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How Multi-stakeholder is Global Policy?

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Survey Article

Abstract

The global financial crisis revealed not only the need for greater oversight of the private sector, but also the *co-dependence* of governments and those firms. From national economic governance to transnational regulations such as the Basel III regulations, the continued strong influence of the private sector in negotiating, setting standards and implementing them through private bodies such as the US Financial Industry Regulatory Authority (FINRA) remains undeniable. The global financial crisis thus illustrates how even amidst valid claims that 'the state is back', global policy making is increasingly multi-stakeholder in character. This article provides a snapshot of the increasing extensiveness of multi-stakeholder processes through a conceptual overview and an empirical survey, highlighting instances in which various actor pillars (governments, intergovernmental organisations, civil society organisations, corporations, etc.) have begun to expand their membership and participation to include other stakeholders. It demonstrates that even as the main actor groups that serve as the foundation of global policy processes remain mostly unchanged, the extent to which each pursues multi-stakeholder approaches has increased.

It has become conventional wisdom that the global financial crisis brought forth a resurgence of governments as central economic actors. Trillions of dollars were committed across Organisation for Economic Cooperation and Development (OECD) economies, particularly the United States, to bail out private banks and other industries. Yet the financial crisis revealed not only the need for greater oversight of the private sector, but also the *co-dependence* of governments and those firms. Close to half of Great Britain's GDP derives from the activities of London's private banks. From national economic governance to transnational regulations such as the Basel III regulations, the continued strong influence of the private sector in negotiating, setting standards and implementing them through private bodies such as the US Financial Industry Regulatory Authority (FINRA) remains undeniable. A parallel 'B20' group of business leaders convened by then British prime minister, Gordon Brown, to advise the G20 remains intact and active. Even if the private sector had 'failed', it is still an essential component of its own governance.

The global financial crisis thus illustrates how even amidst valid claims that 'the state is back', global policy making is increasingly multi-stakeholder in character. This article provides a snapshot of the increasing extensiveness of multi-stakeholder processes through a conceptual overview and an empirical survey, highlighting instances where various actor pillars (governments, intergovernmental organisations, civil society organisations, corporations, etc.) have begun to expand their membership and participation to include other stakeholders. It demonstrates that even as the main actor groups which serve as the foundation of global policy processes remain mostly unchanged, the extent to which each pursues multi-stakeholder approaches has increased.

1. Global policy: evolution and patterns

The global policy approach emphasises that global governance is a process that subsumes a plurality of diverse actors, institutions and modes occurring at multiple levels. Indeed, there is growing theoretical interest in formulating a neutral meta-framework or approach to global governance that is not anchored in the state or inter-state institutions but rather encompasses and synthesises the intergovernmental arena, regionalism, public–private networks, private authorities, multi-stakeholder dialogues and other modes.[1]

Diverse analytic and normative scholarship has pointed to the shift from a state-centric conception of global governance (Barnett and Finnemore, 2004) towards a more pluralistic approach. This literature has primarily focused on the impact of transnational actors on international norms and institutions (Betsill and Corell, 2007; Florini, 2003; Keck and Sikkink, 1998; Khagram et al., 2002; Scholte, 2005). What these substantial contributions have failed to do, however, is to

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explore how nonstate actors themselves can generate new structures and processes, even on a global scale.

Existing typologies of global architectures have created useful but somewhat rigid silos for understanding global policy dynamics. Keohane and Nye (1977) provided an early sketch of various competing models: (1) state-centric; (2) intergovernmental organisation; (3) transnational private actors; (4) global governance networks; and (5) world state. Khagram (2006, pp. 98–101) incorporates this typology into his own framework containing six distinct 'normative-analytic images' of world order, all of which he notes are 'competing for institutional dominance and even ideological hegemony': (1) inter-state multilateralism;[2] (2) grass-roots globalism;[3] (3) multiple regionalisms; (4) world statism; (5) networked governance;[4] and (6) institutional heterarchy. Khagram's addition of 'institutional heterarchy' denotes a world of multiple types, forms and levels of authoritative political organisations and units (e.g. communities, religions, interest associations, epistemic communities, companies, states, inter-state organisations, social movements, regional bodies and transnational or global networks of various kinds) and various types and levels of governance among them. Institutional heterarchy emphasises a multilayered and polycentric ecosystem and allows for a diversity of functional and territorial governance arrangements. Equally importantly, it allows for shifting boundaries and actors, making it perpetually incomplete as a reality and thus better understood as a process in the context of the constantly unfolding global policy.

