Democratic Global Governance?
The United Nations and Transnational Actors

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Abstract

This thesis deals with the issue of democracy in global governance. In particular, it addresses the involvement of non-state transnational actors in international relations and organisations and assesses their potential of being a complementary channel of global decision- and policy-making, enabling a possibility to express views of more stakeholders and thus serve as a democratizing element of global governance. It considers itself with the clarification of the notions of global governance and democracy and maps different theoretical approaches to study of these terms. It argues for the use of combination of insights from realism, transnationalism, liberal institutionalism, constructivism and pluralism as bedrocks for analytical understanding of global governance. At the same time it stresses the importance of normative view on global governance. The theory of democratic polycentrism serves as theoretical departure point and framework for understanding and analysing democracy at the global level.

Furthermore, this thesis aims to contextualize the involvement of transnational actors in international relations from historical and theoretical perspective. It maps the emergence of these actors and calls for concurrent use of theories of international relations and theories of multinational firm in order to be able to grasp this issue in a complex and coherent manner.

The inclusion of transnational actors into global governance mechanisms is further analysed on the example of the United Nations, which can be considered today’s most developed platform for solutions of problems that need to be dealt with collectively by the humankind. The light is shed upon the mechanisms that various parts of the UN system use for collaboration with the non-state and transnational actors. Furthermore, the possible roles and functions these actors can perform are examined.

On this factual basis, this thesis aims to assess the potential of transnational actors to democratize global governance. Thus, their inner democratic credentials are analysed in order to identify opportunities and challenges of their involvement. The concept of input, throughout and output legitimacy was chosen as a theoretical framework.

Keywords: global governance, democracy, democratic polycentrism, stakeholder democracy, transnational actors, NGOs, transnational corporations, United Nations, legitimacy.
Abbreviations

CSR – Corporate Social Responsibility
DTIE – Division for Technology, Industry and Economics
ECOSOC – The United Nations Economic and Social Council
FAO – Food and Agriculture Organisation of the United Nations
GA – General Assembly of the United Nations
GC/GMEF – Governing Council/Global Ministerial Environment Forum
GATT – General Agreement on Tariffs and Trade
GCSF – Global Civil Society Forum
GDP – gross domestic product
GRA – Global Research Alliance
HKI – Helen Keller International
IGO – international governmental organisation
INGO – international non-governmental organisation
INGOAC – International Non-Governmental Organisations Accountability Charter
NAFTA – North American Free Trade Agreement
NGO – non-governmental organisation
PR – public relations
TNA – transnational actor
TNC – transnational corporation
TRIPS – Agreement on Trade-Related Aspects of Intellectual Property Rights
TRIMS - Agreement on Trade-Related Investment Measures
UN – United Nations
UNEA – United Nations Environment Assembly
UNDP – United Nations Development Programme
UNEP – United Nations Environment Programme
USA – United States of America
USD – United States Dollar
USSR – Union of Soviet Socialist Republics
WTO – World Trade Organisation
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Introduction

The nature of the international arena has changed dramatically during the last decades. The events of the second half of the 20th century showed that some of the problems the humankind faces need to be addressed collectively at the global level (i.e. environmental issues, development, population, human rights). The process of emergence of truly global policy-making was further intensified by the fall of the Iron Curtain and facilitated by an unprecedented development of modern communication technologies. Traditionally, the global level decisions were taken by states after intergovernmental negotiations at international conferences or at the platform of international organisations run by diplomats and bureaucrats. In the past, these arrangements were legitimized by their ability to solve problems by the agreement of nation-states. However, nowadays there is a wide agreement among scholars and practitioners that these organisations as well as other arrangements of the so-called global governance suffer from a significant democratic deficit (Erman, Uhlin 2010) defined as “a situation in which there is believed to be a lack of accountability and control over the decision-making process” (The Free Dictionary). Some authors even conclude that there it is no exaggeration to say that contemporary globalisation has provoked a crisis of democracy (Cerny 1999).

One of the most significant and important changes that occurred in the international realm in the last decades is the steep rise of the number and consequently of the influence of the non-state actors, which are reshaping the traditional ways the international system works. These transnational actors, i.e. non-state actors operating across borders, have moved centre stage in current discussions of global governance and are often perceived as actors capable of performing a vital role in its democratisation (Nanz, Stefek 2008). The international organisations engaged in global governance, most notably the United Nations, are increasingly recognising the fact that the mutual cooperation with these actors is a necessity, not an option (UN 2004). Therefore, the global governance institutions are increasingly enabling access of these new actors into their structures. In consequence, they are capable of influencing the concrete shape of today’s policies created at the global level. However, as Erman and Uhlin (2010) conclude, there is still lack of systematic research on democratic aspects of transnational actors’ political engagement.
Thus, in order to shed light on this problem and to make a contribution to this research field, this thesis will evolve around the following research questions:

*What are the channels through which the UN cooperates with transnational actors and what are the implications of this inclusion for the democratic dimensions of global governance? What promises and pitfalls with respect to democracy and legitimacy of the engagement of transnational actors can be identified?*

The thesis is subdivided into four chapters. Chapter 1 concerns itself with the necessary clarification of the basic notions this thesis draws upon, i.e. global governance and democracy at the global level. It maps the emergence of these notions and various theoretical approaches towards their study, mainly from the field of international relations and democratic theory. Thus, it forms the basic theoretical bedrock of the research conducted in the thesis. This theoretical bedrock is further developed and elaborated in Chapter 2, in which the transnational actors themselves are closely examined, both from the historical and theoretical perspective. In order to contextualize their involvement in international relations and global governance, the light is shed upon the roles they can play in today's world. Moreover, the theories that offer the broadest theoretical toolbox to grasp the complexity of the research field are introduced.

Departing from theoretical foundations outlined in the Chapter 1 and 2, Chapter 3 is devoted to the analysis of the ways of involvement of non-state actors, including transnational actors into the UN System. Given the spatial limitations of the thesis, the collaboration of these actors with five entities of the UN System is examined in order to demonstrate the growth of their inclusion and influence at the global level, which is a development that is by some researches considered very promising as far as the democratisation is concerned.

However, this thesis claims that a balanced and cautious approach is needed. Therefore, in Chapter 4 the promises and pitfalls of the inclusion of transnational actors into global governance in relation to its democratisation are analysed using the concept of input, throughput and output democratic legitimacy offered by Anders Uhlin (2010). On this basis, inner democratic credentials and consequently the capacities of the transnational actors to play a role of democratizing element of global governance are assessed.
As far as the methodology and research design of this thesis are concerned, the secondary literature served as a main source of information. The scientific articles, monographs, websites and official documents issued by international organisations or NGOs thus constitute fundamentals of research. The primary reason for choosing theoretical approach to thesis is that the issue of democracy in global governance can be looked upon from a wide variety of angles, which requires solid theoretical foundations and creates the need for mapping different perspectives in order to position the thesis within the existing research field.

Furthermore, the field of interest of this research is to a high extent influenced by unclear meanings of terms and their inconsistent usage. Therefore, one of the biggest challenges I was confronted with during the process of writing was the reflection of high number of ambiguous notions, clarification of their meanings and consequently argumentation for the usage of specific theories based on these notions. However, as it is obvious from the following pages, the high number of different (and sometimes even contradictory) approaches that are out there inevitably results in the fact that researcher needs to select only some of theoretical models. In the following pages I argue for the simultaneous application of democratic polycentrism as a model of democratic global order, theoretical paradigms from the field of international relations (synthesis of realism, liberalism and constructivism) and institutional theory of multinational firm. This fact, however, does not mean that other theoretical lenses cannot be applied and, if supported with reasonable arguments, provide a credible basis of an analysis. Thus, the need for selectiveness when choosing theoretical approach may be considered as possible shortcoming of this thesis.

Another possible shortcoming connected with the need for selection is my choice of sample of the UN entities, which is meant to demonstrate the extent of inclusion of transnational actors into the UN system. Even though these five entities have been chosen to represent as diverse parts of the UN system as possible and broad scope of the activities of the UN ranging from development or environment to agriculture or social matters, I cannot claim that the research encompassed the full scope of practices of the inclusion of TNAs within the UN system as a whole.

However, despite the above-described shortcomings I believe that the following pages will contribute to reader's enhanced understanding of the implications of the inclusion of TNAs into the UN for democratic dimension of global governance.
1 Global Governance and Democracy - A Complicated Relationship

To be able to conduct an analysis of democracy in global governance in a credible and trustworthy manner, clarification of the basic notions is a necessary first step in the process. This thesis is focused on an area of research that is often to a high extent influenced by the use of typical buzzwords of our era, whose exact meaning is unclear or contested and may vary depending on the context (i.e. globalization, stakeholder, democracy, partnership, accountability). Therefore, the aim of this section is to provide the reader with an overview of the existing theoretical approaches to the main notions and conceptions this thesis draws upon and explain and justify reasons why some of them have been chosen as a theoretical anchor of the thesis while others have not. Thus, in the following pages the light is shed upon the thesis’ understanding of global governance and democracy at the global scale.

1.1 What is Global Governance?

Global governance has become a true buzzword in a range of research fields spanning from international relations to international business or law. The term global governance has become to be used more frequently simultaneously with the growing presence of the actors other than states in the realm of international relations, mainly after the end of the Cold War and in the 1990s. The rapid growth of the use of the term is confirmed when looking into databases of scholarly articles and publications. For instance, the Scopus database, the largest abstract and citation database of peer-reviewed literature, shows immense growth of the usage of the term mainly in the first decade of the 21st century, reaching the peak in 2012 (Scopus 2014).

However, there seem to be no commonly accepted definition of the concept and this disagreement puts severe limits to building a widely acceptable and applicable theoretical framework. Thus, its confusing nature is profoundly limiting the cumulativeness of research findings (Dingwerth, Pattberg 2006). Finkelstein (1995) even argues, that both researchers and practitioners use the term global governance because they actually do not know what to call what is going on in the world right now. Therefore, the aim of the following pages is to clarify, how the term can be positioned within the current scholarly debate and which of its possible understandings is useful for the research conducted in this thesis.
1.1.1 The Roots of the Current Debate on Global Governance

Hewson and Sinclair (1990) identify three research areas in which current debate on global governance finds its intellectual background. Firstly, literature on globalization that contributes with the study on processes of transformation beyond the state level. In today’s globalized world, where the states’ boundaries have become increasingly permeable, we are witnessing a fundamental shift of the locus of power from states towards non-state actors and international forums and organisations. This shift, further catalysed by the end of the Cold War and facilitated by the use modern technologies is influencing all aspects of human life including its economic, social, political and cultural subsets. By having such profound effect globalisation is challenging the very foundations of our society. Consequently, such development naturally results in the discussion about the possibilities of governing the common issues of our civilization, which is inevitably becoming more and more global. From the perspective of this stream of research, global governance is perceived as a social, political and economic reaction to the process of globalisation, i.e. a new distinct form of socio-political steering (Pattberg 2006).

Secondly, the theories of international relations constitute another relevant research field in which the concept of global governance is rooted. Even though the traditional state-centric theories (i.e. the 1980s neo-liberalism, conceptualized mainly by Kenneth Waltz (1979)) try
to explain recent developments in the international arena by their own terms, the theories that include non-state actors as units of analysis seem to offer a wider theoretical toolbox. The first attempts to include non-state actors into the study of international relations can be tracked back to the 1960s and 1970s. Keohane and Nye (1971) for instance, understood transnational relations as regular interactions across national borders when at least one actor is a non-state agent. Hence, transnationalism serves as a central reference point to global governance approaches by providing a transnational heuristics that captures the world politics as being fundamentally changed by the existence of multiple political actors, rather than governments alone (Pattberg 2006).

However, the complex character of global governance cannot be explained by using only one single theoretical paradigm. Different international relations theories emphasize different aspects of global governance and if used concurrently, they may help to produce thorough, generalizable explanations of what we are currently witnessing in the international sphere. If we employ and simplify the realist perspective, the international system is anarchic, since there is no “leviathan” in an Hobbesian sense. The states are the only rational actors and seek to survive and maximise power. According to Waltz, rather than mutual dependence, increased inequality among states is what we see in the world right now (Waltz 1998).

Institutionalists for instance, add the emphasis on the international regimes, institutions, rules or interdependence (Lennox 2008). Constructivism puts emphasis on the identity of actors and the construction of culture in international sphere. The interests and actions of these actors are thus dependent on their identities, which are historically and socially constructed and based on mutual perception, interaction and social practice (Ibid.). Another stream of research, which can be put under the headline pluralists, does not recognize the idea that the states are the only relevant actors and offers a view, which goes beyond the state, to include non-state actors. According to pluralists the states are composed of multiple actors like for instance NGOs, unions or civil society organisations. The state’s actions in the international realm are then dependent on the outcome of the clash of competing interests within that particular state. This theoretical approach, thanks to its focus on non-state actors, offers a large amount of tools usable in conceptualization of global governance.

As stated above, in order to understand the complex nature of global governance, it is crucial not to be constrained by singular theoretical lenses. Therefore, this thesis argues that each stream of international relations theory offers its own explanations of the state of affairs and
all of them illuminate different aspects. Thus, a combination of insights from different theoretical paradigms is necessary in order to grasp the complexity of the issue in its full extent.

Thirdly, and most importantly as far as the focus of this thesis is concerned, the literature on the United Nations system has provided fuel to the research field and has spurred debates on global governance. This stream of literature concerns itself mainly with functioning and organisational reform of the UN and acknowledges the need for cooperative and multilateral solutions for the range of accelerating global problems (Pattberg 2006). The reason for, why the United Nations lies in the centre of debates concerning global governance cannot be more obvious: as the only truly global international organisation sui generis it possesses significant capabilities, expertise, resources and other instruments, which are needed to perform activities with truly global reach.

1.1.2 How To Understand the Concept of Global Governance?

Identification of influences from history and from the above mentioned fields help us to grasp the complexity of global governance. However, we can still find multiple understandings of the notion based on the synthesis of these influences. According to Pattberg (2006), the current use of the term global governance falls within two broad categories, which are relevant for research conducted in this thesis:

The first relevant understanding connects global governance to the phenomenon of globalisation and suggests that global governance is an analytical concept to make sense of the social and political transformations in today’s world. It can be seen as a device to capture and interpret the transformation of the international system. It highlights distinct qualities of the governing process, like for instance non-hierarchical steering modes and the inclusion of private actors. This approach to global governance is represented by the work of James Rosenau, who stated that governance “is conceived to include systems of rule at all levels of human activity – from the family to international organisation – in which the pursuit of goals and the exercise of control has transnational repercussions” (Rosenau 1995: 13). Dingwerth and Pattberg (2006) conclude, departing from Rosenau’s thoughts, by arguing that the analytical view on global governance differs from more traditional views in the discipline of international relations in four ways. First, it pays significant attention not only to states, but also to non-state actors (NGOs, transnational corporations, lobby groups etc.). Second, it
claims that the analysis of global interactions cannot be separated from interactions at national, local, regional or other levels. On the contrary, interlinkages and mutual influences of different levels are of paramount interest for global governance scholars. Third, it presumes that hierarchy among global governance mechanisms, forms and actors is hard to discern (compared to power-based classical concepts of international relations), since they are linked more horizontally than vertically. Fourth, it emphasizes the emergence of new spheres of legitimate authority in global politics beyond the sovereign nation state.

Avant, Finnemore and Sell (2010) further elaborate on the issue of authority and the outcome of their analysis is the identification of five bases of authority for global governors. Institutional authority derives from holding office in some established organizational structure. The position of the president of the European Commission can serve as an example. This type of authority is, however, limited by the rules and purposes of the particular institution that authorizes them. Delegated authority is the authority provided from some other set of authoritative actors. For instance, the phenomenon of states compromising their own sovereignty by delegation of some tasks to international organisations, firms or NGOs exemplifies it very well. The third form of authority is the expert one, based on special knowledge. This form of authority may be possessed by outstanding scientists, scholars or education professionals and is often coupled by other types of authority, especially by delegated authority. The fourth form, principled authority is legitimated by service to some widely accepted set of principles, morals or values. This authority is often claimed by NGOs concerned with issues like peace, human rights and dignity or freedom. It may also be possessed by individuals, whose activities have been significantly connected with the aforementioned values (for instance Martin Luther King, Nelson Mandela, Desmond Tutu and many more). Finally, capacity based authority involves deference based on perceived competence. It is the capacity for effective action that creates legitimate authority for the governor. Consequently, this might be a possible source of authority and legitimacy for transnational corporations, which may be more effective than public authorities (including the UN) in areas like infrastructure building, microfinance or even security. It is necessary to note, however, that legitimacy stemming from effectiveness is not the same as democratic legitimacy. Based on the above-summarized forms of authority, the actors of global governance may perform a broad set of roles, which includes but is not limited to agenda setting and framing of issues, making rules, implementation and enforcement or evaluating.
monitoring and adjudicating outcomes (Ibid.). This analytical approach to global governance is important in that it makes “a conscious effort to break with traditional approaches to world politics and it uses the global governance label to signal this separation. The scholars in this vein use the global-governance label or concept to signal new thinking about global politics” (Ba, Hoffman 2006: 5).

