

REPORT

The Coral Reefs of Global Governance – How Formal IOs Make Informality Work

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Abstract: Informal international organizations (IOs) have rapidly become a prominent feature of contemporary global governance. Their rise has attracted considerable scholarly attention. But, so far, explanatory work has focused on identifying shifts in “demand” that increase the incentive for states to create informal institutions. Relatively less attention has focused on the related question of “supply”—the changes that have made it easier for more informal IOs to operate. On this front, some have suggested that changes in information and communications technology have been fundamental, making formal IOs less necessary and informal governance a more viable solution. I argue that this is only part of the story, and that such arguments overlook the important role of formal organizations in making informality work. Rather than becoming less essential, formal IOs—particularly, those capable of providing key resources and services to informal bodies—have facilitated their proliferation as instruments of cross-border governance. I illustrate this argument by analyzing aggregate patterns of formal IO involvement in informal governance and qualitatively examining the impact of the EU in particular—the most prominent supporter of informal bodies—to unpack the mechanisms at work.



1. Introduction

Informality has become a prominent feature of contemporary global governance. Increasingly, when states set down international rules and provide public goods they have relied less on treaties and relatively more on soft law, which deliberately eschews legally binding obligations.¹ Similarly, across a range of issue areas, in the place of formal international organizations (IOs), like the United Nations (UN) and the World Trade Organization (WTO), there has been a proliferation of informal IOs that exist in a “twilight zone” beyond the traditional boundaries of international law.² Within Europe, this shift has been especially pronounced. European states have made extensive use of informal instruments across numerous domains of world politics.³ And, even within the otherwise high-legalized integration and foreign policy processes of the European Union (EU), in particular, traditionally informal bodies like the European Council, the Eurogroup, and the E3—a body central to Iran nuclear negotiations—are becoming increasingly important.

This “move to informality” has attracted considerable attention from International Relations (IR) scholars, and the explanations offered to account for it have been quite diverse. Some have demonstrated how certain “problem structures” or the level of conflict between states can generate an incentive for them to establish institutions with informal designs.⁴ When issues require speedy decision-making, flexible implementation, or a high level of confidentiality, for instance, informal governance appears to have certain advantages. The presence of such problems is therefore expected to increase the likelihood that states will adopt an informal approach. Others have looked within states, observing how the involvement of independent agencies in negotiations and the political constraints policymakers often confront can lead them to embrace informality too.⁵ Together, these accounts suggest that globalization, growing international tensions, domestic political

¹ Pauwelyn, Wessel, and Wouters 2012.

² Vabulas and Snidal 2013; Roger 2020.

³ Bickerton, Puetter, and Hodson 2015; van Heumen and Roos 2019.

⁴ Stone 2013.

⁵ Roger 2020; Slaughter 2004.



polarization, and the broader transformations associated with the rise of the regulatory state have shifted “demand” for informal bodies, leading them to be created more frequently.

Through such studies, our understanding of the origins of informality has undoubtedly advanced. Yet, as Michael Manulak and Duncan Snidal have observed, current accounts only tell part of the story, since they neglect the related question of “supply”—the various factors that have made it *easier* for informal IOs to operate.⁶ Their argument, at its core, is that the growth of informality is not only a product of changes that increase the *incentive* for states to opt for non-binding institutional designs, but that the cost of supplying governance through informal IOs has also fallen, making such bodies more viable solutions—and formal IOs less necessary—than they were. Their analysis shows that this shift has been at least partly driven by the declining costs of communicating, travelling, and sharing information across borders. In the past, when these costs were high, formal IOs offered meeting points for diplomats and helped to efficiently transfer information. They were crucial for lowering transaction costs so that states could make mutually beneficial policy adjustments.⁷ Today, changes in technology have made it easier for officials to coordinate with counterparts abroad. In this new world, cross-border governance can be supplied with quite minimal institutions, and the number of informal IOs has grown in response.

In this article, I argue that in addition to falling information and communications technology (ICT) costs one of the crucial factors underpinning the rise of informality has been the prior proliferation of *formal IOs*—especially, ones that are well-resourced, with open-ended mandates. This is because an international environment already replete with such institutions is likely to change state calculations about the costs and benefits of informal designs. One of the key advantages of informal institutions is that they can be created relatively easily—at “low cost”—and, with their light institutional footprints, can flexibly respond to changing issues.⁸ These features may be desirable in many instances, as the literature has already shown. But informality also has costs. On their own, informal arrangements usually lack basic capabilities that most formal IOs possess, like secretariats, legal privileges and immunities,

⁶ Manulak and Snidal 2021.

⁷ Keohane 1984.

⁸ Vabulas and Snidal 2013; Abbott and Faude 2020.



financial resources, and enforcement capabilities. Falling ICT costs may have obviated the need for some of these things, making the choice for informality easier. But, equally, when formal IOs are plentiful, states can also rely on these already-existing institutions to extend their unique resources and services to informal bodies, helping to plug organizational gaps and make them more viable solutions to global problems.

This can happen in two ways. First, as states are designing new institutions, they may opt *not* to create formal IOs—even if, in a different context, this choice may have been warranted—when they can rely on those at hand to provide missing institutional features, like a secretariat. This is more likely when a number of well-resourced formal IOs are available to “lend” resources and provide services to a new body, making states more confident that low-cost institutions—which might otherwise lack key capabilities—can effectively operate as substitutes for formal ones. The stock of formal IOs, in this case, shifts calculations about the viability of this approach to cross-border governance and leads states to embrace informality more readily. Second, the presence of formal IOs may also allow informal bodies to avoid formalization later on. Sometimes, after states initially create low-cost institutions, organizations confront new challenges and states need to expand their capacities in response. In such instances, members may have an incentive to reconstitute an organization on a new legal basis, as when the General Agreement on Tariffs and Trade (GATT) was converted into the WTO. However, if basic capabilities can instead be “borrowed” from a pre-existing formal institution, this reduces pressure to do so. An organization may then remain informal, which may not have in another context.

