

Shaping Globalization

The role of global public policy networks

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Published in:

Bertelsmann Foundation (eds.) *Transparency: A Basis For Responsibility and Cooperation* (Gütersloh, Bertelsmann Foundation Publishers), (2002).

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1. Introduction

„[Globalization] requires that we think afresh about how we manage our joint activities and our shared interests, for many challenges that we confront today are beyond the reach of any state to meet on its own. At the national level we must govern better, and at the international level we must learn to govern better together. Effective states are essential for both tasks, and their capacity for both needs strengthening. We must also adapt international institutions, through which states govern together, to the realities of the new era. We must form coalitions for change, often with partners well beyond the precincts of officialdom. [...] Mobilizing the skills and other resources of diverse global actors, therefore, may increasingly involve forming loose and temporary global policy networks that cut across national, institutional and disciplinary lines ” (Annan 2000: 64)

From protecting the environment, fighting diseases such as malaria and AIDS to instituting labor standards and combating corruption: many problems of this interconnected world cannot be tackled by traditional politics alone. Global public policy networks have emerged as an innovative response, bringing together civil society, private business, international organizations and governments in coalitions for change. These issue-based alliances have a flexible structure that can react quickly to the challenges of globalization, evolving with the changing nature of the issue. As coalitions for change they not only bridge the growing distance among policy-makers, citizens, entrepreneurs, and activists, they also demonstrate that with the help of modern communication and outreach, successful collective action is possible in an ever more complex and interdependent world.

This article analyzes the implications and importance of global public policy networks for global, European and national reform debates. Why have new forms of cooperation emerged at the global level? What are the changing governance challenges (chapter 2)? What are the characteristics and functions of multisectoral networks (chapter 3)? How have networks dealt with the challenges of cooperation in trying to combine legitimacy and efficiency (chapter 4)? How can Germany promote a networked governance agenda as a learning model (chapter 5)?

Previously international politics used the experience of national policy-making; today the flow of experience can run both ways. The connected nature of the issues implies that innovation at the global level impacts national politics and vice versa. Moreover, international and national institutions can and should learn from the successes and failures of networked global governance. Current governance challenges – as we argue in this article – have to be tackled across sectors and across different levels (local, regional, national, global). New forms of governance embodied in networks serve as arenas for experimentation on political reforms, applicable to all levels of government. We need to take

advantage of this experience for formulating sustainable, globally oriented reform policies in Germany. But networked governance itself is a challenge, demanding the breaking of old modus operandi. Working together, actors from all sectors, need to adapt and to set aside old prejudice in order to effect change and to provide the legitimacy networked governance is predicated upon. Foundations can make a significant contribution by promoting social and political entrepreneurship and by supporting “learning networks”.

2. Governance Challenges in the 21st century

The end of the Cold War as well as the intensifying wave of globalization since the early 90's have fundamentally transformed the conditions for the organization of effective and legitimate governance in the international system. [Globalization triggers change] Change seems to constitute the only constant in an otherwise continuously changing environment. Economic and political liberalization as well as technological change are increasingly challenging states and international organizations to find effective solutions to cross-border and cross-sectoral problems.

At the same time, states are no longer the only players in the international realm. Over the past two decades, NGOs as well as companies, themselves responding to the pressures of globalization, have effectively reorganized their operations on a transnational scale and play a progressively more important role in international relations. [New players in the international system] More than 40.000 non-governmental organizations are now operating across borders, and, according to UNCTAD figures, roughly 60.000 companies have established transnational ties. NGOs and companies have thus responded to the challenge of globalization by refocusing their operations and establishing cross-national linkages, oftentimes with astonishing results for the effectiveness of their operations. As a result, states, international organizations, companies and NGOs now find themselves in the same playing field – and are gradually recognizing their interdependence in shaping the environment in which they operate.

This new interdependence is distinguished by four key characteristics. First, the geographical dimension of governance has shifted as a result of economic and social integration. Decision-makers in states are confronted with an increasing range of issues that can only be solved by coordinated cross-border action. Climate change is only one of the more prominent among many pressing issues. [The new geography of governance] The disconnect between the political geography of the state on the one side and the new geography of economic and social relations on the other has a tremendous impact on almost all policy areas formerly considered to be exclusively in the domain of the nation-state.

Second, the time dimension has become an even more critical issue in the organization of governance. Globalization is often characterized as a process of “acceleration,” driven by rapid technological change. [The challenge of speed] The near complete integration and 24-hour operation of global financial markets and the media, for example, severely constrains the time frame available to public policymakers for weighing options and preparing informed decisions. Hierarchical bureaucratic structures frequently lack the knowledge and the necessary flexibility to respond to new policy challenges in a constantly changing environment.

Third, the complexity of public policy issues is steadily growing. [The challenge of complexity] Decision-makers in states and international organizations find themselves having to tackle more and more issues that cut across areas of bureaucratic or disciplinary expertise. Decisions made about international trade, for example, can have profound economic, ecological, and security effects, all of which must be considered in the policy debate. Furthermore, entirely new and complex problems have emerged that have not yet been fully understood. A case in point is the issue of how to pursue the potential benefits of genetic engineering for food security while minimizing the risks. Another issue that requires not only political will and tremendous financial commitment but also institutional innovation is how to move developing countries out of the poverty trap and onto a sustainable growth path with greater current and future standards of living.

Fourth, decision-makers in national and international politics find themselves confronted with pressing questions of legitimacy and accountability. As public policy-making is increasingly shifting to international organizations and other multilateral forums in response to the challenges described above, decision-making processes have become less transparent to citizens. [The challenge of legitimacy] The increasingly contentious debate on transparency and access to public policymaking processes in the European Union and the World Trade Organization (WTO) certainly bear witness to these mounting pressures. Transnational NGOs have developed into an important transmission belt for citizens who seek information about and access to international policymaking processes. The constructive engagement of civil society and the private sector in global public policy-making processes is therefore one of the key challenges in organizing global governance.