The second understanding is normative and focuses on the necessity and adequateness of political answers to the challenges of globalisation. Proponents of this approach consider global governance to be not an analytical tool, but a political concept that constitutes a vision of how societies should address the problems, which become increasingly global. In this view, global governance is envisaged to “bridge the gap between accelerating global transactions in goods, services, capital and people on the one hand and the territorially-bound steering capacity of national governments on the other. This mismatch of political capacity produces not only problems of effectiveness, but also a democratic deficit. As a result, high expectations are placed on new institutional arrangements such as global public policy networks with regards to their democratic legitimacy” (Pattberg 2006: 12).

The above examined diverse theoretical anchors and understandings of global governance help to position this thesis within the existing research field. In the previous section it has been argued that in order to fully grasp the complexity of global governance, a synthesis of different theoretical approaches is a necessity since each of them offers explanation of certain elements of the multi-faced process of change in global politics. Therefore, this thesis draws upon thoughts of realism, transnationalism, liberal institutionalism, constructivism, and pluralism, whose simultaneous use serves as bedrock for the conducted research. While recognizing the realist assumption that states are primary actors of international relations the other non-state centric theories (constructivism and pluralism in particular) offer useful tools to understand the process of formulation and articulation of interests beyond the state and their projection in the international arena (these tools will be discussed below in detail).

Building on this theoretical framework, this thesis also seeks to combine the two above outlined understandings of global governance – analytical and normative. The analytical approach helps us to analyse many different aspects of the fundamental changes we see in today’s international arena. However, main focus of this thesis requires that we complement this understanding with the normative element, as the problem of democratic deficit of global
governance is a result of inadequate accommodation of democratic mechanisms vis-à-vis the process of globalization.

Thus, this thesis understands global governance as a process resulting from the fundamental changes of the international realm, which include growing interdependence of states and emergence of powerful non-state actors and which call for new forms of dealing with common issues. At the same time however, it recognizes that this process creates new normative challenges that need to be addressed, for instance in terms of ensuring that citizens keep democratic control over decisions made at the global level.

1.2 Theoretical Perspectives on Democracy at the Global Scale

After discussing the term global governance it is necessary to move on to clarification of the second crucial notion that this thesis draws upon – democracy. Unfortunately, when we look closely at this term, we find that, similarly to global governance, it is being used in numerous ways and its meaning may fundamentally differ depending on the context. It is far beyond the scope of this thesis to go into depth about the theory of democracy, which constitutes a vast area of research, as the very concept emerged in ancient Greece and the Roman Empire and its understanding has been developing and changing throughout the centuries. What is possible to do, however, is to map the theoretical approaches towards democracy at the global scale and on this basis justify the choice of the approach around which this thesis evolves.

Global democracy is a very recent concept when compared to theories of democracy on the intra-state level. It emerged as a reaction to crucial events in the second half of the 20th century. Decolonisation, the end of the Cold War, the disintegration of USSR or world-wide spread of democracy as the only way to legitimize political power (Archibugi, Koenig-Archibugi, Marchetti 2012) were only some of many factors that helped to incorporate the question of global democracy into the agenda of many universities, research centres or most importantly decision- and policy- makers. Of course, many theorists and practitioners remain convinced, that the very idea of democracy beyond borders is something humankind will never manage to achieve (Dahl 1999) but developments in the second half of the 20th led to a change of the views of many sceptics. In other words, some of the proposals, which would never be taken seriously in the past, are now looked upon with a high degree of interest.
Among the proponents of the idea of global democracy it is possible to identify at least three broad research streams, which attempt to conceptualize and propose certain models of global democratic order. Due to the terminological inconsistencies in this field they may be found under different definitions. Archibugi’s and Marchetti’s (2012) categorization employed below very well explains the main differences among them and has therefore been chosen as a credible basis for the analysis conducted in the following paragraphs.

If we attempt to analyse democracy on the global level, a reconceptualization of some of the notions that are traditionally used in research of the intra-state democracy is crucial. The most important is the issue of a global demos. Does it exist? And if so, who exactly are we talking about when we discuss international democracy? Who exactly are the constituencies and stakeholders? The categorization below helps us to resolve this dilemma, as it distinguishes the models of global democracy in the light of their different criteria for determining the scope of the demos.

1.2.1 The Three Models of Global Democracy

The first model of global democracy in Archibugi’s and Marchetti’s (2012) framework is intergovernmental democratic multilateralism, democratic confederalism or simply intergovernmentalism. This model is the closest to the current state of the international arena. It is based on the premise that the main constituencies are states, which are democratically governed and whose governments have been democratically elected and therefore enjoy a high degree of legitimacy. According to presumptions of intergovernmentalism, these governments have the right to represent their citizens in international affairs vis-à-vis other governments. Consequently, individuals do not have direct influence on the decisions taken at the international level. The power is concentrated in hands of member states of the international community and when decisions have to be taken, they are based on unanimous agreement among states or are a result of voting procedures under the condition of sovereign equality that is one state, one vote principle. This approach, which draws upon the condition of national political autonomy, requires that the boundaries of democracy should remain “as close as possible to the current ones, for individuals already enjoy a status of citizenship that guarantees them rights and duties within the national institutional framework” (Marchetti 2012: 27). In other words, once a liberal democratic system is established within member states, the international system will consequently be democratic as well. In addition, as the
democratic peace theory presumes, wars ideally become a rare phenomenon, since democratic states do not fight each other (Reiter 2014). Seemingly, the best existing institutional example of an intergovernmental multilateral democratic model would be the UN General Assembly. However, it fails to fulfil the main pre-condition: it is composed of almost all recognized states, not all of which are democratic. Furthermore, the critics claim that this model leads to exclusion of the individual from the political participation at the transnational level and thereby produces significant democratic deficit. However, recently there have been some attempts to apply this model to current international relations in greater extent. These include for instance strengthening the norms of international law (Marchetti 2012) or empowering the parliamentary bodies within the international institutions (Habegger 2008).

The second model of the global democracy can be described as the world government, world federation or cosmopolitanism. According to this concept, the international institutional structure should be completely reconstructed in line with democratic principles, which would grant international political power to all citizens of the world. It proposes to bring up the conventional domestic democratic system to the supranational level, which would enable the individual citizens to directly elect their representatives in international bodies and thus ensure their participation in decision-making processes at the global level. Proponents of this model (i.e. Held 2005, Archibugi 1995) would like to see the world as a non-unitary state, where the global issues would be taken care of by of some sort of the law-making assembly, whose members would be elected by the people and whose decisions would be implemented by a body, which is possible to call the world or federal government. Furthermore, states would give up a significant part of their sovereignty and delegate power to this superior institution in charge of addressing global issues and allocating competences on the sub-level. The institutional structure of such a new world order would thus comprise a world government, a world parliament, a world supreme court and global constitution (Marchetti 2012). From the point of view of this perspective, the United Nations should be transformed into a global federal organization, in which “individuals and states would share power for specific global purposes under a system of strengthened international law” (Marchetti 2012: 40). Compared to intergovernmentalism, which remains very exclusionary in terms of the individual participation, this model offers an unprecedented chance for political inclusion for everybody. However, the model faces severe challenges in terms of its feasibility. In the current state of international affairs it is highly unlikely that a political move toward to the
realisation of such a tremendous reconstruction of the Westphalian system of states would take place. Therefore, this model remains more of a long-term vision than a politically achievable goal.

Let us now move to the characteristics of the third of the widely discussed models of global democracy, which is highly relevant as far as the main focus of this thesis is concerned. This concept may be found in the literature (Macdonald 2008, Archibugi, Marchetti 2012) under the term *global stakeholder democracy* or *democratic polycentrism*. As has been already repeatedly mentioned, in today's world the locus of power in international relations is shifting from states towards the myriad of other actors like transnational companies, business associations, NGOs, social movements or expert networks. The concept of democratic polycentrism seeks to conceptualize this development as a vehicle leading towards a more democratic international sphere, arguing that political power should also be expanded by appropriating and democratizing these new forms of governance. The basic normative principle of this model may be summarized as follows: “those, who are affected by a decisions of international bodies should be entitled to have a say and conversely all the affecting political actors should be accountable to the affected individuals” (Marchetti 2012: 31). Thus, it suggests the inclusion of the above-mentioned transnational actors into the international organisations as a way to democratize them. If included, a vibrant transnational society would then ideally channel its demands to the decision makers and at the same time would make them more accountable for their actions. Sometimes this approach is put under the label *liberal-institutionalism*, in which the central question of transnational democracy tends to be conceived as creating more representative, transparent and accountable international institutions (Falk 1995). If this model was applied, the current institutional structure of the world would be supplemented by the creation of hybrid networks between different actors and the exchange of influences would thus help to ensure democratic credentials of international institutions. This democratization from below, as it is sometimes called, deserves attention since it constitutes possibly the most feasible short-term reform of supranational decision-making in terms of global democratization (Marchetti 2012). Transnational deliberative democracy, as conceptualized by John S. Dryzek may be considered an extreme version of this model, as it is focused on the existing systems of global governance and the role of transnational civil society in establishing democratic control over
the terms of political discourse and so the operation of governance in the international system (Dryzek 2000: 138).

The analysis of different approaches to global democracy conducted above was intended to shed light on the theoretical foundations that this thesis draws upon and their alternatives. Even though the theory of democratic polycentrism faces criticisms from various sources (and some of them will be addressed below), it seems to offer the widest theoretical toolbox for the research conducted in this thesis. The promises and challenges for democratization of global governance through the inclusion of transnational actors into the United Nations can be examined by democratic polycentrism because it sees transnational actors and global civil society as vehicles for democratic change. The actual capacity of these actors to play this role is exactly what this thesis aims to analyse with the example of the only global and universal organisation – the United Nations. Furthermore, another reason for choosing democratic polycentrism as a theoretical anchor is the degree of its feasibility. We are already witnessing attempts to include transnational actors into international organisations, which is a sign that this may be the direction the world will be moving in the future. Therefore, the research of the capacity of transnational actors to play the role of the democratizing element of the international relations is highly relevant both for the present and for the future.
2 The Emergence and the New Role of Transnational Actors in Global Governance

In the previous chapter it was argued that the world has been witnessing a gradual shift of the locus of power from states into the hands of newly emerged actors of the international relations since the end of the World War II. Creation of some of these new actors was based on the political will of states, which agreed to sacrifice some of their sovereignty and delegate it to the international entities, designed to deal with common issues. These bodies were established by the international treaties and are therefore called international governmental organisations (IGOs). Even though the first attempts of governments to deal with the most crucial issues collectively can be tracked back to the League of Nations, the rapid growth of the number and influence of the intergovernmental organizations followed the end of the bloodshed of World War II. The United Nations and Bretton Woods institutions are the most fundamental of them.

However, apart from the growth of the number of intergovernmental organisations, the international arena saw an unprecedented boom of new kind of actors, which to a great extent emerged independently of governments. Throughout the years these non-state actors gained significant influence and became a subject of research in the field of international relations, where they challenged traditional state centric theoretical approaches. Thus, the following chapter concerns itself with the analysis of the emergence of these new transnational actors both from the historical and theoretical perspective. It should complement the theoretical bedrock of this thesis, whose foundations have been laid in the preceding chapter.

2.1 The Concept of Transnationalism

The term transnational actors, which is widely used for the description of the above-specified actors and adopted in this thesis as well, is quite a recent concept in political science. After the World War II it became clear, that the international relations are not only relations among national states anymore. As consequence, the scientific community started to open up to adjustments of the former state-centric approaches. Jessup (1956: 1) for instance, argued that the term “international” is no more adequate to describe the characteristics and problems of the “complex interrelated world community” which transcends national boundaries. Raymond Aron (1967) in his book Peace and War: A Theory of International
Relations, distinguished between international systems and transnational society. According to him, the international systems are “the inter-state aspects of the society to which the populations, subjects to distinct sovereignties belong” and the transnational society “reveals itself by commercial exchange, migration of persons, common beliefs, organisations that cross frontiers and, lastly, ceremonies or competitions open to the members of all these units” (Aron 1967: 105). Keohane and Nye (1971) also departed from this conceptualisation of transnational phenomena when they issued their influential book Transnational Relations and World Politics, after which the term came to the forefront. In this book they employed a non-state centric approach and focused on reciprocal mutual interactions between governments and transnational society and effects of these interactions on world politics.

In the early years after the collapse of the USSR however, the increased use of the term transnationalism in various disciplines has not contributed to conceptual convergence or clarity (Jönsson 2010: 28) and there is a danger of it becoming only one of the say-nothing buzzwords. Calliess and Steffek (cit. in Jönsson 2010: 29) identify three possible ways of understanding the concept of transnationalism with at least some level of precision: (a) seeing transnationalism as an umbrella concept that covers all cross-border regulatory arrangements, (b) limiting it to denoting arrangements in the private sector or (c) describing public-private regulatory arrangements at the international level. They themselves prefer the third strategy, which is as a matter of fact compatible with the approach chosen in this thesis, as it constitutes a reasonable compromise between too broad and too narrow uses of the term.

Having clarified our understanding of transnationalism as public-private regulatory arrangements at the international level, the next step in the analysis of the roles of transnational actors in global governance is determination of a criterion for their categorization that would best match with the main focus of our research – democratisation of global governance. The inner diversity of transnational actors is significant and no author has therefore, to my knowledge, been able to come up with a definite typology. Thus, for the purpose of this research, the common distinction between the non-profit and for-profit organisations has been employed, i.e. the distinction between the so-called non-governmental organisations and private transnational companies. Positions and roles of these particular actors in contemporary world politics and theoretical approaches designed to conceptualise their emergence and involvement at the global level will be discussed in the following section.
2.2 Non-Governmental Organisations

The term non-governmental organisation (NGO) is highly general and given the diversity of non-state actors it may include myriad of organisations of many different kinds. Suri (2005) defines NGOs as institutional groupings of people and resources, often from multiple societies, operating outside the direct authority of any particular government or collection of governments. The ECOSOC Resolution number 1296 adopts a definition that says “any international organization which is not established by inter-governmental treaty shall be considered as an NGO” (ECOSOC 1968). The only constraint is that NGOs cannot be profit-making, NGOs cannot be school, university or a political party and it cannot advocate the use of violence. Another and more inclusive definition would be that of NGO Global Network. According to this definition NGO is “any non-profit, voluntary citizens’ group, which is organized on a local, national or international level. It is task oriented and driven by people with common interest.” Furthermore, an NGO “advocates and monitors policies and encourages political participation through provision of information and may provide analyses and expertise, serve as early warning mechanism and help monitor and implement international agreements” (NGO Global Network 2014). Having clarified the term NGO, let us now proceed to the analysis of historical and theoretical aspects of their involvement in global governance.

2.2.1 Evolution of NGOs

Despite the fact, that the term non-governmental organisation entered the common usage after being explicitly mentioned in the Article 71 of the UN Charter in 1945, NGOs themselves have much deeper historical roots. Since the times of the Roman Empire there have been mercenaries, merchant associations, banks and other entities operating outside the states and hence with little government regulation. An important connecting element was of course Christianity and the activities of church in Europe from the Middle Ages onwards (Suri 2005). Davies (2014) states, however, that non-governmental organisations of some sort, concerned mainly with humanitarian affairs, were also established in China in the 13th century. When thinking of international NGOs in the way they are perceived today, it is useful to emphasize two time frames of their historical development. The first encompasses the 19th century and the first half of the 20th century, as the most obvious ancestors of contemporary
NGOs were the single-issue movements from the late 18th century onwards (Jönsson 2006). The second comprises the last forty years (Ahmed, Potter 2006: 21), when the number of NGOs rose exponentially and their inclusion into international affairs grew significantly as well.

