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**The New Global Governance Architectures on Grand Challenges  
and State Capacity**

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# **The New Global Governance Architectures on Grand Challenges and State Capacity**

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## **ABSTRACT**

During the past decade there has been a rapid emergence of new forms of global governance architectures seeking to address grand challenges. International organizations and other strong actors in the global scene have been setting up new, ambitious, open-ended and solution-oriented architectures. Aiming to address some specifically identified grand challenges the new governance architectures are creating broader and sustained conditions for problem-solving. But the extent to which they are able to generate the expected transformative change at the domestic level is an empirical question that remains open. This paper provides a framework for analyzing that by focusing on three main mediating factors at the domestic level, namely, the knowledge absorptive capacity of domestic actors, their organizational capacity, and their legitimacy as the communicative capacity with which they articulate needs and visions about how go about it.

Keywords: globalization, Millennium Development Goals, Sustainability Development Goals, grand challenges, policy-making, impact, transformative change, state capacity, global governance, policy innovation, policy learning, policy tools.

## ***Introduction***

With the advent of the new Millennium, the United Nations and other international actors have engaged in a series of reflections about the grand problems and challenges at global scale. These overall considerations have led towards a series of new types of initiatives that have a different nature than previous ways of approaching policymaking at global level. We call these new initiatives « new global governance architectures » because they epitomize a new approach to address collective problems.

The new Millennium Development Goals (MDG) put forward by the United Nations in 2000, the subsequent Sustainable Development Goals (SDGs) in 2015, the Global Compact, or regional governance architectures like the Lisbon strategy of the European Union, are examples of these new governance architectures.

They are new because they approach policy making in a different way than traditional governance architectures. They are creating broader and sustained conditions for problem-solving. But the extent to which they are able to generate the expected transformative change and are generating new dynamics among domestic actors solving complex problems is an empirical question that remains open.

This paper provides a framework for analyzing that by focusing on three main mediating factors at the domestic level, namely, the knowledge absorptive capacity of domestic actors, their organizational capacity, and their legitimacy as the communicative capacity with which they articulate needs and visions about how go about it.

The paper proceeds as follows. The next section argues about the emergence of a new approach to global governance and defines the concept of “new global governance architecture”, paying particular attention to the different elements that characterize them. The section after that looks into the domestic level and its responses and proactive engagement in the solution of those grand challenges. It examines the different types of capacity. It emphasizes that for specific issues associated to complex problems three specific types of capacity are very important, namely, knowledge absorptive capacity, organizational capacity, and legitimacy as communicative capacity. After that, section 4 asks whose capacity is it relevant in the domestic context. The argument here is that the capacity of a state is not only about the capacity of public actors and public administration, but also of other types of domestic actors. The paper concludes summarizing the framework for analysis and arguing about the need to bring the literature of global governance and state capacity closer together.

## ***The New Global Governance Architectures***

“Global governance architecture” is a concept that has been used in the literature for some time now. It generally describes “the overarching system of public and private institutions that are valid or active in a given issue area of world politics” (Biermann, Pattberg et al. 2009) pp.15. According to these scholars, global governance architectures are located between the broad notion of “global order” and the narrower notion of “international regimes”. Hence, “global governance architecture” is a notion that provides a medium range conceptualization of specific dynamics in world politics that are cutting across some specific institutional elements, norms and principles, but which are defining the contours of global collective action in some specific issue area, like forestry, fishery, maritime industry, etc.

Whereas these conventional global governance architectures are today still very relevant to study, a new set of novel types of global governance architectures have been emerging during the past few years. These new global governance architectures are characterized by three new features that render them different from the more conventional ones. These three features are: their attempt to solve strategic and long-term challenges in a holistic way, their focus on output goals of what they want to achieve, and the features of their implementation which combines old and new organizational structures (Borrás and Radaelli 2011). Each of these three features deserves some attention.

The first particular feature that characterizes the new global governance architectures is their strategic nature. Strategic is defined here in two senses. Firstly, strategic in terms of the turf and remit of the international organizations involved. Secondly, strategic in terms of the nature of the grand challenges, which are related to long-term problems, now addresses in a more encompassing and holistic approach. The core areas of action of the new governance architectures have to do with issues-areas that are at the core of the “raison d’être” of the organizations involved, like the improvement of health conditions for the global poor, fight against poverty, access to education, etc. Secondly, they are strategic because they provide a renewed focus and drive for action directly approaching and formulating those challenges in explicit and clear ways.