Overall, I argue, when there are numerous, well-resourced formal IOs operating in a region or issue area they can operate like a “coral reef” that makes it possible for a larger number of informal IOs grow, thrive, and survive.⁹ Collectively, like changes in ICT, they help to make informality work, and this relieves some of the need for states to create more formal IOs. In contrast with Manulak and Snidal’s argument, however, they are hardly less necessary. Rather, when seen from this perspective, formal organizations have actually been essential for the proliferation of informal institutions. The rest of this article develops this theoretical

⁹ This metaphor has been employed in related contexts by Tarrow 2001 and Green 2013.



insight and provides a preliminary demonstration of its ability to illuminate patterns of informality. I begin, in the next section, by situating this argument within the literature and explaining how the spread of informality is likely to be partly endogenous to the prevailing institutional environment—namely, the number of formal IOs available to plug organizational gaps. Second, I demonstrate that aggregate patterns of governance provide evidence consistent with this account. Looking across organizations and at overall patterns of institutional development, in particular, I show that formal IOs have provided extensive support to informal institutions, and that well-resourced, general-purpose institutions have been especially important—the EU in particular. Third, I zoom in on the European experience to unpack the causal mechanisms at work, focusing on the EU’s involvement in two informal bodies: the European Cooperation in Science and Technology (COST) and the European Research Coordinating Agency (EUREKA). The conclusion then extends the paper’s findings, explaining how they speak to ongoing debates in IR and outlining future research avenues.

2. Theorizing the “Supply” of Informal Organizations

The rise of informal IOs has been much puzzled over in recent years. Once thought of as exceptional, IR scholars have increasingly documented their extraordinary growth since the end of World War II, as shown in Figure 1.¹⁰ Today, they are central instruments of global governance, constituting as much as 30-40% of all currently active IOs.¹¹ This has inevitably led to questions about the drivers and implications of this trend, and a number of answers have already been provided. Some scholars have offered functionalist explanations that tend to cast informal organizations in a favourable light. According to these accounts, the prevalence of informal IOs in specific regions and issue areas, has been linked to characteristics of the problems states face—whether there is demand for fast, flexible, and relatively confidential institutions, for instance.¹² States have increasingly relied on informal bodies, on this view, because they are better “matched” with the new kinds of challenges states have confronted as globalization and interdependence have deepened. Others have offered explanations that paint a somewhat darker picture. Power-based accounts, like

¹⁰ Data is drawn from Roger 2020.

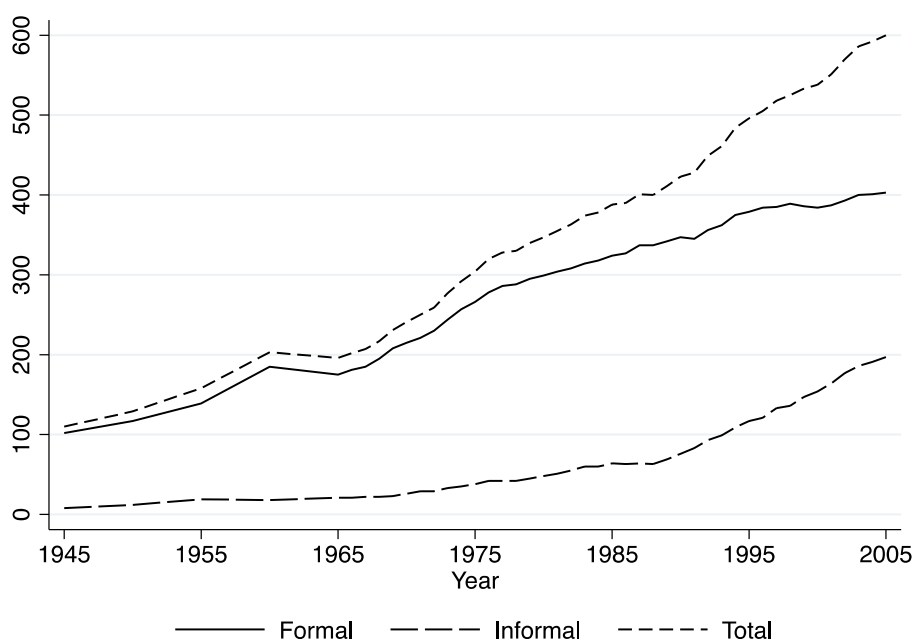
¹¹ Roger and Rowan 2021a.

¹² Vabulas and Snidal 2013.



Randall Stone's, suggest that states have opted for informality because their relationships have become more conflictual, making it difficult to agree on the design of formal institutions; while liberal theories explain that growing domestic constraints and the involvement of independent agencies are leading states to embrace informality, even when this is suboptimal from a broader policymaking perspective.¹³

Figure 1 The Growth of Informal IOs



These accounts are quite different in nature. However, there is a common thread that links them: all focus on the shifting “demand” for informality. In each, that is, scholars have explained the growth of informal institutions by pointing to changes in the global political landscape — new problems, growing conflict, domestic political shifts, etc. — that have increased the incentive for states to establish such bodies. No doubt, this is an important element of the story. Yet it has become apparent that it is not the only one, and that current accounts neglect the corresponding question of “supply.”¹⁴ This view has been most forcefully expressed by Manulak and Snidal, who have recently argued that falling ICT costs have also made it *easier* for officials and experts within states to share information and communicate

¹³ Stone 2013; Roger 2020.