Among the most successful early NGOs, The British Society for Abolition of Slave Trade took an eminent position. This organisation influenced both national legislation (British Slave Act of 1807) and international negotiations. “Abolitionist lobbying contributed, for instance, to the issuing of international declarations on the slave trade in the peace congresses following the Napoleonic wars” (Davies 2014). Furthermore, the establishment and recognition of the Red Cross as a body that offered impartial health services to victims of war and natural disasters received a widespread state support. It was a sign that the states learned that they were better off with non-governmental organisations functioning in some specific areas (Suri 2005). However, the first massive expansion of international NGOs of many different kinds happened in the period between 1870 and World War I. Hence, this period is sometimes depicted as the first golden age of NGOs (Ibid.). The vehicles that helped NGOs to expand and become more effective were to a high degree the same as those facilitating the international business and the exchange of goods – higher speed of transportation, communication technologies and media and consequent smoother information sharing. Among the more than 400 entities established at this time were organizations as diverse as the Universal Scientific Alliance, the World League for Protection of Animals, the International Council of Women, Nobel Foundation, the International Federation of Trade Unions, the International Cooperative Alliance, the International Olympic Committee, Rotary International or the International Socialist Bureau (Davies 2014, Suri 2005). The spread of NGOs also became more global as they expanded to regions like Asia or Africa. Many of NGOs of this era managed to position themselves both within their domestic states and international arena and outwore until now. As Suri (2005: 232) points out, the flourishing sphere of NGOs provided “an internationalist counter-balance to the forces of nationalism and imperialism that also grew in strength during this period.”

After the World War I and the establishment of the League of Nations, NGOs began to broaden the scope of their activities. Apart from the humanitarian and gender issues, science or sport they started to influence matters such as commercial standards or regulation. The leading forces in this process were mainly NGOs from the United States (Suri 2005). The growing
spectrum of international NGOs suffered significant damage after the emergence of totalitarian regimes in some countries in the interwar period. Fascism and the World War II resulted in serious blows to citizens’ organisations. Some of the authoritative states manipulated NGOs for their own purposes. As an example may serve the misuse of the Olympic Movement by Hitler’s Nazi Germany in 1936, when he used the Olympics in Berlin as a vehicle for his political propaganda and to showcase Nazi racial ideas.

The outbreak of the World War II meant a severe halt to the activities of international NGOs. Even though organisations concerned with humanitarian issues like the Red Cross were still very active and relevant, the war turned the attention of the international community to a totally different direction than to non-governmentalism. After the end of the war, however, the non-governmental sector was given an unprecedented opportunity to participate in global politics. Many NGOs attended the founding conference of the United Nations in San Francisco, which later on gave them the new institutional home. Article 71 of the UN Charter gave the Economic and Social Council the authority to “make suitable arrangements for consultations with non-governmental organisations” (UN 1945). This particular article laid the foundation for the cooperation of the United Nations with the non-governmental sector. Invigorated by this new institutional arrangement and further advancements in technology, the number of international NGOs multiplied (Suri 2005). In 1946, 41 NGOs held consultative status with ECOSOC (UN NGO Branch 2011). Today, the number is over 3900. Altogether, the UN claims to cooperate with more than 31,000 NGOs (UN NGO Branch 2014).
In the first years of the Cold War, however, the influence of NGOs on international affairs was fairly limited due to the escalating bipolarity and general emphasis on state-centred power and military security, i.e. the sphere of a little activity the NGOs. In the 1960s however, the matters began to change. At this point we are progressing towards the second time period of our framework – the last forty years. The stalemate between the two superpowers led many scholars, politicians and ordinary citizens to turn to NGOs in the search for new approaches and ideas as alternatives to Cold War institutions and in the face of new perceptions of global environmental or health problems and continuous infringement of human rights in many countries. According to Ahmed and Potter (2006), the incredible growth of the number of NGOs in this period was enabled and facilitated by the global communication revolution, by the formation of a strong middle class in capitalist countries after the era of economic growth and by the general retreat of the state worldwide, which meant that governments started to give up some of their responsibilities to other actors in society. Under these conditions NGOs stood out for their presumed ability to combine public service with private action. At the international sphere, the dissatisfaction with the functioning of the development programmes led to an increased pressure on international organisations.
(mainly on the UN and the Word Bank) to channel the aid through private organisations. Furthermore, after the conclusion of the Helsinki Final Act in 1975 the newly emerged NGOs such as Helsinki Watch Groups or Charter 77 started to challenge governments in the communist countries in terms of the protection of basic human rights. This increased societal pressure helped to topple communist regimes in Czechoslovakia, Poland, Hungary and other Eastern European states. The human rights NGOs did not only generate pressures for a change in the communist countries, but they also offered avenues for the reform of international system. Their ideas concerning common security, social market economies, environmental issues and emphasis on interdependence rather than Cold War ideological and military competition gained attention and credibility in the late 1980s. Thus, “NGOs did not single-handedly end the Cold War, but they offered a promising path to international reform that delegitimised many of the assumptions about capitalist-communist conflict” (Suri 2005: 241).

The collapse of bipolarity in the early 1990s, together with the spread of the new means of communication (internet, fax), resulted in further growth in the number of international non-governmental entities. By using the new communication means, some of the NGOs became true global players. This development resulted in more frequent interactions between different actors of international arena and opened up new opportunities for their mutual collaboration. The United Nations, as the only universal and global international organisation, took the role of the pioneer and engages intensely in the cooperation in a myriad of fields. Functions of NGOs in the context of their current involvement with UN and other international organisations may be broadly classified as follows (Ripinski, Van Den Bosche: 2007: 9): a) participation in deliberations and decision-making process of international organisations by advocating their interests and by providing expert knowledge and advice, b) participation in planning, implementing and monitoring of projects undertaken/financed by international organisations (policy implementation), c) monitoring compliance and implementation of international commitments undertaken by states, d) participation in dispute settlement procedures within the framework of international organisations. The concrete forms of UN cooperation with NGOs will be closely examined in the next chapter of this thesis.

NGOs received a lot of positive attention as far as the main focus of this thesis is concerned – democratisation of global governance (Nanz, Steffek 2008). Some see them as a powerful
vehicle to democratize international organisations, which now suffer from a significant
democratic deficit. However, the perception of NGOs as apostles of democracy may not be
right in its full extent. There may be NGOs that do live up to these expectations. Therefore,
Chapter 4 of this thesis attempts to thoroughly examine the inner credentials of the NGO
sector in order to be able to state, which opportunities and challenges there may be identified
relative to their capability of being democratizing element global governance and particularly
of the UN as the leading force of it.
As it is obvious from the previous lines, non-governmental organisations have a long history
and throughout the years some of them have developed into organisations that are now
widely recognized as important players in the international arena. In order to fully
understand their involvement on international affairs and assess their possible effect on the
democratisation of global governance, it is necessary to depart from some generalizable
theoretical frameworks. How do, then, theories of international relations deal with this
phenomenon?

2.2.2 The Phenomenon of NGOs in International Relations

Theory
Ahmed and Potter (2006) observe that the mainstream international relations theory has
tended to ignore the emergence of these new actors in areas directly concerned with
international politics. The reason why NGOs have not received much attention may be
identified in the fact that the two dominant theoretical paradigms still place primary
importance on nation-states. Realism posits an anarchic international system in which states
must rely only on themselves (self-help) to maintain security and to survive. Kenneth Waltz
(1986), the prominent neo-realist, postulates that states are not the only international
players, but the structures of the international system are defined only by the major actors i.e.
national states. Hence, NGOs do not qualify as objects of realists' attention.
Liberalism, the other mainstream paradigm, devotes more attention to transnational
interactions beyond nation states. Moravcsik (1997), for instance, shows, how interest groups
within the state can project their interest on governmental level and by doing so influence the
position of their states in negotiations vis-à-vis other states. Different stream of liberalist
research, the regime theory also offers a larger theoretical toolkit to grasp the presence of
NGOs in international sphere. International regimes consist of participating states and some sort of international regulation. Non-state actors play important roles in helping to launch new forms of this international regulation. Interest groups or coalitions urge governments to solve some international problems. The environmental activism is only the most famous example (Holsti 1992).

According to Ahmed and Potter (2006: 11), the “crucial problem in studying NGOs within the framework of international relations is that they organize for action in ways that are not readily seen in traditional political-science terms since they have no sovereignty, territory, economic power or coercive capability.” The continuous focus of mainstream theories on states, despite the emergence non-state actors, was the result of the Cold War during which the international relations were fundamentally influenced by military capacities. However, since the end of bipolarity in the 1990s, new theoretical approaches that are more capable of explaining NGOs involvement in the world politics have been coming to a forefront.

Constructivism may be seen as an alternative to the mainstream theories of realism and liberalism. Constructivists argue that interests, identities and roles are socially defined. Thus, the international system is not constant. Rather, it is created through repeated interactions of states and other actors. Alexander Wendt (1992) states that “a fundamental principle of constructivist social theory is that people act toward objects, including other actors, on the basis of meanings that the objects have for them.” Therefore, constructivist scholars focus attention on ideas, norms, epistemic communities, global civil society or regimes – areas of international politics most conducive to the exercise of NGO influence. Constructivist analysis allows the possibility of changing national interests through changing basic understanding of how the international system operates and what actors do within it. Thus, if we employ these theoretical lenses, NGOs attempt to change the way in which states act and how they define themselves in their roles and thus have the potential to transform the international system (Ahmed, Potter 2006: 14). The NGOs have the power to persuade. This power consists of demonstrating through persuasion and action that there are other ways of organizing social and political arrangements besides those currently in use. Thus, by coexisting with national states and international organizations, NGOs can use this power to influence the agenda and by doing so not only achieve goals of their constituencies, but also change the norms and the structure of the entire international system – also as far as democracy is concerned.
Hence, while recognising the realist assumption that nation-states are still the primary actors, this thesis argues that this understanding must be complemented with the synthesis of the above mentioned liberal and in particular constructivist assumptions. This approach is congruent with the opinion of Robert Keohane, who stated that “a coherent approach to the study of world politics must take into account rationalist, institutionalist, liberal domestic politics, and constructivist insights” (Keohane 2008, cited in Ougaard 2010).

Let us now move to the characteristics of the second group of transnational actors, i.e. transnational corporations.

2.3 Transnational Corporations

Although the immense growth of the number and international influence of private business actors is a matter of several last decades, the historical roots of the control over the production of goods in foreign countries can be traced back several centuries ago. From this historical perspective, today's transnationality of firms is not a completely new phenomenon but merely a new organisational form of the world economy, the origin of which has been dated back to the 16th century. Initially, the system of internationally operating firms was only confined to trade relations but even under the early forms of capitalism some firms like the British East India Company exercised some form of direct control over the production process (Bornschier, Stamm 1990).

It was much later, however, in the 19th century, when the growth of foreign trade and industrial production created pressure on companies to found foreign affiliates. The transnational corporations in the modern sense emerged in the late 19th century as a consequence of the advent of industrial capitalism, accompanied by the development of the factory system, larger, more capital intensive manufacturing processes, better storage techniques and faster means of transportation (Greer, Singh 2000). Furthermore, the growth of export opportunities, as well as the threat of loss of established export outlets, access to raw materials and the growth of prospect of foreign markets have been fundamental preconditions for transnationalization of companies (Bornschier, Stamm 1990). In the early 20th century, the search for resources including minerals, petroleum, and foodstuffs as well as pressure to protect or increase markets continued to drive transnational expansion. The companies, who were the pioneers of this process, were almost exclusively from the United States and a handful of Western European nations. However, the transnational expansion was
not a continuous course as a close relationship between the waves of transnationalization, merger waves and economic stagnation like for instance the Great Depression in the 1930s can be recognized (Greer, Singh 2000).

After the end of the World War II, when the European (mainly British and West German) and Japanese companies began to play a greater role, the trend of a general expansion of TNCs continued. The sharp increase in foreign direct investment in the two decades following the end of the war can be explained to a large extent by a combination of push (search for new market outlets), pull (industrialisation of host countries) and rivalry factors (follow-the-leader effect). These factors were further complemented by the generally favourable economic and political conditions of the Bretton Woods system and major technological advances in shipping, transport (especially air transport), computerisation, and communications (Bornschier, Stamm 1990, Greer, Singh 2000). The rapid increase of the role of TNCs in the organisation of the world trade and economic relations continued in 1980s and was further intensified by the end of the Cold War in 1990s. Between 1982 and 2006 the world’s outflow of foreign direct investment increased from $28 billion to $1216 billion, that is, by more than 4000 per cent. Behind these numbers is a rapid increase in terms of expansion across country borders. It is not anymore the expansion through exporting goods and services, but rather the expansion through the investments in production, marketing and research and development facilities in other countries (Forsgren 2008: 5-6). Resultantly, TNCs had become thoroughly politicized due to their impact on of their activities on growth development and welfare both in home and host countries. The question of whether and how they should and could be regulated nationally and internationally had consequently become a subject of an immense debate (Ougaard 2010).

The result of such an outstanding growth is that some corporations’ revenues exceed the GDP of states. In 2011 for instance, the revenue of Chevron ($196.34 billion) was higher than the GDP of the Czech Republic ($192.15 billion), the revenue of Exxon Mobil ($354.67 billion) was higher than GDP of Thailand ($318.85 billion) or the revenue of Wal-Mart ($421.89 billion) was higher than GDP of Norway ($414.46 billion). If these countries were economies, Wal-Mart would rank 25th biggest world economy, whereas Exxon Mobil and Chevron would rank as 30th or 46th respectively (Trivett 2011).

The above-mentioned figures only illustrate that some of the transnational corporations became true global players and consequently the actors of international relations or of
transnational relations to be more precise in terms of definitions in the preceding paragraphs. They became influential entities not only within the states, but also internationally. Especially since the 1980s, TNCs’ involvement at international political negotiations has, quite naturally, accompanied the rise of global corporate economic power. In order to reduce investment barriers and facilitate capital flows between countries, TNCs vigorously lobbied during the preparation phase of the European Single Market Agreement, the North American Free Trade Agreement (NAFTA), and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). It is natural, since the free trade lessens governmental restrictions on their movement and ability to maximise returns. Especially the TRIPS and TRIMS Agreements within the structure of WTO are of particular benefit of TNCs (Greer and Singh 2000). Today, TNCs increasingly participate in drafting, preparation and implementation of policies in areas that once were the sole responsibility of the state or of international intergovernmental organisations. The special characteristics of TNCs may however, cause conflicts with national governments, since governments are territorially bound and politically committed to defending the interests of their citizens, whereas firms are not that bound to a certain territory and are legally committed to defending the interests of their stakeholders (Spero, Hart 2009). The activities of TNCs include for instance involvement in peace-keeping (Fort, Schipani 2007) or implementing social standards. However, their role can also have negative connotations. The world has witnessed TNCs violating human rights, being involved in armed conflicts or resisting social standards. Furthermore, their participation has been critical in addressing trade, labour and environmental issues like global warming or ozone layer thinning (Karns, Mingst 2010). The above-described development indicates “a shift in global business regulations from state-centric forms toward new multilateral, non-territorial modes of regulations, with the participation of private and non-governmental actors” (Braithwaite, Drahos 2000 cit. in Scherer, Palazzo, Baumann 2006). As Scherer, Palazzo and Baumann conclude: “corporations do not replace governments. However, given that they participate in public deliberation, define norms and standards, and choose to accept third-party monitoring mechanisms and sanctions in case of non-compliance, they have, willingly or not become politically engaged” (Ibid.).

In reaction to this situation, international governmental organisations seek to propose mechanisms for cooperation with these new powerful actors. Their perception of TNCs as a threat to states’ sovereignty is gradually shifting towards new patterns of cooperation that
would enable both sides to achieve their goals, which are of course different, but overlap in some areas. The establishment of the United Nations Centre on Transnational Corporations in 1974 or launch of the UN Global Compact in 2000 are only some of the examples of the attempts of the United Nations to deal with the phenomenon of TNCs, which will be further examined in next sections of this thesis.

2.3.1 Theories of Transnational Firm and Their Application in International Relations

There are numerous theories trying to explain the essence and emergence of TNCs and growth of their activity. An early contribution is a product cycle theory that, in short, argues that firms expand abroad when their principal product becomes mature in the home market (Ougaard 2010). The so called classical theories include for instance Hymer's theory of foreign direct investment and firm specific advantages that postulates that the firm investing abroad has to overcome the so called liability of foreigners by capitalizing on its firm-specific advantage that is strong enough to overcome this liability. Thus, it obtains power through market imperfections (Hymer 1976, Hotho 2012). Another influential classical theoretical framework is the internalization theory, which assumes (briefly described) that business is about coordinating independent economic activities and that firms internalize economic activity if the benefits outweigh the costs (transaction cost theory). Transactions are made within an institution if the transaction costs on the free market are higher than the internal costs. Hence, the multinational firm exists because it has internalized markets across borders, which is a process strongly dependent on the nature of firm’s specific assets or knowledge (Forsgren 2008). Dunning (1980, 1988) further develops this theory by his eclectic paradigm saying that foreign direct investment is a function of ownership-advantages, internalization of activities and location-specific advantages.