Another second particular feature of these new politics of global governance is that they set up very concrete and substantive output oriented goals. In contrast to previous conventional global governance architectures which typically focus on inputs and are not explicit on targets or outcomes, the new governance architectures formulate in a straight way the final expected results. This output focus means that new global governance architectures have set up very high political expectations. They provide visions about a possible future that is expected to be realizable, and oftentimes define as well some time-frame for achieving that (2015, 2020, 2013, etc).

The third novelty that characterizes the new global governance architectures is that they are implemented through combinations of existing organizational structures and completely new set ups. This refers to the fact that the implementation combines existing (or partly reforming)

legal/regulatory frameworks and funding mechanisms, together with a set of new initiatives, like public-private partnerships, new mechanisms of cross-national learning and peer-reviewing, assessment and guidance. Oftentimes, they also include new and more dynamics ways of cross-national reporting and monitoring, focusing more on the domestic advancement towards achieving milestones towards the ultimate goals, than on traditional monitoring of regulatory enforcement or funding programs' ex-post evaluation.

These three features defining the new global governance architectures are indicative of the strong multi-level dimension in which they are defined and operated. The output oriented goals give a powerful narrative and vision about the expected final outcomes, in a way that aims at mobilizing and orchestrating different types of actors with different types of resources, interests, and backgrounds, to pull into the same direction. Naturally, the domestic level is particularly important for achieving those goals. Many of the expected outcomes have to do with the achievement of specific goals at national level. This means the involvement of national governments as well as other types of actors in the domestic arena.

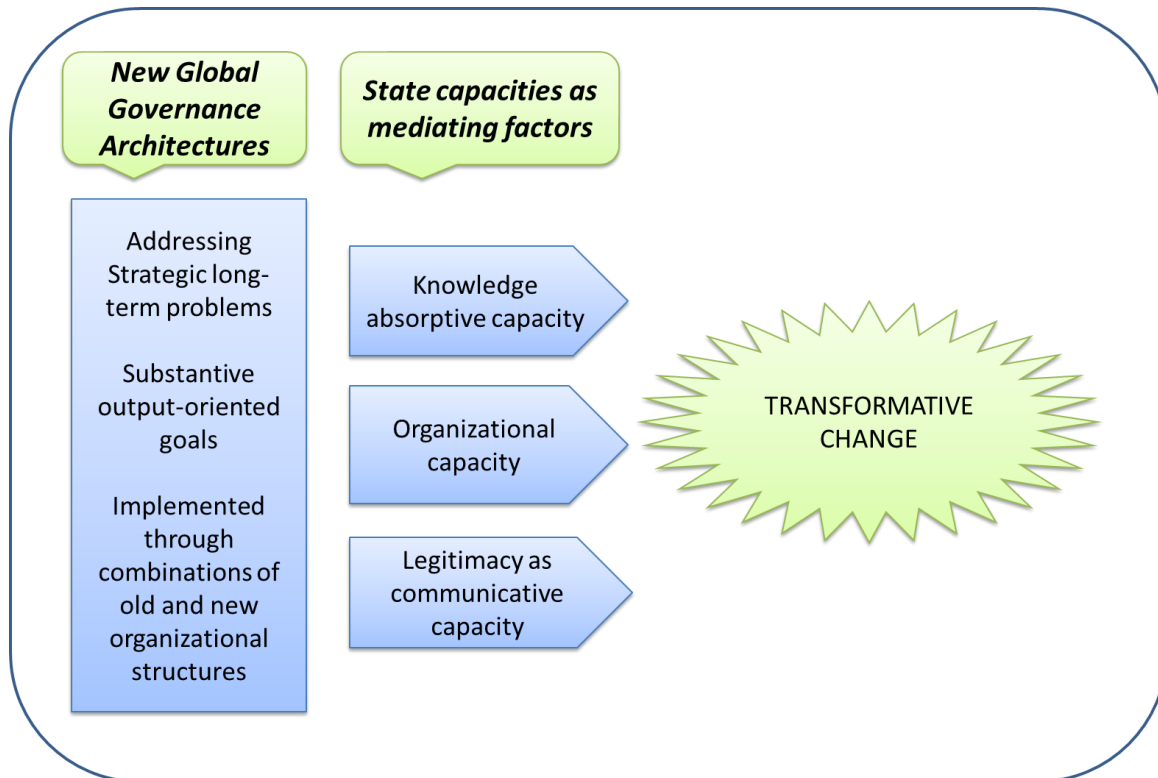
### ***The Conditions for Transformative change at National Level: A Framework for Analysis***