The former State Secretary of the German Federal Foreign Office and current German ambassador to the United States, Wolfgang Ischinger, has recently emphasized the necessity to develop new tools for global governance:

“States no longer hold an effective monopoly in responding to global problems and crises. As a result, it is necessary to develop ‘global governance’, [...] Not only governments will have to play an important role in this context. International organizations, and most of all the United Nations system, will have to play a more proactive role. However, the other ‘global players’, transnational NGOs as well as transnational companies, have to be included as well.” (Ischinger 2001)

The term 'global governance' might be misleading, however. [A new conception of 'global governance'] Although it is suggestive of exclusive global solutions implemented by a quasi world government the term 'global' is much broader in this context, suggesting rather a global perspective. Based on the challenges sketched out above, global governance primarily requires multi-level approaches to governance. Collaboration may be required at a global level, but the efficacy and success of such initiatives requires national, regional and local involvement. New challenges such as the global spread of Malaria or HIV/AIDS, the destruction of the ozone layer, water scarcity, or transnational corruption, crime and terrorism can only be tackled effectively if action strategies are designed and implemented on all levels of political and social organization – local, regional, national and global. [Multi-level governance] This not only presumes the existence of effective institutions on all those levels, but also the joint development and implementation of complementary and coordinated public policy programs.

But the challenge is even broader than that. Successful global public policies not only have to transcend geographical levels but also need to cut across sectoral boundaries. Hierarchical approaches are increasingly losing relevance in a world characterized by geographically diffuse as well as quickly changing policy challenges. [Multisectoral governance] Multisectoral policy networks will play a progressively prominent role in shaping globalization.

Governments and international organizations already cooperate with companies as well as civil society organizations in a broad variety of global policy contexts. For example, the World Bank and the United Nations are collaborating with a large number of non-state actors from civil society and the private sector in various new cooperative programs, such as the 'Roll Back Malaria Initiative', (RBM), the 'World Commission on Dams', (WCD) or the 'Global Reporting Initiative'. (GRI) The World Bank estimates that its various departments are involved in more than 70 such networks and programs – in various forms and formats. Three years ago, the Secretary-General of the United Nations, Kofi Annan, created the 'Global Compact', an initiative designed to support the global corporate social responsibility movement and to help tie it back to the goals and mission of the United Nations. In addition, many specialized agencies in the UN-system – such as the United Nations Development Programme (UNDP) or the International Labor Organization (ILO) – have been actively engaged in various multisectoral networks for many years already. To this point, however, the engagement of international organizations in multisectoral cooperation is less a result of strategic planning and conscious organizational policy choices but rather the outflow of parallel but uncoordinated initiatives of political entrepreneurs frustrated with business as usual and eager to move stalled policy agendas forward.

3. Networks – Characteristics and Functions

In recent years, transnational multisectoral initiatives that bring together the public, private and not-for-profit sector in loose issue-based networks have received growing attention among academics and policymakers alike. So far, however, systematic knowledge about those global public policy networks is scant and incomplete at best. We know only little about their characteristics and functions, or their strengths and weakness. This is not surprising since most of these networks have developed only in the past five to ten years.

It is no coincidence that this new form of multisectoral governance has developed in the global arena. [Networks are new feature of the international system] The pressure to find practical solutions to complex global issues has continuously risen over the past years, and the absence of a centralized governmental and rule-making structure has provided the necessary space for innovation and experimentation. In many cases, multisectoral networks have developed in response to the failure of traditional state-centered governance solutions.

Issue-based networks bring together actors from various sectors. Spanning socioeconomic, political and cultural gaps, networks manage relationships that otherwise degenerate into counterproductive confrontation. Networks use the driving forces of globalization – technological change, economic and political liberalization – to develop and promote their agendas. [Networks are bridging organizations] They are a form of 'governance without world government', but not 'governance without governments'. Governments as well as international organizations are usually playing key roles in networks. As a result, the existence and growth of networks is not signaling the demise of the nation-state. To the contrary: Networks demonstrate that nation-states are still key players in the international system, open to finding new ways of catering to their citizens' needs. Of course, traveling new roads also requires the willingness and determination to learn, to restructure and to play new roles (see chapter 5 below).

Global public policy networks come in a wide range of forms and perform a multitude of functions. No clear-cut typology of networks has developed at this early stage. [Ideal-type characteristics of networks are ...] It is possible, however, to identify some ideal-type characteristics of global public policy networks that differentiate these institutional innovations from traditional, hierarchical organizations. Interdependence, flexibility and complementarity are the three most important features of networks that deserve more detailed attention.

Interdependence. Cooperation in networks is based on the premise that none of the groups involved can address the issue at stake by itself. As a result, multisectoral networks create bridges on a transnational scale among the public sector, the private sector and civil society that reflect the changing roles and relative importance among those groups and that pull their diverse resources

together. **[Interdependence]** The network structure is an explicit recognition that the ability of any single actor to achieve its agenda is dependent on the action and support of all other actors.

Flexibility. Global public policy networks come in various forms and organizational shapes that can also adjust through the process of cooperation. **[Flexibility]** As a result, networks structures are evolutionary in nature, able to allow for constant learning from both successes and failures. Furthermore, their evolutionary character and flexible structure allows for openness – accommodating new players during the process and tying them into the network. In the evolution of the network, old links break and new links form as required.

Complementarity. Networks profit and are sustained by the diversity of their constituency. Through their “strength of weak ties,” networks seem to be able to handle this diversity of actors precisely because of the productive tensions on which they rest (Granovetter 1985). **[Complementarity]** As a result, networks facilitate the discussion of controversial issues and provide a conducive framework for political deliberation. At the same time, they also create the conditions for the combination and coordination of complementary resources. Networks are therefore mechanisms that facilitate the transfer and use of knowledge and other resources of various actors in the global public policymaking process.