The organisation capability theory, which constitutes another tool designed to understand the nature of the transnational corporation, puts more emphasis on the characteristics of each firm in terms of its unique advantage in managerial and organisational process, shaped by specific asset position, technology, intellectual property, customer base or external relations with suppliers. This advantage is embedded in complex social interactions and team relationships within an organisation and is impossible or hard to imitate. In this perspective,
the foreign direct investment implies replicating the same routines, processes, and individual competences of the firm in a different country and combining it with specific knowledge about local markets. Hence, the transnational firm emerges because it is much easier to transfer this advantage and knowledge of foreign markets in general within one firm than between independently operating firms (Forsgren 2008).

The above outlined theoretical approaches are particularly concerned with the inner structures and processes that lead to the emergence of the transnational firm. In order to find a theoretical perspective relevant for the purpose of our research, it would be optimal to depart from theories that at least to some extent take into account the external environment of the firm.

The contingency theory postulates that there is no single best way to organize a transnational corporation and that an optimal way is dependent on the specific nature of the environment to which the firm must relate. Thus, the firms should choose their strategy when they are confronted with new elements in the environment (the concept of strategic fit). In this view, the firm will not survive in the long run if it does not adapt adequately to the environment. Hence, the firm is more or less the victim of its outside environment (Forsgren 2008).

Although this theory recognizes the crucial role of the external environment, it positions the firm to the role of a passive actor, whose most important concern is to adapt. Therefore, for the purpose of our research, it is necessary to find a theoretical framework in which the transnational firm would be more proactive towards its external environment.

From the point of view of the business network theory, the firm is more active in its outside environment as the theory is grounded on the premise of interactions between the firm and the actors in this external environment. These interactions are, however, conceptualized as strictly business ones. It emphasizes specific business networks of subsidiaries of the transnational firm and implications of these networks on the autonomy struggles of different parts of the firm. In this view, any firm is affected foremost by its own business environment rather than by its institutional environment. Hence, the firm is fundamentally a business actor, not a political one. Thus, the application of this theory on the interplay between TNCs and international organisations is problematic (Forsgren 2008).

The most relevant theoretical framework for our research seems to be the institutional theory, since the tools available within it are highly useful for the analysis of the relationship between TNCs and international organisations. Contrary to business network theory, it
assumes that business is not just about business network, but also about the political environment TNCs operate in and must, therefore, comply with institutions and legal or cognitive constituencies in different countries. The country borders are crucial because they reflect differences in legal systems, political contexts, labour or financial markets. Thus, politics is involved to a high degree, as the firms need to achieve certain degree of legitimacy in the society and credibility in the political sphere. Hence, firms’ expansion across borders is as much as political activity as it is a business one. For the purpose of our research we do not have to go in depth into some of the aspects of theories like isomorphic pressures the firm faces in different countries (DiMaggio, Powell 1983) or hybridization of managerial practices (Kostova, Zaheer 1990). For us, the most important and relevant aspect of the institutional theory is the fact that the interplay between the TNC and the environment is a two-fold process. The interaction with the international environment is by no means a one-way street form the regulators to the regulated (Engwall 2006). Thus, multinational firms are not only reactive, but also proactive in shaping the environment around them (Forsgren 2008). The means they have at their disposal include for instance their PR, information in the media, persuasion through lobbying or even in the form of threats. As a result, the transnational corporation is a political actor.

The primary focus of institutional theory is on political role of TNCs and on its influence within the state borders. The reason behind this is that the roots of the theory can be tracked several decades back when the process of globalisation and the progress in the field of communication technologies did not shape the international arena so profoundly. As the world of the 21st century is becoming more and more interconnected, some of the assumptions of this theory may be transferred to the international level. There are attempts to update the institutional theory to the conditions of today’s globalized world. Djelic and Sahlin-Andersson (2006) for instance, focus on the international institutional embeddedness. They analyse ways in which the interaction of different transnational actors (including TNCs) shapes the forms of global governance and how governance in turn changes the structure of institutions. Furthermore, they stress the importance of a conceptual framework that would overcome an analytical differentiation of national and international processes and thus make sense of the multi-level institutional dynamics of today’s transnational governance. The political actoriness of TNCs towards institutions is today not restricted to the state level. As the regulation and standards become increasingly international, regional or global, the political
engagement of TNCs shifts, consistently with the premises of the institutional theory towards new regulators - international organisations. Engwall (2006) suggests that there are mutual interactions at global of the same nature as at the national level. The difference is that the role of governments at national level is substituted by the role of international organisations and regulatory institutions at the global level. These theoretical foundations may very well serve as bedrock of our research of the interplay between TNCs and the United nations in terms of the democratisation of global governance.

To sum up, in this thesis, I set an ambitious goal to combine the theories of international relations with the business theories of transnational enterprise in order to be able to fully grasp the complexity of the myriad of actors present in the global governance today. More specifically, this thesis draws upon thoughts of realism (the central role of states), liberalism (formation of interests beyond state level, role of international organisations) and particularly constructivism in international relations (importance of non-state actors and possibility of changing the structure of the international system through change of the norms and perceptions) and the views of institutional theory of multinational firm, which sees TNCs as political actors vis-à-vis regulatory institutions. This synthesis should serve as theoretical anchor of the analysis of the inclusion of transnational actors into the UN and of consequences of this inclusion in terms of democratisation of global governance.
3 Transnational Actors’ Inclusion into the United Nations System

In the preceding chapters the theoretical bedrock of our research has been outlined and the basic notions have been clarified. Furthermore, the historical process of the emergence of the transnational actors in global governance has been mapped. The following chapter departs from these theoretical and historical foundations and explores the issue of the inclusion of transnational actors into the global decision-making on the example of the United Nations. The UN has been playing a pioneering role as far as the engagement of the transnational actors in international organisations is concerned. The so-called Cardoso Report, the outcome of the work of the Panel of Eminent Persons on United Nations-Civil Society Relations, appointed by the Secretary-General Kofi Annan in 2003 to review existing guidelines, decisions and practices, states that the constructive engagement with civil society is a necessity for the UN, not an option. According to the Report, the UN should use its moral leadership to urge coordinated approaches to civil society and to foster debate about reforms of global governance, including deeper role of NGOs (UN 2004). Nowadays, the transnational actors have become both a source of knowledge and expertise and a potential partner in the decision-making process. Today, there can be identified four primary ways of formal UN-NGO cooperation (Ripinski, Van Den Bossche 2007: 19): a) NGOs may obtain consultative status with ECOSOC, b) NGOs may be accredited to particular UN conferences, c) NGOs may establish relations with particular UN programmes or specialized agencies and d) NGOs may become associated with the UN Department of Public Information. The cooperation with the private, profit-making sector has also been increasing steadily over the last years. The UN Global Compact that will be further looked upon in the following pages is the most profound example of this development. Departing from these facts, next chapter examines mechanisms of inclusion of both categories of transnational actors (NGOs and TNCs) into the selected entities of the United Nations system. In some cases, the inclusion concerns also national NGOs and companies. The research of the inclusion of these actors into the UN system serves as a necessary factual basis for the assessment of the capacities of transnational actors to play the role of the democratising element of global governance. However, the analysis of the inclusion of the transnational actors into the UN system as a whole is far beyond the scope of this thesis, so a
limited number of UN entities have been selected. In order to be able to draw some
generalizable conclusions and to achieve certain level of representativeness, the chosen
sample includes diverse parts of the UN system such as the agencies, councils, programmes,
initiatives as well as the specialized agencies with diverse fields of activity, goals and
governance structure. Entities chosen as subjects of this thesis’ research are following:
Economic and Social Council (ECOSOC), United Nations Development Programme (UNDP),
Food and Agriculture Organisation of the United Nations (FAO), United Nations Environment
Programme (UNEP) and the United Nations Global Compact.

3.1 United Nations Economic and Social Council (ECOSOC)

As mentioned above, the ECOSOC constitutes the oldest gateway for the NGOs into the UN
system. Article 71 of the UN Charter allows ECOSOC to "make suitable arrangements of
consultation with non-governmental organisations, which are concerned with matters within
its competence. Such arrangements may be made with international organisations and, where
appropriate, with national organisations after consultation with the Member State of the
United Nations concerned" (UN 1945). However, the UN Charter did not grant NGOs any role
in the most powerful political organs, the General Assembly and Security Council. The Charter
constitutes the first legal arrangement for UN-NGO relationship. In 1968, this framework was
updated by the ECOSOC Resolution 1296, which set up some concrete mechanisms for
ECOSOC-NGO arrangements. Today, the relationship between the ECOSOC and NGOs is
governed by the Resolution 1996/31, called Consultative Relationship between the United
Nations and Non-Governmental Organisations, which updated and slightly amended some of
the provisions of the Resolution 1296. For instance, it broadened the openness of the UN to
national NGOs.

The Resolution defines basic principles to be applied in the establishment of consultative
relations with ECOSOC itself, its functional commissions, regional commissions, expert bodies,
standing committees and other subsidiary bodies. It adopts a very broad definition, stating
that “an NGO is any organisation that is not established by a governmental entity or
intergovernmental agreement including organisations that accept members designated by
government authorities, provided that such membership does not interfere with the
expression of views of the organisation” (ECOSOC 1996: Article 12). The broad scope of the
definition might suggest that the UN does not exclude profit-making organisations but it is
true only as far as the language is concerned. As Ripinski and Van Den Bosche (2007: 23) conclude, the substantive requirements for granting consultative status “somewhat narrow the circle of eligible organisations. In particular, the funding requirement effectively excludes profit-making entities.” This fact confirms that the categorisation of transnational actors this thesis adopts, holds not only in theory but is being lived up to in practice as well. It is explicitly mentioned in the Resolution that the purpose of the consultative arrangements is dual. Firstly, to enable the Council to secure expert information or advice from organisations, which have special competence in the relevant subjects. Secondly, and more importantly as far as democratic mechanisms are concerned, to enable NGOs representing important elements of public opinion to express their views (see Article 20). Furthermore, a certain level of democratic credentials of NGOs is required. NGOs that seek to be granted a consultative status have to have a democratically adopted constitution and a representative structure. Moreover, they shall possess appropriate mechanisms of accountability to its members, who shall exercise effective control over their policies and actions through the exercise of voting rights or other appropriate democratic and transparent decision-making processes (see Article 10 and 12).

If an NGO fulfills the required conditions, it may apply for a consultative status, which is granted after the approval of ECOSOC, on the recommendation of the Committee on Non-Governmental Organisations, composed by 19 elected ECOSOC Member States. There are three types of consultative status (ECOSOC 1996).

Firstly, General Consultative Status can be granted to NGOs that are concerned with most of the activities of the ECOSOC and its subsidiary bodies. The scope of the rights and privileges of NGOs belonging to this category is the broadest from all three categories. These privileges include but are not limited to: access to the provisional agenda of the Council, possibility to place items of special interest on the provisional agenda of the Council, designation of representatives to attend public meetings of the Council, possibility of submission of written statements to be circulated to the members of the Council (not longer than 2000 words), possibility of making oral statements to the Council on particular agenda items - NGOs may present orally to the Council introductory statements of an expository nature on items included in the agenda of the Council upon NGOs’ proposition (Articles 29-32 of the Resolution). As far as commissions and other subsidiary organs of the Council are concerned, NGOs may in addition attend public meetings of the subsidiary organs or undertake, upon
request of a subsidiary organ, specific studies or investigations or prepare specific papers (Articles 35-39).

Secondly, organizations that are concerned with most of the activities of the ECOSOC can be granted a *Special Consultative Status*. The scope of rights and privileges of NGOs belonging to this category is somewhat narrower when compared to those in General Consultative Status. The main differences are that the NGOs in the Special Consultative Status are not allowed to propose additional items on the provisional agenda of the Council nor ECOSOC’s subsidiary bodies and hence are not allowed to make oral presentations. Furthermore, their written statements cannot be longer than 500 words.

Finally, third category of the consultative status, known as *The Roster*, includes NGOs that do not entirely fulfil the conditions for inclusion into the first two categories but which, in the opinion of ECOSOC or UN Secretary-General, can make occasional useful contributions to the work of the Council (Article 24 of the Resolution). In comparison to the first two categories, the rights of NGOs on the Roster have very limited opportunity to submit written statements (only upon invitation) and make oral statements (only upon invitation and only in subsidiary organs of ECOSOC).

In addition to the consultative status, the Secretary-General is authorized to offer facilities to accredited NGOs. These include (Ripinski, Van Den Bosche 2007: 28): a) access to UN grounds and facilities, b) arrangement of informal discussions on matters of special interest, c) accommodation for conferences or smaller meetings of consultative organisations on the work of the ECOSOC and d) appropriate seating arrangements and facilities for obtaining documents during public meetings.

There is a rigorous application procedure for NGOs that want to be granted a consultative status. The procedure consists of six steps (ECOSOC 2011). Firstly, NGOs wishing to apply for a consultative status must create a profile at the UN NGO Branch homepage. The next step is the submission of the application. The online form must be filled in and the required documents attached. These documents include but are not limited to: a) a copy of constitution/charter and/or statues/by-laws and amendments, b) a copy of the certificate of registration (NGO must attest that it has been in existence for at least two years), c) a copy of the most recent financial statement.

The submitted application is screened by the NGO Branch of the Department of Economic and Social Affairs (UN Secretariat), which assesses its completeness and clarity. If the application
is correct and complete, it is reviewed by the Committee on NGOs of ECOSOC, comprised of 19 Members States elected on a basis of equal geographical representation. NGOs’ representatives may be present when their application is considered and answer questions if there are any. The Committee meets twice a year to consider the applications. After the review of all the applications it may recommend one of the three consultative status categories described above. The final decision is taken by the ECOSOC as a whole (Ibid.). Thus, after going through such a complex procedure NGOs can be granted one of the three types of a consultative status and opportunity to participate in variety of activities in cooperation with the UN. The ECOSOC documents explicitly mention they can provide expert analyses on issues directly from their experience in the field, serve as a warning agent, help monitor and implement international agreements, help raise public awareness of relevant issues, play a major role in advancing UN goals and objectives, contribute with essential information at organisation events. Hence, ECOSOC provides NGOs the opportunity to be heard by a truly global audience and contribute to its agenda (ECOSOC 2011).

Let us now proceed to the analysis of the involvement of transnational actors in different part of the UN system – the United Nations Development Programme.

3.2 United Nations Development Programme (UNDP)

The UNDP, established in 1965, constitutes one of the world’s largest multilateral sources of grant funding for economic and social development, deriving its funds from the voluntary contributions of UN Member States and affiliated agencies. Despite being an organ set up by a General Assembly resolution and linked to the GA through ECOSOC, it functions more like an UN Specialized Agency (Ripinski, Van Den Bosche 2007). Today, it focuses its activities on helping countries in four main areas: poverty reduction and achievement of the Millennium Development Goals, democratic governance, crisis prevention and recovery, environment and energy for sustainable development (UNDP 2014a). In 2014, it has offices in 177 countries, supporting their own solutions to development challenges and developing national and local capacities that will help them achieve human development (Ibid.). UNDP is governed by the Executive Board, which is made up of representatives from 36 countries, who serve on a rotating basis. Through its Bureau, consisting of representatives from five regional groups, the Board oversees and supports UNDP’s activities (UNDP 2014b). UNDP’s chief executive officer,
called the Administrator, is appointed by the Secretary-General and confirmed by the General Assembly for a four-year term.

The GA Resolution, on basis of which the UNDP was established, includes no special provision devoted to the cooperation with non-governmental actors. Therefore, the general mandate to make such arrangements is derived from the repeatedly cited Article 71 of the UN Charter. As the UNDP formally reports to ECOSOC, it would seem logical for it to link its system of NGO involvement to the one outlined in the ECOSOC Resolution 1996/31. It is not, however, the case. As Ripinski and Van Den Bosche (2007) state, the UNDP does not apply any rules contained in the Resolution even as a complementary source. Instead of the term NGOs, the UNDP uses the term civil society organisations, defined as “non-state actors whose aims are neither to generate profits nor to seek governing power” (UNDP 2006: 3). In order to make a clear distinction between for-profit and not-for-profit entities, the UNDP uses the term private sector for entities whose aim is to generate revenue.

