

# The United Nations and Globalization: Patterns and Limits of Institutional Adaptation



*John Gerard Ruggie*

The United Nations has struggled with the challenges of globalization for several years, especially since the Asian financial crisis. It has paid particular attention to the needs of developing countries, deemed least well equipped to cope. All relevant parts of the UN system have been engaged, as well as the Bretton Woods institutions and the World Trade Organization. In the process, the UN Administrative Committee on Coordination (ACC) has gained new life—and, as of 2000, a new name: the Chief Executives Board (CEB). Since 1998, it has become the venue for a series of discussions, including at informal retreats initiated by Secretary-General Annan, in which the executive heads have explored the different dimensions of globalization and debated appropriate policy approaches by which the UN system as a whole can help better manage its risks and secure its benefits.

One paramount concern has emerged from these reflections: the need to achieve a greater degree of policy coherence at national and international levels alike in response to the integrated challenges that globalization poses.<sup>1</sup> Globalization does not come in tidy sectoral or geographically demarcated packages. It is all about interconnections—among people; across states; in production networks and financial markets; between greed and grievance; among failing states, terrorism, and criminal networks; between nature and society. The complex inter-relatedness of issues and their cumulative, often unforeseen, consequences demand far greater policy coherence than the existing system of national and international institutions has been able to muster.

This article provides a brief analytical overview of innovative efforts by the UN to achieve greater coherence in the face of globalization. It is intended to be illustrative, not exhaustive. It examines five instances of this quest and draws some lessons from them: the greater convergence of views about globalization among the main UN actors and other multilateral institutions; the formulation of clear systemwide priorities for poverty eradication and related development targets; the

endeavor to better coordinate the development assistance that international agencies provide at the country level; some of the UN's work in information and communication technology intended to help bridge the digital divide; and the Global Compact, engaging global business to advance UN social and environmental principles. But first, some prefatory remarks about the UN system's architecture are in order.

### **The Institutional Matrix**

When the post–World War II system of international organizations was created, its founders deliberately designed it to be decentralized. Different international institutions were built upon and governed by their national counterparts—be they foreign ministries, treasuries, or departments of agriculture, health, education, and labor. This arrangement, it was felt, held two advantages. First, it was believed to maximize the scope of technical expertise and minimize politicization. Not only the major states but also middle powers were strong advocates of this view; Canadian officials, for example, referred to it as the theory and practice of “functionalism.”<sup>2</sup> Second, it was felt that such a structure would be more firmly rooted in the most interested segments of domestic society, thereby providing strong and organic support for the international enterprise. This was a particular concern of President Franklin D. Roosevelt, who had struggled mightily to overcome the forces of American isolationism in the interwar period.<sup>3</sup>

It is true that the UN Charter authorizes the Economic and Social Council to enter into agreements with the agencies “defining the terms on which [they] shall be brought into relationship with the United Nations” (Article 63.1), and to coordinate their activities “through consultations with and recommendations to” the agencies themselves, the General Assembly, or member states (Article 63.2). But this is hardly language signaling a desire to override the agencies' independence. Nor does it encompass the Bretton Woods institutions—legally, distant members of the UN family—or the entirely unrelated General Agreement on Tariffs and Trade/World Trade Organization (GATT/WHO).

The ACC/CEB, which the heads of the World Bank, the International Monetary Fund (IMF), and the WTO now attend, was never intended to modify this constitutional arrangement. Throughout its history it has discussed but was unable meaningfully to coordinate what was, in any case, merely the secretariat tail end of the UN system's policy processes.

Finally, it is clear that governments continue to prefer this arrangement. Despite complaining about the lack of effective coordination for

the past half-century, they have done little about it. And not one supported Annan's 1997 proposal that they convene a ministerial commission to review the association agreements between the UN and the specialized agencies, with an eye to better integrating the UN's capacity to act.<sup>4</sup> Indeed, in a brazen act of adding insult to injury, some of the same United States congressional committee chairs who were withholding U.S. payments to the UN on the grounds that it was a bloated and inefficient bureaucracy, threatened to withhold yet additional funds if Annan consolidated UNICEF and the World Food Programme—both of which enjoy strong U.S. backing and were headed by Americans—along with the United Nations Development Programme (UNDP) into a single UN Development Group.<sup>5</sup>

The most distinctive institutional feature of the UN system, therefore, is that it is not designed as a matrix at all but as a set of deeply rooted columns connected only by thin and tenuous rows. Nothing that has transpired since 1945 has transformed that fundamental reality. This is an important fact to bear in mind when assessing the UN system's responses to the challenges of globalization. It makes all the more striking the considerable convergence of views and policy approaches to globalization that has taken place in recent years, as well as the programmatic innovations that more effectively exploit the UN's multifunctionality.

### Conceptual Convergence

One important means to compensate for institutional fragmentation is for those institutions to develop shared—ideally complementary, but at a minimum compatible—conceptions of the issues at hand. Following the Asian financial crisis, the ACC/CEB placed on its agenda, and addressed at successive sessions thereafter, the implications of globalization for the work of the UN system as a whole. Thanks in part to these discussions, not only have the UN and its agencies forged more coherent views about globalization, but the prior gulf between the UN and the Bretton Woods institutions has narrowed appreciably.<sup>6</sup>

Historically, UN entities had expressed varying degrees of ambivalence about the market generally and globalization in particular. The UN saw itself as the champion of social justice and distributive policies and viewed the global economic system as more of an impediment than a solution to these ends. On occasion—as in the New International Economic Order negotiations of the 1970s and early 1980s—the UN tilted heavily in the direction of seeking to regulate global market forces and

actors.<sup>7</sup> And for quite some time UN debates and reports exhibited discomfort acknowledging the efficacy of outward-oriented development strategies, as evidenced, for example, by how long they treated as sheer anomalies the extraordinary transformation of the East Asian and several Southeast Asian economies—bearing few transferable lessons for other developing countries—despite the fact that their growth was both faster *and* more equitable than elsewhere.

