Institutional leadership during tough times

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Explaining the Responses of International Economic Organizations to Challenges

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CONTENTS

List of illustrations

1

1

Introduction

1. Introduction

1.1 Background, puzzle, and research question

In 2014, a coalition of emerging powers, headed by China, translated their grievances toward the World Bank by proposing two alternative Multilateral Development Banks (MDBs): the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB). These were widely seen as reflecting an effort towards promoting a global development lending framework that diverges from the established environmental, social, and governance practices and standards, such as those set by the World Bank (Brands, 2018; Curran, 2018; Wilson, 2019). In 2019, the World Trade Organization (WTO) Appellate Body, a key dispute settlement instrument within the international trade arena, faced imminent shutdown by the US' deliberate and persistent obstruction of the (re)appointment of its members (Hopewell, 2020; Zaccaria, 2022). Soon after, the world witnessed the COVID-19 pandemic sweep through rich and vulnerable economies alike, pressuring many international organizations (IOs)[1]—particularly smaller, regional, and entrant ones—to quickly recalibrate their policies to address its effects (Debre and Dijkstra, 2021b; Johnson, 2020; Kahl and Wright, 2021; Kenwick and Simmons, 2020; Norrlof, 2020a, 2020b).

The above-mentioned examples reflect challenges that IOs have recently experienced. The establishment of alternative MDBs represented a challenge to the World Bank: they threatened its operations and focality within the global development lending arena by increasing competition and providing states with alternative institutional platforms through which to pursue their interests. The US contestation of the WTO Appellate Body directly challenged the capacity of the institution to perform one of its core functions. The global pandemic and its ensuing economic effects on states posed a challenge to the capacity of entrant IOs with narrow mandates—such as the infrastructure-focused AIIB—at consolidating themselves within an already densely populated policy arena. Other examples include the Brexit challenge faced by the European Union (EU) (Schütte, 2021b), the US challenges to the North Atlantic Treaty Organization (NATO) (Schütte, 2021a), and the United Nations Framework Convention on

[1] An IO is a formal, intergovernmental, multilateral organization with a bureaucratic structure (Hooghe and Marks, 2015; Martin and Simmons, 2012; Rittberger et al., 2019; Tallberg et al., 2016).

Climate Change (UNFCCC) (Allwörden, 2022; Dijkstra et al., 2023), amongst others.

The key denominator across those cases is that they involve challenges to IOs. More specifically, a challenge is a process that may result in an IO losing its members, key functions, and focality within its policy arena. Challenges are distinguishable from day-to-day IO problems and pressures, such as upkeeping performance, addressing input, and navigating gridlock and fragmentation (Faude and Fuss, 2020; Gutner and Thompson, 2010; Heldt and Dorfler, 2021; Rittberger et al., 2019; Tallberg et al., 2016). These do not necessarily threaten the functions, standing, and continuity of IOs. In contrast, during moments of challenge, the IO itself is at risk (Hale et al., 2013; Hopewell, 2020; Lake et al., 2021; Mearsheimer, 2019; Stephen and Parizek, 2018; Zürn, 2018). Challenges, therefore, go beyond simply affecting policy output and performance, and instead may impact the setup or the functioning of the IO itself. Such institutional outcomes differ and may, under specific circumstances, lead to the outright dissolution of IOs (Debre and Dijkstra, 2021; Eilstrup-Sangiovanni, 2021; Gray, 2018).

IOs within the international trade and development arena (henceforth, economic IOs) seem particularly vulnerable to challenges. A recent study showed that about half of all economic IOs have either completely lost their functioning capabilities or are in a perpetual 'zombie' state (Gray, 2018). This may be due to the high institutional density in that environment, where overlap and rivalry for limited resources are ripe, dependence on inter-state cooperation through multilateralism is generally deep, and states' incentives for setting up alternative IOs can be more prominent. In such environments—as compared to, for example, the international security arena—bilateralism, forum shopping, and establishing alternative economic IOs may be less unfeasible options for member states (Jupille et al., 2013). Thus, upkeeping focality for economic IOs may be more difficult, and the loss of functions more consequential.

Nevertheless, while some economic IOs may struggle with challenges and end up with unfavorable institutional outcomes, others seem to fare better. For example, despite a range of competing regional development banks, the World Bank remains the dominant institution within its arena. The WTO, in contrast, has faced a grimmer fate, with the collapse of the Appellate Body reflecting the loss of a crucial function. Similarly, the NDB seems to have become stagnant because of the pandemic, while in

contrast, the AIIB has adapted by expanding its policy scope and instruments. This variation in the way economic IOs are affected by challenges is the puzzle at the heart of this thesis. Examining the reasons behind this variation is paramount for our understanding of the conditions and factors that strengthen the multilateral global order and its institutions.

The main argument of the dissertation is that economic IOs, like any organization, cope differently with challenges depending not only on factors exogenous to their bureaucratic machineries—such as power configurations within the membership, support by powerful states, and density in the environment—but also on the responses pushed by their internal actors. Institutional responses are understood here as the strategies employed by IOs to tackle challenges. In other words, exogenous factors may explain the nature of the challenge (e.g., direct contestation by powerful members, competition with new IO established by a coalition of contesting members, etc.), and the degree to which states exacerbate (e.g., through gridlock) or ameliorate (e.g., by supporting the IO) its effects. When it comes to IO responses to challenges, the role of institutional leadership in IOs—and the conditions that shape that role—are key factors worth examining. Institutional leadership here denotes the institutional actors that hold the position of executive heads within their IOs (Cox and Jacobson, 1973; Reinalda and Verbeek, 2014). This does not refer to qualities, but the specific leaders operating at the top echelon of IO bureaucracies. As such, institutional leadership and institutional leaders are frequently used interchangeably in this dissertation. To understand their role in IO response processes, this dissertation asks the following (overarching) research question: *What role do institutional leaders play in the formulation and implementation of strategic responses by economic IOs to challenges?*

This dissertation offers two key contributions to the international relations (IR) scholarship on IOs. First, IR researchers have recently paid more attention to challenges and institutional outcomes for IOs amid an intensified debate on the crisis of multilateralism (De Vries et al., 2021; Debre and Dijkstra, 2021a, 2022; Dijkstra and Debre, 2022; Eilstrup-Sangiovanni and Hofmann, 2020; Hopewell, 2020; Ikenberry, 2018; Kruck and Zangl, 2020; Lake, et al., 2021; Mearsheimer, 2019; Schweller and Pu, 2011; Sinha, 2021; Vestergaard and Wade, 2015; Walter, 2021). A core part of that debate is that, while the post-WWII period saw the preferences of many states—especially Western states under the leadership of the US—converging in support of a global multilateral order, today the

environment is markedly different. Many of the challenges faced by IOs in recent decades have consisted of contestation by emerging powers as well as by powerful states (such as the US) which previously supported that order (Goldstein and Gulotty, 2021; Jupille et al., 2013; Lake et al., 2021; Morse and Keohane, 2014; Weinhardt and Ten Brink, 2020; Weiss and Wallace, 2021). However, most of those studies focus on states and their power dynamics, often neglecting a step within the process that goes *from* challenge *to* institutional outcome: the IO's response strategy. This is a surprising gap in the literature, considering that institutional responses to challenges are causally prior to institutional outcomes, thus representing an important intermediate step in the process that goes from challenges to institutional outcomes. In fact, recent studies support this assumption by showcasing how IO institutional responses are a crucial explanatory factor for how IOs cope with challenges (Dijkstra et al., 2023; Hirschmann, 2021; Schütte, 2021a, 2022).

