Title

Emerging Power Multilateralism: A New Generation of Intergovernmental Organizations and Implications for the Global Sustainable Development Regime

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Emerging Power Multilateralism: A New Generation of Intergovernmental Organizations and Implications for the Global Sustainable Development Regime

by

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of the

University of California, Berkeley

Committee in charge:

Professor Katherine O'Neill, Chair
Professor Jonas Meckling
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Abstract

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Doctor of Philosophy in Environmental Science, Policy, and Management

University of California, Berkeley

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The purpose of this dissertation research is twofold: to explain why and how emerging great and middle power countries established new intergovernmental organizations (IGOs) and to consider implications for changing global norms and practices of sustainable development. Rather than focusing on either the international context or domestic motivations, this study explains the phenomena of IGO establishments by incorporating factors and strategies at both levels. This study offers two arguments: that emerging great and middle power countries created IGOs as a response to a combination of different international and domestic factors, and that, contrary to initial speculations, this array of new IGOs poses little threat to the existing norms and practices of pre-existing institutions in the global sustainable development regime. In this dissertation research, three detailed case studies on the Asian Infrastructure Investment Bank, the New Development Bank, and the Global Green Growth Institute and their comparative assessment are presented. The findings from this research point to the broader debate on international relations theory investigating the utility and impacts of international cooperation and institutions, international environmental governance, and the effectiveness of international regime complexity and fragmentation. The urgency of developmental and climate challenges, as well as the lasting impact of development projects and policy implementation, makes this research project ever more relevant.

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Acknowledgments

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Green Climate Fund, Division of Mitigation and Adaptation **Songdo, Republic of Korea**
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- Develop policy and guideline documents including sector guidance, the Fund's investment framework, initial proposal approval process, operational guidelines, procedures, and toolkits
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World Bank Group (WBG), Sustainable Development Network **Washington, D.C.**
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Park, M.S., Choi, E.S., and Youn, Y. (2013). REDD+ as an International Cooperation Strategy under the Global Climate Change Regime. Forest Science and Technology (9) 14: 213-224.

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Chapter 1. Introduction

1. Background and Research Questions

International organizations (IOs) as a field of study has had its ups and downs throughout the post-World War II (WWII) era. Although IO theory and practice sometimes intersected, their fates were never very closely linked after WWII. Kratochwil and Ruggie (1986) noted that the academic study of IOs is interesting, vibrant, and compelling, whereas the world of actual IOs has deteriorated in efficacy and performance. To them, IO as a field of study has been where the action is, whereas IO as a field of practice has lacked it.

Today, the picture looks quite different. IOs have renewed their vibrancy and focus, with the arrival of a number of intergovernmental organizations (IGOs) with various membership and mandates on the broadly defined issue of sustainable development. An array of institutions, in the form of the 'highest,' or most formalized arrangement of IOs, has emerged in the 2010s, driven by emerging and middle power countries with historically marginalized voices and presence on the international scene. The representative examples are China's Asian Infrastructure Investment Bank (AIIB), the BRICS (Brazil, Russia, India, China, and South Africa)' New Development Bank (NDB), and the Republic of Korea (henceforth Korea)'s Global Green Growth Institute (GGGI). Although the nature of these institutions differs from each other – two are multilateral development banks (MDBs) and one a consultative organ with policy design and implementation – their mandates share a core focus on sustainable development. For example, the AIIB states that 'environmental and social sustainability is a fundamental aspect of the Bank's support for infrastructure development and enhanced interconnectivity in Asia' (AIIB Environmental and Social Framework). Similarly, the NDB believes that 'environmental and social sustainability are crucial to addressing the infrastructure gaps and sustainable development needs' (NDB Environment and Social Framework). The GGGI also references the issue, stating that its objective is to 'promote sustainable development of developing and emerging countries, including the least developed countries' (GGGI Establishment Agreement).

These phenomena have brought about a range of reactions from the international community, from a fervent welcoming from developing countries who now face more options of financial and technical assistance, to suspicions about whether the new institutions will adhere to the 'global' standard set by already existing IGOs, to outright rejection from those that have been dominating the scene for the past seven decades after WWII. It is undeniable, however, that the issues the new IGOs address have a tremendous impact on global sustainable development governance and are highly relevant to how the climate and development regimes evolve.

The establishment of new IGOs focused on sustainable development by emerging and middle power countries is a highly unexpected phenomenon. Most major IGOs were created post-WWII, when institutional proliferation took place to disseminate and institute democracy and neoliberalism centered on the US. The issue-areas that these institutions dominate include peace keeping (UN Security Council), international finance (International Monetary Fund), development assistance (World Bank), trade (World Trade Organization), sustainable development (United Nations), and climate change (United Nations Framework Convention on Climate Change). Western countries that had more military, economic, and political power at the time the institutions were founded still dominate their voting shares and veto power. The heads of these institutions have always been, and continue to be among the specific nationalities. These organizational features, cultures, and expectations have continued over the past seven decades, facilitated by strong inertia and incumbents' interests, despite the changing economic and political dynamics that took place over that time period.

In this international context, emerging countries' decisions to establish, from scratch, IGOs focused on sustainable development poses a puzzle. Establishing *de novo* IGOs is an expensive and difficult endeavor. For example, states need to acquire information about the issue, about one another, and about the likely effects of alternative institutional forms (Koremenos, Lipson, and Snidal 2001) when creating institutions. Start-up costs are often very high in collective action processes, and thus constitute a major barrier to entry (Pierson 2004). Recent trends of declining multilateralism also highlight this puzzling outcome. For example, the creation of multilateral organizations and treaties has slowed, with states turning to less formal institutions (Vabulas 2013; Pauwelyn, Wessel, and Wouters, 2012). While IGOs were traditionally established by treaty, a majority are now emanations, which are 'second-order IGOs created through the action of other IGOs' (Shanks, Jacobson, and Kaplan 1996, 594). Shanks et al. (1996) estimated that by the mid 1990s, more than two-thirds of IGOs could be described as emanations. A more recent study estimates that proportion as close to 80 percent (T. Johnson 2014). Furthermore, non-state, private, and networked forms of governance – known as polycentric governance – have proliferated, responding to perceived weaknesses in the multilateral system (Ostrom 2010; K. W. Abbott 2012b; K. W. Abbott and Snidal 2013; Hale and Held 2012). Sustainable development governance has been at the forefront of these moves, notably by promoting public-private partnerships as a primary means of implementation at the 2002 World Summit on Sustainable Development (WSSD) (Bäckstrand and Kylsäter 2014).

Guiding Questions

In this context, the following outlines a set of guiding questions that apply throughout my dissertation research:

1. Why and how have emerging powers, despite their diverse economic and political capacity, established new IGOs from scratch in the heavily saturated sustainable development regime?
2. What are the implications of these new IGOs for the global sustainable development regime?

More specifically, I ask why emerging countries have chosen to establish *de novo*, treaty-based IGOs instead of other institutional arrangements, such as nested institutions, non-binding forums, or purely regional organizations. Despite several merits that IGOs present, such as stable funding flows and legitimacy, IGOs are costly and difficult to establish, while alternative channels to achieve humanitarian and diplomatic goals such as bilateral transactions and specialized vertical funds are available, along with pre-existing institutions with decades of experience and know-how. Almost all governance issue areas are already heavily saturated with institutions; it may seem irrational to establish new ones because the variable costs of maintaining the existing institutions may be less than the total costs of creating and maintaining new ones (Krasner 1984, 235). What were the explicit and implicit motivations behind their drive to establish IGOs? Was there a series of incremental changes that led to their decisions to establish IGOs, or was there a sudden external impetus? Do these IGOs reflect the interests of key stakeholders and/or the countries' official development assistance (ODA) strategies, as the realists would say, or something entirely different with truly public goals?

Further, none of the chief architects and drivers of these new IGOs have proven expertise or criticism-free track records in the issue-area that their IGOs broadly address – sustainable development. The sustainable development agenda has traditionally been driven by Western, industrialized countries. IGOs with sustainable development imperatives, therefore, have sprung up from unlikely countries and grouping: China, the BRICS, and Korea. Nonetheless, these new IGOs have received unexpectedly warm receptions from the international community and attracted a surprising number of donor and recipient countries. One question I explore is how these emerging powers were able to successfully initiate, drive, and launch an IGO on sustainable development.

I also explore how these new IGOs position themselves within the global sustainable development governance architecture and consider implications for changing global norms and practices of sustainable development. Do they form cooperative relationship with the existing regime and comport with other regional and global initiatives, or represent a conflictual one by, for example, forming a regional bandwagon? Early evidence shows that the new institutions are forming various partnerships with existing institutions. What does this array of newly formed partnerships and additional entities mean for the effectiveness of a regime complex? By assessing the principles, operations, and norms of my cases in the context of a broader regime fragmentation and complexity, I explore whether my cases represent counter-institutionalization or cooperation partnerships. I also determine whether these IGOs provide more effective approaches than existing institutions by incorporating the lessons learned – on governance structure, project selection, prioritization of different goals, and so forth – from the past and pre-existing institutions.

The Argument: Linking Opportunity Structure and Country Characteristics

The purpose of this dissertation research is twofold: to explain why and how emerging and middle powers established new IGOs and to consider implications for changing global norms and practices of sustainable development. Rather than focusing on either the international context or domestic motivations, I explain the new phenomena of IGO establishments by incorporating factors and strategies at both levels. I have two arguments: that emerging and middle power countries created IGOs as a response to a combination of different international and domestic factors, and that, contrary to initial speculations, this array of new IGOs poses little threat to the existing norms and practices of pre-existing institutions and is unlikely to trigger a 'race-to-the-bottom,' in which entities lower their standards toward the lowest common denominator in order to maintain competitiveness. I examine my argument in three cases of emerging great and middle power countries successfully establishing *de novo* IGOs: the AIIB, the NDB, and the GGGI.

First, emerging and middle power countries created IGOs as response to a combination of different international and domestic factors. The success of IGO establishment is a function of the contextual variables that provide opportunities (opportunity structure) and initiating countries' political resources and strategies (country characteristics). External impetus, an international governance gap, international norms, and domestic interests are necessary but not sufficient conditions for a successful IGO establishment. Rather, a strong coalition of like-minded countries and successful niche finding in a saturated regime present the necessary condition for the establishment of an alternative IGO.

Second, contrary to initial concerns and skepticisms regarding the new IGOs (Wihtol 2015; Watt, Lewis, and Branigan 2015), my cases pose little threat to the existing norms and practices of pre-existing institutions and are unlikely to trigger detrimental rivalry and a race-to-the-bottom. On the contrary, these institutions and their architects engaged in 'self-inclusion' and 'forum building' within the existing framework through complementary institutional building, in which they form various partnerships with major players and link their mandate to sustainable development.[1] While emerging powers, through the establishment of new, extra-regional IGOs, are exerting themselves as new and entrepreneurial leaders who address the governance nexus between economic development and environmental sustainability, the resultant IGOs are not profoundly different from the business-as-usual approaches of pre-existing organizations. With the addition of new IGOs as actors, the governance architecture of the sustainable development regime has become a more complex and diverse landscape with active coordination efforts and network effects. In this increasingly vibrant regime ecosystem, however, there is little expectation that a more radical way of advancing sustainable development norms and practices will result.

Theoretical Gaps and Alternative Explanations

This study engages the scholarly literature on international relations (IR), primarily the aspects of institutional choice and design, global environmental politics and governance (GEP/G), and regime fragmentation and complexity. As will be discussed in more detail in Chapter 2 (Literature Review), the international institution literature has focused, until quite recently, on the effects of institutional proliferation at the systemic level and institutional change toward greater regime complexity (Young 1999; Aggarwal and Koo 2008). As the study of international institutions has matured, the field has attempted to move beyond international political economy and become a more general theory with successful applications; however, the field has also narrowed its purview to how and when institutions 'matter' and is increasingly focused on the rules of particular institutions (Lake 2009; Goldstein et al. 2000; Koremenos, Lipson, and Snidal 2001). More recent work has turned its attention to the effects of regime overlap on regime effectiveness, and the conditions under which regime overlap has led to conflicting, neutral, and/or synergistic outcomes (Gehring and Faude 2014; Helfer 2003; Raustiala and Victor 2004; Alter and Meunier 2006). What is missing from the discussion, however, is the process of when, why, and how states deliberately diverge from a certain institutional path and establish new institutions with similar or partially overlapping functions.

Furthermore, as Jupille and Snidal (2006) point out, institutional choice is now more than just a starting point for analysts; it has become the dependent variable to be explained in the context of alternative options. My research extends this line of research, as it focuses on why emerging countries chose to establish formal IGOs in the face of easier and less expensive alternatives such as using existing ones, forum shopping/regime shifting, or modifying existing institutions. Furthermore, recent trends in the study of global governance – including global environmental governance – to bring back attention to organizations (both state and non-state bodies) provide fertile ground for the more explicit application of historical institutionalism (HI) (Bernstein and van der Ven 2017). Most of HI's focus has been on national-level contexts and

[1] I thank Jonas Meckling for this comment.

state institutions, and its forays into IR to date investigate national bureaucracies tasked with international jobs (Fioretos 2011). The approach of HI offers important insight into the *origins* of the establishment of these IGOs, especially the initiator(s)' motivations in promoting the formation of an IGO, and the bargaining process that the initiator orchestrated in order to bring the proposed IGO into being (G. Chin and Stubbs 2011). Also, my attention on the role of international ideas and norms such as sustainable development and green growth can shed light on the role of norms and ideas, and the broad literature on sociological institutionalism, for research on understanding international institutions in HI (Rixen and Viola 2016).

The AIIB, the NDB, and the GGGI, as multilateral development banks (MDBs) and a policy-oriented consultative institute, respectively, have important roles to play in sustainable development because of the size, number, and scale of their projects and their focus on South-South cooperation. In this context, we know relatively little about how international development organizations, particularly those that were established by emerging countries, are responding to environmental concerns. Environmental governance scholars have focused on environmental organizations and how they are responding to climate change (Hall 2016). They have also explored the increasing complexity and fragmentation of the climate regime as it broadens to include a range of new issues and new actors, from NGOs to interest groups to IGOs (Keohane and Victor 2011a). They have identified why international organizations may 'bandwagon' on the climate regime (Jinnah 2011). However, scholars have not sufficiently examined how existing *non-environmental* institutions are adapting to sustainable development, and what impact they have on the overall effectiveness of the regime complex.

Countries that were traditionally passive, reluctant, or adamantly opposed to collective mitigation efforts have recently reversed their positions and begun to actively engage in multilateralism and issue-linkages that create a different normative framework and set of approaches. These countries maintain membership in the focal institutions of climate change and international development, namely the United Nations Framework Convention on Climate Change (UNFCCC) and the World Bank, but have also moved beyond. By choosing to establish new institutions from scratch instead of creating nested institutions or engaging in forum shopping within the existing architecture, these countries have contributed to increasing institutional proliferation and strengthening substantive linkages that help them leverage more voice and legitimacy. Thus, institutional proliferation and issue-linkages, both driven by emerging countries, have further fragmented the sustainable development regime complex.[2] The focus of my dissertation on emerging powers and their IGOs' missions and activities on the broad realm of sustainable development provides an important contribution to not only the international institutions and institutional design literature, but also the growing body of the literature on emerging powers.

Major theoretical perspectives do not provide sufficient explanations for the emergence of new IGOs. For example, functionalist arguments posit that institutions exist because they serve a certain purpose (Keohane 1984; Weingast and Marshall 1988; Shepsle 1986; Haas and Schmitter 1964). Functionalists often proceed, however, as if the world were a blank slate with governments coming together to make rational decisions about building international institutions to achieve functional objectives (Alter 2017). Furthermore, institutional development in global governance has been anything but a straightforward drive toward efficiency (Bernstein and van der Ven 2017). The predominant explanation of the realist orientation, which argues that the

[2] Regime complex consists of not only state actors and state-driven institutions, but also non-state actors who play crucial role in its operation and complexity. However, for the purposes of my research, I focus on institutions whose members consist of nation-states.

international system is structured by power relations among various states (Mearsheimer 1994; Gilpin 1981; Hirschman 1980; Krasner 1976), posits that strong states structure the global governance architecture to reflect their preferences and use their power to pressure weak states to conform. The BRICS and the Republic of Korea, however, are by no means comparable to the US and major powers in the European Union. Even China, the second major power in the world, has about a quarter of the US's per capita GDP[3] and considers itself a developing country requiring continued growth and development.[4] Importantly, this power politics perspective of realism downplays the entrepreneurial role and agency of IGOs (Abbott and Snidal 1998; Finnemore and Sikkink 1998; Keohane 1984).

Therefore, the emergence of new IGOs has highlighted the gap in the literatures of global environmental politics and political science. Major theoretical perspectives around the origins and design of international institutions are further explored in Chapter 2. Taken together, this rich literature has greatly improved our understanding of why states establish IGOs on diverse issue areas. It has shown how states may use the establishment of IGOs to exert their power and influence on the international arena, provide certain global public goods that are difficult to procure individually, or disseminate certain principles and norms. However, this literature also suffers from a number of limitations that have inspired this dissertation research. First, contributions tend to privilege alternative types of explanations and theoretical orientations, sometimes pitting these against each other in competitive assessments, without considering the factors that enable and constrain all of them. Second, we know fairly little about the underlying political conditions necessary for the establishment of IGOs. In other words, existing research is strong on the mechanisms (state preferences), but weaker on the basic circumstances (conditions) for IGO establishment. Third, the literature has tended to focus on the successful examples of IGO establishments or those that were established post WWII by the winner, Western countries, raising concerns of selection bias.

Justification, Significance, and Implications

This dissertation research is motivated by an empirical puzzle in institutional choice and proliferation in the sustainable development regime. The findings from my research point to the broader debate in research on international environmental governance, IR theory investigating the utility and impacts of international cooperation and institutions, and the effectiveness of international regime complexity or fragmentation on global environmental governance (O'Neill 2017; Pickering, Betzold, and Skovgaard 2017; Young 2011). My arguments complement research on IGO establishment by theorizing the underlying political conditions that shape the likelihood of IGO establishment in the context of sustainable development.

Studying formal governance initiatives and institutions is a natural focus for the global environmental politics field, given that it emerged from a desire to develop policy in the face of a mismatch between political borders and problems without jurisdictional boundaries (Dauvergne and Clapp 2016). Formal IGOs have been neglected in the theoretical study of international regimes for several decades, partly because the channels of international communication, coordination, and cooperation are more numerous, decentralized, and diverse than ever (Haas 1980). IGOs, however, have played a major role in many, if not most, instances of interstate

[3] According to Scott and Sam (2016), GDP per capita (PPP, 2011 international dollars) of the US in 2016 was US$53,417; that of China was US$14,275.

[4] Full text of Xi Jinping's report at 19th Communist Party of China (CPC) National Congress, 4 November 2017, accessed from http://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm

collaboration (K. W. Abbott and Snidal 1998). The fact that the IGOs have not been abandoned by states – and in fact continue to be created – is testimony to both their value and their potential. A better theoretical and empirical understanding of IGOs should help improve their performance.

Some may question the point of learning the reasons and motivations behind the establishment of IGOs driven by emerging countries, especially if the organizations have already been established (personal communication 2017). However, assessing these IGOs and identifying the values and approaches they embody have widely different implications on prospective member countries and geopolitics. Of my cases, the AIIB, driven by China, faced fierce initial opposition and suspicion from not only neighboring countries but also other regional and global powers. It is tempting to be swayed by a range of reactions and be wary of how these new institutions will perform, based on national interests and bilateral performances. These perspectives, however, often overlook the wider and far-reaching implications that the new IGOs may have on sustainable development and global environmental politics and governance. Rather than instinctively engaging in the dominant realist perspective of power relations, I explore this phenomenon through other theoretical and analytical lenses that yield different outcomes and implications. For example, many states, notably the US, resist the creation of IGOs and hesitate to support those already in operation, citing the shortcomings of international bureaucracy, the costs of formal organization, and the irritations of IGO autonomy (K. W. Abbott and Snidal 1998). By focusing on the other side of the ledger, I hope to draw important conclusions that may offer a different perspective from which to understand IGOs.

My research also addresses countries other than the rich countries of Western Europe, thereby possibly shifting the focus to reduce polarization between powerful countries that establish and control IGOs and countries whose populations are disengaged from IGOs (Thompson and Snidal 2011). What we are witnessing today is a series of events that are unprecedented. Exploring the establishment process and context of this series provides insights into whether my cases it constitutes a trend and whether these chief architects have learned the benefits of multilateral institutions, and is highly relevant to future emerging countries who seek to establish their IGOs.

Furthermore, these IGOs contribute to the already highly fragmented regime of sustainable development, with potentially detrimental effects (e.g., race to the bottom, overlapping activities, inefficient management of resources) and/or advantageous outcomes (e.g., coordination for better experimentation, innovation, flexibility, adaptability) for the issues on which pre-established institutions have been largely unable or unwilling to make substantial progress. The urgency of developmental and climate challenges, as well as the lasting impact of development projects and policy implementation, makes this research project ever more relevant.

2. Research Approach and Methods

In addressing the guiding questions, this study primarily employs process tracing within detailed case studies. Case studies form the bulk of qualitative methods-based research because they are particularly useful for generating hypotheses, identifying key variables, building theories, and 'achieving high construct validity' (O'Neill et al. 2013, 34). I examine cases of two categories: MDBs (AIIB and NDB) and a consultative niche organization (GGGI). These cases were selected on the basis of four criteria: legal character, nature of the establishment, chief architect, and objective of the organization. A detailed description of case selection can be found below. Supplemented by semi-structured expert interviews with government officials, IGO secretariat staff, and scholars, I tease out causal mechanisms in each case in Chapters 4, 5, and 6.

In Chapter 7, I conduct qualitative comparisons across the origins and implications of my empirical cases. Small-n qualitative analyses provide depth, as they allow us to investigate whether the dissertation's hypotheses on IGO establishment apply to the subset of prominent IGOs. They also enable us to probe counterfactuals by comparing existing IGOs to organizations that were proposed but not actually created, or to organizations that were created but did not survive (T. Johnson 2014). A detailed case study works out the main IGO puzzle of this research – a puzzle that remains unresolved by prevailing views that states establish IGOs to pursue their national interests or to disrupt the existing power balance in the international system. The qualitative comparisons establish that my analytical framework works across a range of issue-areas, chief architects, and strategies.

The aim of my dissertation research is not to simply collect factual accounts of the current state of play or the current set of preferences of key actors, but to delve into the deeper mechanisms that shape the processes. Rather than imposing an analytical straitjacket, I adopt an eclectic approach that builds on a combination of rational choice, historical, sociological, and constructivist institutional theories (Hall and Taylor 1996; Schmidt, 2010), which can be connected with classical international relations theories. Embracing pluralism provides a way out of the ideological and epistemological straitjacket that deters more cohesive and politically effective interpretations (Sneddon, Howarth, and Norgaard 2006). Given the complexity and dynamism of the world, distilling sequences of institutional development from complex sets of events is both important and challenging (Hanrider and Zurn 2017). Depending on the context and case, one factor would invariably be more important and have more explanatory power than the others.

My dependent variables are the IGO establishment for the first question and the effectiveness of and implications for the resultant institutional fragmentation for the second question. In the following, I first describe the process tracing method and provide justification for using it, followed by the case study design and selection of the cases. Finally, I explain the primary and secondary sources of data along with the process of empirical research.

Process Tracing within a Detailed Case Study

The ambition for my dissertation is not to prove that a theory is correct but instead to demonstrate that it has utility in providing the best possible explanation. Explanations are case-specific and cannot be detached from the particular case (Humphreys 2011). Therefore, the aim is not to build or test more general theories but to craft a sufficient explanation of the outcome of the case. I use process tracing as my primary methodology and tool for this research, in conjunction with semi-structured, open-ended expert interviews. The method of process tracing lays bare the causal mechanisms at work in important instances, while also uncovering actors' motivations, tactics, and sequencing of interactions. This qualitative approach looks at 'the decision process by which various initial conditions are translated into outcomes' (O'Neill et al. 2013; George and Bennett 2005).

The social world is complex, multifactored, and extremely context-specific (Beach and Pedersen 2013), and there is a growing awareness in the social sciences and international relations that 'the social world is inherently indeterminate' (Ruggie 1995, 95). This complexity makes the ambition of producing knowledge that can be generalized across many cases difficult, if not impossible (Beach and Pedersen 2013). In light of these assumptions, scholars have proposed an alternative understanding, which has been referred to as narrative causality (Ruggie 1995) or complex causality (George and Bennett 2005). Complex causality exists if 'the outcome flows from the convergence of several conditions, independent variables, or causal chains' (George and Bennett 2005, 212). The ambition here is to account for particularly puzzling outcomes – in my case, the establishment of IGOs on sustainable development by middle power and emerging countries. Theories are used here in a much more pragmatic fashion – that is, as heuristic instruments that have analytical utility in providing the best possible explanation of a given phenomenon (Beach and Pedersen 2011).

Process tracing is defined as 'a procedure for identifying steps in a causal process leading to the outcome of a given dependent variable of a particular case in a particular historical context' (George and Bennett 2005). The process tracing method attempts to identify the intervening causal process – the causal chain and causal mechanism – between one or more independent variables and the outcome of the dependent variable (George and Bennett 2005; Drezner 2010b). The variant of process tracing for this research seeks to make within-case inferences about the presence/absence of causal mechanisms in single case studies, whereas most small-n methods attempt cross-case inferences about causal relationships (Beach and Pedersen 2013).[5] Therefore, while the findings of the case can speak to other potential cases of similar phenomena, my primary ambition is to explain the said outcome. For this research, the goal of process tracing is to show how the international context and domestic motivations, resources, and strategies of nation-states have led to the establishment of new IGOs on the issue of climate-resilient and sustainable development. The establishments of these institutions are considered as deviant cases from expected trends, which would be continuing the business-as-usual developmental model, using bilateral transactions, modifying existing institutions, creating nested institutions, and/or engaging in forum shopping.

Case Selection

The empirical part of my research is designed as a series of case studies. I ask the following questions in order to determine relevant cases to my research:

- (Legal character of the organization) Is it a treaty-based intergovernmental organization?
- (Nature of the organization) Is it a *de novo* IGO, rather than an emanation of an existing organization and/or a nested institution?
- (Chief architect) Was its establishment largely driven by a developing/emerging country?
- (Mission and vision of the organization) Is its issue-area on economic development with a strong emphasis on environmental sustainability and climate change, and/or on the environment with development and finance components?

Through these steps, I was able to identify IGOs established by emerging and middle power countries on the broadly defined area of sustainable development. All of them have been established in the 2010s. Among those, I pay particular attention to China's AIIB, the BRICS' NDB, and Korea's GGGI. I do not consider less formalized institutions such as legalized agreements (e.g., Regional Comprehensive Economic Partnership) and informal institutions such

[5] For three distinct variants of process tracing, see Beach and Pedersen (2011) and Beach (2017).

as norms and customary principles.[6] Formal IGOs can cover multiple issues with a general purpose (e.g., UN, OECD, WB) or can be issue-specific agencies, sometimes inside other IGOs (e.g., FAO, WHO, WTO). My cases are issue-specific and independent of other existing organizations.

Some may perceive the specific governance issue-areas that these cases focus on as disparate or only loosely related. I consider these governance areas – infrastructure financing with sustainable development considerations and green growth – as an overlap between the climate regime and development regime within the regime complex of sustainable development. In this respect, my cases are well suited to point to the broader trend toward institutionalization and formalization of multilateral efforts to address environmentally sustainable development.

This case selection also has the virtue of incorporating developing countries, which are too often ignored in the field of international relations and IGOs. This helps correct a potential bias in the literature, namely that repeated studies of the usual suspects will lead to conclusions that are not representative of the universe of countries and institutions (Drezner 2010a).

Brief Descriptions of Each Case and What It Represents

This dissertation research not only includes MDBs but also some smaller, more low-key and less studied agency like the GGGI. More specifically, this study focuses on two types of institutions: MDBs and entrepreneurial niche organizations. The cases in this study have an important role to play in assisting developing countries, who are predicted to be the most vulnerable to climate change, and in contributing to an invigorated South-South development assistance and cooperation regime. This is particularly important, as there is no new global 'adaptation' organization tasked with assisting developing countries with preparing for and dealing with the impacts of climate change (Hall 2016). Climate change itself is not the explicit motivation or purpose behind the establishment of the IGOs in my case studies, but it comprises an important element in their approach and founding. As will be explored in depth in subsequent chapters, emerging countries' integration of climate change and sustainable development considerations into these new IGOs' mandates is highly significant and deviant from expected trends, particularly in the light of climate justice perspectives and the common but differentiated responsibilities and respective capabilities principle enshrined in the UNFCCC.

Table 1. Comparison Chart of Cases

	Asian Infrastructure Investment Bank (AIIB)	New Development Bank (NDB)	Global Green Growth Institute (GGGI)
Initiation	People's Republic of China proposed the AIIB in 2013	India proposed the NDB at the fourth BRICS summit in New Delhi in 2012	Republic of Korea proposed the GGGI as a think tank at UNFCCC COP 15 in 2009
Establishment Process	In June 2015, 57 Prospective Founding Members signed the Articles of Agreement; became operational in January 2016	In 2014, at the sixth BRICS summit in Fortaleza, the NDB Agreement was signed. The NDB officially launched in July 2015	Initially structured as a non-profit domestic foundation in 2010, the GGGI converted into an IGO in 2012

[6] Vabulas (2013) presents a fuller spectrum of international institutions.

Headquarters	Beijing, PRC	Shanghai, PRC	Seoul, ROK
Mission/ Purpose	To improve social and economic outcomes in Asia and beyond by investing in sustainable infrastructure and other sectors	To support infrastructure and sustainable development efforts in BRICS and other underserved, emerging economies	To provide learning opportunities and policy recommendations for country-led progress on green growth
Leadership	Jin Liqun (Chinese)	K. V. Kamath (Indian)	Rick Samans (American, 2010-2012), Howard Bamsey (Australian, 2012-2014), Yvo de Boer (Dutch, 2014-2016), Frank Rijsberman (Dutch, 2016-present)
Official Language	English	English	English
Membership	84 members as of Feb 2018	Five members (Brazil, Russia, India, China, and South Africa)	28 members as of Feb 2018
Governance Structure	Board of Governors (highest decision-making body), Board of Directors (non-resident directors), Senior Management Team, International Advisory Panel	Board of Governors, Board of Directors, Senior Management	The Assembly (supreme organ) and the Council (executive organ)
Significance	AIIB marks the first IO established by China's leadership	First formal institutionalization of the BRICS; the NDB was set up on an equal share basis despite the major variations in economic size among its founding members.	GGGI marks the first IGO established by Korea's leadership; it remains the only organization solely focused on green growth

Data Sources and Collection

The within-case analysis draws from both secondary and primary sources. I obtained primary data from original and official documents and semi-structured interviews. The documents reviewed include primarily reports, press releases, policy papers/reports, and notes from meetings, if available. I obtained documents and information publicly available from government- and secretariat-maintained websites and other official sources. Also, secondary sources such as reports, policy reports, and newspapers/magazines (Economist, Financial Times, New York Times, Wall Street Journal, Reuters) have also been important sources.

My interviews with government officials, secretariat staff, and other relevant experts provided crucial context for this study. I conducted over forty semi-structured expert interviews with relevant participants for an average length of an hour. These included interviews with AIIB and GGGI secretariat staff, practitioners from pre-existing institutions such as the World Bank and the Asian Development Bank, officials from the Korean and Chinese governments, and scholars and practitioners on international relations, climate change, and development practice in Korea, China, and the United States.[7] Specifically, the pool of participants for each case includes the following: government officials from finance, economic, and foreign affairs ministries that are responsible for managing infrastructure, finance, green growth, climate change, the environment, and international relations; personnel working at the secretariats of my cases; and experts from academia and research institutions that have followed the evolution of international and regional environmental and developmental regimes in each country and/or in Northeast Asia. I also sought to interview former and current employees at the pre-existing institutions, mainly the World Bank and the Asian Development Bank, both of which generated significant reactions to the emergence of my cases.

I selected my interviewees on the basis of their affiliation and responsibilities relevant to my cases, and/or how often they were referred to by other actors in the field. As my research focuses on why national governments choose to establish IGOs on a certain issue areas, the interviews were designed to provide background in arriving at an inter-subjective explanation for the creation of IGOs and hosting of the headquarters. Therefore, I put more effort into seeking interviews with government officials for their official and unofficial views than secretariat staff members. My interviews adhered to strict terms of confidentiality – that is, direct quotations were allowed only with the interviewee's approval. In all other cases, the information provided has been provided anonymously, given the sensitivity of the information.

3. Organization of Dissertation

My dissertation research is organized as follows. Chapter 2 reviews the three bodies of literature to which this dissertation contributes: international organizations, global sustainable development politics and governance, and regime fragmentation and complexity. The first section of the review pays close attention to diverse theoretical perspectives relevant to the first question of why states pursue the establishment of formal IGOs, why states are *not* likely to pursue the establishment of formal IGOs, and possible mechanisms of institutionalization when states do decide to establish IGOs. The second section explores the rise and institutionalization of politics and norms associated with, and the institutional architecture of, sustainable development. The third section examines factors that add to regime complexity, examines strengths and weaknesses of the regime complex, and defines the regime complex for sustainable development.

The first half of Chapter 3 (Empirical Background and Analytical Framework) provides a detailed discussion of the emergence of emerging and newly industrialized countries in global sustainable development politics, focusing on major state actors. It also discusses trends in multilateral development financing and the role of infrastructure in sustainable development, providing empirical evidence highly relevant to the MDB cases. The second half of Chapter 3 defines and explains the terms and theoretical concepts that form the backbone of this study. Specifically, the analytical framework is divided into two parts: opportunity structure and country characteristics. This section defines the impetus, international governance gap, international norms that belong to the former part, and political entrepreneurs, diplomacy, coalition building, and niche finding that fall under the latter, and explains how they apply to IGO establishment by emerging and middle power countries.

[7] While I was unable to interview government officials on NDB or staff members at NDB during the time period allocated for this research, I was able to gather a wealth of supporting documentation from the NDB and its related websites and academic articles. The GGGI staff members and those involved with the establishment process were relatively more accessible due to my former employment at the GGGI (2011-2012).

Chapter 4 (AIIB), 5 (NDB), and 6 (GGGI) are the empirical chapters of this dissertation. Each chapter presents a detailed case study of the respective IGO, from its origins to establishment process to implications for sustainable development. These chapters demonstrate that explanations are case-specific, as the factors in the analytical framework have different weights and importance depending on the case. They also demonstrate that the success of IGO establishment is a function of the contextual variables that provide opportunities (opportunity structure) and of initiating countries' political resources and strategies (country characteristics).

Chapter 7 provides qualitative comparisons across the origins and implications of the empirical cases. In addition to drawing similarities and differences, it determines that a strong coalition of like-minded countries and successful niche finding in a saturated regime present the necessary condition for the establishment of an alternative IGO.

Chapter 8 (Conclusions) reflects on the broader theoretical implications of the new IGOs on the study of international organizations, institutional design, and the historical institutionalist research agenda. The empirical implications are drawn on the increasingly vibrant relationship between the developed and the developing countries, dynamism in global public goods provision, and the overall effectiveness of the regime complex for sustainable development. Finally, this chapter concludes with a discussion of why this study's results suggest that the new IGOs are agents in their own right and not just another tool to meet national interests, why the sustainable development governance is not as doomed as initially expected, and what the policy implications of this research are. The chapter closes with suggested possible arenas for further research.

Chapter 2. Literature Review

1. Introduction

The goal of my dissertation is to explain the recent establishments of IGOs on development and climate change, under the umbrella of sustainable development, by emerging and middle power countries. I also consider the implications they have for the global sustainable development agenda and effectiveness. Therefore, this research is located at the intersection of the international relations (IR), global environmental politics and governance (GEP/G), and regime complex literatures. This chapter reviews these bodies of literature in detail, paying particular attention to the subfields most relevant to this dissertation. First, the IGO literature in IR explains the establishment of this particular institutional form, considering IGOs as a dependent variable. Second, the GEP/G literature provides the evolving relationships and linkages among the environment, development, and climate change and the rise and institutionalization of the concept of sustainable development. Third, the regime complex literature, setting IGOs as explanatory variables, allows examining the positioning and implications of these IGOs from a broader perspective.

2. International Organizations

The question of why states pursue formal IGOs has been explored in depth in the past, but what we observe in today's new IGOs entails different global dynamics, domestic interests, and institutional and international environment. The scholarship on this question tends to focus on Western Europe and the Americas and the institutions established post-WWII. This dissertation research complements the current efforts by directing attention to the developing and emerging parts of the world. The cases in this research warrant a different set of explanations, or at least a tailored lens that deviates from the Western-centric lens to explain their rise and implications. But first, I draw from various theoretical perspectives in political science and sociology that offer different answers to this question, to emphasize the complexity of this question rather than how the cases have been portrayed in the media and political arena.

I organize this section around themes in the study of IGOs: what they are; the merits and drawbacks of setting up IGOs; why states establish them and why they don't; why states depart from the status quo of using or modifying existing institutions and instead set up an IGO. To explore these themes, I examine diverse scholarship and perspectives, mainly in the realm of IR theory, highlighting their important contributions and weaknesses to the assessment of IGOs thus far. In doing so, I also provide the context in which my cases fit, explain why the existing literature is insufficient to explain the new IGOs, and lay the groundwork for my analytical framework for this research. I now turn to various definitions of IGOs and a literature review of different theoretical perspectives that examine IGOs, and then delve into explaining why states establish IGOs.

2.1. Origins and Evolution of the IGO Literature: International Organizations, International Regimes, and International Institutions

The proliferation of international organizations (Shanks et al. 1996), the growth in treaty arrangements among states (Goldstein et al., 2000), and the deepening of regional integration efforts in Europe until recently,[8] represent formal expressions of the extent to which international politics has become increasingly institutionalized (Simmons and Martin 2001). The scholarship on international institutions, the term used over the past few decades to refer to a broad range of phenomena, has burgeoned in response. Although often used interchangeably, there is a distinction among 'international organizations,' 'international regimes,' and 'international institutions' in the literature and in practice. I define what IGOs are and discuss how they refer to a more specific form of institution than international organizations (IOs) and how they relate to international institutions and regimes.

What is an Intergovernmental Organization?

The Yearbook of International Organizations defines IGOs as 'conventional international bodies,' formal institutions set up by more than three sovereign states through multilateral treaties to achieve, with the support of a permanent secretariat, shared interests and desirable objectives (UIA 2018). More specifically, IGOs are set up by states to manage international problems, provide a forum for collective decision making, and bear responsibility for managing and implementing global policies and allocating international financial loans and aid (O'Neill 2017). So defined, IGOs are a byproduct of the Westphalian anarchical inter-state system (Fomerand 2010). Like domestic political institutions, IGOs are 'sources of order and stability in an interactive world that might otherwise appear quite chaotic' (March and Olsen 1989, 53).

The first formal IGO dates back to 1815 when the Congress of Vienna established the Rhine Commission (Thompson and Snidal 2011). It was not until the last third of the nineteenth century, however, that IGOs began to proliferate rapidly to facilitate expanding commercial and other forms of interdependence among European states (Thompson and Snidal 2011). Today, formal IGOs are exemplified by the United Nations (UN) and its agencies, as well as a host of functional and regional organizations, such as the World Bank, International Monetary Fund, World Trade Organization, World Health Organization, International Labor Organization, Organization for Economic Co-operation and Development, Organization of American States, and Association of Southeast Asian Nations. As demonstrated by this handful of examples, IGOs have a variety of scopes and functionalities, ranging from general-purpose IGOs such as the UN to specialized IGOs. Currently, around 250 IGOs operate in the international system (Mingst 2012), a number that has remained relatively stable since the early 1980s (O'Neill 2017), but that has increased since the 2010s.

Formal IGOs are, however, only one type of international actor in the heavily saturated governance architecture. The term international organization (IO) includes not only interstate arrangements but, increasingly, arrangements among non-governmental and transnational actors. Therefore, the landscape of IOs includes both intergovernmental organizations (IGOs) consisting of sovereign nation-states and international non-governmental organizations (INGOs) with non-state actors as members.[9] Thus, for the purpose of my research, I use the term IGO, rather than IO, given my focus on formal IGOs with only nation-states as members.

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[8] The recent series of events such as the Brexit and nationalistic responses to refugee crisis has sparked accounts on the end of European integration or the integrity of the European Union.

[9] INGOs are crucial actors in regimes on many issue areas. Data by the Union of International Associations (UIA) shows that three-quarters of all estimated 27,472 INGOs active in 2005 were added since 1975. Non-governmental organizations pressure governments for change, but also work with them to manage a variety of issues, including the environment, human rights, and international regulation in various settings (Raustiala, 1997; Rosenau and Czempiel, 1992; Keck and Sikkink, 1998; Abbott and Snidal, 2010). INGOs interact with other international actors, such as

More specifically, I adopt the definition provided by the Pevehouse, Nordstrom, and Warnke (2004) dataset. It recognizes IGOs as institutions that meet all of the following criteria:

1. The organization must consist exclusively of states. This means that organizations that consist of non-state actors (e.g., international business associations, organizations composed of individual actors such as Amnesty International, organizations composed of both governments and civil society organizations such as the International Union for Conservation of Nature) are not treated as IGOs.
2. The organization must have a minimum of three states as members. Bilateral institutions are therefore excluded.
3. The organization must have a minimal level of formal institutionalization. Specifically, it needs to have a permanent staff, secretariat, and/or headquarters.
4. The organization is established by a legal treaty. Organizations that are offshoots of existing organizations (so-called 'emanations') are not recognized as independent IGOs.

Another clarification needs to be made between international organizations and international institutions. They are often used interchangeably, yet an important distinction exists. Oran Young (1989, 32) defines institutions as 'social practices consisting of easily recognized roles coupled with clusters of rules or conventions governing relations among the occupants of these roles.' Keohane, Haas, and Levy (1993, 5) define institutions in IR as taking the form of bureaucratic organizations, regimes (rule structures that do not necessarily have organizations attached), or conventions (informal practices). By these definitions, institutions are not synonymous with organizations, which are defined as material entities 'possessing physical locations (or seats), offices, personnel, equipment, and budgets' (Young 1989). Many institutions have a formal organizational base; others, such as language systems or the family, endure informally, being reproduced over time by the beliefs and practices of individuals and groups (Conca and Dabelko 2014, 133). These definitions, therefore, place IOs as a subset within the concept of international institutions (Pevehouse 2003). The distinction among organization, regime, and institution is further explored below. With this definition of IGOs in mind, I now turn to IGOs in the literature to highlight the waxing and waning of interest in IGOs and how my research fits into the return of the IGO focus in the literature.

IGOs in the Literature

Formal International Organization

The early study of IOs and international institutions in initial post-WWII years would almost always involve formal international organizations, usually organs or branches of the United Nations system (Haggard and Simmons 1987; B. A. Simmons and Martin 2002). With the notable exception of neo-functionalist integration theory, the early IO literature focused on the operational details of IGOs. It was heavily descriptive, neither theorizing institutions nor clarifying their relationships to wider issues of international relations (Koremenos, Lipson, and Snidal 2001; Jönsson and Tallberg 2001). According to Kratochwill and Ruggie (1986), the assumptions with this early formal institutional focus were that (1) international governance is

transnational companies, IGOs, and sovereign states. When an important international conference is held, INGOs frequently organize a 'shadow conference' at the same time (Holsti 2004) to raise awareness and/or advocate for a certain agenda.

whatever international organizations do; and (2) the formal attributes of international organizations, such as their charters, voting procedures, committee structures, and the like, account for what they do. To the extent that the actual operation of institutions was explored, the frame of reference was their constitutional mandate, and the purpose of the exercise was to discover how closely it was approximated (Kratochwill and Ruggie 1986).

International Regimes

In the 1970s and beyond, important anomalous changes occurred in the international system, for which no ready-made explanation was at hand (Martin and Simmons 2001). The relative decline of U.S. hegemony, the achievement of nuclear parity by the Soviet Union, the economic resurgence of Europe and Japan, the success of OPEC, and the Vietnam War that raged beyond the formal declarations of the UN shifted the configuration of the international system. Specific agreements that had been negotiated after WWII were violated, and institutional arrangements, in money and trade above all, came under enormous strain by a unilateral decision of the US in 1971 to close the gold window and later to float the dollar (Coneybear 1980). The failure of the 'classic' IO model to live up to an exaggerated promise of managing international affairs in a relatively depoliticized and expert manner has led to its disrepute (Thompson and Snidal 2011).

