

Under Cover: Substituting Formal IOs during Hard Times

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Transnational crises and hard times such as wars, pandemics, and global recessions can impact with whom, when, and how actors want to cooperate—or compete. These questions become particularly pertinent when dissimilar actors' preferences and diverse organizational forms characterize international politics. This has become especially apparent with the end of the Cold War, when constraints on ideological and transactional alignments with dominant poles diminished. It allowed a broader range of international and transnational actors to thrive, enabling the diversification of political voices on the global stage.¹

This diversification of voices can occur through different organizational vehicles. Scholars have paid much attention to what was arguably the dominant form of international cooperation during the Cold War: formal intergovernmental organizations (FIGOs). These are entities typically established by formal agreements among member states, featuring permanent institutional structures, dedicated bureaucracies, and headquarters. Prominent examples include the United Nations (UN), the North Atlantic Treaty Organization (NATO), and the International Monetary Fund (IMF). Over time, FIGOs made room for low-cost institutions (LCIs). These arrangements are generally not based on formal treaties and lack permanent institutions or staff. The Group of 20 (G20) and the Quadrilateral Security Dialogue (Quad) exemplify this more flexible, informal organizational model.

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LCIs—typically involving a small group of like-minded states, a lighter institutional architecture, and minimal financial and human resources—can be used as either complements to *or* substitutes for FIGOs. In the former case, they support and reinforce FIGO activity. In the latter case, they have served as a workaround to bypass gridlocked FIGOs.² Given FIGOs’ structural rigidity and challenges in adapting, many argue that they are drifting and losing ground to LCIs.

We suggest that this widely held perception of FIGOs being overtaken by LCIs is incomplete and that it dismisses too quickly FIGOs’ ability to shape and adapt to world politics. We begin by pointing out that FIGOs serve important functions of global governance, not least during times of crisis. Indeed, recent studies indicate that crises can underscore the benefits of FIGOs and tend to increase their longevity and vitality.³ Even as one FIGO is drifting, other FIGOs, rather than or alongside LCIs, can assume its role. Thus, we challenge the assumption that all FIGOs are declining uniformly. Instead, we introduce the concept of “FIGO substitution,” where states shift from one FIGO to another or establish new FIGOs. We identify three primary motivations behind such shifts: overcoming gridlock, enhancing ideological alignment, and policy laundering.

By “overcoming gridlock,” we refer to how member states dissatisfied with a FIGO’s—or any organization’s—inability to make and implement decisions try to overcome a gap between governance needs and actual output, prompting a search for workable alternatives.⁴ These alternatives can be already existing FIGOs or the creation of new ones. “Enhancement of ideological alignment” refers to a situation in which a FIGO functions as expected, but its rules were shaped by only some of its members (possibly because the FIGO was created by a subgroup of its current membership and then expanded). As these rules become contested, dissatisfied members may establish or engage with other existing FIGOs that reflect an alternative ideological outlook (even if staying engaged in the established FIGO).⁵ “Policy laundering” denotes a shift in focus from individual member states and their motivations to FIGOs as collective entities. Inspired by Kenneth Abbott and Duncan Snidal’s conceptualization of international organizations (IOs) as “launderers” of national policies, we highlight activities that may be deemed unacceptable when pursued by one FIGO but become more palatable when carried out by another.⁶

These rationales do not necessarily point to the political decline or functional replacement of FIGOs but instead show that at least some FIGOs remain relevant even today. While it is premature to declare the end of FIGOs, we recognize the

potential for political contestation within these organizations. FIGO substitution varies in the manner in which it challenges existing ideological and geopolitical outlooks. Both gridlock and ideological misalignment emanate from FIGOs' heterogeneous membership and may be exacerbated by shifting power dynamics. Dissatisfied members of FIGOs suffering from such ailments either create or shift responsibilities to another IO, possibly a FIGO, which aligns better with their preferences.

Policy laundering refers to the possibility that, in a densely institutionalized global environment, a group of like-minded member states might opt to substitute the seemingly most suitable FIGO, from a functional perspective, with a less obvious but more appropriate and acceptable one to tackle a crisis—one that reflects less contestation and discord than its counterpart. This expectation builds on the observation that many FIGOs carry certain ideological “baggage,” which affects their legitimacy in the eyes of relevant audiences.