¹⁴ Manulak and Snidal 2021; for a similar argument, see Hopkins 1976.

with one another, and that this development has diminished the benefits of “organizational centralization” and specialized staff within an independent secretariat. With less need for the kinds of benefits that formal IOs have traditionally provided, policymakers have little reason to pay the high costs—both financial and political—needed to attain them. Informal designs constitute more plausible avenues for cooperation that can supply similar levels of governance at much lower cost.

Manulak and Snidal offer an important corrective to current debates. They are correct in their theoretical observation that this sort of supply-side mechanism operates differently from those scholars have focused on so far. Technological change and the “information revolution” have also, undoubtedly, enabled new ways of cooperating across borders. The growing quantity and quality of the interactions between public officials occurring outside of the official diplomatic channels provided by formal IOs—in Europe and the transatlantic area, for instance—offers a testament to this idea.¹⁵ I argue, however, that changing ICT costs are not the only factor that has augmented the supply of informal governance, and, specifically, that the approach taken by Manulak and Snidal overlooks the important role that *formal IOs* have played in making informality work. Far from diminishing in importance, they have actually been one of the central factors underpinning the proliferation of informal institutions. This is so, I explain, because many formal IOs have extended key services and resources to informal bodies that help to increase their viability as “low-cost” solutions to global problems. And, when a large number of institutions play this kind of role, this changes state calculations about the costs and benefits of informal governance, relieves states of pressure to use a treaty, and leads them to create more informal bodies.

The logic behind this argument begins from the observation that informal designs are often *not* optimal when considered in isolation. Informal bodies are certainly “cheap” to create. This constitutes a real advantage in many instances. But it does come at some expense, since IOs constituted without binding instruments often lack crucial features—independent secretariats, large budgets, enforcement capabilities—that can leave them ill-equipped in the face of many problems. Falling ICT costs may have reduced the need for these, as Manulak

¹⁵ Hopkins 1976; Slaughter 2004.



and Snidal argue, by making it easier to coordinate without complex institutional arrangements. However, this is not always so. Across many domains of world politics, states still need centralized, independent, and relatively powerful regulatory bodies, and a number of informal IOs have been “formalized” at later stages.¹⁶ So, it appears that real organizational gaps may remain. One study by Stewart Patrick gives a sense of this. He explains that while informal arrangements do have advantages, their ability to address global problems can be quite limited because they often lack capabilities, like those described above.¹⁷ A second by Verdier has shown the ways in which the informal designs of certain financial institutions have been “mismatched” with the underlying problems they are asked to address.¹⁸ And a third by Roger, which performs a similar analysis on a wider set of formal and informal bodies, has found that the latter are more likely to be mismatched than the former.¹⁹

These studies helpfully caveat some of the more grandiose claims that have been made about informal governance. What they fail to account for, however, are the resources and services that formal IOs sometimes provide their informal counterparts, supplying some of the institutional backbone they would otherwise lack. Many informal bodies do not possess their own meeting facilities, for example, yet they can make use of those owned by formal IOs, benefiting from the centralization they offer.²⁰ Informal bodies also frequently lack independent secretariats of their own. However, in certain instances formal IOs have played a surrogate secretarial role, providing informal bodies with the benefits that an independent secretariat and staff would usually afford.²¹ In these cases, informal institutions form close relationships with formal IOs and profit from their resources, privileges, and immunities: costs are defrayed, capabilities are enhanced, and legal protections are obtained. But many more informal bodies have benefited from looser relationships too. Formal IOs often provide funding and analytical support for informal institutions, and have sometimes facilitated the implementation of informal rules, even when the links between institutions are less tight. The

¹⁶ Hawkins et al. 2006.

¹⁷ Patrick 2015.

¹⁸ Verdier 2009.

¹⁹ Roger 2020.

²⁰ Vabulas 2019.

²¹ Ibid.

OECD, for instance, appears to have supported a wide array of informal IOs, like INTOSAI and the Deauville Partnership, and the Bretton Woods institutions have been crucial for promoting compliance with the standards set by the Basel Committee.²²

These types of direct and indirect relationships augment the capabilities of informal IOs. Certainly, states can—and frequently do—provide secretariats, meeting spaces, and other resources themselves, or on a rotating basis. But when formal IOs do so informal bodies benefit from their independence, their legal privileges and immunities, and their unique regulatory capabilities. They do not become formal IOs in the process, but informal IOs can begin to operate *as if* they were. Knowledge of this possibility can, accordingly, be expected to change state calculations about the costs and benefits of informal designs. First, it may increase the likelihood that states will opt for informality when they are in the process of establishing new institutions. When states anticipate that formal IOs will be available to “lend” resources and services to plug organizational gaps in informal bodies—helping them to operate more effectively—this increases confidence in their viability and reduces the need to create new formal institutions. Even if the functional “demand” for formality was constant, then, we could expect the number of informal IOs to rise over time. Second, in cases where the demand for formality increases after an informal body is created—perhaps, due to a shift in the nature of a problem or an expansion of regulatory objectives, as occurred in the GATT/WTO case—the availability of formal IOs should reduce the need for states to fully “formalize” using an international treaty. Rather than converting an informal body into a formal IO, as has sometimes happened, states can upgrade the capabilities of an informal body by “borrowing” resources and services from pre-existing institutions. This lowers the cost of producing governance and allows an organization to maintain an informal design, even if this choice would have been suboptimal in a different institutional context.