In 2012, the UNDP published a document called UNDP Strategy on Civil Society and Civic Engagement, whose purpose is to “provide UNDP with a framework for both empowering and engaging with civil society” (UNDP 2012a: 1). The Strategy recognizes that key emerging trends in the development environment and changing social and political contexts call for a greater emphasis on civic engagement. These trends include but are not limited to: the need for democracy to deliver, the need to show results, the aid effectiveness, rise of private aid flows or gender equality (Ibid: 3-8). The Strategy explicitly mentions three reasons for UNDP to strengthen its partnerships with civil society (Ibid: 12): a) tapping the networks and expertise of civil society for creative partnership, which will improve the achievement of development results, b) becoming an outward-looking organisation that is better equipped to engage with a plurality of constituencies, c) maximizing UNDP strengths of global country presence and leading new thinking on human development and civic engagement.

Furthermore, based on the experience with mutual interactions with civil society, UNDP recognizes the need for moving beyond civil society as mere project implementers. Hence, according to the Strategy, the UNDP must view civil society organisations not solely as implementing partners but as partners performing variety of important roles. Based on these foundations, the UNDP CSO Advisory Committee to the Administrator was established in 2000, with the intention to serve as a permanent institutionalized forum for dialogue helping to steer UNDP policy direction. The Committee is composed of representatives of civil society
organisations, who serve on a rotating basis. Furthermore, NGOs are admitted to the session of the Executive Board as observers.

The UNDP seeks to embed the above-mentioned strategic goals into the practice of cooperation. In these days, this cooperation is conducted in five different ways (UNDP 2006). First, NGOs may be implementing partner or an executing agency, i.e. managers of an UNDP project. When NGO is designated as an implementing partner, management responsibility for the entire project lies with the NGO. NGO has “a full control over project operations, and can use its own supply channels for recruitment and procurement, provided that the process is in line with UNDP standard requirements and based on best value for money” (Ibid: 13).

Secondly, NGOs can cooperate with UNDP as contractors. According to the UNDP Toolkit for Strengthening Partnerships (UNDP 2006: 16), the intention of a contract with an NGO is to “provide a specific project activity through an NGO that is the best supplier for the service. An NGO within a contract can be tasked to take over a certain degree of project management while the overall responsibility (especially regarding the budget) rests with the implementing partner. Within a framework of a contract, the implementing partner and NGO can freely agree on the scale and scope of the service, the timetable or the payment schedule.” (Ibid.)

The third way of cooperation between the UNDP and NGO sector are NGO grants, which are funds to finance proposals from civil society. UNDP sets the general parameters and selection criteria, while NGOs themselves design the grant projects based on their ideas or needs.

The fourth way of possible arrangements are the so called Long-Term Agreements that allow UNDP to enter into agreements with various providers of professional services in a number of areas. The goal is to achieve a reduction in the contracting costs associated with the sourcing, solicitation and bidding process, lower costs through volume leverage on reduction of the time limit needed to award the contract (Ibid: 18).

Partnership Agreements constitute the fifth type of the collaborative arrangements. UNDP has partnership agreements with multiple actors such as governments, international organisations, regional development banks, other UN Agencies or numerous civil society organisations. Each agreement has unique structure and conditions and expresses a commitment to collaborate on a specific set of issues (Ibid: 19).

NGOs that wish to enter into any kind of cooperative relationship with the UNDP are required to meet certain criteria in terms of their legal status, history, mandate, policies, governance, constituency and external support. Furthermore, their technical, managerial, administrative
and financial capacities are also subjects of assessment (Ripinski, Van Den Bosche 2007: 147). When compared to the criteria of ECOSOC, those applied by the UNDP are somehow broader since the cooperation involves the implementation and management of projects financed from the UNDP budget. With regard to the procedures for selection of an NGO for any particular project, a competitive process should normally be employed. Furthermore, the selection process must be built upon the principles of transparency and multilateralism (Ibid: 148-149).

As far as the private sector is concerned, the UNDP issued two strategic documents on cooperation with the profit-making entities that are relevant today. It is the 2007 Strategy for Working with the Private Sector and its adapted version from 2012, which was to a large extent reaction to the global economic and financial crisis and aims to reposition and strengthen UNDP’s work with the private sector in the new, post-crisis environment (UNDP 2012b: 3).

The UNDP has a range of partnerships and engagements to support work in its various key focus areas. These can be divided into three broad categories (UNDP 2012b: 6-7):

- **Resource transfer:** Partnerships that primarily include a transfer of financial or in-kind resources from company to UNDP.

- **Technical and financial assistance:** Partnerships that primarily include technology transfer and technical and financial assistance to developing country-based enterprises from UNDP.

- **Facilitating and brokering:** innovative private investments, value chain linkages or inclusive business approaches, for instance to enhance small and medium-sized enterprises’ productive capacity, efficiency and competitiveness through establishing linkages with prominent transnational corporations.

The UNDP recognizes the vital role of the private sector in the field in which it is active, as it is the main driver of economic growth, it creates and delivers goods and services that can benefit society at all levels and represents the primary source of tax revenues. Thus, the primary strategic goal is "to advance sustainable human development by deepening engagement with the private sector and supporting appropriate inclusive market-based solutions and approaches" (Ibid: 12). Based on this premise, UNDP engages with the private sector in two ways: a) in facilitating private sector development at the country and cross-country levels, b) in promoting private sector engagement in the sustainable development
agenda at global, as well as regional and country levels. By doing so it aims to support sustainable and inclusive economic growth and strengthen the economy in fragile states and regions. The tools and instruments designed to achieve the above mentioned outcomes include but are not limited to (UNDP 2012b: 15-18):

- **Public-private dialogues and collaborative platforms** to catalyse and incentivise sustainable private sectors investments and to build sustainable and inclusive markets.
- **Partnerships** between UNDP and one or more companies/coalitions (leadership and exploration of innovative approaches, cost sharing agreements for resource mobilization).
- **Advocacy and awareness-raising** to encourage the private sector to take action through more sustainable approaches and by developing inclusive business models.
- **Innovative finance and use of grants.**

As described in the preceding paragraphs, the UNDP’s engagement with the NGOs and private sector is an integral part of many of its activities. When compared to the provisions of ECOSOC, NGOs and private companies have not only the possibility to be heard within the UN system, but also to actively participate on UNDP projects in the field. This demonstrates the growth of the influence of these actors within the organisation. There are significant promises of this development in terms of democratisation of the UN system. However, downsides of such a development can also be identified. Therefore, both will be analysed in the next chapter. In order to shed light on the engagement of transnational actors within the UN on a more representative sample, let us now move to the examination of their inclusion in another entity of the UN system, the Food and Agriculture Organisation.

### 3.3 Food and Agriculture Organisation of the United Nations (FAO)

The Food and Agriculture Organisation is UN Specialized Agency established in 1945, whose parent UN body is the ECOSOC. It is headquartered in Rome, Italy. In 2014, it outlined five strategic priorities of its work (FAO 2014a): a) to help eliminate hunger, food insecurity and malnutrition, b) to make agriculture, forestry and fisheries more sustainable, c) to reduce rural poverty, d) to enable inclusive and efficient agricultural and food systems and e) to
increase the resilience of livelihoods to disasters. Hence, FAO’s overall strategic goal is to improve agriculture, fisheries and forestry practices in order to ensure sufficient and healthy nutrition for all societies (Ibid.). The organisation is governed by the Conference of Member States, which meets every two years. The Conference elects Council Members, to serve three-year rotating terms to carry out executive oversight of programmes and budgetary activities. The Conference also elects a Director-General to a four-year term of office, renewable once. As far as the organisational structure is concerned, FAO is composed of six departments: Agriculture and Consumer Protection, Economic and Social Development, Fisheries and Aquaculture, Forestry, Corporate Services, Human Resources and Finance and Technical Cooperation. FAO’s budget (USD 2.4 billion for the period 2014-2015) is made up of by member countries’ assessed and voluntary contributions (FAO 2014b). Despite being formally accountable to the ECOSOC, FAO has its own arrangements for the cooperation with civil society. The most up-to-date source of information concerning this matter is the FAO Strategy for Partnerships with the Civil Society Organisations submitted for the approval by the 146th session of the Council held in April 2013. FAO has been working for many years with hundreds of civil society organisations in technical work, emergency field operations, training and capacity building, and advocacy of best agricultural practices. This new Strategy is designed to provide a guideline for FAO staff’s work with civil society in order to fulfil the above-mentioned FAO’s five Strategic Objectives (FAO 2013a). The Strategy acknowledges that the fulfilment of FAO’s goals can only be achieved in collaboration with different stakeholders and recognizes that civil society organisations count among the key ones. It identifies six areas of collaboration at two levels of engagement (global-headquarters and decentralized – regional, national and local). These areas are the following (Ibid.):

- **Field programme**: promoting dialogue and partnerships at field level to design, implement and monitor quality and sustainable local initiatives, programmes, projects and emergency responses.

- **Knowledge sharing and capacity development**: promoting and facilitating the flow of global knowledge on agriculture and nutrition issues, making it accessible to all sectors of society and capitalizing on the knowledge civil society has at the grassroots level.

- **Joint use of resources in emergency situations**: using the considerable stocks of
human and financial capital, supplies and assets that the large international and national NGOs, foundations and academic institutions have.

• **Policy dialogue:** establishment of fora for policy dialogue or, supporting Member States in creating policy dialogues fora on issues related to food security and nutrition.

• **Normative activities:** supporting the involvement of civil society organisations along with Member States, research institutions and other interested stakeholders in the implementation of codes of conduct, global conventions and regulatory frameworks in areas related to FAO's mandate.

• **Advocacy and communication:** raising public awareness and building strong support and political will in the fight against poverty and food insecurity. In this process, the FAO and the civil society will benefit from each other's extensive experience, networks and outreach.

Organisations in the partnership at the global level should represent the broadest possible constituency and geographic area. At the national level, FAO intends to assist the governments in identifying key local civil-society organisations that can contribute to the priorities of FAO within the particular state. All the partnerships are subjects of risk assessment, monitoring and evaluation. As far as the concrete administrative tools procedures are concerned, FAO has developed a number of different mechanisms. The main ones are (FAO 2013a):

• **Memoranda of Understanding** in order to establish a framework for collaboration of significant importance.

• **Exchange of letters** if the period of time or scope is limited and collaboration does not entail any financial commitments.

• **Letters of Agreement** whose scope is generally limited to contracting services from non-commercial entities.

• **Formal relations** with some civil society organisations with international status and governance mechanisms. These organisations may be invited to attend FAO's meetings as observers. The three types of formal relations are the consultative status, specialized consultative status and liaison status.

• **Partnership Committee** for review of financial and other agreements, which examines partnerships with non-governmental and inter-governmental organisations.
to ensure their compliance with principles and guidelines of FAO.

- **Multidonor Trust Funds** to support partnerships and collaboration between FAO and civil society.

The above outlined mechanisms of cooperation should generate benefits for both FAO and civil society. The Strategy explicitly mentions the following benefits for FAO (FAO 2013a: 9): inclusion in discussions of isolated and vulnerable groups, better representation in debates, increased advocacy and mobilization capacity, enhanced ownership of endorsed policies, access to resources. On the other hand, the benefits for civil society mentioned in the Strategy include the access to a neutral forum for discussions vis-à-vis private sector and Member States, access to information, capacity building, technical knowledge and expertise or possibility of suggesting items for discussion in the agendas of FAO meetings (Ibid.).

The FAO relations with the second category of non-state actors, the private sector companies are governed by the Strategy for Partnerships with the Private Sector issued after a joint meeting of Programme and Finance Committee in March 2013. This strategic document has been prepared in collaboration with Member States, FAO’s senior management, as well as with representatives of multinational corporations, private foundations and industry representative bodies (FAO 2013b). The Strategy recognizes the key role of the private sector in virtually every dimension of FAO’s mandate. In this regard, FAO can consider engaging with the private sector entities, ranging from local companies to TNCs.

FAO distinguishes two main categories of private sector contributions to its activities, which are not mutually exclusive (Ibid: 8):

- **Mutual collaboration**: active collaboration of the private sector with FAO in support of its work drawing on mutual know-how, expertise and other support.

- **Sponsorship**: financial contributions from the private sector in support of FAO’s programmes through identified areas of engagement.

The above-described categories of contributions may concern any of the following key strategic areas of engagement:

- **Development and technical programmes**: The private companies can complement governmental programmes, as well as programmes developed by FAO, in order to boost markets at the global level.
• **Policy dialogue:** The participation in policy dialogue on issues related to food and nutrition security allows for private sector interests and technical expertise to be heard.

• **Norms and standard-setting:** The private sector can have a consultative role in negotiation and implementation of international codes of conduct, safety and quality standards for food and global conventions and regulatory frameworks. However, as agreed upon by Member States, the private sector is excluded from decision-making in order to maintain independence and impartiality of FAO.

• **Advocacy and communication:** The private sector helps FAO to reach a wider audience and improve visibility and effectiveness of global and local public awareness initiatives.

• **Knowledge management and dissemination:** The private sector contributes to FAO’s knowledge and research capacity by providing data and information on market trends and research technologies.

• **Mobilization of resources:** The private sector entities may provide human, logistics, managerial and financial resources to a number of FAO’s specific activities.

The specific models of collaboration are narrower than those concerning civil society and include only the above-characterized Memoranda of Understanding, Partnership Agreements and Exchange of Letters. The practical realization of these cooperative arrangements should lead to the benefits on the side of both the FAO and the private sector. On one hand, the anticipated positive outcomes for the FAO include (FAO 2013b: 6-7): increased responsible and productive investment and innovation in agriculture, enhanced efficiency in the supply chain, creation of jobs, access to information and expertise, management and dissemination of knowledge and lessons learned, increased entrepreneurship at country level or implementation of sustainable business practices embodied in CSR programmes. On the other hand, for the private sector entities, the engagement with FAO could generate an increased opportunity to be heard in international policy development and standard setting processes, improved alignment of national requirements with international standards, opportunity to contribute to the development of national planning frameworks or participation in processes to establish codes of conduct for responsible business practices.
3.4 United Nations Environment Programme (UNEP)

The United Nations Environment Programme was created by General Assembly Resolution 2997 in 1972 as a result of the UN Conference on the Human Environment. It serves as a part of the UN system, which coordinates and administers its environmental activities and assists developing countries to implement environmentally sustainable policies and practices. Essentially, UNEP is an international organisation where governments negotiate environmental policies and adopt roadmaps on how to put these in practice. The Secretariat, lead by the Executive Director, is charged with the responsibility of carrying out Member States’ decisions and works to implement UNEP programmes and projects. Its headquarters is located in Nairobi, Kenya but it also has six regional offices and a number of country offices. As UNEP is not formally a specialized agency, it does not have a membership distinct from a membership of the UN. Until recently, the administrative organs were the Governing Council, the Global Ministerial Environment Forum and the Committee of Permanent Representatives. The Governing Council, the supreme organ, was composed of 58 Member State elected by the General Assembly taking into account the principle of equitable geographic representation. It played the role of the board of directors, which provides the main policy guidance and reviews the implementation of the programmes. Furthermore, it was charged by the budgetary allocation.

In the past one and a half year however, there have been significant changes in the structure of the UNEP. First, the membership of the Governing Council has been changed to universal. The first Governing Council meeting with the universal membership was held in February 2013. Consequently, in March 2013, the General Assembly adopted resolution A/RES/67/251, formally changing the designation of the Governing Council to the “United Nations Environment Assembly (UNEA)” (UNEP 2014). UNEA has the mandate to take strategic decisions, provide political guidance in the work of UNEP and promote a strong science-policy interface. Supported by a 10-member bureau, UNEA meets biennially in Nairobi and concludes with a two-day high-level segment that would serve to replace the Global Ministerial Environment Forum, previously convened alongside the Governing Council sessions (UNEP 2014). The first UNEA session took place from 23rd to 27th June 2014. As far as the other important governing bodies are concerned, the Committee of Permanent Representatives is a subsidiary organ of the Governing Council (now UNEA) composed of all
the government representatives to UNEP. Its major tasks include monitoring of the implementation of UNEP’s work programme and drafting the decisions for consideration by the Governing Council (Ripinski, Van Den Bosche 2007).