Networks are not a simple transfer of (neo-) corporatist structures to the global level, even though the direct inclusion of functional interest groups in global public policymaking processes might suggest such a conclusion. A more detailed analysis reveals very clear differences, however. **[Networks are not global corporatism]** The central dilemma of corporatism is the institutionalization of corporatist arrangements in the formal state structure, the cooptation of various interests as well as the slow but inevitable development of an over-formalized and top-down bureaucracy. In contrast, networks are usually time-bound initiatives that bring together a multitude of actors in a flexible cooperative environment. Institutionalization is kept to a minimum. Bureaucratization is not inevitable and is in fact often counter-productive.

This, however, should not detract from other challenges and limitations that characterize global public policy networks. Network-based governance structures are constrained in various ways. For example, the number of participating actors in a network may be large, resulting in sizeable, in some cases possibly prohibitive transaction costs. At the same time, the degree of inclusion of stakeholders is one critical component to a network’s legitimacy. This tension between efficiency and legitimacy is certainly not specific to networks but requires adequate attention and remedy. Furthermore, mutual dependence and long-term interaction in networks may lead to structural consolidation. In other words, networks might develop into closed shops, with all the signs of an over-formalized bureaucratic structure. Also, the need for compromise and the attempt to develop “consensual knowledge” might favor the lowest common denominator

as the eventual policy outcome. [The limits of networks] As the costs of negotiation breakdown in multisectoral networks may become very high over time, none of those involved would like to see a major breakdown of the process. As a result, established and powerful interests might not be challenged. At the same time, the horizontal and informal structure of networks and the reliance on consensus as the organizing principle of the working process facilitates decision blockades and veto positions for even the smallest actors in the network. All this suggests that networks are highly dependent on good management practices, some of which will be reviewed below (chapter 4).

Over the past few years, global public policy networks have developed in a multitude of issue areas and fulfill various functions. [Network functions] Some networks are negotiation platforms that facilitate the setting of global standards and regulations with the participation of the public and private sectors as well as civil society. Other networks serve primarily as coordination mechanisms that help to bring scarce resources to their most effective use and to correct or deepen markets. Finally, a substantial number of implementation networks have sprung up as innovative answers to the challenge of implementing existing international treaties.

Some networks have fulfilled more than one function during their existence. All of the networks have played an instrumental role in placing issues on the global agenda and have thereby created new consciousness and the political capital necessary for pushing stalled problems forward. Many global public policy networks have also created new venues for participation – and have thereby demonstrated the potential of networks to improve the transparency and openness of policymaking in networks.

3.1 Negotiation Networks

Global negotiation networks have developed in complex issue areas such as transnational money laundering and global water management and have facilitated the setting of global standards and norms. The World Commission on Dams (WCD) offers a very rich and interesting, if controversial, example of a global negotiation network. It developed in response to mounting conflicts surrounding dam construction programs in the late 80's that resulted in a major gridlock among development planners, contracting firms, and environmental groups. This gridlock was unsatisfying for all parties involved. [The WCD: Borne as a result of stalemate] Governments and international development organizations such as the World Bank were unable to push forward with new dam construction projects designed to alleviate major water management problems. Companies, of course, were not only losing potential business but also faced a quite considerable reputational challenge. NGOs, at the same time, were forced to spend enormous financial and other resources in order to keep the

blockade against new dam construction effective. At the same time, however, their protest strategy did not result in a major reevaluation of the social, political and economic consequences of large dam construction within the donor or official development community.

In 1997, at the initiative of the International Conservation Union (IUCN) and the World Bank, representatives of governments, the private sector and NGOs decided to restart the dialogue. The major outcome of these preliminary discussions was the creation of the World Commission on Dams (WCD) in May 1998. [The World Bank and IUCN acted as political entrepreneurs] The WCD was endowed with the mission to develop a catalogue of standards for large dam construction based on a comprehensive analysis of large dams' economic, social, political and cultural ramifications. [WCD: inclusion of all major stakeholders was key to success] The Commission consisted of twelve members who represented the broad spectrum of stakeholder interests in the large dams arena – including representatives from multinational companies involved in large dam construction such as ABB as well as fierce opponents of dams construction projects from the NGO world.

The work of the Commission was critically reviewed and supported by a 50-member stakeholder forum, with representatives from NGOs, governments and the private sector. On the basis of an analysis of the construction of 125 dams and their social and ecological repercussions, and accompanied by numerous local and regional consultations as well as in-depth case study work, the Commission eventually developed a catalogue of standards and criteria for future large dams construction. [WCD: local and regional links instrumental for mission] This catalogue was published in the final report of the WCD in November 2000, entitled "Dams and Development: A New Framework for Decision-Making." After completing its mission, the Commission was dissolved in April 2001. Since then, a new institutional structure has been created under the leadership of the United Nations Environmental Program (UNEP), charged with the implementation of the Commission's work.

The German Agency for Technical Cooperation (GTZ) as well as Germany's public development bank (KfW) have supported the work process of the WCD. [German institutions supported the WCD] The GTZ not only provided financial assistance to the WCD but also played an important role in the Commission's comparative review of large dam construction projects and the work on twelve in-depth case studies. Since the disbanding of the WCD, the GTZ as well as the KfW have organized various dialogues and forum discussions in Germany on behalf of the German Ministry for Cooperation and Development (BMZ) to support the practical implementation of the Commission's resolutions.