Of course, not all formal IOs can play this role. Larger, better equipped institutions are more likely to have the wherewithal to engage in these kinds of activities. Those with bigger facilities, larger budgets, and more staff will find it easier to lend space, provide resources,

²² Christiansen and Piattoni 2003; Brummer 2012.



and offer unique services to informal bodies.²³ Mandates may matter too. General-purpose organizations should be more likely than narrowly focused, task-specific bodies to regard these kinds of activities as somehow advancing their diverse objectives, and may provide support to a wider range of organizations.²⁴ Overall, as well, formal IOs with these characteristics are likely to be unevenly distributed across the global landscape. Specifically, we can expect them to cluster in regions or domains where richer, more tightly integrated, and more democratic states have tended to predominate—like Europe and North America—since these actors have historically been the top creators of formal institutions.²⁵ Ultimately, this has implications for divergent patterns of informality across regions and issue areas. Where such institutions are prevalent, the calculus of cooperation should shift more decisively, leading the number of informal bodies to rise in response. When more formal IOs are available to provide resources and services to supply the missing features of informal bodies, confidence in the viability of such solutions should increase. Low-cost institutions will not only be cheap but also more “cost-effective” global governors than they would otherwise be. And, as the costs of producing governance fall—as the “stock” of formal IOs grows in a region or issue area—this should be followed by growth in the number and share of informal bodies in operation.

3. Analyzing Aggregate Patterns of Formal IO Support

Already, there is some evidence that is consistent with this theory. We know, for instance, that informal institutions have expanded in the wake of the tremendous growth of formal IOs since the end of World War II. Further, as Figure 1 shows, there appears to have been an important substitution effect, since the rate at which formal IOs have been created visually levels off when the informal growth rate picks up. Available statistical analyses also suggest that there may be more behind this than a shift in demand or changes in ICT technology, with formal IOs playing an important role. In Roger’s analysis of the origins of informality, for example, he found that design choices are at least partially endogenous to the prevailing institutional context: as the number of formal IOs grows, he shows, the likelihood increases

²³ Heldt and Schmidtke 2017; Hale and Roger 2014.

²⁴ Hooghe, Lenz, and Marks 2019.

²⁵ Haftel and Thompson 2006; Hooghe, Lenz, and Marks 2019.



that states will adopt an informal design.²⁶ If we look at state-IO membership, we find similar patterns as well. European and North American states have been the biggest participants in formal IOs and also have the largest share of informal bodies in their governance portfolios. Other regions, where formal IOs have been less numerous, are comparatively less involved. And, again, the effect appears to be a causal one: the more formal IOs a state is a member of, the more informal ones they tend to join later on.²⁷

These prior findings lend some support to the argument I advance. They indicate that there is, at least, an important association between the number of formal IOs in operation, or which one is a member of, and later institutional design choices. To probe the theory's merits further, I start by unpacking the aggregate dynamics surrounding this relationship, exploring patterns of formal IO support for informal organizations. To do so, I draw on the dataset of informal IOs created by Roger and Rowan (2021). This is the most comprehensive dataset available and provides a starting point for investigation. Within this set, I focus on the 200 or so listed as "currently active" in 2010, and for each organization I examine the direct and indirect assistance that formal IOs have received, as well as the specific formal IOs providing this support. To code instances of "direct" support, I examined IO websites, official documents, and secondary sources to determine whether a formal IO provides or hosts the secretariat of an informal body.²⁸ This kind of support is usually clearly stated and easy to observe. Less easily observed are instances of "indirect" support. To code these, I leverage the short descriptions in the *Yearbook of International Organizations*, which include self-reported information about "IGO relations" for each body.²⁹ These provided an initial list of associations, which were then cross-referenced with publicly available information on IO websites, like official histories and annual reports. An organization was then recorded as having received indirect support if a listed formal IO was found to either: i) provide funding or technical assistance to an informal IO, or ii) be explicitly involved in the implementation of

²⁶ Roger 2020, p.97-98.

²⁷ Roger and Rowan 2021b.

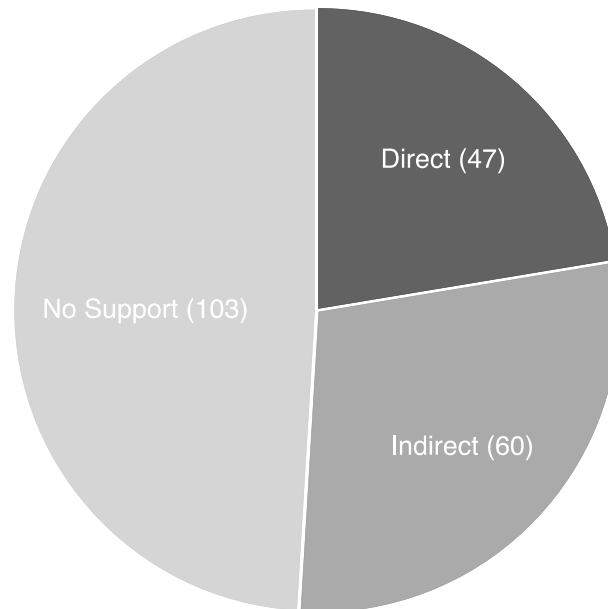
²⁸ Where a relationship was unclear, further information was solicited from a secretariat. Copies of all webpages and documents are on file with the author.

²⁹ Union of International Associations 2009.



projects or rules, usually through joint programs.³⁰ These data were then used to generate a list the formal IOs involved, and information on the amount of support they have offered.