In response, the 1980s saw a rise in the study of 'international regimes,' commonly defined as rules, norms, principles, and procedures that focus on expectations regarding international behavior (Krasner 1983).[10] Rather than focusing on formal IGOs, as was common in the literature of the 1950s and 1960s, this literature has concentrated on less formal arrangements that may or may not be further institutionalized through the formation of formal organizations (Aggarwal 1998a). The study of international regimes made an important contribution by supplementing the technical aspects of formal IOs with the norms and rules governing state behavior. This move allowed a more unified framework for the analysis of formal and informal institutions (B. Simmons and Martin 2012; Koremenos, Lipson, and Snidal 2001). Importantly, regime theory demoted the study of IGOs as actors and began instead to focus on rules or even 'understandings' thought to influence governmental behavior. The study of regimes favored theoretical questions and moved the research agenda away from analyzing specific institutional arrangements.[11] Likewise, the tools of game theory were directed mainly at general theoretical questions, focusing on cooperation, not institutions, as the dependent variable. Indirectly, this work laid the foundation for a renewed exploration of institutions, this time as part of a wider theory of international cooperation (Koremenos, Lipson, and Snidal 2001).

International Institutions

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[10] The concept of international regimes is said to be a composite of four analytical component parts: principles ('beliefs of fact, causation, and rectitude'), norms ('standards of behavior defined in terms of rights and obligations'), rules ('specific prescriptions and proscriptions for action'), and decision-making procedures ('prevailing practices for making and implementing collective choice') (Krasner 1983). While the consensus definition offered by Krasner and his colleagues has been harshly criticized as expansive to the point of vagueness (Strange 1982), efforts to improve on it have been marginal (Levy et al. 1994: 274). An unfortunate consequence is that an inordinate amount of effort has been expended in arguing about whether or not there is an effective regime in a particular area (Thompson and Snidal 2011). Embedding regimes in 'meta-regimes,' or 'nesting' one within another (e.g., Aggarwal 1985), typifies the problem (Kratochwil and Ruggie 1986). However, as regimes are conceptual creation and not concrete entities – such as the concept of 'power,' 'state,' or 'revolution,' the concept of regimes will reflect commonsense understandings, actor preferences, and the particular purpose for which analyses are undertaken (Kratochwil and Ruggie 1986). Hence, the ontology of regimes rests upon a strong element of intersubjectivity (Kratcohwil and Ruggie 1986).

[11] Key works are Stephen Krasner's edited volume International Regimes (1983) and Robert Keohane's After Hegemony (1984). Several commentators have noted that the field has had less and less to say about formal international organizations. See Rochester 1986; and Abbott and Snidal 1998.

Despite the rich theoretical and empirical advancements, the regime literature gave rise to such definitional confusion that scholars in the 1990s have sought a simpler conception as well as a new label. Today, the term ‘institution’ is widely used across disciplines, from political science to economics to sociology. Yet a consensus definition for what constitutes an institution is lacking and the concept remains elusive, even within the field of IR studies. For some, it is more than a synonym for IOs (Keohane 1988), while others use the term as an umbrella for all international relations (Ruggie 1986; Krasner 1987). As Stein (2008:207) observes, ‘if institutions are simply rules of the game, and if all recurrent behavior is guided by some rule, then the entire study of international politics can simply be redefined as the study of international institutions.’ Most scholars, however, have come to regard international institutions as persistent and connected sets of formal and informal rules that govern international behavior (Keohane 1989: 3).

Institutions, in short, may be understood as freestanding entities as well as the building blocks that make up bureaucratic organizations (both governmental and non-governmental), regimes (rule structures that do not necessarily have organizations attached), and conventions (informal practices) (Fioretos 2017; Lesage and Van de Graaf 2015). According to Simmons and Martin (2001), however, the distinction between institutions and organizations is usually of secondary importance in the actual practice of research, unless the institution under study is especially informal. As all my cases are formal institutions, I use institutions and organizations interchangeably.

Back to Formal International Organization

As this overview demonstrates, the centrality of IGOs to the study of IR has waxed and waned. For several decades, formal IGOs have been neglected at the expense of the theoretical study of international regimes and institutions. In the words of one commentator, there has been a ‘steady disengagement of international organization scholars from the study of [formal] organizations, to the point that today one must question whether such a field even exists any longer except in name’ (Rochester, 1986). In this context, my focus on formal IGOs may seem redundant and even anachronistic, particularly after the emergence of regimes and institutions as subsequent units of analysis (Pempel 2014; Aggarwal 1998a; Krasner 1983), growth of regionalism (Pempel 2005; Ravenhill 2009; P. J. Katzenstein 2002), and developments in theory (Keohane 1984). Also, formal IGOs comprise only one type of actor and forum in international governance.

Today’s international governance landscape is more complex and dynamic than ever. The result of globalization includes reliance on private sources of governance that are more flexible and appropriate, such as inter-firm alliances (Dunning 1997), international NGOs (Boli and Thomas 1999), and looser networks of activists (Keck and Sikkink 1998). The G-groups – the G7, G20, Group of 77, and others – have been created and used as an alternative platform to more formal IGOs for salient and pressing issues. The complexity of contemporary governance also creates a more important role for governmental actors below the level of the state, as regulators seek to solve technical problems of a transnational nature (Slaughter, 2004).

Nevertheless, formal IGOs continue to get established and utilized. The fact that IGOs have played a major role in many, if not most, instances of interstate collaboration indicates that IGOs deserve attention at least in part because they have agency, agenda-setting influence, and important ‘socializing’ influences. Formal IGOs are purposive institutions with explicit rules, specific assignments of roles to individuals and groups, and the capacity for action. Unlike international regimes, IGOs can engage in goal-directed activities such as raising and spending money, promulgating policies, and making discretionary choices (Keohane 1988). IGOs can have authority to make rules and exercise power (M. Barnett and Finnemore 2004). They can also be very influential in setting international policy agendas (O’Neill 2015). The fact that IGOs have not been abandoned by states – and in fact continue to be created – is testimony to both their actual value and their potential (Abbott and Snidal 1998, 29).

The theoretical literature is experiencing a similar sharp turnaround from the preceding decades (Thompson and Snidal 2013). This new attention to formal IGOs should not be understood as a continuation of the earlier tradition, however, but as a reconstitution of a substantive interest, now on stronger theoretical footing (Thompson and Snidal 2011). On the one hand, the new literature is decidedly non-idealist and questions of enforcement of agreements and incentives to obey institutions are key concerns of its proponents. On the other hand, the literature is theoretical, as it seeks to move well beyond the institutional-descriptive accounts that dominated much of the earlier literature (Abbott and Snidal 1998; Hawkins et al. 2006; Barnett and Finnemore 2004). My dissertation research aims to position itself within this line of research.

2.2. Why Do States Pursue and Establish Formal IGOs? Theoretical Perspectives

I now turn to theoretical perspectives relevant to the question of why states pursue the establishment of formal IGOs. Understanding how IGOs are viewed by various theoretical orientations – such as functionalism, realism, institutionalism, and constructivism – sheds light on why states establish IGOs on sustainable development when such decisions can be costly politically and financially. For example, functionalism requires the ‘gap’ or need for IGOs to motivate states to establish IGOs. Realism views power, not institutions, as the key organizing principle of international affairs, and is skeptical of any significant role for IGOs. Liberal institutionalism posits that states establish IGOs to reduce transaction costs, prevent war, and promote peace. Constructivism emphasizes the role and agency of norms and ideas that IGOs wield. What, then, motivates states to establish an IGO? I offer a brief chronological overview of the literature that offers different explanatory variables to explain this phenomenon.

Functionalism

The functionalist approach provided the earliest perspective for examining international cooperation and institutionalization. It was largely developed by Ernst Haas, who sought to explain the dynamics of the process of European integration in the 1960s (Haas 1958, 1964). From a functionalist perspective, social arrangements exist *because* they meet certain needs of societies or particular powerful actors. Thus, these emerging countries created IGOs as a means of filling a ‘gap’ in governance areas – in this case, infrastructure financing and sustainable development/greener growth – a move that is entirely expected from a functionalist view. There are palpable financing gaps for infrastructure that existing multilateral development banks and private funding cannot fill. The Asian Development Bank estimated in 2017 that in Asia, the infrastructure investment needed to maintain growth, tackle poverty, and respond to climate change is US$1.7 trillion annually (Asian Development Bank 2017). Furthermore, the rhetoric and practice of sustainable development and climate change mitigation and adaptation have been long bogged down by political and economic tensions between the global North and South. Therefore, functionalism explains these new institutions as having emerged because they can serve the functions of providing additional funding sources (AIIB and NDB) and can offer an alternative growth path that is more sustainable (GGGI). The effects of these institutions would be directly attached to an explanation for its emergence, and their persistence in the future.

Functionalist explanations, however, when applied to IGOs, encounter a number of empirical anomalies. In particular, development in the field of global environmental politics has been anything but a straightforward drive toward efficiency (Bernstein and van der Ven 2017). In fact, global environmental governance is quite possibly the quintessential example of institutional redundancy, fragmentation, and experimentation (Biermann et al. 2009; Hale and Held 2012; Hoffmann 2011). Path dependence arguments provide a useful and powerful corrective against tendencies to assume functionalist explanations for important social and political outcomes (Pierson 2011). Path dependence is a process by which the prevailing structure, after a specific moment in time, shapes the subsequent trajectory and makes alternative institutional designs less likely to triumph (Pierson 2004; Fioretos 2011).[12] As a result of this path dependence, IGOs often produce inefficient, self-defeating outcomes and remain in place over extended periods of time, even after their origin impetus is no longer present (M. Barnett and Finnemore 2004; Fioretos 2011).

Realism

Realists, who treat power as the central feature of regime formation, regard IGOs as creations of states designed to further state interests (M. N. Barnett and Finnemore 1999). International institutions are epiphenomenal to state power and interests, with the organization of the system explained largely by the balancing of power among states (Carr, 1964:170-1; Mearsheimer, 1994–5; Grieco 1988; Wight, 1973). Realists view IGOs as reflections of the preferences of the most powerful states, impersonal policy machinery to be manipulated by other actors, and not as purposive political actors in their own right with ontological independence (e.g., Waltz 1979; Mearsheimer 1994). From this perspective, states would establish an IGO merely to function as a facilitator for translating the interests of powerful states directly into international outcomes (Waltz 1979; Carr 1946; Morgenthau 1958). The mission of an IGO can be nothing more or less than what the most powerful member states want. To realist theorists, attention to an IGO as an actor in its own right merely distracts from understanding the real actions of global politics – coercion, bargaining, hegemony, and other forms of political interaction between nations (Conca 2015).

Based on these realist theoretical and empirical observations, changes in institutional arrangements (e.g., creation of new IGOs) would reflect changes in power and order in the international system. Therefore, new institutions are often viewed as emerging powers challenging the existing order, shifting the balance of power, or at least using institutions to seek normative adjustments. Naturally, realists portray the creation of the AIIB and the NDB as emerging powers' taking on the existing world order.

However, this realist perspective downplays the authority, agency, and utility of IGOs. Recent theorizing and empirical studies provide considerable evidence that IGOs can be active

[12] The iconic illustration in academic discourse has been the story of the QWERTY keyboard, which became a universal standard despite being one design among many and despite exhibiting several inefficiencies.

and even strategic. In issues such as trade or security, it may make sense to focus on self-interested states and their material incentives to use cross-institutional strategies to alter outcomes in their favor (Gómez-Mera 2016). In other realms of international affairs, however, non-cooperative tendencies of states may be at least partly offset by the principled or normative agendas of non-state actors and specialized IGOs. At the very least, IGOs often supply valuable goods to states and cannot be easily manipulated at the whim of governments (Snidal and Thompson 2003). Nonetheless, the strength of realist theorizing has been its insistence that international institutions be rooted in the interaction of power and national interest in the international system; this basic insight cannot be neglected by any theoretical approach that purports to explain international politics (B. Simmons and Martin 2012).

Institutionalism

Institutional theory in IR was a response to the 'disjuncture between established realist theory and the stubborn, persistent fact of extensive, increasing, and highly institutionalized cooperation' (Keohane and Martin 1995, 76). Rather than seeing institutions as vessels that simply reflect distributions of power or as vehicles that aggregate the preferences of many states, institutionalists argued that rules and conventions could transform international politics to become much less full of discord than that necessitated by the realist view (Fioretos 2011). From the institutional perspective, international stability is possible because institutions help states overcome a variety of contracting problems and reduce uncertainties.

Liberal institutionalists argue that the proliferation of IGOs helps bring states closer together because economic and other material and non-material incentives can motivate states to cooperate with one another, often through institutions. Therefore, nation-states establish IGOs to reduce transaction costs and work toward a common goal (Keohane 1984; Aggarwal 1998). Various perspectives under this school locate the sources of peaceful change in international institutions and regimes, interdependence among major actors, democratic norms, and the creation of a liberal international economic order (Rosecrance 1986; Keohane and Nye 1989, Russet 1993, Owen 1997, etc.). We can witness this line of logic from the arguments that the Prospective Member States made when expressing an interest in joining the AIIB, as explored in Chapter 4.2.

Constructivism

The theoretical constructs assessed thus far view IGOs as having no agency. Constructivists, on the other hand, attach great importance to ideational and discursive factors (Lesage and Van de Graaf 2015). To them, IGOs can become autonomous sites of authority, independent from the state 'principals' who may have created them (Barnett and Finnemore 1999). Constructivists have challenged the dominant neorealist and neoliberal paradigms, and institutionalist literature that viewed institutions as passive, efficient solutions to market imperfections (Barnett and Finnemore 1999). They have focused, instead, on how institutions and norms reflect and imprint the collective identities of member states, changing beliefs and identities and altering the very definition of interests (March and Olsen 1998; Johnston 2001; Katzenstein 1996; Wendt 1999; Checkel 2005). Constructivist scholars emphasize ideas, norms, knowledge, argumentation, and deliberation as the factors that shape state preference and behavior (e.g., Finnemore 1996; Finnemore and Sikkink 2001; Risse 2000). As my cases have been established in the 2010s, it is too early to tell whether the cases demonstrate this perspective. Early signs suggest, however, that they – particularly the AIIB and the GGGI – have identity, agency, and norms independent from the state 'principals' and their chief architects. China actively framed the AIIB as an entity independent from the Chinese government, and it is in China's interest to have an autonomous, well-functioning IGO for its national pride and image (personal communication, 2017). The GGGI has undergone several leadership changes, has been shifting internal priorities, and has been operating without significant influence from the Korean government since the administrative changes in 2013.

2.3. Why Do States Pursue and Establish Formal IGOs? Empirical Observations

Merits of IGOs

IGOs possess sets of attributes that state initiators lack on their own. These attributes can include expertise, prestige, legitimacy, material resources, credibility, effective signaling capacities, and enforcement powers (Drezner 2010a). IGOs have also been viewed as vehicles in the international politics of agenda formation (Kirton 2017; Khagram, Riker, and Sikkink 2002), instruments of orchestration in which IGOs create, enlist, support, and shape public and private intermediaries (K. Abbott 2017), and as means through which the global dominance structure is enhanced or can possibly come to be undermined (Cox 1981).

Specifically, Abbot and Snidal (1998) highlight centralization and independence as aspects of IGOs' functional characteristics that lead states to prefer IGOs to alternate form of institutionalization. IGOs allow for the centralization of collective activities through a concrete and stable organizational structure and a supportive administrative apparatus. These increase the efficiency of collective activities and enhance the organization's ability to affect the understandings, environment, and interests of states (K. W. Abbott and Snidal 1998; Duffield 2003). Independence refers to the ability IGOs have to act with a degree of autonomy within defined spheres.[13] This independence often entails the capacity to operate as a neutral party in managing interstate disputes and conflicts. In other words, states consciously use IGOs both to reduce transaction costs in the narrow sense and, more broadly, to create information, ideas, norms, and expectations; to carry out and encourage specific activities; to legitimize or delegitimize particular ideas and practices; and to enhance state capacities and power. Hence, from organizational, functional, and political standpoints, IGOs are different from other multilateral efforts, such as summits, forums, consultations, and ministerial meetings.

In addition, IGOs derive, from their very existence, some form of collective legitimacy (Drezner 2010a). Beyond the UN, other IGOs gain legitimacy through a reputation for expertise (e.g., the IMF) or through recognition of their ability to set global standards (e.g., the Basel Committee on Banking Supervision). At the very least, international institutions have some degree of insulation from power politics. Indeed, this is often the source of their legitimacy; this suggests an intriguing paradox (Drezner 2003, 9). For great powers, the more autonomous the IGO, the more useful its legitimacy. This is why China asserts that the AIIB is an autonomous multilateral organization, and not a Chinese entity (Chapter 4).

[13] One source of potential autonomy for IGOs lies in the complexity of the bureaucratic-administrative landscape in which they reside and the resulting difficulties that even powerful actors face in controlling them (Darren G. Hawkins, David A. Lake, Daniel L. Nielson, and Michael J Tierney eds., Delegation and Agency in International Organizations (Cambridee: Cambridge University Press 2006); Frank Biermann and Bern Siebenhuner Manages of Global Change: The Influence of International Environmental Bureaucracies (2009). As Johnson (2014) has argued, the process of 'organizational progeny' has greatly complicated the ability of states to exert control.

IGOs also have merits in the context of international development assistance, and these merits are particularly relevant to the AIIB and the NDB. From the donor state's perspective, international intermediaries such as IGOs diminish its leverage over recipient countries. However, this factor is offset by decreases in other states' leverage and in competition for leverage among donors (Kharas 2007). The multilateral aid mobilization framework provides for effective 'burden sharing' among donors, which contributes to a sense of fairness. It also contributes to a spirit of competition among donors in replenishment rounds and thus also contributes to raising their general willingness to pay. IGOs also inhibit domestic special interests from distorting policy for other purposes, as in the case of tied aid, whereas direct assistance may create dependence, reduce policy flexibility, and be domestically controversial.

For recipient states, activities that might be unacceptable in their original state-to-state form become acceptable when run through a relatively independent IGO (K. W. Abbott and Snidal 1998; Russett 2017). Restrictions or conditionalities imposed by IGOs may not carry the same domestic political implications of dependence and inferiority as would conditions imposed directly by, say, the US or China. These considerations may make IGO conditions a superior means of promoting domestic reforms (K. W. Abbott and Snidal 1998).

In addition to these advantages, taking the initiative to establish an IGO can heighten one's influence within the institution and facilitate the process of establishing its headquarters in one's country. The advantages to a host country for supporting the headquarters of an international institution are immense. These advantages may include economic gains from infrastructure support for the headquarters and IGO activities;[14] easier and more rapid access to the activities of the institution in terms of research, data, and human capital; opportunities for informal networking; and ideological influence through immersion of the institution's staff in the host country's academic, journalistic, and social sources of information (Lipscy 2003). All of these benefits are especially important for emerging countries, which have not, until recently, been successful with hosting prominent international institutions.[15]

2.4. Why Don't States Establish Formal IGOs?

Availability of Alternative Channels

Following an exponential growth rate in the decades following WWII, the number of IGOs exceeded 300 by the early 1990s, but has leveled off since then (Pevehouse, Nordstrom and Warnke, 2004). Currently, around 250 IGOs operate in the international system (Mingst 2012). The degree of overlap in terms of functions, membership, and rules has produced a complex – and sometimes confusing – network of institutions (Alter and Meunier, 2009).

When facing a cooperation problem, states have three choices before they decide to create a new institution:[16] they can continue using existing institution; select one institution from a fixed but plural menu of alternatives, hence engaging in forum shopping; or modify an existing organization (Aggarwal 1998b; Koo 2010; Jupille, Mattli, and Snidal 2013). These three choices are far less costly than creating a new institution, as the costs and uncertainty of more elaborate institutional choices are far greater. While argument about the institutional/transaction costs are valid, my cases are about states deliberately creating a new IGO from the beginning, not

[14] For example, the Korea Development Institute estimated that hosting the GCF headquarters would bring Songdo KRW380 billion, which is approximately US$350 million (MK Media 2012)
[15] Exceptions include Manila, the Philippines (Asian Development Bank) and Nairobi, Kenya (UN Environment Program).
[16] While these choices seem distinct alternatives, they overlap and interact in practice (Jupille et al.).

necessarily because they failed to effectively engage in forum shopping or undertake significant modification of an existing institution. This list of choices has limited explanatory power for my cases, but nonetheless demonstrates why states would prefer using existing institutions/forum shopping/changing existing institutions to creating new institutions.

Governments and their domestic constituencies have vested interests in existing designs, and thus resist change.[17] Even when existing institutions are neither efficient nor optimal, member states may continue to 'stick' with them because states do not always behave as perfectly rational, utility-maximizing actors; as long as an existing regime performs essential functions passably well, states are likely to engage in 'satisficing' behavior (Aggarwal 2005; Keohane and Victor 2011a; Pierson 2004; M. N. Barnett and Finnemore 1999).Uncertainty about alternative possibilities leads states to adhere to existing institutions as long as they are satisfactory.

Furthermore, new institutions are expensive to create. When creating institutions, for example, states need to acquire information about the issue, about each other, and about the likely effects of alternative institutional forms (Koremenos, Lipson, and Snidal 2001). Start-up costs are often very high in collective action processes, and thus constitute a major barrier to entry – this is why it is often much easier to sustain or expand an organization once this minimum threshold has been crossed (Pierson 2004). There are other types of transaction costs as well, such as safeguards to ensure compliance and sustain cooperation. These safeguards may include sanctions, hostages, and dispute-resolution arrangements (Lake 1996). Further, just as there is a limit to how many clubs an individual can join, or how many consortia a company can participate in, we expect there is a limit to how many IGOs a state can participate in (Ingram and Torfason 2010). IGOs also typically require that each member contribute a diplomatic and administrative workforce as well as the attention of political leaders; these resources are not unlimited (Ingram and Steorseon 2010). Therefore, recruiting and securing membership from other countries, especially developed, traditional donor countries with extensive membership in pre-existing organizations, would be quite challenging. Of course, if the institution has repeatedly failed to 'deliver the goods,' even with modifications, then institutional innovation will be the logical option.

Therefore, from a simple inertia perspective, and with the numerous available institutions and forums, we would expect that actors' first instinct would be to utilize, forum shop, or modify an existing institution to their advantage rather than to pursue development of a new institution (Keohane 1984; Duffield 2003). Empirical evidence supports this, as the averages size of IGOs rose at the same time more states entered the international system (Pevehouse, Nordstrom, and Warnke 2005). The difficulties associated with IGO establishment, in addition to the availability of alternative institutional channels, suggest that the cases in this dissertation research are a rare outcome and a bold endeavor by emerging and developing countries.

2.5. Mechanisms: How IGO Establishment Takes Place

When migration of a governance site to an outside institution takes place, the standard explanation is that it is likely to result from dissatisfaction with outcomes under the existing arrangement (Helfer 2003; Kahler and Lake 2009). According to Hirschman (1970), dissatisfied member states have two options: they can either 'voice' and attempt to reform the organization,

[17] For example, not only do some of the original members of the UN Security Council (Great Britain, France) enjoy more influence over the trajectory of the UN than do states with larger economies and populations (Japan, Germany, India), but the original arrangement has had a 'cascade effect' throughout the UN system that has reinforced the power balance of 1945 (Bourantonis 2005)

or they can ‘exit’ by withdrawing from the organization. Given the high costs of exit, voice is the default option for dissatisfied states. However, their strategy often changes when an organization is, or is perceived to be, ‘captured.’ An institution is considered captured when an actor, or coalition of actors, can influence the institution’s distribution of benefits and costs among members, and the institution appears to be impermeable to change as a result (Mansfield 1995; Van de Graaf 2013). In this case, IGO independence is highly constrained by powerful member states that limit the autonomy of IGOs and interfere with their operations. The Bretton Woods institutions that have been bastions for neoliberal economic reforms serve as a representative example. Insofar as powerful actors are already favored by existing institutions, which they may have helped shape over time, they will be reluctant to abandon or change them. Colgan et al. (2011) take this logic further, arguing that major institutional innovation such as creation of new organizations occurs only when dissatisfaction with the status quo is intense among major actors and when their interests are heterogeneous; when those interests are homogenous, change is path-dependent, involving incremental changes in existing institutions.

But what about those actors who are not necessarily dissatisfied with the existing institutional arrangements but still decide to establish a separate institution? The voice-and-exit framework has frequently been applied to explain the AIIB and the NDB, but some point to the fact that China was in fact hesitant to take on more responsibility and voice within the existing multilateral settings (Clover 2017; I. Johnson 2017), and there is also little evidence that Korea was dissatisfied with current institutional arrangements. Not all dissatisfied states have turned to establishing alternative formal institutions (e.g., the G-77, the NIEO), not all institutions needed a coalition of states that spearheaded the establishment process (e.g., the AIIB), and not all alternative institutions were established by dissatisfied states, as will be explored in subsequent sections. Therefore, we need a better and more comprehensive framework to explain IGO establishment by emerging and middle power countries on sustainable development and climate change.

3. Global Sustainable Development Politics and Governance

“It didn’t take a genius to figure out that through the development process that we affect the environment and only through improved management of the development process that we can actually address realistically environmental issues.”

Maurice Strong, former Secretary-General at the 1972 Stockholm Conference, at the New York meeting in 1971 aimed to bring development onto the Stockholm agenda.[18]

In this section, I start with defining the field of global environmental politics and governance (GEP/G) to delineate where my dissertation research is located. I review the historical and current interactions among the environment, development, and climate change, with emphasis on the tension between the so-called global North and South. I also explore how entities outside the UN auspices have integrated sustainable development into their core agenda and approach, and how the cases in this research – the AIIB, NDB, and GGGI – aspire to fill in the gaps in funding, focus, and approaches.

3.1. Global Governance of Sustainable Development in the Context of GEP/G

[18] Bernstein 2011.

As a problem-driven field with roots in political science and IR theory relevant to improving global governance of the environment (O'Neill et al. 2013), GEP/G has developed many important themes that are relevant to the core of this dissertation research. GEP/G encompasses the relationship of states, non-state actors, and the global political economy to the natural environment, as well as the institutions, processes, initiatives, actors, and organizations that shape environmental actions and outcomes in the global realm (O'Neill et al. 2013; Dauvergne 2012). It has vibrant research programs on institutional fragmentation and regime complexes (Keohane and Victor 2011a; Alter and Meunier 2006; Biermann et al. 2009; Kanie 2007; Pickering, Betzold, and Skovgaard 2017; Van de Graaf 2013; Bernstein and van der Ven 2017), institutionalization of sustainable development (Bernstein 2000, 2002, 2013; K. W. Abbott and Bernstein 2015; Mebratu 1998; Lele 1991; Sneddon, Howarth, and Norgaard 2006), and the complexity and diversity of actors in the climate change regime (Meckling 2011; Bernauer 2013; Keohane and Victor 2011a; Gupta 2009; Antal and C.J.M. van den Bergh 2014; Bulkeley and Betsill 2005; Hall 2016; Levin et al. 2012). GEP/G researchers contribute to two academic communities: (*a*) specific disciplinary fields such as political science and its sub-disciplines of IR, political economy, and comparative politics; and (*b*) problem-focused interdisciplinary environmental studies programs that include public policy, administration, and management (O'Neill et al. 2013). My dissertation research links both communities, with attention on institutional design and reconciliation relevant to the field of IR and with an empirical focus on the effect of increasing fragmentation of the sustainable development regime.

Studying formal governance initiatives and institutions is a natural focus for the global environmental politics field, given that it emerged from a desire to develop policy in the face of a mismatch between political borders and problems without jurisdictional boundaries (Zürn 1998). In this context, my cases provide unique and relevant examples, as they are themselves formal IGOs with different normative frameworks, histories, and priorities that represent horizontal issue-linkages and regime interplay. One of the objectives of my dissertation research is to document the complexity and messiness of the global sustainable development regime, while also advancing our understanding of the consequences of the interactions of various actors and rules. This line of work further reveals the fragmentation of global governance, as well as the contestation over the authority and legitimacy of emerging forms of transnational governance (e.g., Biermann et al. 2009; Karlsson-Vinkhuyzen andMcGee 2013; Lövbrand et al. 2009).

3.2. The New IGOs and Sustainable Development

The host of new international institutions that are examined in this study may seem to be distinct organizations with their own objectives and priorities. After all, none of the institutions would claim themselves as exclusive 'environmental' institutions, or position themselves as institutions focusing specifically on climate change mitigation and adaptation. As MDBs and a consultative organization, their priority is on economic development and economic growth in developing and emerging countries.

Therefore, some may question the consistency and comparability of the cases in this study. Achieving sustainable development, however, is one of the core agendas for all my cases. At the institutional level, all three have incorporated sustainable development and climate change considerations into their framework and operational guidelines, as further explored in Chapters 4, 5, and 6. For example, Article 1.1 from the AIIB Articles of Agreement stipulates that the purpose of the Bank shall be to 'foster *sustainable economic development*, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors' (AIIB AOA, emphasis added). The NDB's Agreement also lists Article 1 as 'The Bank shall mobilize resources for infrastructure and *sustainable development* projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development' (NDB Agreement, emphasis added). The GGGI's Establishment Agreement Article 2 Objective presents that 'The GGGI shall promote *sustainable development* of developing and emerging countries, including the least developed countries…' (GGGI Establishment Agreement, emphasis added). For the assessment of these cases, therefore, it is crucial to understand the historical context and implications of sustainable development from the GEP/G perspective. At a regime level, the relationships among climate change, sustainable development, and economic growth are increasingly getting blurred, in which financing infrastructure projects is considered myopic and anachronous and subject to severe criticisms from watchdog organizations – NGOs and civil society actors – if they do not take into account environmental and social sustainability and climate change considerations.

3.3. Sustainable Development: Concept and Composition

I discuss the emergence and meaning of sustainable development, with an emphasis on the significance of the concept, its substantive issue-linkage with climate change, and its fitness with a broader neoliberalism that dominates the world economy. In the case of a substantive issue-linkage, the issues exhibit some intellectual coherence, both the linker and target actor of the linkage agree on the causal connection between issues, and a stable issue-area is created as a result (Haas 1980; Aggarwal 1998b). The linkage between sustainable development and climate change, in particular, provides critical contextual information for my case studies. I examine the intersections between sustainable development and climate change to underscore the role of developing and emerging countries in expanding the climate regime beyond the 'environmental' problem to a more comprehensive complex that has become highly relevant to economic, finance, and development issues, ultimately to argue that the cases have significant implications for the evolution and effectiveness of the sustainable development regime complex.

Concept of Sustainable Development

'Sustainable development' emerged in the 1980s and reached hegemonic status in UN circles by the 1990s (Conca 2015). Sustainable development emerged directly from UN-affiliated activities, and was designed from the start to bridge the North-South political gap exposed at the 1972 Stockholm Conference, explained in detail below. A key for compromise was reframing the environment as fundamentally a development issue. The rise of sustainable development as a politically powerful and broadly unifying concept, therefore, allowed certain forms of environmental action to flourish without threatening the strategic priorities of powerful economic actors or upsetting the existing UN landscape (Conca 2015, 65).

The most widely known and acknowledged definition of sustainable development comes from the Brundtland report by the UN World Commission on Environment and Development (WCED, also known as the Brundtland Commission).[19] The report *Our Common Future*,

[19] The first major breakthrough in conceptual insight for sustainable development came from the International Union for the Conservation of Nature (IUCN). Working closely with the World Wildlife Fund for Nature and the United Nations Environment Program, IUCN formulated the World Conservation Strategy, which was launched internationally in 1980. This was a major attempt to integrate the environment and

released in 1987, defined sustainable development as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED 1987). This definition marks the concept's political coming of age, the major political turning point that gave the concept great geopolitical significance and made it the catch phrase it has become today (Kirkby 1995; Homberg 1994). Sustainable development in this context aimed to legitimize economic growth in the context of environmental protection (Faulkner 2016). Although WCED supported some global redistribution, it mainly promoted what might be loosely termed as Keynesian liberalism in the international economic order – liberal interdependence, management of the global economy by industrialized powers, and free trade tempered by managed interventions to cushion and facilitate adjustment in the South and direct development on a path less likely to harm the environment (WCED 1987, 67-91; Bernstein 2000). The report's proposition that action on the global environment required liberalization to promote economic growth resonated strongly with the broader economic order at that time, which had started to evolve to be more consistent with the neoliberal economic policies of the Reagan and Thatcher administrations in the US and UK in the 1980s and the emerging 'Washington Consensus' (Bernstein and van der Ven 2017). Therefore, the Brundtland report's impact came not from the conventional calls for action, but rather from its legitimization and popularization of the politically powerful concept of sustainable development (Conca 2015).

At the 1992 UN Conference on Environment and Development (UNCED), commonly known as the Rio Summit, sustainable development was credited with transcending the North-South political paralysis that flared at the Stockholm Conference two decades earlier (Conca 2015). It found strong support in the Global South, where developing countries remained concerned that environmental protection could adversely impact economic growth. During the same period, policymakers in the North were increasingly examining their own environmental policies through economic lenses and seeking ways to address environmental problems without disrupting economic priorities (Bernstein and van der Ven 2017). The concept of sustainable development, therefore, provides a normative framework for all forms of global environmental politics (O'Neill 2017).

Since 1992, thousands of initiatives have been taken at local, national, and global levels in an attempt to address different aspects of environmental and development challenges. However, their impact in shaping 'our common future' on a more sustainable basis seems to be minimal when measured against the enormity of the global environmental challenges (Mudacumura, Mebratu, and Haque 2017). This has led to an increasing level of frustration and disenchantment, even among the different groups promoting the concept of sustainable development (Mebratu 1996). In the 1980s, some proclaimed that sustainable development was no more than a catch phrase that eventually would wither out.[20] Contrary to this belief, the influence of the concept has increased significantly in national and international policy development, making it the core element of the policy documents of governments, international agencies, and business organizations. This has led to a widening of the discourse on the concept of sustainable development, resulting in a wide variety of definitions and interpretations.

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development concerns into an umbrella concept of 'conservation' (Mebratu 1998). The theme was picked up a few years later by the Brundtland Commission. If IUCN takes credit for incorporating the phrase 'sustainable development' for the first time into an international forum, the Brundtland Commission, through its report *Our Common Future*, was the major political breakthrough. Since publication of this report, sustainable development increasingly has become the core element of environmental discourse, leading to a very broad acceptance with very diverse interpretations. According to Holmberg (1994), by 1994 there were more than 80 different definitions and interpretations fundamentally sharing the core concept of the WCED's definition.

[20] Mebratu (1998) describes the concept of appropriate technology, defined as technology that takes heed of the skill, levels of population, availability of natural resources, of the 1970s as an example of a catch phrase that eventually died out.

Some critics contend that the sustainable development agenda threatens to divert attention from the fundamental goals of fighting poverty, reducing military expenditure, increasing respect for human rights, and promoting democracy. The simplicity of the definition of sustainable development and the approach obscures underlying complexities and contradictions, and has resulted in incoherent or inconsistent concepts, criteria, and policies.[21] Herman Daly (1996) famously commented that sustainable growth was an 'oxymoron.' Some, however, emphasize that the value of the definition lies in its vagueness of definition, as it allows people with hitherto irreconcilable positions in the environment-development debate to search for common ground without appearing to compromise their positions (Lele 1991). The broad agenda also offers the prospect of strategic linkages between small policy networks in the international environmental and developmental communities that previously lacked sufficient autonomous influence to shape agendas or policies (Kanie 2007). In this sense, the agenda of sustainable development provides opportunities as well.

Enter Climate Change

Climate change has emerged as one of the defining issues of the early 21st century. Global surface temperatures in the past decades are 0.8°C higher than the start of the 20th century, with two-thirds of this warming having occurred since 1975 (NASA 2017). There is a high probability of observed trends, such as increases in heat waves and heavy precipitation events, intensifying in the 21st century (IPCC 2007). Extreme weather and climate events are anticipated to generate significant risks to societies and ecosystems, particularly in developing countries with limited resources and options (United Nations 2017). A 2016 World Bank report shows that climate change is an acute threat to poorer people across the world, with the power to push more than 100 million people back into poverty over the next fifteen years (Hallegatte et al. 2016).

Initially, climate change had been regarded as an environmental and scientific problem. As a result, climate change science is well developed and capable of measuring and assessing the environmental consequences of climate change (Levin et al. 2012). By comparison, social scientific research on climate change is more recent, far less coherent, and lacks consensus on either epistemological or substantive grounds (Levin et al. 2012). In practice, policymakers have been fixated on finding solutions that often get stuck because the environmental policy toolkit consisting of relatively simple technological shifts and regulatory policies is poorly matched to the central regulatory task in slowing climate change (D. Victor 2011). Most of the politics of environmental policy are handled by ministries that in most governments are peripheral to the policy challenges of climate change involving the design and management of a slow, costly, and difficult transformation in how society obtains and uses energy (D. Victor 2011).

Climate change is more than a 'tragedy of the commons' on a global scale (Hardin 1968); it is now classified as a 'super wicked' problem (Levin et al. 2012).[22] The nations of the world, and individuals within them, put the stability of the planet's atmosphere at risk because they gain all the material advantages from the activities that contribute to climate change but suffer only a fraction of the environmental costs (Harrison and Sundstrom 2007). In turn, nations and

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[21] For example, campaigners for greater global equality between nations, huge international corporations and local housing associations have all had recourse to the term 'sustainable development' to justify, or embellish, their actions. It is often unclear whether these different perspectives are complementary or mutually exclusive (Redclift 2005 Sustainable Development).

[22] 'Super wicked' problem comprising four key features: time is running out; those who cause the problem also seek to provide a solution; the central authority needed to address it is weak or non-existent; and, partly as a result, policy responses discount the future irrationally.

individuals are unwilling to reduce their GHG emissions unilaterally, because in doing so they would pay the full price of abatement but gain only a fraction of the benefits. Their sacrifice may be futile if other actors do not concurrently exhibit similar restraint. It is therefore inherently difficult to address and resolve the challenges arising from climate change because of its complexity and interdependency with other issues.

The broadening of the climate change regime has enabled states to undertake forum shopping on a range of new institutions, even though these were not originally focused on environmental or climate change. The 'focal' institution for climate change is arguably the United Nations Convention on Climate Change (UNFCCC), from which the 1997 Kyoto Protocol, 2009 Copenhagen Accord, and 2016 Paris Agreement emerged. However, states initiated climate discussions in venues traditionally not associated with environmental governance, including the G8, the Asia Pacific Economic Council, and the World Trade Organization. The state and non-state actors made substantive issue-linkages, elaborating how climate change impacted their issue-areas and vice versa (Hall 2016). In doing so, they used a different framing for climate change, viewing it as a development, energy, and finance issue rather than an environmental one. Actors in the development regime who have embraced sustainable development were propelled to address climate change mitigation and adaptation as well, moving away – at least rhetorically – from the fossil fuel-intensive industrialization model that has worked phenomenally for today's developed countries. Subsequently, development agencies have looked to 'climate proof' their development activities (Gupta 2009). The World Bank, for example, has begun an effort to assess the exposure of its lending and grant portfolio to climate change. In 2006, the World Bank reported its first assessment, finding that 20-40 percent of the traditional development projects it manages are subject to climate risk (World Bank 2006). Since then, the Bank has limited lending to coal-related projects to 'rare circumstances' because of concerns about pollution and climate change (Yukhananov and Volcovici 2013). The European Bank for Reconstruction and Development also finances coal projects under 'rare and exceptional circumstances' only (Smyth and Hornby 2016). Other international and regional development banks have followed suit. For example, climate financing by the world's six largest MDBs rose to a record US$35.2 billion in 2017 (World Bank 2018).

As the problems and risks of climate change loomed larger and climate change became not only an environmental problem but also a core development concern and underlying objective, the attitude of developing and emerging countries toward climate change has shifted dramatically. Developing and emerging economies initially viewed climate change as a burden that would compromise their development and growth potential. However, with changing international contexts and priorities, climate change is increasingly embraced as an opportunity for growth. Climate change is now a part of important development rhetoric for developing and emerging economies (personal communication, 2017). As long as climate change can be used to further developmental goals, developing countries will not shy away from embracing it (personal communication).

3.4. Norms of Liberal Environmentalism

What type of norms and policy prescriptions has sustainable development entailed, and how did it become so successful in terms of institutionalization and entrenchment over the past two decades? Some observers have argued that the UNCED, or the Earth Summit, inaugurated what has been described as a 'golden age' in international norm setting, namely in the form of neoliberally tinged 'market environmentalism' (Conca 2015). Chatterjee and Finger (1994) stress UNCED's market-friendly, technocratic embrace of environmental managerialism, which failed to question the core tenets of growth-oriented capitalism. Newell (2012) emphasizes the role of UNCED's global accords in structuring market competition, facilitating strategic investments in technology development, and establishing corporate-friendly property rights to nature. Therefore, UNCED has opened a critical juncture, in which norms of liberal environmentalism were placed on trajectories that have become difficult to alter. Sustainable development, and the subsequent green growth and green economy, have emerged along this path.

The norms underpinning institutional development in GEP/G have remained remarkably stable over time. Specifically, norms of liberal environmentalism that predicate international environmental protection on the promotion and maintenance of a liberal economic order (Bernstein 2001, 2015), most of which gradually became institutionalized through the 1980s and early 1990s, have remained stable (Bernstein and van der Ven 2017). Liberal environmentalism promotes sustainable economic growth, free trade, privatization of the commons, and the use of market-based or other economic mechanisms (e.g., tradable pollution permits, cost-benefit analysis) as the preferred means of environmental management. The resilience of liberal environmentalism can only be explained with reference to the continued relevance and sustained and synchronous influence of broader liberal economic norms in the international political economy (Conca 2015). Liberal environmentalism now circumscribes choices and provides the normative underpinning for policies and practices on a wide range of environmental issues, perhaps most notably climate change.[23] Now I turn to the institutions designed to govern and foster sustainable development at the global level, focusing on summit meetings that provide useful moments with which to bracket the UN's evolution on sustainable development.

3.5. Institutional Architecture of Sustainable Development

Viewed through the lens of global summitry, global governance of sustainable development was initiated at the UN Conference on the Human Environment (UNCHE) held in Stockholm in 1972.[24] The Stockholm Conference marked the start of the modern era of global environmental cooperation (O'Neill 2017). It also articulated a nascent set of norms that became the basis for international environmental law and practice (Adams 1990: 14-41; McCormick 1989, Schachter 1991). Stockholm was primarily an environmental conference, prompted by concerns in the North about industrial pollution. Significant outcomes included the 26 principles of the Declaration on the Human Environment, the 109 recommendations in the Action Plan for the Human Environment, and the creation of UNEP (United Nations, 1972). UNCHE was a

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[23] According to Bernstein (2000), liberal environmentalism undergirds core provisions of the UNFCCC by fundamentally identifying its purpose in Article 4(2) (a) as mitigating greenhouse gas emissions, but only while recognizing 'the need to maintain strong and sustainable economic growth.' The compromise behind the 1997 Kyoto Protocol linked commitments by developed countries to quantitative limits or reductions in GHG emissions to three market mechanisms that involved transferring 'credits' for emissions to help countries meet their targets – ETS among developed countries; and joint implementation and the CDM, where credit goes to a country that funds reductions in another, the former between developed and the latter between developed and developing. Liberal environmentalism has also undergirded the proliferation of transnational climate governance initiatives at multiple scales. A study of fifty-eight of the most prominent transnational climate governance 'experiments' – that is, those that crossed jurisdictions and involved some kind of rule making – found them 'bound together by a common liberal environmental ethos that stresses the compatibility of economic growth and environmental protection' (Hoffmann 2011, 25-26). Many explicitly use markets to incentivize action on climate change, such as emission trading systems or investor groups. Therefore, an assumption that any cooperation on environmental problems means progress toward a more ecological international order oversimplifies, even mischaracterizes, outcomes (Bernstein 2000).

[24] Although the most popular way of telling the story of the UN and the environment starts with the Stockholm Conference, Conca (2015, p.30, 77) argues that this overlooks the long and highly contentious process of decolonization that shaped how the UN engages environmental issues. I nonetheless start with UNCHE, acknowledging how this pre-Stockholm politics strongly conditioned what would follow, as the focus is not the UN and its engagement with sustainable development but a broader sustainable development regime.

contentious affair, as there were bitter differences on development and the environment that marked the intergovernmental discussions. Diplomats from across the global South argued that unlike the industrialized world, poor countries suffered from a 'pollution of poverty' rooted in underdevelopment (Conca 2015). They rebutted fears about population growth and resource scarcity by pointing to the vast gap in consumption levels between rich and poor nations. And they rejected many of the proffered solutions, arguing that stricter pollution controls and conservation efforts would lock in the global economic inequities at the root of the problem (de Araujo Castro 2014).