Cerny (2010) presents a comprehensive underpinning to the realm of global policy which he calls 'transnational neopluralism'. Under conditions of neopluralism, outcomes are not determined by the a priori existence of cohesive, vertically unified nation states but rather involve a range of individual and collective (group) actors below, outside, surrounding and populating states. Cerny's mapping of the 'field of action' in which such actors operate includes an ideational matrix (goals, interests, values), a political-sociological matrix (networks, coalitions) and an institutional matrix (coordination and organisation of strategic action). Keohane and Victor (2011) take a similarly functionalist approach in sketching a 'regime complex' model in which there is not one single, universal, authoritative, integrated governance regime but rather a 'loosely coupled set of specific regimes'. Within this regime complex, there is a continuum ranging from comprehensive international regulatory institutions to highly fragmented arrangements. The global environmental arena provides numerous examples of the coexistence and interplay of these multiple regimes, ranging from the European Emissions Trading System (ETS) and the World Bank's Clean Development Mechanism (CDM) to a proposed Clean Energy Free Trade Area (CEFTA). These contributions provide a strong foundation for understanding global policy as a multi-actor, multi-issue and multilevel domain within which cross-stakeholder relations can take shape and determine global governance outcomes.

2. Multi-stakeholder processes as an innovation

Today's empirical landscape provides increasing examples of intersections across actor groups and regimes resulting either from the failure of previous governance models (e.g. financial crisis) or the need to expand resources available to confront collective challenges (e.g. climate change). However, a global policy process can only claim to be neutral among actor types if it is inclusive of them. The particular type of process of interest here, therefore, is multi-stakeholder processes (MSPs), which are defined as trans-territorial, trisectoral initiatives which bring together actors from the public, private and not-for-profit sectors in the form of loose issue-based interorganisational networks (Reinicke, 2000; Waddell, 2003). MSPs are mechanisms for bringing together stakeholders in a new form of communication, decision making and structure (Hemmati, 2002). Some argue that MSPs can be considered more legitimate than other approaches. Adler and Bernstein (2005, p. 294) reason that the genuine authority of global governance as a whole rests on institutions being devised in a legitimate manner, with broad participation being a major criterion. Inclusive decision making thus results in more legitimate global governance (Khagram et al., 2002; Smith and Brassett, 2008).

One advantage of MSPs is that they allow for particular modalities of global governance not only to coexist but also directly to intersect. They transcend traditional governance based on hierarchies of wealth and enforcement power and instead shift towards the right to be engaged based on each stakeholder's unique resources and expertise (Edwards and Zadek, 2003). Membership in MSPs need not be universal, but MSPs must be open to relevant actors. To date, the empirical record on MSPs remains underdeveloped, owing largely to their smaller scale, a bias towards official processes in global governance analysis, and the reality that most MSPs are ad hoc rather than systematic (Hemmati, 2002, p. 4; Reinicke, 2000). Khagram and Ali (2008, p. 214) identify four current MSPs with substantial track records: World Commission on Dams (WCD); Minerals, Mining and Sustainable Development Initiative (MMSDI); Global Reporting Initiative (GRI); and Global Compact. Yet there are dozens more such as the Africa Comprehensive HIV/AIDS Partnership (ACHAF), an alliance between the Gates Foundation, pharmaceutical company Merck and the government of Botswana, as well as the World Business

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Council for Sustainable Development's (WBCSD) relations with Greenpeace. Each opens the door wider to understanding how leadership and creativity can alter global governance dynamics (Avant et al., 2010).

Risse (2004, pp. 7–17) identifies problems with MSPs such as the uneven process of determining participants, the difficulty in instigating a reflexive process among them, and the uncertain trade-offs between transparency and achieving reasoned consensus. These arguments point to the continued ad hoc nature of MSPs, but it must be said that the same challenges afflict emerging club models of inter-state governance such as the G20. Risse himself continues to support non-hierarchical governance modes such as MSPs as they better allow for communicative action to play a role in their steering.

