Handbook of Transnational Governance
Handbook of Transnational Governance

Institutions and Innovations

Edited by
Thomas Hale and David Held
Contents

Notes on Contributors

Preface

1. Editors’ Introduction: Mapping Changes in Transnational Governance
   Thomas Hale and David Held

Part I Transgovernmental Networks

2. The Basel Committee on Banking Supervision
   Kevin Young

3. Financial Action Task Force
   Ian Roberge

4. Financial Stability Board
   Randall Germain

5. The Group of Twenty
   John Kirton

   Tony Porter and Verónica Rubio Vega

7. International Accounting Standards Board
   Andreas Nölke

8. International Association of Insurance Supervisors
   Donato Masciandaro

9. International Competition Network
   Marie-Laure Djelic
10. International Conference on Harmonization of Technical Requirements for the Registration of Pharmaceutical Products
   Dimitrios Katsikas

11. International Network for Environmental Compliance and Enforcement
    Durwood Zaelke, Kenneth Markowitz and Meredith R. Koparova

12. Joint Forum
    Kevin Young

13. Transnational Policing
    Monica den Boer

Part II Arbitration Bodies

    Thomas Hale

15. Independent Accountability Mechanisms at Regional Development Banks
    Daniel D. Bradlow and Andria Naudé Fourie

16. Transnational Commercial Arbitration
    Dirk Lehmkuhl

17. World Bank Inspection Panel
    Thomas Hale

Part III Multistakeholder Initiatives

18. The Framework Convention Alliance
    Ross MacKenzie

19. Global Fund to Fight AIDS, Tuberculosis and Malaria
    Johanna Hanefeld

20. Global Polio Eradication Initiative
    Mathias Koenig-Archibugi
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Internet Corporation for Assigned Names and Numbers</td>
<td>Jonathan Koppell</td>
<td>176</td>
</tr>
<tr>
<td>22</td>
<td>International Coral Reef Initiative</td>
<td>Radoslav S. Dimitrov</td>
<td>182</td>
</tr>
<tr>
<td>23</td>
<td>International Health Partnership and IHP+</td>
<td>Anna Holzscheiter</td>
<td>189</td>
</tr>
<tr>
<td>24</td>
<td>Multistakeholder Involvement in UN Conferences</td>
<td>Kathrin Böhling</td>
<td>195</td>
</tr>
<tr>
<td>25</td>
<td>World Commission on Dams</td>
<td>Navroz K. Dubash</td>
<td>202</td>
</tr>
<tr>
<td></td>
<td><strong>Part IV Voluntary Regulations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Carbon Disclosure Project</td>
<td>Eun-Hee Kim and Thomas P. Lyon</td>
<td>213</td>
</tr>
<tr>
<td>27</td>
<td>Codex Alimentarius Commission</td>
<td>Tim Büthe and Nathaniel Harris</td>
<td>219</td>
</tr>
<tr>
<td>28</td>
<td>The Equator Principles</td>
<td>Christopher Wright</td>
<td>229</td>
</tr>
<tr>
<td>29</td>
<td>Extractive Industries Transparency Initiative</td>
<td>Helmut Weidner</td>
<td>236</td>
</tr>
<tr>
<td>30</td>
<td>Fair Labor Association</td>
<td>Kate MacDonald</td>
<td>243</td>
</tr>
<tr>
<td>31</td>
<td>The Fair Trade System</td>
<td>Kate MacDonald</td>
<td>252</td>
</tr>
<tr>
<td>32</td>
<td>Clean Clothes Campaign</td>
<td>Niklas Egels-Zandén</td>
<td>259</td>
</tr>
<tr>
<td>33</td>
<td>Forest Stewardship Council</td>
<td>Philipp Pattberg</td>
<td>265</td>
</tr>
<tr>
<td>Chapter</td>
<td>Title</td>
<td>Page</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------------------------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>34.</td>
<td>Global Corporate Governance Principles</td>
<td>273</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Andrew Baker</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35.</td>
<td>Global Reporting Initiative</td>
<td>281</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Halina Szejnwald Brown</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36.</td>
<td>International Organization for Standardization</td>
<td>289</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Jonathan Koppell</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37.</td>
<td>International Organization for Standardization 14001</td>
<td>295</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Matthew Potoski and Elizabeth Elwakeil</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38.</td>
<td>Kimberly Process</td>
<td>302</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Carola Kantz</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39.</td>
<td>Marine Stewardship Council</td>
<td>308</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Thomas Hale</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40.</td>
<td>OECD Guidelines for Multinational Enterprises</td>
<td>314</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Elisa Morgera</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41.</td>
<td>Partnering against Corruption Initiative and</td>
<td>322</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the Business Principles for Countering Bribery</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>David Hess</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42.</td>
<td>Responsible Care</td>
<td>328</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Ivan Montiel</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43.</td>
<td>Rugmark</td>
<td>333</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Mathias Koenig-Archibugi</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44.</td>
<td>Social Accountability International</td>
<td>338</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Rainer Braun</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45.</td>
<td>International Council of Toy Industries Code of Conduct</td>
<td>344</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Reinhard Biedermann</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46.</td>
<td>United Nations Global Compact</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Thomas Hale</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>47.</td>
<td>Voluntary Principles on Security and Human Rights</td>
<td>357</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Chip Pitts</em></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Contents