Second, there is now a mainstream view that IOs have agency and that their bureaucracies can influence their decision- and policy-making processes (Bauer and Ege, 2016; Bauer et al., 2016; Biermann and Siebenhüner, 2009; Chorev, 2012; Eckhardt et al., 2021; Ege, 2020; Ege et al., 2022; Jinnah, 2012; Johnson, 2013; Knill and Bauer, 2016; Knill et al., 2019; Knill and Steinebach, 2022; Kreuder-Sonnen, 2019). Thus, in studying IO responses to challenges, accounting for the causal influence of institutional leaders and their supporting bureaucracies would be a logical first step. Institutional leaders embody their IOs and are thus expected to hold a central role within them. During moments of challenge, institutional leaders are, arguably, the institutional actors best placed in terms of access to information, expertise, and institutional tools within the bureaucratic machinery of their IOs. Importantly, as head executives they also usually have direct channels of communication with stakeholders and other important actors within and outside their organizations. IO leaders may also have valuable access to experts outside the institution, as well as networks of officials in member-state capitals and from other IOs. This allows them to be the institutional actors holding the most detailed picture of the various positions and preferences of stakeholders and relevant actors during moments of challenge.

As such, institutional leaders are key actors within the political system of their IOs, and should therefore be expected to play a critical role in their IOs' responses to challenges. However, as the next section reveals, the IR literature on IO leadership and bureaucracies remains limited to the

domain of IO day-to-day processes, and not on their role during moments of challenge.

In sum, except for a handful of recent IR studies on IOs, not much attention has been paid to IO responses to recent challenges, such as the emerging powers or Donald Trump's America first agenda, and less so to uncovering the role of IO institutional leadership in their formulation and implementation. By advancing our understanding on that matter, this thesis contributes to the emerging IR scholarship on IO resilience and survival. The remainder of this chapter first situates the thesis within the relevant strands of the IR literature and the scholarship on IOs, with particular attention paid to the literature on IO leadership, bureaucracies, and agency. The chapter then maps out the overarching conceptual and theoretical argument regarding the role of leadership in IO responses to challenges and highlights why this is a relevant research endeavor. It then explains the empirical chapters that follow, before concluding with an overview of the findings and the structure of the dissertation.

1.2 The IR literature on IO institutional leadership and challenges

The current scope of most of the literature on IOs and international bureaucracies is limited to the empirical and theoretical domain of the ordinary, day-to-day context of IOs. In fact, despite a lively scholarly debate within the Public Administration (PA) discipline on how organizations cope with challenges (Boin et al., 2020; Boin and Rhinard, 2008; Jones et al., 2021), this scholarly debate remains nascent within the IR literature. Most IR studies instead focus on IO bureaucratic processes and politics outside of moments of challenge. This thesis, subsequently, borrows from the PA literature on institutional leadership during challenging times to set its analytical framework on the role of IO institutional leadership during challenges.

While IO leadership has not been a broadly researched theme within the IR literature (as compared to the PA discipline, Reinalda and Verbeek, 2014), the second half of the previous century did see a strong strand of IR studies focusing on the role of leaders in IOs. These took inspiration from the PA paradigm on public agencies and applied organizational and sociological approaches to determine the processes behind agency and autonomy in IOs and the factors that condition the exercise of leadership within them. Of relevance here are the research programmes of Ernst Haas, Robert Cox, Harold Jacobson, and Oran Young on leadership in IOs.

While they focus on leadership specifically as a quality of an actor (i.e., the leader), their insights provide the theoretical building blocks for this thesis as they shed light on the various formal and informal roles—and the conditions that strengthen/inhibit those roles—which leaders as institutional actors can take within IO bureaucratic processes.

In *Beyond the Nation State*, Ernst Haas (1964) offered the first framework for studying the role of leadership in IOs. He combined insights from research on organizational dynamics by Philip Selznick (1957) with a view on IOs as organizations which accounted for their state-based nature. He employed this framework to explain the gradual increase in the autonomy of the International Labor Organization (ILO). Haas' work highlighted the role of the leader within the bureaucracy of the ILO as a *central institutional actor* in that process, responsible for both the internal direction of the bureaucratic machinery (*internal leadership*) and the pursuit of the organization's interests—organizational growth and autonomy—through active interaction with members (*external leadership*). As such, the institutional leader bridges the interests of the organization with those of its stakeholders, and this role—seen through an instrumental lens—can be effective only when IO leaders are *able* to identify and justify policy orientation (Haas, 1964, p.111).

This research agenda was later taken over by Robert Cox, who in his 1969 essay titled "The Executive Head" developed the framework for assessing leadership in IOs. The core of his argument was that *strong leadership* traits are paramount for an IO leader's ability to be effective in securing control over the bureaucratic machinery, providing an organizational vision, and securing the support of members (Cox, 1969, p. 229). Cox and Jacobson (1973) later applied this framework to the study of eight IOs in their seminal work *The Anatomy of Influence*. They too viewed IO leaders as central connecting actors positioned at a critical juncture between the interests of state representatives, civil society, and key actors within the bureaucratic machinery. In their view, IOs are composed of two political subsystems: a representative one, in which various interests are voiced and the patterns of conflict and alignments surface; and a participant one, in which key actors navigate these interests and take action. IO leaders are critical players in the latter subsystem, holding the microphone and *amplifying* the interests of the bureaucracy, strategically veiling these as being in line with the interests of the stakeholders.

Cox and Jacobson (1973) went on to identify three criteria for IO leaders to effectively navigate those subsystems in pursuit of their organizations' interests: actively engaging with powerful members; maintaining good relations with the voting majority (when such coalitions exist within the membership); and upholding the hierarchy over the various segments of the bureaucratic machinery. Importantly, they also identify the conditions necessary for IO leaders to pursue such strategies: *bureaucratic resources* that allow for the initiation of analysis of problems and solutions; and a *strategic position* within the communication network of the organization. These conditions provide leaders with a platform and the capacity to engage with key bureaucratic actors as well as the membership and other external actors, and facilitate their ability to mobilize consensus and promote support for organizational goals (Cox and Jacobson, 1973). Although the scope of applicability of these concepts within those studies remains limited to the ordinary day-to-day aspects of the IO operations studied, they are arguably also relevant to studying the ability of IO leaders at pursuing tactics and strategies during times of challenge. As such, they provide the fundamental concepts based on which a simple framework can be constructed (in the next section) for the goals of this thesis.