The Bretton Woods institutions, in contrast, had stressed market fundamentals and economic growth even before the ascendancy of the so-called Washington Consensus in the 1990s. Although the World Bank took episodic detours—into basic human needs during the presidency of Robert McNamara, for example—these moves never challenged its core orthodoxies. The IMF if anything had moved progressively away from its intended role of providing international support for the domestic policy objective of full employment, not only price stability.<sup>8</sup> In the 1990s, both vigorously pushed capital market liberalization onto the developing countries with little regard for the absence of its institutional requisites. And the developing countries won little in the WTO's Uruguay Round in return for their concessions on intellectual property rights.

In contrast, today the UN acknowledges that globalization offers “great opportunities,” in the words of the declaration adopted by heads of state and government at the Millennium Summit in 2000.<sup>9</sup> For their part, the Bretton Woods institutions concede that globalization creates losers as well as winners—in the words of the IMF's managing director, Horst Köhler, “The disparities between the world's richest and poorest nations are wider than ever.”<sup>10</sup> The WTO negotiations initiated in Doha in 2001 are officially termed “the development round.” And there is now widespread agreement that effective policies are required to deliver fully on the promise of globalization and to manage its adverse consequences. Kofi Annan captured the new consensus in his celebrated report to the Millennium Summit when he said that a socially inclusive globalization “must be built on the great enabling force of the market, but market forces alone will not achieve it.”<sup>11</sup>

At the conceptual level, the consensus encompasses the centrality of governance, the rule of law, education, and health to economic success; the positive role of investment, including the skills and technologies embodied in foreign direct investment; the need for further debt relief and other forms of development assistance for poor countries; the urgency of lowering trade barriers imposed on developing country exports by agricultural subsidies and other nontariff barriers in the rich countries; the protectionist potential posed by pursuing social and environmental objectives

through linkages to trade agreements; and the need for governments and international institutions alike to forge partnerships with the private sector and a wide range of civil society actors.<sup>12</sup>

Needless to say, paradigmatic differences remain—sometimes very substantial ones—reflecting the different institutions' mandates, missions, and core constituencies. Thus, the UN gives greater pride of place to issues of equity, the social and environmental dimensions of globalization, the migration of people as well as the movement of goods and capital, and concern with the globalization of criminal networks trafficking in illicit drugs, arms, minerals, timber, and human beings—quite apart from its institutionally unique function of managing conflicts and promoting security. Moreover, paradigmatic differences can lead to policy prescriptions that are at variance with one another—as between some of the strictures of IMF macroeconomic stabilization packages and the UN's concern with social inclusion, conflict prevention, and postconflict peacebuilding.<sup>13</sup> Finally, for the UN, reform of international economic governance means creating a more transparent and pluralistic system than exists today, while the Bretton Woods institutions conceive of it far more narrowly.

But the zone of overlap in conceptual views and policy prescriptions is significantly greater than it was in the past, increasing the frequency of their being commensurable with one another even when formal coordination is lacking. The adoption of a common set of Millennium Development Goals (MDGs) builds on this conceptual convergence.

### Systemwide Priorities

It is unprecedented for the UN and its agencies, let alone also the Bretton Woods institutions, to align their operational activities behind a unifying substantive framework. But that, precisely, is the intent of the MDGs; eight in number, they are disaggregated into eighteen targets and forty-eight performance indicators. The goals include halving world poverty by 2015 and, over the same period, reducing infant mortality by two-thirds; halving the spread of HIV/AIDS and combating malaria and other diseases; achieving universal primary education; halving the number of people without access to safe drinking water; and promoting gender equality and environmental sustainability.<sup>14</sup>

Secretary-General Annan urged the adoption of these goals in his report to the Millennium Summit. “The central challenge we face today,” he wrote, “is to ensure that globalization becomes a positive force for all the world's people, instead of leaving billions of them behind in

squalor.”<sup>15</sup> He had recommended the summit itself in his 1997 reform package as a way to mobilize member states’ support for a set of core priorities relevant to the new era.<sup>16</sup> Governments, leery of repeating the experience of the UN’s fiftieth anniversary celebration, which had accomplished little, agreed only grudgingly. When the time came, heads of state and government attended in record numbers and enshrined the goals in their own Millennium Declaration, which they adopted unanimously.<sup>17</sup> That provided the political impetus for the MDGs to become systemwide priorities. And it also set the stage for the European Union and the United States to pledge the first substantial increase in official development assistance in more than a decade at the UN’s March 2002 Financing for Development Conference, held in Monterrey, Mexico—a down payment, they implied, on fulfilling their part of the bargain.

The executive heads played an important role as well. The ACC/CEB (it became the CEB around the time of the summit) devoted its first retreat ever, in the autumn of 1999, to a discussion of subjects that might be covered in the Secretary-General’s Millennium Report; another, right after the summit, addressed how the declaration could best be put into practice; and a third, in the spring of 2002, reviewed the draft strategy on the implementation of the MDGs. The World Bank was actively engaged throughout, and representatives from all relevant organizations collaborated to flesh out the MDG targets and performance indicators.