Of course, the long-term influence of the WCD's work is far from clear yet. The present situation suggests a mixed picture. There is clear evidence, on the one hand, that the work of the Commission and the rising profile of the dam construction issue have already had a substantial positive effect on the behavior

of various stakeholders, instilling norms of cooperation and dialogue over conflict and confrontation. [Implementation is the future challenge] On the other hand, the process suffered a major setback when the World Bank, once an ardent supporter of the Commission's work, announced that it would not recognize the standards and recommendations of the WCD as binding for its lending operations. Yet, the president of the World Bank, James D. Wolfensohn, commented on the occasion of the publication of the "Dams and Development" report:

"This impressive report shows that there is common ground that can be found among people of good faith coming from very diverse starting points. The World Bank firmly believes in this process of reaching out and encouraging dialogue and consensus building." (The World Bank 2001)

As a consequence of the World Bank's unwillingness to consider the standards of the WCD as binding for its operations, NGOs have started yet again to mobilize and threaten to return to the status ante quo. [The WCD is a test case] From a broader perspective perhaps even more importantly, a major breakdown of the post-WCD implementation process would also damage similar initiatives in other issue areas (see Berne Declaration 2001)

Thus far, the overall work of the WCD has been assessed as a success. Through an inclusive and transparent process, the Commission managed to transcend highly volatile and politically sensitive conflicts and to channel that social conflict into a productive cross-sectoral dialogue with concrete results. Through extensive consultation and parallel research projects the Commission managed to link the global deliberation process to regional as well as local levels. A balanced approach in the financing of the Commission's work with equal contributions from foundations, companies and the public sector, have ensured the impartiality and legitimacy of the WCD to this very day.

3.2 Coordination Networks

Global public policy networks also serve as innovative coordination mechanisms. They facilitate the collection and dissemination of knowledge, and help to correct or deepen markets. [Networks collect and disseminate knowledge] Driven by new information technologies, coordination networks facilitate broad-based knowledge exchanges between governments, international organizations, NGOs and the private sector, and thereby help to identify common goals and the development of coordinated action strategies. As a result, coordination networks help to improve the allocation of scarce resources and avoid duplication.

The Global Water Partnership (GWP), for example, is a new coordination mechanism created to collect and disseminate best practices and lessons learned in integrated water management programs. The central goal of the GWP,

guided in its work by a small secretariat located in Stockholm, is to integrate all relevant stakeholders from civil society, the private sector and the public sector into 'water partnerships' on the local, national, regional and global levels in order to facilitate an improved coordination of action strategies. [GWP: Building water partnerships] Since the creation of the GWP in 1996, several regional and almost 20 national water partnerships have been established. The Board of the GWP consists of representatives from all sectors – private sector, governments, and civil society. The network receives financial support primarily from public sources but benefits from additional support from the Ford Foundation, UNDP and the World Bank.

Another example of a coordination network is the 'Roll Back Malaria Initiative' (RBM), created in 1998 at the initiative of the World Health Organization (WHO). RBM was formed to facilitate a better coordination of global activities in the fight against Malaria. [RBM: Coordinating the global fight against Malaria] The declared goal of the network is to reduce Malaria-induced mortalities by 50 percent by 2010 through better use of the comparative advantages of each actor in the fight against Malaria

This new approach is the result of a long and in many respects difficult learning process. Over the past 50 years, various international organizations have attempted to bring the problem under control – with little success. The increasing resistance of malaria vectors, the shift of Malaria endemic regions as a result of global climate change, and the drastically increased incidence of travel and migration are increasing the problem enormously. By the end of the 1990's, the failure of traditional hierarchical approaches in fighting Malaria has prompted new thinking in the international health and development communities. The Director-General of the WHO, Gro Harlem Brundtland, commented:

"I propose that together we Roll Back Malaria. Not as a revamped vertical program but by developing a new health sector wide approach to combat the disease at global, regional and country and local levels ... I will invite a broad range of stakeholders to join us in this initiative, UNICEF, the World Bank, industry, foundations and all others who have a stake, a commitment and a contribution to make." (Brundtland 1998)

Today, RBM combines a multitude of actors and supporters under one single network roof. [RBM: Building a broad alliance] Companies such as Novartis, ExxonMobil, GlaxoSmithKline and Procter&Gamble are engaged in the network, as are NGOs such as Oxfam and the International Federation of the Red Cross. The German federal government supports RBM financially, and cooperates with the network through its bilateral development agencies.

Coordination networks can also assist in deepening markets where they fall short of their potential and correcting markets failures. Market mechanisms alone are usually unable to produce a sufficient amount of public goods. [MMV: Correcting a market failure] Global public policy networks can help to close the gap between demand and supply. The Medicines for Malaria Venture (MMV), for example, is a

global network that seeks to improve the economic incentives for pharmaceutical companies to develop badly needed antimalarial vaccines. With the MMV, a new NGO has been created in which industry and civil society can collaborate to ensure adequate funding for research. Contributors to the MMV include, among others, the Global Forum for Health Research, the Rockefeller Foundation, SmithKline Beecham and Wellcome Trust, and the U.K. Department for International Development. Research and development activities are funded primarily by the public sector and private foundations, creating a more predictable business environment for the pharmaceutical companies that have committed themselves to providing expertise and resources. Through the new initiative, the private and public sector aims to bring together the best of each other's strengths. By creating a market mechanism for the distribution of vaccines, the MMV contributes to RBM's ambitious goal of cutting in half the global malaria burden by 2010.

3.3 Implementation Networks

A final group of networks serve as innovative mechanisms for the implementation of existing international treaties, many of which remain ineffective despite ratification. The flexible mechanisms agreed to under the Kyoto Protocol for the protection of the global climate, particularly the "Clean Development Mechanism" (CDM) and "Joint Implementation" (JI), offer rich illustrations of the workings and significance of implementation networks. In simple terms, CDM and JI are mechanisms to scale up cooperative climate protection projects in which developing countries, on the one side, and industrialized countries, on the other, join forces. The developing and transition countries participate because they receive additional support (financial among other things). [CDM and JI: Implementing the Kyoto Protocol] Industrialized countries have a strong interest in the mechanism because they can count such climate protection projects toward their emission accounts established under the Kyoto Protocol.