The strategic documents concerning the cooperation with civil society and businesses have yet not been adapted to the newly changed structure of UNEP governance. Thus, the terminology used in them is not congruous with newly adopted changes. However, given the fact that the recent changes were to a high extent of formal nature, they can still be used as relevant sources of information for our research.

Traditionally, the environment is the area of significant activity of both NGOs and businesses. Therefore, UNEP is the natural forum where the various interests of states, NGOs and private businesses can be discussed. An implicit legal framework for the cooperation with NGOs can be found in the Resolution by which the UNEP was established (UN 1972). Furthermore, the Agenda 21, the key outcome document of the UN Conference on Environment and Development of 1992, urged UNDP to cooperate with non-governmental entities in order to raise awareness in the area of environmental protection (UNEP 1992). Moreover, the same document introduced the term Major Groups to designate key partners and focus groups in the global environmental protection. Both NGOs and Business and Industry were explicitly identified as important stakeholders (together with women, children and youth, indigenous peoples and their communities, local authorities, scientific and technological community, farmers, workers and trade unions). In these days there are two major avenues for the civil society participation in UNEP: a) participation in international environmental policy development and b) implementation of UNEP’s programme of work (UNEP 2009).

The main opportunity for the civil society organisations in the first of the above-mentioned categories is the participation in the UNEP Governing Council/Global Ministerial Environment Forum (after recent changes called the UN Environment Assembly). According to the Rule 69 of the Rules of Procedure of the GC, the INGOs may designate representatives to sit as observers at public meetings of the GC and its subsidiary organs and, if approved, may take oral statements within the scope of their activities. Furthermore, written statements (not longer than 2000 words) provided by them shall be circulated by the secretariat to the members of the GC (UNEP 2009: 20, UNEP 1988: 28-29) Moreover, in 2004, the UNEP secretariat took measures to enhance NGO participatory rights. Hence, the NGOs are entitled to receive the provisional agenda and the unedited working documents of the GC/GMEF at the
same time as the Committee of the Permanent Representatives and submit written inputs related to the items of the agenda (Ripinski, Van Den Bosche 2007: 125).

In order to be fully accredited to UNEP, the civil society organisations must undergo certain administrative procedure, composed of several steps. Firstly, a set of papers must be submitted showing proof of their interest in becoming accredited and their international and environmental focus. For instance, these documents include copy of constitution, charter, copy of certificate of registration, proof of interest in the environment or detailed account of organisation’s international scope. The documents are reviewed by the Major Groups and Stakeholders Branch, which also makes the final decision. Thus, contrary to the arrangements in other UN system entities, the decision making power concerning this matter in UNEP rests with the secretariat and not with the governing body. The process takes approximately three months (UNEP 2009).

The Global Civil Society Forum constitutes another possibility for civil society organisations to influence UNEP’s policies. It is a two-day event that takes place immediately prior to the sessions of the GC/GMEF. The items on its agenda are exactly the same as those on the ministerial agenda. The purpose of GCSF is “to provide a platform for exchange and consultation on key environmental issues to be addressed by the Member States during the GC/GMEF and to facilitate Major Groups’ contribution to the discussion on the global environmental agenda” (UNEP 2009: 23). The Forum is coordinated by the Major Groups and Stakeholders Branch in cooperation with UNEP’s Regional Offices and the Secretariat for Governing Bodies. NGOs possessing accreditation status are invited automatically. Furthermore, UNEP Regional Offices also select participants from their regions. Finally, the forum is also attended by many NGOs from the host region, private sector and youth representatives (Ripinski, Van Den Bosche 2007).

As far as the second avenue of transnational actors to the UNEP, the implementation of UNEP’s work programme is concerned, its concrete form depends on the type of project, which is being realized. The Medium-Term-Strategy of the Governing Council calls civil society to support UNEP’s work in six key thematic priorities: climate change, disasters and conflict, ecosystem management, environmental governance, harmful substances and hazardous wastes, resource efficiency and sustainable consumption and production (UNEP 2009: 29). Thus, civil society can deliver number of services like for instance scientific
research, outreach activities, education, project management capacity building, and many more (Ibid.).

The business and industry is another of UNEP’s Major Groups, which means that the avenues to the UNEP are to a high degree similar to these, which have been described above. The cooperation is done on a platform of the Division for Technology, Industry and Economics (DTIE), mainly in the field of sustainable production and consumption. DTIE has established communication and exchange in the development and reporting of UNEP’s Programme of Work. Additionally, DTIE and Business and Industry have set up informal consultation and engagement mechanisms on ad-hoc business related activities. Nowadays, there are 22 business and industry organizations accredited with the newly established United Nations Environment Assembly (UNEP 2014).

3.5 United Nations Global Compact

In the analysis of the inclusion of the transnational actors into the UN system it would be a mistake to neglect the UN Global Compact, a “strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption” (UN Global Compact 2014a). Despite its primary focus on companies, its governance mechanisms are also open to NGOs, universities or other research institutions. Its operational launch in 2000 fundamentally redefined the relationship between the private sector and the UN system (Rasche 2012). In the following years, the Compact emerged into the world’s leading corporate responsibility initiative. It very well demonstrates the changing nature of the UN-business relationship throughout the years – from the perception of TNCs as enemies to the one of partners. In the 1960s, after the transnational corporations became significant players of the international arena, the UN realized the need for a strategy for dealing with these new actors. At that time, the transnational corporations were perceived as a potential threat for the host countries. As a result, the ECOSOC formed a commission, which was tasked with developing a code of conduct that would regulate the activities and behaviour of TNCs. As there was significant disagreement about the nature of the proposed code of conduct, the attempts to create a binding instrument vanished from the UN agenda by 1994 (Ibid.).

The UN Global Compact functions on a basis of voluntary alignment of business operations with the ten universal principles. These principles are subdivided into the four above-
mentioned categories. The Global Compact does not include any provision concerning the monitoring mechanisms. There exists, however, a complaint possibility that allows the stakeholders to report the continuous violation of the aims of Global Compact. Furthermore, all participants from the business sphere are required to submit an annual Communication on Progress report that summarizes progress of implementation within their legal entity. If a company fails to submit this report, it is labelled noncommunicating and can be even delisted if this lasts more than one year. Furthermore, the use of the logo for commercial purposes is prohibited (UN Global Compact 2014b).

The governance of the Global Compact is very decentralized and emerges from the interplay of six entities – Leaders Summit (composed of executives of participants, producing strategic recommendations), Board (providing strategic policy advice), Global Compact Office (overall support and management), Local Networks (advancing the Compact within particular countries or regions), Inter-Agency Team (sharing best practices) and Donor group (composed of donor governments). It is also based on multistakeholder collaboration as the Local Networks are composed not only of businesses, but also of non-business participants such as NGOs, trade unions, universities or UN officials (UN Global Compact 2012, UN Global Compact 2014c). Furthermore, as Andreas Rasche (2012: 38) concludes: ‘‘contrary to traditional command-and-control type of governance, the Compact requires participants themselves to endorse any changes to the way the initiative works. Participants are not just on the receiving end of governance, but are empowered to actively shape the design and future functioning of the Compact.’’ This bottom-up approach is a significant feature of the Global Compact, which distinguishes it from the arrangements in other parts of the UN system. According to Rasche (2012), the Global Compact addresses some of the governance gaps, created in the recent decades such as the rise of the global economic inequalities, problematic cross-border economic regulation, different safety and human rights standards, labour conditions and many more. Thus, it provides firms with a basic idea about what the international community of nation states recognizes as universally valid values as the ten principles somewhat translate existing UN core conventions (i.e. the Universal Declaration of Human Rights, ILO’s Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development and UN Convention Against Corruption), which are aimed at nation states into relevant business principles. Hence, it may serve as a bridge between the public and private domain in global governance.
Despite the criticism concerning for example the lack of monitoring, vague character or the threat of TNCs' capture of the UN (which will be analysed in the following chapter) the Compact constitutes a whole new approach to the relationship between UN and private companies. Of course, both parties have different interests, but these interests overlap in certain areas, especially in the globalized and interconnected world of the 21st century.

In the preceding pages, this thesis tried to show, that the inclusion both of the NGOs and private companies is perceived as an essential element of the selected UN entities' functioning in the 21st century. It may be considered a positive development as far as the democratic character of the global governance is concerned. The whole picture of this issue is however, not that clear. There are not only positive sides of this process but a range of potential problems can also be identified. Therefore, the final chapter of this thesis will concern itself with the critical assessment of the inner credentials of the transnational actors and their capacities to play the role of the democratizing element of global governance.
4 Transnational Actors and Democratic Global Governance

After having examined the inclusion of the transnational actors into some of the entities of the United Nations system, it is possible to confirm the hypothesis that these actors have gained an unprecedented access to the global governance mechanisms and may exercise significant influence as far as creation, implementation or monitoring of policies at the global level are concerned. An increased access to decision-making would, in accordance with normative theory of democratic polycentrism described in the Chapter 1, result in a more democratic character of the international system and governance. This theory presumes that the broader and more inclusive the scope of participants of global decision making, the more democratic it becomes. According to this vision, involvement of the transnational actors may help to mitigate the current democratic deficit of global governance by creating a complementary way for citizen influence. Tallberg and Uhlin (2012: 212) state that these actors may not only contribute to a broadened participation in global decision-making but may also improve the accountability of powerful global actors and have an indirect democratising effect as norm entrepreneurs spreading the norm that global governance should be more inclusive and accountable to the affected stakeholders. Transnational actors, particularly NGOs are sometimes perceived as the apostles of democracy having the potential of functioning as the possible transmission belt between a global citizenry and the institutions of global governance (Nanz, Steffek 2008).

However, this thesis claims that one should be cautious in making such a positive judgement. When assessing the potential of transnational actors to contribute to democratisation of global governance it is essential to analyse the democratic credentials of these actors themselves. Furthermore, applicability of the same democratic standards on different types of transnational actors can also be questioned. Therefore, the following chapter is primarily focused on the critical assessment of the inner democratic characteristics of TNAs. This assessment should help us identify possible promises and pitfalls of their role in terms of tackling the democratic deficit of global governance. In accordance with the preceding chapters, the distinction is made between the not-for-profit and for-profit transnational actors.
To anchor the analysis theoretically, I find useful to depart from the social constructivist perspective offered by Anders Uhlin, who proposes different types of democratic legitimacy as a criterion for assessment of the democratic character of transnational actors. The importance of legitimacy in international relations is also recognized by Clarke (2007: 2), who states that it constitutes “the core principles that express rudimentary social agreement about who is entitled to participate in international relations, and also about appropriate forms in their conduct.” Uhlin (2010: 23), drawing on the thoughts of Zürn (1998), Scharpf (1999), Held and Koenig-Archibugi (2005, all cit. in Uhlin 2010), distinguishes between the input legitimacy (the general relationship between the collective author and its constituencies or people affected by its activities), throughput legitimacy (the actual procedures for decision-making within the collective actor), and output legitimacy (the consequences of the actor’s decisions and other activities). To each of the categories of legitimacy, a set of core democratic values is assigned. On the basis of fulfilment of these values, the quality of democratic credentials of transnational actors can then be assessed (see the table below). Hence, this theoretical framework offers a useful toolkit for grasping the issue of democratic characteristics and can serve as bedrock for identifying the possible opportunities and challenges of the presumed transnational actors’ democratizing capacities.

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Table I: Democratic Legitimacy of Transnational Actors: Key Democratic Values

4.1 Democratic Legitimacy of NGOs

Let us start with the analysis of democratic credentials of NGOs. The debates concerning this issue are far from clear. The review of the existing literature shows a prevailing tendency towards discussion on rather specific and concrete mechanisms of transparency or accountability, which, however, seem to lack rigorous theoretical background that would enable to analyse the situation with a certain level of generalizability. The critical claims found in the academic literature concerning NGOs’ legitimacy generally fall into three
categories (Logister 2007): first, NGOs have been criticized on the grounds that they are not subject to sufficient procedural constraints and lack accountability to their members. Second, they have been criticized on the grounds that their mission mirrors the interests of their supporters from the global North, which leads to the conflict with interest of those communities they claim to help. Third, the criticism is also based on the claimed fact that NGOs lack effectiveness and pay insufficient attention to self-assessment.

As stated in the preceding section, the analysis of democratic credentials of transnational actors will be based on the framework proposed by Uhlin (2010), i.e. their input, throughput and output legitimacy. In addition, the analysis will be accompanied by empirical illustrations from NGO sector.

4.1.1 Input Legitimacy

In accordance with the above-described theoretical framework, let us now move to the first type of democratic legitimacy. The key democratic values that can be used to assess the input legitimacy of NGOs are representation and inclusion. These two values are highly intertwined and can serve to identify possible promises and pitfalls in terms of their inner functioning.

The issue of representation is crucial in democratic theories. According to Uhlin (2010: 24) it principally refers to the “general relationship between the NGO and the people on whose behalf it claims to speak.” He suggests that NGOs need to be subjected to questions similar to the following ones: How representative are they of their constituency? What is the quality of their inner electoral mechanisms? To what extent do stakeholders authorize decisions of the leaders? As far as inclusion is concerned, the main topic that needs to be addressed is the extent to which the beneficiaries or the significantly affected are actually included in the day-to-day decision-making of an NGO.

After taking a closer look on these two democratic values, several possible problems connected with it can be identified. Critical arguments may be raised against the nature of some NGOs’ membership structure. It can be argued, that the membership may be very limited and thus not ensuring equal opportunities for all to take part in the NGO activities or doing so very unevenly. Jan Aart Scholte (2002: 296) states that despite little systematic research in this area, the casual observations suggest “troubling degrees of skewed access.” He further concludes, that members of NGOs in general, and their leaders in particular, are to a very high extent drawn disproportionately from middle-aged adults, professional and
propertied classes, men, Northern countries, whites, Christian heritages and urban dwellers. Overall, the civil society activism on the global scale is dominated by Western-styled, Western-funded NGOs, led by the Westernised elites. Thus, the NGOs may reproduce the structural inequalities and arbitrary privileges of the current state of global governance in terms of geographical representation, culture, gender, nationality, ethnicity etc. (Bexell et al 2010). On the whole, civil society engagement in global governance has seen the “privileged claim to speak for the subordinated, often with only limited if any direct consultations of would-be constituents” (Scholte 2002: 296).

A practical illustration of the above mentioned problems would be the case of Oxfam, which is one of the biggest NGOs in the world with 17 affiliates with more than 10 000 employees and more than 48 000 volunteers/interns working in 93 countries (Oxfam 2013: 74). The organisation’s mission statement includes for instance finding practical, innovative ways for people to lift themselves out of poverty and thrive, saving lives and helping rebuild livelihoods when crisis strikes and campaigning so that the voices of the poor influence the local and global decisions that affect them (Oxfam 2014). The annual report of the organisation for the period 2012-2013 reveals that Oxfam financed programs of the value of €337 million in the top 20 countries. Based on this information, we can in a broad sense identify the major group of beneficiaries. However, when we look at the composition of Oxfam’s main international body – the International Secretariat we find out that among its 110 employees there are only 3 employees from the top 20 target countries – the people on whose behalf Oxfam operates. Moreover, these people are placed on the lower positions mainly. The composition of the Secretariat confirms the above-described biases in terms of the uneven representation and inclusion. If we analyse the composition of the International Board, that possesses significant powers including budgetary matters or appointment of the Executive Director (Oxfam 2011), we arrive to similar conclusion (Oxfam 2013). To stay fair, it is appropriate to note that Oxfam is aware of this sort of democratic deficit in its structures and strives to enhance influence of affected people on functioning of the organization through for example the participation of the representatives of local communities in program identification, planning and delivery in order to ensure that decisions about usage of resources is shaped by priorities of people living in poverty (Oxfam 2012: 41).

The above-outlined real-world example should serve as a practical demonstration of the problem of democratic input legitimacy of NGOs in global governance. While it may not be a
problem in terms of real effects of Oxfam’s work, from the point of view of democratic theory it constitutes a serious pitfall.

4.1.2 Throughput Legitimacy

Let us now move to the examination of the second type of democratic legitimacy – the throughout legitimacy, i.e. the actual procedures for decision-making within the collective actor (Uhlin 2010). The first democratic value that can be used to assess the extent of throughout legitimacy is transparency. Transparency, understood as easy access to accurate and comprehensive information about policy decisions and decision-making processes, is one of the most crucial prerequisites of any organisation that wants to live up to the democratic principles. NGOs should “routinely publish their strategic plans, goals and background analyses, performance reports including feedback and scope indicators and evaluations, standards they use and performance in comparison to them, major collaborators, legal status, governance and management arrangements, including identifying board members and senior managers, financial information or general contact information” (NGO Performance 2014).