The open-ended strategic goals of the new global governance architectures are articulated in different institutional and organizational arrangements at different levels. The goals are typically defined as a set of specific objectives to be reached at a certain point in time. They are normally accompanied by some institutional frameworks for monitoring and assessing progress at different levels, typically the national level. These objectives and institutional frameworks provide a rather wide overall set up for defining the specific lines for action at the domestic level.

In order to determine the extent to which they are able to induce transformative change at the national level, it is necessary to define an analytical framework. The extensive literature about multi-level governance, policy change and policy learning, and about transnational governance, provide useful insights in different ways. Taken together, however, they still are not entirely tuned to study the particular open-ended, strategic and combined institutional arrangements that characterize these new global governance architectures. For that reason, a specific analytical framework needs to be developed based on the lessons and findings provided by this set of different scholarly literatures.

Three mediating factors might seem crucial as conditions for inducing transformative change at domestic level. They are the knowledge absorptive capacity, the organizational capacity and the legitimacy as communication capacity. Figure 1 illustrates them.

Figure 1 : Three mediating factors



Absorptive capacity is a notion developed by economists since the beginning of the 1990s. Put forward in the context of knowledge economics, this notion has to do with the ability of a firm or any other organization to utilize knowledge that comes from external sources (Cohen and Levinthal 1990). This is related to the importance of knowledge for businesses development in a rapidly changing market and technological contexts. Firms need new knowledge in order to transform business opportunities into real market value. Producing knowledge is very expensive, this is why firms rely on combining internal and external sources of knowledge. The main argument of the absorptive capacity notion is that the ability of firms and other organizations to recognize the value of new external knowledge, and to use it in the development of their own new products and solutions, is largely associated to the firm's absorptive capacity, that is, to the firm's level of own internal knowledge resources.

What these authors suggest is that when organizations possess a certain level of internal knowledge they will be in a better position to understand the value and to utilize the external knowledge that is available to them. It is the combination of internal and external knowledge sources that gives the organization a strong capacity to innovate and generate new solutions.

There is a large literature in the field of economics dedicated to absorptive capacity. The empirical research that tested that theory shows that absorptive capacity is not linear, but curved taking an inverted U-shape: When firms start using external sources of knowledge there is a positive increase in their innovation performance. But at a certain point, if they are far

too relying on external sources, that performance becomes negative. This means that if companies are too dependent on external sources, this dependency will tend to have negative effects on their innovativeness (Laursen and Salter 2006).

These empirical findings in knowledge economics are rather interesting when considering the importance of specialized technical knowledge in other organizational settings. The grand challenges that the new global governance architectures aim at addressing are characterized by large degree of complexity and in many cases by the need of combining different sources of specialized social and technical knowledge. For that reason the empirical findings in economics might be a useful starting point in considering the factors that are relevant for processes of change and learning.

The level knowledge resources and the absorptive capacity of knowledge at the domestic level is an essential factor for explaining differential transformative change accros countries. Domestic actors enjoy certain levels of internal sources of knowledge. This is distributed differently across different countries, and across different actors within the same country. Those internal sources of knowledge have different characteristics and different strength. Examples of that knowledge associated to grand social challenges are medicine and health knowledge, forest tree management knowledge, statistical capacity and data availability, accessibility to data management capacity, etc. Solution to large and complex problems in the field of public health in developing countries requires the combination of different types of knowledge, and access to different networks of knowledge actors (Stone 2013).