Figure 2 Assistance Received by Informal IOs in 2010



The results, shown in Figure 2, reveal that informal IOs currently receive substantial levels of support. Overall, more than half (51%) have a close relationship with one or more formal IO. Of these 107 organizations, 47 have received “direct” support. This means that nearly a quarter of all informal IOs have secretariats that are provided or hosted by a formal IO. This level of support is only a minimum bound, however. It signals a particularly tight connection between a formal and informal IO. But an informal body may receive considerable assistance beyond this, including funding, technical assistance, and help with the implementation of programs or rules. The Financial Stability Board (FSB) offers an example. It is based at the Bank for International Settlements (BIS) and “counts” as an informal organization receiving direct support. Meetings usually take place at the BIS headquarters, and it receives a variety of secretarial and analytical services. Yet it also has a substantial relationship with the IMF and

³⁰ Minor instances of inter-organization cooperation, like permitting IO observers or having an IO as a member, were not included.

the World Bank, which help to enforce the standards it sets.³¹

In other cases, the relationship between organizations is looser. But these amount to a substantial number too. In total, at least 60 informal organizations—almost 30% in total—have enjoyed indirect support from at least one formal IO. Most frequently, this means that an organization has received funding and technical support from a formal IO, of the kind just described, but without direct secretarial support. An example, here, is the Versailles Project on Advanced Materials and Standards, an informal organization that aims to facilitate trade through harmonization of measurement methods and the establishment of best practices in the area. It operates separately from other institutions and has its own secretariat, but it has received considerable analytical support from the International Energy Agency and the International Bureau of Weights and Measures, two formal institutions. In many cases, though, indirect assistance has again extended far beyond this. As with the FSB, we often see formal IOs cooperating with informal bodies in the implementation of major projects or helping to enforce and thereby “harden” the soft laws they create.³² In the case of the International Organization for Securities Commissions, for example, while it has its own secretariat based in Madrid, it has worked extensively with formal IOs, like the World Bank, IMF, and BIS to support implementation of the rules it sets.³³ The capabilities of informal IOs have, therefore, been considerably enhanced even when the relationship between institutions is more distant.

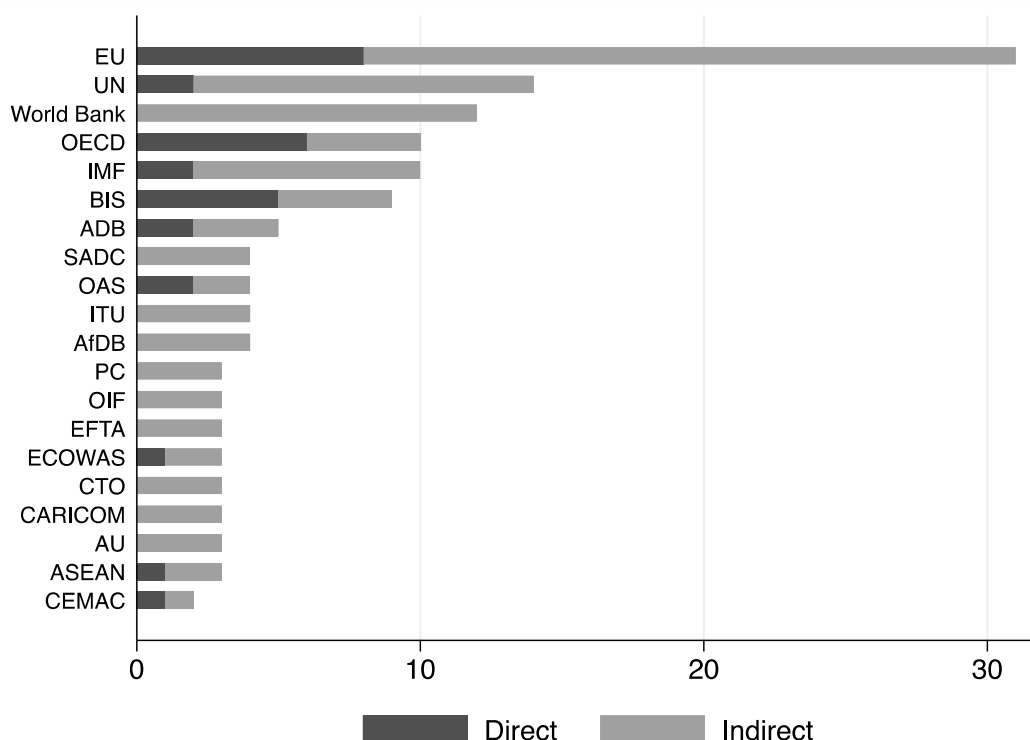
³¹ Brummer 2012.

³² Newman and Bach 2014.

³³ Brummer 2012.



Figure 3 Support Provided by Formal IOs in 2010



Of course, many institutions appear to have received no assistance from formal IOs—just under half of the total.³⁴ However, the evidence presented above clearly indicates that states do regularly use formal IOs to augment the capabilities of informal bodies—it is hardly anomalous. When doing so, it also appears that they have relied on a particular set of formal organizations that aligns with the theory outlined in the previous section. Indeed, if we now turn to the set of formal IOs involved, the distribution of responsibilities has clearly fallen unevenly across institutions. In total, around 80 formal organizations were found to be assisting informal IOs in 2010. This represents less than a fifth of all those active at this time. Within this group, as well, levels of activity vary considerably. Most organizations provided only one instance of support in 2010, while the top-20 organizations shown in Figure 3 were responsible for almost two-thirds of total assistance, along with most of the direct support offered to informal IOs. The EU—responsible for 31 instances of direct and indirect support—

³⁴ Note that, if anything, this likely overstates the number receiving no support, since the approach to data collection has mainly relied on publicly available information. There may well be additional instances where assistance has not been publicly disclosed.

stands out as the most significant provider of assistance, by far. It is followed by the UN, the World Bank, OECD, IMF, and BIS, and a number of other well-known IOs.³⁵

A visual inspection of the institutions in Figure 3 suggests that the major supporters are all relatively well-resourced, general-purpose organizations, as expected. To confirm this statistically, Table 1 presents results from a simple analysis using Hooghe et al.'s International Authority dataset, which covers more than 70 formal IOs.³⁶ The dependent variable is a count of all instances of formal IO support—both direct and indirect, as displayed in Figure 3—provided to informal bodies in 2010. The independent variables drawn from Hooghe et al.'s dataset include whether an organization is general-purpose or task-specific (*Scope*), budget size (*Resources*), independence (*Authority*, an average of Hooghe et al.'s pooling and delegation variables), the size of an organization (*Membership*) and its *Age*. In addition, I include controls for the mean level of *GDP* and democracy (*Polity*) across state members. All these scores are from 2009. The coefficients, estimated using negative binomial regression, show that an IO's *Scope* and *Resources* are, with *Membership*, the most important determinants of their support for informal bodies. All have a positive, statistically significant relationship with the dependent variable, and their effects are almost equally large.³⁷ Other variables and controls point in predictable directions, but only *Polity*—members' level democracy—is statically significant.