It is the goal of this market-based instrument to create new incentives for investment in climate-friendly technologies and to facilitate new channels for technology transfer to the developing world. Consequently, CDM and JI are not simply a new form of 'indulgence trade' designed to offer industrialized countries a cheap alternative to environmental protection. [Transferring technological and financial resources to developing countries] In contrast, they offer a cooperative mechanism through which financial and technological resources are transferred to the developing countries to nurture environmental protection. Unlike Emission Trading, which involves the purchase of units of assigned amounts of greenhouse gas allocations, emission reduction credits purchased under JI and CDM are backed by real and measurable reductions in emissions. Whereas the purchase of so called "hot air" under the Kyoto Protocol Emission Trading does

not involve any mitigation activity and therefore lacks environmental results, JI and CDM projects offer an opportunity for industrialized countries and private companies to purchase measurable and cost-effective emission reductions.

CDM and JI are not only innovative forms of state-to-state cooperation. They also offer new venues for the private sector and civil society to participate in the implementation of climate protection projects. Companies in industrialized countries, in particular, have developed a great interest in CDM and JI. The governments of these countries have committed to emission reductions with the ratification of the Kyoto Protocol. In the long-term, those governments will have to implement these international commitments through national legislation and regulation. The majority of the targeted emission reductions have to be generated through the implementation of national policies and measures (at a minimum, 50 percent according to a decision taken by the European Union). However, many countries face considerable problems in meeting the agreed targets through the implementation of national policies alone. Each country has a margin of relatively cost-effective and easy to realize ways to cut emissions. The size of this margin depends on each country. Beyond the margin, however, further cuts imply major long-term investments that cannot be realized all at once. In this situation, 'cheap' credits from countries that have a lot of relatively cheap potential — or a wide margin — to reduce emissions are needed. Governments and companies are therefore interested in waving some of these future mandatory emissions reductions by participating in climate protection projects abroad.

Project implementation procedures also offer a potentially highly profitable new business. NGO's are not sidelined under these arrangements but can play an important role in climate protection project design and implementation on the local level. They help adapt projects to the individual needs of the local community and perform a very important bridging function. Cooperation, however, between the public sector, companies and NGOs is frequently highly charged which increases the complexity of the CDM and JI implementation mechanisms. At the same time, both mechanisms have facilitated the creation of many project-based multisectoral cooperative alliances that ensure an effective implementation of projects and therefore contribute to the eventual success of the Kyoto Protocol.

4. Cooperating in networks – key principles

Networks are not a quick fix. Both process management and the implementation of resolutions pose formidable challenges and require long-term commitment. Networks are an evolutionary form of governance without predetermined

organizational structures; not only does the set of players evolve but also the links among players. [Networks require long-term commitment] In this sense, networks have an organic element, making rigid rules and procedures difficult to prescribe a priori.

Networks are genuine political processes with their own logic and dynamic, not lending themselves to standard technocratic solutions. Based on recent observation and experience, both positive and negative, we can sketch out the most important and fundamental principles necessary for a network to produce tangible results and to grow to meet new challenges as they arise.

What management principles can we distil from the successes and failures of current networks? Trust, leadership, coordination and inclusion are four key variables determining the success of network cooperation. These key components must also reside within a network structure that possesses legitimacy. Without the starting point of legitimacy, there is no basis for a network to provide solutions.

4.1 Fostering trust – creating bridges

Many practitioners regard lack of trust and misperception among network actors as central obstacles to successful cooperation in networks. In the words of an experienced ‘networker’, one of the most important challenges is to overcome “stereotypical perceptions and prejudice towards each other” (Nelson, 2001: 35). This is not surprising given that relations between actors from different sectors are often strained. Relations even among actors within the same sector, whether they are international organizations, government agencies or companies, are often characterized by mistrust and competition. [Overcoming stereotypes and preconceptions critical] The mistrust among actors across sectoral boundaries frequently has deep roots, deriving from longstanding antagonistic relations and diverging interests among NGOs, companies, governments and international organizations. Many non-governmental organizations, for example, regard the “Global Compact” as a cheap United Nations sell-out to the interests of multinational corporations allowing them to “blue-wash” their tarnished public image. In turn, many companies see NGOs merely as agitators unable to engage in constructive cooperation.

How do networks deal with such challenges? A recent survey commissioned by the United Nations General Assembly emphasizes the need to “undertake consultations and to spend time at the outset of a cooperative initiative, despite the transaction costs incurred, in order to understand the different organizational motives, time frames, objectives, styles, cultures, languages and stakeholders of each partner. [Building trust is key] Agreeing on a mechanism for communication and dispute resolution was also considered to be important.” (Nelson, 2001: chapter 8).

The Global Reporting Initiative (GRI), for example, followed these recommendations and at an early stage invested in consultation and information exchange among the relevant stakeholders. Conferences and workshops were central elements of this strategy which managed to bring different actors to the table without any preconditions. Over time, the process of discussion and debate created a sufficient basis for cross-sectoral cooperation within the GRI process. Such trust building takes time and commitment.

At the same time, it is important to combine the emphasis on process with a focus on results – often a difficult balancing act. Many networks have profited from setting concrete milestones as part of a common work-plan as did the Global Alliance on Vaccines and Immunization. [Combining consultation with results and setting milestones important] ‘Easy wins’, or cooperation on pilot projects yielding relatively quick results, help to complement laborious consultation processes, thus providing motivation. Limiting the duration of a network can, at times, place more focus on results. The mandate of the World Commission on Dams (WCD), for example, was set to expire after two years which increased the pressure to produce a final report, based on extensive consultations, within the allotted timeframe. Despite all the benefits, the limited duration proved to be a double-edged sword: After the mandate expired, the efforts in promoting the implementation of the WCD recommendations lacked a strong institutional basis as well as some of the key players that had been crucial for the work of the Commission. The combination of a limited time frame for particular projects with a longer-term commitment to implementation might mitigate this problem.