Rather than resolving this tension between environment and development and the North and the South, however, the final documents simply juxtaposed the interest in environmental protection promoted in the North with the development concerns of the South (Adams, 1990: 36-39). Only eight of 109 recommendations addressed development and the environment, and were stated primarily in the negative, that is, environmental policies should not harm development and trade (Adams, 1990: 39; United Nations, 1971). The Declaration suggested 'a choice between [the] environment and economic growth' (The Agesta Group AB Sweden, 1982: 3-4; Colby, 1990). The norms and practices that followed from the Stockholm conference tended merely to juxtapose environmental and development concerns and often implied a suspicion, if not outright hostility, toward market forces (Bernstein 2001).

At the time of the Stockholm conference, developing countries' self-identities, as reinforced through organizations such as the G-77 and the UN Conference on Trade and Development, reflected a view of the liberal economic order as structurally exploitative of them (Bernstein 2001). These identities reflected in part their relative positions in the world economy, but also rested on shared historical experiences of colonialism and ideological commitments to economic theories such as dependency that provided a coherent understanding of the global order (Krasner 1985: 53-60). They have since also successfully challenged the environmental priorities and problem frames set out by the international community, arguing that these have focused on problems of greater concern to the North (e.g., climate change, ozone depletion) while underplaying the environmental problems of most concern to people in poorer nations (e.g., desertification and fresh water availability) (O'Neill 2017). These debates have influenced the issues over which countries have negotiated in recent decades, as well as the shape of international environmental agreements and national commitments. In particular, they successfully incorporated the principle of common but differentiated responsibilities into international agreements, giving the South additional time or resources to meet, often lower, targets. Hence norms that underlie developing country positions stemmed from these identities and were reflected in a more general program of development goals.[25]

Twenty years later, UNCED, or the Earth Summit, held in Rio de Janeiro in 1992, has resulted in drastic changes in the tone, attitude, and approach to environment and development. The Earth Summit embraced as its central organizing principle the Brundtland Commission's formulation of 'sustainable development,' which was largely credited with transcending the North-South political paralysis that flared at the Stockholm Conference (Pegram 2014; Conca 2015; O'Neill 2017). The UNCED established the UN Commission on Sustainable Development

[25] Bridging the North-South division required a reframing of the argument. In an attempt to get developing countries on board, in June 1971 Maurice Strong gathered his twenty-seven 'gurus' for a brainstorming session at a motel in Founex, Switzerland. The debate at Founex produced a report – commonly known as the Founex report – that asserted that pollution sprang from two causes. In the industrial world, it was production and consumption patterns; in the developing world, it was underdevelopment and poverty (Weiss, Thakur, and Ruggie 2010). Founex report (1972) juxtaposed development and environment, showed skepticism for Northern concerns over global environmental problems, and demonstrated a general antagonism toward a liberal economic order that appeared to unfairly disadvantage developing countries (Bernstein 2001 p.193).

(CSD), a UN entity mandated to monitor and review progress on globally agreed goals and targets, as well as the UNFCCC and Convention on Biodiversity. The dire need for more sustainable forms of economic development have been amply documented. The UNCED institutionalized the view that liberalization in trade and finance is consistent with, and even necessary for, international environmental protection, and that both are compatible with the overarching goal of sustained economic growth (Bernstein and van der Ven 2017). This normative shift – from 'do development and environment concerns contradict each other?' to 'how can sustainable development be achieved?' – enabled environmental concerns to gain prominence on the international agenda, and marks the most important shift over the past several decades in how the international community addresses environmental problems (Lele 1991; Bernstein 2000).

The hype and hope for sustainable development have gone downhill since the term was first introduced. A decade after the Earth Summit, at the World Summit on Sustainable Development, or the 'Rio+10' summit, a serious environmental agenda was almost entirely missing when governments met in Johannesburg (Park, Conca, and Finger 2008). The intergovernmental dialogue focused so little on the environmental side of 'environment and development' that activists ruefully dubbed the event 'Rio minus 10' (Edwards 2002). Twenty years after the Rio Summit, nations returned to Rio de Janeiro in June 2012 for the UN Conference on Sustainable Development, or 'Rio+20.' Despite high hopes, the governments were unable to reach meaningful agreement on any of the conference's core agenda items – how sustainable development relates to the transformation to a 'green economy,' what institutional reform of the UN system should actually look like, how to structure a high-level body to replace the ineffective CSD, what to include in a new set of post-2015 Sustainable Development Goals, or how any of the preceding should be funded (Conca 2015). Despite a series of setbacks at the international level, sustainable development remains the key organizing principle of global efforts to reconcile environmental and developmental concerns.

Weaknesses of the UN Summitry Framework

The purpose of the UN approach of organizing summits such as those explored above is to establish a legal framework to which all Parties agree. The effectiveness of this approach has been questioned, and in the midst of stalled progress, actions and dynamism have shifted to MDBs and other forums. I focus on the issues of sustainable development and climate change to highlight this trend.

The UN-centered regime, particularly through summitries, is getting increasing attention as not suitable to address 'wicked' or 'super wicked' problems. Conca (2015) argues that the current UN approach cannot address, or even contain, these types of problems. An event at the 2011 climate conference in Durban, South Africa, illustrates this point. 'You have been negotiating all my life,' said Canadian college student Anjali Appadurai, as she stared down the assembled government negotiators (Klein 2015). The governments have been talking about preventing climate change for more than two decades; they began negotiating the year that Anjali, then twenty-one years old, was born. And yet as she pointed out in her speech, 'In that time, you've failed to meet pledges, you've missed targets, and you've broken promises.'

As illustrated above, the process of global summit conferences has become deeply institutionalized. Nowhere in the UN Charter, however, does it say that governments should conduct such extravaganzas,[26] and yet in the environmental realm they have become ritualized, with Stockholm 1972 leading to Rio 1992, which in turn begat Johannesburg 2002 ('Rio+10') and then Rio again in 2012 ('Rio+20') (Conca 2015). Some argue that holding an international conference every 10 or 20 years to review and promote progress on sustainable development is no longer helpful or relevant, calling it an anachronism in the 21st century (Barbier 2012; Weiss, Thakur, and Ruggie 2010).

The issue of climate change has a similar summit framework, with its yearly Conference of Parties (COP) to the UNFCCC. Such events are a venue for many forms of politics at once: heads of state and government ministers converge to negotiate; civil-society organizations gather for lobbying, networking, coalition building, public education, and other activities; and media outlets use the occasion to frame stories (Kanie 2007). According to Klein (2015, 11), these summitry meetings, which remain the best hope for a political breakthrough on climate action, have become less of a forum for serious negotiation and more a very costly and high-carbon group therapy session, a place for the representatives of the most vulnerable countries in the world to vent their grief and rage while low-level representatives of the nations largely responsible for their tragedies stare at their shoes. This has been the mode ever since the collapse of the much-hyped 2009 UN climate summit in Copenhagen, with a moderate turnaround since the 2016 UN climate summit in Paris that produced the Paris Agreement.

Despite theatrical attention-grabbing and predictable regularity, the practice of global environmental conferencing has increasingly been called into question.[27] Barbier (2012) argues that holding major international conferences and summits on sustainable development is no longer helpful or relevant. Weiss, Thakur, and Ruggie (2010) question the value of these conferences. Naím (2009) warns against 'a flawed obsession with multilateralism as the panacea for all the world's ills.' Victor (2006) and Brenton (2013) call for a smaller number of countries to explore bargaining solutions that are unavailable in the multilateral setting. Falkner (2016) notes that a discursive shift has occurred that has moved great power minilateralism, instead of multilateralism, from the margins to the center of the debate on international climate politics. Some climate commentators, frustrated with the deadlocks in the climate regime, have already advocated for such smaller forums (D. G. Victor 2006; Eckersley 2012). Others, who consider issue-specific proposals as addressing only part of the problem, call for a more exclusive forum

[26] The Rio Summit was the largest world conference at the time; 179 countries, including 110 heads of government and state, attended the conference. Some 2,400 NGOs were formally accredited to observe the main gatherings and another 17,000 took part in a parallel NGO forum (Weiss, Thakur, and Ruggie 2010, 209). The total costs of such conferences as Rio in 1992 and Johannesburg in 2002 would be extremely difficult. Hundreds of heads of government and state attended with large delegations in tow, as did the more modestly staffed but still sizable numbers of NGO delegations. Add to this to the costs of conference facilities and UN Secretariat resources, not to mention all the preparatory and follow-up work. In the face of all this expense, Weiss et al. (2010) ask: who could argue that they represent good value for the money? Hulse (2007) writes that the leaders come to deliver their respective speeches, not to listen to those of others; the talkers dominate the conferences to the exclusion of the doers; and the consensus outcome documents are restatements of lofty rhetoric and grandiose ambitions disconnected from the resources, capacity, and authority to convert them into feasible, achievable, and measurable targets. Given all this, what is the opportunity cost of investing vast resources in actual policies and programs to alleviate poverty, protect the environment, and conserve resources? As one critic comments, 'the weary litany of persistent ills, inequities and degradations described in reports from UNCED, other international conferences and commissions, and the actions needed for their eradication or alleviation have been substantially ignored by the world's most affluent and powerful nations (Hulse 2007, 15).

[27] Barbier (2012) calls Rio+20 anachronistic and argued that holding international conference every 10 or 20 years to review and promote progress on sustainable development is no longer helpful or relevant. Weiss, Thakur, and Ruggie (2010) question the value of these conferences. Naím (2009) warns against 'a flawed obsession with multilateralism as the panacea for all the world's ills.' Victor (2006) and Brenton (2013) call for a smaller number of countries to explore bargaining solutions that are unavailable in the multilateral setting. Falkner (2016) notes that a discursive shift has occurred that has moved great power minilateralism, instead of multilateralism, from the margins to the center of the debate on international climate politics. Some climate commentators, frustrated at the deadlocks in the climate regime, have already advocated such smaller forums (D. G. Victor 2006; Eckersley 2012). Others, who consider issue-specific proposals as addressing only part of the problem, call for a more exclusive forum of great and emerging powers: new forms of normative and policy coordination within a restructured world order (Terhalle and Depledge 2013).

of great and emerging powers: new forms of normative and policy coordination within a restructured world order (Terhalle and Depledge 2013).

4. Regime Complexes and Sustainable Development

Regimes on many global governance arenas today are heavily saturated with numerous international institutions and actors (Biermann et al. 2009). Many have reached the conclusion that regime complexes are now a common phenomenon (Raustiala and Victor 2004; Alter and Meunier 2006; Pratt 2018). From the start, scholars recognized that the increasing density of international institutions resulted in a more participatory process of global governance as 'a growing array of national agencies, transnational organizations, and experts become engaged in decision making and implementation' (Raustiala and Victor 2004, 277). Yet, in practice, much of the empirical work on regime complexity has concentrated on the role of states as the central actors, instead of IGOs, NGOs, and private actors who interact with states within regime complexes. Just as states can engage in regulatory arbitrage to further their interests, IGOs and other non-state actors can take advantage of institutional overlaps to pursue their interests. As explored in Chapter 2, IGOs can be autonomous actors who exercise authority in world politics through the rules they make (M. Barnett and Finnemore 2004). Apart from influencing the incentives and behavior of states through their regulatory and rule-making functions, IGOs use their knowledge and expertise to define meanings, create issues, and promote them as new norms, and hence they are important players in regime complexes.

This literature review is particularly relevant to my second question that explores the implications of new IGOs in the context of the global sustainable development regime. Apart from their political salience, these cases of new IGOs are suited to engage in building on regime complexes for a number of reasons. First, given the complex and multidimensional nature of the issue, the global environmental and developmental regimes overlap in scope, focus, and approaches (Wihtol 2014; Keohane and Victor 2011a). Second, in addition to states, the environment and development regimes intrinsically engage a varied range of IGOs and non-state actors, operating within and across different elemental regimes. Finally, because the priorities, focus, and approach of the sustainable development regime lie at the intersection of politically, economically, and socially controversial issues, how the IGOs interact, compete, and cooperate have significant implications for their overall effectiveness.

4.1. Regime Complex: Definition, Effectiveness, Strengths, and Weaknesses

Regime complexes are most commonly defined as arrays of 'partially overlapping institutions governing a particular issue-area, among which there is no agreed-upon hierarchy' (Keohane and Victor 2011a). These 'conglomerate' regimes tend to be laden with legal inconsistencies because there is no explicit coordination between their overlapping rules (Raustiala and Victor 2004). Such institutional arrangements exist in the issue areas of trade (Alter and Meunier 2006; Busch 2007), human rights (Hafner-Burton, Kahler, and Montgomery 2009; Gómez-Mera 2016), intellectual property rights (Laurence R. Helfer 2003), energy security (Colgan, Keohane, and Van de Graaf 2011; Van de Graaf 2013), and the environment (Keohane and Victor 2011a; Raustiala and Victor 2004; K. W. Abbott 2012a). The proliferation of overlapping agreements and institutions in a wide range of issue-areas of international relations has generated a bourgeoning body of theoretical and empirical research.

Pratt (2018) distinguishes two ways through which an IGO can join a regime complex. First, a new IGO may be constructed in order to govern interstate cooperation in the relevant issue area; in these cases, the year of entry corresponds to the creation of the IGO. Second, an existing IGO may expand its mandate to include the relevant issue area; the year of entry then corresponds to the year in which the issue area was formally added to the IGOs mandate or the establishment of a subsidiary body. My cases – the AIIB, the NDB, and the GGGI – belong to the first category as they are new institutions constructed to govern interstate cooperation in the issue area of sustainable development. Pre-existing, major institutions, such as the United Nations, the World Bank, the Asian Development Bank, and the OECD, belong to the second category, as they have expanded their mandate from peacekeeping (UN), infrastructure financing the reconstruction of Europe (World Bank and OECD), and assistance on food production and rural development (ADB) to include sustainable development in the 1990s and 2000s.

The regime literature defines 'effectiveness' in reference to the ability of institutions to (1) reduce or solve the specific problems that they were created to address, and (2) influence the behavior and policy choices of member states (Levy, Young, and Zurn 1995; Young 1999; Jönsson and Tallberg 2001). Notably, compliance should not be conflated with effectiveness; even high rates of compliance will not produce positive outcomes if the rules themselves are not well suited to the task (Thompson and Snidal 2011).

Strengths and Weaknesses of a Regime Complex

The tendency in the recent literature has been to emphasize the detrimental effects of self-interested strategies on the effectiveness of global governance (Laurence R. Helfer 2003; Alter and Meunier 2006; Morse and Keohane 2014; Gehring and Faude 2014). For example, two approaches that are often cited as representative ineffectiveness of regime complexes are forum shopping, in which actors select the venue where they believe they are more likely to obtain a favorable outcome, and regime shifting, where actors move negotiations from one venue to another so as to reshape the legal landscape and alter the constellation of actors involved. Also, selective implementation and interpretation of rules and practices allow actors to circumvent costly obligations, thus undermining compliance and creating inefficient competition. However, the opportunities that regime complexity creates for actors can also be positive, leading to synergies and reinforced effectiveness among regimes. I examine the negative and positive effects of regime complexes.

Obvious negative impacts of a regime complex and fragmentation are treaty congestion, confusion caused by incoherence, and duplication of work and agenda (Kanie 2007). Regarding global health governance, for example, Hanrieder and Zurn (2017) note that its current state of fragmentation involves the lack of coordination and inter-institutional competition that often creates a bias toward short-term, disease-focused interventions, thereby preventing sustainable policy solutions. For environmental governance, the President of the UNEP Governing Council has defined the problem, suggesting that 'the proliferation of institutional arrangements, meetings, and agendas is weakening policy coherence and synergy and increasing the negative impact of limited resources' (Charnovitz 2005). Another major problem is duplication of effort, which is inefficient. In the regime complex for intellectual property rights, for example, the development of rules can require lengthy negotiations and a high level of legal expertise. Duplication among multiple institutions, such as the World Intellectual Property Organization (WIPO), the World Trade Organization (WTO), and the World Health Organization (WHO), generates inefficiency costs and constrains the productivity of IGOs in this regime complex (Pratt 2018).

Under conditions of fragmentation, institutions can also operate at cross-purposes or result in negative spillovers when cooperation in one issue-area undermines the pursuit of objectives in another issue-area (T. Johnson and Urpelainen 2012). For example, the Montreal Protocol on Substances that Deplete the Ozone Layer has proposed hydrofluorocarbons (HFCs) as an alternative to chlorofluorocarbons (CFCs), the ozone-depleting substance. However, the Kyoto Protocol to the UNFCCC, considers both gases as greenhouse gases that need to be reduced (Kanie 2007). If the AIIB builds a coal-based power plant because access to electricity in rural areas takes priority over climate change concerns, this would also be the case of a development regime undermining the climate regime.

Institutional proliferation increases administrative and institutional costs for member states as it leads to an increased number of meetings, international negotiations, and reporting. A survey conducted for the report 'Delivering as One' revealed that the three Rio conventions (climate change, biodiversity, and desertification) have up to 230 meeting days annually (United Nations 2006). It also points out that adding the figures for seven other major global environmental agreements raises the number to almost 400 days of meetings per year (United Nations 2006, 20). The increasing administrative and travel costs are especially burdensome for developing countries, reducing their participation. Also, the sheer number of institutions overtaxes the capacity of states to implement the rules, or even to keep up with the international dialogue conducted via conferences of the parties, expert working groups, thematic clusters, regional implementation meetings, and the like (Conca 2015).

Regime complexes have strong advantages as well. Scholars argue that a complex problem needs a complex regime to address it. Current research on institutions has shown that the best institutional design for managing complex problems such as the global environment is a loose, decentralized, and dense network of institutions and actors (Keohane and Victor 2011b; Kanie 2007). This form can allow actors to address problems in multiple ways (Abbott 2012). In particular, the environmental regime has benefited from diversity among the entities that engage in environmental work (Sand 1991).

A regime complex is considered more resilient than one monolithic regime. As an analogy, ecosystems with higher biological diversity are generally considered more constant (Tilman, Reich, and Knops 2006), reliable (Naeem and Li 1997), predictable (McGrady-Steed, Harris, and Morin 1997), and stable (Cleland 2011; Civitello et al. 2015) than the ones with lower biodiversity. In a regime complex, institutions and actors are able to relay information and provide sufficient redundancies in the performance of functions so that inactivity of one institution does not jeopardize the entire system (Aggarwal 1998b; Ostrom 2010; Kanie and Haas 2004). For example, a hypothetical cease of operation of the World Bank would not be the end of the multilateral development assistance world because there are other entities with similar functions. For the climate regime, diverse national commitments through nationally determined contributions (NDCs) under the Paris Agreement, subnational governments' initiatives, and domestic and transnational initiatives by non-state actors increase the resilience of climate governance (K. Abbott 2017). This diverse plethora of initiatives and commitments has cushioned the shock of the US's position under the Trump Administration, and private and subnational actions may provide partial substitutes.[28]

[28] For example, more than 45 American mayors committed their cities to uphold the emissions standards laid out in the Paris Agreement, after President Trump's plan to withdraw the US from the Agreement (M. Smith 2017).

Regime fragmentation and complexity provide opportunities and flexibility for self-innovation as well (Kanie 2007). Innovation proceeds most rapidly under conditions of some intermediate degree of fragmentation (Diamond 2000). One reason why some fragmentation is good for innovation is that fragmented entities compete with each other (Charnovitz 2005). From the client's or recipient countries' perspective, products and services can be better in a fragmented, rather than a monopolized, environment. Also, a regime complex provides more windows of opportunity for civil society participation. Non-state actors who are guided by shared values and other non-material considerations can take advantage of institutional overlaps to exchange information, create and reframe issues, diffuse norms, and even develop complementary legal instruments (Gómez-Mera 2016).

A regime complex enables division of labor and specialization, and hence facilitates synergistic cooperation. States belonging to more than one regime in the complex have an interest in preserving the overall institutional order and the collective goods that it provides (Gehring and Faude 2014). Given their mixed motives, therefore, these actors may push for a solution involving institutional adaptation and accommodation, and possibly a division of labor among elemental regimes, which may ultimately result in synergistic collaboration (K. W. Abbott 2012b). Specialization makes it possible to create a tailor-made solution (Kanie 2007). All my cases highlight this advantage in their sales pitch. From the beginning of their establishment process, they have attempted to demonstrate how unique and different they are from pre-existing institutions in terms of functions and priorities to avoid being perceived as redundant and to justify their existence. As explored in Chapter 4, the AIIB differentiates itself from other development banks by being nimble and lean in decision-making processes and focusing on infrastructure financing instead of a comprehensive poverty reduction agenda. The NDB, as discussed in Chapter 5, has positioned itself as a development bank for the Global South that it is complementary to the World Bank and the IMF. The GGGI, as discussed in Chapter 6, aspires to provide tailored, nationally and regionally relevant policy recommendations instead of a top-down, legalistic approach.

4.2. Interactions within a Regime Complex: Contested Multilateralism, Counter-Institutionalization, Institutional Deference

As part of my second guiding question explores the relationship between the new IGOs and the pre-exiting ones, I zoom in on examining possible theoretical institutional interactions within a regime complex. Taking into consideration the dissatisfaction and power mismatch factors, some have proposed counter-institutionalization and contested multilateralism as strategies to increasing institutional fragmentation. Counter-institutionalization takes place when powerful states turn to alternative institutions that assume partially complementary, but also conflicting governance tasks, with the original institution. A more competitive institutional environment and thus a weakened position of the original institution will often be the outcome of such developments (Hanrieder and Zurn 2017).[29] Similarly, contested multilateralism occurs when state and/or non-state actors either shift their focus from one existing institution to another or create an alternative multilateral institution to compete with existing ones (Morse and

[29] For example, the turn of donor states to agencies outside the World Health Organization (WHO), such as alternative bilateral and multilateral channels, the UN Children's Fund (UNICEF), and the World Bank, was a direct consequence of the power mismatch inside the WHO, where key funders could control neither policies nor the selection of organizational leaders. This counter-institutionalization also included the creation of new entities such as the Joint United Nations Programme on HIV/AIDS (UNAIDS) (Morse and Keohane 2014, 19-22). As a consequence, the WHO was considered to be an agency in 'crisis' by the mid-1990s (Godlee 1994).

Keohane 2014). Empirically, do we observe the AIIB, the NDB, and the GGGI challenging the rules, practices, or missions of pre-existing multilateral institutions? Do we see a more competitive institutional environment and a weakened position, or even a 'crisis,' of the World Bank and other major institutions as a result of the creation of the AIIB, the NDB, and the GGGI? When the MDBs of this research were first proposed, predominant reactions were largely based on this concept and logic, as explored in Chapters 4 and 5. The AIIB and the NDB were perceived as the outcome of the pre-existing institutions' power mismatch trajectory. However, a subsequent array of cooperative partnerships and co-financing projects between the old and the new have countered the prospect of counter-institutionalization and contested multilateralism; in fact, the AIIB and the NDB have emphasized mutually beneficial relationships and perhaps a healthy competition.

Another type of institutional interaction in a highly saturated regime complex is institutional deference. Institutional deference refers to one IGO's acceptance of another organization's exercise of authority.[30] Deference is a frequent practice conducted by IGOs that operate in the same policy domain, as a means to resolve jurisdictional conflicts. Cases of deference include member states of one organization formally adopting a set of rules established by a different institution, and member states altering an IGO's operational routines, technical assistance programs, or monitoring systems to support the rules of another organization (Pratt 2018). By selectively accepting other institutions' authority over particular sub-issues, IGOs and their member states can avoid the adoption of conflicting rules and capture efficiency gains through division of labor (Gehring and Faude 2014; Pratt 2018). As I demonstrate in the empirical chapters, institutional deference is a common form of coordination among IGOs in a regime complex. For example, the AIIB's adoption of a version of the World Bank's and ADB's environmental and social safeguards and co-financing its first rounds of infrastructure projects by adhering to their guidelines can be determined as AIIB's institutional deference to avoid conflict and ensure cooperative relationship with major players.

4.3. Regime Complex for Sustainable Development

As explored in section 2.3, the sustainable development regime is highly saturated with diverse issues, actors, and institutions. Scholars and practitioners have acknowledged the challenge of approaching global governance of sustainable development in a coherent fashion, not least due to the vast array of concepts, processes, structures, and agreements that together form a dense patchwork of regulatory activity (Weiss, Thakur, and Ruggie 2010). Based on the theoretical and empirical insights in this chapter, I construct a concept of the sustainable development regime complex, where my case studies are located.

The global architecture for sustainable development was centered in the United Nations system throughout the 1990s, with the UN summits serving as the birthplace of not only important institutions such as the UNFCCC and CSD but also principles and guidelines including Agenda 21 and the Rio Declaration. Yet this began to change with the feebleness of global environmental institutions and the inadequacy of their budgets. For example, the UNEP, which has been struggling due to its small size, vague mandate, remote location in Kenya, and funding limitations since its inception, was faced with reconciling an ambitious, critical, and ever-expanding mandate with an inadequate budget, its low profile within the UN system, and

[30] Pratt (2018) adapts this definition from Efrat and Newman [2016], who examine deference agreements among national courts.

soft political constituency of environment ministers (Conca 2015; Weiss, Thakur, and Ruggie 2010).[31]

At the international level, some coordination exists between environmental institutions through mechanisms such as the United Nations System Chief Executive Board, the Environmental Management Group, and the Sustainable Development Knowledge Platform, but these institutions are far too weak to effectively coordinate multilateral environmental agreements and to integrate various dimensions of sustainable development. These mechanisms seem to function more as a *pooling regime* than as an effective *coordination regime* (Kanie 2007). Also, repeated calls for a World Environment Organization (WEO) reflect a basic level of dissatisfaction with the existing institutional architecture.[32] A WEO, or a Global Environment Organization, could facilitate greater coherence in and improve the political standing of the international environmental and sustainable development regimes. The proposals, however, have met with disinterest by much of the UN community as well as resistance from institutions that would lose responsibilities (Kanie 2007, 146).

The absence of a WEO/GEO, in conjunction with the present weakly institutionalized landscape of global environmental governance, has left an opening for other institutions and actors have moved in, attempting to fill the gap. As environmental and social justice concerns rose to the top of the agendas of the heavyweight IGOs such as the World Bank, the center of activities and agenda setting has shifted. The MDBs' mandate to leverage their capacities to boost infrastructure investment has been further cemented in the recently launched Sustainable Development Goals of the 2030 Agenda for Sustainable Development (United Nations 2015b). Therefore, major institutions outside the traditional environmental realm have expanded their mandate to include sustainable development and climate change. By doing so, they are creating *and* entering the regime complex for sustainable development after – in many cases, decades after – their establishment. Institutions and programs on green economy and green growth, such as the recent constructs of the UNEP, UNESCAP, and OECD, have also followed suit.

In addition, a multitude of new international forums, programs, and institutions have been launched on sustainable development by both developed and developing countries and non-state actors. These actors elaborated, through substantive issue-linkages, how climate change, environment, development assistance, trade, food and agriculture, health, and human rights issues impacted sustainable development and vice versa (Hall 2016). Climate change, particularly, became one of the central issues for sustainable development because of the sheer scale and unevenness of its present and future impacts. Therefore, the sustainable development regime consists of diverse issue-areas ranging from climate change to the environment to development assistance to social justice. These issue areas themselves are highly fragmented, with their own regime complexes (Jinnah 2011; Kanie 2007; Keohane and Victor 2011b). Without a strong coordinating and focal institution, sustainable development is a conglomerate regime with partially overlapping institutions among which there is no agreed upon hierarchy. The overall structure of sustainable development governance is widely recognized to be

[31] According to Clapp and Dauvergne (2011), the World Wildlife Fund, an international non-governmental organization in the field of the wilderness preservation, has a budget that is three times that of UNEP.

[32] Proposals to establish an international environmental authority can be found as far back as the 1970s. One of the most comprehensive proposals in that era was developed by Lawrence David Levien, who called for a 'World Environmental Organization,' modeled on the practice of the International Labor Organization (ILO) which had been created in 1919 (Charnovitz 2005). The establishment of UNEP by the U.N. General Assembly in 1972 settled the organizational question, although some observers at the time viewed the answer as unsatisfactory (Brenton 1994). High-profile statements continued to emerge, with the joint declaration of Brazil, Germany, Singapore, and South Africa at the Rio+5 UN-GASS meeting in 1997 and former French President Jacques Chirac supporting the idea of WEO in his speech at the 2002 World Summit on Sustainable Development (Kanie and Haas 2004).

fragmented, complex, and lacking in coherence (Bernstein and Cashore 2012, 588). A depiction of the sustainable development regime complex is shown in Figure 1.

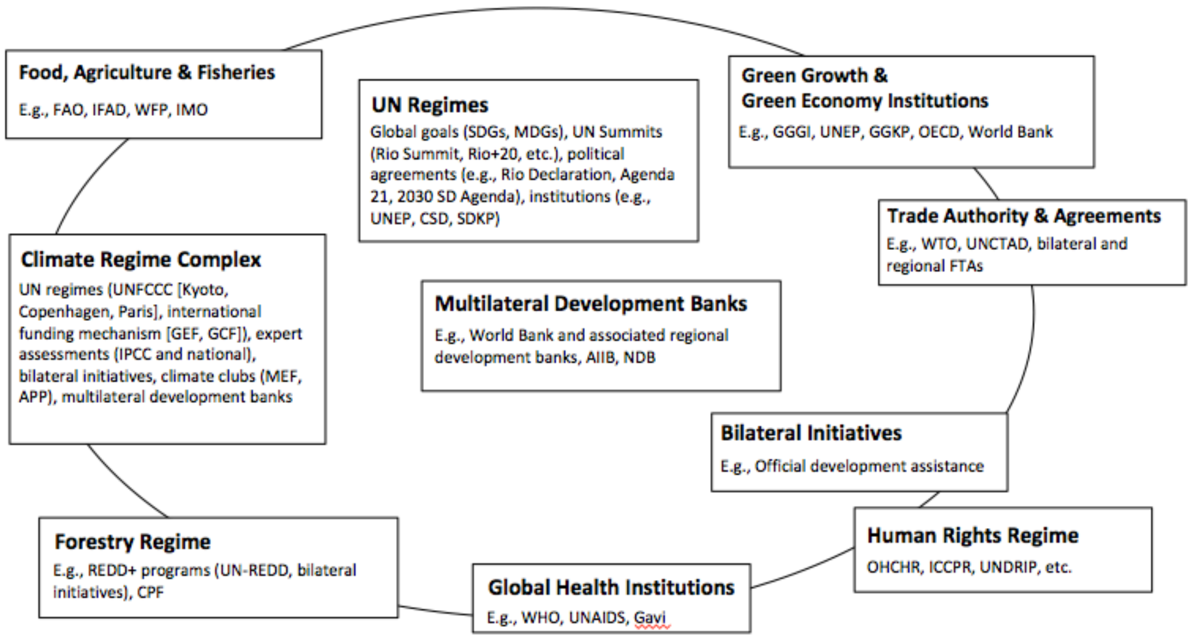

Figure 1: The Regime Complex for Sustainable Development. Following Victor and Keohane (2011)'s depiction of the climate change regime complex, boxes show the main institutional elements and initiatives that comprise the SD regime complex. Elements inside the oval represent main agencies and institutions where substantial rule-making efforts have occurred. This figure is not exhaustive and mainly focuses on intergovernmental institutions and initiatives.

Key: AIIB: Asian Infrastructure Investment Bank; APP: Asia-Pacific Partnership; CSD: Commission on Sustainable Development; CPF: Collaborative Partnership on Forests; FAO: Food and Agriculture Organization; FTAs: Free Trade Agreements; Gavi: Global Alliance for Vaccines and Immunization; GEF: Global Environment Facility; GCF: Green Climate Fund; GGGI: Global Green Growth Institute; GGKP: Green Growth Knowledge Platform; ICCPR: International Covenant on Civil and Political Rights; IFAD: International Fund for Agricultural Development; IMO: International Maritime Organization; IPCC: Intergovernmental Panel on Climate Change; MEF: Major Emitters Forum; MDGs: Millennium Development Goals; NDB: New Development Bank; OECD: Organisation for Economic Co-operation and Development; REDD+: Reducing Emissions from Deforestation and Forest Degradation; SDKP: Sustainable Development Knowledge Platform; SDGs: Sustainable Development Goals; UNCTAD: UN Conference on Trade and Development; UNDRIP: UN Declaration on the Rights of Indigenous Peoples; UNEP: UN Environmental Programme; UNFCCC: UN Framework Convention on Climate Change; WFP: World Food Programme; WHO: World Health Organization; WTO: World Trade Organization

Therefore, incidences of forum shopping, mission creep of non-environmental organizations, and institutional proliferation have contributed to the fragmentation of the once-coherent sustainable development regime, leading to the emergence of a regime complex for sustainable development.

5. Conclusion

In order to highlight why and how my cases present a puzzle, I have engaged with three bodies of literature: IO, GEP/G, and regime complexity. In the first section, I define IGOs and I have laid out the evolution of the study of international organizations, regimes, and institutions; various theoretical perspectives on IGOs; and why states may or may not pursue IGO establishment from an empirical standpoint. New IGOs have emerged despite the costs and difficulties associated with IGO establishment and the existence of alternative channels. Many justifications have been offered, but they do not seem to provide sufficient explanation.

In this study, I do not posit that institutions are empty vessels of state power, as some realists maintain. I acknowledge that large public IGOs are almost always the creation of states and are almost always designed to give states, particularly powerful ones, a great deal of control. Powerful states often provide the resources to these organizations, usually dominate their top decision-making bodies, and determine who becomes the chief executive (M. Barnett and Finnemore 2004). States write their mission statements and design their structures precisely to ensure they will be responsive tools. Although states rarely allow international institutions to become significant autonomous actors, institutions do affect outcomes (Koremenos, Lipson, and Snidal 2001). States take institutional design seriously, especially because institutions cannot be changed swiftly or easily to conform to changing configurations in international power. Subsequently, empirical (Keohane 1984; Rittberger 1990, Young and Osherenko 1993) as well as theoretical (Snidal 1985) criticisms of the realism approach have encouraged institutionalists to look beyond the systemic distribution of power to explain the rise and survival of international institutions. I also acknowledge that international institutions do not function simply as teachers of norms (Finnemore 1993), but also serve as rule makers and innovators (Acharya 2011). This serves as the basis for my second guiding question that examines IGOs as independent variables and the effectiveness and fragmentation of the regime as a dependent variable.

In the second section, I explored institutional trends and composition, and the major norms of sustainable development in the field of GEP/G. I draw relevant implications for my cases, all of which are located in the intersection of economic development, the environment, and climate change. The rather ineffective and increasingly irrelevant environmental and climate summits and conferences that have produced weak resolutions and agreements in the past two decades, and their continued existence in the foreseeable future driven by path dependency, set the background for my research. In this context, the new IGOs that are neither 'environment' organizations nor major UN-affiliated institutions have emerged on the scene. Their emergence is significant not only for the political economy aspects but also for the overall effectiveness of the sustainable development agenda and practices because they are driven by emerging and middle power countries, with more focused emphasis (e.g., infrastructure financing instead of poverty eradication) and priorities (e.g., green growth). In line with Dauvergne and Clapp's (2016) call for new research agendas in global environmental politics, I engage with unconventional players whose activities have significant implications for the sustainable development and climate change regimes in the future.

The third section examines insights from the regime complexity and fragmentation literature, focusing on definitions, factors that increase regime complexity, strengths and weaknesses of a regime complex, and types of institutional interactions within a regime complex, ending with a depiction of the regime complex for sustainable development, where my empirical cases are located. If one incorporates these insights, one can expect actors within regime complexes to pursue cooperative, cross-institutional strategies.

The next chapter explores the empirical background and analytical framework for my case studies. For the former, I pay attention to major state actors in global sustainable development politics and trends in multilateral development finance. For the latter, I constructed the framework such that it consists of the opportunity structure and actor characteristics, pulling together the international context and initiator(s)' resources and strategies. In this chapter, I also explore possible implications for and institutional strategies within the sustainable development regime complex.

Chapter 3. Empirical Background and Analytical Framework

1. Introduction

My dissertation research examines why and how emerging and middle power countries established new formal IGOs and considers implications for sustainable development. Emerging countries creating formal IGOs is a new phenomenon with significant symbolic and practical implications. Broadly, my research explores the domestic motivations and characteristics of this particular set of state actors and the nature of the relationship between new and pre-existing international institutions in global sustainable development governance. On the one hand, political scientists have produced compelling work with an emphasis on the significance of institutional arrangements, yet arguments about the sources of institutional origin and change remain opaque and questionable at best (Weingast 2002, 661; Pierson 2004, 103). On the other hand, GEP/G scholars have been asking questions about the efficacy of the concept of sustainable development, the effects of increasing fragmentation and complexity caused by the sustainable development regime, and the impact of new IGOs driven by non-traditional actors who would not necessarily conform with the norms and practices established by Western countries.

In this study, I investigate these two perspectives by refocusing our attention on state-to-state interactions in the formation of formal IGOs and by engaging with the global sustainable development governance regime. Specifically, I investigate how the successful cases of IGO establishment came about in the areas of infrastructure financing and green growth strategies. I then argue that these nation-states undertake such ambitious initiatives as a response to various domestic motivations and resources and to the international context. However, I conclude that the resultant institutions pose little threat to the existing norms and practices of sustainable development because the former have engaged in self-inclusion to the regime to ensure their successful establishment. In the following, I describe empirical issues and concepts relevant to my guiding questions and develop the analytical framework used to explore in-depth case studies in Chapters 4, 5, and 6.

2. Empirical Background

I discussed emerging countries' changing position and dynamics in the realm of development and the environment in Section 2.3. The rationale and reasoning differ in each case, based on each country's unique domestic situation, motivation, and historical legacy. In the global sustainable development regime, developing and emerging countries have been using a common rhetoric and position, that of a passive, reluctant player who is subject to an unfair development trajectory imposed by those who have already industrially advanced. Such narratives have changed in recent years, with some of emerging and newly industrialized countries exerting themselves as active players and leaders. Formal IGOs established by these countries on this issue area are testament to this trend.

2.1 Major State Actors in Global Sustainable Development Politics

The next half-century will see major changes in the relative size and rankings of the world's economies. The US National Intelligence Council summarized the situation as follows: 'in terms of size, speed, and directional flow, the transfer of global wealth and economic power now underway – roughly from West to East – is without precedent in modern history' (National Intelligence Council 2008, iv-vii). The rise of Asia, especially the PRC and to a lesser extent India, is inexorably shifting the global economy's center of gravity away from Europe and the US (Nehru 2012). This trend was clearly visible in the 1990s, accelerated in the 2000s, and has been amplified by the 2008-2009 global financial crisis (Armijo and Roberts 2014). By 2030, the diffusion of power is expected to have a significant impact, 'largely reversing the historic rise of the West since 1750 and restoring Asia's weight in the global economy and world politics' (National Intelligence Council 2008, 15). The GFC in 2008 exposed serious structural challenges and fiscal constraints facing the US economy and weighing even more heavily on America's key Western partners. But it is the rapid rise of other powers that ended the 'unipolar moment,' according to the NIC, and is causing a 'fast winding down' of Pax Americana – the period of unrivalled American primacy since 1945 (National Intelligence Council, 98).

Similar trends can be observed in the realm of sustainable development, with its leadership traditionally exerted by the US and Europe, but their primacy is becoming increasingly diluted and diffused due to the rise of emerging countries in Asia and other parts of the world. Until the early 2000s, the US and the EU were considered as the only two political entities with the capacity for exercising global environmental leadership (Vig and Faure 2004). The US has arguably maintained leadership in some areas of domestic environmental regulation (Weiner 2004), yet with respect to international environmental politics, a dramatic and systemic shift from US to EU leadership has occurred since the early 1990s. The landscape has further fragmented in the 2010s, with the increasing influence of new players like China, the BRICS, and to a small but significant extent, Korea with its green growth agenda (K. A. Hochstetler 2012; Zinda, Li, and Liu 2018).

When environmental issues emerged on the international agenda in the late 1960s and early 1970s, the US was of one of the strongest and most consistent supporters of international environmental treaties and agreements (Sands, 1994). The US played a leadership role in the preparations for the 1972 UNCHE and backed the major international environmental treaties adopted during the 1970s, such as the 1972 London Convention on Dumping at Sea, the 1972 World Heritage Convention, the 1973 Convention on International Trade in Endangered Species, and the 1978 MARPOL Protocol on Pollution from Ships (Kelemen and Vogel 2010). The member states of the European Union subsequently ratified the international treaties created in this period, but U.S. leadership was crucial and European states were reluctant participants in many cases. Again, in the 1980s, the United States played a leading role in the negotiations that led to the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer, whereas EU member states (in particular, the United Kingdom, France, and Italy) were reluctant supporters of this important international treaty.

As we saw in Section 2.4, sustainable development consists of diverse issue areas and regimes, such as climate change, forestry, development, trade, and human rights (Figure 1). During the past two decades, the US has become a rather reluctant and passive player on not only the environment front but also many other issue areas that comprise the sustainable development regime complex. Beginning in the early 1990s, the US signed but subsequently failed to ratify a number of major multilateral environmental agreements (MEAs), including the Convention on Biological Diversity (1992), the Convention on the Transboundary Effects of Industrial

Accidents (1992), the Kyoto Protocol (1997), and the Stockholm Convention on Persistent Organic Pollutants (2001). Unlike European states in the earlier period of US leadership, the US has proven unwilling to consent to, comply with, or internalize the international environmental norms championed by the EU since the 1990s. Some have labeled the US the 'new "rogue state" in global green politics' for its 'new confrontational approach' (Falkner 2005).

In short, surveying the past four decades, it appears that in the 1970s and 1980s, the US led and Europeans followed, while in the 1990s and 2000s, the EU led and the US actively resisted (Kelemen and Knievel 2015). In the US, domestic political opposition to international environmental governance among Congressional Republicans has been analyzed to be driven by ideological considerations, such as a desire to protect US sovereignty from the perceived threat of global governance (Bolton 2000) and a suspicion that US participation in multilateral environment agreements might lead to stronger environmental regulation in the US (Kyl, Feith, and Fonte 2013).

Instead, the EU has emerged as an international environmental leader, standing out as the chief proponent of a series of major MEAs. Specifically, it played a leadership role in the adoption of the major MEAs listed above, none of which have been ratified by the US. European political leaders were active and visible participants at the UN summits in Rio de Janeiro in 1992 and Johannesburg in 2002, whereas the US came under strong criticism for its opposition to new global environmental policy initiatives at both international meetings. The EU has led efforts to 'green' international trade institutions such as the World Trade Organization (WTO) and to win worldwide acceptance of a precautionary approach, whereas the US has largely resisted these initiatives.

Today's sustainable development landscape embracing climate change has even more dynamic leadership. When President Trump announced in June 2017 that the United States would withdraw from the UNFCCC's Paris Agreement, the US officially ceded its global leadership on climate change (Sengupta et al. 2017; Friedman 2017; de Carbonnel 2017; Doshi 2017). In its absence, others have taken up the leadership role. In Europe, Germany, and France have vowed that the Paris Agreement will flourish without the US (Sengupta et al. 2017). In addition, US state governors, mayors, and business leaders have forged their own coalition named *We Are Still In* (Friedman 2017). With fault lines over Brexit, dependence on Russian energy, and protecting industry threatening the bloc's own common policy, some EU diplomats worry that Europe is too weak to lead on its own in tackling climate change (de Carbonnel 2017). Instead, they are pinning their hopes on China, concerned that without the backing of the world's second-biggest economy and biggest emitter of GHGs, support for the global pact to address climate change will flounder. Reuters quoted one EU official involved in climate talks as saying, 'Can we just fill the gap? No because we will be too fragmented and too inward looking. Europe will now be looking to China to make sure that it is not alone' (de Carbonnel 2017).

As late as 1990, China accounted for 'only' 12 percent of global emissions, significantly less than the countries of the EU combined and, of course, the US. Since 2007, however, China has overtaken the US as the world's largest aggregate CO_2 emitter. In 2011, these two 'carbon indispensables' made up 45 percent of global CO_2 emissions, with the EU-27 accounting for only 11 percent (Oliver, Janssens-Maenhout, & Peters 2012). This fact alone – combined with US's and China's economic and technological power, which could drive the world toward or away from a low-carbon path – necessarily makes them the most influential actors in the international response to climate change (Terhalle and Depledge 2013, 575).

In this context, China, at least at the executive level, has stepped up to fill the gap.