The degree to which a specific domestic context enjoys internal sources of that knowledge is likely to have an effect on the way in which the different domestic actors are able to understand and use effectively external sources of knowledge. Put in other words, domestic actors are able to make the most of new knowledge and ideas if they themselves have a certain minimum level of internal knowledge themselves to start with. This is what the theory of absorptive capacity tells. Its applicability to the context of grand social challenges and the domestic learning that takes place through new forms of global governance is relevant due to the sophisticated nature of those challenges require advanced and local type of social and technical knowledge.

The second factor that is crucial for understanding the transformative change effects at the domestic level of those new global governance dynamics has to do with the national traditions of political and administrative organization. This has to do with the features that characterize interorganizational interactions and dynamics across the different national administrative structures. In particular it is important to examine the way in which the public, private, not for profit sectors in that country interact with each other. The key thing is to see the extent to which the different organizations that populate those three sectors have developed formal and or informal mechanisms for complementing and strengthening each other's activities.

Countries where there is a long established synergetic interaction between public, private and civil society organizations, the more they will be collectively able to take up new knowledge and new ways of tackling the challenges at hand. By the same token, countries where those interactions are weak, uncoordinated, largely overlapping, or leaving many key issues

unresolved, will be the countries where those organizations are collectively unable to articulate responses to those challenges. That will be associated as well with the inter-organizational inability to make the most of using effectively the individual resources each of those organizations have.

The third factor that is essential in our analytical framework about domestic level transformative change is associated to ideational and normative dimensions. « Grand social challenges » is a notion that defines broadly some types of problems that afflict a large amount of people in the world, and that have a complex and difficult nature. However, it is important to understand that those grand challenges are not identifiable in a objective manner. They are not out there to be grasped or to be universally and objectively defined in a one-single way. On the contrary, the definition of those problems are the outcome of social processes of discussion and debate. They are subjectively defined, and therefore subject to politics, defined by different interests and different worldviews, norms and ideas.

The definition of grand challenges in the context of new global governance architectures are subject to political processes like any other issues in international and world politics. They are not pre-given or exogenously defined, but they are the outcome of long processes of interaction and power. Likewise, the process of implementing those, putting them into practice at the domestic level, is also a process of subjective interpretation and constant definition by those involved. This is related to the communication and coordination of discourses and narratives around those grand challenges and around how to articulate solutions to them. Legitimacy plays here an important role.

Thus, the third factor that shapes the domestic transformative change of the new global governance architectures has to do with the way in which those problems have been discursively defined. Domestic actors of different types would only engage in solving challenges they believe are relevant for their local constituencies and normatively justified. The grand challenges defined at a global level are very open ended in that regard. Translating them into a coordinated narrative that has meaning and relevance for the problems that domestic actors perceive, is crucial for the success of implementing solutions. In other words, the extent to which domestic actors are able to interpret and articulate in a coherent manner the nature of the problem and the vision for a possible solution, will be paramount for the collective ability to pull resources into the same direction. A broad legitimacy at the domestic level is a building block for fostering transformative change.

### ***Whose capacity?***

The analytical framework exposed above can be summarized in three types of capacity at the domestic level: knowledge absorptive capacity, organizational capacity, and legitimacy as communicative capacity.



The next issue that is worth considering here is, whose capacity? Traditionally, in the context of public policy, the focus has been mainly on the features of public organizations and public administration. The resources of those public actors in terms of funding, manpower, administrative traditions, and the like, have been the focus of attention. Most recently, administrative capacity has been under the limelight. In their recent book Martin Lodge and Kai Wegrich have identified four types of administrative capacity: delivery capacity, regulatory capacity, coordination capacity, and analytical capacity (Lodge and Wegrich 2014). Their point of departure is the question about the limited problem-solving capacity of contemporary industrialized and advanced states. Their edited book focuses on administrative capacity within public administrations and bureaucracy arguing that those four types of capacities should be explored in relation to some specific combinations of policy instruments.

Acknowledging that problems are large and complex, some authors have associated this administrative capacity with the ability of public civil servants to meta-coordinate and collaborate with other actors in order to generate innovation in the public sector. The centre of attention remains the administrative capacity of the public sector, as the main question is what administrative skills are needed to enhance collaborative innovation between the public sector and the other sectors in the economy and society (Sørensen and Torfing 2014).