Nonetheless, many intergovernmental bodies continue to limit the access of NGOs to their procedures. Indeed, despite the consistent and vocal presence of private actors in meetings of the International Monetary Fund (IMF), World Bank and other entities, these organisations have not actually been transformed into multi-stakeholder bodies. At the same time, it is important to note that these bodies are not synonymous with the global governance of the issues to which they contribute. In the economic sector, private transnational firms have been integral to the process of global trade expansion, increasing by 70 per cent in the past decade despite the failure of the World Trade Organization's (WTO's) Doha Development Round.[5] Similarly, while major intergovernmental summits ranging from Kyoto (1997) to Copenhagen (2009) have failed to deliver a global regulatory regime on greenhouse gas emissions, multi-actor coalitions have generated mechanisms such as cap-and-trade frameworks, industry-specific self-regulations on emissions reductions, and investment funds to promote clean-technology transfer. Clearly, then, the slow rate of adoption of MSPs by official actors has not prevented nonstate actors from establishing parallel mechanisms for advancing contributions to global governance.

3. Global policy, diverse hubs

Governments, international organisations, the private sector and nonstate/civil society groups are the foundational groups most heavily represented in existing and new global policy instruments. The key shifts from the strictly inter-state and multilateral era of global governance institutions are: (1) the extent to which nonstate groups have become regular participants and drivers of official inter-state and intergovernmental processes; and (2) the rising instances of nonstate groups themselves becoming anchors of global policy processes. While this survey cannot provide a comprehensive account of all multi-stakeholder activities and their scale, scope and depth relative to traditional modes of global governance, by highlighting some of the most prominent actors in each category it can point to shifts being emulated more broadly.

Governments as hub: the G20

Intergovernmental policy making traditionally takes place on the bilateral and multilateral levels. The G8/20 intergovernmental forum is an interesting case in this regard. Keohane and Nye (2001) characterise international economic clubs such as the WTO, IMF and World Bank as largely 'invisible' to the public, leading to a lack of effective linkage between politicians and constituencies that is sometimes referred to as a 'democracy deficit'. The G20 is exceptional in that it is increasingly considered the premier intergovernmental club in world politics, and is simultaneously an example of structured inclusion of less developed countries and private actors.

Two factors distinguish the G20 from multilateral forums such as the United Nations and WTO. First, the G20 is not a legal, treaty-based body with a standing in international law. It is essentially a ritualised working group that began with a meeting of finance ministers and central bank governors in 1999. It is a mechanism for cooperation rather than a legal instrument of international cooperation. Second, the G20 has informal rather than formal rules. It has no charter or standing secretariat, but rather has an alphabetically rotating chairmanship and a protocol of promoting continuity of agenda through a 'troika' comprising the most recent, current and next country chairs. These two factors make public–private collaboration among G20 governments and nonstate actors potentially more feasible than for formal international organisations. Indeed, the G20 itself declares that 'Experts from private-sector institutions and non-government organizations are invited to G-20 meetings on an ad hoc basis in order to exploit synergies in analyzing selected topics and avoid overlap'.[6]

Slaughter (2004) praises such transgovernmental networks at the substate level as examples of strong global governance emerging from disaggregated cooperation but still limited to state actors. She speaks of informational, enforcement and harmonisation networks among ministries such as central banks and securities regulation agencies which together reinforce international norms. Slaughter (2009) later expanded her analysis to include nonstate networks that leverage the 'power of connections' such as the International Coalition to Ban Landmines. She urges government officials not merely to outsource government functions to private actors, but rather to learn to 'orchestrate networks of these actors and guide them to collaborative solutions' (Slaughter, 2009, p. 112).

The G8/20 has exhibited several cases of such orchestration. First, the G8 tasked its 'official partners', the

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World Economic Forum (WEF) and WBCSD, with devising private sector-driven strategies to input into the Gleneagles process in 2005. Second, at the London G20 meeting in March 2009 which took place in the wake of the global financial crisis triggered in 2008, then UK prime minister, Gordon Brown, announced the creation of a parallel group of 'B20' business leaders who would advise the G20 on financial regulatory reform. Lastly, G20 members also made a three-year, $22 billion pledge to support small farmers in developing countries, including an explicit earmark of additional funding for the public–private Consultative Group on International Agricultural Research (CGIAR), a consortium of agencies and institutes devoted to increasing agricultural productivity and reforming global food supply chains and markets. It is important to note that in the core issue areas that have dominated the G20's agenda since its rise to prominence – climate change, financial regulation and food security – the G20 has proactively incorporated influential nonstate parties to define and implement its agenda.