By drawing attention to FIGO substitution in these challenging times, we aim to move beyond focusing solely on high-profile organizational challenges such as vetoes and gridlock within a *single* FIGO at the global level. Instead, we broaden the analytical lens to encompass a larger organizational ecosystem in which noncooperative behavior in some organizations creates space for others to act decisively and address global governance problems, especially during crises. In the remainder of this essay, we first challenge the conventional wisdom suggesting that FIGOs are uniformly drifting. We then elaborate on the three logics of FIGO substitution, providing examples for each. Finally, we discuss some normative implications of this phenomenon, suggesting that they depend on the specific motivation behind the substitution.

FIGOS DURING TIMES OF CRISIS

During times of crisis, scholars have observed a “politics trap” that makes it difficult for FIGOs to function effectively, leading to organizational drift.⁷ This trap has given rise to two opposing perspectives on global governance: the “decline thesis” and the “innovation/adaptation thesis.”⁸ The decline thesis argues that FIGOs are no longer able to respond to crises, leading to their deinstitutionalization. Actors weaken FIGOs and bypass them in favor of LCIs, fragmenting global governance.⁹ The innovation thesis, on the other hand, argues that the global governance system can adapt and fill governance gaps that have occurred because of drifting FIGOs.

To accommodate distributive conflicts and heterogeneous preferences, actors have moved away from FIGOs toward LCIs.¹⁰

Current dynamics support both the decline and innovation/adaptation theses.¹¹ While transnational crises can cause some FIGOs to drift under certain conditions, research suggests that other FIGOs remain resilient. Not all FIGOs weaken during crises or when new organizational forms emerge. Both theses tend to overlook FIGOs' adaptive potential and the broader organizational ecosystem in which they operate.

Focusing on internal FIGO dynamics, some studies have shown that FIGOs either continue in a business-as-usual fashion, adapt, or even thrive during transnational crises. Maria Debre and Hylke Dijkstra highlight how large international secretariats—those with at least fifty staff members, such as the European Union and the World Health Organization—played a key role in helping FIGOs remain relevant during the COVID-19 pandemic.¹² Yoram Haftel and Bar Nadel argue and demonstrate that economic crises underscore the value of certain FIGOs, increasing their longevity.¹³ Examining regional economic and security FIGOs, Haftel and colleagues and Stephanie Hofmann show that while members may become more inward looking during crises, they often strengthen cooperation once the crisis subsides.¹⁴ Similarly, Vincent Pouliot shows that despite enduring numerous crises, the United Nations Security Council (UNSC) has undergone informal-yet-adaptive changes within what he calls “the gray area.”¹⁵

Beyond internal adaptive capacities, the broader FIGO ecosystem also plays a crucial role in responding to transnational crises. In most policy domains, multiple FIGOs operate simultaneously—a reality long recognized by scholars of IOs and labeled as “regime complexes” or “global governance complexes.”¹⁶ This organizational overlap provides member states with a menu of FIGOs, allowing them to choose suitable alternatives when needed.¹⁷ Thus, to the extent that one FIGO is drifting, even if it is central to international cooperation in a given policy domain, others may step in as viable substitutes, an issue to which we now turn.

FIGO SUBSTITUTION: OVERCOMING GRIDLOCK, ENHANCING IDEOLOGICAL ALIGNMENT, AND POLICY LAUNDERING

Transnational crises often prompt calls for organizational responses and political signaling. Not all actors are equally capable and willing to respond, however. This is where the search across FIGOs begins.¹⁸ We identify three motivations for FIGO

substitution: overcoming gridlock, enhancing ideological alignment, and policy laundering. Our approach integrates various concepts and arguments that have traditionally been studied separately into a unified analytical framework. The notion that FIGOs are “gridlocked” is well established in global governance research.¹⁹ Likewise, the widely referenced mechanisms of regime shifting and competitive regime creation are commonly linked to misaligned ideological outlooks.²⁰ While policy laundering has been explored in the context of states using FIGOs,²¹ it has not been examined in relation to FIGO substitution. By analyzing this latter motivation, we highlight that FIGO substitution is not always driven by internal contestation of or competition among some member states.