³⁵ In this figure the “UN” refers to the UN Secretariat. If we include UN sub-bodies like, UNEP, UNDP, and UNECE in this figure, the total is slightly higher—19 instance of support.

³⁶ Hooghe, Lenz, and Marks 2019. For detail about the coding of each independent variable and access to the dataset, see: <https://garymarks.web.unc.edu/data/international-authority/>

³⁷ To facilitate comparison, the marginal effects are semi-standardized.



Table 1 Main Results

Variables	Coefficient β	Mfx
<i>Scope</i>	1.219 (0.434)***	0.602
<i>Resources</i>	1.051 (0.282)***	0.565
<i>Authority</i>	0.529 (1.661)	0.062
<i>Membership</i>	0.008 (0.003)***	0.556
<i>Age</i>	-0.009 (0.008)	-0.256
<i>GDP (mean)</i>	0.031 (0.019)	0.378
<i>Polity (mean)</i>	0.089 (0.048)*	0.351
<i>Constant</i>	13.71 (15.56)	
Alpha	0.084 (0.365)	
Observations	74	
Log Likelihood	-121.4	
Wald chi2(7)	38.84	
Prob > chi2	0.000	

Robust standard errors in parentheses;
* p<0.1; ** p<0.05; *** p<0.01.

4. Case Studies: EU Support for COST and EUREKA

The analysis above confirms several of my argument’s observable implications, providing a base of supportive evidence. However, it does not show how important formal IO assistance has been for choices about informal institutional designs, either by reducing the need to rely on a formal body at the outset or relieving pressure to formalize when problems change later on. To further unpack the mechanisms at work, I therefore undertake a qualitative analysis of two cases: COST and EUREKA. These were selected for two reasons. First, because they offer examples of each type of assistance (direct and indirect) by the most prominent formal IO supporter—the EU. They should, then, give us a sense of its importance for their operations, albeit in different ways. Second, because both are involved in coordinating European funding



on research and development (R&D), have been motivated by technological developments, and have focused on ICT projects to a considerable extent. The cases should, accordingly, offer a favourable terrain for Manulak and Snidal's argument, and a somewhat less favourable one for my own. Although I do not regard their approach as a strict "alternative" to my own, the fact that the EU has been so decisive for both organizations—as I show—should increase confidence in the generalizability of the argument I have advanced.

I. *European Cooperation in Science and Technology (COST)*

COST is an international organization designed to provide funding for scientific and technical research among European states, typically in collaboration with states from beyond the EU. Set up by ministers of research in 1971, it has traditionally focused on precompetitive or non-commercial projects of public interest that bring together cross-national research groups in the fields of *inter alia* informatics, telecommunications, transportation, oceanography, metallurgy, environmental protection, and meteorology. The organization operates according to a non-binding framework where members propose "actions," where participation occurs on a voluntary basis through the signing of MOUs between variable groups of states, and where project management is coordinated internationally but funding generally occurs through national frameworks. As far as IOs go, it has had a relatively low profile. Yet it has consistently played an important part in pan-European scientific and technological collaboration—indeed, it was the very first organization of its type—and its flexible, "à la carte" formula has often been regarded as a success.³⁸ Less often noted, though, is the crucial role the European Community/EU has played behind the scenes in making its limited institutional structures work.

This is somewhat ironic given that COST emerged from a failed effort to establish a single Community science and technology policy in the 1960s.³⁹ At that time, there was a growing sense that technological developments were rapidly changing and becoming fundamental to future economic growth.⁴⁰ Further, without a major increase in R&D spending, and a

³⁸ Roland 1988.

³⁹ Peterson and Sharp 1998.

⁴⁰ Sandholtz 1992.



collaborative approach, European states risked falling behind the United States (US).⁴¹ This realization led to several prominent proposals for a European Technology Community, and, eventually, the creation of a Sub-committee on Scientific and Technology Policy (PREST) under the Council of Ministers in 1965 to identify a path forward.⁴² PREST produced two major reports with recommendations for new institutional arrangements and proposed several areas where high-tech collaboration could occur. However, disagreements within the expert groups that were set up to finalize the details proved insurmountable, particularly over the issue of participation by non-member states. After the summit of European heads of state and government in The Hague in 1969, an intergovernmental conference scheduled to establish a new organization was then abandoned as a result. In the wake of this development, though, a Committee of Senior Officials (CSO) that had been envisaged in the original proposals was created in 1970 through an exchange of letters between research ministers. This group was delegated responsibility for fleshing out the “legal framework and the administrative and financial arrangements to be adopted” and would itself become the nucleus of COST, persisting after its creation as the organization’s executive body.⁴³

Within the CSO, many of the same issues plagued negotiations. Initially, officials envisioned a legalized, bureaucratic arrangement—a formal IO—that would pool project resources. But due to the deep divisions between countries that outcome appeared increasingly unrealistic. In response, the CSO considered a “less specific and less binding” option.⁴⁴ This reflected the lowest-common denominator across states, and eventually won out. The issue with this approach was that a flexible arrangement built upon incongruent national systems, without any supranational element, entailed real costs that “had to be compensated for.”⁴⁵ On its own, an informal IO would lack many of the unique administrative capabilities and the legal personality thought to be necessary.⁴⁶ The only way these could be provided without creating

⁴¹ Sandholtz 1992.