4.2 Promoting responsibility - exercising leadership

Although networks are often coupled loosely and decentrally organized, leadership is a key variable for the success of a network. Leadership should not be understood as simply exercising power or influence, but rather in terms of political and social entrepreneurship. Leadership in networks requires the ability to motivate and mobilize diverse actors toward common goals and to improve communication among them. Networks mark an end to “business as usual” and their success demands bold experimentation. Promoting successful cooperation in networks presupposes debunking established and often rarely questioned principles, mobilizing resources and re-organizing work processes as well as pressing hard to overcome mistrust, organizational inertia, and the preoccupation with the status quo. [Social and political entrepreneurship in networks] Managing expectations is another important aspect of leadership – both internally in terms of the roles of different actors within the network and externally in terms of what partnerships and networks can realistically be expected to achieve.

WHO's General Director Gro Harlem Brundtland assumed a leadership role in the 'Global Alliance for Vaccines and Immunization' – both within her own organization and within the network itself. This made her one of the most influential advocates of new forms of cooperation between international organizations, foundations, non-governmental organizations and business. In the case of the GRI, the 'Coalition for Environmentally Responsible Economies (CERES)' took the lead and has promoted the development of the network with great care. The key players at CERES very skilfully managed to expand the network by inviting additional partners such as UNEP or, most recently, the Global Compact Office to join the initiative.

One of the key leadership tasks is to break up established loyalties within organizations in order to make room for new forms of cooperation and to avoid the formation of blocking coalitions. The United Nations Development Programme (UNDP) for example was mainly structured along regional and country lines. [Building new winning coalitions internally] For several years now, UNDP has tried to position itself as a key player in new partnerships between governments, NGOs and business, cutting across established regional and country divisions. To tackle this problem UNDP Administrator Mark Malloch Brown appointed the regional division directors as 'champions' for various cross-cutting issue areas such as energy use and conservation or HIV/AIDS. To be sure this is only a small step in reforming an organization with a deeply entrenched culture, but it clearly demonstrates the determination to make the organization fit to tackle the realities of the modern interconnected world.

While individual and institutional leadership are central for the success of a network, it is important that networks avoid domination by individuals or institutions. Good leadership requires operational transparency, inclusion and the ability to foster communication. Legitimacy is also predicated on accepting input from all constituents.

This also applies with regard to financing. Relying on a single funding source not only provides an insufficient financial basis in the medium and long term but also affects the legitimacy and public image of a network. [Diversification of funding sources ensures legitimacy] The 'Global Mining Initiative', for example, exclusively relies on private sector funding – a fact that critics have interpreted as clearly demonstrating a lack of independence. Successful networks rely on a diversified funding structure. The WCD, for example, received funding from public sources such as states and international organizations as well as from foundations and the private sector.

4.3 Interface management: improving coordination

Coordinating intra as well as inter-organizational relations is another key management task in networks. **[Fostering interface management skills]** Given the dynamic network structure this “interface management” is a complex task requiring new skills, flexibility and a re-thinking of the traditional roles of individual actors. Successful interface management consists of mediating among highly diverse organizational cultures, finding common ground across wide-ranging interests, and using innovative techniques to communicate.

In some networks an independent secretariat plays a key role in this interface management. The World Commission on Dams (WCD) had its own secretariat that helped to coordinate the WCD’s global activities. **[Independent secretariats are important support]** Despite new technological opportunities such as the video-conferencing, web-pages and email the WCD secretariat faced great logistical challenges in terms of fine-tuning the activities of a highly diverse group of stakeholders – let alone the very task of bringing the supporters and the opponents of large dams to the table in the first place.

In the early stages of network formation, established organizations often take over the function of a secretariat. The advantage of this approach is that they can rely on an infrastructure already in place. The Global Reporting Initiative (GRI), for example, has initially been hosted by CERES but will soon establish its own secretariat in Europe to guarantee the independence of its work.

International organizations are also well equipped, in terms of reach and resources, to assume key initial roles in interface management. **[International organizations require further internal reform]** However, for many such organizations, this presupposes the ability to reform their internal organization and training process and the ability to foster open cooperation with other institutions and actors, a task that is beyond the near-term capability of many of these aging organizations.

The global fight against HIV/AIDS is one example of missed opportunities in terms of coordination. UNAIDS – the United Nations agency with the mandate to coordinate the global efforts to fight HIV/AIDS – did not manage to establish itself as a successful interface manager. Inter-agency competition for scarce resources proved to be an insurmountable hurdle for such coordination. When new funds for the global fight against AIDS were promised in early 2001, a close observer of the UN process noted: “They are sort of like sharks when there's blood in the water... There is money in the air.” (De Young 2001: A01) It remains to be seen whether the newly established Global Fund to Fight AIDS, Tuberculosis and Malaria will be able to avoid these failures.

States have also played important support roles for networks. For example, in the context of the increasing focus on providing “global public goods”, such as fighting diseases or climate change, concerns which run counter to the traditional country focus of national development agencies, the French development agency AFD (Agence française de développement) has begun to re-structure itself taking into account cross-cutting functional areas. Just as international organizations

are moving to reorganize their departments around transnational issue areas, national governments have begun to participate in and fund targeted cross-border issues and to recognize the regional and in some cases global spillover of what were previously believed to be country specific problems.