On the whole, the addition of nonstate actors into the G20 process has been innovative in important ways. First, the informal legal structure of the G20 allows for such cross-stakeholder collaborations more efficiently than other multilateral clubs. Second, the inclusion of such actors has bolstered the G20's transparency, thus addressing the 'democratic deficit' inherent in many such 'club' bodies. Lastly, consistent with Keohane and Nye (2001), partnering with nonstate groups that have the necessary resources and influence to contribute to issues such as climate change and food security increases the likelihood of output effectiveness of the G20's policies.

International organisations as hub: the Global Compact (UNGC)

On matters such as climate change and food security, G20 resolutions have committed to greater funding for World Bank programmes such as the CDM, and looked to the World Bank as a hub for multi-stakeholder collaborations on major global issues. In recent years, the World Bank itself has moved towards requiring the participation of labour unions, women's groups and business associations in the formulation of national Poverty Reduction Strategy Papers (PRSPs) submitted to the World Bank for funding (Saner, 2006, p. 35). Direct and indirect interactions with NGOs have also shaped World Bank policy on issues such as micro credit, mineral extraction and environmental management (Park, 2005).

In 2003, the report of the Commission of Eminent Persons on the United Nations and Civil Society (the 'Cardoso panel') urged that the UN Secretariat use its 'convening power' to 'initiate multi-stakeholder advisory forums' on its work (United Nations, 2003, p. 50). The most widely analysed such effort is the United Nations Global Compact (UNGC). Then Secretary-General Kofi Annan launched the UNGC at the WEF Annual Meeting in 1999. Over the years, the UNGC has evolved into a cross-sectoral, multilevel global governance network which claims to be the world's largest corporate citizenship initiative geared towards implementing the GC's principles as well as catalysing business support for broad UN goals such as the Millennium Development Goals (MDG) (Hall, 2007). One of its principal architects, UN special adviser John Ruggie, claims that it is not a regulatory instrument or a formal code of conduct but rather a 'social learning network' which relies on public accountability, transparency and the enlightened self-interest of companies (Ruggie, 2001).

The UNGC's activities include policy dialogues, a learning forum, partnership projects and regional/country outreach, all of which bring together representatives from business, NGOs, policy makers and research/advocacy organisations to develop collaborative solutions. The first dialogue track focused on business operations in zones of conflict and spawned a number of multi-actor, multilevel working groups. This was also the case with subsequent dialogues related to sustainable development and HIV/AIDS. Recruitment of ever more transnational, regional and national corporations for participation was a priority for each dialogue and outreach programme. To date over 7,000 corporations have becomes signatories to the UNGC and 50 country-level Global Compact Networks have been established around the world (Sagafi-Nejad, 2008).

The role of the UNGC secretariat is revealing as to what extent the Compact is a UN-centric global governance instrument of the traditional international variety versus a more multi-stakeholder global policy mechanism. It defines its role not as a supervisory body but as a clearing house and coordinator to ensure delivery of resources to the four sets of activities. Furthermore, its funding comes from UN member states as well as from philanthropic foundations, and in 2006 it set up its own nonprofit foundation to raise additional funds. The UNGC's chief governance and strategy body, its 20-member board, comprises representatives from the business, civil society, labour and UN sectors (Khagram and Ali, 2008). These aspects of the UNGC's executive composition and funding reveal that while its hub is indeed the UN, it is very much run as a multi-stakeholder mechanism. In parallel to and following the UNGC example, most UN agencies such as UNICEF and the World Food Programme (WFP) now have private sector liaison offices, while UNAIDS and the Global Fund actually have NGO heads on their boards of directors.

Between the G20 and the UNGC we can see how the adoption of multi-stakeholder global policy-making vehicles expands the opportunities for nonstate actors to

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engage in global governance through official channels which potentially carry greater visibility and legitimacy for governmental and nongovernmental actors alike.