48. Worker Rights Consortium 364
   Robert J. S. Ross

Part V Finance Mechanisms
   Introduction 369

49. Carbon Offsets 371
   Jessica F. Green

50. Financing Mechanisms for Climate Change Mitigation 377
   Charlotte Streck

51. Global Alliance for Vaccines and Immunisation 384
   Andrew Harmer and Carlos Bruen

52. UNITAID 394
   Anna Holzscheiter

Index 400

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Our world is changing, and with it the institutions that govern us. Globalization has altered the social, economic and ecological relations between people around the world, creating a host of new policy challenges. Overambitious mortgages in the United States can take the livelihoods from people in Iceland. The health infrastructure in Indonesia can affect how many people will die of flu in Mexico. Rates of car ownership in China can affect national survival for the people of Tuvalu.

Policymakers and scholars have long recognized that our preeminent political institution, the sovereign state, is deeply challenged by problems that fall outside its territorial jurisdiction. Moreover, the traditional institutions that states use to address transborder problems – treaties and intergovernmental organizations – have also proven wanting. On a range of pressing global policy issues today – the Doha trade round, negotiations over climate change, financial regulation, nuclear non-proliferation, etc. – countries seem unable to cooperate effectively. The consequences of these stalemates for the lives of people around the world are severe.

But there is more to contemporary global governance than simply state, behaviour and the formal treaties and intergovernmental organizations they create. We live in a period of remarkable institutional innovation in global politics. States are engaging each other outside of traditional diplomatic channels, linking ‘domestic’ officials into transgovernmental policy networks. Private actors like nongovernmental organizations and companies are engaging in rule-making, implementation, monitoring, enforcement and service provision – that is, in governance – at all levels, either as the partners of states or intergovernmental organizations, or as private authorities in their own right. New modes of accountability and enforcement based on capacity building, transparency, market incentives or moral suasion are joining formal rules as key features of the governance architecture.

These and other new institutional forms are widely recognized in the literature but, in our view, remain poorly understood. They do
not always fit comfortably with the leading academic theories of
global politics. This is unfortunate, because in many areas these new
institutions are increasingly important features of the political land-
scape with profound impacts on people’s lives. From healthcare, to
financial governance, to human rights, to the environment, some of
the governance institutions that matter most are not the kind
of state-to-state institutions imagined by the leading theories. This is
a striking empirical development that students of global politics must
account for.

Given the all-too-visible inadequacies of existing intergovernmen-
tal institutions, institutional innovation matters for normative
reasons as well. To the extent institutional design affects policy out-
comes – and we believe it often does – institutional innovation rep-
resents, potentially, an important means to confront the challenges
of an increasingly globalized world. While by no means a panacea,
institutional design is one of the few factors policymakers can control.
It therefore behooves us to study emerging forms of transnational
governance seriously.

The first step is to understand what, exactly, has changed. Despite
widespread attention in the literature to broad trends and individual
examples, no comprehensive map of new transnational political institu-
tions exists. This volume aims to change that by providing an indic-
ative sample of over fifty cases. Our goal is to promote further research
on the causes behind these changes, as well as their implications.