These are highly relevant observations about the administrative capacity of the public sector in context of rapid change, and in contexts of the collaborative efforts to problem-solving. However, it is argued in this paper that we need to consider state capacity in a wider perspective, and not only in terms of administrative capacity of the public sector. This is so for two main reasons. Firstly because the nature of some large problems is so that the solutions are not necessarily only solutions that can be designed and performed by public-sector actors. This is the case for example when market dynamics and other social economic dynamics from civil society organizations are in fact the dominating dynamics in terms of solving problems. In those situations, administrative capacity of the public-sector is important but not decisive for providing workable and accessible solutions to local communities or market related interactions.

The second reason why we need to consider state capacity in a wider perspective is that administrative capacity of the public-sector is problematic in many low income and lower middle income economy countries. In those countries it cannot be assumed that administrative capacity will be able to coordinate or meta-govern the design of some interactions or frameworks for collaboration across actors. In many cases that function is performed by non-state actors (civil society, NGOs, private firms, etc). This is to say that in some countries with weak public institutional frames, the administrative capacity of the public-sector might not be on the driving seat.

For those two reasons, when discussing state capacity it is worth to include administrative capacity, as well as the capacity of a broader notion of actors. This is somehow similar to questions about political capacity that have been associated to the studies about the effectiveness of new modes of governance. Following Adrienne Héritier: «A political process

is considered to have politically capacity (*a*) when a decision can be reached without long negotiations, and (*b*) when it enjoys the political support of all concerned actors and therefore has a high consensus capacity". P.106 (Héritier 2004). This scholar suggests is that capacity is associated to the process of negotiations and issues of legitimacy across different types of actors.

These remarks serve to come back to our question above about « whose capacity ? » are we talking about when focusing on the three capacities of the state identified earlier, namely knowledge absorptive capacity, organizational capacity, and legitimacy as communicative capacity. The answer to that is naturally that we are talking about the capacity of the public administration of the country in question, as well as the capacity of private actors, and civil society actors. In other words we discuss issues of state capacity in terms of the respective capacity of public, private, civil society actors in that country.

When having a broad perspective of state capacity in those terms, the next issue is to consider how those capacities are distributed inside the country. This has to do with how far are those capacities evenly distributed across those three sectors (public-sector, private-sector, and civil society sector) and across the different actors within each of these three sectors. Naturally, this is related to the resources of the actors, as much as questions of power and dominance, according to the way in which resources are managed and utilized in the national context.

## ***Conclusion***

This paper provides a first step into an analytical framework to study the way in which the new global governance architectures that seek to address grand challenges, is linked to issues of state capacity at the domestic level. The framework provides some clues about bringing closer together two sets of literature, namely the literature about global trends and new forms global governance, and the literature about state capacity. The paper argues that there are new forms of global governance architectures emerging since the turn of the millennium along the lines with new ways of approaching complex and long-lasting problems. These new forms of global governance architectures are directly focusing on strategic problems in a encompassing way, they define clear output-oriented goals, and they are implemented by combining traditional instruments and new organizational structures across different levels of political action. They are phrased and framed in a different way than before. Their explicit focus on problems, and they relative open ended nature, which do not necessarily entail regulatory/legislative instruments, are their main novelties compared to the more input oriented, regulatory instrumentation of previous governance architectures.

The extent to which those new global governance architectures will manage to deliver the expected outcomes is an unresolved research question as well as practical question. In this paper it is argued that state capacity is a crucial intermediary factor in that regard. State capacity not understood as the capacity of public administration, but the capacity of other key

private and civil society actors explicitly involved in the mechanisms and structures set up by the new global governance architectures to address grand challenges. Those private and civil society actors have different capacities and resources that might be successfully mobilized together with the public administrators capacities in problem-solving.

The paper identifies three essential types of capacities that are relevant in this regard, namely, knowledge absorptive capacity, organizational capacity, and legitimacy as communicative capacity. Those three constitute essential intermediary factors for understanding the possible success of those new global governance architectures. This framework of analysis makes a plea for bringing closer together the growing literature on the fields of global governance studies and of state capacity studies, in an understanding that global and state levels of policy action are strongly interrelated and dependent upon each other.

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