⁴² PREST was, formally, a sub-committee under the Committee for Medium-Term Economic Policy, which had been created by the Council in 1964.

⁴³ Council of the European Communities 1981, p.48.

⁴⁴ Roland 1998, p.13.

⁴⁵ Ibid.

⁴⁶ Aked and Gummett 1976, p.280.

a formal IO, policymakers believed, was through support from a well-resourced institution. As Antonio Sacchetti—a legal advisor closely involved in these discussions—observed shortly after its creation, COST represented:

a form of international organization whose extremely simplified structures could not justify its autonomous existence without a direct attachment to other organizations with an already consolidated political and administrative structure.”⁴⁷

In practice, this would mean the European Community. COST was, under the CSO, evolving into an independent institution with its own membership and governance structures, but due to its genesis as a Community initiative the Council and European Commission maintained a close involvement in its work. They stepped in to serve as COST’s “implementing agent.”⁴⁸

COST was given definitive shape through a resolution at a conference of European ministers in 1971. This set out an operational framework that was non-binding, easy to conclude, and offered considerable flexibility. But, from the outset, this loose structure was combined with the capabilities of a formal IO. Basic costs and services were to be provided by the Council Secretariat, and the Commission would be involved in managing and monitoring implementation of specific actions. Ultimately, this was critical to its design. An informal approach alone was clearly regarded as inadequate—some level of formality was needed. In a different context, this may have forced states to create a formal IO.⁴⁹ However, the ability to rely on an already-existing institution relieved policymakers of the need to do so by making them more confident that an informal approach could work. Effectively, the Community’s involvement stabilized COST’s design, becoming a permanent feature for decades afterward. And, even when the EU’s role as COST’s implementing agent ended in 2003—taken over, at this point, by the European Science Foundation—it has continued to provide substantial indirect support, which can be just as important for the functionality of an informal IO.

II. *European Research Coordinating Agency (EUREKA)*

EUREKA offers a compelling example of the impact indirect support can have on questions of

⁴⁷ Sacchetti 1974, p.449.

⁴⁸ COST 2011.

⁴⁹ Or, plausibly, without confidence in COST’s viability, cooperation may simply have ended.

institutional design. At a basic level, the organization is similar to COST. Created in 1985, EUREKA is a non-binding and flexible institution that coordinates research funding according to an analogous “à la carte” formula. The fields it is active in overlap considerably—informatics, telecommunications, transport, etc.—and it has largely been regarded as a successful model of cross-border collaboration too. But there are also important differences. For instance, in contrast with COST, which mainly provides funding for basic research by institutes, research centres, and universities, EUREKA supports R&D by European firms and industry groups aimed at bringing new products to market. It has had a much higher profile as well. Whereas COST has largely flown under the radar, performing a “useful, if low key” role, EUREKA has generated considerable controversy over the course of its history.⁵⁰ And, finally, the role of the EU in supporting its activities has been less direct. Yet, in key respects, it has been no less crucial for the way the organization has evolved over time.

The motivation for creating EUREKA stemmed from renewed concerns among European states about the possibility of a “technology gap” between them, the US, and Japan.⁵¹ By the early 1980s, Japanese firms were having an enormous impact on global markets for high-tech products. And, in 1984, the US announced the Strategic Defense Initiative (SDI), which, in addition to its troublesome implications for arms control negotiations with the Soviet Union, promised to inject massive new funds into US high-technology firms that would sap researchers and expertise out of Europe. Almost immediately afterward, French President Mitterrand proposed a new organization aimed at countering the civilian dimension of SDI and bolstering the electoral prospects of the Socialist Party in France. It quickly gained support from Chancellor Helmut Kohl and the German Minister of Foreign Affairs, Hans-Dietrich Genscher, as well as ministers from other European states and a host of industry groups. But there were differences over the design of the initiative, namely between the French (who proposed “an autonomous European agency”) and the Germans (who were concerned that the “proposal wouldn’t have got through the German parliament” and pushed for a less ambitious approach).⁵² Deferring to German preferences, negotiators “agreed to develop a

⁵⁰ Peterson and Sharp 1998, p.31.

⁵¹ Peterson 1993; Chandler 2005.

⁵² Riesenhuber 2015, p.15.



flexible and open form of cooperation” and launched EUREKA in Hannover within a year after the idea had first been proposed.⁵³

The French and Germans were adamant that EUREKA should be created outside of Community structures. The EC, though more active in the field of research at this time, was therefore not granted a direct role in the fledgling initiative.⁵⁴ Unlike COST, therefore, a small secretariat was instead established as a non-profit purely as a project “clearinghouse” with no funds of its own. The EC was, nevertheless, an important consideration—a fact signalled by the decision to locate EUREKA’s secretariat in Brussels—and it offered a high level of indirect assistance.⁵⁵ For instance, beyond its participation in EUREKA projects as a regular “member,” it provided advice aimed at heading-off possible adverse implications for market competition arising from inter-firm collaboration, and promised to support any technical standardization efforts resulting from EUREKA projects. The EC also seconded an official to serve in EUREKA’s secretariat, covered one-sixth of its operating costs, and provided technical support related to the information systems and networks that would be used. This included making available the database system that it had developed for the management of its own international research programmes—interestingly, an instance where crucial ICT was actually being supplied by a formal organization. This was important assistance that helped to lower EUREKA’s start-up costs and contributed to the organization’s early successes. However, the EU’s role would increase considerably in the 1990s as challenges arose.