Private sector as hub: the World Economic Forum

Since its founding in 1970, the WEF has largely been understood as an instance of private authority focused on convening executives from the world's leading corporations to deliberate on matters of common commercial interest. Over time, however, the WEF has become much more of an incubator for diverse multi-stakeholder processes in a wide variety of global policy areas. Indeed, today the WEF is the largest standing body devoted to multi-actor convening, community-building and multi-stakeholder diplomacy. Unlike single-issue coalitions/networks, its aim is to change global policy processes by promoting multi-stakeholderism itself.

This is visible in the WEF's convening, facilitation and norm entrepreneurship activities. The WEF's flagship Annual Meeting at Davos, the original and oldest WEF activity, has become a congress whose participation has broadened beyond the corporate sphere to include substantial numbers of governmental and civil society figures who engage in peer-level dialogues on issues designated as being paramount to the 'global agenda'. A parallel roster of regional summits mirrors this dynamic all the year round in half a dozen major regions. The WEF has also become a facilitator of public–private partnerships and other multi-stakeholder projects such as the Partnering Against Corruption Initiative (PACI), Global Health Initiative (GHI) and the Climate Change Initiative (CCI). Each of these has generated a track record of activity on a worldwide scale involving fostering multi-stakeholder coalitions among firms, governments and civil society actors. In the realm of norm entrepreneurship, the WEF's 'Global Redesign Initiative' ranks as perhaps the most ambitious global governance reform effort ever undertaken in terms of scope of issues, number of individual experts involved and expenditure of resources.

The WEF's success has lain more in presenting specific models for voluntary replication by others than in achieving substantial breakthroughs with its own individual efforts and initiatives. The WEF is not a United Nations for the world system as it lacks both universal membership and legal authorities. As a proxy for a multi-actor world system, however, it does succeed in flexibly integrating leading groups such as powerful governments and intergovernmental clubs such as the G20, the most powerful multinational corporations and the most influential nongovernmental/civil society groups. In this way, the WEF does represent a breakthrough in how the international society of states and its concomitant institutions can be supplemented through tangible new multi-stakeholder arrangements.

NGOs as hub: the Clinton Global Initiative (CGI)

A number of transnational NGOs such as Amnesty International, Greenpeace and Oxfam have become household names for their global scale and influence over national and international political processes. For example, the Gates Foundation has quickly risen to prominence since 2002 as by far the wealthiest nonprofit foundation in the world. Worldwide, the Gates Foundation has directly shaped national health policy in dozens of donor and recipient countries alike, and has provided a substantial component of the World Health Organization's annual operating budget.

It is the Clinton Global Initiative (CGI), however, which due to its membership structure and broad thematic scope is emblematic of civil society serving as a hub of multi-stakeholder global policy. Like the WEF, the CGI has a tiered membership structure. In the case of the CGI, membership denotes having made substantial financial and/or in-kind contributions to CGI-vetted public–private partnerships in the areas of poverty alleviation, education, job creation, environmental sustainability or public health. In this way, it is the projects and beneficiaries of the projects that gain from the CGI rather than the CGI itself, which is funded by voluntary contributions from diverse actors including individual philanthropists (e.g. Tom Golisano), major foundations (e.g. Gates Foundation, Fisher Fund, Broad Foundation), corporations (e.g. Citigroup, Proctor & Gamble, SwissRe) and foreign governments (e.g. Sultanate of Oman). NGOs are not charged any fees for attending the CGI annual meeting, but preference is given to those that are recipients of funds from CGI member companies. As with the WEF, corporate members have no automatic right to renewal in the CGI, forcing them to make commitments and pledges to development projects each year to maintain attendance privileges.

The CGI provides continuous brokering services to connect donors and suppliers with recipients and users.[7] In 2009, Clinton announced that in its first five years of operation, CGI members had made 'nearly 1200 commitments to action valued at $46 billion that have already improved more than 200 million lives in 150 countries'.[8] These commitments cover activities ranging from providing clean water and sanitation to mobile banking services and support for small and medium-sized enterprises (SMEs). As both sponsors and NGOs have increased their desire to forge partnerships to confront local and regional public goods challenges, the CGI has been welcomed to the Middle East and Far East as a broker, with meetings held in Dubai and Hong Kong in 2008. As a multi-stakeholder broker focusing on generating active pledges and commitments to address global challenges, the CGI is clearly

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an example of an important new broker in the global policy landscape.