An elaborate implementation plan for the MDGs has now been devised.<sup>18</sup> At its core is the Millennium Project, comprising ten global task forces whose job it is to propose the best strategies for meeting the MDG targets. The mission of these task forces includes identifying innovative practices, prioritizing policy and institutional reforms, calculating resource requirements, and evaluating financing options.<sup>19</sup> Each will include policy practitioners as well as outside experts. Their global strategy documents will be complemented by MDG reports for each developing country, coordinated by the UN country teams. Progress—or lack thereof—in moving toward the MDGs will be monitored and reported on a regular basis, including in annual updates by the secretary-general to the General Assembly. The entire effort will be accompanied by a sustained public information campaign designed to heighten general awareness and increase pressure on governments and international agencies to do the right thing. The project is intended as a partnership among the various international institutions, governments, civil society organizations, and the private sector.

The fact that the MDG effort is without precedent in the relationship among the members of the UN system and the Bretton Woods institutions does not, of course, guarantee its success. Indeed, the difficult

task of implementation has only just begun. Different agencies will take the lead in different issue areas: the International Labour Organization (ILO) on the social dimensions of globalization, for example; the WHO in the area of health; and so on. The inevitable institutional jostling is already visible.

At the same time, the very existence of the MDGs has shifted the ground somewhat. Going forward, everyone can and will be judged by concrete results in meeting an integrated set of goals and targets, assessed by specific performance measures. In theory, this ought to have two consequences. First, it should bring greater clarity to the shared as well as individual roles of all parties, including governments, the network of international institutions, and other social actors. In turn, that should facilitate the evolution of a more effective division of labor among them. Second, the fate of these actors will be more closely intertwined than in the past, because results cannot be achieved unless all parties contribute to their achievement. And that ought to create greater peer pressure to produce results.

The most important test of these propositions is not what takes place at the headquarters level, however, but within developing countries.

### **Country-Level Coordination**

It is impossible to describe briefly the number and variety of requirements and mechanisms imposed on developing countries by the donor community in providing development assistance—quite apart from the outright conditionalities attached to IMF loans and some bilateral aid. In the past, every donor essentially had its own way of doing things, whether it was a government, international agency, or nongovernmental organization (NGO). Some modalities overlapped while others pulled in different directions. The only constant has been the rising transaction costs imposed on developing countries in managing these relations.

While some minor pooling of bilateral aid efforts has occurred, assistance from the community of donor countries remains largely uncoordinated. World Bank president James Wolfensohn characterizes this practice as “development unilateralism”—“planting flags” on isolated projects in the developing world and placing “an unacceptable burden on developing countries that lack the administrative capacity to handle these demands.”<sup>20</sup>

A somewhat greater degree of rationalization has evolved among international agencies. The UN system conducts what are called Common

Country Assessments (CCAs), identifying an overall menu of needs, which is an improvement over past agency-by-agency studies. The World Bank and the IMF, with some UNDP involvement, work with individual developing countries to produce Poverty Reduction Strategy Papers (PRSPs), setting medium-term priorities. Most UN programs and funds, but only some specialized agencies, operate within (though none exclusively) a common UN Development Assistance Framework (UNDAF), which identifies priority areas in which UN entities have some comparative advantage.<sup>21</sup> The UN's resident coordinator system—designating a senior representative of the UN or an agency as the UN's country-level focal point—has facilitated closer day-to-day collaboration.

Developing countries, of course, have their own national development planning and policy processes, and they participate in—in principle, they are supposed to “own”—the efforts of their international development partners. When all is said and done, however, in the (not atypical) case of Tanzania, according to one well-informed estimate, fully 50 percent of staff time in the Ministry of Finance still is consumed by servicing “donor needs.”<sup>22</sup>

The Millennium Development Goals should help further consolidate these frameworks and instruments by reinforcing the CEB's leverage on the overall system and by strengthening the hand of resident coordinators within individual countries. Nevertheless, moving toward a single common framework for country-level action—the CEB's avowed goal—and, even more so, pulling the activities of bilateral donors closer to those frameworks—remains a major challenge.

### **Bridging the Digital Divide**

Despite the recent woes of the dot.com and telecom sectors, the promise of information and communication technologies (ICT) remains significant. But so too do gaps in ICT capacity, connectivity, and content between industrialized and developing countries. There are more computers in the United States than in the rest of the world combined, greater Internet access in Manhattan than in sub-Saharan Africa, more Internet hosts in Finland than in Latin America and the Caribbean, and as many telephones in Tokyo as in all of Africa.<sup>23</sup> If these technologies have created a global information society, as is often claimed, some 4 billion people—out of a total world population of 6 billion—are excluded from it today.

Not surprisingly, the UN has confronted the digital divide as a major challenge: having the potential not only to bridge economic gaps



between industrialized and developing countries, but also to reinforce or possibly even worsen them. In some respects, the UN's response to the digital divide took the conventional course: it convened an expert group; the Economic and Social Council (ECOSOC) debated the issue, adopted a ministerial declaration in 2000, and requested the secretary-general to create a task force, which he did in 2001; the task force generated six working groups; and the International Telecommunications Union took the lead in organizing the World Summit on the Information Society.<sup>24</sup>

But in other respects, the response has been highly innovative. First of all, the organizational concept of how to respond from the start was premised on taking networked approaches rather than trying to construct yet more institutional stovepipes: networks among UN agencies, with industry, and with developing country partner institutions. Second, the ICT task force is the first body ever created by a UN intergovernmental decision in which governments, the private sector, civil society organizations, and UN agencies participate on an equal standing. It aims to promote multistakeholder strategies for and commitments to overcoming the digital divide, and individuals from the nonprofit and corporate worlds chair several of its working groups.<sup>25</sup>

Similarly structured regional "nodes" and subregional "stakeholder networks" are being established and workshops convened around the world to stimulate interest and share best practices closer to the country level. The UN also has developed cooperative links with related initiatives by the G8 countries, the World Economic Forum, and other entities in the UN system.