By EUREKA’s 16th Ministerial Conference in Istanbul, in 1998, high-level representatives sensed that problems were accumulating and authorized a Strategic Review to make recommendations. The subsequent report, issued in March 1999, confirmed their worries: much had changed, and the organization was not prepared.⁵⁶ European firms faced growing competition, a new “network economy” had emerged, and small-and-medium-sized enterprises (SMEs) were becoming increasingly important within EUREKA’s portfolio. To

⁵³ Ibid.

⁵⁴ Peterson and Sharp 1998.

⁵⁵ Commission of the European Communities 1986, p.12-15.

⁵⁶ Georghiou et al. 1999.



remain relevant, it needed to offer new kinds of support. Yet the organization seemed unable to take “corrective action” due to insufficient continuity between chairs, declining political commitment, and a secretariat that was “insufficiently resourced to compensate for other deficiencies in the network.” The report then outlined several possible responses, labelled *Autumn*, *Winter*, *Spring*, and *Summer*. The first two indicated how bad the situation was. *Autumn* entailed “business-as-usual,” which was expected to result in a slow descent into irrelevance and an “undignified death.” *Winter* involved accepting that cooperation had run its course, and actively terminating cooperation. The *Spring* and *Summer* options, by contrast, outlined paths where corrective action was taken to improve the organization’s prospects. However, their respective emphases were quite different.

In *Spring*, EUREKA would attempt to “re-launch to re-vitalize,” particularly to establish a secretariat with greater capacity to initiate policies, pool funding, and attain a firmer financial footing for the organization’s activities. This was, by far, the most ambitious course of action, entailing quite significant political and financial costs. But it was not entirely necessary to shoulder these. Indeed, *Summer*—the final option—offered an even more promising alternative and could be accomplished through a minor revision to the Hannover Declaration. Rather than relaunching, EUREKA could also “re-orientate” by building a stronger, more “synergistic relationship” with the EU. By drawing on its resources and capabilities, and reframing EUREKA activities in ways that would benefit the larger, more formal IO, it could fill out gaps in the network and achieve greater success in the long-term. Ultimately, this was the path EUREKA pursued. In 2000, a joint working group was established with officials from the EC, and a host of collaborative initiatives were agreed upon, laying the basis for two major programmes that dramatically expanded EUREKA’s impact: Eurostars (focused on SME’s) and InvestHorizon (focused on deep tech companies). In this way, then, an informal IO responded to the challenges it faced—charting a middle way between decline and IO death and a costly formalization process—by partnering with a well-resourced formal IO.

5. Conclusion



The two cases therefore demonstrate the mechanisms described in section 2 and show that both types of formal IO support can play a role—even in instances where organizations have been motivated technological developments and largely focused on ICT. Though the latter has no doubt been important in the way Manulak and Snidal have suggested, formal IO assistance can reshape the choice for informality by a) making policymakers more confident that informality can work at the outset, as in story of COST, where direct support was crucial for plugging key legal and administrative gaps; and b) making it more likely that an informal design will be maintained when problems change later on, as occurred in the EUREKA case through the indirect support it attained from the EU. Combined with the evidence from Section 3 revealing the extensive direct and indirect support provided to informal bodies by a growing number of well-resourced, general-purpose institutions, this suggests that the presence of formal IOs in an organization’s environment is very likely to have been an important supply-side driver of informality. Collectively, formal IOs can operate like a coral reef that provides key resources and services and enables an assortment of smaller organizations to flourish.

This argument has important implications, speaking to different literatures and issues. First, it relates to ongoing debates about “organizational ecology” (OE) in IR. Theories of OE have recently grown within the literature on global governance, especially, as a way of understanding how institutional contexts shape the proliferation of institutions.⁵⁷ However, they have generally focused on a competition mechanism. Organizations need resources, traditional accounts explain, but as the organizational environment becomes denser it becomes more difficult to sustain larger, resource-intensive bodies, like formal IOs. This has been hypothesized to underpin the proliferation of less-resource intensive institutions, like informal IOs, which are easier to create and can fill regulatory niches. But the argument presented here suggests a different possibility: that formal organizations may, at times, also complement and thereby help to sustain smaller, informal ones. By lending resources and extending key services, larger bodies can lower the costs of producing governance and thereby facilitate the proliferation of new institutions that would not otherwise represent viable solutions on their own. In this sense, the account I offer aligns with the kind of “mutualism” argument advanced by Jennifer Hadden and Jessica Green where different types of

⁵⁷ Abbott, Green, and Keohane 2016; Lake 2021.



organizations develop links with one another that help to strengthen and legitimize both.⁵⁸ However, more research is needed to demonstrate how these inter-organizational relations work, particularly as applied to informal IOs.

Second, as noted at the end of Section 2, my argument suggests a possible explanation for the variable uptake of informal institutions that we see across regions. Recent research has shown that reliance on informality is uneven.⁵⁹ In Europe, for instance, informal bodies have been especially common, but in other regions, like Africa, they have been less so. Interestingly, this seems to vary with the number of formal IOs. At first, this may seem puzzling, or simply a function of the fact that certain states tend to participate in lots of IOs—no matter what their level of formality—and others not. But the argument I have advanced suggests these patterns are more directly related. Where formal IOs are more numerous, and especially where major institutions like the EU are available to plug organizational gaps, informal bodies may be regarded by policymakers as more “cost-effective” instruments of governance. Their numbers may then grow in response. In other regions, though, this effect may be more subdued. Where well-resourced formal IOs are less numerous, informal bodies may be regarded as less plausible options. This may also be true of issue areas, too, helping to explain variable patterns of informality across different domains of world politics. But for both possibilities more studies will again be needed to demonstrate the overall importance of this effect for the shifting legal foundations of global governance.

⁵⁸ Green and Hadden 2021.

⁵⁹ Roger and Rowan 2021b; Vabulas and Snidal 2021.



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