In the decades following Haas, Cox, and Jacobson's publications, the research agenda on IO leadership all but disappeared, with the exception of studies by Michael Schechter (1987), Oran Young (1991), and Hadewych Hazelzet (1998), who revisited the anatomy of IOs offering more empirical insights. Young (1991), in particular, built on Haas (1964) to identify specific leadership traits as complementing the previous capacities- and resources-based framework for evaluating leadership effectiveness in IOs. He developed the notion of *entrepreneurial leadership*, which advocates a particular leadership approach characterized by actively identifying problems and solutions, framing these as critical issues and acceptable formulas, and engaging with stakeholders to foster support (Young, 1991). As such, entrepreneurial leadership provides an effective approach for IO leaders to contribute to, as well as direct, the process of solving problems. However, similarly to Haas, Cox, and Jacobson, Young's focus was on understanding how IO leaders can assist members in the day-to-day solving of collective action problems and identify joint gains for states themselves as part of institutional bargaining, rather than problems that are seen as *challenges* for the IO itself.

The studies reviewed above provide a framework for pinpointing the relevant conditions that allow IO leaders to contribute to the effective

conduct of their organizations—namely *strong leadership* traits (as represented by an entrepreneurial approach), *bureaucratic resources*, and holding a *central role* organizationally. However, we know little about whether and how that framework is applicable in the context of IO leadership during moments of significant challenge, and how these conditions play a role in such moments. This is even though, just a few years before Young's publication, Schechter (1987) added more nuance to the picture by examining various moments within the same organization, concluding that the factors that determine leadership effectiveness may vary within the same organization in different moments of an IO's existence (p. 197).

More recent studies on IO agency and bureaucratic autonomy also generally lack a challenge-centered perspective. These studies strengthened the view that IOs are not mere extensions of states nor simple fora through which states engage in power politics, but are instead actors in their own right with autonomous preferences (Barnett and Finnemore, 1999, 2004; Bauer and Ege, 2016). They highlight how IOs play an important role in global affairs, such as through agenda setting (Pollack, 1997; Reinalda and Verbeek, 1998), adjudication (Alter, 2001), direct and indirect contributions to decision- and policy-making processes (Bauer and Knill, 2007; Biermann and Siebenhüner, 2009; Ege et al., 2021; Ege et al., 2022; Finnemore, 1996; Hazelzet, 1998; Knill and Steinebach, 2022; Moloney, 2022; Xu and Weller, 2008), and as enforcers of international agreements (Reinalda and Verbeek, 2004).

Some studies in the literature on IOs have also looked at how IOs take opportunity from changing environments to gain more autonomy from states (Bayne, 1997; Megens, 1998), and how global crises provide IOs with opportunities to increase their authority and scope through emergency measures (Kreuder-Sonnen, 2019). The fundamental logic behind that argument is the concept of 'exceptionalism', whereby crises provide IOs with out-of-ordinary opportunities (Kreuder-Sonnen, 2019; Kreuder-Sonnen and White, 2022). Recent studies have also examined how IOs engage in rhetorical and legitimation practices (Dingwerth et al., 2020; Gronau and Schmidtke, 2016; Lenz et al., 2021; Tallberg and Zürn, 2019).

While opening the 'black box' of decision- and policy-making influence within IOs (Ostreich, 2012) has provided a fuller picture of when and how institutional actors can (and are willing to) play a role in them, the focus of these studies has not been on crises that challenge an IO directly, but

rather on probing IO behavior vis-à-vis member states (and other actors) during ordinary times, or when external crises in policy areas covered by an IO provide these with an opportunity to expand their autonomy and authority[2]. Moreover, those studies tend to view IO bureaucracies not as striving to maximize their mandate, funding, staff, and autonomy, but rather at ensuring that their institutions can perform their functions effectively and solve political problems in the interest of members.

That view on institutional actors may hold true during ordinary times, when IOs are not under significant stress from a challenge. However, as the PA literature on crisis leadership reminds us, "just as crisis politics differs from politics as usual, crisis leadership differs from leadership in routine times" (Ansell, Boin, and 't Hart, 2014, p. 418). During such moments of crisis (or challenge, as a synonymous term used in the present study), the stakes for the institution are much higher (Edelman, 1977). While such moments may offer opportunities for institutional actors to increase their autonomy and expand their influence vis-à-vis stakeholders, they may also induce far more pressure than 'politics as usual' and fundamentally threaten the institution (Ansell, Boin, and 't Hart, 2014). As such, institutional actors' behavior may differ during challenging times, with their goals shifting towards ensuring the survival and continuity of their organization rather than prioritizing the interests of stakeholders. Moreover, the sort of institutional constraints on leaders' influence in decision- and policy-making, and the restrictions on their role internally and externally, may differ during challenging moments. This makes leadership during moments of challenge an important topic of study that is separate from the study of that role during ordinary times (Ansell, Boin, and 't Hart, 2014).

It is, therefore, worthwhile to examine the behavior of IO leaders during moments of challenge and nettle out the nuances of the process that goes from challenge to institutional response. In fact, recent large-N analyses in the IR literature on IO resilience point to the relevance of institutional features. Debre and Dijkstra (2021a), for example, shed light on how features related to IO bureaucracies (such as secretariat size) help explain variation in the institutional outcome of challenges. In a subsequent study,

[2] For example, in *Managers of Global Change* Frank Biermann and Bernd Siebenhüner (2009) present nine case studies of IO bureaucracies' problem-solving approaches, providing a useful framework for assessing internal and external leadership. However, they do not focus specifically on the executive heads of IOs, and they also do not examine leadership approaches aimed at pulling institutions out of trouble.

Debre and Dijkstra (2021b) show that the bureaucratic capacity of IOs also affects the effectiveness of their responses to the COVID-19 crisis. This research agenda, however, has been followed by only a handful of studies investigating the role of institutional actors in IO responses to challenges, which highlight the importance of the formal and informal influence of such actors for explaining the resilience of their institutions (Dijkstra et al., 2023; Heinkelmann-Wild and Jankauskas, 2022; Schütte, 2021a, 2021b).