Furthermore, for the most part, the existing research on contested multilateralism and regime complexes focuses on (a) regulatory regimes, such as trade, the environment, intellectual property, and foreign investment;²² and (b) “normal” times. We extend this analysis to operational policy domains, such as peacekeeping, financial aid, and disaster relief. Moreover, we challenge the assumption that FIGO substitution occurs only in politically stable times. On the contrary, we argue that transnational crises may deepen existing divisions, amplify competing visions, and create new opportunities for institutional change.²³ In turn, such crises may heighten the motivation to seek creative organizational solutions, such as FIGO substitution, a dynamic that may be further reinforced by a changing global distribution of power. In this section, we elaborate on the three different motivations for FIGO substitution, link them to transnational crises, and illustrate their logic with examples from several policy domains.

Overcoming Gridlock

Actors may seek alternative FIGOs when the one they currently rely on to address substantive governance challenges becomes gridlocked. Gridlock often comes about when individual member states wield their veto power or other voting rights to effectively stall a FIGO’s activities. As Thomas Hale and his colleagues point out, this gridlock is a result of long-term processes: increasing interdependence, on the one hand, and a more complicated environment, on the other.²⁴ Specifically, as the number of states has increased and power has become more evenly distributed, gridlock can happen when formerly marginalized members that have gained influence over time begin to challenge or block policies promoted by more established powers. Such impasse can drive frustrated members—those interested in achieving governance outcomes—to look for an alternative FIGO.²⁵ Even if these

dynamics stem from a gradually shifting distribution of power, transnational crises are likely to amplify them. During such crises, the demand for effective cooperation becomes more urgent, highlighting the shortcomings of a gridlocked FIGO and strengthening the impetus to replace it with a more effective alternative.

A notable example of FIGO substitution in international security occurred when the UN faced gridlock over whether to intervene in Kosovo following Serbia's attacks in 1998. Russia pushed for mediation, while the United States, France, and the United Kingdom advocated for military intervention, resulting in a deadlocked UNSC. Unable to move forward, these three powers turned to an alternative FIGO, NATO, which launched airstrikes against Serbia in the spring of 1999, arguably pressuring Milošević to negotiate.²⁶ A similar dynamic is unfolding today, as the UNSC remains paralyzed over how to respond to the war in Ukraine. Despite this deadlock, FIGOs such as NATO and the EU have stepped in to provide support to Ukraine.

In international trade, changing power dynamics and an increasingly complex set of issues brought efforts to negotiate a comprehensive trade agreement within the World Trade Organization to a dead end in the late 2000s.²⁷ As a partial consequence, the United States blocked the appointment of new judges to the WTO's appellate body, significantly weakening its dispute settlement mechanism, in 2020. Unable to persuade the United States to lift its veto, several key WTO members that still valued dispute settlement, most notably the EU and China, formed a judicial workaround: the multiparty interim appeal arbitration arrangement (MPIA). Even if this arrangement is not strictly a FIGO, we view the MPIA as largely formal because it was established within the WTO framework, is supported by the WTO Secretariat, and is grounded in a formal agreement.²⁸ With fifty-four members in 2024 and a growing caseload, the MPIA helps to preserve a key element of the global trade regime.²⁹

Enhancing Ideological Alignment

This motivation for substitution begins with the recognition that many FIGOs were founded and are predominantly influenced by a handful of powerful member states, which shape these organizations and have given them a distinct ideological outlook. While additional states have joined over time—perhaps due to the high costs of remaining outside—they have not necessarily aligned with the ideological foundations of these FIGOs.³⁰ This misalignment has led to dissatisfaction among these members, prompting them to challenge existing rules and practices internally

while also exploring alternative options.³¹ When efforts to enhance ideological alignment within the FIGO prove unsuccessful, discontented members may gravitate toward a more ideologically cohesive organization. Thus, unlike gridlock, the motivation for substitution is not driven by performance shortcomings, but by dissatisfaction with the ideological direction embedded in the FIGO's procedures and policies.