President Xi Jinping did not mention Trump by name at the opening of the 19th Communist Party Congress in October 2017, but his meaning was clear when he declared that China had taken a 'driving seat in international cooperation to respond to climate change' (Friedman 2017). This is a step up from Hu Jintao's (2002-2012) remark that China would 'actively respond' to climate change (Doshi 2017). Many political analysts say China has indeed moved dramatically on climate change, both to meet its own pledge under the Paris accord to cap carbon emissions by 2030, and to start the world's largest carbon market and swiftly expand the use of electric cars (Friedman 2017). The BRICS nations have, as a group, also been vocal on climate change and sustainable development. In 2017 they adopted the 'BRICS Leaders' Xiamen Declaration,' reaffirming their commitment to fully implementing the 2030 Agenda for Sustainable Development, committing to enhance BRICS cooperation on climate change and expand green financing, and more.

Yet skepticism abounds regarding Chin's actual commitment to such measures. Notably, China still burns more coal than any other country. It also remains to be seen how eager the country will be to allow greater transparency of its own carbon reduction efforts, and many fear it will revert to old demands that it and other developing countries be treated with softer rules (Friedman 2017). Domestically, not everyone in the government is convinced that climate change is theirs to address. Beijing has traditionally seen itself as a leader only of emerging economies, arguing that the US, the EU, and Japan have to lead in making cuts because they have emitted most GHGs since the Industrial Revolution (de Carbonnel 2017). Based on the widely shared historical narrative of the 'Century of Humiliation,' beginning with the Opium Wars of the 1840s, Chinese officials and a majority of Chinese scholars have continued to express 'worry that the US has a hidden agenda to prevent China from rising as a peer power' (Suisheng 2008). In the climate change context, this narrative translates to fear of a rich-world conspiracy to slow down China's development (Watt, Carrington, & Goldenberg, 2010). Indeed, some local officials believe that climate change is a hoax created by Americans to stall China's economic development; others believe that as a developing country, China should not lead in the climate negotiations because it is the responsibilities of developed countries (personal communication in Beijing, 2017). At the top level, China's commitment to responding to climate change is firm and strong; whether it will translate into local actions is less certain.

Therefore, not only are the regimes for climate change and sustainable development increasingly integrated and their distinction blurred, as seen in Section 2.3, but also that overlap is increasingly being fragmented with the retreat of traditional leaders, notably the US, and the advance of emerging countries, notably China. The mode of practices and norms largely remain unchanged, however. In addition to institutional path dependencies and stickiness that have accumulated over the past several decades, it is in China's interest to maintain the neoliberal order, as China is one of the biggest beneficiaries of open trade and a market-driven economy. How these translate into the AIIB and its implications for sustainable development is further explored in Chapter 4.

2.2 Trends in MDBs, Infrastructure, and Sustainable Development

The establishment of new IGOs – the highest degree of formalization of multilateral efforts – counters the trends in the development regime, which is the focus of Chapters 4 and 5. Over the last two decades, strong forces, such as shifts in the size of emerging economies, the increasing differentiation of interests among developing countries, and the recognition that substantial investment in global public goods is needed, have been reshaping the multilateral development regime that was initially organized by a small group of like-minded countries approximately seven decades ago. In the aftermath of WWII, multilateral development banks (MDBs) were established to share the financial burden of development cooperation, and they facilitated both the resource transfers from the North and the policy dialogue with the South (Jenks and Kharas 2016).

MDBs today, however, no longer enjoy the advantage of having the lowest transaction costs available, due to the explosion in numbers of NGOs and new donors. Potential borrowers now have more than one vehicle to rely on for loans. MDBs' compliance procedures have become more cumbersome and costly as well, while technology has helped smaller donors operate with very low transaction costs. For example, the volume of aid is no longer tied to multilateral commitments. Kharas (2007) estimates that multilateral aid has expanded steadily over time, doubling in 30 years from US$11.7 billion in 1975 to US$22 billion in 2005. However, multilateral aid accounts for a mere 12 percent of total aid (official and private). Within that category, MDBs accounted for 47 percent of total multilateral aid in 1995; by 2005, this share had fallen to 36 percent.[33] An increasing number of donors find it politically easier to channel their resources through their own bilateral systems or by creating new, narrower agencies to address particular issues under specific governance arrangements (Kharas 2010). Furthermore, the growth in the number of specialized agencies is notable, each focusing on narrow developmental issues at the expense of broader, more comprehensive strategies. Such agencies are called vertical funds, most notably the Global Fund to Fight AIDS, Tuberculosis, and Malaria, the Global Environmental Facility, and the Global Alliance for Vaccines and Immunization (Gavi). They provide a greater sectoral focus and hence an easier link between resources and development outcomes. Features of the new vertical funds show the emergence of a new form of multilateralism (Wihtol 2015; Kharas 2007).

Considering this trend of multilateralism losing its merits and strengths, and the availability of options that offer more direct and efficient control of resources through bilateral transactions and vertical funds, it is puzzling to see emerging countries and new donors creating IGOs to facilitate multilateral coordination and assistance. Many have questioned whether the world even needs new MDBs, arguing that it is inefficient for new institutions to be created when the old ones could in principle be reformed to reflect new realities (Wihtol 2015).
MDBs do have one irreplaceable role – that of infrastructure financing. Risk-averse private actors are often reluctant to invest in infrastructure projects that take a long time to yield returns. Infrastructure also has a critical role to play to ensure inclusive prosperity. Infrastructure – defined as transport, power, telecommunications, and water supply and sanitation – is essential for development (Asian Development Bank 2017). It is an essential input into the production of goods and services and raises productivity. It powers factories and businesses and enables firms to trade (Donaldson 2010). It encourages innovation and generates new economic opportunities and jobs as firms interact and discover new products, processes, and markets. Efficient infrastructure lowers distribution costs and boosts living standards by making goods and services more affordable. One of infrastructure's most dramatic benefits is its effect on the poor, allowing such populations access to better health and educational services, improving living conditions, and fostering greater social and economic mobility (Banerjee, Duflo, and Qian 2012; Dinkelman 2011; Zhang and Xu 2016). Decisions on infrastructure development – including decisions about

[33] The multilateral system traditionally has had two pillars: development banks and the UN system. The share of UN agencies in total multilateral aid fell even more steeply, from 37 percent in 1985 to 25 percent in 1995 to 17 percent in 2005.

the type of infrastructure and technology to fund – have significant implications for environmental sustainability, as climate change, pollution, and other environmental factors present new challenges. Indeed, the many ways infrastructure affects economic activity and people's lives is engrained in the 17 United Nations Sustainable Development Goals. While only Goal #9 – to 'build resilient infrastructure, promote sustainable industrialization and foster innovation' – is the only goal that solely focuses on infrastructure, Goals #6 (water), #7 (energy), #8 (work and economic growth), and #11 (cities) have direct links to increased infrastructure investment and development (Asian Development Bank 2017).

Infrastructure has an immense role to play for climate mitigation and adaptation. On climate change mitigation, a recent report by the Asian Development Bank (2017) indicates that fossil fuels contribute over two-thirds of carbon emissions in developing Asia. For the region to progressively transition to low-carbon growth, it must reduce carbon intensity in the energy sector. To limit the average rise in global mean surface temperature to 2 degrees Celsius above preindustrial levels, carbon emissions from developing Asia will need to be reduced by three-quarters from the baseline scenario through investments in renewable power, smart grids, energy storage, and energy efficiency and, where applicable and feasible, carbon capture and storage, among others (Asian Development Bank 2017). Regarding climate adaptation, infrastructure investments can 'climate proof' projects by ensuring their infrastructure is resilient to the projected impact of climate change, as phenomena such as sea level rise and intensified extreme weather events can damage infrastructure, thus reducing its lifecycle and performance. Against this backdrop, the next section turns to the analytical framework for this dissertation research.

3. Analytical Framework

This section will define the core analytical concepts and framework I will use to identify factors that are necessary and sufficient for establishing IGOs. The analytical framework is primarily concerned with why emerging economies succeed in establishing IGOs, and not with why they want to establish IGOs in the first place. Although state interests to establish IGOs are so case-specific that they are explored in depth in empirical chapters, state interests combined with impetus can form a stronger force than individual factors. With this analytical framework, I argue that motivations to establish formal IGOs are strong and effective when contextual factors create opportunities for international institutionalization; when initiating countries have resources such as political entrepreneurs who are able to pool and utilize financial and diplomatic resources; and when initiating countries employ strategies such as forming a strong coalition with other countries and finding a right niche area and effectively linking it with the existing normative framework.

The purpose of my analytical framework is not to find a formula for or a general theory of institutional change, but to tease out important factors that are necessary for the nation-states to decide on and successfully implement the establishment of IGOs on this particular issue-area. I adopt the notion that international actors are boundedly rational and that their institutional strategies are constructed in response to interactions between cooperation problems and the institutional status quo (Jupille, Mattli, and Snidal 2013).

In constructing my analytical framework, I referred to Meckling's (2011) in which insights from social movement theory were transferred to the study of business in global environmental politics. Depending on the context and case, some factor will invariably be more important and have more explanatory power than the others. In each case, I highlight important factors and downplay others for improved analytical rigor.

To reiterate, my dependent variable is the IGO establishment for the first question and the implications for the sustainable development regime for the second question. I identify and categorize explanatory factors pertaining to the first question as following:

- International context/opportunity structure
    - Impetus & Critical junctures
    - Governance gap
    - Norms
- Initiating country characteristics
    - Political entrepreneur with leadership
    - Diplomatic capital and skills
    - Building strong and legitimate intergovernmental coalitions
    - Finding the right niche area

INTERNATIONAL CONTEXT/OPPORTUNITY STRUCTURE

The international context provides the rationale and ‘pull’ for new IGOs. However, such ‘pull’ only creates opportunities and constraints for such initiatives. Instead, a number of factors must come together for the formation of an IGO. I focus on some of these factors or ‘initial conditions,’ including critical junctures, governance gaps, norms, and so forth.

Impetus

To identify the initial conditions necessary for new IGOs, I look for the presence of an initial impetus that has significantly altered the preexisting bargaining context, which in turn leads to institutional change, reconciliation, and/or creation. A relevant example would be the 1992 United Nations Conference on Environment and Development (UNCED), also known as the Earth Summit, that led to the creation of important legally binding agreements such as the CBD, UNFCCC, and UN Convention to Combat Desertification (O’Neill 2017). But an impetus to change can also come from both endogenous and exogenous factors that are less dramatic, such as actions by currency speculators or electoral victories that shift actors’ individual situations (Aggarwal 1998a). These changes will generally create differing incentives for actors. The latest financial crisis and the Lee administration taking office in Korea, for example, provided external and internal impetuses for the establishment of the GGGI.

Impetus does not always translate into changes. Leading states have attempted to build order around various institutions to entrench their interests in said institutions, anticipating that these institutions will persist due to path-dependency (Ikenberry 2017). These institutions act as a buffer to the attempts originated from an impetus to change the status quo. The Asian Monetary Fund, for example, had a strong and legitimate external impetus from the Asian Financial Crisis. However, the presence of the IMF and entrenched interests of leading states have thus far prevented the AMF from taking place. Therefore, impetus alone cannot be a sufficient explanation for the emergence of new IGOs. Ascertaining whether there was an initial impetus that changed the bargaining context for initiating countries is an important step to determine scoping conditions, but this impetus is not a central explanatory variable.

Governance Gap

While recent policy reviews and agreements have highlighted the need for greater international cooperation for sustainable development (United Nations General Assembly 2012; United Nations 2015), proposals for filling the global governance gap vary considerably, ranging from the use of soft law approaches to the creation of a World Environment Organization to the usage of different governance approaches such as global experimentalist governance and responsive regulation (de Burca et al. 2014; Abbott and Snidal 2013; Charnovitz 2005; Esty 1994; Biermann 2000). Additionally, governance gaps exist for the specific areas that my cases strive to address; green growth is a specific concept and approach created to foster environmentally friendly economic growth, and infrastructure financing is meant to address the mismatch between supply and demand in developing parts of Asia (Asian Development Bank 2017). This functionalist explanation, however, has limited explanatory power, as discussed in Section 2.2.

International Norms

To ensure the successful establishment of an IGO, it is important to determine whether there are existing norms that accommodate the proposed institution. Actors and the ideas themselves certainly matter, but the success or failure of new ideas in response to environmental problems must be understood in the context of their interaction with the wider international social structure they encountered and attempted to modify (Bernstein 2001, 179). Norms define and regulate appropriate behavior, assign rights and responsibilities regarding the issue in question, and are publicly or collectively understood as such (Bernstein 2000). They regulate by pre/proscribing how actors should behave in a defined context (Dessler 1989, 456; Finnemore and Sikkink 1998, 891; Park and Vetterlein 2010). Norms exist at both the domestic and international levels. Domestic and international norms, which are crucial elements of the political environment, create institutional opportunities or constraints (Meckling 2011). For my cases, however, domestic norms play a marginal role, as public awareness and support are less critical to the establishment of an IGO than are international social fitness and support from other countries. As all my cases are IGOs, I focus on the international side more than domestic constituencies. As long as there exist domestic coalitions at the executive and congressional level, public awareness and approval are not significant factors for signing and ratifying a treaty to establish a new IGO.

The importance of norms in international affairs comes from their institutionalization, which makes them 'collective' or part of the social structure (Bernstein 2000). Institutionalization concerns the perceived legitimacy of the norm as embodied in law, institutions, or public discourse even if all relevant actors do not follow it (Jepperson et al. 1996; 54; Onuf 1997). Legitimacy matters because the question is not whether the norm exists, but the political authority the norm enjoys. The degree of institutionalization is important because it indicates how strongly challenges to the norm are likely to be contested and ultimately the ability of the norm to (re)define state interests (Bernstein 2000). The relevant norms here are liberal environmentalism and supply of infrastructure financing to achieve sustainable development.

A 'socio-evolutionary' explanation for the entrance and evolution of international norms contends that explaining the selection of norms requires an examination of the interaction of ideas (proposals for new norms) with the social structural environment of already institutionalized norms that they encounter (Bernstein 2000). Unlike theories that assume normative outcomes simply reflect the interests of powerful states or capital, the main argument here is that the *social* fitness of proposals for new norms with extant social structure better explains why some norms are selected, while others fall by the wayside. Just as the selection of genes in evolutionary theory is based on their prominence and compatibility with environmental conditions (natural selection) (Florini 1996, 369), a 'socio-evolutionary' explanation identifies a selection process based on the interaction of ideas with their social structural environment. Therefore, the higher the social fitness the concept has with the normative environment, the more likely that the concept survives; some ideas have a better fit than others.

For the environmental realm, Bernstein (2001) argues that underlying liberal norms have guided international environmental policymaking, which gave rise to what he refers to as 'liberal environmentalism.' Policy entrepreneurs were most successful at moving a concern for the environment into the mainstream of international governance when they tried to nest environmental norms into the broader international social structure, even as that structure evolved to reflect the now dominant liberal economic order (Bernstein 2002). Furthermore, since the 1992 Rio Summit, the norm of development stipulates a balancing of economic growth, social development, and environmental protection as the organizing principle for states and societies (Park 2005; Lightfoot and Burchell 2005). Sustainable development has become one of the norms most adopted by multi-issue international organizations (Tallberg and Zürn 2017).

Against this backdrop, states that promote ideas commensurable with norms embedded in the international system have greater chances of success with their proposal. For example, green growth is a liberal environmentalism concept that positioned itself as a 'pathway to sustainable development' (World Bank 2012a). Interacting with the sustainable development social structure and becoming a 'nested' concept within it have contributed to green growth's international success. This approach also explains how a middle power country like Korea could exert itself as a champion of green growth. Here, power is not traditionally measured by material capabilities alone; rather, it is exercised in the context of an existing normative structure that reflects practices of actors constrained and enabled by that structure: agents operate within systems of rules that empower them and endow material resources with meanings and uses (Wendt 1994). In other words, power matters, but norms contextualize power relationships.

For infrastructure financing, pre-existing and dominant MDBs such as the World Bank have traditionally monopolized the multilateral development finance landscape. Although they have moved beyond exclusive infrastructure financing and expanded their focus, the common understanding of the importance of infrastructure financing had already been institutionalized as a social structure. In this context, new MDBs focusing on infrastructure financing would have to have high social fitness to be able to survive within the pre-existing structure.

In sum, critical junctures, governance gaps, and international norms all represent necessary but insufficient conditions for my outcome, but nonetheless provide important contexts and opportunity structures that promote or inhibit the success of new formal IGOs proposed by emerging and middle power countries. In the next section, I explore the characteristics of initiating countries to determine what type of resources and strategies are central to ensure success.

ACTOR CHARACTERISTICS

The establishment of IGOs depends on not only the contextual factors but also on the characteristics – consisting of resources and strategies in this paper – of initiating countries. Among diverse characteristics that are relevant to my cases, I identify three resources of initiating countries: monetary (e.g., financing the establishment processes, providing benefits such as tax breaks and physical infrastructure for the headquarters) and political costs (e.g., getting congressional support, drafting and passing the host agreement), and political entrepreneurs who, as representatives of the nation-state, take ownership of the proposed institution. For the strategies that these actors employ, I identify coalition formation and niche finding as important mechanisms.

Costs

Creating an IGO from scratch incurs very high start-up costs – financial and non-financial – in collective action processes. States, for example, need to acquire information about the issue, about other potential members, and about the likely effects of alternative institutional forms. Diplomatic resources and prowess are essential in this process. There are other types of transaction costs as well, such as safeguards to ensure compliance and sustain cooperation.[34] There are sovereignty costs such as the costs of ceding national control over an issue to an international institution and the related concern that an institution might extend its authority in unanticipated ways (Jupille, Mattli, and Snidal 2013). Empirically, MDBs are able to leverage and raise large amounts of resources from the global capital markets. They are able to do so with a modest contribution in shareholder capital from member governments, making it a very efficient financing model (Maasdorp 2017).

There are additional costs for a host country. The basic functional needs of almost all IGOs, required to safeguard their independence vis-à-vis their host state, are more or less similar. For example, nearly all IGOs are granted some degree of inviolability, fiscal immunity, and immunity from legal processes (Muller 1995). Drafting and passing a bilateral host agreement in the government of the host country are also important processes. These costs, however, are not the determining/prohibitive factor for my cases. The failed attempts at establishing IGOs described in Chapter 7 illustrate that the initiating countries had enough financial resources to initiate and host an IGO. Furthermore, operational costs of IGOs are pooled by member states. For example, almost 70 percent of the AIIB's US$100 billion of capital is drawn from its other member states. The AIIB also raises money by issuing bonds of its own (The Economist 2016).

Political Entrepreneur

The emphasis on hegemony and, more generally, structural determinants of collective outcomes in international society has had the effect of diverting attention from the roles that

[34] For a general discussion of transaction costs, see Williamson 1985. For an important application to international politics, see Lake 1996. Unlike Williamson, we do not assume that the presence of transaction costs implies bounded rationality. Transaction costs refers to the costs of making an agreement and operating it, not of doing what the agreement is designed to do (for example, if two states agree to jointly build a dam, the costs of negotiating and administering the agreement are transactions costs, but the costs of building the dam are not).

individuals play as leaders who are able to exercise significant influence over processes of institutional bargaining (Young 1991). Those who become leaders in institutional bargaining frequently act in the name of or as agents of states or international organizations. But in the final analysis, leaders are individuals, and it is the behavior of these individuals that needs to be explored to evaluate the role of leadership in the formation of international institutions (Young 1991).

Young (2011) identifies four forms of leadership: structural, entrepreneurial, intellectual, and charismatic. The structural leader is an individual who acts in the name of a party (ordinarily a state) engaged in institutional bargaining and who brings that party's structural power, which is based on the possession of material resources. The entrepreneurial leader, by contrast, is an individual who may or may not act in the name of a major stakeholder in institutional bargaining but who leads by making use of negotiating skills to influence the manner in which issues are presented in the context of institutional bargaining and to yield mutually acceptable deals. The intellectual leader is an individual who may or may not be affiliated with a recognized actor in international politics but who relies on the power of ideas to shape the way in which participants in institutional bargaining understand the issues at stake and to orient their thinking about the options available to come to terms with these issues. The charismatic leader exercises influence through force of personality and seeks to impose a vision, often messianic in character, on those who become his or her followers.

Political entrepreneurs play prominent roles in brokering coalitions and devising political strategy (Meckling 2013). The role of 'entrepreneurs' (Schickler 2001) or 'skilled social actors' (Sweet, Fligstein, and Sandholtz 2001) is often key to in institutional change. As mobilization for institutional reform typically creates very difficult collective action problems, well-situated and creative actors may play a crucial role in framing proposals so as to motivate participants and fashion coalitions (Pierson 2004). Certain structural features also facilitate entrepreneurial efforts, most important of which is the position of particular actors with respect to multiple social networks (Padgett and Answel 1993). Because entrepreneurial action requires the construction of coalitions and innovative framing of issues, actors who straddle significant social networks are especially well situated to engage in 'skilled social action.' The head of the executive office of a national government has an extensive network domestically and internationally. This position, with its multiple social networks and political capital, would greatly facilitate the establishment process, as is evidenced in the case of the AIIB, the NDB, and the GGGI. For all my cases, the heads of state functioned as the external face and figure of the initiative, and as one of the primary actors who initiated and drove the establishment process via their entrepreneurial leadership.

The ability of these actors to appropriately frame and gain legitimacy for the ideas they promote is a key component in normative evolution. This is because unlike natural selection, the evolution of norms is a conscious activity that exists in the minds of actors who engage in those practices (Atkinson and Coleman 2005, 24). Therefore, the role and ability of political entrepreneurs and leaders to form a coalition with like-minded countries and engage in niche finding have significant explanatory power and are necessary resources of an initiating country to establish an IGO.

STRATEGIES

I have discussed the key contextual factors, specifically impetus, governance gaps, and norms, and the initiating country's resources. Which include expenses and political entrepreneurs. Now I turn to strategy, which is 'the targeting, timing, and tactics' through which resources are mobilized and deployed (Ganz 2000, 1005). The effectiveness of strategy depends on an organization's strategic capacity, which in turn is partly a function of political leadership (Ganz 2000), connecting back to the role of political entrepreneurs. I identify coalition building and niche finding as central strategies that lead to IGO establishment by emerging and middle power countries. The failed attempts described in Chapter 7 also demonstrate that these strategies are the distinguishing factors for my successful cases.

Coalition Building

When change in existing multilateral institutions is difficult, building coalitions to contest the status quo is likely to be more promising than unilateral resistance (Morse and Keohane 2014). Not only does a coalition provide firmer ground on which to work toward success, but both the financial resources that a coalition pools and the legitimacy it acquires represent critical sources of influence (Meckling 2011). These coalition characteristics and strategies are essentially a function of effective collective action. The creation and operation of coalitions also depends on political entrepreneurs who believe that mobilizing other actors will further their mission (Keck and Sikkink 1998). Therefore, intergovernmental coalition building is a critical strategy that ensures a successful establishment of IGOs.

An IGO, by definition, requires more than three nation-states as members. Having a coalition consisting of nation-states that become founding members of the organization would greatly facilitate pooling monetary and non-monetary resources, acquiring legitimacy, gaining leverage in institutional bargaining, and recruiting new members. Having a coalition with established donor countries with decades of experience and know-how in development assistance, for example, would give the nascent institution a certain degree of authority and legitimacy in the development regime. Acquiring legitimacy through coalition building with other countries is necessary to appeal to both donor and recipient countries and to other potential partner institutions, and to ensure long-term sustainability of the institution.

Niche Finding in Governance Issue-Area by Framing and Linkage

Governance issue-areas are already heavily saturated with institutions. If an organization were proposed with an overlapping mandate and function with that of pre-existing and functioning bodies, it would be difficult to justify the existence of a proposed institution. From the effectiveness standpoint, overlapping functions often mean further fragmentation, usually leading to confusion, inconsistency, and ineffective outcomes (Kanie 2007). It would also be difficult to recruit potential member states who already have membership and entrenched interests in pre-existing organizations. Policy crises or exogenous shocks that can catalyze a shift in the balance of power from the incumbent coalition to one challenging the status quo can create opportunities for change, but these events are rare.

In this context, niche finding by framing and issue-linkages with pre-existing institutions can greatly facilitate justification of new proposals. Organizational ecology (Abbott et al., 2016) emphasizes competition for resources – from funding to legitimacy – among similar organizations. Competition influences the types and numbers of surviving organizations, and leads organizations to seek specialized 'niches,' structuring the complex.

Framing

Framing is the primary strategy in battles over meaning (Khagram, Riker, and Sikkink 2002). Frames are not ideas but rather ways of packaging and presenting ideas and information (Meckling 2013). Through framing, actors influence policy debates, set agendas, and ultimately affect political outcomes (Baumgartner and Jones 1993; McAdam, McCarthy, and Zald 1996). The better a change project links to the interests of others and to underlying norms, the greater is its 'frame resonance' (Snow and Benford 1988), or in other words, its social fitness. While there is a strong structural component to fit – as discussed with regard to political opportunities created through norms – the idea of framing suggests that actors have some leeway in packaging ideas to improve their fit with external structures (Meckling 2013). Therefore, by framing an issue in a certain way, that issue may have a better fit with the normative environment than other issues, thereby increasing its chance to survive and persist. As shown in the empirical chapters, the AIIB and the NDB framed their roles and functions as neither overlapping nor competitive with pre-existing institutions, while framing their activities as complementary and as essential to achieve sustainable development. The GGGI framed itself as a small yet nimble organization that strives to achieve sustainable development through the new concept of green growth. These institutions, by framing their mandates so that they become nested within the sustainable development rhetoric and regime, were able to enhance their social fitness with external structures while finding their niche at the same time.

Linkage

If actors choose to create new institutions, they must decide on their specific characteristics, which include the strength, objectives, and institutional scope of the arrangements (Aggarwal 1998b). They must also decide on an appropriate bargaining route to develop the institutions. How will these new institutions be linked to other existing arrangements? Will there be nested linkages with a hierarchical, goal-ordered arrangement, or parallel linkages with a division of labor among institutions? As independent IGOs created outside the auspices of the United Nations or the Bretton Woods institutions, my cases do not have nested linkages that create a hierarchical arrangement with other pre-existing arrangements. When the cases were initially proposed, they were considered as overlapping institutions with conflicting agendas, particularly the AIIB and the NDB. By framing themselves as complementary, they instead strived and succeeded in forming parallel linkages with a division of labor with pre-existing organizations to achieve a common goal of sustainable development.

By coherently packaging, or framing, the issues, the initiating countries and/or political entrepreneurs can also engage in substantive linkage of the issues that exhibit some intellectual coherence.[35] In this case, both the linker and target actor of the linkage agree on the causal connection between issues. A case of substantive linkage is likely to result in the creation of a stable issue-area (Aggarwal 2005). The linkage of green growth with sustainable development is an example. The linkage of MDB financing with sustainable development – albeit an already established one – was also used by the AIIB and the NDB. Therefore, in a heavily saturated

[35] On the other hand, if two issues are seen to be unrelated but are tied together in negotiations, this can be considered a power-based connection or tactical linkages (Aggarwal 2005; Haas 1980). They are based on power or exchange without a causal affinity.

governance regime, issue-linkages that result in a stable issue-area and cooperative relationships with pre-existing institutions are more likely to successfully establish an IGO.

Implications for the Sustainable Development Regime

I have developed a secondary analytical framework to explore the implications of these new IGOs for the global sustainable development regime. Here, I consider the IGO as an independent variable and the effectiveness and regime fragmentation as dependent variables. How are they contributing to the regime complex of sustainable development? What kind of impacts do these institutions have on the overall effectiveness of the regime complex? How are they positioning themselves with regard to other pre-existing major institutions?

According to Tallberg et al. (2018), IGO memberships are of crucial importance for norm spread. For example, memberships with domestic commitments to liberal ideals are more likely to promote these norms, sometimes on the basis of national templates. An example of this is Korea initially promoting the policy framework on green growth through GGGI, based on its domestic law on green growth. Memberships also matter, as they connect IGOs to each other, thereby providing a channel for the diffusion of norms across IGOs. Overlapping memberships, therefore, may serve as facilitators between potentially conflicting IGOs by diffusing norms and building a common understanding of appropriate behavior. Powerful member states – for example, Western donor countries and US allies who joined the AIIB – might also be able to shape the policy and orientation of the organization through informal means. Park (2014), for instance, argues that powerful member states contributed to the adoption of an accountability mechanism within the Asian Development Bank (Park 2014). Having powerful states as members, therefore, can increase legitimacy of an institution, while also diluting the novelty and originality of an institution by norm diffusion. We can see this happening in the GGGI and the AIIB, which have Western donor countries as members.

Furthermore, Pratt (2018) argues that member states resolve jurisdictional conflicts by instructing an IGO to defer to another organization or by surrendering their ability to formulate their own rules. This 'institutional deference' helps mitigate duplication and opportunities for regulatory arbitrage, as explained in Section 2.4. If my cases show deference to other organizations and hence engage in this common form of coordination among IGOs, the resultant regime complex is not as fragmented and conflictual (i.e., in the form of contested multilateralism, in which states and/or non-state actors either shift their focus from one existing institution to another or create an alternative multilateral institution to compete with existing ones; or counter-institutionalization, in which states create a more competitive institutional environment and a weakened position of the original institution). An example of institutional deference is that of the AIIB. As one of the most contentious aspect of the AIIB, the environment and social justice impacts from infrastructure projects invoked a high level of suspicion and were used as a legitimate reason for the US and Japan not to join the institution. However, by adopting the environmental and social safeguards of the major institutions such as the World Bank and the Asian Development Bank, the AIIB now looks quite similar to the pre-existing institutions in terms of its approach to the environment and social issues.

As we will see in the empirical chapters, all my cases used framing and linkage of the issues effectively to engage in self-inclusion to the existing framework. One purpose of this research is to determine what impact this behavior has on the overall effectiveness of the sustainable development regime complex.

4. Conclusion

In addition to external factors such as impetus, governance gaps, and international norms, initiating countries' political resources and strategies are important factors playing into emerging and middle power countries' ability to successfully establish IGOs. For emerging and newly industrialized countries that were previously passive players in the international development and climate scene, I identify two strategies that have been essential: mobilizing and building coalitions with established donor state allies and finding the right niche governance area by framing and issue-linkage. These two variables in the present framework are interconnected. A governance gap is essential in identifying the right niche for initiating countries, and the role of the political entrepreneur has been highlighted in coalition building and issue-framing. The framework presented here combines contextual factors with the power resources of coalitions and strategies, going beyond a purely power-oriented, that is, capability-oriented, perspective in global environmental politics and governance. Using this framework, I explore empirical cases in the following chapters. Chapter 4 examines why and how China initiated and succeeded in establishing the AIIB and considers implications for norms and practices of sustainable development. This is followed by the BRICS' and its NDB in Chapter 5. Chapter 6 explores Korea's pursuit of establishing the GGGI, which is an IGO that is not an MDB. Chapter 7 then offers a comparative assessment of the three cases to tease out differences and similarities, and draw relevant implications for the global sustainable development regime.

Chapter 4. Asian Infrastructure Investment Bank: Competitor or Ally for Sustainable Development?

"The founding and opening of the AIIB means a great deal to the reform of the global economic governance system. It is consistent with the evolving trend of the global economic landscape and will help make the global economic governance system more just, equitable, and effective."

President of People's Republic of China, Xi Jinping, at the Asian Infrastructure Investment Bank Inauguration Ceremony, Beijing, China, January 2016

"One Beijing-based US executive scoffed at the very notion that China could run a multilateral institution. It did not know the first thing about how such a bank should be governed, he said."

Financial Times, published on May 27, 2015

1. Introduction

In October 2013, just before the APEC (Asia-Pacific Economic Cooperation) meeting in Bali, Chinese President Xi Jinping proposed the establishment of the Asian Infrastructure Investment Bank (AIIB) to 'promote interconnectivity and economic integration in the region' (China Embassy 2013). The lack of details on China's plan after President Xi's proposal led to rampant speculation about its scope and composition, and how it would, or would not, align and engage with existing development institutions and investors (Santos 2014; The Economist 2014b; Subacchi 2015; Perlez 2014). Amidst the controversy and United States' palpable opposition, the AIIB attracted a surprising number and composition of members, with 57 countries that include important donor and US ally countries such as the United Kingdom, France, and Germany. Operational since January 2016, the AIIB is headquartered in Beijing and headed by Jin Liqun, the former head of China's sovereign wealth fund and a former senior official at the Asian Development Bank (ADB). This arrangement was contrary to initial prediction that China would have to give up either the location of the headquarters or the person in charge to be open to other Asian governments (The Economist 2013b).[36] This decision has somewhat reinforced the notion that the AIIB is a Chinese-run entity.

According to the AIIB's Articles of Agreement, the purpose of the Bank shall be to (i) foster sustainable economic development and create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors; and (ii) promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.[37] While there are large financing needs in the region for infrastructure development, some observers, particularly from the US, have questioned China's motives in establishing the AIIB, arguing that China is seeking to create an alternative to the World Bank and the ADB (CRS 2017; Perlez 2015; The Economist 2014; Anderlini 2014). The establishment of the AIIB brings, for the first time, an IGO that is initiated and driven by China and is a prestigious multilateral organization consisting

[36] The case of the Asian Development Bank (ADB) tells a contrasting example. In 1966 the Japanese government took the lead in setting up the Bank, with its financial contribution equaling that of the US. However, at the behest of the Bank's members and to the consternation of the Japanese government, the headquarters of the ADB was decided to be in Manila, not Tokyo. Still, Japanese citizens have acted as the bank's presidents since its inception, and Japan's construction and heavy industries have gained substantial contracts with the Bank's assistance (Peter J. Katzenstein and Shiraishi 1997).
[37] AIIB Article of Agreement, accessed September 2017.

of many of the closest allies of the United States, but without the presence of the United States or Japan.

Table 2. AIIB Establishment Timeline

Oct 2013	President Xi Jinping officially proposes the establishment of the AIIB during the APEC forum in Bali, Indonesia.
Feb 2014	Jin Liqun, a former Chinese vice minister of finance, Chinese sovereign wealth fund chairman, and ADB vice president, is appointed as head of the working group that will establish the AIIB.
Oct 2014	A memorandum of understanding to establish the AIIB is signed in Beijing by 22 prospective founding members. Jin Liqun is unanimously elected as Secretary-General of the Multilateral Interim Secretariat for Establishing the AIIB.
Mar 2015	The United Kingdom expresses its interest in applying to and joining the AIIB as a founding member and becomes the first of the advanced economies from the West to show support for the AIIB. London's move paves the way for other European countries to join.
Jun 2015	Fifty-seven prospective founding members officially sign the AIIB's Articles of Agreement (AOA) in Beijing.
Sep 2015	The AIIB opens consultations on its environmental and social safeguards framework throughout the whole month.
Dec 2015	The AIIB's AOA enters into force.
Jan 2016	The AIIB officially opens for business, with Jin Liqun elected as president for an official term of five years. The inaugural meeting of the AIIB's Board of Governors is also held.
Apr 2016	The AIIB signs a co-financing framework agreement with the World Bank.
May 2016	The AIIB signs an MOU with the ADB. The AIIB also releases an agreement with the EBRD for deeper cooperation.
Mar 2017	The AIIB sees its first expansion since its launch, adding 13 new members, bringing its total membership up to 70.

Sources: Author's compilation based on Santos (2016)

Given the difficulties and costs associated with IGO establishment, as explored in Section 2.1, and China's historical stance of opposing or staying lukewarm regarding establishment of new IGOs and MDBs in the region, as explored in Chapter 7, China's decision to establish the AIIB presents a break from the past. In this first empirical chapter, I explain why and how China initiated and succeeded in establishing a new IGO and consider implications for norms and practices of sustainable development.

2. Conventional Explanations

Numerous explanations from domestic and/or international levels have been offered to explain the motivation behind the AIIB's establishment. Some attribute the Bank's creation to China's effort to find more profitable investment channels for its US$3.1 trillion foreign-exchange reserves, which are now mainly invested in low-yielding US treasuries (Anderlini 2014).[38] Others have argued that the AIIB will be used to promote internationalization of China's currency, the renminbi (Financial Times 2016).[39] More altruistic views suggest that China simply wants to give back to the international community now that it is wealthier than before (personal communication, 2017). After all, China achieved a net donor status only in 2010 (Huang 2017). Among these diverse explanations, I assess some of the most prevalently discussed: that the AIIB is China's attempt to establish an alternative institution to challenge the US-centered world order out of frustration with current arrangements, that the AIIB's purpose is to serve as a financing arm of China's infrastructure projects to benefit domestic industries and economy, and that the AIIB is a natural response to the palpable funding gap for infrastructure financing in Asia. They are valid explanations to a certain degree, but each of them alone is not sufficient to explain the emergence of the AIIB, making room for other explanatory variables.

AIIB to Challenge Global Order due to Dissatisfaction

A dominant framing of and explanation for the establishment of the AIIB is that China is exerting itself as an emerging global and regional power and thereby challenging the existing economic, financial, and development order centered around the US. In this narrative, the AIIB is simply an 'empty vessel' and a tool for advancing China's national interests. For example, Eswar Prasad, former head of the China division at the International Monetary Fund and a professor at Cornell University, said that the new bank 'is an instrument for China to lend legitimacy to its international forays and to extend its sphere of economic and political influence even while changing the rules of the game … and it gives the existing institutions a kick in the pants.'(Perlez 2015) The Economist explains the AIIB as a reflection of China's 'exasperation with the glacial pace of global economic governance reform' and that 'China will use the new bank to expand its influence at the expense of America and Japan, Asia's established powers' (The Economist 2014b). A person directly involved in discussions to establish the AIIB has been quoted in the Financial Times as saying 'China feels it can't get anything done in the World Bank or the IMF, so it wants to set up its own World Bank that it can control itself' (Anderlini 2014).

These perspectives view China's high level of dissatisfaction and frustration with the slow pace of reform of the Bretton Woods institutions, namely the World Bank and the IMF, as a major triggering factor for the establishment of the AIIB. Many of the existing global rules and institutions were established prior to China's ascent and entry into the global system (Ikenberry

[38] This figure of US$3.1 trillion is an estimate at the end of October 2017. Since then, China's yuan has fallen and capital has fled. China's financial commitment to the AIIB, however, is equivalent to less than one percent of its remaining reserves (The Economist 2016). China's enormous amount of foreign reserve has been widely documented. For years, investing in US Treasury bonds has been China's only option for its foreign reserve (Zuo and An 2015; Wang Da 2015). Some view the AIIB as one of the facilitating mechanisms for China to use its US dollar reserves to invest in infrastructure in developing countries under the frameworks of MDBs (He 2016). However, David Dollar (2015c) emphasizes that the argument that the AIIB, along with the NDB and the BRI can be a major solution to China's excess capacity problems is largely misguided because the contributions that these initiatives together make to China's demand are likely to be too small to be meaningful.

[39] In January 2016, AIIB has ruled out lending in currencies other than the dollar, signaling that Beijing will not use the development bank as a platform to promote renminbi internationalization. Effective October 2016, the renminbi was added to the basket of currencies that, along with the US dollar, the euro, the yen, the pound, determines the value of the IMF's reserve asset, the Special Drawing Right.

and Lim 2017). Thus, many believe that their governance structures are locked into the past, reflecting a world in which the US was the largest creditor and financial stability depended upon decisions made by the US or the G7 (Woods 2009).[40] Establishing multilateral institutions of its own is perhaps a natural course for China to take as its economic and political powers increase; historically, as great powers rise up, they contest the terms of international order as their interests expand outward (Kennedy 1984; Gilpin 1981).

The current imbalance of capital shares and voting rights in the existing multilateral banking system to the detriment of emerging markets and developing countries is well documented by Vestergaard and Wade (2013) who also show that the scope and pace of governance reforms have been dismal in the established international financial institutions (IFIs). Major development institutions have been perceived as 'captured' by industrialized, Western states, including Japan. The Bretton Woods systems locked in policy paradigms and balances of power, and gave those in privileged positions a stake in protecting extant designs, especially non-majoritarian ones (Fioretos 2011). The institutional protections included the US veto on constitutional decisions, and the informal agreement that the US supports European's choice of Managing Director of the IMF and the Europeans support the American choice of president of the World Bank (Wade and Vestergaard 2015).[41] On the one hand, feedback effects over the past decades created a favorable environment for learning, critical masses of support, and the spillover-like expansion of international cooperation. On the other hand, detrimental feedback effects resulted in inflexibility and inefficiency because more veto players populated the scene and the status quo increasingly biased the actors' interests and perceptions (Alter and Meunier 2009). The more decision making becomes linked and insular, and the more international cooperation creates winners and losers, the larger and more dissatisfied the political outgroup can become (Alter 2000).

Against this backdrop, the US Congress deliberately blocked efforts to give China and other developing countries greater voting power in the IMF despite growing demand and dissatisfaction from them.[42] In spite of approval by the IMF members in December 2010, Congress did not approve a reform package until 2015. The delay contributed to a narrative that China was taking advantage of the slow progress in reforming the main international financial institutions to build support for the AIIB (Congressional Research Service 2017). Developing countries, including China, had little hope that the advanced countries would relinquish their control of the ADB and the World Bank through meaningful voice reform (Vestergaard and Wade 2013). According to this narrative, since there was no realistic possibility of an expanded role in the existing arrangements commensurate with China's economic power, and because China felt poorly treated by the US, China set up a rival institution in which China plays a dominant role (Chow 2016).

Countervailing arguments also exist. First, if China were truly interested in increasing its voting powers and voice within existing institutions, it would have made more sense to work

[40] Today, the US is the world's largest debtor and financial stability depends as much on decisions made in Beijing and Dubai as in Washington. Global development finance is increasingly accessed directly from private sources and from emerging economies.

[41] The heads chair the boards and hold senior management and staff to account, promoting, hiring and firing, and setting directions for each organization. Their actions are ostensibly supervised by an executive board which is said to be ill-equipped to hold management to account (Woods 2009). The result is that the countries who appoint the President and the Managing Director skew the accountability of the whole organization toward themselves.

[42] In 2010, efforts to reform the anachronistic governance structure of the IMF/World Bank have focused on giving developing countries greater voice in the governance of the institutions. Recent steps to reform voting arrangements at the World Bank resulted in a 3.13 per cent increase in the voting share of developing countries to 47.19 per cent and China emerging as the third largest shareholder of the Bank after the United States and Japan (Ballesteros et al., 2010). Developing countries own 47.42 per cent of the ADB's shares. However, the U.S. Congress rejected this reform, leading to criticism by the Chief of the IMF, China, and other IMF emerging market countries ((Reuters 2014)

from inside rather than establishing alternatives that give those incumbents reasons not to include China; establishing its own institution would be more likely to jeopardize further reform options. Second, China already has a considerable level of influence and power within the pre-existing institutions and is not known to lead the call for change. China has a reasonably big role in the ADB, with one of the three dedicated single-country seats on the Board of Directors, making China the third largest owner. The Chinese representatives at the ADB, in fact, have often been teased for not being "revolutionary" enough in pressing for needed reforms (Bestani 2015). Within the World Bank, Chinese nationals hold the CEO and CFO positions of the IFC, arguably the most successful and, therefore, important unit of the institution (Bestani 2015). As for the IMF, voting reforms were passed in 2010, and although the results fell far short of espoused goals to grant more voice and influence to the poorest member states of the Bank (Bretton Woods Project 2017; Vestergaard and Wade 2013, 156), China was the big winner, becoming the third-largest shareholder after the US and Japan from its previous sixth position.[43] China also holds one of the three Deputy Managing Director positions at the IMF, along with Japan and Brazil.

Third, China has a strong interest in preserving the current order. As Hung (2015) argues, China's growth success is dependent on the international trade regime, especially in the US market, making it highly unlikely that Beijing would confront or challenge the Bretton Woods system. As he writes, China 'relies on the global free market instituted and warranted by the United States. It is thus far from China' s interest to undermine the global neoliberal status quo and U.S. leadership in it' (Hung 2015, 174). Therefore, dissatisfaction alone does not sufficiently explain the emergence of the AIIB.