In sum, despite the well-established debate on crisis leadership in the PA discipline, the IR literature on IOs has until recently neglected the need to examine the factors that condition IO leaders' ability to *lead* their IOs' responses to significant challenges (Olsson and Verbeek, 2013; Reinalda and Verbeek, 2014). This is surprising, given that, already in 1998, Susan Strange gave us a hint as to why we need to examine the role of IO bureaucracies and relevant institutional actors when it comes to our assessment of their autonomy and agency. From her perspective, international bureaucrats are heavily invested in the continuity of their IOs, not least because their careers depend on them (Strange, 1998). Therefore, which moment in an IO's existence would be more apt for examining the role, behavior, and agency of its institutional leadership than tough times?

The crisis leadership literature from the Public Administration discipline is ideal for complementing the IR scholarship on IOs to study institutional leadership in IOs during moments of challenge. As such, the next section borrows from that literature to generate the theoretical foundations for this thesis' empirical investigation of the role of institutional leadership in IO responses to challenges.

1.3 Mapping out the role of institutional leadership in economic IOs under challenge

Studies in the PA discipline have extensively theorized and investigated institutional leadership in public agencies during challenging times (Ahlquist and Levi, 2011; Bueno de Mesquita et al., 2004; Bryman et al., 2011; Couto, 2010; Elgie, 1995; Goethals, Sorenson, and Burns, 2004; Helms, 2012; 't Hart, 2013; 't Hart and Uhr, 2011; Masciulli, Mochanov, and Knight, 2009; Messick and Kramer, 2005; Keohane, 2010; Strangio, 't Hart, and Walter, 2013). Their insights provide us with the building blocks for developing a birds-eye view on an institution's response to challenges, the specific components that form it and the various roles played by institutional leaders in that response. The literature pinpoints

three key processes behind an organization's management of challenges, namely *sense-making*, *response-shaping*, and *meaning-making* (Ansell, Boin, and 't Hart, 2014; Boin et al., 2005; Rhodes and 't Hart, 2014; Selznick, 1957; Waugh and Streib, 2006).

To begin with, sense-making consists of the interpretation of a challenge by the leader. In that process, the causes of a challenge, its nature, and its potential consequences are rationalized. As central institutional actors with the broadest access to (technical and contextual) information as well as bureaucratic expertise and resources, institutional leaders are the best-placed actors within their institution for effectively engaging with a challenge and recognizing its characteristics (Rhodes and 't Hart, 2014). This process can also involve the inclusion of other various relevant bureaucratic and external actors (e.g., secretariat staff, supporting units with specialized expertise, external stakeholders, civil society actors, etc.) through which the leaders can best conduct sense-making. This initial process is a crucial step preceding the response-shaping process.

Response-shaping, as the label denotes, consists of the process whereby institutional leaders mobilize the resources and information at their disposal to produce solutions based on analyses of the challenge and its potential consequences for the institution. This process can also involve other bureaucratic and external actors. Here, the main task of institutional leaders is to provide direction, a vision of the most adequate response, coordinate a response network and employ opportunity structures in combination with the arsenal of institutional tools available, in order to ensure the effective implementation of the response (Ansell, Boin, and 't Hart, 2014; Boin et al., 2005). This runs parallel to the meaning-making process, whereby the definition of the challenge is framed not only in a way to ensure that a response is seen as imperative, but that the specific responses prioritized by the leadership are seen as most promising for the achievement of an optimal institutional outcome.

Institutional leaders are described as playing critical *authoritative*, *facilitative*, and *symbolic roles* within those processes (Ansell, Boin, and 't Hart, 2014; Rhodes and 't Hart, 2014; Waugh and Streib, 2006). First, in their authoritative role, institutional leaders make decisions regarding the (re)allocation of resources and conduct tailored interventions. This role is relevant to the response-shaping process, where solution-producing decisions are made. Second, in their facilitative role, institutional leaders frame issues and solutions so as to garner support internally. As such, this

role is relevant to the meaning- and sense-making processes. Finally, in their symbolic role, leaders act as figureheads, presenting their views, decisions, and actions publicly on behalf of their institution to garner external support (Waugh and Streib, 2006). This role is also relevant to the meaning-making process, whereby solution-producing decisions and actions are justified to stakeholders.

The dissertation takes insights from the IR studies on IO bureaucratic politics and resilience and marries them with insights from the crisis leadership literature to derive a framework that is applied within the context of economic IOs during moments of challenge. Like their counterparts in public agencies, the dissertation expects IO leaders to engage in authoritative, facilitative, and symbolic roles in the sense-making, response-shaping, and meaning-making processes behind their IOs' response strategies against challenges. The dissertation specifies how the ability of IO leaders to take such roles is contingent on certain conditions pertaining to their IO's institutional design features and their own leadership approaches. These are conceptually understood here as *institutional authority*, *bureaucratic capacity,* and *leadership competence.*

First, to be able to perform their roles and effectively manage their IO's formulation and implementation of a response strategy against a challenge, institutional leaders will need enough institutional authority. Institutional authority here is understood as formal and informal powers that allow IO leaders to make decisions and act within the bureaucratic machinery of their IOs (Bauer and Ege, 2016; Biermann and Siebenhüner, 2009; Dijkstra et al., 2023; Kreuder-Sonnen, 2019). This denotes, for example, IO leaders holding key intermediary roles within their institutions and having effective communication platforms at their disposal for engaging with various actors.

Second, institutional leaders will be better able to direct their IO's response process against challenges if they have enough bureaucratic capacity (Cox and Jacobson, 1973; Debre and Dijkstra, 2021a, 2021b; Dijkstra et al., 2023; Schütte, 2021a, 2021b, 2022). Bureaucratic capacity denotes having a hierarchically structured bureaucracy with enough staff, expertise, and budget. These are all critical assets for IO leaders to effectively conduct and orchestrate tasks and operations within the bureaucratic machinery of their IO and direct supporting bureaucratic actors in problem-solving and solution-finding activities during moments of challenge.

Third, during tough times institutional leaders will need to show enough leadership competence to be able to actively play a role in the response process. Leadership competence reflects proactiveness on behalf of IO leaders in actually applying their authority and formal/informal powers to engage with issues, actors, and solutions (Ansell, Boin, and 't Hart, 2014; Boin et al., 2005; Dijkstra et al., 2023; Rhodes and 't Hart, 2014; Young,1991). Only with enough leadership competence will institutional leaders be able to take the helms of their IO and employ the available institutional tools and bureaucratic capacity to direct a response to a challenge.

These conditions are expected to be fundamental to the ability of institutional leaders to take authoritative, facilitative, and symbolic roles. For example, without an optimal combination of institutional authority, bureaucratic capacity, and leadership competence, institutional leaders cannot effectively take an authoritative role within the response process. Having enough bureaucratic capacity is integral to institutional leaders' ability to actively recognize a challenge and initiate research and analyses of the problem. Institutional authority and leadership competence together enable institutional leaders to gather the attention and support of members and effectively propose solutions to them. Finally, without enough institutional authority and leadership competence, institutional leaders may not be able to effectively oversee the implementation of solutions and, where necessary, directly intervene.