This dynamic is evident in policy areas such as intellectual property rights, biodiversity, and plant genetic resources (PGR), where the countries of the Global South sought to enhance ideological alignment by shifting negotiations from the WTO to UN bodies and treaties, such as the 1992 Convention on Biological Diversity (CBD). The CBD recognizes "raw" PGR as a form of sovereign property rights, thereby affirming the rights of countries—particularly biodiversity-rich states in the Global South—to control access to their genetic resources and share in the benefits arising from their use. In contrast, countries considered to be part of the Global North, driven by market ideologies, insisted on keeping these discussions within the WTO framework, ultimately leading to the 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).³² This Agreement strengthens the global protection of patents and trademarks, particularly benefiting pharmaceutical and biotechnology firms by securing their rights over "worked" PGR used in innovation and product development.³³ Similarly, Tyler Pratt demonstrates that states underrepresented in the World Bank, primarily from the Global South, were more inclined to establish their own multilateral development banks (MDBs) to better reflect their priorities and perspectives.³⁴

We further argue that transnational crises can accelerate these dynamics by deepening ideological divides and creating opportunities to challenge the organizational status quo. The formation and evolution of the Asian Investment Infrastructure Bank (AIIB) is a case in point. China opted to establish this MDB after failing to enhance ideological alignment within the World Bank, as established powers resisted meaningful reforms following the 2008 financial crisis—an instance of competitive regime creation.³⁵ More recently, China leveraged the COVID-19 crisis to support the AIIB's expansion into public health policies and policy-based financing while simultaneously criticizing the World Bank for its hesitance to assist indebted low-income countries.³⁶ This episode illustrates how dissatisfied rising powers can use more than one FIGO to tackle difficult challenges, and in doing so tailor engagement strategies to their ideological outlook.

Policy Laundering

A third motivation for FIGO substitution is policy laundering. Here, gridlock or ideological misalignment are not the main drivers of the substitution, but rather the strategic selection of an organization to signal political intent. FIGOs, like other organizations, are not ideologically neutral; they inherently reflect and project symbolic and ideological positions. Unlike the previous rationale, which focuses on states' ideological outlooks, this perspective emphasizes the ideological signaling of FIGOs themselves.³⁷ For instance, the IMF is often associated with a neoliberal outlook,³⁸ while the Alianza Bolivariana para los Pueblos de Nuestra América embodies a socialist-nationalist stance. Just as states sometimes prefer to advance policies through IOs rather than unilaterally to sidestep domestic or international controversies,³⁹ they may also leverage FIGOs whose ideological leanings align with the message they wish to convey. When multiple organizations are available, states weigh their options based on the ideological signal they seek to send.

While policy laundering occurs in normal times, it is equally, if not more, relevant during times of crisis. Crises, marked by heightened threats and uncertainty, make states particularly sensitive to signals from foreign actors and their implications for national sovereignty.⁴⁰ In such contexts, FIGOs can either escalate tensions or convey messages of moderation. As a result, states must be especially strategic in selecting which FIGOs to engage with and how they do so, ensuring that their choices align with their intended political and ideological signals.

One recent example of policy laundering can be seen in the response of NATO and the EU to Russia's 2022 full-scale invasion of Ukraine. While NATO may have seemed like the obvious FIGO to coordinate support for Ukraine, a NATO partner since 1994, its main focus was on the reinforcement and defense of its Eastern borders. NATO further enhanced its capabilities and standing, most notably by advancing the accession of Sweden and Finland and formally welcoming them as new member states. NATO's direct military assistance remained relatively limited during the first two years of the war, despite continued Russian aggression. This restraint stemmed largely from NATO's ideological baggage: As both a security provider and a military alliance, its involvement risked reinforcing Russia's narrative that NATO serves as a tool for Western expansion and dominance in its near abroad.⁴¹ To avoid sending an excessively aggressive signal, NATO's European member states channeled their support through the EU, while the United States and the United Kingdom provided assistance bilaterally.⁴² The EU transformed its