AIIB as China's Grand Multilateral Strategy

Another dominant perspective assesses the AIIB in the context of China's grand multilateral strategy. Holdron (2017), for example, sees China's dominant leadership within the AIIB as a type of economic diplomacy that seeks to advance Beijing's policy interests regarding the BRI. Beeson and Li (2016, 495) have argued that the AIIB serves Beijing's policy preference goals by promoting a 'two-pronged strategy of institutional innovation coupled with foreign aid and investment.' Critics also claim that China's interest in providing development assistance and establishing the AIIB is self-serving, designed to enhance China's influence and access to raw materials, especially in Africa and Asia, at the expense of the United States (Congressional Research Service 2017). The AIIB, according to one observer, 'can be seen as another prong in China's Monroe Doctrine, a signal that it should be free to call the shots in its own back yard' (Funabashi 2014). Daniel Chow (2016) takes it a step further, arguing that as with any powerful institution in China, the AIIB, with its permanent headquarters in Beijing, will ultimately be under the control of the Chinese Communist Party, and the Party may use the AIIB as an instrument to pursue its policy goals. The US Treasury Department has also criticized the bank as both a deliberate effort by China to undercut the World Bank and the Asian Development Bank, and a tool to pull Southeast Asian countries into its orbit (Perlez 2014). All of these

[43] Main outcomes of the IMF 2010 Quota Reforms, approved in 2015, include:
• All 188 members' quotas will increase as a result of the agreed bolstering of the Fund's quota resources to about SDR 477 billion (about US$659.67 billion) from about SDR 238.5 billion (about US$329.83 billion).
• More than 6 percent of quota shares will shift to dynamic emerging market and developing countries and also from over-represented to under-represented members.
• Four emerging market countries (Brazil, China, India, and Russia) will be among the ten largest members of the IMF. Other top 10 members include the United States, Japan, and the four largest European countries (France, Germany, Italy, and the United Kingdom).

perspectives view the AIIB as a reflection of China's growing power and a tool of China's multilateral strategy to enhance its influence and reach to developing parts of the world.

This view was further fueled by China's introduction of another initiative. In 2013 – the same year that the AIIB was first proposed – China announced the Belt and Road Initiative (BRI), intended to create the world's largest platform linking China and Central Asia, West Asia, and parts of South Asia for economic cooperation, trade and financing collaboration, and social and cultural cooperation (Jinchen 2016).[44] Initially titled 'One Belt, One Road' (OBOR) in English, the BRI started as a plan to revive economic investment and diplomatic links across Central Asia, and gradually extended to include the Mideast, Europe, and eastern African, with Beijing promising investment in highways, rails, ports, power stations, and other infrastructure, much of it through loans from Chinese state-owned banks (Bradsher 2018).

The AIIB was expected to serve as the financing arm of the BRI (Zhu 2015; He 2016). During the early stages of the AIIB's creation, prior to the U.K.'s application, many BRI documents explicitly referenced the AIIB. In November 2014, shortly after China signed the Memorandum of Understanding (MoU) to begin negotiations on the BRI, Chinese President Xi said that 'China's inception and joint establishment of the AIIB with some countries is aimed at providing financial support for infrastructure development in countries along the "One Belt, One Road" and promoting economic cooperation.'[45] This view of the AIIB's role was reinforced by the spokesperson for the National People's Congress in March 2015: 'AIIB and the Silk Road Fund are both created for the better implementation of "One Belt, One Road".'[46]

As AIIB membership grew to include European and other advanced economies beginning in mid-2015, however, Chinese officials distanced the AIIB from China's BRI initiative (Congressional Research Service 2017). In June 2016, during a meeting with global executives, AIIB President Jin Liqun clarified China's position, saying that while the Bank would support BRI projects, the AIIB was not created exclusively for this initiative. Speaking in Washington, DC, while he was there to attend the World Bank's spring 2016 meetings, President Xi said 'We would finance infrastructure projects in all emerging market economies even though they don't belong to the Belt and Road Initiative.'[47] My interviews with AIIB officials and Chinese government officials in spring 2017 echo and confirm this distinction between the AIIB and BRI. In particular, one AIIB employee further elucidated by saying 'if some of the BRI projects meet the AIIB's project selection criteria and meet the bank's goals, it will bid to finance them; the AIIB will be just one of many financing entities for the initiative.' In fact, China has ample choices in terms of financing vehicles in their toolbox, including the China Development Bank (CDB), the Export-Import Bank of China (CEB), and the Silk Road Fund.[48]

Given this context, perceiving the AIIB as a financing tool for China to meet its national interests is unwarranted. Nonetheless, due to the timing of their announcements, the nature of the projects involved, and China as the main architect, many viewed the AIIB and the BRI as Chinese initiatives serving Chinese interests, with the AIIB financing the BRI. Although this may have been true initially, once the UK and a host of Western donor countries and US allies decided to join the AIIB, projects come under more scrutiny by board members from the likes of

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[44] When this initiative was first proposed in late 2013, it was referred to as 'One Belt, One Road' (OBOR) in English. OBOR has brought about numerous misinterpretations, as too much focus has been on the word 'one,' assuming that there is to be only one maritime route and a single land belt. BRI would better reflect the project's numerous network cluster (Stanzel 2017; Shepard 2017).

[45] Quoted in Yun Sun, "China and the Evolving Asian Infrastructure Investment Bank," in Daniel Bob, ed. Asian Infrastructure Investment Bank: China as Responsible Stakeholder, Sasakawa USA, 2015.

[46] Ibid.

[47] Zhong Nan and Cai Xiao, "AIIB Leas support for Belt and Road Infrastructure Projects," China Daily, June 8, 2016

[48] Henry Sanderson and Michael Forsythe, China's Superbank. Debt, Oil and Infuence: How China Development Bank is Rewriting the Rules of Finance (Singapore: Bloomberg Press, John Wiley and Sons, 2013).

Germany (Pilling 2015).Thus, whatever the original intent, it is likely Beijing has given up the idea of the AIIB functioning as a crude instrument of Chinese diplomacy.

Membership from Western countries has transformed the nature of the AIIB into a truly global and multilateral IGO. The BRI, on the other hand, consists of projects designated by regions and countries and under supervision of the Chinese government's National Development and Reform Commission (interview in Beijing). Nonetheless, because the AIIB is now a treaty-based, independent IGO with a diverse group of nearly 90 countries as members, it is difficult for China to use the AIIB to finance the BRI and other projects in favored countries over the exclusion of other members.

These first two explanations see the AIIB as an empty shells or impersonal policy machinery to be manipulated by China. As explored in Section 2.2, scholars and practitioners with a realist orientation view power, not institutions, as the key organizing principle of international affairs, and are skeptical of any significant role for formal organizations (Morgenthau 1985; Aron 1981; Boyle 1980; S. Hoffmann 1960; Carr 1964; T. Evans and Wilson 1992). I claim that this realist view is too simplistic, overemphasizing national interests and underemphasizes the role and agency of IGOs. As one informant at the International Financial Corporation confided, '[I]t would be mistaken to classify the [AIIB] as a Chinese institution. While China initiated the bank, and ensured its rapid formation over a 2-year period, the institution is not inherently Chinese. Rather it is a multilateral institution governed through collective ownership' (Holdron 2017). A similar analogy has been made with regard to the Bretton Woods institutions, because they were originally founded on American ideas but are not exclusively American-driven organizations (personal communication in Holdron 2017).

3. Asian Infrastructure Investment Bank: Explaining Its Successful Establishment

I argue that the AIIB emerged as a response to a combination of different international and domestic factors. China's motivations and interests in establishing the AIIB provided the initial push, but an ambitious endeavor such as a multilateral IGO can be successfully established only when the necessary contextual variables that provide opportunities for institutionalization and the initiating country's political resources and strategies are all present. I further argue that the presence of both domestic interests and an international governance gap together are a necessary but not a sufficient condition for a successful IGO establishment. A strong coalition of like-minded countries and successful niche finding in a saturated regime provide the necessary condition for the establishment of an alternative IGO that has a cooperative relationship and division of labor with pre-existing institutions. Using my analytical framework that encompasses international and domestic contextual variables as well as resources and strategies that the initiator countries utilize, I trace the origin and establishment process of the AIIB and tease out important factors relevant to my case.

Motivations/Interests

China's explicit motivation behind the AIIB is the significant funding need for infrastructure investment in developing parts of Asia. This corresponds to the functionalist arguments that see institutions as an outcome that serves a certain purpose (Weingast and Marshall 1988; Shepsle 1986; Haas and Schmitter 1964). The demand is clear. There are about 360 million people in the Asia-Pacific region who do not have access to clean water, and about

160 million who do not have access to permanent power and basic social infrastructure.[49] In 2009, the ADB estimated that Asia needs US$800 billion annually for the next decade in infrastructure investment.[50] Despite being the leaders of MDB operations in Asia, the World Bank and the ADB can currently meet only about one-eighth of these investment needs (Huang and Chen 2015). The ADB's new estimation in 2017 of infrastructure investment needs in Asia to maintain growth, tackle poverty, and respond to climate change is more than double the original estimate – US$1.7 trillion annually, further highlighting the gap and demand for investments (Asian Development Bank 2017). Yet long-term, expensive infrastructure development projects are too costly and risky for the private sector or any single government to take on.[51]

In this context, the AIIB is filling a governance gap that emerged because the private market does a poor job of financing long-term infrastructure investments and the existing development banks lack the financing and flexibility to meet the growing infrastructure needs (Dollar 2017). Furthermore, some note that pre-existing institutions such as the World Bank had become so slow and risk-averse that most governments had stopped coming to it for infrastructure financing (Pilling 2015). This functionalist explanation has been used by those who oppose the AIIB establishment. When Japan declined China's invitation to join the AIIB, it questioned the need to create a new bank, noting its role would duplicate that of the ADB.[52] However, as we can see from the failed attempts to establish IGOs in the past in Chapter 7 and other governance issue-areas (Hale and Held 2012; Fioretos 2011; M. J. Hoffmann 2011; Biermann et al. 2009), the world is filled with institutional redundancy, fragmentation, and experimentation. Therefore, whereas the functionalist explanation can highlight the governance gap and demand for new IGOs, it alone provides insufficient explanation for the establishment of IGO.

Among the various purposes that the AIIB may serve to benefit China, I identify China's interest in enhancing its soft power as the most significant and pertinent motivation behind the AIIB. As one of the most important events for international development, the AIIB is considered China's most successful soft power initiative challenging the perception that China is an 'irresponsible stakeholder' within the international arena (Henry 2015; Renard 2015; Hanlon 2017). The AIIB enables China to grow its soft power and improve the China brand throughout the Asia-Pacific while promising new infrastructure development opportunities for developing countries. It further promises to enlist innovative joint partnerships between the AIIB and already established development banks. Exporting infrastructure development is Beijing' s path to enhanced global legitimacy while appealing to domestic policy elites through assertive yet pragmatic foreign policy planning (Hanlon 2017).

For the Chinese policymakers, the AIIB is as much a political and symbolic proposition as an economic and substantive one. The Chinese government has extraordinarily high stakes in this ambitious undertaking of establishing an MDB for the first time. China has great motivation to ensure the success of this endeavor. According to an interviewee at the AIIB, the Chinese government is serious about making the AIIB a global institution, rather than Chinese, and it is in China's interest to ensure the AIIB as a truly well-functioning IGO (personal communication,

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[49] Ibid.

[50] ADB 2009.

[51] According to a study that surveyed a group of 184 major infrastructure investors and advisors who have over US$8 trillion of combined assets under management, 92 percent of the participants expressed concerns that there is simply not enough attractive, bankable projects to invest in (Blanc-Brude, Chen, and Whittaker 2016). This potential build up of "dry powder" means that money that could be going toward the building of infrastructure is not being adequately utilized.

[52] "Japan Reluctant to Join China-led Investment Bank," The Japan Times, July 5, 2014.

2017). From the beginning, the Chinese government made it clear that it welcomes all countries as members of the AIIB. Some observers note that China did not expect the proposal to be so popular, and it may have regretted opening the AIIB to all countries, including influential Western donor countries, as their participation dilutes China's own influence within the institution (Pilling 2015). However, China could have retracted and limited the AIIB's membership, but it did not. As of the second anniversary of the AIIB, Jin said that 'the doors were always open' to the US and Japan (Xinhua 2018). The prompt response and accommodations by the AIIB regarding concerns and skepticism over environmental and social sustainability demonstrate this commitment. Therefore, among many possible motivations for the Chinese government to establish the AIIB, I identify China's interest to enhance its soft power as the most crucial and relevant one. By demonstrating that it is capable of initiating, establishing, and running an IGO, China can signal its conviction and changing attitude toward multilateralism and political and economic power.

OPPORTUNITY STRUCTURE

Impetus and Critical Juncture

There is no glaring 'shock' to the international system that immediately gave rise to the AIIB. However, I identify one important factor that provided important context for the AIIB: Xi Jinping taking office in 2013. China's foreign policies and diplomatic relationships have dramatically shifted their course under Xi. China's foreign policy was long guided by a doctrine that was summed up in 1990 by Deng Xiaoping, the former paramount leader of China from 1978 to 1989, as 'hide your strength and bide your time' (Clover 2017). This is despite Washington's urging over the past decades that China get more involved in world affairs and become a responsible stakeholder in international governance (Johnson 2017). Multilateralism played only a minor part of China's foreign policy objectives until Xi Jinping's presidency (Kuik 2008).

Today, Beijing has become more proactive, and even assertive, in international affairs (Jian Zhang 2015). Chinese leaders now define China as a global power, in contrast to the previous standing as a regional power and reactive and passive stance (Cheong 2018). Since taking office, Xi differentiated himself from the past Chinese leaders by hosting more major summits and logging more overseas trips than any past leader (Tao 2017).[53] Xi has also pursued policies to establish new China-led trade and financial institutions, and has worked to further integrate China within the existing international financial institutions (Congressional Research Service 2017). Chinese leaders have long bemoaned their country's 'Century of Humiliation,' which spans from China's 1839 defeat in the Opium Wars to the birth of the People's Republic of China (PRC) in 1949. At the 19th National Congress of the Communist Party of China in 2017, Xi promised to achieve the 'great rejuvenation of the Chinese nation' and restore China to its rightful great power status by 2049 – the centennial of the PRC's founding. China has also gained in global clout, especially as the US withdraws from global leadership under President Donald Trump.

[53] Over the course of just five years, Xi hosted five major summits: the fourth summit of the Conference on Interaction and Confidence-Building Measures in Asia (May 2014), the Asia-Pacific Economic Cooperation summit (November 2014), the G20 Hangzhou summit (September 2016), the Belt and Road Forum for International Cooperation (May 2017), and the ninth BRICS summit (September 2017). Since 2013, Xi has logged twenty-eight overseas trips (as of September 2017) that brought him to fifty-six countries across five continents, as well as the headquarters of major international and regional organizations. http://www.china.com.cn/news/2017-09/24/content_41639501.htm

Therefore, after years of a mostly passive stance, China's evolving approach to world affairs under Xi can be a critical juncture after which subsequent foreign policy decisions and global leadership roles become difficult to alter due to positive feedback. China's more assertive approach to multilateralism, combined with state interests to enhance its image and soft power, provide an important opportunity structure for the AIIB.

ACTOR CHARACTERISTICS

The establishment of IGOs depends not only on the contextual factors but also characteristics – consisting of resources and strategies – of initiating countries. One resource I identify as necessary to the AIIB's establishment is the political entrepreneurs whose roles have been to take ownership of the proposed institution and to be effective and diplomatic brokers. For the strategies that the Chinese government employs, I identify coalition formation and niche finding as important mechanisms that ensured the successful establishment of the AIIB.

Political Entrepreneurs

I identify three figures who have played the role of political entrepreneur at different stages of the AIIB establishment: Zheng Xinli, who proposed the initial idea of the AIIB; Xi Jinping, a driving figure who provided political commitment and support for the initiative; and Jin Liqun, for his management and recruiting of prospective members.

The initial plan for the concept of the AIIB originated from Zheng Xinli, a senior figure in the policy research office of the Communist Party's Central Committee (Perlez 2015). Referred to as the bank's godfather, Zheng noticed in 2007 how the lack of proper infrastructure in remote villages negatively impacted the local economy. He initially proposed the AIIB plan to aides of the then-president of China, Hu Jintao (2002-2012). As the proposal did not generate political interest and momentum, the idea was shelved and Zheng left the party committee for an economic think tank. When Xi Jinping was named president in 2013, however, the plan was revived.

Despite Zheng being credited with introducing the idea of the AIIB, without Xi's initiative and support, the concept would have remained a mere concept. Referred to as the most powerful leader of China since Mao Zedong, Xi has demonstrated an unprecedented level of international leadership that has made China into one of the important players in diverse issue areas, ranging from trade to technology to climate change. From the announcement of the AIIB proposal to every major international meeting related to its establishment, Xi was present as a representative of China and demonstrated the country's strong commitment to the bank's success.

Another political entrepreneur key to the AIIB's success is Jin Liqun, head of the institution, whose active engagement and diplomatic prowess has played a critical role in courting potential member countries in 2014. As an economist fluent in English who worked at the World Bank in the 1980s and served as China's first vice president at the Asian Development Bank, Jin served as a secretary-general of the AIIB's Multilateral Interim Secretariat, the entity tasked with preparing the legal, policy, and administrative frameworks and undertaking other preparatory work required for the establishment of the AIIB. Following initial suspicion and lack of enthusiasm from the West toward the AIIB proposal, China and Jin focused their efforts on Asia and potential creditors in the Middle East while continuing to lobby Western governments.[54] This effort paid off, as the United Kingdom announced in March 2015 that it would join the AIIB as a founding member, followed by a group of other Western donors despite the US's opposition. At the AIIB's inaugural board of governors meeting in January 2016, Jin was elected AIIB president for a five-year term. Therefore, Jin's diplomatic prowess and success in global lobbying was a crucial asset for the AIIB's establishment process, particularly during the recruitment period before the launch of the bank.

STRATEGIES

Building strong and legitimate intergovernmental coalitions

Building a strong coalition with like-minded countries was not a primary objective in the establishment process of the AIIB. This is in contrast with the case of the GGGI, as illustrated in Chapter 6. China alone has sufficient financial resources, technical expertise of financing large infrastructure projects, and reasonable and legitimate motivations to fill the infrastructure financing gap on its own. One person directly involved in discussions to establish the AIIB said in Financial Times that 'China is going to go ahead with this even if nobody else joins it' (Anderlini 2014). Although this strategy would not have made the AIIB a legitimate IGO, it shows China's confidence with the initiative. However, in order to establish a truly global, functioning IGO, China needed to secure major donor countries other than itself.

China's attempts to attract Western donors' interest to join the AIIB, however, was met with strong opposition from the US, and at least initially, this worked against it. The US government lobbied hard with the countries being approached by China, including Australia, South Korea, the UK, and other European countries, not to become founding members of the AIIB (Perlez 2014). The US's push to boycott the AIIB seemed to be working at first. By February 2015, roughly a year and a half after the initial announcement of the AIIB (Table 2), only 27 countries had signed up to become founding members of the AIIB. In addition to China, these included ten countries from Southeast Asia (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam), six from South Asia (Bangladesh, India, the Maldives, Nepal, Pakistan, and Sri Lanka), five from the Middle East (Jordan, Kuwait, Oman, Qatar, and Saudi Arabia), and Kazakhstan, Mongolia, Tajikistan and Uzbekistan. The only Organization of Economic Cooperation and Development (OECD) country to sign up was New Zealand. This is despite China's attempts to attract Western donors at the ADB's annual meeting in May 2014 (Wihtol 2015). China's prominent neighbors, Japan and the Republic of Korea, had withheld their support from the initiative as well. The general assumption was that the AIIB would start out as a modest venture involving mainly Asian and Middle Eastern countries (Wihtol 2015).

However, as one observer noted, 'the momentum really changed when Britain decided to jump in' (Mundy 2015). In March 2015, the UK jolted governments and IFIs around the world by announcing that it intended to join the AIIB, citing mainly commercial reasons (Perlez 2015).[55] In most cases, U.S. opposition to any important foreign policy decision would be

[54] The 'Beijing Consensus' refers to an economic and political development model that is being pursued and implemented in China. In general, it combines state capitalism economically and an authoritative regime politically, with less emphasis on the value of democracy, individual freedoms and human rights, and more emphasis on efficiency, speed and collective interest in its governance of economic and social development.

[55] With a March 31 deadline for membership fast approaching, Mr. Jin started courting other G-7 countries in earnest. He concentrated on Britain, a country he knew and liked, and where his daughter was an assistant professor of economics at the London School of Economics. His timing was serendipitous. China had put Britain in a diplomatic deep freeze after Prime Minister David Cameron met with the Dalai Lama in 2012. By early

enough to dissuade the UK, and it was unprecedented for them to take sides with China in a contentious battle between the US and China over international financial governance (The Economist 2015b). In response, in a rare public breach of their 'special relationship,' the United States rebuked the UK for its lack of consultation with the Group of Seven, and 'a trend of constant accommodation of China, which is not the best way to engage a rising power' (Dyer and Parker 2015).[56] Despite the US's clear opposition and disapproval, the UK's announcement triggered a spate of similar announcements by other major Western governments – including France, Germany, and Italy – and virtually overnight turned the AIIB into a significant financial venture involving China, other emerging economies, and the developed economies (Wihtol 2015). It was seen as a diplomatic triumph for Beijing, and a major setback, a 'telling blow,' and a 'massive embarrassment' for Washington (Bird 2015; The Economist 2015b; Chow 2016; Perlez 2015). By the end of March 2015, which marked the deadline for founding members to sign up, a total of forty-seven countries had applied for membership. These included twelve European countries (Austria, Denmark, Finland, Luxembourg, the Netherlands, Norway, Sweden and Switzerland, in addition to the four mentioned earlier) as well as Australia, Brazil, Egypt, Georgia, Kyrgyzstan, Russia, the Republic of Korea, and Turkey. Japan, notably, did not change its stance, reiterating its concerns about the bank's management and indicating that for strategic reasons it wished to support the United States (Wihtol 2015). In March 2017, the AIIB approved 13 new applicants to join the Bank, including Canada, a major ally of the US, bringing its total membership to 70.

The key move to build up the AIIB, therefore, was China's low-profile lobbying efforts to convince several European powers – the United Kingdom, in particular – to join the bank before the deadline for membership on March 31, 2015 (He 2016). According to Jin (2015), Chinese leaders had intended to create a first-class multilateral development institution. It was for this reason that he had begun to lobby European countries, Japan, and the United States as early as May 2014, when he gave a speech in London to representatives of hundreds of wealth funds from the United Kingdom and other European countries (Perlez 2015). Only after successfully winning the support of heavyweight players such as the United Kingdom, Germany, Australia, and South Korea, however, did the Chinese leaders become more confident that the AIIB could, in fact, be built into a real MDB (He 2016). Before this point, China had yet to develop a clear vision of what the AIIB would turn out to be and therefore did not clearly show the world its intent to develop the AIIB into a genuine multilateral development bank. Chinese media and elites used to talk with great fanfare about shifting China's overcapacity outside and to serve the BRI (He 2016). Some analysts even described it as a Chinese version of the Marshall Plan (Lei 2014; He 2014).

With the support and contribution of heavyweight players, China undertook comprehensive negotiations and signed the AIIB Articles of Agreement on June 29, 2015. This is when it became clearer that the AIIB was not meant to be a tool for serving narrow Chinese interests. That is, it was not explicitly established for transferring the country's overcapacity to the rest of the world and to realize its national strategy of the BRI. The Chinese media,

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2015, Britain was trying to claw its way out of the doghouse by adopting a mercantilist approach to China. As a practical matter, George Osborne, the chancellor of the Exchequer, wanted London to be a prime center for trading in the renminbi. He also thought that Chinese investment was paramount for the nation's health. The British government kept the negotiations quiet. After deciding to join the bank in early March, the British gave Washington 24 hours' notice, a senior administration official said. A deeper relationship with China is already paying dividends. During a four-day state visit by Mr. Xi to Britain in October, the two countries signed commercial agreements worth 40 billion pounds, or about US$60 billion, including one for a major stake in the British nuclear industry. Mr. Osborne said Mr. Xi's visit had ushered in a "golden era" between the two countries.

[56] Cynical Britons might point out the strategy worked well enough a century ago when Britain was the incumbent power and America on the rise. But that is not an analogy that will go down well in Washington (The Economist 2015a).

accordingly, showed an apparent attitude change and the subject of exporting China's overcapacity seemed to disappear from their coverage. In fact, media and scholars alike began to criticize and decry the concept of a Chinese version of the Marshall Plan (Mei 2015; Wang Yiwei 2015; Han et al. 2016). The UK's involvement, therefore, provided a critical juncture for the identity and direction of the AIIB. It triggered other European countries and US allies in Asia to join the AIIB, thereby prompting China to strive for a genuine MDB subjected to high standards in environmental protection, human rights, and governance rather than a China-oriented bank or the BRI's financing arm. Although not originally formed to drive the establishment process of the AIIB, the belatedly formed coalition of China and European countries and US allies in the Asia-Pacific not only successfully overcame the US's attempt to boycott the AIIB and make it a moderate regional institution, but also changed the nature and character of the AIIB to a truly global MDB.

Finding the Right Niche Area

"To be green is of critical importance to our mandate. Promoting sustained economic development through infrastructure investment without leaving an environmental footprint is our sacred mission."

Jin Liqun, President and Chairman of the AIIB, in an interview with Bloomberg, April 8, 2018

The AIIB framed itself as a partner institution that engages in the division of labor with pre-existing MDBs to fill the infrastructure investment financing gap and linked its mandate to the mainstream framework of sustainable development. By doing so, the AIIB has found a niche area in the heavily saturated sustainable development regime complex.

By narrowly defining its focus – infrastructure financing – and differentiating itself from pre-existing institutions with broader mandates, the AIIB justified its emergence. From the beginning, the AIIB has attempted to move away from the notion that it is competing with pre-existing MDBs, stating that its focus is on filling the infrastructure financing gap in the developing parts of the region, and not poverty alleviation and reduction, as those of the ADB or the World Bank.

The Bank also acquired sufficient social fitness with other MDBs and international development norms by seriously addressing sustainable development considerations. Development financing without sustainable development considerations would not have great social fitness with external structures already heavily shaped by pre-existing MDBs that have been emphasizing sustainable development since the 1990s. As an AIIB official pointed out in Hanlon (2017), it would have been problematic if the organization had not incorporated sustainability. The AIIB, by actively linking its approach and priorities with sustainable development considerations, and by adopting 'green' as a core component of its mandates – found an area that has social fitness with the existing mainstream framework.

4. Institutional Interplay: The AIIB and Implications for Sustainable Development

How is the AIIB contributing to the regime complex of sustainable development? How is the AIIB positioning itself with regard to other pre-existing major institutions? What kind of impact is the AIIB having on the overall effectiveness of the regime complex? Whether a major new player such as the AIIB follows the sustainable development path, undercuts pre-existing MDBs' overall efforts, or triggers a race to the top has significant sustainability implications for the future. In this section, I examine the mission, rhetoric, and safeguards of the AIIB regarding sustainable development. I also look at its governance structure, project allocation, and financing arrangements to determine whether the AIIB mimics or deviates from the traditional functions and forms of MDBs.

I argue that the AIIB supports the established regime of sustainable development by embracing the rhetoric, norms, and values of pre-existing MDBs regarding sustainable development, adopting environmental and social safeguards, and co-financing with major players in development finance. By doing so, the AIIB avoided forming conflictual relationships and further detrimentally fragmenting the regime complex, and successfully implanted itself in a saturated and complex regime of sustainable development. However, the AIIB also missed a chance to innovate and leapfrog from a generic way of doing things.

AIIB and Sustainable Development

The AIIB's sustainability policy is closely aligned with other development institutions and follows established trends. Since its launch, the AIIB has been an active member in the sustainable development regime complex. On paper, green is one of its core mandates: its Article of Agreement addresses sustainable development and green economic growth. As an institution, the AIIB has endorsed the 2015 Paris Agreement on Climate Change and the United Nations 2030 Agenda for Sustainable Development, affirming that its operations would be grounded in the latest international agreements on sustainable development (United Nations 2016).

The international diffusion of policy ideas and learning effects of the senior management team of the AIIB is also significant. IGOs shape the values of staff members and define the power and legitimacy of the IGOs in the international realm (Anderfuhren-Biget, Häfliger, and Hug 2013). The president of the AIIB is a Chinese national with government experience, but also had previously served at the Asian Development Bank and the World Bank. Most of the senior management have extensive work experience at pre-existing MDBs. The ADB is to a significant extent modeled on the World Bank, which is attributed partly to the fact that key staff, including the ADB's first president Takeshi Watanabe, had previously served on the board of directors of the World Bank.[57] It is therefore reasonable to determine that the AIIB's normative framework and approaches to infrastructure financing are not deviant from the conventional ways.

Having a significant number of donor countries as members has also changed the AIIB's internal mechanisms and external approaches. Without the financial and technical contributions from these countries as members, the AIIB's governance structure and approaches may have been significantly different. Donor countries joined the AIIB stating that concerns over the direction of the institutions, governance structure, and approaches were precisely their motivations. While many countries had doubts similar to those of the US, instead of opposing and lobbying others against joining, they decided to shape the organization from the inside (Perlez 2015). When Germany, France, and Italy decided to join the bank, they stressed that they wanted to establish 'an institution that follows the best standards and policies in terms of governance, safeguards, debt and procurement policies.'[58] Singapore, one of the first to join the

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[57] John White, Regional Development Banks: A Study of Institutional Style (St. Albans: Overseas Development Institute, 1970), 141-144.Watanabe Takeshi, Toward a New Asia: Memoirs of the First President of the Asian Development Bank (Manila: Asian Development Bank, 1977), 9

[58] Andrew Higgins and David Sanger, "3 European Powers Say They Will Join China-led Bank," The New York Times, March 17, 2015.

bank, argued that China was going to launch the AIIB anyway; better to be on the inside to influence its governance toward international standards than hand-wringing on the outside (The Economist 2015b). Britain argued that it should be in at the start of the new bank, ensuring that it operates in a transparent way (Dyer and Parker 2015). UK officials said that, by joining the bank as a founding member, Britain would be able to shape the new institution (Watt, Lewis, and Branigan 2015). Australia also decided to join the AIIB and participate in negotiations to set up the bank (Smyth 2015). Members known for their progressive approaches to environmental and development issues, such as the UK and Germany, make it more likely the AIIB will avoid investing in projects that degrade the environmental and social systems of recipient countries (Pollock 2016). Therefore, with such high-profile Western involvement and management staff with experience in pre-existing MDBs, the AIIB could easily support and fit into the mainstream framework of sustainable development.

Safeguards

The AIIB's policies regarding environmental sustainability and social justice have been a key contentious point regarding the institution's legitimacy and effectiveness as an MDB. Initial pushback and concerns regarding the AIIB arose largely from a combination of two factors: the Bank is viewed as a Chinese entity, and China has a poor track record of development finance. China has financed and built large-scale infrastructure projects throughout Asia, Africa, and Latin America, allegedly with little regard for social or environmental standards (Whyte 2015; J. M. Smith 2015). Chinese projects also disproportionately use Chinese construction companies and laborers (Krauss and Bradsher 2015). This has led to criticism that China's bilateral assistance is undermining efforts by the US and other countries to promote good governance and democracy in developing countries (Congressional Research Service 2017; Friends of the Earth 2014).

Parallel to this logic, there was concern that the AIIB would undercut existing development banks by imposing less-stringent lending standards, especially in protecting the environment and local communities (Wihtol 2015). This view was particularly pronounced in the US government. 'How would the new institution add value? How would the Asian Infrastructure Investment Bank be structured so that it doesn't undercut the standards with a race to the bottom?' asked a senior official in the US government cited in a New York Times article (Perlez 2014). In a similar fashion, the US Treasury Department has also raised concerns that the AIIB would fail to meet environmental standards, procurement requirements, and other safeguards adopted by the World Bank and the ADB (Perlez 2014). In response to the UK's move to join the AIIB, the White House National Security Council said this: 'Based on many discussions, we have concerns about whether the AIIB will meet these high standards, particularly related to governance, and environmental and social safeguards… The international community has a stake in seeing the AIIB complement the existing architecture, and to work effectively alongside the World Bank and Asian Development Bank' (Watt, Lewis, and Branigan 2015).

In addressing this line of critique, the AIIB has announced that its clients pursuing projects that pose a social and environmental threat must submit mandatory risk assessments if they are to be considered for a loan (AIIB 2017). The AIIB's Environmental and Social Framework (ESF), the bank's environmental and social safeguard policies, are designed to ensure that MDBs' project lending does not adversely impact social and environmental sustainability. Whereas the AIIB's ESF has invoked some level of controversy,[59] many see little uniqueness in the AIIB's policies because most have been drafted by former World Bank officials using similar approaches (Hanlon 2017). In 2014, the AIIB invited former World Bank senior official and well-respected impact assessment expert, Stephen F. Lintner, to assist in crafting its environmental and social sustainability criteria. This gesture is very much an indication of the AIIB's intention to adopt high standards for environmental assessment, the procurement process, and assessing the social impact of investment projects from the beginning (Cai, Wang, and Jin 2015; Zheng 2016). Jin Liqun also dispels these concerns, stressing that '[w]e have confidence that we can build a bank to high international standards, and we will do our best in project evaluation, environment protection, local culture conservation, promoting continuous economic growth and improving people's livelihood.'[60]

It is also in the AIIB's interest to follow best environmental practices. As a new bank, the AIIB will need to establish its credit rating. Like other IFIs, the AIIB will raise funds for its lending on the international capital markets. The rating agencies look not only at the IFIs' financial profiles but also at their business profiles, including risk management policies, governance, and management expertise. To ensure that it can provide financing on competitive terms, the AIIB will need to manage its risk profile carefully. This further diminishes the likelihood of a race to the bottom (Wihtol 2015). The level of international focus on the AIIB also means it is likely to follow best environmental practices in funding projects in developing countries (Pollock 2016).

Therefore, contrary to initial speculations about the AIIB that it will trigger a race to the bottom, where MDBs competitively lower their regulatory standards to attract clients, the AIIB actively addressed initial backlash and engaged in institutional deference to the major MDB players by partially surrendering the ability to formulate their own rules, in particular, environmental and social safeguards. The AIIB's flexibility to accommodate demands by founding members and responsiveness to external criticisms has made the institution more relevant and comparable to the pre-existing institutions.[61] Furthermore, any assessment of the AIIB must also consider the alternative. If the new institution did not exist, China would presumably lend the money bilaterally, escaping any scrutiny by its peers. It has instead invited outside participation, precisely because it wants the respectability such partnerships confer (The Economist 2016).

The AIIB signals an important shift toward diverse multipolarity and away from the monopolized unipolar multilateral development finance regime under the Bretton Woods system. The AIIB's ESF and its 'lean, clean and green' approach, however, is not a new approach to

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[59] The AIIB's consultation draft document, "Environmental and Social Framework," has aroused provoked complaints on the way the bank conducted the consultation, and doubts as to the seriousness of the bank in implementing its environmental and social framework (He 2016). The consultation arrangements are criticized as hasty work and some non-governmental organizations (NGOs) complained that the AIIB did not take the stakeholders' interests very seriously, and that the consultation arrangements were a mere formality (see Chen 2015; Asia Indigenous Peoples Pact [AIPP] 2015). The AIIB released the draft document on September 7 and the first consultation was scheduled for September 10. Such a timeline is, arguably, too short for some of the participants to be fully prepared for the consultation. With respect to the consultation sessions, there was no face-to-face interaction scheduled; only video and audio were used for each session, which lasted about two hours and had a maximum of five connections with interested parties. It also prevented people who lacked Internet access and who did not speak English from participating, as the consultations were held in English only.

[60] Zheng Yongpeng, "Multinational Asian Bank Plans Capital of $100b," China Daily, June 30, 2014

[61] China showed flexibility and accommodating behavior toward the AIIB negotiating partners and others. AIIB opens bidding for projects to all, unlike the ADB, which restricts contracts to member countries. The AIIB adopted an Australian idea that procurement should not be limited to member countries, a pledge that would distinguish the bank from the existing institutions.[61] Companies in the US and Japan, therefore, can compete for contracts. Staff members can also be hired from nonparticipant countries. Two American veterans of the World Bank are working with the AIIB: Stephen F. Lintner, a former senior advisor on quality assurance, and Natalie Lichtenstein, who recently retired as assistant general counsel. Chinese character is not lost, however, despite the large membership. The AIIB's Articles of Agreement note that projects are evaluated by their economic merits and not according to the "the political character of the member concerned."[61] This corresponds to China's principle of non-interference.

sustainability and should not be considered an alternative mechanism for advocating sustainable development (Holdron 2017). Rather, the AIIB reinforces existing sustainability norms while establishing itself as a development institution that is not too different from pre-existing institutions, albeit with some innovative institutional features such as a non-residential board and non-restrictive bidding contracts for non-members.

Institutional interplay: Relationship with Existing Institutions in the context of sustainable development

Contrary to the intense rivalry between the AIIB and pre-existing MDBs, namely the World Bank and the ADB whose geography of operations overlap with that of the AIIB, the relationship between the newcomer and old-timers has been cooperative and accommodating. From the beginning, World Bank President Jim Yong Kim has distanced himself from Washington's stance. Kim recently indicated that the World Bank supports the AIIB, does not feel threatened by it, and has in fact 'been working quite closely' to assist its Chinese colleagues in setting up the bank.[62] ADB President Takehiko Nakao's response was initially lukewarm, describing the establishment of the AIIB as 'understandable' (Wihtol 2015). More recently, Nakao has indicated that the ADB is sharing its experience with the new bank.[63] My interviews with practitioners at the ADB and the World Bank revealed that the tension and rivalry between MDBs has been exaggerated by the media. They actually welcome the establishment of the AIIB, which will share the burden and help fill the infrastructure financing gap in the region.

The AIIB's operational policy on financing begins by restating the bank's desire to promote 'regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.' Its first 18 months have accordingly been devoted not only to building internal AIIB governance structures, but also to forging a network of global alliances with other development finance institutions (de Jonge 2017). These alliances now form part of an increasingly integrated network of cooperative arrangements aimed at mobilizing resources (public and private) to fill development finance gaps (de Jonge 2017).

At the press conference that marked the second anniversary of the AIIB, Jin emphasized that the 'AIIB has never been, and will not be, a rival to other MDBs' and while the bank had learned a lot from other MDBs, the AIIB is 'not going to clone the World Bank or replicate the ADB, which were founded decades ago' (Xinhua 2018). These remarks demonstrate active institutional interplay between the AIIB and other institutions that has resulted not in detrimental competition or fragmentation, but coordination and cooperation. Institutional interplay has had significant internal and external effects for the AIIB.

Co-financing

The AIIB has been co-financing its projects with major players of multilateral development finance. By co-financing with pre-existing MDBs, the AIIB can complement existing MDBs rather than compete with them, and will have to conform to the international standard, and depend on its partners for expertise on a wide range of policy and procedural issues as it develops its lending portfolio (Congressional Research Service 2017; Talley 2015). As of

[62] Guy Taylor, "World Bank President, Obama at Odds over China Global Lending Project," Te Washington Times, October 26, 2014.
[63] Minoru Satake, "ADB Could Work with China-led Infrastructure Bank, Chief Says," Nikkei, March 17, 2015.

January 2018, slightly over half of the AIIB's loans have been co-investments in projects led by other multilateral institutions (54 percent by number, 56 percent by value). Those ratios are even higher for potential future loans (Babones 2018). Out of 10 proposed projects under consideration, seven are co-investments in projects led by the World Bank and one is a co-investment with the European Bank for Reconstruction and Development. Together they comprise 70 percent of the lending currently before the AIIB board. The dominance of co-financed projects signals the bank's willingness to cooperate with more experienced partners in ensuring that environmental standards and financial soundness criteria are met (de Jonge 2017). By initially focusing on projects led by other IFIs, the AIIB can also build up an investment portfolio and a track record, and gain experience in development finance, faster than would be possible if it acted on its own.

Overall, it is too early to assess the impact of the AIIB's performance standards, especially since the AIIB's co-financed projects are required to adhere to the partner agency's safeguards. However, since the AIIB is China's first foray into leading an MDB and China has many other vehicles to finance overseas infrastructure projects, many observers expect China to follow best practices at the AIIB. According to one Chinese analyst, 'One thing is certain: the AIIB is determined to avoid reputational damage by making mistakes in its first projects' (personal communication, 2017).[64] This can also mean, however, that the first round of projects will not be indicative of where the AIIB is heading (personal communication, 2017).

Positive Spillover

With its comprehensive and powerful membership, China as its chief architect, and sizable financial power, the AIIB signals an important shift toward increased competition among MDBs that provide infrastructure financing for sustainable development. Instead of causing a race to the bottom or having a detrimental effect on the overall sustainable development agenda, however, the AIIB can lead to more innovative and efficient services than those offered by the monopolized landscape dominated by the Bretton Woods institutions; the AIIB may also offer comparatively more resources to developing parts of the world by the sheer amount committed and by complementary geographical focus. These positive spill-over features can have favorable outcomes for the overall effectiveness of the sustainable development regime complex and recipient and client countries.

Competition can drive innovation and ensure accountability mutual scrutiny to ensure that these institutions remain relevant and transparent to the clients they serve. An ADB official was noted as saying that '[competition] is good, as we can learn form each other's innovation,' citing the AIIB as both a competitor and collaborator (Hanlon 2017). Although the approach and mandate of the AIIB mimic those of the pre-existing MDBs so far, future endeavors may have different implications as the AIIB learns and becomes more independent.

Some consider the AIIB a success before it has even started because the bank triggered what one commentator calls 'infrastructure wars' (Pilling 2015). Since the AIIB was proposed, the MDBs have reinvigorated their efforts to increase infrastructure financing in member countries. The ADB is scaling up its operations by 50 percent from US$14 billion in 2014 to more than $20 billion in 2020, with 70 percent of this amount for infrastructure investment (Asian Development Bank 2017). ADB officials say the bank will review approval procedures so that it can match the AIIB's expected greater speed (Pilling 2015). In October 2014, the World

[64] Liu Qin, "China-led development bank careful to co-operate with critics," Thethirdpole.net, August 5, 2016

Bank launched a Global Infrastructure Facility (GIF) to facilitate the preparation and structuring of complex infrastructure public-private partnerships (PPPs) to mobilize private sector infrastructure investments (World Bank 2014). On the day that AIIB members met in Singapore, Shinzo Abe, Japan's prime minister, announced that Tokyo would make US$110 billion available for infrastructure projects in Asia over five years. These, he implied, would be of higher quality than those led by China (Kihara and Sieg 2015). Therefore, the sheer amount of funding available for infrastructure investment increased because of the emergence of the AIIB.

There are also countries that are not members of the ADB or the World Bank but became members of the AIIB, such as Oman and Iran. They also have development challenges, and many have commented that it will be good if those countries can be supported by the AIIB (ADB policy official 2016, personal communication in Hanlon 2017). Therefore, preliminary indicators suggest that the pre-existing institutions and the AIIB can play complementary roles in assisting developing countries with their infrastructure needs.

5. Conclusion

In this chapter, I explored why and how China chose to establish the AIIB, its first major IGO, and considered implications for norms and practices of sustainable development. The dominant explanations offered are largely based on realist and functionalist perspectives. The strength of realist theorizing has been its insistence that international institutions be rooted in the interaction of power and national interest in the international system (Simmons and Martin 2002). The current dominant framing of new institutions reflects the realist perspective. Specifically, in the case of the AIIB, it is framed as a 'rival' to existing institutions, another form of Chinese development bank that benefits China's domestic constituencies, and/or a part of China's grand scheme of expanding its geopolitical interests in the region. This view assumes that IGOs are empty vessels without their own agency and agenda, and with impersonal policy machinery to be manipulated by China. Accordingly, there has been a huge backlash from existing organizations and the US and Japan, the major stakeholders in existing regimes, about the geopolitical implications that these 'Chinese' institutions may entail in the near future; the US and others view these IGOs/multilateral efforts as China's attempt to rise as the region's, and the world's, hegemon, competing with the US and US-dominated multilateral regimes. The basic assumptions of a default conflictual relationship among nation-states, and a zero-sum game persist. Others argue that China wants to meet the huge demand for infrastructure investment in Asia because the current level of investment and attention is simply not enough. I contend that these do have some explanatory power, but they alone are insufficient explanations for the emergence of the AIIB.

I argue that the success of the AIIB's establishment is a function of several factors. First, contextual variables have provided opportunities for China to propose the initiative, and second, China's political resources and strategies have facilitated forming the winning coalition, finding a niche that has high social fitness with environmental neoliberalism and development financing, and navigating the heavily saturated sustainable development regime. I also argue that the AIIB poses little threat to the existing norms and practices of pre-existing institutions, and it is unlikely to trigger a race to the bottom. In fact, the AIIB has engaged in 'self-inclusion' to the existing framework by forming various partnerships with major players and recruiting experienced senior members from these institutions. Therefore, the AIIB is likely to reinforce existing norms and practices and complement the activities of the pre-existing major players in terms of geographical focus. In this way, the AIIB can establish itself as a development institution that is not too different from pre-existing major players, thereby smoothly implanting itself onto the highly saturated and potentially competitive environment.