Similarly, the facilitative role requires institutional leaders to have enough institutional authority and exhibit enough leadership competence for engaging with relevant bureaucratic actors, members, and the wider stakeholder base. Without these conditions in place, institutional leaders might not be able to effectively bridge interests at various levels and ensure that proposed solutions are viewed as feasible across the board. Likewise, the symbolic role requires institutional leaders to exhibit leadership competence to effectively act as the IO's figurehead, proactively engage with the external environment, take independent stances, and support the institution both privately and publicly when needed.

Within the context of IOs, institutional leadership is in practice represented by executive heads, such as the WTO Director-General, the NATO Secretary-General, and the World Bank President, and their supporting institutional actors. As explained, their ability to take on key roles and lead their IOs in the realization of response strategies against challenges is

conditional on them having enough institutional authority, bureaucratic capacity, and leadership competence. Empirically, institutional authority is reflected by executive powers, such as agenda-setting and decision-making authority. These would be observable when institutional leaders employ their endowed role as executive heads to initiate new initiatives/policies, oversee and direct the workings of their bureaucracy, allocate staff and resources for new initiatives, and introduce collaborative arrangements other institutions and relevant actors outside of the IO.

Agenda-setting power would reflect through the institutional leader setting the agenda at executive and board meetings to discuss the challenge at hand, and proposing solutions (such as new policies and institutional reforms) and garnering support from members through during such meetings. Similar manifestations of institutional authority include honest brokering and mediation, which are often formally endowed roles that allow for institutional leaders to engage with specific actors within the institution (e.g., contesting parties represented by member states) through formal or informal meetings. These are empirically reflected by efforts by institutional leaders to organize and conduct small-scale and/or closed-doors meetings with relevant actors to initiate contact and solution-finding between them as well as employ the full weight of their formal role, expertise, and informal influence to facilitate solutions.

Leadership competence is empirically reflected through the degree of proactiveness with which institutional leaders (and relevant institutional actors, such as those in the senior management team of the IO) engage with challenges, strategically conduct cost/risk assessments of the nature/consequences of challenges, identify opportunity structures and constraints, and pursue viable solutions. Finally, bureaucratic capacity is empirically reflected by the presence of a highly trained and large bureaucracy at the disposal of executive heads.

When these conditions are in place, institutional leaders can act and mold their IOs' response strategies in three directions: *adaptation*, *resistance*, or *nonresponse* (Chorev, 2012; Debre and Dijkstra, 2021a; Heinkelmann-Wild and Jankauskas, 2022; Hirschmann, 2021; Kruck and Zangl, 2020; Lipscy, 2017; Tallberg and Zürn, 2019; Weaver, 2008). Adaptive response strategies aim at accommodating pressures and changes in the environment. They include institutional and policy reforms, and changes in the IO's scope and policy instruments. Adaptive response strategies require a combination of institutional authority, bureaucratic capacity, and

leadership competence for institutional leaders to effectively pursue them. Adaptive responses are useful when solutions are supported by powerful members and/or a large section of the membership. Moreover, adaptive strategies can be preemptive or reactive. The former focus on taking steps preemptively to adapt the institution before the effects of a challenge surface, while the latter come after that.

Resistive response strategies center on disputing contesters through discursive tactics (e.g., via public statements, or during formal/informal engagements) and the promotion of coalitions of supporters within the membership as well as external stakeholders (e.g., domestic actors and NGOs). As such, resistive responses strategies also require a combination of institutional authority, bureaucratic capacity, and leadership competence for institutional leaders to effectively pursue them. Moreover, this strategy is useful when the challenge comes from a single member or a small coalition within the membership, with which most members (including powerful ones) disagree.

The third response strategy consists of nonresponse, which relies on strategically passing the buck to other actors (e.g., members, civil society, etc.) until the challenge clears. This response strategy mainly requires enough leadership competence (for recognizing the challenge) and bureaucratic capacity (for analyzing the challenge) for institutional leaders to effectively pursue it. Figure 1.1 illustrates all the components of this analytical framework.

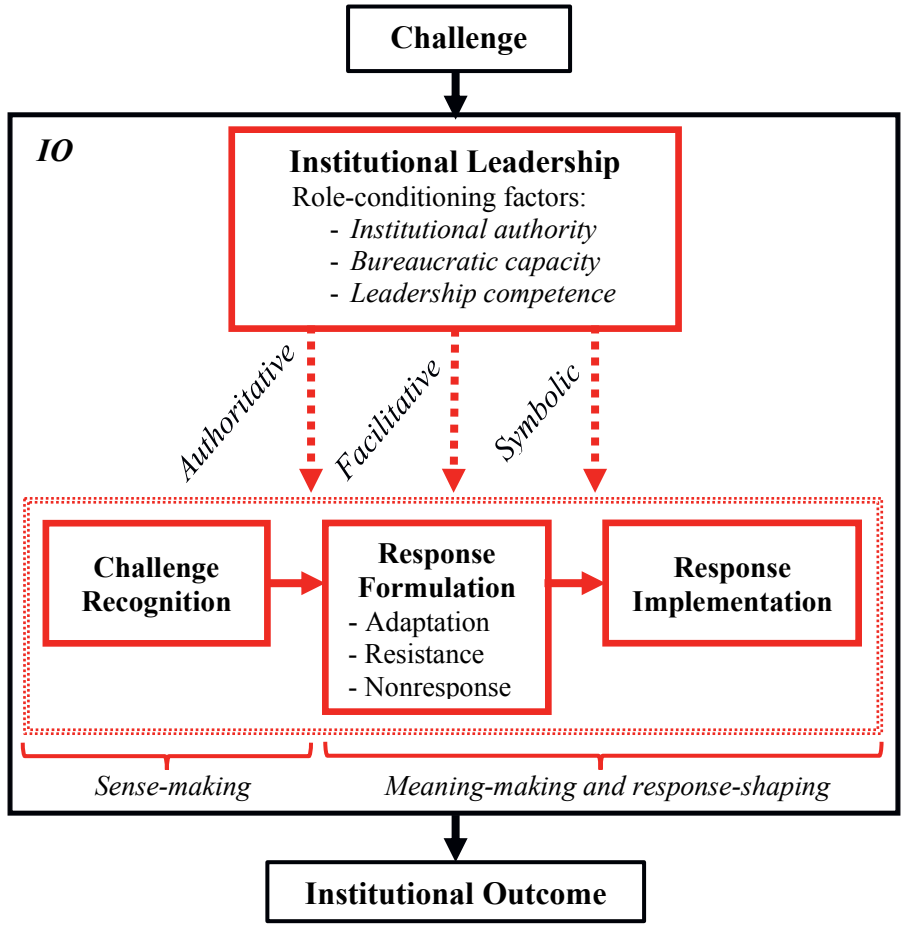

Figure 1.1 Illustration of analytical framework (in red, processes under study)

The expectation here is that the absence of those conditions (institutional authority, bureaucratic capacity, and leadership competence) will result in the inability of institutional leaders to direct the formulation and implementation of their IO's a response strategy against a challenge, thus risking institutional decline or death. Decline is understood here as a state in which IOs become unable to perform their delegated functions, experience decreased policy output, lose focality in relation to alternative institutions through which members prefer addressing issues, and membership withdrawal (Debre and Dijkstra, 2022; Hooghe et al., 2017; Pevehouse et al., 2020; Volgy et al., 2020; Zürn, 2018). Institutional death simply reflects the IO's dissolution. As mentioned earlier, studying the

institutional outcome of challenges is beyond the scope of the dissertation, which instead focuses on the IO response strategies against challenges.