European Peace Facility into an instrument with which it could finance lethal (a first for the EU) and nonlethal military equipment for Ukraine. It also established the Ukraine Assistance Fund, launched a military assistance mission to train Ukrainian soldiers, and implemented a joint procurement plan for ammunition and missiles for Ukraine (one part of which is the Act in Support of Ammunition Production).⁴³ In June 2024, the EU and Ukraine further solidified their cooperation by signing joint security commitments. Until July 2024, NATO mainly helped coordinate bilateral military assistance from its member states to Ukraine. However, persistent Russian aggression and the approaching U.S. presidential election prompted NATO to take on a more active role. At its 2024 Washington Summit, NATO expanded its engagement through training, enhanced coordination, and direct funding for military assistance. In short, European countries opted to launder their policy response through the EU rather than NATO, as the former was perceived as a less objectionable actor by Russia and many countries in the Global South—and the United States was hesitant to use NATO for the same reasons.

In the context of financial crises, a notable example of policy laundering occurred during the Eurozone's efforts to bail out Greece in the early 2010s. When devising a rescue plan, Eurozone leaders initially intended to rely on EU institutions, such as the European Commission and the European Central Bank. However, at Angela Merkel's insistence, the IMF was brought into the process, even though "European governments had the resources, personnel, and analytical capacity to design financial rescue programs, and they had done so on four (albeit less challenging) occasions during the 1980s and 1990s without the IMF."⁴⁴ This decision was driven by the desire of European politicians to circumvent the ideological baggage associated with European integration. As Lorenzo Smaghi explains: "The finance ministers do not like to criticise each other or interfere in other countries' policies. They prefer to delegate this role to someone else—if not to the European Commission, then to the International Monetary Fund."⁴⁵ In other words, the IMF's relative detachment from European politics made it a more credible and legitimate FIGO for handling the crisis, allowing European leaders to enforce tough financial measures without being seen as directly imposing them on fellow member states.

Turning to the area of humanitarian aid (and beyond the Global North), a relevant example can be found in the response of the Association of Southeast Asian Nations (ASEAN) to the 2017 military attacks on the Rohingya by Myanmar's army, which resulted in a large outflow of refugees to Bangladesh.

Incidentally, this FIGO had established the ASEAN Intergovernmental Commission on Human Rights (AICHR) in 2009, which would have seemed like the appropriate body to address the crisis. However, several ASEAN members, including Myanmar, opposed the use of the AICHR, arguing that it would intrude on a member state's domestic affairs and violate its sovereignty. As a result, ASEAN chose to respond through a different mechanism: the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre), which was established in 2011. While the AHA Centre was originally intended to address natural disasters, rather than human-made crises, it was perceived as less politically sensitive and therefore more acceptable to the aid recipient. As Sanae Suzuki explains, "The apparently non-political AHA Centre is allowed to participate in the management of domestic affairs, whereas the more explicitly political AICHR is not."⁴⁶ This case highlights how substitution occurred within a single FIGO, suggesting that general-purpose FIGOs can launder policies internally to navigate sensitive political contexts.

CONCLUSION

This essay challenges the assumption, common to both the decline and innovation theses, that FIGOs are becoming increasingly obsolete and are being replaced by LCIs. We argue not only that at least some FIGOs are here to stay and are equipped to address current and future global governance challenges, but also that individual FIGOs are adaptable to evolving tasks. Their endurance stems from the reality that global governance is not comprised of a single FIGO, but rather multiple, interconnected FIGOs. These organizations are linked in various ways—through mutual permanent representations, legal agreements for information exchange and cooperation, overlapping memberships, and third-party status agreements—demonstrating their ongoing relevance in the global governance landscape.

Some of these FIGOs operate at the global level, while others function regionally or sub-regionally; some are task specific, while others are general purpose, addressing several issue areas; some wield significant authority, while others remain tightly controlled by select member states; some are effective in providing collective goods, while others are little more than "zombies"; and some carry a particular ideological baggage, while others remain neutral.⁴⁷ As a result, not all FIGOs are drifting to the same degree or at a similar pace, and some may even thrive in response to transnational crises.