The market meltdown has reduced companies' capacities to make in-kind contributions on a scale once anticipated.<sup>26</sup> This has affected the pace of the UN system's digital divide initiatives. But the organizational model—premiered on the idea that certain global challenges require broadly based multistakeholder and networked solutions—is likely to remain an integral part of the system's policy repertoire.

### **The Global Compact**

The remarkable surge in globalization during the last two decades of the twentieth century was accompanied not only by pronounced and stubborn gaps between rich and poor, but also by growing imbalances in global rule making. Rules that favor market expansion became more robust and enforceable—intellectual property rights, for example, and trade dispute resolution in the WTO. But rules intended to promote

equally valid social objectives, be they labor standards, human rights, or environmental protection, lagged behind. This trend has fed fears about and reactions against globalization, and yet governments have shown little urgency in reversing it.

Accordingly, Kofi Annan took this challenge directly to the world's business community. In prescient remarks some ten months before the "Battle of Seattle," he urged business leaders at the Davos World Economic Forum, in January 1999, to join the UN and other global actors in an effort to provide the social pillars that a sustainable global economy requires:

National markets are held together by shared values. In the face of economic transition and insecurity, people know that if the worst comes to the worst, they can rely on the expectation that certain minimum standards will prevail. But in the global market, people do not yet have that confidence. Until they do have it, the global economy will be fragile and vulnerable—vulnerable to backlash from all the "isms" of our post-cold-war world: protectionism, populism, nationalism, ethnic chauvinism, fanaticism and terrorism.<sup>27</sup>

Annan proposed a "global compact," enlisting corporate assistance in promoting nine UN principles drawn from the Universal Declaration of Human Rights, the ILO's Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development.<sup>28</sup> The other partners are the relevant UN agencies—Office of the High Commissioner for Human Rights (OHCHR), the ILO, the UN Environment Programme (UNEP), and UNDP; more than a dozen major transnational nongovernmental organizations, including Amnesty International, the International Union for the Conservation of Nature, and Oxfam; and international labor, represented by the International Confederation of Free Trade Unions.

Companies are challenged to act on the nine principles in their own corporate domains, moving toward "good practices" as understood by the broader international community, rather than relying on their often superior bargaining position vis-à-vis national authorities, especially in small and poor states, to get away with less. In the developing countries, this has direct benefits for the firms' employees and the communities in which they operate. But equally important is the potential for generating positive social spillover effects, insofar as the adoption of good practices by major firms may exert an upward pull on the performance of local enterprises in the same sector.<sup>29</sup> As for the industrialized countries, the gradual diffusion of good practices by major companies' social and environmental performance abroad may lessen the fear that a

global “race to the bottom” will undermine their own policy frameworks for achieving social inclusion and economic security at home.<sup>30</sup>

The Global Compact (GC) employs three instruments to achieve its aims. A “learning forum” is intended to generate consensus-based understandings of how a company’s commitment to the nine principles can be translated most effectively into corporate management practices. The UN system publicizes “good practices” identified by this process, thereby providing a standard of comparison for—and public pressure on—industry laggards.

By means of “policy dialogues” the GC generates shared understandings about, for example, the socially responsible posture for companies when operating in countries burdened by conflict. The zones-of-conflict dialogue has explored how companies can conduct impact assessments and reduce the risks that their own behavior may fuel conflicts; achieve greater transparency in their financial transactions with the host government or rebel groups; and devise revenue-sharing regimes that will benefit local populations.<sup>31</sup> The results from these dialogues inform not only companies but also the UN’s own conflict prevention and peacemaking activities, and they play a normative role in the broader public arena.

Last, through “partnership projects” in developing countries the GC contributes to capacity building where it is needed most. Ongoing instances include support for microlending, investment promotion, HIV/AIDS awareness and treatment programs for employees in sub-Saharan Africa, the development of sustainable alternatives to child labor, and a host of initiatives in ecoefficiency and other dimensions of environmental management. Indeed, one of the (few) success stories at the Johannesburg World Summit on Sustainable Development was a GC partnership effort to promote private sector investment in the least developed countries.<sup>32</sup>

To date, nearly 700 companies have pledged to support the GC, including a surprisingly large number of firms whose home base is in the developing world, including India, Brazil, South Africa, and Thailand. Firms’ decisions to participate appear to be driven by a combination of internal commitment and external pressure, including the sensitivity of their corporate brands to consumer attitudes. In the case of developing country firms, the rationale also includes the belief that a corporate social responsibility profile advances the firms’ objective to be recognized as global corporate players, and in some cases participation provides an opportunity for firms to navigate domestically around the rigidities of their own state bureaucracies.<sup>33</sup>

Organizationally, the GC consists entirely of a set of nested networks.<sup>34</sup> The five participating UN entities themselves operate as a network. The GC

office in New York is by far the smallest component; its main functions are to provide strategic direction, policy coherence, and quality control—what would be called brand management in the corporate world. The other four UN partners contribute substantive expertise and, in the case of UNDP, the link to the country level.