The empirical validity of the theoretical argument presented here is contingent on evidence of the presence the above-mentioned role-conditioning factors, in congruence with empirical evidence of an active role being played by IO executive heads within their organizations' responses to challenges. In contrast, the absence of any real engagement with a challenge, and the lack of an active intervention within the response process of the IO by institutional leaders, despite empirical evidence that clearly points at the possession of reasonable institutional powers, competences, and resources by such leaders, would reflect a failure in the empirical validation of the theoretical argument here. In other words, the dissertation's theory would fail in the empirical tests should there be evidence for the presence of the relevant role-conditioning factors (institutional authority, leadership competence, and bureaucratic resources) but an absence of evidence pertaining to an active role being played by the institutional leadership in an IO's response to a challenge.

The next section details how the empirical chapters of this dissertation apply this framework within the challenge-response process of several cases of recently challenged economic IOs.

1.4 Research design

1.4.1 Empirical strategy

To answer the overarching research question of what role institutional leadership plays in the responses of economic IOs to challenges, the empirical chapters of this dissertation focus on various cases of economic IOs that in recent years have faced challenges with differing institutional outcomes. While several factors may contribute to the institutional outcome of a challenge in an IO, the scope of this thesis (and its constituent empirical chapters) does not allow for engaging in a systematic, multi-causal approach that accounts for the causal influence of factors external to the institution itself. Instead, the aspiration of the empirical chapters is to illustrate how IO institutional leadership is a key causal factor for

explaining the institutional response in the individual cases of challenge studied here[3].

Towards that pursuit, within-case process tracing (Beach and Pedersen, 2019) is the methodological tool employed across the empirical chapters. The case-study and process-based approach is chosen so to delve deeper and delve deeper into the mechanisms through which the relevant conditions discussed earlier in this chapter contribute to the role of leadership in formulating and implementing responses against challenges. Through this approach, in addition to the specific leadership approaches and roles of the executive heads of the IOs, the empirical investigations also provide interesting insights on the nature of the challenge, the IO's external environment (e.g., overlap and competition with other IOs), and the relevance of power dynamics within its membership. However, and as mentioned earlier, these factors are not part of the explanation offered in the dissertation, which focuses specifically on the causal role of institutional leaders in IOs responses against challenges.

The investigations chronologically trace the process beginning from the moment a challenge appears to the moment in which the institutional response is discernible. The analytical framework employed in each case study is organized along the three processes described in the previous section. The first process revolves around the recognition of a challenge (sense making). The second and third processes are where the institutional leaders, with the support of other relevant actors within and outside the IO, formulate and implement a response to the challenge to achieve a favorable institutional outcome (meaning-making and response shaping). The empirical investigations examine how institutional authority, bureaucratic capacity, and leadership competence together shape the role played by institutional leadership within those response processes in each case under study.

The selected cases are the World Trade Organization (WTO), the World Bank, and the Asian Infrastructure Investment Bank (AIIB). These are task specific economic IOs with a global membership. They operate specifically within the international development, finance, and trade arenas. While they may vary in terms of their arena-specific policy

[3] The concluding chapter of the thesis then returns to the findings and compares them to discern observable patterns that appear to explain the processes within and across the cases. That chapter will also discuss the congruence between institutional responses and the resulting institutional outcome of the cases under study.

mandate and focus (e.g., multilateral development lending, global trade agreements, etc.), they nevertheless represent a broad global policy domain that can be distinguished from other policy domains (e.g., security, environment, etc.). This exclusive focus on economic IOs allows us to reveal causal processes and mechanisms across IOs that appear to be rather vulnerable to challenges—and within a global policy area that is particularly rife with pressure. As Gray (2018) shows, about half of all economic IOs have either completely lost their functioning capabilities or are in a perpetual 'zombie' state. In other words, only around half of economic IOs that have ever come into existence appear to be healthy and functional.

The selected cases also consist of IOs with a secretariat staff size greater than 50 (following the measurement proposed by Debre and Dijkstra, 2021a). This is important as IOs with larger and more institutionalized bureaucracies, in contrast to smaller and/or informal institutions (such as the G20), are known to be better at effectively pushing responses against challenges, and ultimately surviving (Debre and Dijkstra, 2021a). This case-selection strategy implies a most-likely case scenario, and therefore we would expect that institutional leaders would in principle possess the resources to develop and implement a response strategy to challenges. Any inaction on their side would therefore not be explainable by the size of the bureaucracies of these IOs.

However, the case-selection strategy may potentially limit the generalization of the findings to economic IOs that are large, global, and task-specific, which the literature suggests are more likely to be resilient (Debre and Dijkstra, 2021a). Other IOs, such as general purpose IOs (e.g., the United Nations), those operating in other policy domains (e.g., security IOs such as NATO), IOs with a limited membership (e.g., the Caspian-focused Economic Cooperation Organization), IOs with smaller bureaucracies (e.g., the North American Free Trade Agreement), or informal institutional setups (e.g., the G20) may have faced different external factors, opportunity structures, and membership dynamics as compared to the sample of IOs here. This will be discussed further in the concluding chapter. Table 1.1 provides an overview of the selected cases.

Table 1.2 Overview of cases.

	WTO	World Bank	AIIB
Membership	Global	Global	Global
Mandate	Economic	Economic	Economic
Secretariat size	Large (>50 staff)	Large (>50 staff)	Large (>50 staff)
Challenge	US contestation of Appellate Body	Establishment and rise of AIIB	COVID-19 global pandemic

The first instance of challenge under study focuses on the WTO Appellate Body. A key and permanent division at the WTO with adjudicative functions, and consisting of seven members appointed for 4 years (renewable once) by member states, the Appellate Body possesses its own secretariat with staff specialized in international trade law and arbitration. Its primary task is to act as a court of appeal for trade disputes between WTO members, therefore functioning as an important organ within the multilateral trade system.