We argue that the diversity among FIGOs, coupled with the fact that states hold memberships in multiple organizations simultaneously, creates opportunities for FIGO substitution. We have identified three key motivations for such substitution: overcoming gridlock, enhancing ideological alignment, and policy laundering. The first arises when a FIGO fails to adapt, particularly in the face of transnational crises. The second stems from ideological divisions among member states, which can be intensified by shifts in the balance of power or global crises. The third highlights how like-minded states may choose a FIGO based on its ideological stance and perceived legitimacy. Exploring the conditions under which each of these motivations is more likely to drive substitution—and their broader implications for individual states and the landscape of IOs—is a promising direction for future research.

This essay carries important normative implications for global governance in hard times. Like Benjamin Faude and John Karlsrud,⁴⁸ we refrain from making definitive claims about FIGO substitution in relation to the decline and innovation theses. As our discussion suggests, substitution can serve as a mechanism to bypass gridlocked or internally contested FIGOs, thereby enabling governance solutions for at least some actors—potentially even more than originally intended due to positive externalities. At the same time, substitution may heighten competition between existing and newly established FIGOs, a dynamic that could become increasingly evident over time.

Both overcoming gridlock and enhancing ideological alignment highlight the limitations of a FIGO in accommodating preference heterogeneity—either leading to deadlock or marginalization due to competing visions. As a result, the pursuit of governance through alternative FIGOs may enhance effectiveness for some actors but at the cost of inclusiveness, as participation is often limited to like-minded members.⁴⁹ However, in a world where there has never been a universal normative or ideological consensus on global governance and where (great) power politics has always played a role, this is not necessarily a negative development. Instead, it reflects an expanding landscape of venues where states can express and assert their differences more openly and forcefully. As long as global FIGOs continue to endure, this dynamic may serve as a catalyst for much needed reforms to institutional arrangements that have remained largely unchanged since the end of World War II.

We propose that laundering-based substitution can yield positive outcomes for global governance by enabling member states to fine-tune their engagement with

FIGOs. However, if this approach prioritizes ideological compatibility over functional suitability, it may lead to suboptimal policy responses. Additionally, the trade-off between effectiveness and inclusiveness appears less pronounced in this scenario, as there is no inherent reason to expect the exclusion of certain states from the policy process. That said, this does not imply universal satisfaction with the substitution, as different FIGOs generate varying distributional consequences that may benefit some members more than others.

How this dynamic unfolds in the future is both intriguing and uncertain. Will central FIGOs gradually lose their orchestration capacity, giving way to a more dispersed network of FIGOs alongside other multilateral and bilateral arrangements? Will general-purpose FIGOs prove more adaptable to emerging challenges than task-specific ones, given their inherent flexibility in reallocating responsibilities? In an era defined by shifting power dynamics, a dense institutional landscape, and recurring transnational crises, FIGO substitution is a phenomenon that warrants deeper scholarly exploration.

NOTES

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Abstract: Recent times have been hard for global governance, not least for formal intergovernmental organizations (FIGOs). Given changing conditions and their inability to adapt, many observers argue that FIGOs are drifting and losing ground to low-cost institutions (LCIs). We argue that this widespread perception is incomplete and that it dismisses too quickly the durability of FIGOs. We begin by pointing out that not all FIGOs are drifting and that some may even thrive amid transnational crises and power shifts. We then highlight the possibility that in a densely institutionalized global environment, states can substitute one FIGO for another. Thus, even as one FIGO is drifting, other FIGOs, rather than or alongside LCIs, can take the mantle. We identify and exemplify three key motivations for FIGO substitution: overcoming gridlock, enhancing ideological

alignment, and policy laundering. During crises and power shifts, some members might paralyze a FIGO, leading to gridlock and prompting other members to cooperate in another FIGO. Power shifts and crises can also motivate dissatisfied FIGO members to pursue parallel activities in a FIGO that better fits their ideological outlook. Policy laundering occurs when members use one FIGO over another to signal political intent. We conclude by exploring the normative implications of FIGO substitution.

Keywords: international organizations, global governance, regime complexity, organizational substitution, gridlock, ideological alignment, European Union, United Nations, International Monetary Fund, North Atlantic Treaty Organization