The operating network comprises the participating UN agencies and the other partners: companies; international labor; transnational NGOs; and university-based research centers, which help analyze company case studies for the learning forum. Most of the heavy lifting gets done in this larger circle. Gradually, other global efforts to promote corporate social responsibility, including the World Business Council on Sustainable Development, Business for Social Responsibility, and the Global Reporting Initiative, are entering into corporate alliance-like relationships with the Global Compact, whereby they develop and operate additional tools and protocols for the implementation of the nine principles.

The compact has also triggered numerous complementary regional, national, and sectoral initiatives. Typically, they take a subset of interested GC participants beyond its minimum commitments. For example, Norway's Statoil and the International Federation of Chemical, Energy, Mine and General Workers' Unions signed an agreement within the GC framework whereby Statoil is extending the same labor rights and health and safety standards to all of its overseas operations that it applies in Norway—including Vietnam, Venezuela, Angola, and Azerbaijan.<sup>35</sup> The same labor federation also negotiated the first ever such agreement with a mining company, AngloGold.<sup>36</sup> A Nordic GC network has been established, as has a "Friends of the Global Compact" network in Germany. Similar national efforts are under way in Brazil, China, the Philippines, Thailand, and several other developing countries and economies in transition.

A number of initiatives originally intended for entirely different purposes have associated themselves with the Global Compact—reflecting the expansive potential of its "open systems architecture." The most unusual is the multistakeholder Committee for Melbourne, which incorporated the GC principles into the strategic plan it developed for that Australian city and is encouraging all firms doing business there to adopt them.

In sum, the GC is based on principles that were universally endorsed by governments, expressing aspirational goals of the entire international community. It enlists the corporate sector and civil society to help bridge the gap between aspiration and reality—to become agents for the promotion of community norms. And it is entirely network based. Thus, apart from constituting an innovative UN "program" to

change corporate behavior, the Global Compact is also an experiment in devising fundamentally new forms of global governance.

### Some Lessons Learned

Globalization has been a major force inducing organizational change in the private and public sectors alike, at national as well as international levels. The United Nations has not been exempted. Perhaps its greatest institutional challenge has been in trying to exploit the system's multi-functionality and potential synergies within the limits imposed by its deliberately segmented structure. When Kofi Annan was awarded the 2001 Nobel Peace Prize, the citation commended him for "bringing new life to the organization," indicating that in the eyes of that jury he had achieved a certain measure of success in maneuvering between external challenges and internal constraints.

This article has surveyed five initiatives by the UN to respond to social and economic challenges of globalization, though they hardly exhaust the list. Moreover, the cases are not isolated instances but part of an overall strategy for which Annan planted the seeds in his 1997 reform report—a strategy he fleshed out more fully in his 2000 report to the Millennium Summit.<sup>37</sup> Perhaps the most striking feature of these initiatives is that governments were not the major players in any of them but shared the stage with other social actors, including the corporate sector and civil society organizations. And even when governments were centrally involved—most obviously in the case of the Millennium Summit—the agenda was driven largely by the UN Secretariat.<sup>38</sup> In contrast, where governments retain more absolute control—over issues ranging from fixing the UN's archaic budgetary and personnel processes to the workings of the intergovernmental machinery or revamping the overall governance structure of the UN system—little of significance has changed.<sup>39</sup>

The final section summarizes some lessons from the cases, highlighting key elements facilitating institutional change but also indicating remaining dilemmas.

### Leveraging Authority

An appeal to the greater social good has limited utility in persuading agencies within the same government to collaborate<sup>40</sup>—let alone separate international agencies. This is so not because they are run by bad

people but because of the structure of incentives and accountability under which they operate. By definition, therefore, achieving significant instances of interagency collaboration requires finding some way to overcome the effects of these structural features.

The cases suggest that the ability to leverage authority is a critical first step. The Millennium Development Goals were endorsed at the highest political level in the international community: a summit of heads of state and government. They are the political leaders of not only UN member states but also the member states of *all* international agencies, including the Bretton Woods institutions and the WTO. As a result, their decisions provided some leverage over the system as a whole—which has turned out to be most effective over the specialized agencies, quite effective in relation to the World Bank, but less so vis-à-vis the IMF and WTO.

Similarly, the Global Compact leverages the authority of nine principles that governments have adopted by consensus and that the secretary-general seeks to extend to global business operations. The GC's architects resisted adding other principles that do not enjoy so robust a political and legal foundation—anticorruption and a right to health, for example—fearing that the entire normative platform would weaken if they did.

A more proximate source of leverage vis-à-vis the participating agencies is the authority of the secretary-general. The GC is his personal initiative and he has remained closely involved in promoting it. Both factors—the universality of the principles and the personal engagement of the secretary-general—are also significant attractions for the other social actors participating in the compact, including business, labor, and NGOs; it differentiates this effort to promote corporate social responsibility from all others.

However, a “higher” authority may not always be available in decentralized systems. Besides, it is quite easy to overestimate its downstream influence on collaborative activities. But authority can also come from below. Chester Barnard, one of the founders of modern management theory, expressed this insight well many years ago: “Authority is another name for the willingness and capacity of individuals to submit to the necessities of cooperative systems.”<sup>41</sup> In other words, relations of authority—as opposed to power—are strongly shaped by individuals’ views about the desirability and legitimacy of the venture in which they are asked to participate. In the case of the Global Compact, the three lead agencies—OHCHR, ILO, and UNEP—have seen *their* agendas raised in profile and extended to new domains. Accordingly, they view “submitting” to the GC cooperative system a means to

enhance their missions, not as a constraint or imposition. The same is true of UNDP's lead role in taking the compact to national levels.