Although its establishment in 1995 was widely seen as a successful achievement of the Uruguay round of negotiations, in the decades that followed the WTO was criticized heavily behind closed doors as well as publicly (Bown and Keynes, 2020; US Mission Geneva, 2019; USTR, 2020). Various US administrations have voiced criticism of the Appellate Body, claiming that its members engaged in unsolicited judicial overreach, violated procedural rules, and deviated from the WTO agreements (US Senate, 2000; USTR, 2018, 2020). The Trump administration made it clear that it intended to render the court dysfunctional by blocking of the (re)appointment of the court's judges, should the status quo persist, thus completely disrupting one of the key functions of the WTO. As a result, many of the WTO's members have resorted to establishing an alternative mechanism (the Multiparty Interim Appeal Arbitration Arrangement). However, the future of the Appellate Body itself remains uncertain. The case of the US challenge to the WTO Appellate Body offers a prime example an economic IO under direct contestation by a powerful member, and represents one of the most telling examples of the crisis of the liberal international order (Lake et al., 2021).

The second instance of challenge under study focuses on the World Bank. The Bank has for decades held the premiership in the international

development lending arena. Despite the presence of other alternative institutions, the normative and operational dominance of the World Bank has never been seriously challenged. The launch of the China-led AIIB in 2016, however, was different. In the already densely populated global development lending environment, and with the rise of China's contesting voice against the World Bank and revisionist drive against the US-led institutional framework, the establishment of the AIIB and its clear overlap with the World Bank presented a considerable challenge for the incumbent organization (Brands, 2018; Curran, 2018; Wilson, 2019). Not only was the AIIB seen as the spearhead in China's pursuit of development lending policies and normative frameworks that diverged from those incepted and upheld by the World Bank, but the entrant organization also quickly received widespread support from many states (including several powerful Western countries) (Perlez, 2015; Smialek and Kearns, 2016; Stephen and Skidmore, 2019; Wilson, 2019). As such, the presence of the AIIB in the neighborhood was a threat to the centrality of the World Bank, and the case therefore represents a prime example of an incumbent IO being indirectly but significantly challenged by an entrant one.

The third and last instance of challenge under study here focuses on the AIIB. The global COVID-19 pandemic led to a relative decline in infrastructure-borrowing demand by countries struggling to recover from its economic effects (AIIB, 2020a, 2021, 2022b; World Bank, 2020a, 2021b). As a young institution with the explicit mandate to focus on infrastructure investment (AIIB, 2014), the clients' switch in demand was perceived as a significant challenge by the AIIB's leadership, as the institution lacked the necessary policy focus and tools for addressing this (AIIB, 2022b). Moreover, the presence of significant competitors (e.g., World Bank) with broader policy focus and high functional, resource, and geographic overlap with the AIIB, meant it struggled to secure projects soon after the pandemic hit (AIIB, 2019, 2020a, 2022b). From the institution's viewpoint, the fear was that the AIIB would lose its momentum in developing its project pipelines, expertise, and credibility, thus slowing its consolidation within the global lending arena (Hosli et al., 2019). Moreover, there was a real chance for the AIIB to be caught up in the Sino-American rivalry over the pandemic, as experienced by various IOs such as the UNSC and, especially, the WHO (Ogden, 2020; Smith and Fallon, 2020; Zhao, 2021). As such, the case represents a prime example of an entrant economic IO being threatened by a significant global challenge.

The three cases of IOs and their respective challenges therefore provide a good sample through which to examine the role played by institutional leaders in the response process of their IOs. In all three cases there were significant challenges present which were perceived (at least at some point) by senior IO officials as posing potentially important consequences for their organizations. The IOs themselves, both within the context of their challenge as well as outside of it, are quite politically salient organizations, with much attention having been paid to them recently in both media and academia. Whether it is the rise of a new institution led by an increasingly influential and globally present China (the cases of the World Bank and the AIIB), or the perceived downfall of a central institution within the global trade arena by the hands of an administration at the helms of a hegemonic power (the case of the WTO), these are all cases that have been quite relevant both within academic debates as well as general commentary in recent years.

As such, the three IOs and their challenges are salient cases. They are also cases in which it would be expected to see not only a relevant response produced by the IO, but also a critical role played by relevant institutional actors—and the conditions that constrained or facilitated those roles—in shaping those responses. In fact, the recent nature of the moments of challenge under study mattered to the research objectives of this dissertation, as the reliance on the recalling of perceptions and views by key officials encouraged picking cases of challenge that occurred not far in the past.

Crucially, and as the next section (*summary of findings*) previews, while the three IOs share similarities in terms of their mandates, membership, size, and being challenged, a priori they exhibit important variation on specific dimensions. First, they vary on their delegated authority. For example, while the WTO ranks generally low in delegated authority, the World Bank ranks relatively higher (Zürn et al., 2021). This may reflect variation in the institutional powers prescribed to their leadership. In fact, while the presidents of the World Bank and the AIIB possess wide-ranging powers and extensive arsenals of institutional tools, the WTO Directors-General are commonly known to hold a much more limited institutional role. Moreover, while the three IOs have large professional bureaucracies with extensive expertise, the preview of the findings shows that the World Bank and the AIIB enjoy hierarchical institutional structures with intra-institutional authority generally distributed vertically from the top down. In contrast, the WTO's institutional design prescribes a high degree of

autonomy to the Appellate Body, therefore giving the IO a more horizontal and flat structure. As such, while all three IOs have a comparatively large staff size, they vary in terms of the bureaucratic capacity that is available to their institutional leaders.

When it comes to the leadership competence exhibited by the institutional leaders of the IOs under study, this is of course difficult to assess a priori. The dissertation's empirical investigations reveal that through observing instances in which institutional leaders actively engaged with their bureaucracies, the IOs' stakeholders, and other actors within and outside of their IOs to analyze issues, search for solutions, and frame/propose these as part of their IOs' response (this is similar to what is done in previous studies, e.g.: Dijkstra et al., 2023). As the findings reveal, the AIIB President Jin Liqun and the World Bank President Jim Kim consistently exhibited proactive leadership competence. In contrast, the WTO Director-General Roberto Azevedo showed less proactiveness, instead exhibiting a more neutral and hands-off approach in managing the WTO Appellate Body crisis. As such, a posteriori, the three IOs vary in the degree of leadership competence exhibited by their institutional leaders.

Finally, the IOs vary in their responses and institutional outcomes. The World Bank and the AIIB pushed for adaptive responses, while the WTO did not respond. Congruently, the World Bank and the AIIB averted decline, while the WTO faced a grimmer fate. These variations are crucial for the goal of the thesis, namely, to zoom in on how IO institutional leaders play a role in 'fending off' the effects of challenges to their institutions, and shed light on the conditions that shape that role.