This map was originally envisioned as an online wiki that would
collect and update examples of innovative governance institutions in
real time. However, as is often the case in global politics, the most
functionally efficient solution was not the one that proved compati-
ble with the incentives of the relevant actors, as the exigencies of
academic life continue to favour words that appear on paper over
words rendered in electrons. But happily, the project’s central goal
of providing an empirical baseline of innovative transnational gov-
ernance mechanisms has not suffered in the transition from wiki
to book. Indeed, we believe the entries that follow will give the
reader an excellent understanding of what is new in transnational
institutions.

Many individuals and institutions have proven invaluable along the
way. Conceptual and practical guidance came from an advisory board
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T. H. and D. H.
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Governance institutions alter over time, often dramatically. Human societies have ruled themselves through tribes, city states, empires, kingdoms, leagues, confederations, nation states, and many variations thereon. The institutions that cut across and link these polities – transborder institutions – change as well. Records of treaties date back to the first permanent settlements (Tucker 1965). It was only in the last century, however, and especially since the Second World War, that the formal treaties and intergovernmental organizations we are familiar with became so numerous and authoritative.

But contemporary changes in global politics go beyond just the increasing number and importance of treaties and intergovernmental organizations. We live in a remarkable period of institutional innovation in transnational governance, with different types of institutions – some with historical antecedents, some unprecedented – playing a crucial role. This volume seeks to map these changes.

Consider a few examples. Following the 2008–9 global financial crisis, financial regulation has become a top concern of policymakers around the world. Much of this regulation is drawn up not simply by national politicians and diplomats, but by networks of government regulators, international bureaucrats and, in many cases, representatives of the regulated industries. Such networks, like the Basel Committee on Banking Supervision (chapter 2) or the International Association of Insurance Supervisors (chapter 8), develop technical standards that profoundly shape the global economy.

In the environmental realm, countries have frequently failed to negotiate and enforce the rules needed to sustain the ecosystems and natural resources on which we depend. But private groups have gone ahead and developed their own standards and regulations, ‘enforcing’ them through innovative techniques like labelling schemes that allow consumers to choose green products over damaging ones (chapters 33, 39).

Even the institutions governing such a basic concern as health have evolved. Developing countries’ healthcare systems are increasingly
THOMAS HALE AND DAVID HELD

guided by global initiatives like the International Health Partnership and its related initiatives (chapter 23), a multisectoral, expert-driven consortium of donor countries, international organizations and a private organization, the Bill and Melinda Gates Foundation. In order to receive funds from these sources – which can mean life or death for millions of people – countries must design their healthcare delivery systems according to the experts’ directives.

Examples like these raise three fundamental questions. What has changed, why has it changed, and what are the implications of these changes? This volume, a survey of innovative transnational governance institutions, addresses the first of these questions with the hope of opening a path to further research on the other two. While many observers have recognized changes in transnational governance, never has such a broad sample of institutional innovations been gathered together. Such an empirical baseline is needed for sound theorizing of the causes and effects of innovations in transnational governance.

The Handbook’s goal is to push forward a debate on institutional change at the transborder level that has been carried out predominantly in very broad or very narrow terms. On the broad end of the spectrum, some scholars have identified contemporary transnational governance institutions as partial or even complete replacements for national governments, predicting an epochal shift in political institutions (Strange 1996; Zürn and Leibfried 2005; Rosenau 2007). For example, a number of observers have declared a ‘neo-medieval’ period in politics, in which globalization renders political institutions increasingly overlapping and pluralistic (Korbin 1999). Others speak of a ‘postnational constellation’ (Habermas 2001) or of increasing sectoral autonomy and self-regulation (Teubner 1983) Slaughter (1997, 2004), in turn, identified transnational networks of government officials as a novel form of governance, but one that continued to rely on the state. By ‘disaggregating’ sovereignty and allowing the state — or parts of it — to act transnationally, ‘transgovernmental’ networks represented an alternative to intergovernmental institutions, and even a ‘new world order’ (Slaughter 1997, 2004). This work can take a deterministic flavour, implying that political institutions necessarily evolve with macro trends in society. There likely are causal relationships between institutions and structural changes, but the diversity of political institutions implies that these relationships are anything but straightforward and homogeneous. The ‘broad’ literature can only take us so far.

At the narrow end, numerous observers have identified specific changes within an issue area, noted the emergence of a new type of governance mechanisms across issue areas, or otherwise explored particular aspects of changes in global governance. Such work pro-