Establishing an authoritative basis for collaboration among autonomous actors is an essential first step. Sustaining that collaboration also requires skillful management of the inherently fragile networks through which it takes place.

### *Interorganizational Networks*

A standard bureaucracy has a vertical authority structure. Networks are horizontal associations in which participants willingly combine their efforts to achieve goals that are important to them but that they cannot achieve, or at least not as effectively, on their own.<sup>42</sup> Networks have to advance the mission of all participants and do so in a reasonably equitable manner. They operate on the basis of shared normative and conceptual frameworks within which participating entities create value by establishing complementarities and synergies in the deployment of their respective capabilities. Network management is required to achieve these effects, but it must be facilitative, not directive, and attempts by the network manager to capture the value created by the collaboration will undermine it. Finally, networks are inherently experimental and pragmatic, not routine and standardized. These are very steep learning curves indeed for most bureaucracies.

The initiatives surveyed here all employ some form of network organization—the Global Compact most self-consciously. Because of its magnitude and scope, the Millennium Development Goals project is an ideal candidate: it is hard to imagine doing the job in any way other than through creating networks within and across the relevant actors whose participation is required to formulate strategies, implement programs, and monitor performance. But for the same reasons, the MDG project also requires extensive and extremely sensitive network management. Different entities in the UN system are assigned different lead roles. It will require great self-restraint on their part to act strictly as enabling agents *for the collectivity*—and not to lose sight of the fact that in a network only the collectivity of participants, not the agent, can produce success. Already some UN programs and funds have chafed at the central role assigned to UNDP; the World Bank has complained about being insufficiently involved in monitoring; and specialized agencies as well as the Bretton Woods institutions have expressed concern that the UN's leadership not replace, but draw on and support, their own extensive sectoral work and capacities.<sup>43</sup>

The literature on networks suggests that they are difficult to create and even harder to sustain. But they are also becoming the response of

choice domestically and internationally as social actors come to grips with the multidimensionality of globalization together with the knowledge and resource constraints individual actors face. The UN system is far from being alone in having to master new navigational skills in this fluid context that are so at variance with its core organizational modalities.

### *Accountability*

As collaborative networks become more widely employed instruments of policy formulation and implementation within the UN system, they begin to raise serious accountability issues. One concerns the question “accountable for what?”—and the other “accountable to whom?” No obvious solution to either is yet at hand.<sup>44</sup>

Governments and public bureaucracies traditionally have answered the “what” question by managing *to* process-related rules rather than *for* results. Doing so maximizes the principal’s direct control over agents, even though it often comes at the expense of performance. In the United States, the move to “reinvent government” attempted, with mixed results to date, to shift towards results-based management.<sup>45</sup> Urged on by Kofi Annan, the UN is slowly developing a shadow results-based budgeting system, but governments have refused to employ it for program planning and evaluation. When it comes to networks, however, apart from some necessary basic ground rules, it is virtually impossible to govern strictly through rules-based accountability systems—the flexibility and agility one wants from networks would be snuffed out quickly. Essentially, networks can only be managed for results. Thus, principals have been learning about the trade-offs between control and performance, a calculus that becomes easier if the policy objectives are clear and quantifiable—as in the case of the MDGs. But the UN has barely begun to confront these fundamental challenges.

The “accountable to whom” question itself comes in two parts.<sup>46</sup> One relates to the fact that in multistakeholder collaborations some of the social actors strictly speaking may be accountable to no one but themselves. For example, some NGOs are large membership organizations with transparent governance structures and funding sources, but many are not. And yet their participation may be important to getting a particular job done. The UN system, including the CEP, has been grappling with this challenge, but it remains unresolved.

The other part of the question concerns the staffing implications for international agencies of having their personnel serve the cooperative networks among them—even assuming that each agency remains responsible for the salaries of its own people. On what criteria is the staff to be



recruited? Evaluated? Rewarded? Based on their contribution to the agency or to the network? Some private sector firms have experimented with “synergy units,” whose job it is to cross-promote products. But examples are few and far between, and their efficacy in the private sector—let alone the public—has not yet been established. In the UN, this issue remains unresolved even for its resident coordinator system, the very foundation of its country-level work.

### Conclusion

Contrary to the conventional wisdom expressed in much of the media, the UN system has generated highly innovative responses to the challenges posed by globalization. It has done so despite, not because of, its constitutional configuration and largely by maneuvering around constraints posed by governments rather than at their bidding. Novel approaches to global governance have emerged as a result, though none strives to—or can—replace the traditional intergovernmental mode. These novel approaches engage social actors other than states in promoting and implementing UN principles and goals, they involve the extensive use of networked forms of organizations, and they demand new criteria of accountability and evaluation.

At the same time, however, other aspects of the UN system remain fundamentally constrained by its constitutional parameters. Thus, the core issues of global economic governance are barely touched upon by the initiatives described here. Moreover, the UN’s work in peace and security, which is shaped by and in turn has an impact on social and economic issues, still constitutes a largely self-contained domain of activity. Thus, at the beginning of the twenty-first century, the UN truly straddles an epochal divide, one part anchored firmly in the twentieth-century intergovernmental order, but another helping to create and participating in a more inclusive and more fluid global public domain. 🌐

### Notes

John Gerard Ruggie is Kirkpatrick Professor of International Affairs and director, Center for Business and Government, Kennedy School of Government, Harvard University. He was formerly assistant secretary-general and chief adviser for strategic planning to United Nations Secretary-General Kofi Annan. This article is as fully documented as possible, but it also inevitably reflects observations from the author’s participation in many of the initiatives described and analyzed.