By the time of its first anniversary in 2017, the AIIB was already shaping up to be less of a game-changer and less of a threat than previously advertised (Babones 2018). After two years in business and a third year already forming in the pipeline of proposed projects, it seems clear that the AIIB is unlikely to trigger a Great Game of global powers competing with each other via their respective infrastructure investment banks. Instead, cooperation and mutually beneficial partnerships have taken place. This is good news for those who are concerned that the AIIB would potentially serve as the notorious Chinese way of providing development assistance without considerations for social and environmental consequences, but bad news for those who are expecting innovative and effective ways for the AIIB to deliver sustainable development.

Nonetheless, as the ADB's 2017 report states, a well-functioning, multi-stakeholder institutional 'ecosystem' for infrastructure development is essential. This 'ecosystem' not only helps ensure that public investments in infrastructure are efficient; it also helps attract private investment by creating a pipeline of 'bankable' projects. Healthy competition is better than a monopoly, particularly for consumers, in this case, recipient or client countries.

Chapter 5. New Development Bank: Formal Institutionalization of the BRICS

1. Introduction

In July 2014, at a summit held in the Brazilian city of Fortaleza, the BRICS countries (Brazil, Russia, India, China, and South Africa) announced the establishment of the New Development Bank (NDB).[65] Initially dubbed as a BRICS bank, the NDB was first proposed by India at the fourth BRICS summit in New Delhi in 2012 (BRICS Information Centre 2018)(Table 3). Finance ministers from the five countries were directed to study the feasibility and viability of such an initiative, and a joint working group was established to follow up and report back at the next summit. At the fifth BRICS summit in Durban in 2013, the leaders announced the start of formal negotiations to establish the NDB. At the sixth BRICS summit in Fortaleza in 2014, the Agreement on the NDB was signed, and the NDB was officially launched in July 2015. The aim of the NDB is to mobilize resources for infrastructure and sustainable development projects in the BRICS countries and other developing countries. The NDB has an equal-sharing voting basis, with a president (an Indian for the first six years), a Board of Governors Chair (Russian), and a Board of Directors Chair (Brazilian), with the first regional bank in South Africa (confirm) and the headquarters in Shanghai.

Table 3. NDB Establishment Timeline

Mar 2012	At the fourth BRICS summit in New Delhi, India proposed a new development bank to mobilize resources for infrastructure and sustainable development projects in the BRICS and other developing countries.
Mar 2013	At the fifth BRICS summit in Durban, the BRICS agreed to establish a new development bank; the proposal for creating a CRA among the BRICS was also raised and supported by the five countries. The start of formal negotiations to establish NDB is announced.
Jul 2014	At the sixth BRICS summit in Fortaleza, the agreement on establishing the NDB and the CRA was signed.
July 2015	Following ratification by all five founding members, the Agreement entered into force on July 3. The inaugural meeting of the Board of Governors was held in Moscow on July 7.

The empirical focus of this chapter is the NDB, a formal intergovernmental organization (IGO) and multilateral development bank (MDB) established by the BRICS. The creation of the NDB is the result of balancing interests among BRICS countries based on the notion of equality. Each member equally put the same share into the start-up capital of US$50 billion, with the goal of reaching US$100 billion in the future (He 2016). NDB is the first development institution of global scope set up exclusively by emerging market countries with no participation of advanced

[65] Other initiatives that were put forward at Durban include a US$100 billion Contingent Reserve Agreement (CRA) to provide additional liquidity protection through currency swaps to member countries during balance of payment difficulties in the short term. The CRA is being funded 41 percent by China, 18 percent from Brazil, India, and Russia, and 5 percent from South Africa. Two new agreements were also adopted: the BRICS Multilateral Agreement on Cooperation and Co-financing for Sustainable Development between development/export-import banks of the five countries and the BRICS Multilateral Infrastructure Co-Financing Agreement for Africa.

economy countries in the initial stage (NDB 2017). Its establishment also reflects the rise of BRICS and other emerging markets and developing countries in the past decades and a shared view that they can contribute to economic growth and sustainable development in a new way (NDB 2017).

The acronym BRIC originates from Jim O'Neill, then of Goldman Sachs, who in 2001 coined the term to signal a hot new investment class of large, emerging economies with high growth potential going forward. He predicted that China and India would become dominant global suppliers of manufactured goods and services, while Brazil and Russia would become similarly dominant as suppliers of raw materials (O'Neill 2001). The label proved so catchy that BRIC has become a near ubiquitous financial term, shaping how a generation of investors, financiers, and policymakers view the emerging markets.

When O'Neill coined the term, there was no expectation that these countries would ever cooperate closely with one another. They had never acted as a bloc in any way and never conceived of themselves as a unit (Tett 2010). In the mid-2000s, however, Russian leaders saw the opportunity to make Brazil, Russia, India, and China, coined the BRICs, a political grouping. By 2006, the Russian foreign minister was organizing informal caucuses of his counterparts on the sidelines of meetings of international governmental organizations such as the opening of the General Assembly of the UN and the semi-annual meetings of the WB and IMF. In April 2009, the BRICs held their first leaders' summit in Yekaterinberg, Russia. Therefore, the concept took on institutional life with an official summit process in 2009 and subsequently, with the addition of South Africa,[66] the five-member BRICS group in 2011. The inclusion of South Africa further diversified the already-disparate transcontinental grouping, spanning far-flung geographical spaces across Latin America, Europe, Asia, and Africa (Xing 2016). What began as a hook for an investment bank's research note became a real political institution (The Economist 2013a).[67] Since 2011, the BRICS have been the clearest, although not the only, institutional manifestation of the efforts of rising powers to assert themselves in global governance (Armijo and Roberts 2014).

The new pride and confidence of the emerging economies – in particular China, Brazil, and India – are palpable. Between 1990 and 2015, the BRICS went from accounting for 11 percent of the world's GDP to 31 percent (Mminele 2016). This is the same proportion as the G7[68] – the countries that dominated the world economy for the past century or more (NDB 2017).[69] In 1990, China produced less than 3 percent of the world's manufacturing output by

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[66] O'Neill said in an interview with a South African newspaper that South Africa, a country of only 56m people with a GDP of less than US$300bn, was too small to stand alongside his original quartet. He said "there are not many similarities with the other four countries…in fact, South Africa's inclusion has somewhat weakened the group's power (The Economist 2013a; Polgreen 2013).

[67] As for why individual countries value their BRIC(S) affiliation, a sample of most compelling case studies suggest that, whereas Moscow jumped on the BRIC bandwagon to regain some luster and to balance China's rise (Cynthia Roberts, 'Russia's BRICs Diplomacy: Rising Outsider with Dreams of an Insider', *Polity*, Vol. 42, No. 1 (2010), pp. 38–73), China ducked behind its accidental allies to recast efforts to stabilize its international environment as a collective reformist rather than as an individual revisionist enterprise (Michael A. Glosny, 'China and the BRICs: A Real (but Limited) Partnership in a Unipolar World', *Polity*, Vol. 42, No. 1 (2010), pp.100–29). In stark contrast to Beijing's preoccupation with 'China threat' scenarios, Delhi used its BRIC cachet to exact the international respect it thought it deserved (Aseema Sinha and Jon P. Dorschner, 'India: Rising Power or a Mere Revolution of Rising Expectations?', *Polity*, Vol. 42, No. 1 (2010), pp. 74–99.) And though joining the BRICs complicated Brasilia's bid for global environmental leadership (Paulo Sotero and Leslie Elliott Armijo, 'Brazil: To be or not to be a BRIC?', *Asian Perspective*, Vol. 31, No. 4 (2007), pp. 43–70), the differentiation from the more assertive and nuclear 'big three' bolstered its 'soft power' credentials (Cynthia Roberts, 'Challengers or Stakeholders? BRICs and the Liberal World Order', *Polity*, Vol. 42, No. 1 (2010), pp. 1–13). South Africa rushed under the BRICS umbrella to compensate for the fading veneer of the Rainbow nation, and to entrench its claim to continental leadership (Andrew F. Cooper, *The Diplomatic Logic of South Africa's Entry Into BRICS*, WPR Briefing, 2011).

[68] World Development Indicators 2016. GDP calculated by purchasing power parity, constant 2011 US dollars.

[69] However, the mechanism and focus of these countries by which they developed have been different, as are the implications and prospects. Some analysts break down the BRICS into two groups – those that took advantage of globalization to integrate themselves into global supply chains (primarily China and India) and those that took advantage of globalization to sell their abundant natural resources (primarily Brazil, Russia, and South Africa).

value; by 2015, it produced nearly a quarter (The Economist 2015a). China is now the second-largest economy in the world by GDP and poised to overtake the US for the largest economy before 2030 (Colvin 2017). India is one of the world's leading IT services exporters (Chakraborty 2016). Brazil and South Africa have used their natural wealth to export commodities to global markets (The World Bank 2018). Russia has used its abundant energy sources – crude oil, natural gas, metals, and minerals – to find its footing (Hille 2016). Today, the BRICS constitute about 40 percent of the global population and 27 percent of the global GDP and have nearly half the foreign exchange and gold reserves (Xing 2016). In the first nine years of the millennium, trade between the original four BRIC countries – Brazil, Russia, India, and China – increased by a factor of nine, while global trade only doubled (Xinhua News Agency 2010, April 15). The rapid growth of trade between the emerging economies has built on their complementarities in manufacturing and commodities, particularly the strong growth in Chinese manufacturing (Jopson 2010; Wolf 2011).

However, some point out that the groupings to which they belong have in common only the fact that they are big and emerging.[70] Income per person in India is one-tenth that in Russia (The Economist 2014a). Some are lively democracies (Brazil, India, and South Africa) while others are authoritarian regimes (Russia and China). They continue to have vastly different foreign policy interests and do not represent a coherent negotiating group (Halle 2012). The huge imbalance resulting from the singular success of its largest member – China – may pose the biggest threat to the BRICS club (The Economist 2017b). China's economy is about 28 times the size of South Africa's, and it is larger than those of the other four BRICS countries combined (Abdenur 2014). China contributed about half of the BRICS' GDP in 2001, and accounted for two-thirds of it in 2017 (The Economist 2017b). China is also home to most of the group's biggest companies. Eight out of the ten largest stocks in the MSCI BRIC index are from China, including Alibaba, Baidu, and Tencent (a tech trio that have their own acronym, BAT) (The Economist 2017b). As its markets grow and open up to capital inflows, China seems destined to become an asset class in its own right, one that is hard to contain in a 'holistic' emerging-market fund, let alone a narrower four-country vehicle. Furthermore, the latest global financial crisis in 2007 inflicted lasting damage, and Goldman Sachs folded one of its BRIC equity funds meant for American investors, into a broader emerging-market product in late 2015 after its assets plunged in value by 88 percent from their 2010 peak.[71]

Accordingly, the announcement of the NDB proposal met with skepticism, particularly from the advanced economies, despite the BRICS' combined economic and demographic relevance. Some critics argued that the five states were too heterogeneous to coordinate in any significant manner (Abdenur 2014). This pessimism was fueled in part by the BRICS' low level of institutionalization: beyond the cycle of summits and meetings, the grouping had no headquarters, no charter, no flag, and no governance structure (Kahler 2013). However, the BRICS broke away from this trajectory by continuing to meet and discuss a common agenda. They choose to institutionalize, and from there, created the NDB as a formal IGO.

Thus, the NDB was successfully established amidst the skepticism about and criticism of the BRICS as a group and its formal IGO. The NDB represents the first brick-and-mortar

[70] There has been a lot of ambivalence about the logic for membership to the BRICS. Initially, questions arose about the justification for Russia's inclusion in the category because the country does not represent a rising power (3). Since 2010, there has been ambivalence about South Africa's admission into the club because, as compared to the other four BRICS partners, or to Nigeria on the continent, South Africa has a much smaller population and economy. The rationale for the club members continues to be a subject of deliberation in academic and policy circles (Xing 2016).
[71] These setbacks seemed to vindicate the curmudgeonly sneer cited by Peter Tasker, of Arcus Investment, dismissing the BRICs as a "Bloody Ridiculous Investment Concept". (The Economist 2017b) (Tisdall 2016) Since Goldman Sachs closed its fund, however, the BRIC stock market index has gained almost 20 percent.

institution to be set up by the BRICS, hence signaling the formalization and robustness of the group, and its commitment to delivering sustainable development through South-South cooperation, deviating from the traditional North-South, often one-way, interactions. In this second case study of new MDBs established by emerging countries, I determine the specific factors that have contributed to the BRICS' decision to establish the NDB in the context of the sustainable development regime. Based on archival searches and a literature review, I explore the ways in which the international context and domestic interests have led to this outcome, and the implications this institutionalization has on climate change and sustainable development.

2. Conventional Explanations

The predominant perspective that explains the NDB resembles the one for the AIIB in Chapter 4. It posits that the BRICS established the NDB based on their dissatisfaction with the current governance arrangements, which do not give them sufficient voice commensurate with their growing economic clout. Some have suggested that the BRICS, united by rejection of the neoliberal model, created the NDB (R. Desai 2013) and that its existence is a direct challenge to the dominance of the World Bank and the International Monetary Fund (IMF) (Polgreen 2013) – and even the rest of the Western-driven multilateral regime (Xing 2016; Totten 2014; Heydarian 2014).

The international system has been replete with multilateral institutions that are dominated by a handful of mostly Western countries, yet have a global mission or a desire to shape global outcomes (Lesage and Van de Graaf 2015). Overall, it is the rich countries of Western Europe that participate most in IGOs, as reflected in their high number of memberships (Shanks, Jacobson, and Kaplan 1996). This has led to concerns over a 'growing polarization between powerful countries – dominated by the literate, wealthy, and democratic – that establish and control IGOs and countries whose populations and governments are badly off and increasingly disengaged from international organizations' (Shanks, Jacobson, and Kaplan 1996, 594).

In this context, the rise of new economic powerhouses such as China, India, Brazil, and a range of middle powers is seen as challenging, or at least diversifying, the centers of today's liberal order (Ikenberry and Lim 2017). Accordingly, multilateral organizations such as the UN Security Council, IMF, and World Bank that are considered 'captured' by industrialized, Western countries are increasingly contested. Some have argued that the stalled reforms of the IMF (the Fund reform proposal was proposed in 2010, yet approved only in 2015) compelled the emerging market economies to launch their own currency reserve pool and the NDB (Trindle 2014; Morse and Keohane 2014). Recipients of IMF funding packages have also expressed resentment of the tough reforms on which help is conditional, not to mention the lecturing tone in which the terms are dictated (The Economist 2014a). Vladimir Putin of Russia, for example, extolled the NDB and CRA as a way to prevent the 'harassment' of countries whose foreign policy clashes with America's or Europe's (The Economist 2014a).

The tone and level of dissatisfaction of the BRICS as a group are undoubtedly much more explicit and pronounced than those of China. The first BRIC summit in 2009 called for 'a more democratic and just multipolar world order based on the rule of international law, equality, mutual respect, cooperation, coordinated action and collective decision making of all States.' Since then, the joint statements of the various BRICS summits have been repeatedly underscoring the need for a realignment of the post-World War II global order based on the untrammeled supremacy of the US (Pant 2013). In the statement at the 2014 BRICS summit, the leaders announced their impatience with failed reform within the IMF: 'We remain disappointed and seriously concerned with the current non-implementation of the 2010 International Monetary Fund reforms, which negatively impacts on the IMF's legitimacy, credibility and effectiveness' (Totten 2014). At the summit, Brazilian President Dilma Rousseff stated that the BRICS nations 'are among the largest in the world and cannot content themselves in the middle of the 21st century with any kind of dependency' (Totten 2014).

In line with this perspective, the NDB has been greeted with the usual Western skepticism and opposition. Some observers noted that setting up 'rivals to the IMF and World Bank is easier than running them' (The Economist 2014a). On the eve of the Fortaleza summit (6th BRICS summit) in 2014, U.S. Treasury representatives reportedly asked their BRICS counterparts how the United States could avert the establishment of the new banks (Wihtol 2015).

Therefore, dissatisfaction with the post-WWII global order played a much more significant role in the BRICS' establishing the NDB than in China's establishing the AIIB. Even the NDB Strategy Report 2017-2021 states that the creation of the Bank is 'an expression of the growing role of BRICS and other emerging markets and developing countries (EMDCs) in the world economy, and their greater willingness to act independently in matters of international economic governance and development' (NDB 2017). NDB signifies developing countries' coming of age and reflects their aspirations to stand on their own feet. The dissatisfaction factor alone, however, does not explain the emergence of the NDB. Only with the international and domestic contextual variables and apt strategies and resources of the BRICS was the formal institutionalization of the club possible.

3. New Development Bank: Explaining Its Successful Establishment

I argue that the NDB emerged as a response to a combination of different international and domestic factors, and not just out of dissatisfaction with their limited voice and power in global governance. The BRICS' historical frustration with Western-dominated multilateral institutions and governance, and domestic interests for economic development provided the initial push, but only with the necessary contextual variables that provided opportunities for formal institutionalization and the initiating countries' political resources and strategies could the NDB successfully be established despite the widely diverging economies, disparate foreign policy aims, and different forms of government. A coalition of the countries that became the founding members of the BRICS had already been formed through a series of high-level summits, and the NDB's successful niche finding in the realm of sustainable development facilitated its smooth implantation onto the saturated regime complex.

Motivations/Interests

As illustrated above, dissatisfaction with the status quo has been emphasized throughout the BRICS summits and the NDB documents. The bloc, however, has struggled to agree on how and whether to overhaul existing international institutions. India, Brazil, and South Africa want permanent seats on the UN Security Council, for example, but China and Russia, which already have seats, have shown little interest in shaking up the status quo (Polgreen 2013). Nonetheless, despite these differences, the BRICS shares a major common goal that unites them: development. Unlike G7 member states, BRICS as a group consists of developing countries with a focus on improving the living standards of their citizens. Despite the universally acknowledged need for infrastructure investment in these emerging markets and developing countries – US$3-4 trillion per year or more by many estimates[72] – private finance appears unable to fully manage risks, and public sector institutions are falling short. Therefore, as was the case for the AIIB, the governance gap and the need for additional and different types of financing have been highlighted to justify the creation of the NDB.

The BRICS, through the NDB, is attempting to improve the current financial system in three aspects: underrepresentation of emerging economies; weaknesses in financial regulations, such as the negative spillover effects brought about by the US dollar-dominated monetary system; and the shortage of development financing (He 2016, 201). In particular, the NDB emphasizes the need for new forms of development cooperation because existing multilateral development institutions are insufficient to address the massive needs of emerging and developing countries, both in terms of the sheer volume of finance required and in the way it is delivered (NDB 2017). Facilitating the provision of basic infrastructure services – especially infrastructure that is economically, socially, and environmentally sustainable – is a defining priority for development in the coming decades, and the NDB has committed to focusing their operations on these issues (NDB 2017). Therefore, through the NDB, the BRICS seeks to provide a multilateral institution that better reflects the principles and practices of contemporary South-South cooperation, and that can offer developing countries access to capital for infrastructure without resorting to traditional institutions such as the World Bank (Abdenur 2014).

OPPORTUNITY STRUCTURE

Impetus and Critical Juncture

The 2008 Global Financial Crisis (GFC) provided a critical trigger for the BRICS to initiate the establishment of the NDB. The financial crisis suggested that the Washington consensus and US-led IFIs could no longer be counted on and that the US financial system that is so integral to the IFIs was a clear negative for emerging countries' own financial and development plans.[73] Growing contributions of emerging markets and developing countries to global growth and a progressively smaller share from the wealthiest countries, as well as the failure of global governance architecture to reflect these changes, notably by the stalled IMF reform packages, have also contributed to the growing opportunities for the BRICS.

In the aftermath of the 2008 GFC, the appeal for strengthening financial cooperation among developing countries emerged, in particular among the BRICS (He 2016). As early as November 2008, then-Indian Prime Minister Manmohan Singh called for additional investment on infrastructure development by the World Bank and the regional development banks (Singh 2008; Chin 2014). In April 2010, when the BRIC countries hosted the first meeting of development banks, they signed a memorandum of understanding (MOU) laying the foundation for a BRIC Inter-Bank Cooperation Mechanism. Since then, the governors of the development banks in the five nations (with the inclusion of South Africa in 2011) have met in parallel with the BRICS summits in what has been called the BRICS Financial Forum. At the G20 summit in

[72] See for example Bhattacharya, A. Oppenheim, J. and Stern, N. "Driving Sustainable Development Through Better Infrastructure: Key Elements of a Transformation Program." Brookings, 2015; Woetzel, J. Garemo, N. Mischke, J. Hjerpe M. and Palter, R. "Bridging Global Infrastructure Gaps." McKinsey Global Institute, 2016

[73] I thank T.J. Pempel for pointing this out.

Seoul in November 2010, Prime Minister Singh raised the idea of recycling surplus savings into investment in developing countries to address infrastructure investment (Business Standard 2010; Suryanarayana 2013). The signing of the BRICS Framework Agreement on Financial Cooperation in April 2011 at the Sanya BRICS summit was a further important step in this direction (Zheng and He 2011).

Imbalanced representation and voice at the IMF are often cited as an important trigger for the BRICS to seek alternative arrangements. Since 2010, emerging markets and developing countries have contributed on average to about 80 percent of global growth, and their share of world GDP has risen from 55 percent to 60 percent.[74] More importantly, while the wealthiest countries' share of global economic growth remained at around 50 percent between 1960 and 2000, it has fallen to just over 25 percent in the past decade. Change at the IMF has not kept pace (Buira 2005; Woods 2005). Although the wealthiest countries' voting shares on the IMF's Executive Board are now roughly on par with their economic power at about 41 percent, there are notable imbalances: in particular, the fastest-growing developing nations with large economies are woefully underrepresented. These vote shares matter because of the perception that the IMF has been captured by, and mainly serves the interests of, Western Europe and the United States (see Stone 2002; Dreher and Jensen 2007; Dreher, Sturm, and Vreeland 2009; McKeown 2009; Copelovitch 2010).

Emerging economies have been seeking an improved global economic governance regime that reflects the new realities of their collective rising economic power. On the sideline of the G20 finance ministers' and central bank governors' meeting in Brazil in November 2008, the BRIC finance ministers held a meeting and called for reforming the existing international financial system to reflect changes in the global economy and the roles played by the emerging economies. They criticized the weaknesses of the financial regulation, led by developed countries, that was exposed in the financial crisis, and the meeting of the BRIC finance ministers sounded a clarion call for reforming the financial system.[75] The IMF and World Bank voting share reform package agreed to at the Seoul G20 Summit symbolized important progress in this direction. Despite the initial progress, however, the IMF governance reform package, which would bring a greater voice to emerging economies, was delayed for five years. This was said to have prompted China and other emerging powers to begin considering the possibility of building a new form of financial arrangement, in which the developing countries make decisions on their own (He 2016; Heydarian 2014; Duggan 2015). Therefore, the latest global financial crisis and the subsequent delay in the IMF governance reform have provided an important international context and critical juncture that placed international arrangements on paths that have become difficult to alter.

Governance gap

The need for further financing for infrastructure development has been widely documented and advocated for, as illustrated above. Globally, according to a 2013 McKinsey report, US$57 trillion in new infrastructure investment would be required up to 2030, simply to keep up with projected GDP growth, suggesting a requirement of US$3.2 trillion in investment a year (Dobbs et al. 2013). This gap involves not only the sheer amount of financing needed, but also the speed of project approval and implementation, conditionalities involved, and focus of

[74] Measured at Purchasing Power Parity. "World Economic Outlook Database." IMF
[75] See "Joint Communique of the Meeting of BRIC Finance Ministers," http://brics.itamaraty.gov.br/category-english/21-documents/158-comunicado-conjunto-dos-ministros-das-financas-do-bric-saopaulo-2008.

development assistance as well. As was the case for the AIIB, the current gap between the demands for infrastructure investment in developing countries and available investment from existing international financing organizations creates an opportunity for emerging economies to establish a new type of bank with a directed focus in this area. Even before the 2008 GFC, traditional bilateral donors and MDBs had been pulling development finance from the emerging economies and reducing finance for infrastructure across developing countries for several decades (G. Chin 2012). Promises from the G20 leaders at their Seoul summit in 2010 that there would be a high-level panel for infrastructure development have seen few concrete results. G20 leaders' calls for the MDBs to join the effort also saw little take-up (G. T. Chin 2014).

In this context, the NDB is allowing the BRICS to collectively present a 'Southern' alternative to traditional sources and forms of international development finance, both bilateral and multilateral (K. Hochstetler 2014). The BRICS countries stressed that they are 'disappointed and seriously concerned' with the lack of significant change in the governance structures of the International Monetary Fund, and are looking for change in the World Bank as well (BRICS 2014).

Norms

Norms of financing infrastructure projects by MDBs have been established since WWII, beginning with the World Bank's initial aim, which was to to help rebuild European countries devastated by the war. The role of MDBs in infrastructure financing has been explained in Section 3.2. Compared to the AIIB, which focuses on infrastructure financing, the NDB has put more emphasis on sustainable development and sustainable infrastructure. Environmental sustainability and climate change are more explicitly incorporated into the NDB's mission, which states that it will mobilize 'resources for infrastructure and sustainable development in BRICS and other emerging economies and developing countries' (BRICS 2013), as well as stated in its press releases and strategies. The NDB's approach of embracing sustainable development corresponds to the overall global trends and emphasis on long-term sustainability of infrastructure financing. Therefore, the NDB is created in ways consistent with existing global norms.

ACTOR CHARACTERISTICS

The establishment of IGOs depends on not only the contextual factors but also the characteristics – resources and strategies – of initiating countries. I identify political entrepreneurs who play the role of effective and diplomatic brokers as an important resource of the NDB. As in the case for the AIIB, I identify coalition formation and niche finding as important strategies that ensured the successful establishment of the NDB.

Political entrepreneurs

For the NDB, I identify India and China from the BRICS as the main drivers of the NDB establishment process. It was India that took the lead both in promoting financial cooperation among the BRICS, and in exploring alternative strategies for development financing in the aftermath of the financial crisis (A. F. Cooper 2017).[76] India also formally raised the proposal to set up a new development bank to mobilize resources for infrastructure and sustainable development projects in the BRICS and other developing countries at the fourth BRICS summit, held in New Delhi in March 2012 (BRICS Information Centre 2012). The then-prime minister Manmohan Singh built on his own extensive background as chief economic advisor, reserve bank governor, and head of the Planning Commission, as well as his role as Secretary General of the South Commission, to champion such efforts (Cooper 2017).

China became more active in participating in preparation for the BRICS bank and CRA following the 2013 BRICS summit (Ding 2014), reflecting China's more positive attitude toward cooperating with its developing-country peers after President Xi came to power at the end of 2012 (He 2016). China fully participated in the finance ministers' meetings to forge the consensus and pushed for the establishment of the BRICS bank and the CRA at the Durban summit. Given its economic and political power and leverage, China played a critical role in cementing the BRICS' efforts to formally institutionalize their MDB.

Because of its concerns about Chinese domination of the NDB, India maintained its stance on the equality principle through the various stages of negotiation (Krishnan 2014; Sahu 2013). The intensity with which India held this position is testimony not only to the frustration that it felt about the lack of fairness in dealing with the IFIs but also to the sensitivity that its ideational leadership on the NDB initiative was threatened by China's financial clout (Cooper 2017). Nonetheless, India's ideational leadership remained highly relevant. India's intervention was decisive in the NDB's targeting of the clean energy sector. Prime Minister Narendra Modi (2014-present) asserted: 'I would like to see the first major project funded by the New Development Bank to be in the area of clean energy. BRICS bank's first project should be green' (Pashley 2015). India's push on sustainable development with regard to the NDB did not accentuate tensions with China. In fact, it tapped into China's own desire to pursue a green agenda, as evidenced by the central tenets of its 13th Five-Year Plan (2016-2020) aiming to transition to a low-carbon economy (GRI 2016).

Thus, for the NDB, India was the initiator and China was the driver that propelled the process. Without either of them, the NDB would not have achieved its successful establishment.

STRATEGIES

Intergovernmental Coalition

From the beginning, the NDB had a small, tightly knit coalition of five countries who were to become its founding members. The BRICS did not have to advertise and recruit more members to join the NDB. Having an internal intergovernmental coalition is much easier than starting off as a sole instigator and having to recruit founding members, as was the case for the AIIB and the GGGI. The NDB, now that it is established, does plan to expand its membership for its long-term development, international rating, and business growth (Zheng 2016).

Although the founding members of NDB were tightly knit by the BRICS acronym and a series of summits, delicate balancing was necessary to undertake formal institutionalization. From the proposal to the launch of the bank, the BRICS exhibited a great willingness to

[76] He (2016) writes that India's proposal was inspired by economists Romani Stern and Joseph Stiglitz who advocated a specific South-South development bank to take advantage of the huge amount of foreign reserves needed to meet the demand for investment in developing countries (Stern and Stiglitz 2011). India's foreign minister, Somanahalli Mallaiah Krishna, mentioned the paper by the two economists in early 2012 when asked in an interview if the BRICS would set up a South-South bank (Suryanarayana 2013).

compromise and engage in trade-offs to ensure that the NDB was successfully established. For example, it was reported that the NDB's arrangement whereby all members share an equal role in decision making was one reason why the NDB's creation was delayed for two years (He 2016). In addition, disagreements between China and India over the bank's headquarters, and between India and Brazil over who should hold the first five-year rotating presidency, nearly scrapped the deal (The Economist 2014a).

The details of how the principle of equality was to be implemented proved to be one of the major sources of tension among the BRICS, with China willing to bend the principle by offering to make a larger financial contribution to initial subscribed capital and India in particular holding the line that the NDB should maintain its uniqueness through a strict form of equity of contribution (A. F. Cooper 2017). Concerns and suspicion of other BRICS countries over China's possible dominance, given its economic and political weight, did motivate the final agreement on the equal power decision. Brazilian President Dilma Rousseff had even made it clear that while Brazil does not like a US-led order, it is not willing to see China as the new leader either (He 2016).

Ultimately, with the help of the other members, India was able to mobilize a successful defense of the broad principle of equality, a condition embedded in the declaration of the NDB. China's acceptance of the equal power governance and decision-making model of the NDB indicates a degree of self-imposed restriction of its power, as well as its political willingness to push South-South economic cooperation (Pang 2014). China's self-discipline of its power, in the eyes of other members of the bank, is a reluctant compromise (He 2016, 20). China, while agreeing to equal power of governance, was able to secure the location of the bank in Shanghai, despite India's claim of being the inspirational force behind the bank (Chand 2013; A. F. Cooper 2017). In the end, the BRICS leaders settled on the following: India retains the presidency over operations for the first six years, followed by five-year terms for Brazil and then Russia. The bank's headquarters are in Shanghai, China, and there is a regional headquarters in Johannesburg, South Africa. Russia and Brazil hold the position of chair of the board of governors and the board of directors, respectively. Each member plays its own equal role in the NDB's operations.

Therefore, the club culture of the BRICS – with the NDB symbolizing an assertion of political sovereignty of the five members – enabled the members to remain cohesive under internal strife. The BRICS reflects a more muscular and assertive Global South, and the NDB is a substantial achievement of South-South cooperation.

Niche finding

As the AIIB did, the NDB distinguished itself from other pre-existing institutions to justify its emergence, while making itself relevant to the overall goal and agenda of sustainable development. The core purpose of the NDB is to mobilize resources for infrastructure and sustainable development in BRICS countries (Maasdorp 2017). The BRICS all agreed that the NDB should supplement – not substitute – the existing efforts of multilateral and regional financial institutions for global growth and development. Therefore, the NDB framed itself as a partner institution that engages in a division of labor with pre-existing institutions to fill the growing infrastructure financing gap and linked its mandate to the mainstream framework of sustainable development.

Internally, the NDB intends to be 'new' in three broad areas: relationships, approaches, and projects and instruments. In terms of relationships, equality, mutual respect, and trust among members are emphasized, as well as national sovereignty that respects nationally defined laws and procedures on project implementation. While the NDB is open to advanced country members, the Bank will remain governed by emerging and developing countries. Most of the NDB's decisions are made on the basis of a simple majority, and no single member has veto power. These governance decisions reflect the NDB's careful consideration of the weaknesses and dissatisfying points of the pre-existing arrangements. For approaches to development, the NDB aims to be fast, flexible, and efficient by designing a more streamlined project review and implementation oversight without unnecessary bureaucracy. Like the AIIB, the NDB operates without a non-resident Board of Directors. This reduces administrative costs and focuses board debates on policy issues and complex projects rather than routine day-to-day operations. Projects and Instruments are based on sustainability criteria that strive to ensure infrastructure safeguards the physical and social environment for current and future generations.

According to the bank's Five-Year General Strategy (2017-2021), sustainable infrastructure development is at the core of the NDB's operational strategy, with around two-thirds of all of its financing commitments going to sustainable infrastructure development (NDB 2017). This makes the NDB a part of the sustainable development regime complex, yet its governance scheme, membership, and approaches enable it to position itself as a niche MDB that does not conflict with pre-existing organizations but that shares the burden of financing infrastructure projects.

Thus, while the BRICS as a group is relatively assertive as a Global South coalition that challenges the existing order, the NDB strives to position itself as a necessary and harmonious player with pre-existing organizations. It has found a niche in the sustainable development regime complex by differentiating itself from other organizations in terms of governance structure, approach, and project selection and implementation, while incorporating the same sustainable development norms and practices. This strategy proved to be effective, as most commentators today agree that the NDB does not present a serious counterweight to the World Bank (Ikenberry and Lim 2017).

4. Institutional Interplay: The NDB and Implications for Sustainable Development

Contrary to initial reactions, the NDB has not triggered a race to the bottom by neglecting environmental and social safeguards, or by instigating rivalry with pre-existing institutions and making a power play with the US-centered governance arrangements. Instead, the NDB has made an explicit mandate to focus on sustainable infrastructure development, including clean energy, transport infrastructure, and water resource management and sanitation. As in the AIIB's case, sustainable development is enshrined in the NDB's Articles of Agreement. Furthermore, according to the NDB Strategy for 2017-2021, sustainable infrastructure development is the primary emphasis of its operations, and the bank has dedicated around two-thirds of all financing commitments to infrastructure projects that incorporate economic, environmental, and social criteria in their design and implementation (NDB 2017). NDB President K. V. Kamath has said in an interview that while about US$1-1.5 trillion per year is needed for renewable projects, existing MDBs fall short of meeting the demand (New Development Bank 2017). The NDB has earmarked as much as 60 percent of its lending for renewable energy to help fill this gap. Indeed, since it began operations in July 2015, the NDB has approved seven projects in two years, totaling US$1.5 billion; six of them are in the renewable energy sector and one in transport financing. NDB Vice President Leslie Maasdorp has said that this allocation of renewable energy projects is a reflection of the priority that the BRICS are 'placing on the environment, on reducing the carbon footprint in their countries, [and] on helping their economies transition toward a less carbon-intensive growth path' (Yixiu 2017).

As a recent addition to the list of development finance institutions (DFIs), which contributed 89 percent of the total public finance,[77] the NDB has an important role to play, particularly given its commitment for renewable energy. In 2016, the NDB made a bigger contribution to the renewable energy sector than the AIIB despite its budget being half that of the AIIB (AIIB's US$465 million versus NDB's US$511 million). This amount of NDB contribution to renewable energy and climate change is likely to increase in the coming years, given the NDB's focus on renewable energy projects (Buchner et al. 2017; New Development Bank 2017).

The NDB, however, has received harsh criticism regarding its transparency and considerations of environment and social impacts. Unlike the AIIB that formally set up an ambitious – albeit highly contested – draft framework along with a process of consultation for such considerations, the NDB put off setting up any social or environmental guidelines (A. F. Cooper 2017). Although the NDB has already approved its first round of loans, it has neither published the details of its environmental and social safeguards nor has it consulted various groups in the process of creating these safeguards (Wang 2016; Santos, Lean Alfred 2016).

In this regard, unlike the AIIB, the NDB has not demonstrated explicit institutional deference to other major MDBs whereby it surrenders the ability to formulate its own rules. Instead, the NDB sought to be nested within the sustainable development regime complex by making sustainable development as a core mandate, emphasizing the role of emerging and developing countries, and positioning institutional focus on renewable energy projects.

Institutional interplay: Relationship with Existing Institutions in the Context of Sustainable Development

The NDB has also been actively forming partnerships with various institutions, ranging from MDBs to national development banks and commercial banks.[78] The NDB explicitly acknowledged that as a new MDB, it has the advantage of having the opportunity to learn from and build on the experiences of pre-existing institutions (NDB 2017). For example, the NDB signed partnership deals with the World Bank to not only co-finance projects, but also to facilitate knowledge and staff exchanges. The bank has also signed memorandums of understanding with the European Investment Bank, European Bank for Reconstruction and Development, the AIIB, the Eurasian Development Bank, and the International Investment Bank. The agreements cover co-financing of infrastructure projects, the bulk of which are in Asia. The NDB, emphasizing its complementarity with pre-existing institutions, has noted that its work 'complements the existing efforts of multilateral and regional financial institutions for global growth and development.'[79]

[77] Public climate finance providers include donor governments and their agencies, multilateral climate funds, and DFIs. Their percentage contribution in the total climate finance dropped from 40 percent in the 2013/2014 period to 34 percent in the 2015/2016 period, due to the increase of investments from private finance actors and relatively less finance flowing from national DFIs.

[78] For the list of memorandum of understanding and cooperation agreements, https://www.ndb.int/partnerships/list-of-partnerships/
[79] https://www.ndb.int/about-us/strategy/environmental-social-sustainability/

The NDB demonstrates innovative institutional features such as membership driven by emerging and developing countries and governance based on the equality principle. Unlike the AIIB, the NDB has intentionally moved away from capital-based voting shares to equal-based ones. However, it has also implanted itself onto the highly saturated and potentially competitive institutional environment of sustainable development by forming various partnerships with major players and by explicitly addressing sustainable development through renewable energy projects. Therefore, the NDB has also engaged in 'self-inclusion' into the existing framework.

5. Conclusion

In Chapter 5, I explored why and how the coalition of five prominent emerging countries – the BRICS – established the NDB, and considered implications for norms and practices of sustainable development. The establishment of the NDB marks the shift of 'soft power' from the West, from the US and Europe to Asia and to emerging economies. It also represents emerging countries setting up an alternative institution on sustainable development and infrastructure financing. Initially portrayed as a rival to the World Bank, the NDB triggered similar kinds of initial pushback from the existing institutions and the US, as the AIIB did. However, the NDB has also successfully positioned itself as an institution that aims to fill governance gaps and has diplomatically navigated the saturated terrain of the sustainable development regime.

The NDB is significant as the first formal institutionalization of the BRICS grouping and the first MDB of global scope set up exclusively by emerging powers without participation of advanced economy countries in the initial stage. It has been drawing less attention and scrutiny compared to the AIIB due to its smaller size, modest budget, and balanced representation. Expected failure for voice reform in the established international financial institutions has provided an important impetus for the NDB, which in turn chose to adopt a more balanced governance structure. The NDB is, however, not a collection of individual BRICS countries; it strives to create its own agency and normative platform as a legitimate institution for sustainable infrastructure development. It is also symbolically significant because it functions on an equal share basis is despite the major variations of economic size among founding members. The political entrepreneurship of India and China played a key role in initiating and driving the NDB establishment process, and the pre-existing coalition of the BRICS automatically becoming founding members provided a smooth institutionalization of the NDB.

The formation of the NDB, together with the AIIB, represents a major shift, not least of which is increasing fragmentation of the overall development finance architecture and the number of focal points in the sustainable development regime complex. Nonetheless, this shift has not resulted in a total break from pre-existing institutions; instead, the NDB has utilized effective strategies of forming various partnerships with major players and finding a niche area in sustainable development governance. This approach proved to be helpful in harmoniously positioning the NDB within the current regime, but from the effectiveness and governance perspective, it may constrain NDB to the current state of international development and prevent more innovative and timely actions necessary to address urgent climate change and development challenges.

Chapter 6. Global Green Growth Institute: Entrepreneurial Niche Organization

"We need green growth in order to realize sustainable development in response to global challenges, including the economic crisis, the widening gap between the rich and poor, and climate change."

Former President of Republic of Korea, Lee Myung-bak, at the Signing Ceremony for the Agreement on the Establishment of the Global Green Growth Institute, Rio de Janeiro, Brazil, June 2012

"The word 'green' as used by the South Korean government functions as a modifier to hide the active pursuit of growth. Green is accepted as a significant factor only when it contributes to economic growth"

Professor Yun Sun-Jin of Seoul National University, in Global Asia's Feature Essay "Not So Green: A Critique of South Korea's Growth Strategy", 2010

1. Introduction

On August 14, 2008, the government of the Republic of Korea under former President Lee Myung-bak (2008-2013) proclaimed 'Low Carbon, Green Growth' (LCGG) as Korea's new vision not only for the country, but for the world. The green growth vision aimed to shift the current development paradigm of quantity-oriented, fossil fuel-dependent growth to quality-oriented growth with an emphasis on the use of new and renewable energy sources (GGGI 2016). Approximately two years later, the Global Green Growth Institute (GGGI) was launched as a non-profit foundation to serve as an international platform for capacity building and policy innovation to achieve green growth (GGGI official website). With funds from the Korea International Cooperation Agency (KOICA), the GGGI was initially an organization affiliated with the Ministry of Foreign Affairs and Trade, aimed to assist developing countries in the design and implementation of green growth strategies, and to disseminate green growth globally (Table 4). The GGGI, as a non-profit foundation registered with the Ministry of Foreign Affairs and Trade, received government contributions from the Korea International Cooperation Agency to finance its operation.

From the beginning of its establishment, the GGGI worked toward converting itself into an international organization (Table 5). With regional offices in Abu Dhabi, Copenhagen, and London already in place before its conversion, 16 countries including Korea, Denmark, the UK, and Australia signed the 'Agreement on the Establishment of the Global Green Growth Institute' in Rio de Janeiro on 20 June 2012.[80] Following the Signing Ceremony at Rio, Denmark, Guyana and Kiribati submitted their Instrument of Ratification of the Establishment Agreement, legally converting the GGGI into an international organization on 18 October. In the same year, the ratification documents were submitted to the Korean National Assembly on 29 August, and on 23 October, the GGGI held an Opening Ceremony of the Inaugural Meetings of the Assembly and Council, launching the GGGI as an international organization. Since the inauguration, Fiji,

[80] Mexico and Indonesia signed the agreement the day after, joining other founding members at the GGGI's inaugural meetings in October. Therefore, the GGGI has eighteen founding members.

Jordan, Mongolia, Rwanda, Senegal, and Vanuatu have also become Member countries of GGGI. As of January 2018, the GGGI has 28 member countries.

Table 4. GGGI Initial Establishment Timeline

15 Aug 2008	On 15 August 2008, the Korean government declared "Low Carbon Green Growth" as the new development paradigm of the Republic of Korea
17 Dec 2009	Presentation of GGGI establishment plan at COP 15 in Copenhagen
7 Apr 2010	Instruction by President Lee Myung-bak to establish GGGI by the first half of 2010 (International Organization by 2012 with support from the Ministry of Foreign Affairs and Trade and Ministry of Strategy and Finance)
19 Apr 2010	The Presidential Committee on Green Growth requests the establishment of GGGI as an affiliated organization to the Korean International Cooperation Agency (KOICA).
20 Apr 2010	Decision by KOICA board of directors to establish GGGI
14 May 2010	Registration as a Non-Profit Organization under Korean Law
16 June 2010	Announcement of GGGI Establishment at East Asia Climate Forum 2010

Table 5. GGGI Conversion Process into an International Organization

11 May 2011	Establishment of Copenhagen, Denmark regional office; MOU signed with Danish government
7 July 2011	Establishment of Abu Dhabi, UAE regional office
20 June 2012	Signing Ceremony of the Agreement on the Establishment of the GGGI at Rio de Janeiro, Brazil -Signatories: Korea, Denmark, UK, Australia, UAE, Guyana, Qatar, Philippines, Cambodia, Ethiopia, etc. -If 3 Signatories ratify the Establishment Agreement, the Establishment Agreement takes legal effect (enters into force)
29 August 2012	Submission of ratification documents to Korean National Assembly
18 October 2012	Denmark, Guyana, and Kiribati ratification takes effect, fulfilling requirements for an international organization
23 October 2012	Opening Ceremony of the Inaugural Meetings of the Assembly and Council in Seoul

Sources: Author's compilation based on MOFA data (2016)

Korea's decision to establish an IGO on green growth poses a question of why a middle power country suddenly turns to promoting environmentally sustainable economic growth – so-called green growth –through a multilateral organization. The establishment of the GGGI is a unique phenomenon in terms of an issue area and institutional choice: historically, Korea's economic success has been fueled by the carbon-intensive manufacturing industry and its national priorities have not included environmental sustainability and climate change. Also, Korea had not successfully established, let alone initiated, a formal IGO.