Nelson (2001, cit. in Uhlin 2010) suggests that the degree of transparency of an organisation can be assessed along the dimensions of fullness (the extent of information available), accessibility (easiness of access, number of forms of language variants of sources) and timeliness (availability of the information before the decision is taken in order for stakeholders to have a chance to influence the decision). The modern communication technologies made it very easy for stakeholders to access information. Furthermore, given the fact that the most of the UN entities insist on quite rigorous transparency standards of NGOs they collaborate with, the high level of fullness of information is essential for NGOs wishing to be present at the global level. Hence, it is possible to conclude that the situation described by Scholte (2002) of NGOs completely neglecting to publish financial statements, staff lists, declarations of objectives or full-scale reports and thus failing to meet standards of openness, is now becoming increasingly rare as far as the most NGOs active at the global level are concerned. When we take a closer look at the websites of some of the globally operating NGOs, we find quite detailed information concerning their activity. For instance, the website of Amnesty International contains a very detailed section, where one can find facts concerning the statute of the organisation, assessment of its international impact, guidelines on complaint possibilities, financial reports, strategic plans for upcoming years, reports to external funders,
code of conduct for suppliers and more (Amnesty International 2014). Websites of Greenpeace, Oxfam or Save the Children all include similar sections (Greenpeace 2014, Oxfam 2014, Save the Children 2014). Thus, based on these facts it can be stated that these organisations seem to score quite well in terms of fullness and accessibility of the information, even though one should keep in mind that they themselves choose what they present and there is therefore a need for cautious approach.

However, the third dimension of transparency - timeliness remains questionable. In all the above-mentioned NGOs a significant amount of information is provided via annual reports, which, of course, provide the reader with the information on what was done. The analysis of the websites of the above-mentioned NGOs generates mixed results as far as the publication of the future plans is concerned. For instance, while Oxfam or Amnesty International publish their strategic plans quite well in advance (now for the period 2013-2019 or 2010-2016 respectively), Greenpeace’s website seem not to offer any overall strategic plan for the whole organisation, despite its Open Information Policy claims that the organisations freely shares information concerning strategies or plans (Greenpeace 2012). Thus, it may be difficult for the stakeholders to get the relevant information before strategic decisions are taken.

**Accountability** is one of the most frequently discussed concepts in the debate on the democratic credentials of transnational actors. Sometimes transparency is considered part of this notion, too. This thesis claims, however, that transparency is only one of the most important prerequisites of every proper accountability mechanism. Accountability can generally be understood as “the right of some actors to hold other actors to a set of standards, to judge whether they have fulfilled their responsibilities in light of these standards and to impose sanctions if they determine that these responsibilities have not been met” (Grant, Keohane 2005: 29). When we look upon this definition, the crucial question arises: to whom should the NGOs be actually accountable? The issue of identification of the relevant stakeholders is here of paramount importance. Generally, it can be stated that three broad groups possess the right to hold NGOs accountable: the donors, the clients (beneficiaries, subjects of NGOs’ intervention) and the members (Najam 1996, Peruzotti 2006). Due to differences in interests between these groups, any NGO would need to accommodate its concrete accountability mechanisms to the different requirements and balance them accordingly. In practice, it is often not clear, which of these groups should be principal. Organisations heavily dependent on funding may tend to privilege funders at the expense of
the concerts of their client communities or members. Ebrahim (2003) describes some of the basic accountability mechanisms that take into account all three basic stakeholder groups and fit well into our framework. According to him, accountability is both about being held responsible by external actors and standards as well as about taking internal responsibility for actions (Ibid: 826). Thus, accountability can be subdivided into two categories – upward (to funders) and downward (to beneficiaries and members) while inducements for different types of accountability mechanisms come both from the inside and outside of an organisation. The concrete accountability mechanisms include but are not limited to (Ebrahim 2003, Uhlin 2010, Jordan 2006):

- **Disclosures of statements or reports** (induced both externally and internally and used by potential donors, oversight agencies, members and beneficiaries).
- **Performance assessment, monitoring and evaluation** (induced both externally and internally and used mainly by donors to assess the effectiveness of an organisation and usefulness of further funding and by members and beneficiaries to evaluate the fulfilment of goals and plans).
- **Self-regulation** through strengthening of the oversight boards, conflict-of-interest policies, codes of conducts, ombudspersons.
- **Certification, rating**.
- **Social auditing** (a process, through which an organisation assesses and improves its social performance, especially through stakeholder dialogue).

Due to the lack of globally legal enforceable standards, many authors (Ebrahim 2003, Uhlin 2010, Bexell 2005) emphasize the importance of self-regulatory mechanisms. Nowadays, most of the accountability of international NGOs rely on these voluntary mechanisms and lack any formal sanctions. This may raise legitimate questions in terms of their effectiveness (Bexell et al 2010). Social auditing holds a promise of an innovative way of ensuring accountability of NGOs. It a complex process that integrates many of the above discussed accountability mechanisms. Ebrahim (2003: 822) lists some reasons that the proponents of social auditing offer. These include: internal management advantages in terms of monitoring performance, taking into account views of stakeholders in developing or revising organisational values and goals and in designing indicators for assessing performance. Furthermore, social auditing can serve as a “valuable tool for strategic planning and
organisational learning if the information on stakeholder perspectives is fed back into decision processes” (Mayo 1996: 9, cit. in Ebrahim 2013) and may enhance organisation’s reputation. However, despite these apparent advantages, Ebrahim (2003) concludes that the costs of such a complex system are often too high and many NGOs have limited resources. At the global level, there have been several examples of attempts of international NGOs to increase their own accountability. One of the most significant ones is the International NGO Accountability Charter (INGOAC). The Charter provides the only global, cross-sectorial accountability framework for NGOs and was founded by a number of the largest INGOs as a response to increasing pressure – externally from media, businesses and governments as well as internally from the own organisations – for greater transparency, accountability and effectiveness. Currently it has 23 signatories including Oxfam, Transparency International, Care, Greenpeace, Caritas International or Amnesty International (INGOAC 2014). The Charter is governed by the Board of Directors and owned by its members, which make commitments in 10 issue areas. From the point of view of our research, the most relevant are the following ones (INGOAC Charter 2014):

- **Transparency** - the implementation of an open policy which ensues timely and accurate information is disclosed and issuing annual reports describing: mission and values, objectives and outcomes achieved in programmes and advocacy work, environmental impact, governance structure, processes and main office bearers, main sources of funding, financial performance.
- **Good governance** – establishment of a governing body, which supervises the chief executive, and oversees programme and budgetary matters. This body defines overall strategy, ensures that resources are used efficiently and appropriately, that performance is measured, that financial integrity is assured and that public trust is maintained.
- **Participation** - policies and practices ensuring effective stakeholder involvement in the development, implementation and evaluation of the organisation’s programmes and advocacy work wherever possible and a well-functioning feedback and complaints mechanism to be in place.
• **Professional management** - a clear strategy and effective monitoring, evaluation and learning procedures being in place to improve the quality of work on the basis of mutual accountability.

The members are required to report annually towards these principles. The Charter Secretariat pre-screens the reports before they are forwarded to the Independent Review Panel. It is the Panel's task to review and provide feedback on all Member reports, which ensures the credibility and integrity of the reporting process and provides stakeholders with the confidence that Members are complying with the Charter. Membership can be terminated if organisations fail to either report or pay their annual fee on time. There have already been cases of delisting due to these reasons (INGOAC Board 2014). Thus, in absence of globally enforceable accountability standards similar self-regulatory initiatives may be a promising reaction to critical voices that claim that the NGOs democratic accountability is insufficient.

Let us now move further in our framework to the third value of throughput legitimacy – **participation.** Here we are not concerned with the scope of participation (which we analysed above under the label inclusion) but more with its quality. Uhlin (2010) suggests that researchers should be concerned with questions like: What are the exact forms of participation? Do the stakeholders have direct access to the decision-making process? Can they elect representatives? Diversity of NGOs active in the field of global governance (given their different inner structures) results in limited possibilities to come up with an assessment the current state of the quality of participation within the entire NGO sector. Some authors (Tallberg and Uhlin 2011) state, quite pessimistically, that NGOs very often suffer from low quality of participatory mechanisms and can be run with a “top-down authoritarianism just as political party, a company or an official bureaucracy” (Scholte 2005). However, while it is difficult to assess the practices of the international NGOs as a whole, we may identify some of the practices that hold a promise of enhancing democratic practices within this sector. The big international NGOs are now usually governed by elected boards. Especially those NGOs that seek to cooperate with the UN are required to have some sort of inner electoral mechanisms. To illustrate this fact, let us examine one example of a globally operating NGO with a very thorough inner electoral mechanism. Amnesty International has quite a rigorous structure of governance in which the element of election plays a very important role. The statutory authority is the International Council which is composed of representatives of the
organisation’s sections, structures, affiliated groups or members based in countries or regions in and is tasked with the strategic direction of the organization as well as with holding its subsidiary national bodies accountable. The International Council further elects the International Executive Committee (International Board) whose responsibility is to implement the strategic decisions of the Council. The day-to-day affairs of Amnesty International are conducted by the International Secretariat headed by a Secretary General under the direction of the International Executive Committee (AI Statute 2014). A look into the Statute shows a very elaborate system of dispersion of responsibilities, mutual checks and balances as well as very detailed provisions concerning mandate duration or specification of electoral procedures. Thus, while not denying that there may be NGOs with very undemocratic participatory mechanisms (as described by Scholte), those active at the global level, which are also subjected to a high degree of public attention, cannot afford not to employ any such mechanisms. The fact that the UN requires certain level of participatory processes within NGOs it cooperates with can thus be seen as promising for the spread of electoral practices to a greater number of international NGOs.

4.1.3 Output Legitimacy

The analysis of the democratic credentials of NGOs can also be conducted using the concept of the output legitimacy, i.e. the democratic consequences of actors’ activities. The NGOs and international civil society are often perceived as having great potential as far as the democratizing effect on global governance is concerned (Scholte 2002, Nanz, Steffek 2008). Therefore, it is useful to examine in which ways their activities can positively influence the current way of global governance. Analysis of this type of legitimacy is important for grasping the full scope of aspects related to legitimacy as the NGOs may be “weak in the input and throughput aspects of democratic legitimacy, but still contribute to strengthening of democracy in global governance, hence having some output-related democratic legitimacy” (Uhlin 2010: 32). The real effects of NGOs’ activities are thus the most visible way of gaining their democratic legitimacy, despite the fact that both input- and throughput- legitimacy are of the same importance (in democratic theory, at least). Furthermore, sufficient empirical research, which is often lacking as far as the two preceding types of legitimacy are concerned, seems to be more elaborated in this area. Thus, the crucial question that we should be asking
is, whether the NGOs actually contribute to the democratization of global governance and if so, how (Ibid.)?

Jan Aart Scholte (2010: 293-295) comes up with a number of categories of potential contributions in terms of advancing democracy. According to him, these can be used as general assessment criteria that can serve as a basis for calculating the outcomes in specific cases. The following paragraphs depart from these criteria, develop them and come up with some empirical illustrations based on the official documents devoted to activities of selected NGOs.

**First**, NGOs can contribute to democratic global governance by giving voice to stakeholders, particularly to those, who are marginalized or vulnerable or lack necessary resources such as poor, women or indigenous people. Such stakeholder empowerment constitutes the basic promise of democratic polycentrism as characterized in Chapter 1. The NGOs engaged in advocacy of vulnerable groups are often the most vocal ones. They seek to change policies and behaviour of states, international governmental organizations or even other non-state actors (such as TNCs) towards their constituencies. There are many globally active NGOs that may be gaining their legitimacy in global governance this way. Save the Children International, International Alliance of Women, Amnesty International, Anti-Slavery International, Helsinki Watch, Human Rights Watch, Oxfam, Refugees International are only some of the most known examples. The real effects of their activities on democratization of global governance may differ but they indisputably bring up the problems of their constituencies on the agenda of the UN and other international institutions and thus make an impact as far as the global policy making is concerned. Hence, in accordance with the theory of democratic polycentrism they gain democratic legitimacy and contribute to more democratic global governance.

**Second**, NGOs can enhance democracy in global governance through public education activities, as the effective democracy strongly depends on informed people and certain level of awareness of international dimension. NGOs can play significant roles within this field, especially in countries, in which governments are unable to secure the sufficient education standards. The knowledge of transnationalism and global issues and problems that need a common solution is often poor even in developed parts of the world. Hence, by their activities NGOs can disperse information to the general public. Thanks to both the modern technologies and more traditional means they have many communication channels at disposal. If their activities lead to an increased awareness of common issues of the humankind, they definitely
deserve to gain democratic legitimacy as well. The education activities of NGOs in the field of environment (i.e. Greenpeace, Rainforest Alliance, Wildlife Conservation Society), health and disease prevention (i.e. Doctors Without Borders, International Aids Society, Global Health Council), peace and security (i.e. International Campaign to Ban Landmines, NGO Committee on Disarmament), or global issues in general (Academic Council on the United Nations System, Global Policy Forum, World Federation of United Nations Associations) are the publicly known examples.

**Third**, NGOs can positively impact global democracy and thus gain democratic legitimacy by fuelling the debate about global governance in terms of providing specific knowledge, research that leads to better informed decision makers and more creative and critical policy discussions. For instance, the international research associations, such as Global Research Alliance or Helen Keller International provide significant spectrum of valuable resources, tools and funding in the field of global health research, climate change, environmental protection and so on (GRA 2014, HKI 2014).

The **fourth** dimension of Scholte’s framework is the increased public transparency of global governance due to the pressure exercised by NGOs. The lack of knowledge among general public about decision-making at the global level is partly caused by the non-transparent policy-making processes. In order to change this situation, NGOs can urge governments and intergovernmental organisations to make their negotiations (which often take place behind the closed door) more open and thus susceptible to public scrutiny. Transparency International is arguably the most known of the globally active NGOs pursuing the goal of greater transparency and fighting corruption both at the national and international level. However, NGOs in all fields can closely follow the policy-making processes within areas of their activities and, based on their detailed knowledge, interrogate and raise critical concerns concerning the forms and channels through which their target organisations provide information about the emergence of policies. Furthermore, the timeliness of such information is of paramount importance, too.

A **fifth** possible way for NGOs to enhance democracy in global governance and thus obtain output legitimacy is by holding the global regulatory institutions accountable in terms of real effects of their decisions. Through this democratic accountability function NGOs can “push authorities in global governance to take greater public responsibility for their actions” (Scholte 2010: 294). These so-called watchdog activities are often considered one of the key
functions of NGO sector. NGOs can monitor implementation of intergovernmental treaties and press for corrective measures if these are not implemented correctly. As the decision-making at the global level often lacks direct accountability mechanisms, the role of NGOs in this area may be crucial as they are often the only ones who are able to mobilize resources that are needed to press governments or international organisations to fulfil their obligations. Their "naming and shaming" campaigns can have a very profound impact. The existence of the International Helsinki Federation for Human Rights (now International Helsinki Committee), NGO established to monitor the compliance of states to the Helsinki Final Act and follow-up documents signed at the Conference for Co-operation and Security in Europe in 1975, had a profound impact on the state of human rights in the countries of the Eastern bloc. This NGO, together with the dissent groups from the communist countries, publically challenged many cases of political imprisonment and shamed the communist regimes in Czechoslovakia, Poland, Hungary or other countries in the eyes of the world community and thus partially contributed to the collapse of these regimes in the respective states. Nowadays, there are many NGOs monitoring the progress on the way to the achievement of the Millennium Development Goals (UNNGLS 2014), or compliance of the corporate signatories to the 10 principles of the UN Global Compact (UN Global Compact 2014c). Thus, they have the potential to hold accountable not only the international global governance institutions but also other groups of transnational actors such as the transnational corporations or even other NGOs. The huge campaigns against companies like Nike or Shell or criticism of practices of Human Rights Watch in the US are the only the most known examples that received great publicity on the media. Furthermore, NGOs closely follow whether the private interests of corporations are not capturing the UN.

Finally, the sixth of the promises NGO engagement at the global/international level and hence another way how to obtain output legitimacy are the potential spill over effects for the territorial governance. One of the examples of this potential is the above-mentioned activity of the International Helsinki Federation for Human Rights. However, the same mechanisms can be seen in today's world, too. Many the human rights advocacy NGOs draw on the global instruments to challenge democratic standards within countries, whose regimes are generally considered undemocratic but also press for streamlining democratic procedures within western-type democracies. The Human Rights Watch, Amnesty International or other international NGOs and their national affiliates monitoring elections, activities of political
parties, easiness of access to judicial redress or other aspects of democratically constitute examples of how the activities at the international level may positively influence democracy at the level of national states.