1. See, for example, Report of the Secretary-General, "Role of the United Nations in Promoting Development in the Context of Globalization and Interdependence," A/54/358 (15 September 1999), and the subsequent General Assembly resolution 54/231 (22 December 1999).

2. John W. Holmes, *The Shaping of Peace* (Toronto: University of Toronto Press, 1979).

3. Craig Alan Wilson, "Rehearsal for a United Nations: The Hot Springs Conference," *Diplomatic History* 4, no. 3 (1980): 263–281, documents Roosevelt's strategy in the area of agriculture. More broadly, see Anne-Marie Bury (Slaughter), "Regulating the World: Multilateralism, International Law and the Projection of the New Deal Regulatory State," in John Gerard Ruggie, ed., *Multilateralism Matters* (New York: Columbia University Press, 1993).

4. *Renewing the United Nations: A Programme for Reform*, UN Doc. A/51/950 (14 July 1997, par. 89).

5. Maurice Strong, who advised Annan on reform during the first few months of his administration, had floated the idea in the press. A UN Development Group ultimately was established, but without affecting the budgetary or governance autonomy of the UN Program and Funds, such as UNDP, UNICEF, and WFP. Strong's original concept never encompassed the specialized agencies.

6. See also Jean-Philippe Thérien, "The Politics of Development: Towards a New Grand Compromise?" paper presented at the conference "Global Governance: Towards a New Grand Compromise?" University of Toronto, 29 May 2002.

7. Branislav Gosovic and John Gerard Ruggie, "On the Creation of a New International Economic Order," *International Organization* 30, no. 2 (1976): 309–345.

8. This evolution began almost immediately in the life of the IMF, but it accelerated after the industrialized countries ceased to utilize it for their own financing needs. John Gerard Ruggie, "International Regimes, Transactions and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization* 36, no. 2 (1982): 357–378. For a recent critique, see Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: W. W. Norton, 2002).

9. A/Res/52/2 (18 September 2000).

10. "Working for a Better Globalization," remarks by Horst Köhler at the Conference on Humanizing the Global Economy, Washington, D.C., 28 January 2002.

11. Kofi A. Annan, *We the Peoples: The Role of the United Nations in the 21st Century* (New York: United Nations, 2000), p. 6.

12. Some of these views are expressed in a joint statement by the heads of the IMF, OECD, UN, and World Bank, *A Better World for All* (Washington, 2000). Public-private partnerships were endorsed in General Assembly Res. A/56/76 (24 January 2002). Annan was rebuked by antiglobalization activist groups and some nongovernmental organizations for signing on to *A Better World for All*; the World Council of Churches, for one, sent an open letter accusing him of selling out the United Nations. Subsequent developments have quieted down such criticism.

13. The ILO's director-general, Juan Somavia, has been particularly articulate in stressing the broader social dimensions of globalization; see, for example, "Decent Work for All in a Global Economy," address to the staff of the World Bank, 2 March 2000.

14. UNDP, "MDGs Chart," 2001; based on Report of the Secretary-General, "Road Map Towards the Implementation of the United Nations Millennium Declaration," A/56/326 (6 September 2001).

15. Annan, *We the Peoples*, p. 6.

16. *Renewing the United Nations*, par. 91. Annan's intention all along was to fix some obvious organizational and managerial deficiencies in 1997, concentrating on those that were under his direct control; to use the Millennium Summit as an occasion to get governments to endorse substantive and results-oriented priorities; and then to follow up with another round of institutional reforms, including the intergovernmental machinery, to better align the United Nations behind the new priorities. The last was initiated in the fall of 2002: Report of the Secretary-General, "Strengthening of the United Nations: An Agenda for Further Change," A/57/387 (9 September 2002).

17. "United Nations Millennium Declaration," A/RES/55/2 (18 September 2000). Some of the goals had been endorsed at earlier UN conferences, while others were new. But never before had a comprehensive set of specific targets been adopted by heads of state and government.

18. "The United Nations and the MDGs: A Core Strategy," UNDP, 7 June 2002.

19. The Millennium Project draws on the model of the recent Commission on Macroeconomics and Health, convened by Gro Harlem Brundtland, director-general of the World Health Organization, and chaired by Jeffrey Sachs, who has become special adviser to the UN secretary-general for the MDGs. See *Macroeconomics and Health: Investing in Health for Economic Development*, Report of the Commission on Macroeconomics and Health (Geneva: World Health Organization, 2001).

20. James Wolfensohn, "Ending the Unilateral Approach to Aid," *Financial Times*, 26 September 2002, p. 13. According to Wolfensohn, "Today, there are more than 63,000 aid projects under way in the developing world, often with different procurement policies, different evaluation standards and different environmental and social standards. . . . This fragmentation of donor's efforts has long plagued the effectiveness of aid. Many of the failures blamed on borrowing countries in fact represent the failure of donors to coordinate their efforts."

21. The UNDAFs were part of the 1997 reform initiative and have been lauded by the United States General Accounting Office as one of its real achievements.