Korea's famous economic success, with its per capita income rising more than 26-fold over five decades since 1960, was fueled by the government-led industrialization and export-oriented growth strategies of authoritarian governments under military dictatorship (Evans et al. 2015; Han 2015). This meteoric economic success came with little consideration for environmental sustainability. Korea, like the rest of the East Asian region, was driven by the "grow first, clean up later" mentality,[81] given the dire economic situations that the region was in after the war or failed reforms. At this time, and today to a certain degree, leaders gained power and legitimacy through the economic success of their countries (Ikenberry and Mo 2013). For the case of Korea, the authoritarian leaders often legitimized their non-democratic control under a nationalistic and anti-communist agenda (Han 2015a). The sudden transition toward environmentally sustainable economic growth, therefore, invoked a high level of suspicion domestically, particularly given the president's background as a former CEO of Hyundai Construction (K. Lee 2014; Yoon 2011).

Furthermore, if promoting green growth internationally was the government's sole objective, there were other, easier and financially and politically less expensive alternatives, such as forums, programs, and high-level meetings. Korea, however, chose to create an independent, treaty-based IGO from scratch, instead of opting to create nested institutions within the existing UN or OECD framework. The latter option could have reduced transaction costs incurred, as nested institutions provide ready-made clusters of issues that facilitate the process (Aggarwal 2005).

Korea's establishment of the GGGI is the first case of an IGO initiated and driven by a middle power country who had not set and driven a global agenda before. Through the GGGI, Korea was able to demonstrate its middle power diplomacy and exert itself as an entrepreneurial pioneer in the global sustainable development regime complex. In this chapter, I determine the specific factors that have contributed to the establishment of the GGGI. I explore the ways in which domestic preferences and interests have led to the selection and adoption of green growth and a state's strategic positioning in which an institution that fills a niche is created. As an IGO that is not an MDB, the GGGI as the case study of this chapter provides other characteristics and functionalities that are unique to a consultative, policy-oriented institution.

I argue that the Korean government chose and promoted green growth not because of international and domestic pressures for green growth, but because of its national interests for economic opportunities, political stability, and soft power. Considerations for environmental sustainability was secondary, as Korea's interpretation of green growth was highly limited to climate mitigation and green technologies. Establishing an IGO to promote green growth was driven less by dissatisfaction with the existing arrangements, and more about seeking ways to legitimize and institutionalize the government's choice of green growth. The social fitness of the concept of green growth, Korea's status as a middle power, and coalitions of like-minded countries, among other factors – and not its expertise and experience in green growth and considerations for environmental sustainability and climate change – facilitated the establishment of the GGGI.

2. Conventional Explanations

The standard explanation for the establishment of an IGO is that it is a result of dissatisfaction with the outcomes under the existing arrangement (Helfer 2004; Kahler and Lake 2009). If member states of an IGO get dissatisfied, voicing their attempts to reform the organization would be their default option, given the high costs and difficulties of exit. When an organization is perceived to be captured by a group of countries that does not include those dissatisfied member states, the latter can exit by withdrawing from the organization and

[81] This attitude is demonstrated by the inscription on a monument tower in Ulsan City, a mecca of Korean industrialization in the 1960s and 1970s: 'Dark smoke arising from factories are symbols of our nation's growth and prosperity.'

establishing an alternative institution that would better serve their interests (Colgan, Keohane, and Van de Graaf 2011; Mansfield 1995; Van de Graaf 2013; Helfer 2004; Kahler and Lake 2009; Hirschman 1970). This voice-and-exit framework has been frequently used to describe the emergence of the AIIB and the NDB, as explored in Chapters 4 and 5.

Korea, like the majority of non-Western and newly industrialized countries, has been unable to significantly influence the decision-making processes in traditional multilateral settings. However, there is little evidence that Korea, one of the most powerful donors in the region and one of the US's closest allies, is frustrated with the current institutional arrangements. In fact, Korea has found and adapted to the diplomatic niche by framing itself as a middle power and specializing in what is termed middle power diplomacy, which was utilized to legitimize Korea's role as a convener, conciliator, and proactive agenda-setter in international negotiations.[82] Therefore, the conventional explanation of being dissatisfied with the current institutional arrangements and having the resources to exit and establish alternative institutions alone does not seem a sufficient explanation for Korea's drive to establish an international institution on green growth.

Neither was Korea under pressure from the international community to step up and take on the establishment of an IGO on environmentally sustainable economic growth. As a Non-Annex I Party under the United Nations Framework Convention on Climate Change (UNFCCC)'s Kyoto Protocol, Korea did not have legally binding targets to reduce or limit its GHG emissions. This is despite the fact that Korea's GHG emissions almost doubled between 1990 and 2006 – the highest rate among OECD countries (World Bank 2012b). One interviewee noted that the government, until the Lee administration, considered climate change as a burden, a responsibility of more industrialized countries, and something that might compromise Korea's growth potential. Furthermore, the international attention was on 'great powers' and other big emitters, and not Korea (Brenton 2013; Wheeland 2015; The Economist 2017a). The international community's surprised reactions to Korea's 'me first' approach to climate change, the principle that all countries should take an initiative and implement policies appropriate to their respective circumstances rather than wait for others to act first (O'Donnell 2012; Watson 2012), is a testament to the lack of international pressures and expectations on Korea to champion green growth. In fact, Korea utilized its traditionally passive position to exert itself as a leader of green growth. One interviewee argued that because Korea is a new donor country that used to play a passive role in both domestic and international environmental governance, 'Korea's decision to adopt and disseminate green growth has given a strong signal to the international community' regarding the country's commitment to and confidence in green growth.

Another explanation specific to the GGGI is that Korea wants to share its expertise and experience in green growth with other developing countries so that they can also transition from the brown growth path to the green one (GGGI 2011). After all, the GGGI was initially funded by the KOICA, a governmental organization for Official Development Assistance (ODA) to enhance the effectiveness of Korea's grant aid programs to developing countries. Not only did Korea successfully promote this image, but it also secured, through the rhetoric of green growth, the hosting of a prominent IGO – the UNFCCC's Green Climate Fund (Presidential Office 2012). However, as mentioned, Korea's economic success has historically been fueled by manufacture-based, carbon-intensive industries – the so-called brown growth. How does

[82] For detailed and comparative assessments of middle power diplomacy of the three preceding administrations (Roh, Lee, and Park), see (S.-M. Kim 2016).

adopting green growth in a single presidential term make a country a forerunner and pioneer of it? Even green technologies, a major sector that Korea boasts of, are an insufficient rationale for Korea being considered a primary driver of green growth. While Korea as a technology leader is well-placed to profit from the transition to a low-carbon economy, it still lags behind its targets and commitment (OECD 2017a). Therefore, this view discounts any simple functionalist explanation that the countries are simply responding to their natural comparative advantage.

Therefore, conventional explanations for IGO formation are insufficient to explicate the establishment of the GGGI. The GGGI embodies a puzzle that counters, or at least requires further substantiation to support, the previously discussed theoretical observations regarding the establishment of IGOs.

3. The Global Green Growth Institute: Explaining Its Successful Establishment

The GGGI emerged as a response to a combination of international and domestic factors. Korea's interests in establishing the GGGI to enhance its soft power and lock in the institutional legacy are the driving factors, but only with the necessary contextual variables and Korea's political resources and strategies could the GGGI be successfully established. A strong coalition of like-minded countries from the beginning of the establishment process, and a successful niche finding on green growth within the sustainable development regime complex were essential factors that contributed to the GGGI's successful establishment.

Motivations/Interests

The Korean government proposed the establishment of the GGGI at the COP 15 in Copenhagen in 2009 'as an international asset to support and promote green growth throughout the world' (Presidential Office 2009). As an international poster child of Korea's green growth, the GGGI was a part of Korea's efforts to institutionalize green growth in a single presidential term, increase and test its soft power through its middle power diplomacy, and exert itself as a leader in the international community.

First, the Korean government, knowing the short-term vision of presidential administrations that have a single term of five years, leveraged the power of institutional inertia and path dependency by creating a body that has continued past the term of its originating president. After all, institutions represent the codification of previous sets of ideas and interests, which may influence current societal ideas and interests (Schirm 2014). By establishing an IGO, the Korean government sought to influence subsequent interests that would maintain green growth domestically and internationally. In this case, domestic agents within the nation-states used the international institution as a way of circumventing domestic opposition (Drezner 2010).[83]

Second, the Korean government saw the green growth initiative as part of its foreign policy vision for a 'Global Korea' that adopted a more open and enterprising posture (John

[83] There is a body of literature that discusses how IOs can be used strategically by actors in their domestic political battles. Much of these hypotheses grow out of the two-level games literature in discussing the political dynamics between the international bargaining and the domestic ratification games (Putname 1988; Evans, Jacobson, and Putnam 1993). Judith Golstein (1996), for example, has argued that mechanisms instituted by the NAFTA have been utilized by the president to achieve a policy outcome that would have otherwise been opposed by Congress. Xinyuan Dai (1999) has argued that domestic environmental groups use IOs as a source for assistance during policy battles with governments that would not otherwise support environmental protection. Dai (2007) also argues that even "weak" international institutions empower non-state and domestic actors to provide information and improve state compliance and international rules. For these authors, IOs serve as instrumental purpose for domestic political actors or coalitions – to help them achieve a certain goal in domestic politics rather than a goal of international cooperation.

2014). This initiative expressed the administration's commitment to global diplomacy and the global movement for peace and development and ultimately aimed to position Korea as a responsible and contributing member of the international community (Snyder 2009, 23). Through this initiative, Lee's administration envisioned Korea as a proactive international leader and as one of the strongest newly industrialized countries (Olbrich and Shim 2012). Lee further sought to enhance Korea's soft power capabilities by improving its international image and reputation, mainly by positioning the country as a pioneer in green growth and innovation (Nye 2010). IGOs offer middle powers a forum in and through which they can establish and enforce international law, or at a minimum, 'acceptable rules of conduct by all powers,' which in turn are instrumental to securing their interests (Jordaan 2003; A. F. Cooper 1997; Cox 1981). In this context, the Korean government sought the establishment of an IGO to heighten the country's international standing and voice.

Third, the Korean government constructed green growth as a global issue, with Korea assuming a global leadership role for the first time in its history. Lee pronounced in 2008 that 'if we make up our minds before others take action, we will be able to lead green growth and take the initiative in a new civilization' and that Korea would experience a renaissance 'as a green power.'[84] A year later, former Prime Minister Han Seung-soo, who later became the chair of the GGGI Council, proposed that 'low carbon, green growth must be a paradigm not only for Korea but for the international community as a whole,' adding that Korea was ready 'to lead this process' (Shim 2010). For Korea, there is also a pride in what has become the 'Korean' concept. Before green growth, Korea considered itself as a weak country that did not have enough leadership and political and economic capital to set and lead a global agenda, such as the concept of sustainable development that had been circulating internationally for several decades since the Rio Summit in 1992 (personal communication, 2017). In Korea, this rhetoric and attitude has changed with green growth. According to the Presidential Office, Korea's contribution to green growth institution building and capacity development, and its promotion of a new approach to climate change, were remarkable given that most of the existing international environmental institutions as well as the dominant environment discourses, namely sustainable development, have originated in the West (Presidential Office 2012). Green growth, with its new definition and policy implications, would be a Korean initiative, and the GGGI was to promote and disseminate it internationally, particularly to developing countries. With green growth, Korea has become a leader of the global agenda for the first time in its history (Presidential Office 2012, 3).

OPPORTUNITY STRUCTURE

Impetus/Critical Junctures

Opportunities for change are historically contingent, as at certain moments the political system is responsive to actors pushing for a new policy direction (Stefes and Laird 2010). The 2008 GFC highlighted the need for an alternative growth engine, and Korea's political elites recognized green growth as an internationally appealing concept. Accordingly, the Korean government's new administration was receptive to owning and promoting this new concept of green growth as a novel policy direction.

[84] "Korea's Global Commitment to Green Growth"; Yun and Bluemling, "Giving Green Teeth to the Tiger?" Korea's Global Commitment to Green Growth," World Bank, May 3, 2012, http://go.worldbank.org/NR18WLLIV0.

The Korean government's direct impetus for green growth came from the financial sector. One interview subject explained that the global financial crisis in 2008 prompted the Korean government to come up with an alternative growth engine, specifically meant to prevent another so-called 'IMF Crisis' from happening.[i] The IMF Crisis is still inscribed in the Korean public's memory, when the IMF packages for the Asian Financial Crisis in 1997 stipulated a major restructuring of the national economy and resulted in deep socio-economic repercussions. As a new administration facing another major financial crisis, the Korean government urgently needed a boost in GDP growth. In response, the government implemented a US$38.1 billion green stimulus package named the Green New Deal over the period 2009-2012 to stimulate job creation and revitalize the economy (World Bank 2010). The Korean government expected that its spending on various projects, including renewable energy, energy-efficient buildings, and low-carbon vehicles, would stimulate economic production to the tune of US$141.1-160.4 billion between 2009 and 2013 (World Bank 2012a). The administration also expected that this program would create 1.6-1.8 million domestic jobs (World Bank 2010; Jones and Yoo 2011).

Therefore, the GFC and the Lee administration's taking office served as the impetus that opened up the opportunity for a new concept to emerge as a national agenda. This may explain the nature of Korea's green growth, as its primary aim was to boost economic growth and the tech industry rather than to promote environmental sustainability.

Governance Gap and International Norms

Although the concept of sustainable development has been part of the global agenda for more than two decades and heavily institutionalized, there has been no significant breakthrough toward the goal of environmentally sustainable advancement. As we saw in Chapter 2, the sustainable development regime has been heavily institutionalized by state and non-state actors since the 1992 Rio Summit. The continued ambiguity of the definition and business-as-usual mode of implementation, however, has resulted in various state and non-state actors' heightening frustration with sustainable development. Green growth in this context offers a solution, by offering a more practical and focused approach to achieving environmentally sustainable economic growth while not deviating from the original goal of sustainable development agreed to by the international community more than two decades ago. As such, green growth is a neoliberal concept that has a high social fitness with the dominant neoliberal and sustainable development normative framework.

Bernstein (2012)'s socio-evolutionary explanation for the entrance and evolution of international norms explains the selection of norms, such as green growth, in the context of the interaction of ideas with the social structural environment of already institutionalized norms, namely sustainable development. This perspective helps explain why Korea's green growth, and the GGGI, were so well-received by the international community, despite the country's lack of previous experience and expertise in green growth. Unlike theories that assume normative outcomes simply reflect the interests of powerful states or capital, which would not be applicable to the success and spread of Korea's green growth, the main argument is that the *social* fitness of proposals for new norms with the extant social structures better explains why some norms are selected while others are not (Bernstein 2000).

ACTOR CHARACTERISTICS

Political Entrepreneur

Entrepreneurial leaders function as (1) agenda setters shaping the form in which issues are presented for consideration at the international level, (2) popularizers drawing attention to the importance of the issues at stake, (3) inventors devising innovative policy options to overcome bargaining impediments, and (4) brokers making deals and lining up support for salient options (Young 2011). In this case study, Korea is the entrepreneurial state actor who championed the concept of its own version of green growth, while successfully appealing to the international community through the establishment of an IGO. In turn, this new IGO has worked to turn itself into an entrepreneurial IO with its own niche. It took the lead in identifying an issue, proposing solutions, and presenting itself as the natural place for the international community to address green growth.

There are three individuals in the Korean government who played a critical role in initiating and ensuring a successful establishment of the GGGI: President Lee Myung-bak,[85] Senior Secretary Kim Sang-hyup, and Ambassador Shin Boonam all demonstrated entrepreneurial leadership by making use of negotiating skills to influence the manner in which issues were presented in the context of institutional bargaining. Lee's commitment as the president signaled to the international community that Korea was serious about incorporating green growth as a national agenda. Referred to as the 'Father of Green Growth' by Angel Gurria, the then-OECD secretary-general, Lee was a central driver and figure of Korea's green growth in international settings. Lee and the idea of green growth became virtually synonymous, providing strong political leverage during his tenure.

Domestically, it was former Senior Secretary Kim who promoted the concept of green growth within the Blue House and drove the government in a dogged fashion throughout his tenure (S.-H. Kim and Cho 2016). Kim picked up the notion of green growth that first appeared in 2005 when the United Nations Ministerial Conference on Environment and Development in Asia and the Pacific (MCED) was held in Seoul under the auspices of the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) (UNESCAP 2005). The MCED adopted the Seoul Initiative on Environmentally Sustainable Economic Growth (Green Growth), which aimed to promote sustainable economic development in the Asia-Pacific region by establishing networks among member countries to promote the sharing of information, cooperation, and policy support for green growth (UNESCAP 2005). In July 2008, Kim tested out the concept of green growth at the G-8 plus Summit in Toyako, Japan, and was pleasantly surprised by the warm reception of the concept (S.-H. Kim and Cho 2016). At the summit, the Korean government stated that Korea would become an early mover for green growth and promised to announce Korea's 2020 GHG reduction target within a year (Ikenberry and Mo 2013; Korea Environment Institute 2013). As one interviewee put it, 'the warm reception of Korea's focus on green growth convinced the Korean government that green growth appeals to the international community.'

Ambassador Shin, seconded from the Ministry of Foreign Affairs to the GGGI from 2011 to 2012, was appointed by President Lee as the Ambassador for Green Growth to lead and complete the GGGI's conversion process from a non-profit foundation to an IGO by the end of 2012, when the Lee administration's term was set to expire. Throughout international discussions on various scales leading up to the inaugural meetings of the GGGI in 2012, Shin served as the

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[85] Lee Myung-bak – cited by the Financial Times on March 17, 2010: 'the world can be split into two groups: one group sets global rules, the other follows. South Korea has successfully transformed itself from a passive follower into an active agenda-setter.' (24).

principal Korean negotiator vis-à-vis other countries. The choice of Shin as Ambassador for Green Growth is also significant; as a veteran diplomat of environmental negotiations and former UN ambassador, he had the necessary familiarity and network that facilitated the negotiation process (personal communication, 2017). Shin also chaired the task force that drafted the GGGI's Establishment Agreement. The fact that it was the President's office and the Ministry of Foreign Affairs – not the Ministry of Finance and Strategy or the Treasury, as was the case for the AIIB and the NDB – that took the lead in shaping the formulation of Korea's first intergovernmental organization also sheds light on the nature of the GGGI and its functions (personal communication, 2017).

Middle Power Diplomacy

In order to play the role of middle power in the present context of global governance, a country must satisfy one status condition: that it does not belong to either of the two camps of large developed and large developing countries (Ikenberry and Mo 2013, 3). Traditional middle powers such as Australia, Canada, and Nordic countries certainly satisfy this condition and are expected to continue to play their middle-power diplomacy role. What is interesting and important in the current international landscape is the rise of new middle powers such as South Korea, Turkey, and Mexico. These new middle powers are upper-income or upper-middle-income developing countries whose national interests on global governance are beginning to diverge from those of large relatively low-income developing countries due to their successful economic and political development (Ikenberry and Mo 2013). Middle powers may also be effective in promoting international institutions and multilateralism because, unlike great powers, they do not suffer from the credibility gap arising from their imperialistic past or hegemonic temptations (Ikenberry and Mo 2013, 3).

The Lee administration's middle diplomacy aimed to unravel Korea's image as an economically successful but inward-looking middle power state and transform it into a respected global leader that could serve as a bridge between the global North and South in the environmental arena (J. Kim 2013; Shim 2010). In the global economy, Korea is not only a middle power but also a newly developed economy: a crucial asset in building networks both with developed and developing countries (A. Cooper and Mo 2016). Korea can reach out to developing countries because of its experience with economic development, which is more recent among developed countries; Korea's development, which took place only in the last several decades, is considered relevant for developing countries (Ikenberry and Mo 2013).

Korea's self-perception as a middle power brought Seoul closer to other "like-minded" middle power countries to bring about a new discourse of international relations from the middle power perspective. In fact, coalition-building has become the mainstay of Korea's middle-power diplomatic practice in recent years; while Korea does not have enough political influence to pursue its objectives alone, it does have enough political influence to convince like-minded states of their shared goals (Robertson 2012). This practice has proven to be a very useful and reliable approach for the GGGI's conversion into an IGO, as explored below. Interestingly, the majority of the GGGI's donor members can be considered as middle powers, implying that the rhetoric regarding green growth has appealed to these countries. Green growth as an issue area provides a promising opportunity for them to be innovators and leaders, compared to the entrenched notion of sustainable development.

In sum, the latest financial crisis that prompted the newly inaugurated administration to come up with an alternative growth engine, combined with domestic interests to institutionalize green growth, enhance its soft power, and play a leadership role in promoting green growth, shaped the opportunity structure for the GGGI. In addition, high-level political entrepreneurs who played respective roles in initiating, promoting, and driving the establishment process of the GGGI greatly facilitated its successful emergence. Korea's newly positioned middle power status and diplomacy brought together like-minded countries for green growth and the GGGI.

STRATEGIES

Intergovernmental Coalitions

From the beginning of the GGGI's conversion process into an IGO, forming an intergovernmental coalition was crucial to ensuring a successful outcome. Typically, an IGO establishment would start with a treaty that acts as a charter creating the group (UIA 2015). A treaty is formed when lawful representatives – governments – of several nation-states go through a ratification process providing the organization with an international legal personality. The GGGI underwent an interesting institutional evolution, through which it was converted from a domestic organization into an IGO.

From the beginning of the GGGI's conversion process, there was immense support from and a large role played by Denmark and Australia, and to some degree the United Kingdom, to ensure that the GGGI became an IGO. As traditional middle powers and powerful donor countries with a long history of development assistance, Denmark and Australia were instrumental in negotiating the draft text of the GGGI establishment agreement and providing useful feedback on governance structure and internal procedures (GGGI 2013). Furthermore, their involvement signaled a strong dedication by traditional donor countries, thereby attracting both donor and recipient countries, dissolving suspicions about the GGGI's identity as an instrument that would primarily benefit Korea, and providing legitimacy to the organization and its mission to promote green growth. The coalition of like-minded countries, Korea, Denmark, and Australia, which can be categorized as emerging and traditional middle powers (Jordaan 2003), formed a strong basis for the GGGI's smooth and successful conversion.

Korea's strategy of building capacity and unity as a domestic institution before conversion was much less risky, considering that it was Korea's first attempt to initiate and establish an IGO. Before the conversion, GGGI as a Korean domestic think tank engaged in a number of country programs to assist developing countries, including Cambodia, Vietnam, the Philippines, and Mexico. These partner countries not only provided experience and know-how to the core operations of the GGGI, but also became member countries at the GGGI's conversion.

Korea lacks military and economic power and influence that would have attracted committed member-states from the beginning, in contrast to the case of China and the AIIB. Furthermore, the GGGI's focus area, green growth, is not as established as infrastructure financing. Had Korea employed what China did for the AIIB, in which prospective member states gathered at once to express interests and signed up to become members, the GGGI would not have succeeded (personal communication, 2017). Therefore, having a tightly knit coalition with Denmark and Australia, together with building the necessary capacity and fostering networks with potential donor and recipient countries, significantly contributed to the GGGI's successful IGO conversion.

Niche Finding

Green growth represented a successful niche finding in terms of an issue area that was different enough from the conventional sustainable development rhetoric but similar enough to be accommodating to the existing institutional arrangements and normative framework. Green growth has a high international social fitness, as active liberal environmentalism around sustainable development has already been heavily institutionalized at the international level since 1992, when the UN Conference on Environment and Development took place. Liberal environmentalism refers to the spread of neoliberal economic policies in recent decades resulting in efforts to govern through economic incentives and markets rather than state authority (Bernstein 2002). I argue that the GGGI was successfully established because green growth as an issue area provided significant appeals to liberal environmentalism that dominates the identification of problems and policy prescriptions within existing international regimes on sustainable development (Falkner 2013).

Following the 1992 Rio Summit, sustainable development goals were widely and eagerly adopted by governments, and the 1990s saw a clear upsurge in environmental legislation and policy and environmental management in many countries. However, when governments realized that their commitment to sustainable development had not been sufficient to yield desirable outcomes, the concept was already "too much part of the furniture of government commitments to motivate more radical change" (Jacobs 2013). In a world where GDP growth and the employment it generates remain the core interests of voters and governments, green growth offers an attractive alternative to the sustainable development discourse. Green growth is promoted as neither a conflicting concept nor a substitute for sustainable development, but a means to achieve it (GGGI 2013; UNEP 2011; OECD 2017; UNESCAP 2017). Green growth is a response to inadequacies of sustainable development, and to the particular focus on both climate change and economic growth that have dominated the mainstream policy debate in recent years.

The GGGI, as an IGO, also provided an alternative approach to sustainable development and climate change. Years of intense focus on global, top-down, legalistic solutions to climate change and sustainable development have come at the expense of a "how-to" focus on the ground, resulting in a severe underinvestment in the economic framework that countries need in order to attract capital to achieve environmentally sustainable economic growth (O'Donnell 2012). The GGGI seeks to fill this gap by developing frameworks for integrating economic and environmental goals, using a bottom-up approach at the country level. Specifically, the GGGI's country programs are tailored to its partner countries' needs at the national or regional levels, and the GGGI aims to harness expertise across its broad work areas of green growth planning, knowledge development, and public-private cooperation. In this respect, the GGGI's country programs provide the 'division of labor' in the sustainable development and climate change regime (Figure 7).

The club-like nature of the GGGI's governance structure played an important role when it was open for founding membership. Both potential contributing and participating members were initially suspicious that the GGGI might be another UN program or a nested institution within the UN regime (Shin 2012). By emphasizing the balanced number of seats stipulated in the agreement, and the small size of the membership, the GGGI distinguished itself from conventional international organizations, a difference that appealed to both types of members.

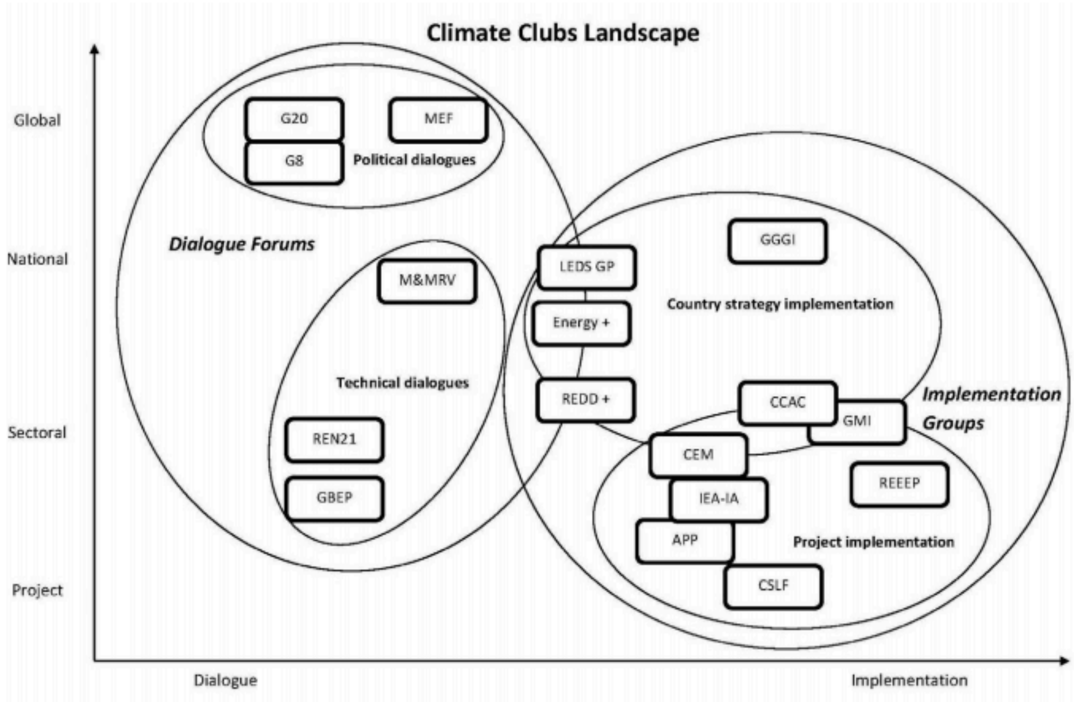

Figure 2. Climate Club Landscape

Key: International Energy Agency's Implementing Agreements (IEA IA), G8, G20, Renewable Energy and Energy Efficiency Partnership (REEEP), Carbon Sequestration Leadership Forum (CSLF), Renewable Energy Policy Network for the 21st Century (REN21), Asia-Pacific Partnership on Clean Development and Climate (APP), Global Bioenergy Partnership (GBEP), Major Economies Forum on Energy and Climate (MEF), Clean Energy Ministerial (CEM), REDDPlus Partnership, Global Methane Initiative (GMI), Global Green Growth Institute (GGGI), International Partnership on Mitigation and MRV (MandMRV), Low Emissions Development Strategies Global Partnership, International Energy and Climate Initiative EnergyPlus, and the Climate and Clean Energy Partnership (CCAC). Source: (Weischer, Morgan, and Patel 2012)

In sum, propelled by the financial crisis and an external governance gap in sustainable development, the new administration of the Korean government chose green growth as a national agenda. As an international poster child of Korea's green growth, the GGGI was initially established as a domestic think tank to build capacity and ties necessary to convert into an IGO. With high-level political entrepreneurs in the government and effective middle-power diplomacy as important resources, and innovative institutional and operational strategies, the Korean government was able to establish an IGO for the first time in a short period of time. Internally, these strategic and concerted efforts were enabled by close coordination among different government bodies, namely the Ministry of Foreign Affairs, the Presidential Committee on Green Growth, and the Blue House (personal communication, 2017). The GGGI was also well-received within the existing institutional context because it has a core concept that has a strong linkage, or fitness with, the entrenched notion of sustainable development and offers alternative approaches to project-based or top-down legalistic methodologies by offering a policy design and framework at the national level. A heavy presence of Western influence within its ideology, governance, and programs, as well as a coalition consisting of traditional donor countries such as

Denmark and Australia that were involved from the beginning have also significantly contributed to this positive reception.

4. Institutional Interplay: The GGGI and Implications for Sustainable Development

Despite being a *de novo* IGO outside the UN system established by a middle power country, the GGGI has met with relatively little pushback from pre-existing institutions. In fact, utilizing the international discourse around green growth as a strategy for achieving sustainable development (UNESCAP 2005; OECD 2011; World Bank 2012a), Korea successfully institutionalized green growth in the form of the GGGI and other international partnerships. Soon after its conversion into an IGO, the GGGI successfully launched numerous green growth-themed conferences and initiatives with other major institutions, such as the Global Green Growth Summits, the Green Growth Knowledge Platform (founded by the GGGI, OECD, UNEP, and World Bank), and the Green Growth Best Practice Initiative (Climate and Development Knowledge Network, European Climate Foundation, and GGGI).

The size of the GGGI also offers advantages. It is a small international organization, with only 24 member countries, but increasing its membership and size is not the GGGI's primary objective (de Boer 2014). An organization with narrow membership brings high levels of speed, ambition, innovation, and equity. Regarding speed, a smaller set of countries may be faster negotiators and able to advance contentious issues without backlogs of negotiations. With regard to ambition, cooperation theory posits that smaller groups can be 'narrow-but-deep', reaching substantial policy goals that would not have been reached in a 'broad-but-shallow' regime that has more participants but less ambition due to the compulsion of placating all signatories (Aldy, Barrett, and Stavins 2003). Smaller groups are thought to possess more innovative capacity on subsets of climate issues, and thus serve to raise the overall level of capacity and ambition in the international arena (Keohane and Victor 2011). Participation and equity are linked by the idea that a smaller club could have fewer barriers to entry for a wide range of stakeholders and allow for tailored solutions for less influential countries, which previously would have been subsumed in a larger process dominated by bigger players (Biermann et al. 2009).

Therefore, rather than further adversely fragmenting the sustainable regime complex, the GGGI offers a more tailored and specific approach in a club-like setting. This approach, however, does not deviate from the already established and institutionalized practices and norms of sustainable development.

5. Conclusion

Korea's green growth initiative and the establishment of the GGGI were initially a means of addressing a set of domestic problems. Policymakers, lawmakers, and experts at the executive level were the driving force behind this change, rather than the external forces of the international community or demand from domestic constituencies and coalitions. Thus, the impetus for the GGGI was less about the voice-and-exit framework based on dissatisfaction with the existing arrangements; instead, it has been more about looking for ways to legitimize and institutionalize the national government's choice of an alternative growth engine called green growth, and a desire to institute a long-term vision for the country, boosting the nation's image and soft power by demonstrating that Korea is capable of establishing and hosting a treaty-based IGO. The image of becoming a leader at the international level for the first time, explicitly embracing environmental sustainability – at least on the surface – as the country's core agenda and the 'me-first' slogan announced at the Copenhagen UNFCCC conference are both consistent with this rhetoric and middle power diplomacy. Korea has managed to successfully initiate and establish a treaty-based, independent, *de novo* IGO for the first time. Establishing an IGO was a significant endeavor to institutionalize green growth internationally, along with other measures that aimed to institutionalize green growth domestically. In order to realize this risky task, the Korean government employed several innovative strategies and resources.

Symbolizing Korea's transition to a green growth pioneer in the international community, the GGGI emerged as a response to a combination of international and domestic factors. Korea's interests in establishing the GGGI to enhance its soft power and lock in the institutional legacy are the driving factors, but only with the necessary contextual variables and Korea's political resources and strategies could the GGGI be successfully established. A strong coalition of like-minded countries from the beginning of the establishment process, and a successful niche finding on green growth within the sustainable development regime complex were essential factors that contributed to the GGGI's successful establishment.

Today, the GGGI is an autonomous IGO independent from the Korean government, which 'let go' of the organization after the administrative change (personal communication, 2017). It therefore has flexibility, power, and authority to formulate its own version of and approach to green growth rather than continuing to adopt the Korean version of green growth, which interprets both 'green' and 'growth' in the narrowest sense – 'low-carbon' and 'GDP growth', respectively. While the term green growth has largely disappeared in the public and media after 2013 in Korea, the GGGI shows promising signs of having a more complex, comprehensive, and internationally relevant green growth concept, approach, and projects than originally envisioned. Yet, the GGGI's principles, norms, and approach are limited within the sustainable development regime, and its influence is projected to reinforce and extend the established norms and practices of sustainable development based on neoliberal environmentalism.

Chapter 7. Comparisons Across Cases

1. Introduction

In this chapter, I conduct qualitative comparisons across the origins and implications of my empirical cases as a supplement to the three detailed case studies in Chapters 4, 5, and 6. This small-n qualitative analysis probes counterfactuals by comparing my cases to organizations that were proposed but not actually created (Johnson 2014). The qualitative comparison also demonstrates that my analytical framework works across a range of issue-areas, chief architects, and strategies.

In the first section, I focus on the AIIB, the NDB, and the GGGI, with reference to the proposed East Asian Economic Group (EAEG), Asian Monetary Fund (AMF), and Northeast Asian Development Bank (NEADB) in order to capture the necessary conditions for an alternative IGO establishment by emerging and middle power countries. These cases and proposals encompass overlapping but distinct issue areas and approaches, different time periods, and various chief architects and advocators. With a focus on IGOs driven by emerging and developing countries in Asia rather than the general IGO population, the cases for this comparative analysis were not selected at random from the overall universe of IGOs. They deal with a variety of important issues: infrastructure financing, monetary stability, economic development, sustainable development, and climate change. The selected cases stem from different time periods: the 1990s for the EAEG, the AMF, and the NEADB and the 2010s for the AIIB, the NDB, and the GGGI. Their origins also involve different figures, bureaucracies, and countries: Malaysia for the EAEG, Japan for the AMF, China and then Korea for the NEADB, China for the AIIB, the BRICS for the NDB, and Korea for the GGGI. This variation is useful for verifying whether the proposed analytical framework for the detailed case studies holds in a variety of circumstances.

In the second section, I tease out common narratives and distinct features of my cases by identifying key similarities and differences in the explanatory variables. Again, some factors from my analytical framework have more explanatory power than the others, depending on the case under analysis. Variables have different weights for each case, as each of them is unique and cannot be generalized.

Table 6. Comparative Assessment of Failed and Successful Cases

	International Context				Resources		Strategies	
	Establishment	Impetus & Critical Juncture	Governance Gap	Norms	Political Entrepreneur	Diplomatic Capital	Coalition Building	Niche Finding
EAEG	No	High	Medium	Low-medium	Yes	Low	No	Medium
AMF	No	High	Medium	High	Yes	Low	No	Medium
NEADB	No	Low	Medium	Low	No	Low	No	Medium
AIIB	Yes	Medium	Medium	High	Yes	High	No -> Yes	High
NDB	Yes	High	Medium	High	Yes	Medium (high within)	Yes	High
GGGI	Yes	High	High	High	Yes	High	Yes	High

*For impetus, high means a clear shock exists; medium refers to an intermediate shock; low refers to the absence of a clear shock.
For governance gap, high refers to a clear gap, medium refers to a situation where a gap is there, yet there are functioning existing institutions; low refers to no clear governance gap.
Norms, high refers to a situation where corresponding international norms exist; medium refers to a situation where international norms that correspond to the proposal do exist, but only to a certain degree; low refers to a situation where international norms that correspond to the proposal do not exist.

2. Failed Attempts and Their Implications

In this section, I investigate selected attempts by developing and emerging countries, with a particular focus in Asia, to establish regional and multilateral institutions in the 20th century on trade, monetary stability, and economic development. Asia has experienced a series of unsuccessful starts in the establishment of formal institutions (Katzenstein and Shiraishi 1997).[86] Many of them stalled at the proposal stage due to various factors such as opposition from the US and lukewarm responses from neighboring countries, and hence the lack of a strong coalition in favor of creating the proposed institutions. The issue-areas that these proposals sought to address were also heavily dominated, or captured, by existing institutions. Of course, the external and internal conditions today are different from those of the 20th century, and it is impossible to tease out every confounding factor. However, these failed attempts may have produced institutional and personal memories and lessons that influenced the attitude and strategies of the recent proposals that yielded more successful outcome.[87] Examining under what conditions these proposals emerged, and what factors accounted for their failures to launch, was highly relevant to constructing my analytical framework in Section 3.4. Therefore, these failed attempts highlight the uniqueness of the successful cases and provide important lessons and insights for explaining why the AIIB, the NDB, and the GGGI were successfully established.

East Asian Economic Group

The East Asian Economic Group (EAEG) was advocated in 1990 by Malaysia's then- and current Prime Minister Mahathir bin Mohamad. The EAEG was to be an exclusively Asian institution, an East Asian trade bloc to counter the Asia-Pacific Economic Cooperation (APEC) (Katzenstein and Shiraishi 1997). The EAEG was to consist of the eleven Asian members of APEC, excluding the US, Canada, Australia, and New Zealand, with the leadership role clearly assigned to Japan (Acharya 2011: 154). Mahathir's rationale was that market cooperation was necessary among the Asian countries. While he envisaged that some countries, particularly Japan, would come under pressure to reject Malaysia's proposal, the membership of Japan was considered crucial to the success of the EAEG (Low 2007).

A number of important trends were taking place at the international level at the time of the EAEG proposal: Japanese private investment saw a six-fold increase in the region in the 1980s, trade among East Asian countries was expected to exceed trans-pacific trade in the 1990s, and

[86] There are numerous failed attempts, ranging from the Asian Relations Organization (ARO, 1947-1955), the Southeast Asia Treaty Organization (SEATO, 1954-1977), and the Asia and Pacific Council (ASPAC, 1964-1975). For the purpose of this research, I selected more recent initiatives with relevant focus.
[87] For example, Helleiner (2017) notes how Morgenthau's biographer John Morton Blum (1965, 57) argued that the 'Inter-American Bank' (IAB) initiative 'gave the Americans concerned, White in particular, an experience which was to prove useful years in the organization of the postwar financial institution.' Historians of the World Bank similarly noted that 'White's exposure to the technical discussions concerning the Inter-American Bank obviously influenced his April 1942 proposal for a Bank for Reconstruction and Development of the United and Associated Nations' (Mason and Asher 1973, 16). More recent and detailed study of the IAB initiative confirms the importance of these observations (Helleiner 2014, chs 2 and 4).

Japanese, Korean, and Taiwanese investment in Southeast Asia led the dynamic transformation of the East Asian economy and growing regional economic interdependence (Acharya 2011). The EAEG proposal was also based on the rise of anti-American sentiment, intensified by growing trade friction with the US in the early 1990s and Japan's frustration over the disjuncture between its economic and political power in the international arena (Moon and Suh 2016). Some ASEAN countries were increasingly supportive of the prewar ideology of a Greater Asia, despite the haunting memory of Japanese colonial domination and the Pacific War (Armstrong et al. 2016).

However, strong US opposition, Japan's hesitation to lead because of the US pressure, and lukewarm support from most Asian states – South Korea in particular was critical of the proposal, fearing Japan's economic dominance (Moon and Suh 2016) – led to a downgrading of Mahathir's idea to the creation of an East Asian Economic Caucus (EAEC). The most serious obstacle came from the Bush administration, which described the EAEG as 'a very unwise direction to proceed' (The Straits Times 1990). US Secretary of State James Baker confesses in his memoirs to having done his best to 'kill' the proposal (Baker and DeFrank 1995). It was also reported that Malaysia proposed the EAEG with no prior consultation or discussion with other ASEAN countries (Low 2007). In the midst of the countervailing pressures of the push against the EAEG from the US and the push for it from Malaysia without a clear supporting coalition, the initiative failed to take off despite being toned down to a caucus to dampen fears of it being conceived as a formal trade bloc.

Therefore, important contextual variables were at play, such as increasing regionalization due to intra-trade investments and the rise of anti-American sentiment in the region. The need for intra-regional trade grouping as an Asian alternative to APEC highlighted the governance gap. A prominent political entrepreneur, Mahathir bin Mohamad of Malaysia, was the initiator and strong advocate for the proposal, yet the proposal lacked a coalition of committed countries. Furthermore, the rivalry between the proposed EAEG and APEC was apparent from the beginning, foreshadowing a conflicting relationship.

Asian Monetary Fund

The Asian Monetary Fund (AMF) was proposed by Japan at the height of the Asian financial crisis in 1997, with the aim of creating a pool of funds to be quickly disbursed as a means of emergency balance of payments support for the crisis-hit economies (Desai and Vreeland 2011). The Japanese finance ministry noted that whereas the US-IMF bailout of Mexico in 1995 was vital for the economic health of North America, the US did not have the same incentive to bailout the East Asian countries to which the Japanese economy was tied (Lipscy 2003). At a joint IMF/WB meeting in September 1997, the Japanese finance minister Kubo Wataru suggested the idea of forming the AMF in order to assist Southeast Asian countries under financial and foreign exchange crises through the provision of standby loans for current account deficits, extension of trade credits, and the facilitation of foreign exchange defense (Moon and Suh 2016). The AMF proposal was enthusiastically welcomed by most East Asian economies. While the bulk of financing – US$50 billion out of US$100 billion –would have been from Japan, it reportedly received contribution pledges from China, Hong Kong, Taiwan, South Korea, and Singapore (Moon and Suh 2016).

Despite such efforts, the AMF never materialized. US Treasury pressure killed the proposal, as the US viewed it as a threat to US influence in Asia (Wade and Veneroso 1998). As an alternative, the Chiang Mai Initiative (CMI) was established.[88] The US and IMF were critical of the AMF idea for the stated reasons of duplication, resource waste, and moral hazards associated with the relaxation of conditionalities (Moon and Suh 2016). Notably, this line of argument from the US was repeated for the proposal of the AIIB. Neither was there an intra-regional coalition that supported the AMF proposal. Korea, for example, opposed the AMF proposal for several reasons. First, as a recipient of IMF rescue financing, Korea could not endorse what the US/IMF opposed. Second, Korea realized its desirability, but was skeptical of its feasibility, not only because of Japan's leadership but also because of potential spillover effects from the creation of a yen bloc. Finally, national sentiments in Korea would not tolerate Japan's hegemonic ascension in the region's economic sphere (Moon and Suh 2016).