The objective of this section was to show, that the perception of NGOs as purely democratizing actors of global governments is a serious oversimplification. As explained, many challenges remain as far as the inner democratic credentials are concerned. The question of their input-, throughput and output legitimacy is crucial if we are about to analyse their role in democratization of the global governance in its all aspects. As shown in the preceding pages, the analysis of legitimacy aspects generates mixed results, which will be summarized in the concluding section. This thesis claims, that the self-regulation of NGOs is of paramount importance on their way to be recognized as legitimate actors of international relations. There are significant promises regarding their democratic potential, however, there are also pitfalls that must be overcome if the NGOs want to address the criticisms aimed at their activities and to legitimize the growth of their influence in the future.

Let us now move, accordance with the structure of preceding chapters, to the examination of the relation of for-profit entities in terms of democratization of global governance.

### 4.2 Transnational Corporations and Global Democracy

As demonstrated in the preceding chapters, TNCs have expanded tremendously in the last decades. The growth of their power led to the fact that they have, willingly or not, become global political players. In some cases, they are able to create policies and global standards on their own. As a result of the central role the TNCs play in the global governance the question of their democratic legitimacy moves into spotlight (Fuchs, Kalfagianni and Sattelberger 2010). However, how is it possible to grasp their activities and influence form the perspective of democratic theory?

To briefly contextualize current discussions on relation of private actors’ activities to democracy, it is useful to depart from a historically-theoretical dimension. In the 1980s and 1990s, the process of globalisation was dominated by the neo-liberalist paradigm. Generally, it can be stated that neoliberalism prescribes maximization of private initiative and minimization of public intervention. According to Wolf (2004) and Legrain (2004), this approach assumes that the globalized free market will on its own bring the greatest possible
prosperity, peace and democracy. However, the consequent development showed, that the unadulterated neoliberalism was deficient as a formula for the good society in a global world. The evidence of this can be seen in the unprecedented ecological destruction and the climate of global competition, which clearly goes against the principle of solidarity, trust and peace among nations (Scholte 2010). As a reaction to the increasing criticism of neoliberalism, a new approach to global economic activity emerged. It may be called the global social market paradigm. This paradigm basically recognizes that interventions by official, business and civil society circles may be helpful in correcting market failures and omissions (Ibid.). Within this context, the concepts like corporate social responsibility, stakeholder consultations or social safety measures emerged. Despite this shift in the perception of the role of TNCs, global governance is still full of unevenness and democratic deficits. Fuchs, Kalfagianni and Sattelberger (2010: 44) also conclude, that the “political activities of business do not necessarily lead to general improvements in public welfare. Therefore, the democratic legitimacy of today’s political role of business actors, specifically TNCs, needs to be discussed.”

However, the question is: Should TNCs be required to have democratic credentials of the same degree as NGOs? This thesis claims that the form of democratic credentials may vary depending on the character of the actor in question. The TNCs usually do not consider themselves as representing any broad constituency. They claim to be primarily accountable to their shareholders. Thus, it seems unrealistic to demand that profit-seeking private entities have the same democratic standards as those, who are driven mainly by normative values and claim to represent constituency groups that are somehow marginalized or disadvantaged.

This thesis argues that a criteria of democratic legitimacy must be applied differently to assess under which conditions they could contribute to the democratisation of global governance and what roles they could play.

The application of the concept of input-legitimacy on TNCs is problematic. The people, who are significantly affected by the activities of TNCs, especially in developing countries (like indigenous people, poor, local communities or even workers or customers), have practically no possibility to directly influence the processes inside the TNCs. However, the question is, whether the corporations should actually grant all the significantly affected stakeholders the possibility to influence things like the composition of their boards or their policies, for instance. It would be in sharp contrast with the principle of private property and we must therefore conclude that it is impossible to demand that the corporations have any
mechanisms of this kind. As Fuchs Kalfagianni and Sattelberger (2010) conclude, TNCs do not have any input-legitimacy and it seems to be naive to believe that they could ever derive their legitimacy this way. I claim, that not only TNCs do not have any input-legitimacy but they even can’t have any. Furthermore, I argue that it should be the role of national states and their laws to ensure that the activities of corporations do not adversely affect anybody even without having to include the significantly affected stakeholders into decision-making.

At the global level, these regulatory mechanisms are highly insufficient. There is a general lack of globally binding social, environmental and financial laws and voluntary initiatives such as OECD’s Guidance for Multinationals, the Global Reporting Initiative or the UN Global Compact lack effective enforcement (Erman, Uhlin 2010). Hence, the challenge to mitigate possible negative effects of TNCs on the significantly affected stakeholders remains with the international community, which should introduce some sort of regulation in order to put at least some degree of democracy into the relation of TNCs and affected people all around the world.

It seems more realistic and feasible to focus on enhancing throughput legitimacy, especially in the form of transparency and accountability that go beyond shareholders and include other significantly affected stakeholders as well. It is far beyond the scope of this thesis to describe all the mechanisms of the so-called corporate social responsibility that emerged in recent years and through which a company can enhance its accountability standards not only to its shareholders but also to a much broader constituency. Many globally operating companies have responded to an increasing public pressure and developed their own initiatives that would benefit society and at the same time would make their business more sustainable (Fallon 2014). For instance, these can encompass codes of business conduct, donations to charities, giving part of profits to support education, health or development of local communities, reducing companies’ ecological footprint, enhancing labour standards and many more. However, as we are concerned with democratisation, we should focus more on various mechanisms of stakeholder engagement or particularly on consultations with external stakeholders, which seem to have some potential concerning this matter. Stakeholder engagement is understood as “practices the organisation undertakes to involve stakeholders in a positive manner to organisational activities” (Greenwood 2007: 315). There are various ways of how a company can identify its relevant stakeholder groups. However, when we are talking about democratisation of global governance, we have to employ as broad approach as
possible, i.e. all the people that could be affected by companies’ activities constitute relevant stakeholders. However, again, it seems unrealistic to demand, strictly according to the principles of throughput legitimacy, that a company transparently publicize all the information concerning its decisions and policies or allows all the significantly affected stakeholders to influence its strategic decisions. That goes against the basic principles of business like know-how, comparative advantage, confidentiality, uniqueness of strategy and others and could in the end of the day jeopardise companies’ competitiveness. Nevertheless, a certain space for an improvement in the form of at least partial involvement of broader scope of stakeholders can be witnessed (e.g. consultations with communities made by some companies form extractive industries). However, from a perspective of democratic theory as such, it is not sufficient.

As far as the accountability is concerned, TNCs’ governing boards are legally responsible to the owners, i.e. shareholders, through means like performance measurement or auditing. However, all the significantly affected stakeholders have very limited possibilities within this field. The reason remains the same, the public disclosure of some unique confidential information or public scrutiny of companies’ performance go strictly against principles of private ownership. Therefore, deriving companies’ legitimacy this way is also problematic, which supports the claim of this thesis that democratic criteria should be applied to differently to various types of transnational actors.

The output-legitimacy derives from the effectiveness of the specific governance institutions (in our case TNCs) in designing policies that promote public good (Fuchs, Kalfagianni and Sattelberger 2010). One of the assumptions this concept rests upon is the fact that the actors involved primarily pursue the public good instead of their private interest (Scharpf 2003). This clearly does not apply to profit-making entities and we must therefore conclude that assessing democratic legitimacy of TNCs against this concept does not hold either.

The above conducted analysis shows, that we can hardly demand the private profit-seek ing entities to fulfill the criteria of democratic legitimacy as some of them may go against their nature and raison d’etre. It is true, that in some cases companies are more effective in delivering public services and the some of the UN agencies are fully aware of this fact and, as demonstrated in Chapter 3, collaborate with the private sector very intensely. Therefore, some claim that this would be the way for private sector to gain its legitimacy, both at the local and global level. From a perspective of democratic theory, however, this hypothesis does
not hold, as the legitimacy stemming from effectiveness is not the same as democratic legitimacy. Thus, global governance does not become more democratic if the public services are delivered effectively. This fact means that we need to rely on different ways of dealing with the problem of unelected, uncontrolled global players, who influence millions of people by their activities.

As there is a lack of globally binding and enforceable laws, we need to recognise the importance of self-regulatory principles and CSR policies some of the TNCs are voluntarily committed to. At the same time, however, we have to conclude that these are not sufficient. As the means for obtaining democratic legitimacy cannot easily stem from TNCs themselves (due to the factors described above), it is necessary to stress, contrary to NGOs, the importance of international public regulatory mechanisms that would deal with the tremendous power of TNCs and introduce at least some minimal level of public control, transparency or accountability. In order to move beyond existing regulatory framework, which, as stated above, lacks effective enforcement, it would be necessary to introduce sanctions for companies that would not comply with the law. The CSR initiatives are driven by business motives and democratization in naturally not their primary purpose. Furthermore, their practical implementation is usually not monitored by any independent body. Therefore, in order to enhance democracy in global governance “mechanisms to control corporate power need to be developed” (Erman, Uhlin 2010: 196).

However, the political feasibility of creation of these mechanisms would probably face resistance from the business community and from states the most TNCs come from (mainly form the US). This kind of resistance was one of the reasons of the failure of the binding code of corporate conduct proposed by the UN in the early 1990s.

The preceding paragraphs should not be understood as a claim that corporations mean a direct threat for global democracy but as they are not primary driven by normative, but rather instrumental values they be hardly considered a promising element on the way towards democratic global governance. Thus, the primary responsibility to ensure that TNCs do not adversely affect peoples' lives or environment rests with the states, whose governments have been established (not always, of course) by some form of electoral mechanism and thus possess certain standards of democratic legitimacy. At the global level, this legitimacy is weakened and there is a democratic deficit (as analysed in preceding chapters), but under current conditions we need to rely on existing mechanisms of global regulation. This is,
however, not to state that we should not try to reform them and transform them to the form that fulfils democratic standards in a greater extent. As demonstrated above, the transnational actors may significantly help in this process but there are also ways how they can hinder it.
Conclusion

The field this thesis is focused on is to a very high extent influenced by some of the buzzwords whose usage may strongly vary and whose exact meaning may be very context-dependent and thus easily disputed. Given this fact, which creates a need for clarification, a significant part of the text was devoted to the explanation of this thesis’ understanding of concepts it draws upon, i.e. global governance and global democracy. In order to fully grasp the complexity of the research field, I argued that a combination of insights from different theoretical paradigms is needed, particularly of those concerned with non-state actors. Thus, simultaneous use of theoretical tools of realism, transnationalism, liberal institutionalism, constructivism and pluralisms served as bedrock for analytical approach to global governance. However, we claimed that this analytical understanding has to be accompanied by normative one, as the fundamental changes of the international realm in the recent decades created normative challenges that need to be addressed collectively by the international community. The problem of democratic deficit of global governance constitutes only one of them.

As the theoretical anchor of this thesis’ understanding of global democracy and research of democratizing capacities of transnational actors, the theory of democratic polycentrism was chosen, mainly due to the crucial role it assigns to non-state actors, which are perceived as important vehicles for democratisation of global governance. Furthermore, this model of global democratic order scores best as far as its short-term political feasibility is concerned. Moreover, in Chapter 2, this thesis attempted to contextualize the current state of involvement of transnational actors in global politics both historically and theoretically and thus complement theoretical bedrock of the research. It mapped their historical emergence and introduced theoretical approaches to their study, which supplement those outlined in the Chapter 1. While recognizing the fact that states still play the role of primary actor, the importance of non-state centric theories of international relations and theories of multinational firms that consider transnational corporations political actors was stressed. Hence, this thesis combined insights of realism (central role of states), liberalism (formation of interests beyond the state level and role of international organisations) and particularly constructivism in international relations (importance of non-state actors and possibility of changing the structure of the international system through change of the norms and
perceptions) with the views of institutional theory of multinational firm (active political role of the firm vis-à-vis its external environment). The perspectives of these schools of thought helped us understand and contextualize the possible proactive role of TNAs in realities of today's world not only in terms of democratization of global governance. It was argued that only by synthesis of diverse theoretical approaches one is able to grasp the involvement of non-governmental organisations and transnational corporations in global politics in its full extent.

Based on these theoretical foundations, in Chapter 3, the inclusion of transnational actors into global governance was analysed on the example of the United Nations system, which constitutes today's most developed platform for true global decision-making. It has been shown that transnational actors are increasingly invited to cooperate with various parts of the UN system through a wide variety of mechanisms and arrangements and thus gained an unprecedented access and influence on its policy-making process. Furthermore, the wide variety of functions and roles they can play within the UN system was examined. Thus, it was proven that the UN takes the inclusion of transnational actors to its structures seriously (despite the fact that the intensity of cooperation varies depending on the concrete UN agency in question). Therefore, we may witness a shift of the locus of power, which seems to be in direction proposed by the proponents of democratic polycentrism.

However, as shown in the Chapter 4, the inclusion of the transnational actors into global governance mechanisms does not in itself necessarily result into more democratic global order. Given the enormous growth of the influence of transnational actors, the question of their democratic legitimacy comes into spotlight. From the perspective of democratic legitimacy both not-for-profit and for-profit organisations face serious challenges.

As far as the NGOs are concerned, the analysis conducted in this thesis showed that these challenges could be found at the level of all three dimensions of democratic legitimacy. At the level of input legitimacy (represented by the values of representation and inclusion), NGOs can be accused of very limited membership that does not ensure equal opportunities for all to take part in NGO activities. Their governing structures in particular can in fact mirror the structural inequalities of global governance in terms of age, education, sex, geographical representation or ethnicity.

At the level of throughput legitimacy (represented by the values of transparency, accountability and participation), this thesis stressed the importance of fullness, accessibility
and timeliness of information that may not be sufficiently ensured by NGOs. Furthermore, the question of accountability is central when assessing the democratic legitimacy of NGOs.

Firstly, this thesis identified three groups NGOs should be accountable to - donors, members and clients. Secondly, it analysed and described the various accountability mechanisms suitable for each of these groups and argued in favour of social auditing. Another challenge at this level constitutes a danger of NGOs being led by a top-down authoritarianism. In order to find a way to mitigate the above-mentioned problems, this thesis stressed the importance of UN requirements, which demand that NGOs fulfil certain standards if they want to be granted access to the UN structures. Furthermore, it was claimed that self-regulatory mechanisms of NGO sector are crucial in the climate of the absence of globally binding, enforceable laws and standards. The International NGO Accountability Charter was introduced as an example of possible means to enhance democratic legitimacy of NGOs.

Furthermore, this thesis claimed that even the actors that are weak in terms of the fulfilment of requirements of input and throughput legitimacy may gain democratic legitimacy judged by the real democratizing effects of their activities, i.e. output legitimacy. It was therefore argued, based on Scholte (2002), that NGOs might gain democratic legitimacy if the consequences of their activities include giving voice to stakeholders, public education activities, fuelling debate about global governance by providing specific knowledge and expertise that leads to better informed decision-makers, increased public transparency by urging governments and international organisations to make their functioning more open to public scrutiny, holding regulatory institutions accountable in terms of real effects of their decisions (watchdog activities) or spill over effects towards democratisation of territorial governance.

Overall, the analysis of the potential of NGOs to play a role of democratizing elements of global governance generates mixed results. Therefore, this thesis claims that despite a lot of potential contributions to a more democratic global order, one should be very cautious before making a purely positive judgement, as there remain significant challenges in terms of their inner democratic credentials.

As far as there the relationship between for-profit transnational actors and democracy in global governance is concerned, it was argued that it is impossible to demand that TNCs fulfil the same democratic requirements as NGOs given the fact that they are not driven by normative, but rather instrumental values, i.e. making profit. Furthermore, some democratic requirements that would be applicable to NGOs go strictly against business principles and
private property standards. It was claimed that one cannot expect TNCs to have any great potential to democratize global governance. However, given the fact that TNCs possess significant resources and indisputably became political players at the global arena, the question of the democratic control comes to a forefront. Despite recognising the importance and promise of certain self-regulatory mechanisms (stakeholder consultations in particular), this thesis claims that there is a need for globally binding and enforceable laws to control TNCs, which are so powerful that their activities can potentially affect millions. Thus, primary responsibility to ensure that this impact is not adverse remains with the member states of international community.
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