22. Cited in a discussion of the problems of country-level coordination at an ACC/CEP retreat in April 2001.

23. Annan, *We the Peoples*, p. 32; "Report of the High-Level Panel of Experts on Information and Communication Technology," A/55/75-E/2000/55 (22 May 2000), p. 4.

24. The summit will take place in two phases. The first, hosted by Switzerland in December 2003, will focus on the overall challenges of the technological and social transformations captured under the rubric "the information society"; the second, to be held in Tunisia in 2005, will concern itself specifically with the implications for development. See [www.itu.int/ws.html](http://www.itu.int/ws.html).

25. For detailed descriptions of the task force and its work plan, see [www.unicttaskforce.org](http://www.unicttaskforce.org).

26. For example, in 2000, WebMD undertook to provide content and lead the effort to supply the hardware, access, and training required to establish

10,000 on-line sites for medical information in developing country public health facilities and clinics; that was before its stock price plummeted to 10 percent of its prior value and the commitment had to be withdrawn. Other such partnerships, as with Swedish telecom equipment provider L. M. Ericsson, have continued, though at a slower pace.

27. Kofi A. Annan, "A Compact for the New Century," address to the World Economic Forum, Davos, Switzerland, 31 January 1999 (SG/SM/6881/Rev.1). Up-to-date information on the Global Compact and its activities may be found at [www.unglobalcompact.org](http://www.unglobalcompact.org).

28. The nine principles are support and respect for the protection of internationally proclaimed human rights; noncomplicity in human rights abuses; freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; the elimination of discrimination with respect to employment and occupation; a precautionary approach to environmental challenges; greater environmental responsibility; and encouragement of the development and diffusion of environmentally friendly technologies.

29. Surprisingly little systematic research has been done on this question, in contrast to the hefty volume of rhetoric it has generated. For a careful study in the environmental area, see Ronie Garcia-Johnson, *Exporting Environmentalism: U.S. Multinational Chemical Corporations in Brazil and Mexico* (Cambridge: MIT Press, 2000).

30. The logic of this argument is elaborated in John Gerard Ruggie, "Taking Embedded Liberalism Global: The Corporate Connection," in David Held and Mathias Koenig-Archibugi, eds., *Taming Globalization: Frontiers of Governance* (Cambridge, England: Polity Press, 2003).

31. For summaries of these tool kits, consult <http://www.unglobalcompact.org>.

32. "Global Compact Launches Development Initiative at Summit," *ibid.*

33. Based on discussions with participants at numerous Global Compact events.

34. John Gerard Ruggie, "global\_governance.net: The Global Compact as Learning Network," *Global Governance* 7, no. 4 (2001): 371–378; Ruggie, "The Theory and Practice of Learning Networks: Corporate Social Responsibility and the Global Compact," *Journal of Corporate Citizenship* 5 (2002): 27–35.

35. "Statoil Signs Agreement with ICEM," *Europe Energy*, 30 March 2001.

36. "Historic First for Mining in Africa—AngloGold Signs Global Labour Agreement," available online at [www.icem.org/update/upd2002/upd02-36.html](http://www.icem.org/update/upd2002/upd02-36.html).

37. Another major strand was Annan's personal engagement in mobilizing resources to respond to the HIV/AIDS pandemic, including persuading the major pharmaceutical companies to lower prices on essential drugs and advocating the creation of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

38. The negotiating text for the summit declaration was drafted by the Secretariat and was drawn directly from the final section of Annan's report.

39. UN peacekeeping falls in between. Annan pursued a parallel reform track, including cooperating fully with and accepting the conclusions reached by the independent investigation of the Rwanda genocide (chaired by former Swedish prime minister Ingvar Carlsson) and conducting a highly critical self-study of the UN's shortcomings in Srebrenica. Building on those, he then convened a high-level

panel, chaired by Lakhdar Brahimi, to suggest ways to strengthen the UN's capacity to conduct peace operations (Report of the Panel on United Nations Peace Operations, A/55/305, 21 August 2000). But implementation of the Brahimi recommendations, slow and modest to date, is in the hands of governments.

40. Eugene Bardach, *Getting Agencies to Work Together* (Washington, D.C.: Brookings Institution, 1998).

41. Chester I. Barnard, *The Functions of the Executive* (Cambridge: Harvard University Press, 1938), p. 184.

42. The reference here is to collaborative networks among public agencies and civil society entities. See Rupert F. Chisholm, *Developing Network Organizations* (Reading, Mass.: Addison-Wesley, 1998); Ruggie, "The Theory and Practice of Learning Networks"; and Wolfgang Reinicke and Francis Deng, *Critical Choices: The United Nations, Networks, and the Future of Global Governance* (Ottawa: International Development Research Centre, 2000).

43. These views were expressed in the CEB's review of the draft implementation strategy, at a retreat in Rome in April 2002.

44. Exactly the same problem exists domestically: Eugene Bardach and Cara Lesser, "Accountability in Human Services Collaboratives—for What? and to Whom?," *Journal of Public Administration Research and Theory* 6, no. 2 (1996): 197–212; R. A. W. Rhodes, *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability* (Buckingham, England: Open University Press, 1997).

45. The classic work is David Osborne and Ted Gaebler, *Reinventing Government* (Reading, Mass.: Addison-Wesley, 1992).

46. For an excellent discussion of accountability issues in global governance, see Robert O. Keohane and Joseph S. Nye, "Democracy, Accountability and Global Governance," prepared for the University of California Institute on Global Conflict and Cooperation conference "Globalization and Governance," La Jolla, California, 23–24 March 2001.