Multi-stakeholder hubs: the Global Reporting Initiative

The GRI has truly multi-stakeholder origins, funding and operations. It was founded in 1997 as the collaboration between two US-based nonprofit groups, the Coalition for Environmentally Responsible Economies (CERES) and the Tellus Institute, together with the UN Environment Program (UNEP). The first iteration of its Sustainability Reporting Guidelines was issued in 1999, and it became a permanent organisation headquartered in Amsterdam in 2000. Over the past decade, the GRI has developed the world's most widely used sustainability reporting framework which sets out the principles and indicators organisations can use to measure and report their economic, environmental and social performance. These so-called 'G3 Guidelines' can be used to produce the necessary reporting required of all members of the UN Global Compact, and have been rated the most influential reporting standard in the world (Brown et al., 2009; Khagram and Ali, 2008).

The GRI is not a participant in other multi-stakeholder processes but has itself become the pole of attraction for diverse actors and the source from which various sets of reporting standards are radiated outward into and among all stakeholder groups. The GRI's board of directors consists of 16 members who hold ultimate fiduciary and governance authority. There is also a stakeholder council made up of 46 diverse individuals who advise the board and a technical advisory committee comprising 12 experts who assist in maintaining overall quality and coherence in the reporting guidelines. Additionally, organisational stakeholders are those bodies that provide funding for the GRI, including transnational corporations such as BP, GM, Microsoft, Shell, Hewlett-Packard and Deutsche Bank, the governments of the Netherlands, the UK, Sweden, Germany, Australia and the European Commission, governmental agencies such as the US Environmental Protection Agency, nonprofit organisations such as the UN Foundation, Mott Foundation, MacArthur Foundation and Gates Foundation, and international organisations like the World Bank.

As with the UN Global Compact and Clinton Global Initiative, the GRI can measure its effectiveness based on the number of companies or governments participating in and using its framework, many of which explicitly seek its partnership and guidance to implement its guidelines (Waddell and Khagram, 2007). Yet by providing a reporting framework used by companies and governments alike, the GRI has proven itself to be an innovative approach that opens the possibility for a multi-stakeholder mechanism actually to substitute, or at least subsume, the many distinct existing guidelines.

Conclusions

While it remains very difficult to quantify the overall scale, scope and depth of MSPs relative to traditional modes of global governance, we can nonetheless speculate on the implications of this increasingly widespread and more networked approach to global policy. Khagram and Ali (2008, p. 252) argue that multi-stakeholder bodies 'may be quite important in determining the directions of global governance … because they are the most creative producers of novel governance architectures in recent times'.

As research on MSPs takes shape, it will be necessary to establish what threshold of diversity of participation and legitimacy of process is necessary for multi-stakeholder approaches to be preferable to the alternatives. MSPs could prove their robustness by deepening our understanding of relational approaches to power, and specifying which types of legitimacy and mechanisms of accountability need to be in play for success. These criteria cannot be universally evaluated for all multi-stakeholder processes, but the research and analysis of MSPs would benefit from taking these metrics into account. Additional empirical investigation into MSPs and their role within global policy would also be welcome. For the global policy space to demonstrate its neutrality in the face of ever more diverse and influential actors, it will necessarily feature more MSPs in the future.

Notes

1. Editorial Statement, *Global Policy*, London School of Economics and Political Science, 2009. Available at http://www.globalpolicyjournal.com/about/background (accessed 18 April 2012).
2. Multilateralism, the most long-standing model beyond inter-state anarchy, includes regimes as well as an understanding of international institutions as bureaucratic bargaining systems.
3. Grass-roots globalism implies radical decentralisation towards self-governing local communities, with systemic dynamism achieved through social movements.
4. Networked governance can be *transgovernmental*, meaning vertical and horizontal networks of disaggregated states and ministries such as courts and central banks (Slaughter, 2004), or *multi-stakeholder*, which assumes a mix of public, private and civil society actors (Waddell, 2003).
5. UN Conference on Trade and Development (UNCTAD) 2008 World Investment Report, available online from: http://www.unctad.org/en/docs/wir2008_en.pdf
6. See http://www.g20.org/about_what_is_g20.aspx
7. CGI commitments can be registered and tracked at: http://www.mycommitment.org
8. Clinton Global Initiative press release, 30 September 2009. These figures reflect activities undertaken by companies that are members of the CGI but go beyond commitments made only at the CGI.

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