, the United States has a veto on constitutional decisions that require either a three-fourths majority or a two-thirds majority of regional members, and it used to be the case that the board's quorum required the presence of the U.S. executive director. Even in the concessional window of the bank (the fund for special operations)—where the United States now contributes only 8.22 percent—it retains a veto power. Less formally, although the United States does not have a blocking minority in the ordinary capital account of the bank, it has nevertheless 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 the United States has tremendous influence because of the resources the U.S. mission to the bank have at their disposal—to present, argue, and lobby for particular positions or policies. In addition, the U.S. position is further strengthened by the location of the bank's headquarters (in Washington, D.C.) and by 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 United States.

The experience of the IDB suggests that control of an institution is strongly affected by informal influence and the decisionmaking rules. The leverage wielded by the United States goes beyond that suggested by the ownership and voting structure of the institution. Yet U.S. dominance is not the only hindrance to Central American and South 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 South 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 Task Force 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. In 1994, a task force inquiring 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 to delegate more effectively 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 control and responsibility for the overall direction and policy of the organization. Rather, the board spends its 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, the quality of its work, and its contribution to African development. Here, nonregional members of the bank (who hold a minority of votes) have informally set the directions of the institution because of their involvement in analyzing, monitoring, and evaluating the bank's performance and 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,[34] 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 shareholders.[35]

Seen in overview, formal ownership in the IDB and the AfDB (through the holding of votes and shares) has not translated into the hoped-for 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 by 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.

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 important, the decisionmaking procedures operating within an institution determine how members participate and who is responsible for different kinds of decisions. Formal decisionmaking rules also offer a rough guide to accountability within an institution.

In an interstate 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 approach can greatly impede the effectiveness of an organization. Even the smallest state can hold the others to ransom. Consensus decisionmaking, by contrast, is often held out as a more workable requirement. Unanimity requires every member of an institution to vote affirmatively (or to abstain in instances where this is defined as a positive vote). But consensus decisionmaking avoids voting and thus requires 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 decisionmaking contributes unproblematically to good governance. Yet the experience of consensus decisionmaking in international organizations does not bear this out, as we see below in examining the case of the UN Security Council and of the GATT/WTO.

The experience of the UN Security Council is particularly interesting, given that 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.[36] Yet such arguments underplay the negative aspects of governance raised by the working practices of the Security Council and, in particular, the effect of consensus decisionmaking on governance within that organization.

The Security Council is made up of fifteen members, five of whom are permanent (China, France, Russia, the U.K., the United States) and ten of whom are nonpermanent 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 decisionmaking replaces voting. Although undoubtedly this improves the capacity of the council to dispatch its business, it has negative effects nevertheless on participation and transparency within the organization, which are worth highlighting.

In the first place, according to members of the council, consensus decisionmaking 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 formal meetings. Even on procedural matters, when votes are taken they "are, so to speak, pre-cooked in informal consultations,"[37] and whereas there used to be frequent votes on the adoption of the agenda, "nowadays agendas are always agreed in advance . . . in informal consultations."[38] This means that only a restricted number of members get to participate in the process of real decisionmaking. This is not the only adverse effect 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, *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.[39] 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 U.S."[40]

Consensus decisionmaking, 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 U.S. lobbying in the 1980s,[41] the passage of Resolution 41/213 requires critical budget decisions to be adopted by consensus at the stage of the committee for program and coordination (as opposed to the UN Charter requirement of a two-thirds majority of the General Assembly).[42]

The analysis of the Security Council highlights problems of transparency and participation that arise from consensus decisionmaking. 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 formal meetings.

The findings about the impact of consensus are all endorsed by the experience of the decisionmaking that 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 decisionmaking prevailed, however, 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: the United States, the European Union, 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, which—like the GATT—is an equal-voting institution. The WTO, however, is a stronger institution. In particular, it has a dispute settlements procedure that—unlike that of the GATT—can make rulings that 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 that are highlighted by the experience of the WTO. In the first place, the scope for using consensus needs to be clarified. At present within the WTO, consensus is overriding other rule-making procedures. In lower councils that have rules of procedure of their own, for example, 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 that overrides other decisionmaking rules. This risks spreading some of the problems of consensus decisionmaking already alluded to above.

A second problem relates to who is formally included in the consensus process and whether or not a meeting might decide, by consensus, to ignore a voting requirement. This is no arcane matter because consensus decisions reflect the mood of those *present at the meeting*. It is therefore a procedure that 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 that 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 decisionmaking. First, it can encourage decisionmaking in informal forums and thus exclude groups of members who are not part of the core group of powerful members. Second, the process of consensus decisionmaking is unrecorded, and the accountability of members contributing to the decision is therefore reduced. Third, formal decisionmaking rules that do ensure particular kinds of accountability or representation can be superseded by the operation of consensus. Finally, consensus decisionmaking involves only those present at a meeting and not necessarily all those who should be included in a particular decision.

