The global agenda is evolving, and big players need to change the rules

Global governance has undergone significant change since the late 1990s, with the number of global players in health, trade, and development finance rapidly increasing, mobilizing more funds for health and development in developing countries, and spurring global trade.

This trend has challenged the three most prominent intergovernmental bodies in these areas—the World Health Organization, the World Trade Organization, and the World Bank.

They now need to adapt to a new world order where they play a less central role.

After World War II, governments around the world forged international agreements and treaties, forming global bodies to promote international good in almost every social sphere.

In 1944, the World Bank's predecessor, the International Bank for Reconstruction and Development, was established to help rebuild economies devastated by the war.

Three years later, the General Agreement on Tariffs and Trade, which over time evolved into the WTO, was formed. The WHO was set up soon after in 1948 as the United Nations' specialized agency for health.

But in the 1990s, new actors—nonstate and nongovernment organizations—emerged, challenging the authority of the WHO, the WTO, and the World Bank, says Matthias Helble, senior economist and co-chair of the research department at the Asian Development Bank Institute.

> **The emergence of the new players created a new architecture of global governance, with multisector partnerships playing a much larger role in health, trade, and development finance, while eroding the influence of the three global bodies.**

Jera Lego, an ADBI associate, further explains:

> **The center of influence has spread, in large part as a result of the inherent differences in the aims of each sector, and the nature of the actors involved. The new world order can thus be described as one of diversification in global health governance, fragmentation in global trade, and variation in multilateral development finance.**

The new world order brought deep changes.

The inability of the WHO to respond in a timely manner to global health emergencies severely undermined its legitimacy as a leading global health governance institution.

G7 countries helped form the Global Fund to Fight AIDS, Malaria, and Tuberculosis after the WHO was deemed unable to lead a concerted and decisive effort against these diseases.

This led to more funds going into the sector and the emergence of more issue-specific private organizations such as the Global Alliance for Vaccines and Immunization, and the Bill & Melinda Gates Foundation, which have increased their swift and targeted health interventions in developing countries.

The Gates Foundation has been a game-changer, established in 2000 and endowed with $10 billion to spend on global health research and vaccination initiatives.

It is the third-largest contributor to the WHO after the United States and the United Kingdom, and is one of the biggest contributors to the Global Fund and the Global Alliance.

Many developed and developing countries have opted for more flexible bilateral and regional agreements to bypass complex and slow multilateral trade negotiations at the WTO.

As of January 2018, the WTO was notified of 669 regional trade agreements, of which 455 were in force.

Developed countries from the European Union were among the most aggressive, forging 55 regional trade agreements with Asian, African, Latin American, and non-EU European countries.

Developing countries also pushed for such arrangements.

The People's Republic of China concluded 17 regional trade agreements and is brokering the Belt-Road Initiative, a 16-country trade deal that includes India and Japan.

Multilateral development finance is undergoing similar changes as most emerging countries are becoming vocal about their highly disproportionate representation in existing financial institutions despite their improved economic weight.

Some, such as Brazil, Russia, India, China, and South Africa, have sought to remedy this economic-political imbalance by setting up their own financial institutions such as the Asian Infrastructure Investment Bank and the New Development Bank to cater to the investment needs of rapidly developing countries.

The AIIB and the NDB, established in 2015, each have authorized capital stock of $100 billion, to make more funds available for infrastructure projects in developing countries.

Countries that were previously only on the receiving end of development aid are now extending aid themselves, asserting their voice and setting the agenda, Lego says.

> **Overall, the changes indicate that leading global governance institutions are unable to adapt to the changing global landscape.**

While the changes resulted in more funds for health and development in developing countries and streamlined trade negotiations, there are also downsides.

The entry of more actors could lead to overlapping priorities, efficiency losses, and other challenges, which may do more harm than good to existing global governance structures if not handled properly.

As developed and developing countries channel more resources into health, the proliferation of new players and their convergence on certain issues could lead to conflicting national interests, hindering decision making in addressing common health challenges such as infectious diseases that spread across borders.

The problem is compounded by the increasing role of nonstate actors and private foundations in tackling outbreaks, developing vaccines, and formulating and lobbying disease-specific agendas.

The emergence of more flexible trade agreements threatens the WTO's authority as the leading global trade organization, possibly to a point where countries may eventually ignore WTO rules altogether.

And new players in development finance have yet to establish their creditworthiness and demonstrate capacity to build development expertise and local knowledge.

To meet these challenges, the World Bank, the WHO, and WTO must assume a new role of coordination, facilitation, and dispute settlement among the new players to harmonize their efforts for better global governance.

They must acknowledge that, under the new global governance order, the center of power lies with many players.

As such, they must fortify the setup through constructive engagement with emerging players. Developed countries need to be patient since changes in global governance, though possible, are incremental. Let's hear from Helble and Lego:

> Developed countries have forged the global governance structures and steered them for the past 70 years but taking them into the 21st century requires imaginative leadership, one willing to make concessions in providing global public goods and becoming better at coordinating with multiple stakeholders.
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> Amidst changing scenarios, the WHO, the WTO, and the World Bank are each finding new roles to focus on. The World Bank continues to be the largest development institution, and one of the largest sources of lending, but also

finds new roles as an investment guarantor, trustee for other funds, and as an arbiter in international investment disputes.

While negotiations have slowed at the WTO, it should continue to facilitate, monitor, and evaluate preferential trade agreements; ensure transparency and efficiency; and arbitrate trade disputes. The WTO's future role will see a greater focus on monitoring as well as on improving arbitration and settlement of trade disputes. Meanwhile, the WHO should help improve coordination among organizations that focus on issue-specific interventions and play a leading role in promoting health systems. The WHO could also aim to improve its role as a center of health data, and as the prime mover for global health advocacy and agenda setting.

That was Matthias Helble, senior economist and co-chair of the Research Department at the Asian Development Bank Institute, and Jera Lego, ADBI associate, on their research conducted with Zulfiqar Ali, an ADBI associate at the time.

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