Therefore, a governance gap, legitimate initiator, and financial resources existed for the AMF proposal. Yet, the proposal failed to take off due to the failure to form a tightly knit coalition supporting the proposal amidst strong opposition from the US, and not-so-strategic positioning of the proposal vis-à-vis the IMF, specifically the two groups' potentially conflicting, overlapping functions.

Northeast Asian Development Bank

Due to the development potential and funding requirements in Northeast Asia, the idea of a Northeast Asian Development Bank (NEADB) has long been proposed by experts in the region – since at least 1991.[89] Katz (2004) notes that the region – particularly the Democratic People's Republic of Korea, Russia, and Mongolia – has not been able to compete successfully or to attract private enterprise in magnitudes sufficient to boost the region's economy into a path of self-sustaining growth and development. With the NEADB, pre-existing institutions such as the Asian Development Bank would concentrate on funding large-scale infrastructure projects for South Asian nations, while the NEADB would focus on developing parts of Northeast Asia (Ahn 2012). Hence a governance gap was identified and a potential division of labor was advocated.

Over the past few decades, a number of meetings have taken place to discuss this proposal. The 1993 meeting of the Northeast Asia Economic Forum in Yongpyeong, South Korea, recommended that governments in the region study its feasibility. These efforts led to the creation of an Ad Hoc Committee for the establishment of the Northeast Asian Development Bank that met in Tianjin, China in 2000. The rationale and economic and political implications had been extensively studied and justified, but this proposal was also met with lukewarm response from the international community, and there was no clear leadership that drove the establishment process (Cho and Katz 2001; Ferrier 2015). More than a decade later, in a 2014 speech in the German city of Dresden, former Korean President Park Geun-hye (2013-2017) reintroduced the possibility for a NEADB that would serve as an MDB to attract investment in Northeast Asia, specifically intending to incentivize the DPRK to denuclearize through access to external capital for development (Ferrier 2015; Kim 2014). Park's remark was received as signifying Seoul's serious attempt to materialize the idea (Ko 2015). The Korean government even asked for US support for this proposal in 2015 (Jung 2015). The Korean government's plan for a NEADB never took off, however, with Park's political scandal in 2016 that resulted in her impeachment in 2017.

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[88] The aim of CMI is to address balance-of-payments and short-term liquidity difficulties in the region, as well as to supplement existing international financial arrangements. CMI is limited to a regional grouping and to a currency swap, and remains linked to the IMF.

[89] Cho and Katz (2001) note that the idea was first discussed by Ma Hong, former President of the Chinese Academy of Social Science and State Council China Development Center and independently by Duck Woo Nam, former Prime Minister of South Korea.

Therefore, the need for additional financing mechanisms for the developing parts of the region was clear, yet the proposal for a NEADB lacked a clear political leader and entrepreneur who steadily drove the process. Naturally, a coalition of like-minded countries did not exist.

Examples from Other Parts of the World: Inter-American Development Bank and African Development Bank

In other parts of the world, similar cases and trends can be identified. Latin American countries proposed an inter-American bank as far back as 1889, but had to wait seventy years to overcome U.S. objections (Wihtol 2015). Initially, the U.S. administration rejected the idea because the bank would compete with private banks. In the 1950s, there were several proposals for a regional bank. Again, the US opposed them, this time on the grounds that the region's financing needs could be met through bilateral funding and the newly established World Bank. It was only when the US shifted to supporting the establishment institutions led by Latin American countries that it was possible for them to set up the Inter-American Development Bank (IDB) in 1959 (White 1970, 141-144). Thus, the approval and support from the US were significant factors for regional development bank proposals to actualize. The possibility of overlapping and redundant functions between pre-existing entities and proposed institutions has been frequently used by the US as reasons not to support these initiatives, as seen in the AMF and AIIB cases.

Similarly, when the African Development Bank (AfDB) was established in 1964, the two principal former colonial powers in the region, France and Great Britain, did not initially support the bank. Without their endorsement, the US was unwilling to participate. As a result, the African bank was established with no participation from developed countries and a small capital base. It got off to a slow start and encountered difficulty in defining its role (White 1970, 91-110). In 1972, with the participation of major Western donors, the bank set up a concessional fund and, in 1982, membership in the bank was opened to developed economies. The participation of developed economies expanded its capital base and helped to align it more closely with the other IFIs (Wihtol 2015). Although the bank was able to launch, possibly due to the coalition of African countries, only after winning the participation and financial contributions from major Western donors could the AfDB transition into a major development bank in the region.

These examples show that successful establishment of an alternative IGO is a complex endeavor. The international contextual variables such as external shock, a governance gap, and norms are necessary but insufficient conditions for a successful IGO establishment. In particular, being dissatisfied with the status quo – the dominant explanation behind the establishment of alternative IGOs – is not a sufficient explanation. Incumbents and established institutions have vested interests in existing arrangements fueled by path dependency, and have successfully fended off the potential challengers. Furthermore, securing one explanatory factor does not automatically translate into successful establishments of multilateral initiatives, either. For example, Japan had the financial resources, regional leadership, and a governance gap for an AMF, Mahathir of Malaysia was a strong political entrepreneur for an EAEG, and a governance gap and established niche existed for a NEADB; yet, but all of them failed to take off. Both international context and domestic factors and strategies – such as building a strong coalition, having a committed leader and initiator, and being strategic about the issue area that the proposed institution aims to address – are all important explanatory factors.

3. AIIB, NDB, GGGI: Differences

What, then, are the differences in the explanatory variables among the AIIB, NDB, and GGGI? These cases differ among each other not only in size, membership, and nature and scope of activities, but also in motivations, key initiators, and strategies. Despite these differences, all of them were successfully launched as *de novo* institutions within the sustainable development regime in a short period of time. I examine key differences of my three cases in the context of initiating state's interests, establishment process, and identity of the resultant institution, paying particular attention to the differences between a middle power and emerging great powers establishing an IGO.

First, the motivations to establish the AIIB, the NDB, and the GGGI are different. In particular, the level of domestic interests varies for each case. China, among other factors, established the AIIB as a means of proving that it can initiate and establish a multilateral institution, thereby increasing its soft power and signaling the significant shift in its attitude toward multilateralism. The BRICS group had more explicit motivations to create an institutionalized club of the BRICS, as an alternative to traditional venues, to assist one another with infrastructure financing. Korea established the GGGI to institutionalize green growth at the international level to enhance its international standing and soft power. By creating and relying on path dependency and lock-in effect of institutionalization, the Korean government could also ensure that green growth remains as an important legacy after the administrative change.

Second, the cases demonstrate a tailored approach to IGO establishment that depends on the initiator's characteristics. China, with its great material power, took a 'high-risk approach' to negotiating the AIIB by announcing its desire to establish an IGO before discussing the idea with regional neighbors and the major powers and gaining their initial consent. This approach was also employed by Malaysia for the EAEG, which did not have prior consultations or discussion with other countries. This high-risk approach brings about a high level of pushback and strong resistance from the pre-existing institutions with entrenched interests. The EAEG failed to take off in the midst of strong opposition from major powers, an unclear niche for the proposed institution, and potential rivalry with APEC. China's abrupt proposal for an AIIB also led to rampant speculations about AIIB's governance and operations (The Economist 2013b) and strong, dismissive, and pessimistic responses from the US and Japan (Perlez 2014; Donnan 2015). The Chinese government, however, demonstrated their prompt and strategic responsiveness by reacting quickly and adjusting their negotiating position to make the AIIB much more accommodating to the existing norms and approach to development finance and cooperative with pre-existing major players than initially expected. The BRICS exhibited a similar approach, although most of its diplomatic attention was paid internally and amongst themselves. The NDB has, however, repeatedly emphasized how it does not aspire to become a 'rival' to the World Bank or the IMF and instead, has highlighted its focus on sustainable development, whose concept and norms have already been heavily institutionalized. This strategy ensured a safe landing and successful implantation of the new institution into the existing regime.

This approach and establishment process is in contrast with the 'low-risk' approach that a middle-power country such as Korea employed for the establishment of the GGGI. Instead of announcing the GGGI as an IGO from the outset, Korea established the GGGI as a domestic think tank and fostered the GGGI's capacity, infrastructure, and external network necessary to convert it into a treaty-based IGO. Even as a domestic think tank, the GGGI's board involved minister-level officials from other countries and high-profile experts such as Sir Nicholas Stern and Jeffrey Sachs (Na 2011). These high-level and high-profile networks not only facilitated promoting the GGGI in the international community but also shaped the GGGI's identity and directions as an entity to be an IGO. Furthermore, a task force team, headed by the Ambassador for Green Growth and consisting of members from the Blue House, the Ministry of Foreign Affairs, and the GGGI office, extensively travelled to interested prospective member countries to promote and recruit members before launching the GGGI as an IGO. For the drafting of an Establishment Agreement, the Korean government sought and incorporated input from and participation of key partner countries such as Denmark and Australia. This process expedited the GGGI's IGO conversion, as developing a treaty text that meets the interests of all prospective member states takes a lengthy negotiation process. Incorporating in advance experienced donor countries' input prepared the GGGI to have a legitimate and relevant treaty text ready to be presented to other prospective member countries. Despite these different approaches, the negotiation process for my cases was completed in a relatively short period of time, taking two to three years from proposal to launch. This expedited process is in stark contrast with previous proposals or establishments that fell out shortly after taking place.

Third, the identities and representation of the three cases were distinctive from the beginning. On the one hand, despite having a strong Chinese presence, the AIIB has, since the beginning, presented itself as an MDB operating independently according to best international practices (Suokas 2018). The rhetoric has been carefully formulated and arranged so that AIIB is presented as neither a 'Chinese' entity nor a rival to pre-existing institutions. Nonetheless, having its headquarters in Beijing and a Chinese national as president, as well as China having the ability to exercise the only veto power among its members at least partially counter this argument.[90]

The GGGI, on the other hand, has had a weaker 'Korean' identity from start, as it relied heavily on the tripartite coalition of Korea, Denmark, and Australia for its successful establishment. For example, some accounts describe the GGGI as an initiative of the Danish and Korean governments (Venugopal and Srivastava 2012). Yet, the Korean government put perhaps too much effort to make the GGGI 'international.' There have been four director-generals of the GGGI since its establishment in 2010; all four of them are white males from industrialized European countries (and Australia). Today, there is limited involvement from the Korean government, as the GGGI is strongly associated with a particular administration of the conservative party. The NDB is perhaps in the middle in terms of the level of association between identities and initiating countries. The NDB is based on a coalition of five developing countries and has been exerting a relatively stronger voice than the other two cases that displays dissatisfaction with pre-existing arrangements. The NDB has not been exercising significant efforts to alter that identity other than portraying itself as a partner rather than competitor in respect to other major MDBs, yet its representation and identity may change as the NDB looks to increase its membership. With five developing and emerging countries having equal representation, the 'glue' that holds them together is rather weak and prone to compromises. Therefore, the NDB is an institution that is less coherent and more fragile than the AIIB and the GGGI. Nonetheless, the NDB is employing more innovative governance and operational approaches than the other two institutions.

[90] As of May 2018, China holds just over 26 percent of the voting rights along with the ability to block any issue that requires a 'super majority' that demands over 75 percent voting support.

Despite these differences, the outcome is the same: IGO establishment whose process was driven by middle and great emerging powers on sustainable development. In the next section, I tease out similarities of these cases.

4. AIIB, NDB, GGGI: Similarities

The opportunity structure and initiating country characteristics all played a role in the successful establishment of the AIIB, the NDB, and the GGGI. Individually, however, they provide insufficient explanations. Although a combination of these factors – external and/or domestic impetus, an international governance gap, norms, political entrepreneurs, and diplomacy – contributed to this outcome, I identify coalition building and niche finding as important and necessary factors.

First, for all my cases, there was an external shock from the international level and/or domestic administrative changes that acted as a trigger that altered the bargaining context. They were Xi Jinping's succession as the head of China for the AIIB; the 2007 Global Financial Crisis (GFC), imbalanced representation and delayed voice reform of the IMF, and the BRICS summits for the NDB; and the GFC and Lee Myung-bak administration for the GGGI. Other cases that were failed attempts, however, demonstrate that this contextual variable is not a sufficient explanatory factor for the outcome.

Second, a functionalist argument posits that the international governance gap of an issue-area explains the emergence of new IGOs. My cases all strive to fill in the governance gap in either infrastructure financing or green growth in the broad context of sustainable development. For the AIIB and the NDB, the need for additional infrastructure financing in developing parts of Asia and the five members of the NDB is quite clear. Yet other MDBs – albeit with insufficient funding and diffused focus – do exist, and the new MDBs had to justify their raison d'être by either narrowly defining their focus (AIIB) or shifting their attention to renewable energy infrastructure (NDB). The GGGI, on the other hand, is the only organization dedicated to the concept and paradigm of green growth and hence clearly delineates the gap in green growth. As the failed attempts illustrate, however, the governance gap alone is an insufficient condition.

Third, whether international norms that correspond to the proposed IGOs exist has some explanatory power for my cases. For the AIIB and the NDB, the norms by which MDBs finance infrastructure projects have existed for the past seven decades since the emergence of the World Bank and its associated institutions. Green growth is a neoliberal concept that strongly resonates with sustainable development, which has been entrenched and institutionalized since 1992. The same rationale, however, can also be applied to the failed attempts. The proposed AMF, for example, was to perform functions similar to the IMF and extend established norms to Asia. Therefore, international norms may facilitate the adoption and positioning of the institution, yet it alone is an insufficient condition.

Fourth, one or more political entrepreneurs were all present in the establishments of the AIIB, the NDB, and the GGGI. These individuals were heads of state, representatives of the national government, and charismatic leaders who initiated the proposal and advocated for and succeeded in the establishment of a *de novo* IGO for the first time in the history of their countries. Without these ambitious and goal-oriented individuals, the initiation of any multilateral proposal would not have taken place. As illustrated through failed attempts, however, having a political entrepreneur proposing an IGO and strategically initiating the establishment process does not necessarily translate into formal institutionalization of the proposal.

Fifth, effective and strategic diplomacy was key to driving the establishment process of these IGO, although it alone would not be counted as the sole explanatory factor. China's market and economic power combined with strategic diplomatic skills attracted a surprising number of donor countries, including the UK, Germany, France, and Canada. With its middle power diplomacy, Korea played the role of a convener, conciliator, and agenda-setter. It played a key role in attracting traditional middle power countries such as Australia and Denmark and forming a strong coalition that backed the establishment process. The BRICS did not have to use their diplomacy to attract more member states as they already constituted a club, but their diplomatic capital and skills were central to negotiate among themselves the key elements of the NDB's governance structure and the future directions of the NDB.

5. Central Factors for the IGO Establishment

Among these explanatory factors, I identify coalition building and niche finding as the central factors behind the establishment of the AIIB, the NDB, and the GGGI. These two factors are markedly absent in the failed attempts. I argue that the new IGOs were successfully launched by forming a coalition with like-minded countries and carving out a niche in a governance issue-area to justify their existence. By linking themselves onto the sustainable development regime and forming partnerships with pre-existing institutions, they exert their mandates as having high social fitness with the normative environment and portray themselves as important partners to achieving sustainable development. These strategies have contributed to successful establishment of *de novo* IGOs in the saturated regime complex of sustainable development.

Coalition Building

Forming a coalition with like-minded countries was crucial to ensuring success and gaining legitimacy as an IGO in the midst of strong opposition from the US. Political entrepreneurs often played a key role in forming and brokering a coalition of like-minded countries. The presence of political entrepreneurs alone did not result in IGO establishment, yet their coalition building with other like-minded countries was an integral part of the successful establishment process.

Building a strong coalition with like-minded countries was not a primary objective in the establishment process of the AIIB, as illustrated by the high-risk approach that China employed. In fact, China reportedly was going to go ahead with the AIIB even if nobody joined it (Anderlini 2014). Coalition formation with Western donor countries, however, was a determining factor that changed the identity of the AIIB (Chapter 4). Without this coalition of Western donor countries, who decided to join the institution almost a year and a half after Xi's initial announcement, the AIIB might look quite different from today in terms of its governance structure, voting shares, project allocation, and mode of financing. The fact that the then-Secretary-General of the interim secretariat of the AIIB, Jin Liqun, spent significant effort to lobby the UK and other European countries despite their initially lukewarm responses demonstrates that the Chinese government was extremely dedicated to establishing an effective and legitimate multilateral institution for development financing.

The role of a coalition in the establishment process was equally important for the GGGI, but the timing of its involvement was quite different. From the beginning, the Korean government sought to form strong tripartite coalitions with like-minded, established donor countries. The NDB already had a strong, tightly knit coalition of the BRICS in 2009, has continued to strengthen through high-level summits occurring over nearly a decade.

Niche finding with high social fitness

Niche finding is an active and strategic positioning of an institution in a regime saturated with entrenched norms and diverse institutions and actors. Ensuring the right positioning enables the emerging institution to form a cooperative and harmonious relationship with pre-existing institutions and regime. Otherwise, the operations and functions overlap and result in conflict and inefficiencies. Emerging institutions have to engage in a delicate balancing act of distinguishing themselves from pre-existing institutions so that they can justify their separate, stand-alone existence, while assimilating themselves into the existing normative and operational framework to prevent causing conflict or controversy that would hinder their establishment.

From the beginning, these three new IGOs positioned themselves as a truly 'new' institution with different mandates and focuses. For example, the AIIB has been trying to move away from the notion that it is a competing or rival institution to existing development banks, stating that its focus is on filling the infrastructure financing gap in the poor parts of the region, and not poverty alleviation and reduction, which is where existing MDBs focus. Jin Liqun, in his interview, said that the AIIB is 'not intended to be a clone or a copy of existing institutions' (Bremner and Han 2018a). The NDB distinguishes itself by focusing heavily on renewable energy projects. The AIIB and the NDB are focused on South-South infrastructure lending, thereby mainstreaming alternative development strategies that fall outside the traditional model (Griffith-Jones 2014). The GGGI markets itself as the only organization focused on the paradigm of green growth. Therefore, they position themselves as entities that are different enough to justify their existence, while relevant enough to be nested within the sustainable development regime.

6. Implications for Sustainable Development

In this section, I shift from focusing on the IGO establishment process to exploring implications for sustainable development. What are the new IGOs' effects on global and regional sustainable development? By comparatively assessing innovative institutional features of my cases, such as a non-resident board, equality principles, and more balanced representation of developing countries, I determine their potential effects on the overall governance of sustainable development. Furthermore, a careful examination of the new IGOs' strategic orientation toward pre-existing institutions reveals different prospects for the effectiveness of sustainable development than initially suspected.

Innovative institutional features

Contrary to initial concerns that viewed the new IGOs as mere extensions of developing countries' traditional focus on exclusive economic growth and 'grow-first, clean up later' mentality, the cases here managed to detach from this notion and jump straight into actively addressing sustainable development. The World Bank, for example, did not begin to focus on the environment until 1987, more than forty years after its establishment. This shift in focus was in response to serious criticism by civil society actors over the lack of attention to environmental impacts of large-scale development projects funded by the Bank (J. W. Evans and Davies 2015, 55). Combined with suggestions from the Brundtland Report (UN 1987), this external criticism prompted changes within the World Bank, which created the Environmental Department and established its first set of environmental safeguard policies in 1989 (World Bank 2012a). The AIIB and the NDB adopted their environmental and social safeguards soon after their launch, and their emphasis on sustainable development was there from the beginning. The GGGI's operating principle is based on the belief that economic growth and environmental sustainability can and should go hand-in-hand (GGKP 2013). These early directions give a positive sign to the overall effectiveness of the sustainable development regime, especially considering the other scenario where they prioritize economic development without considering environmental and social impacts.

As new institutions, my cases have the advantage of learning from pre-existing institutions. As Ji Liqun said in an interview, the 'world should have something different compared to the existing institutions, but with special features grounded in the learning and experience of those institutions' (Bremner and Han 2018b). In particular, the institutional features of the AIIB and the NDB reveal an undercurrent of criticism toward the operating style of the World Bank and the ADB with their privileging of a resident board that approves all loans (Cooper 2017; Dollar 2015a). The AIIB and NDB both deemed such a format to be not only a large strain on budgetary resources, but an impediment to efficient project management. The so-called Zedillo Report from a High-Level Commission on Modernization of World Bank Group Governance in 2009 was quite critical of the World Bank arrangement of a resident board that approves all loans. The World Bank's resident board[91] represents both a large financial cost – US$70 million a year – to the bank and an extra layer of management that slows down project preparation and makes the bank less efficient. Critics of the current resident executive boards at the IMF, the World Bank, and the regional development banks have also long argued that resident boards are too expensive to maintain, costing between 3 percent and 7 percent of the institutions' operating budgets (Martinez-Diaz 2008). Although the World Bank did not change in response to such criticisms, the AIIB and the NDB took note and in response, they chose to create a non-resident board, a format that allows decision making to happen in a timely and budget-conscious manner (Dollar 2015). For example, by instituting a non-resident board and a lean processing line, the AIIB approved four projects within six months of its launch date; more established multilateral lenders can take a year or two to do the same (The Economist 2016).

In addition to this institutional feature, the NDB demonstrates a more radical approach to multilateralism. Its commitment to the principle of equality in governance decision making stands out as one of the most striking characteristics of the NDB (Zhu 2015). Unlike other multilateral financial institutions, including the AIIB, the NDB is committed to a principle of equality across its core membership, exemplified by the equal share of votes despite the member states' different economic weights and rotating presidency. Although this form of innovation in terms of decision making has been subject to lengthy negotiations and is far from complete in operational practice, the principle of equality with respect to the NDB members' rights and obligations marks a distinctive shift in the application of the tenets of global governance (Cooper 2017). The NDB also shows a more pronounced departure from traditional institutions' emphasis

[91] For more details on the World Bank and ADB's resident board of executive directors, Nakhooda 2011.

on major infrastructure projects by focusing on green infrastructure and renewable energy projects.

The decision-making processes and governance structure of the GGGI have characteristics that are more similar to environmental institutions. Environmental negotiations operate under a more open, "one-member, one vote" process, rather than through closed-door meetings of major donors (O'Neill 2017). Each member of the executive organ of the GGGI, the Council, has one vote. The GGGI also acknowledges the power and leverage in environmental issues that Southern countries have. Given that over half of the world's population already lives in the developing world, and that in the twenty-first century the bulk of the world's industrial and population growth will occur in the South, the GGGI recognized their participation at this stage as critical to future global sustainability (O'Neill 2017). In fact, the GGGI has instituted several mechanisms to avoid being driven by donor countries. First, a different terminology for the member countries is used. Instead of opting for the conventional language of 'donor' and 'recipient' countries, or 'developed' and 'developing' countries, the GGGI uses "contributing" and "participating" members.[92] Second, the GGGI is mandated to have a balanced number of these members on its Council. The Council consists of no more than seventeen members, of which five are from contributing members, five are from participating members, five are from experts or non-state actors, one is from the host country, and one is the Director-General, the latter of which is without voting rights (GGGI Establishment Agreement). Third, the Council is expected to make every effort to reach decisions by consensus, and the adoption of decisions requires a majority of Contributing Members present and voting, and a majority of Participating Members present and voting. Fourth, the GGGI grants authority and leadership to representatives from participating countries to ensure that they have a strong voice within its governance.[93] The first president of the Assembly was former President of Guyana Dr. Bharrat Jagdeo, succeeded by former president of Indonesia Susilo Bambang Yudhoyono, who also serves as the Chair of the Council. As of 2018, former UN Secretary-General Ban Ki-moon serves as the President and the Chair.

Therefore, the new IGOs whose establishments were driven by middle and great emerging powers display a number of distinctive features. How this test of innovation plays out is still unfolding, but their pursuit has serious implications for the effectiveness of the sustainable development regime and governance as well as for their interactions with other institutions.

Institutional Deference, Mimicry, and Self-inclusion:

Despite these institutional innovations, improved representation, and efficiencies, there is little evidence that drastic changes will occur in the mode of operations and value systems in the sustainable development regime. The AIIB, the NDB, and the GGGI actively engaged in institutional deference, mimicry, and partnerships, resulting in self-inclusion and cooperative forum building in the sustainable development regime complex. These strategies greatly facilitated a smooth implantation of the new IGOs in the saturated regime. However, instead of fully utilizing the opportunity to address the weaknesses and inefficiencies of the pre-existing

[92] The current membership of GGGI consists of contributing and participating member states, with contributing members providing core funding of no less than US$15 million over three years or US$10 million over the first two years. Regional economic integration organization such as the EU can also join the GGGI as a full member.

[93] Perhaps the degree of insulation in an IGO reflects states' interests and/or distribution of power during the design stage. For instance, if a prospective IGO's state-membership does not include any great-power states to be placated with special privileges, then states can aim for more expeditious decision-making rules built on simple-majority voting rather than a veto for individual members (Tara Johnson 2014). -> this voting procedure/structure may have come from the fact that there is no major power as a member. And less state control.

IGOs, the new IGOs are, to varying degrees, reproducing the traditional template of infrastructure-focused, neoliberalism-driven sustainable development and established practices. In the private sector, incumbent firms are rarely the source of radical innovations, and it is entrepreneurial entrants that challenge and overthrow an existing dominant design (Unruh 2000). Nonetheless, these new entrants into the highly monopolized, neoliberalism-dominated sustainable development regime have generated limited innovation that would trigger a race to the top or generate more effective approaches to achieve inclusive sustainable development.

The AIIB, whose proposal and emergence received the strongest reaction from the international community and the US because of its chief architect, China, and its potential to become a challenger to the US-centered institutions, demonstrates the most similarities to the pre-existing institutions. Not only does the AIIB focus primarily on major infrastructure projects, but its design borrows heavily from the foundations of established IFIs, above all, the International Bank for Reconstruction and Development (IBRD) of the World Bank and the ADB (Cooper 2017). For example, in a linguistic analysis of the founding declarations of the three bodies, a detailed study demonstrates that they are virtually identical, save for two articles (Article 15 on technical assistance and Article 36 on references) in the AIIB that diverge from the template (Wan, 2016). Moreover, the pull toward reproduction of established practices is reinforced by the extension of membership to core actors in the international financial order and the use of co-financed projects with the World Bank and the ADB (Cooper 2017). As Wan (2016, 84) concludes: 'The newcomer AIIB is strikingly nested to the IBRD and the ADB'

In terms of membership of the AIIB's board, a degree of fairness was institutionalized, with China receiving only one seat among the 12 (non-resident) board of directors (AIIB, 2015). However, in a variety of other ways, Chinese control over the AIIB systematically reproduces the structural power provided for the US and Europe with respect to the post-1945 IFIs and within regional organizations such as the ADB where China and India have relatively small shares of voting rights (Reisen, 2015; Vestergard and Wade, 2013). Along the lines of the IFIs, the basic votes and founding members' votes are set, and the share vote is distributed based on the size of each member's GDP, providing China with a built-in advantage. China also has a dominant say in the selection of the AIIB president, who is a Chinese national. This dynamic closely resembles that of the World Bank and the IMF, whose heads have been selected by the US and Europe, respectively.

Institutional deference refers to one IGO's acceptance of another organization's exercise of authority. Deferring helps mitigate duplication and opportunities for regulatory arbitrage, but it also requires IGOs to surrender the ability to formulate their own rules (Pratt 2018). The AIIB's formulation and adoption of environmental and social safeguards that are modeled on those of the World Bank and the ADB, illustrates the AIIB's institutional deference to pre-existing major players in development finance. This strategy allowed the AIIB to avoid the adoption of conflicting rules and ensured cooperative relationships with World Bank and the ADB. Unlike the AIIB, the NDB did not demonstrate an explicit institutional deference to other major MDBs whereby it would have surrendered its ability to formulate its own rules. Instead, the NDB has made an explicit mandate to focus on sustainable infrastructure development, the concept that has been institutionalized in all major MDBs. As in the AIIB's case, sustainable development is enshrined in the NDB's Articles of Agreement. Co-financing with major players for the first few rounds of project investment can also be considered as institutional deference. By co-financing, the AIIB and the NDB abide by the rules and procedures of other MDBs and learn from the implementation stage, which in turn can reinforce the established practices even when the new IGOs finance projects on their own.

The GGGI also demonstrates institutional deference to pre-existing institutions. The GGGI's Establishment Agreement, a treaty text that re-established the GGGI as an IGO, is based on a number of treaty texts of innovative, hybrid IGOs – particularly in the global health regime – that have already been successfully established. By adopting key components of the treaty texts and governance architecture of pre-existing institutions, the task force team was able to emphasize the legitimacy of the treaty text and governance structure and convince and recruit potential member states.

From the beginning of their formation, the AIIB, the NDB, and the GGGI all engaged in 'self-inclusion' with the pre-existing framework and regime by forming strong partnerships with focal institutions such as the World Bank, as listed in the empirical chapters. This self-inclusion behavior is a common feature for the three cases and has important implications for sustainable development. Self-inclusion illustrates that their identities and approaches are not radically different from pre-existing institutions, including their approaches to addressing the governance gap. For example, the governance structure, rules of procedure, management staff, and other important features of the AIIB suggest that its mode of operation and practices are not as different as initially suspected and feared. The AIIB and the NDB are not challenging the existing practice and norms and are unlikely to trigger a race to the bottom. The GGGI and its partnerships with other major international players are adding another layer to liberal environmentalism, thereby reinforcing the environmentally sustainable, yet growth-oriented mode of development.

7. Conclusion

This chapter systematically compared the AIIB, the NDB, and the GGGI to each other, as well as to the failed attempts by non-Western countries to establish alternative IGOs. Based on the analysis, I argue that while different aspects of the contextual variables play a key role in triggering the establishment of an IGO, coalition building and niche finding are central success factors for my cases. The new IGOs also actively addressed reactions and feedback from the international community and incorporated important features that weakened the opposing arguments of the US and others. Early reactions mainly consisting of criticisms and pessimistic speculations about the proposal's prospects and the overall effectiveness of the development and environment regime greatly shaped the positioning and rhetoric of the new IGOs.

The AIIB, the NDB, and the GGGI have exerted themselves as entities similar enough not to cause conflict with pre-existing institutions. Not only are their governance structure, mode of operation, and environmental and social safeguards similar to major, pre-existing institutions, but the new IGOs have been actively forming various partnerships with them and engaging in 'self-inclusion' in the pre-existing framework and regime. The AIIB, NDB, and GGGI represent countries initiating and succeeding in 'forum building' instead of 'forum shopping.' The initiating countries have built forums within the existing framework, further fragmenting the sustainable development regime complex yet also creating coordinative and cooperative relationships with other major actors.

Therefore, the new IGOs pose little threat to the existing international order of development lending and sustainable development practices. The new IGOs signal not a race-to-the-bottom, but rather staying-the-same-together. Having Western countries as important members (for the AIIB and the GGGI), linking their mandate to the mainstream sustainable development regime to ensure successful establishment and implantation, and partnering with and building additional forums with major institutions all indicate there is little likelihood of radical innovations for advancing sustainable development. As they position themselves as partners for sustainable development, they reinforce the existing sustainability norms and practices. According to Nehru (2012), the most likely scenario of the development governance architecture will be one of "muddling through" in which stakeholders are likely to tinker at the margins at sharpening the specialization of each institution rather than push through any radical reallocation of financial and knowledge management responsibilities.

Chapter 8. Conclusion

1. Research Questions and Summary of Findings

Why do states establish intergovernmental organizations (IGOs)? As we saw in Chapter 2, IGOs serve as dispensers of collective legitimacy (Claude 1966; Slater 1969), vehicles in the international politics of agenda formation (Russel 1974; Weiss and Jordan 1976; Hopkins 1976; Ruggie 1980), forums for the creation of transgovernmental coalitions and policy coordination (Keohane and Nye 1974), and means through which the global dominance structure is enhanced or undermined (Cox 1983). IGOs also allow for the centralization of collective activities, hence increasing the efficiency of activities, and wield a degree of independence and autonomy to act as a neutral party in managing interstate disputes and conflicts (Abbott and Snidal 1998). Because of these roles and functions, IGOs have become an integral component of the international relations landscape (Barnett and Finnemore 2004), and they are at the heart of many global issues today (Hurd 2011).

Yet establishing *de novo* IGOs is costly and difficult. Most international governance areas are heavily saturated with diverse institutions whose designs are not random; they are the result of purposive interactions among states and other international actors to solve specific problems (Koremenos, Lipson, and Snidal 2001). It is much easier to keep using existing institutions and engage in forum shopping or regime shifting or to modify existing institutions, than it is to create entirely new institutions. This is because of a number of factors, including vested interests, coalition of incumbents in power, member states' satisficing behavior, and sticky institutional equilibria (Pierson 2004; Carey 2000; Hardin 1989; Young 2006; Jupille et al.). Empirically, past failed attempts to initiate and launch formal multilateral institutions demonstrate the difficulties, particularly for developing countries (Chapter 7).

In this context, I examined the new IGOs whose recent establishments were driven by middle power and great emerging countries, tracing their origins, establishment process, and implications on sustainable development. My cases were China's Asian Infrastructure Investment Bank (AIIB), the BRICS (Brazil, Russia, India, China, and South Africa)' New Development Bank (NDB), and the Republic of Korea's Global Green Growth Institute (GGGI), which have been established post-2010 to either finance infrastructure projects for sustainable development or promote environmentally sustainable economic growth in developing and emerging countries.

My dissertation sought to explore why emerging countries have turned to establishing *de novo* IGOs, what strategies they employed to ensure successful IGO establishment, and what implications these new institutions have for changing norms and practices of sustainable development. More specifically, my guiding questions were as follows:

1. Why and how did emerging powers establish new IGOs from scratch in the heavily saturated sustainable development regime?
2. What are the implications of these IGOs for the global sustainable development regime?

Various explanations exist for the motivation behind establishing of *de novo* IGOs, including the voice-exit model (Hirschman 1970), heterogenous/homogenous interests among major actors (Colgan et al. 2011; Urpelainen and Van de Graaf 2015), middle power diplomacy

(John 2014), and political attention on multilateralism after failure of bilateral efforts (Beattie 2015). Yet the literature and practitioners often assume that these institutions will function as a mechanism to realize the main drivers' national interests, downplaying the merits of multilateral governance and IGOs' agency and autonomy.

By assessing each explanation, I attempted to provide the best possible explanation of a given phenomenon (Peirce 1955; Beach and Pederson 2013) by asking the following questions about IGO creation: What were the main motivations? What was the international context? Who were the main drivers via entrepreneurial leadership? What were the resources and strategies employed? Further, I analyzed the prospects and implications of these new institutions in the context of sustainable development. During my fieldwork in Spring 2017 in Korea and China, I conducted expert interviews with policymakers, government officials, IGO secretariat staff, and scholars. My interviews revealed a predominantly realist view that perceived institutions as extensions of nation-state power. Interestingly, many of the government officials and secretariat staff held inconsistent views regarding their initiatives and pre-existing IGOs. They often viewed the latter as Western-dominated, inflexible, and outdated institutions but the former as independent IGOs created to fill a critical governance gap.

My analytical framework allowed linking the theoretical questions to the empirical analysis by summarizing what was theoretically known about IGO establishment. The resultant list of contextual variables, actors, and strategies had variable weights depending on the case; one factor would invariably be more important and have more explanatory power than the others. In each case, I highlighted relevant factors and downplayed others for improved analytical rigor. For example, although building an intergovernmental coalition was critical in shaping the identity of the AIIB, it was not essential to its successful establishment. It was, however, a critical factor for the successful establishment of the GGGI. For all my cases, while financial resources were less important, the leadership and entrepreneurship of political leaders and niche finding were significant factors that ensured the new IGOs' successful establishment and stable institutionalization within the existing regime.

Based on my analysis in the empirical chapters, I argue that emerging and middle power countries created IGOs as response to a combination of different international and domestic factors. For the AIIB, the NDB, and the GGGI, coalition formation and niche finding proved to be the central explanatory factors for their successful outcome. The cases in this study also delineate a process through which new MDBs interact with their social structural environment of pre-existing MDBs with similar functions and normative frameworks (AIIB and NDB), and green growth interacts with its social structural environment of sustainable development (GGGI). Whether the norms and ideas that these new institutions represent and embody had a high level of social fitness with the pre-existing framework was also an important factor determining the success of the proposed IGO.

I also argued that contrary to initial concerns and skepticism, my cases pose little threat to the existing norms and practices of pre-existing institutions and are unlikely to trigger a race to the bottom. On the contrary, these institutions and their architects engaged in 'self-inclusion' to the existing framework by forming various partnerships with major players and linking their mandate to sustainable development. With the addition of new IGOs as actors, the architecture of sustainable development has become a more complex and diverse landscape of cooperation. In terms of approaches and norms, however, it is unlikely that more radical ways of advancing sustainable development practices will emerge.

The aim and scope of my dissertation go beyond the 'power politics' of international institutions. The outcomes from this research can also shed light on how domestic interests and international reception can lead to the entrance and evolution of certain concepts, and how a country's particular approach can yield certain outcomes. An analysis of emerging middle and great powers to market themselves as leaders in sustainable development may also offer critical insights for future research on the diverse paths that a state may take in pursuing environmental policies. In the next sections, I offer theoretical and empirical implications of my dissertation research and directions for future research.

2. Broader Theoretical and Empirical Implications

My analysis contributes to four promising theoretical avenues for the study of international institutions. First, it includes state-centric approaches but treats IGOs themselves as meaningful actors who shape the menu from which state and non-state actors make their choices (Fomerand 2010). Second, it forges connections between rationalist, historical, and sociological approaches (Katzenstein, Keohane, and Krasner 1999; Wendt 2001; Duffield 2003). Third, it contributes to theoretical advances in integrating otherwise disparate accounts of institutional use, selection, change, and creation (Jupille, Mattli, and Snidal 2013). Fourth, it contributes to the burgeoning historical institutionalist research agenda in international relations by focusing on the prevalence of incremental and drastic changes in international governance (Fioretos 2011; Hanrieder and Zurn 2017).

My dissertation also offers arguments that help policy planners navigate the complex relationship between emerging middle and great powers, their IGOs, and sustainable development. First, there is growing evidence that these traditionally passive and/or opstructionist participants in international governance of the environment and sustainable development are now committed to social and environmental sustainability. The AIIB's ESF is but one extension of Beijing's increasing commitment to sustainability and should therefore be embraced by development stakeholders (Hanlon 2017). The BRICS' collective decisions to have the NDB focus on renewable energy projects in the context of sustainable development signals this highly institutionalized club of emerging countries wants to take development in a new, more sustainable direction, specifically through South-South development cooperation. Korea's ownership of green growth indicates that a middle power country, which had not previously prioritized environmental sustainability at the executive level, could successfully pioneer and promote its version of green growth to the international community in a short period of time.

Second, the new IGOs' policies and priorities on environmental and social sustainability should be treated as a significant development for developing parts of the world. If they had not responded to initial pushback and concerns about the impact of the new IGOs by emphasizing their focus on sustainable development and incorporating environmental and social policies, their impacts would have been significantly detrimental to developing countries, given the sheer scale and number of planned projects, as well as the lasting effects of infrastructure projects and policy implementation. Furthermore, the AIIB and the NDB have ushered in a third wave of MDBs at a time when traditional donors, such as the US, are placing less emphasis on multilateral aid for their own fiscal and political reasons (Wang 2016). This new dynamism in global public goods provision, brought about by the emerging economies, is encouraging.

Third, the new IGOs complement other pre-existing institutions, and as such, they should not be considered as a challenger to the existing order of development lending or sustainable development practices. As demonstrated in the empirical and comparative analysis chapters, the new IGOs, instead of challenging the existing norms and practices of sustainable development, reinforce them by forming partnerships with, partaking in institutional deference to, and learning from pre-existing institutions. They recruited Western donor countries as member states,[94] hired senior management staff from major institutional players, and linked their mandates to the mainstream concept and practice of sustainable development. Their self-inclusion to the existing regime and forum building in the context of sustainable development assure maintaining, if not strengthening, the existing norms and practices. Furthermore, healthy competition between the Bretton Woods institutions and the new MDBs – namely the AIIB and the NDB – could lead to new and innovative policy preferences within the development regime and more efficient and effective services to developing countries.

Relatedly, the process of building a new international regime and order is likely to be a slow and extended one. In advance of the first meeting of G20 leaders at the height of the 2008 GFC, analysts such as Joseph Stiglitz hoped for a 'Bretton Woods moment' in which the international monetary and financial system would be quickly and radically redesigned (Fioretos 2017). Whereas this expectation turned out to be too optimistic, the 2008 crisis did usher in a new critical juncture where new IGOs emerged, driven by middle and great emerging countries. Some see this changing landscape as a precursor to a global power transition, where the 'old order' put in place by the US and its Western allies over the last seven decades is under pressure (Ikenberry 2017). Nonetheless, the likelihood of major reforms of the sustainable development regime, even with the new additions, is unlikely in the near future. The new IGOs are already becoming entrenched within the institutional layout of the sustainable development regime complex, and that attempts to abandon it for more radical and innovative approaches would meet with institutionalized reinforcement due to feedback effect.

3. Directions for Future Research

The goal of my dissertation research was to assess why and how emerging and middle powers contribute to institutional proliferation and complexity of sustainable development. In addition to the empirical and theoretical contributions made above, this study also raises some interesting questions for future research. Most immediately, this study raises questions about generalizability: do these findings apply to other governance areas, aside from sustainable development? These questions could easily be addressed through additional case studies in other issue areas using the analytical framework outlined in Chapter 3.

This study also raises questions about the actual impact of projects financed and undertaken by the new IGOs in the context of sustainable development. The location and types of initial projects, financing mechanisms, and enforcement level of safeguards are all important indicators of what these new institutions represent, how closely their practices correspond to their rhetoric, and where they are headed. To what extent do they represent different or innovative approaches and normative values that would move the rather bogged down sustainable development movement forward? To what extent, as initially feared, do they exhibit practices with watered-down safeguards that can potentially trigger the race to the bottom as development agencies competitively lower their standards, resulting in deteriorating

[94] With an obvious exception of the NDB. The NDB, however, has started the process of bringing in more member countries to expand presence in the global arena. It was agreed that the 'bank will prepare a list of targeted countries to be invited for admission to the NDB and submit the list to the Board of Governors for approval' (The Economic Times 2017).

development practices? To what extent do they represent essentially the same practices and norms as existing institutions? Answers to these questions have shown will show more clearly how these new IGOs have positioned themselves within the global governance architecture for sustainable development. As all my cases are nascent organizations established since 2010, my dissertation focuses on the conditions and factors that have given rise to successful formal *de novo* IGOs and draws implications from the new IGOs' positioning vis-à-vis other major players, rhetoric, and the secretariat composition. Delving into the implementation side of the picture can further advance the second part of my guiding questions.

As examined in the empirical chapters, early signs show intensive coordination efforts between new and old institutions. This is in contrast to initial speculations about institutional rivalry and a race to the bottom (e.g., Chow 2016; Magnier 2015; Wihtol 2015; Perlez 2015; The Economist 2014; Anderlini 2014). For example, of the 16 projects approved by the AIIB since it started in January 2016, roughly three quarters have been co-financed with other development lenders such as the World Bank, the Asian Development Bank, and the European Bank for Reconstruction and Development (Lee et al. 2017). The GGGI, by forming various partnerships with the World Bank and the OECD, is positioning itself as a global player on green growth. How does this array of newly formed partnerships influence the effectiveness of a regime complex? Would forming partnerships and coordinating platforms, in addition to having Western donor countries as members, result in learning and sharing similar understanding and practices? The emergence of new institutions has been an impetus for institutional changes for these major players, resulting in actions such as re-focusing on infrastructure financing (Pilling 2015) and adopting revised environmental and social safeguards (The World Bank 2016). Having a theory about how institutions arise and evolve is more informative than theories of equilibrium in shaping a given set of institutions (Carey 2000; Bates et al. 1998; Kreps 1990). Yet theoretical work on this crucial issue of the sources of institutional origins and change continues to be scarce (Pierson 2004). Assessing the institutional responses from major institutions such as the World Bank and the Asian Development Bank will fill this gap. Further, how these existing institutions adapt to the emergence of new players is highly applicable to their future relevance and significance. Whether these changes result in positive spillovers is significant from the overall institutional effectiveness and governance perspective.

We are at the intersection of the shifting global balance of power, the changing configuration of multilateralism, and increasingly pressing, complex challenges such as climate change. My cases suggest that although the landscape is no longer monopolized by the Bretton Woods institutions, complementary institution building is actively taking place in the global sustainable development regime, whereby the new IGOs established by emerging powers attach themselves to existing multilateral institutions. Although the level of diversity in the approach and modalities of the new institutions is yet to be determined, the advantages and strategies available to navigate through a regime complex suggest that the global sustainable development regime is flexible and cooperative enough to allow for global progress on this pressing issue.

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