4.4 The challenges of inclusion

A broad representative inclusion of all relevant actors is a key prerequisite for successful cooperation in networks. Due to imbalances in power and access, all too often this prerequisite is not met. [Distrust from various sources] Unequal access to global public policy networks has triggered criticism on various fronts:

- Distrust from the South. Many actors from developing countries view 'global governance' as a discourse dominated by the North, which does not allow for adequate participation from developing countries. In their view, the global governance discourse further weakens their already feeble voices, diluting their impact with the inclusion of corporate and civil society interests from developed nations.
- Distrust from the North. Critical voices from developed nations castigate the network approach for its 'power blindness'.
- Distrust from governments. National institutions, such as parliaments and government agencies with their traditional hierarchies and bureaucratic procedures, often feel left out from networks

So far, few networks have managed to respond to the failure to adequately include actors from developing countries and established institutions such as parliaments. [Key lessons are ...] Three principles should inform future efforts to remedy this situation.

First: For a network convenor it is fundamentally important to include the full range of stakeholders fairly early in the process, regardless of their status or power. [... ensuring broad participation] For example, the Global Compact, initiated by the office of the United Nations Secretary General, should reach out beyond the "usual suspects" from the world of multinational corporations in order to include small and medium-sized companies from developing countries. In the case of implementing Global Compact initiatives in Brazil, this has already been achieved and should serve as an example for the future evolution of the Compact.

Second: Capacity-building should aim to support actors from developing countries to attain the necessary financial and knowledge resources for effective participation in networks. [... building capacity] Examples of this support include, university swap programs and initiatives created to involve individuals from

developing countries in management programs, typically reserved for western elites.

Third: Embedding networks in local and national policy debates and established decision mechanisms by including members of parliament and representatives of national government agencies, for example, is key to success as it builds early community allegiance and creates awareness of local impediments to resolution implementation. [... establishing links to local and national policy dialogues] The experience of the World Commission on Dams (WCD) demonstrates the importance of including national representatives and governments early in the process. The WCD failed to consult with the Indian government and consequently the Indian government tried to block the local WCD hearings in India, because it regarded the WCD as merely an instrument of India's large dam critics who were prominently represented in the Commission.

4.5 Legitimacy: Actors, Processes, Results

Networks can create new channels for participation in transnational policy-making. Given the lack of direct-democratic structures beyond the nation-state, networks have the potential to improve participation and transparency. Of course, global public policy networks are no panacea in an increasingly interdependent world. [Networks offer new venues for participation] They are, however, an important contribution to the debate on innovative forms of policy-making, taking it far beyond the "club model" of G7/G8 diplomacy which continues to be practiced in many intergovernmental regimes and organizations. Networks are more than just a theoretical idea; the success as well as the failure of current networks demonstrates their viability and their weaknesses, but it also reinforces the possibility of reform and the existence of meaningful innovations in governance.

It is important to keep in mind three issues: First: Networks can only be as transparent and accountable as their participants. Therefore codes of conduct can help to guarantee accountability and transparency on the part of all actors – companies, NGOs and public agencies. Second: Networks need sound process standards. States and international organizations will need to help develop minimum standards in order to guide their own involvement in global public policy networks. Such process standards should take into account and operationalize general principles such as transparency and subsidiarity. Formulating common goals and "terms of engagement" also form important parts of this endeavor. It is also critical that strict rules, beyond the minimum necessary, are not placed on network operation at the beginning, in order to ensure flexibility and to allow an evolution in network structure and actors. Third: Both evaluating the results of networks and embedding them in established institutions are key for fostering the legitimacy of their resolutions. Independent network evaluations, such as the

review of the World Commission on Dams coordinated by the World Resources Institute, can be an important part of this endeavor. Furthermore, international organizations and national legislatures should discuss outcomes and implementation – this is of particular relevance in the case of negotiation networks.

Networks are complex and demanding ‘political animals’. They require substantive and sustained investment in management and process on the part of all participants. If they are able to meet the challenges of inclusion, interface management and transparency, they will help to improve the legitimacy and effectiveness of global governance by increasing public participation, whether directly or through representation, and potentially also the public control of global policy-making.

5. Governance in Networks: An Agenda for the Future

The German public and private sectors already have a significant track record of engaging in global public policy networks. German organizations have been actively involved in the World Commission on Dams. The German Ministry for Development Cooperation has supported the ‘Rugmark’-Initiative and other public-private partnerships in development projects. German-based multinational corporations have signaled great interest in recent initiatives on ‘corporate social responsibility’, e.g. in the context of the ‘Global Compact’. [Germany already plays important roles in networks] Joschka Fischer, the German Federal Foreign Minister, has repeatedly emphasized that Germany supports efforts “to make productive use of the rising number of international actors for the goals of the United Nations. We have supported this approach in recent years with a resolution on global partnerships promoting greater inclusion of the private sector and civil society into the work of the United Nations.” (Fischer 2002).

As national agendas are increasingly impacted by cross border issues, governments are looking for new and better ways to effectively tackle these concerns while taking into consideration the myriad of actors, interests and consequences of action. Networks offer the opportunity for experimentation with new forms of cooperation; they embody a new dynamic in the relationship between the public sector, civil society and business – a dynamic that can be well used in the struggle toward coherent effective policy-making. Germany is well positioned to take advantage of these new forms of governance, but must act quickly to do so. [Germany can make a unique contribution to global governance] Germany can develop and participate in networks not only for creating an internally coherent global reform agenda, but also for making a unique contribution to the debate on global governance. Networks offer creative

solutions to the increasing complexity of global issues. At the same time, they also force actors to leave behind old preconceptions and role models and provide an internal momentum to reform existing institutional structures. This applies to governments as well as to international organizations, companies and NGOs. How should German institutions deal with these future challenges? What are central elements of a reform agenda?