Although consensus is often applauded as a step toward good governance, it can have the opposite effect, reducing transparency and accountability and thereby increasing the challenge of improving governance. How, then, can particular groups and stakeholders in an institution be assured of inclusion and participation? In the next sections, I examine the experience of other kinds of decisionmaking procedures.

Voting Structures, Stakeholders, and Good Governance

In the previous section, I argue that consensus decisionmaking can operate to exclude particular groups from decisionmaking. Yet good governance requires the inclusion of particular groups or states. Expressed another way, there are a range of stakes in the institution that need to be balanced in its governance. The stakeholders 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. In this section, I investigate 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 to channel oil earnings from the Organization of Petroleum Exporting Countries (OPEC) toward neighbors 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 eighteen hundred votes were split among three groups of countries, giving six hundred votes each to category one (the developed countries), category two (OPEC countries), and category three (developing countries). Each group was then left to decide how it would allocate votes among its members. Each did so in a way that reflected its relationship to the institution and its aims. Developed countries distributed 82.5 percent of votes according to each member's contribution and only 17.5 percent equally among members. OPEC countries distributed 75 percent of votes by contribution and the other 25 percent 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 two-thirds or more. This gave category one 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 specified that members representing at least one-half of the votes in each of the three categories and two-thirds 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 (i.e., basic votes) and in larger part on the basis of contributions to the fund.[43] The result is a voting structure that reflects a new balance of stakeholders. 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 decisionmaking within organizations: they provide a weighting of influence and power that 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 [UN Development Programme], UNEP [UN Environment Programme] and the World Bank."[44]

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.[45] The voting structure of the restructured GEF reflects these aims.

Within the GEF, the voting structure requires a 60 percent majority of the total number of participants in the GEF (whose votes are placed by their representative members on the council) and also a majority representing 60 percent of total contributions to the fund. This voting rule is only invoked when decision cannot be reached by consensus. However, as I mention above, the voting requirement implicitly weights the structuring of consensus within a meeting because, when 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 article, the example helps to illustrate the way in which stakeholding can be reflected in the formal structure of an institution so as to structure the weight of influence that lies behind any consensus decisionmaking process.

A further significant element of the governance of the GEF is its openness to the participation of grassroots and nongovernmental organizations at all levels—not just in projects but also in policy and program development. When the institution was created, its founding members debated at length the arguments for and against the inclusion of NGOs (including the arguments I address in the first section of this article). In the end, some participation by NGOs was accepted.[46] In practice, the organization has permitted an approved set of NGOs to participate in its work. I have already noted problems that arise from such practices (in the discussion of core principles of good government). 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.

Beyond Interstate Structures of Governance

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

At the most state-centered level, the issue of representation has been taken up by large states. They 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 solutions are being considered: reweighting 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.[47] The object of double-qualified majorities 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 double-qualified majorities would have on voting power among states in the council. These studies suggest that a double majority of 66 percent would shift some voting power to the larger members; a double-qualified majority of 50 percent would simultaneously increase the power of both the largest and smallest members.[48] Overall, the studies highlight that the results of double-qualified majorities 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, 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 that 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. The Maastricht Treaty also 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 other international organizations increasingly 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 that directly affect voters across all the states of the union. Aware of the problem of accountability, the council introduced a procedure in the 1992 Maastricht Treaty that included the directly elected European Parliament more closely in decisionmaking. Under a new "co-decision" procedure, some forty-nine instruments had been adopted by 1996.[49] The 1997 Treaty of Amsterdam subsequently extended the scope of co-decision to new areas, including employment, social policy, and transport. Skeptics point out, however, that the European Parliament has yet to attract public confidence and support such that its inclusion will be seen as legitimating 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 that affect the everyday lives of EU citizens, so too they must be made more democratically accountable. In the language of good governance, the widening jurisdiction of intergovernmental 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 article.

Conclusion

I started out in this article by introducing the debate about good governance and the principles expounded in this debate. I drew a distinction 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. My primary focus has been 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 among states within an organization.

These arguments are important because they highlight the need to rethink intergovernmental relations within institutions so as to ensure greater and more universal participation and accountability. This form of interstate good governance cannot be sidestepped by opening up participation to a broader group of nonstate actors and NGOs. Indeed, it could be argued that similar principles need to be applied to the participation of nonstate actors because otherwise there is a risk that institutions will simply increase access to representatives of U.S.-based 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—highlights the importance of the broader global governance agenda. The democratic deficit emerging in the European Union has its parallels in several other international institutions. Indeed, international institutions today exercise influence over many policy areas that 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 programs 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-centered system of representation in world politics is imperfect, and hence many have opened up some scope for participation by NGOs. I argue here that the good governance agenda also requires that organizations rethink the way in which relations among their state members are organized. ⊕

Notes

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