5.1 Supporting global public policy networks

In order for Germany to capture a leadership role in the 21st century, German actors need to become involved in global public policy networks, first, by extending stronger support to existing networks, such as 'Roll Back Malaria' or the 'Global Reporting Initiative'. **[Germany institutions should get involved in networks]** Such involvement should entail political support as well as active participation, and not only financial assistance. Through leadership roles and active participation, Germany can strengthen and deepen networks' ability to find and implement solutions. Moreover, this knowledge and experience would then allow German actors to initiate new networks, thereby playing an entrepreneurial role in the international arena.

Furthermore, the German government and parliament should reinvigorate attempts to reform the United Nations and the multilateral development banks on the international level and demand stronger and more systematic engagement of those actors in global public policy networks. International organizations frequently play very critical supporting or catalyzing roles in networks. Therefore, pushing for reform of these organizations not only signals Germany's active involvement in the issue areas, but also has a synergistic effect in the capability of networks to achieve their goals. **[Promoting the reform of international organizations is key]** The Rio process and the preparation process for this year's World Summit on Sustainable Development in Johannesburg are clearly demonstrating the relevance of networks for the work of international organizations. It has also become abundantly clear that these international bureaucracies are far from ready to effectively work in network and partnership structures. A similar conclusion also applies to the development of the 'Global Compact' initiative of the Secretary-General of the United Nations. That initiative should be further supported by German actors – including the NGOs – but should also be reviewed critically. By becoming involved at the international level, Germany can have a role in the formation and development of these initiatives. For example, the German government should pressure the United Nations to further open the 'Global Compact' for NGOs and to improve the transparency of its work.

It is also likely that in the future new forms of cooperation will also play a role in the changing field of security as emphasized by Chancellor Gerhard Schröder in

his speech at the World Economic Forum 2002, in which he highlighted the need for a “comprehensive understanding of security that brings together politics, civil society and business as the right answer to new challenges.” (Schröder 2002) The German government should take on the challenge to introduce this new comprehensive understanding of security into international debates and review the relevance of global public policy networks in that context.

5.2 Governance as a Learning Model: An Agenda for Action

To use the potential of networks more effectively in the future, governments, international organizations, companies and NGOs face an extensive reform agenda. Some central elements of that agenda may illustrate the nature of the overall challenge.

Promoting changes in organizational culture is one of the most important elements of the reform agenda. [Change in organizational culture is key] Today, “interface skills” are of crucial importance: Actors in networks need to be able to mediate between different sectors and actors as well as between different levels of organizations—local, regional, national, global. Internally, organizations can promote change and learning through a variety of mechanisms:

- New models of career development that encourage and support a “revolving door” between different jobs in business, government, academia and the NGO sector.
- Training programs that take into account the challenges of cooperating with actors from other sectors.
- Cross-strategies for programming and budgeting as well as improvement of inter-organizational coordination to avoid duplication.

Three institutions stand out that may be instrumental [External promoters of change and learning can lend critical support] in providing external support and guidance for organizational change.

- Foundations. Foundations can help establish learning networks and provide social venture capital for promoting social and political entrepreneurs.
- Think Tanks. Think tanks focusing on new forms of governance can serve as a hub for learning networks and help connect researchers, practitioners and the broader public.
- Governance School. A Governance School can teach skills for multisectoral networking as part of a graduate program focusing on new forms of governance as well as in executive education programs for senior

officials, policy-makers and representatives from business and civil society.

Learning networks can help promote and develop issue-based networks, acting as catalysts for innovation in governance. [Building learning networks for more effectiveness] A recent study commissioned by the United Nations General Assembly emphasizes the need for “sharing information and developing more participatory approaches to learning what worked and what did not, especially at the national level [...] People felt that ongoing efforts were needed to build inter-agency learning networks, intensify cross-sector dialogue and utilize the Internet in order to share information and lessons more effectively.” (Nelson 2001: 14)

5.3 Shifting Perspectives

Global public policy networks make an important contribution to the sustainable management of globalization. They complement and strengthen the existing forms of governance through the nation-state and international organizations. The experiences with global public policy networks should contribute to a shift in perspectives in the design of German foreign policy. As Joschka Fischer aptly remarked: “A multilaterally oriented foreign policy which lives up to Germany’s high degree of political and interdependence [...] can only succeed if it is supported by a broad consensus. [A fresh perspective on German foreign policy is needed] We cannot take for granted the interest, understanding and support of the population for such a foreign policy that is not only concerned with current headlines but that looks beyond parochial interests and is geared towards long-term structural development” (Fischer 2002) Such a consensus cannot be dictated politically. Rather it can only be the result of dedicated political debates that go beyond the unquestioned certainties of business as usual.

Networks can also provide new impulses for the reform of European governance. In its widely criticized “Governance in the European Union,” the Commission highlights the potential of multisectoral networks for the process of European integration. [Networks provide impulses for the reform of European governance] Networks “provide new foundations for integration within the Union and for building bridges to the applicant countries and to the world. They also act as multipliers spreading awareness of the E.U. and showing policies in action.” (European Commission 2001: 18) For that reason, the Commission is committed to developing a proactive and systematic approach to multisectoral cooperation by the end of 2002. This approach should then specify the role of networks and the concrete “terms of engagement”.

Given the increasing number of domestic problems and the decried “reform congestion,” new forms of cooperation can finally serve as catalysts for pressing political and social reforms. A few years ago the German social theorist Niklas

Luhmann pointedly remarked, with particular reference to Germany: “When there is talk about politics, the focus is almost exclusively on the state.” (Luhmann 2000: 189) This narrow focus prevents us from turning to creative answers to the key political challenges of globalization and interdependence. The experience of global public policy networks can help to broaden the horizon of policy options. We need to make use of the lessons learned for Germany and Europe and promote networks as fields for experimentation in governance.

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