1.4.2 Data and limitations

The research objective and methodological approach of this dissertation require an in-depth and fine-grained approach for gaining an understanding of the perceptions and views of senior officials involved in key positions and decision-making processes during moments of challenge. This is critical to getting a detailed picture of the role institutional leaders played in tackling challenges. Given that key strategies and tactics employed by senior officials to cope with recent and significant challenges tend not to be readily available or even disclosed publicly (i.e., in available sources and official statements), the ensuing empirical chapters rely mainly on elite interviews with key and supporting officials as well as relevant experts. These included current/former senior IO officials (e.g., officials in senior

management teams, or working directly with executive heads within secretariats), other current/former key IO officials (e.g., officials from Board of Directors, state representatives at the IO, advisory/counsel staff, country directors, etc.), and academic and policy experts.

In total, 46 semi-structured interviews and an additional 4 follow-up interviews were conducted between March 2020 and August 2022. The interviews were semi-structured to facilitate comparability and flexibility at the same time. Interviews were conducted based on the condition of pseudonymity, hence quotations from interviewees are identified with pseudonymous labels (e.g., 'Interview #1'). Interview data was processed and handled by the author directly (no software was used for analysis). For the case studies on the WTO, a combined total of 22 interviews were conducted (including 4 follow-up interviews). For the case studies on the World Bank and the AIIB, a combined total of 28 interviews were conducted. More detail on the interview approach specific to each case study is provided in the respective chapter. The interview approach, data collection, storage, protection, retention, and destruction procedures were approved by Maastricht University[4]. A descriptive list of interviews is provided in the appendices A, B, C and D.

For the two chapters on the case of the WTO, interviews were conducted with permanent and temporary WTO officials as well as representatives from member states and experts in the field, selected based on position and expertise in relation to the Appellate Body crisis. Key questions included: 'What were the concerns within the Body/WTO regarding the challenge posed by the Trump administration?' 'What role did the WTO Secretariat and DG play in managing the crisis?' 'What opportunity structures and options did they have in shaping the organization's response to the Trump challenge?' Complementary data for this analysis was obtained from secondary literature and other relevant and publicly available sources, such as reports/publications from the US Senate and Trade Representative.

The chapter on the World Bank relies on data from interviews with Bank officials working during the Jim Kim presidency (2012-2019). These were interviewed to obtain their views regarding the perception of the threat of

[4] Approval by Maastricht University Ethical Review Committee Inner City Faculties (ERCIC) on 18 October 2018 and 19 December 2019 (reference: ERCIC_098_01_10_2018). Approval by European Research Council (ERC) Ethics Review on 25 October 2018 (reference: Ares(2018)5481894) and 24 March 2020 (reference: Ares(2020)1725290).

the AIIB as well as the tactics and strategic planning involved in the Bank's response. Additionally, Bank executive directors, former Bank officials working in the AIIB, senior officials within the first cohort of the AIIB's management, and experts were interviewed for triangulation. Key questions asked were, amongst others: 'Were there concerns within the Bank's management and the President's office regarding the establishment of the AIIB? 'What are the institutional constraints on the President?' 'What strategies were devised in response to the AIIB?' 'How did relevant institutional actors shape that response?'

The chapter on the AIIB relies on data from interviews with current and former AIIB and World Bank officials, state officials, and experts to trace the process from the start of the COVID-19 pandemic, the recognition of it as a threat by the AIIB, and the response strategy pushed by the AIIB's leadership. These interviews also rely on data from 6 of the interviews previously conducted for the World Bank case. The interviews conducted with current and former officials from the AIIB were based on their position and tenure within the organization during the period shortly before the onset of the COVID-19 pandemic up to the present. Officials that form part of the senior management cohort of the AIIB, particularly those who were in office in the period during the COVID-19 pandemic, were interviewed to obtain their views regarding the perception of the threat of the pandemic to the workings of the institution, as well as the tactics and strategic planning involved in the institution's response. Current and former AIIB executive directors, former World Bank officials working in the AIIB (particularly high-ranking officials within the relevant cohort of the AIIB's management), current officials at the World Bank, and experts on the institution (e.g., researchers who performed consultancy for member states) were also interviewed to triangulate the data. Complementary data were obtained from primary sources and the literature.

All interviews were conducted under the constraints of the COVID-19 pandemic. The resulting travel restrictions, lockdowns, and health measures implemented in the various countries in which fieldwork was originally planned (e.g., the US) meant that switching to online platforms (e.g., online conference software such as Zoom, Microsoft Teams, etc.) was the only feasible solution. This came with its own (at times rather stressful) challenges, including logistical difficulties (e.g., exclusively remote correspondence, unstable internet connection, suboptimal environments for conducting remote communication, etc.) as well as data-

gathering limitations (e.g., the lack of opportunity to meet in person the interviewee and assess their body language, establish enough trust to allow for more focused and off-the-record conversations, snowballing from office to office within the headquarters and other premises of an organization, etc.). It also required (and fostered) an adaptive, on-the-spot, and quick problem-solving aptitude. Switching to online platforms also had its advantages. It accommodated for the availability of interviewees and facilitated the scheduling and conduct of interviews across a wide time span (as opposed to the usual constraints involved when travelling and concentrating all in-person interviews within a specific fieldwork period).

Last but not least, it is important to note that the ensuing empirical analyses focus exclusively on the role played by institutional leaders in the response processes of their organizations during the moments of challenge under study. As such, the analyses do not attempt to identify the factors that explain why the responses varied in their effectiveness, or why a specific outcome occurred instead of another. Various alternative and plausible explanations could be engaged with to answer those questions, something which this dissertation does not attempt. For example, one plausible explanation for the outcome of a specific challenge could focus on the IOs' institutional settings (e.g., qualified majority voting versus unanimity), and argue that it might be easier to manage a challenge in one setting as compared to another. Another approach could focus on the differential nature of challenges to explain the outcome, for example making a case as for why contestation from within the membership by a powerful state (such as the US) makes for a much harder challenge to tackle than an external development (such as the establishment of a new institution).

Explaining the variation in outcomes of the challenges under study, however, is not the ambition in the empirical investigations here. Rather, the analyses in the ensuing chapters focus in a narrow and explorative sense on the role played by institutional leaders—and the conditions that shaped that role—within the response processes of their IOs. The analyses do not focus on explaining the outcome of specific challenges, and do not engage with wider explanations of the drivers behind—and differential nature of—the challenges under study. These factors are not expected to be in and of themselves drivers behind the variation in the way IO leaders under study played a role—or failed to do so—within the response processes of their organizations.

1.5 Summary of findings

The findings from the case studies on the WTO, World Bank, and the AIIB confirm the relevance of the role of institutional leadership in their response processes. The findings suggest that the institutional leaders took—to a widely varying degree—authoritative, facilitative, and symbolic roles, depending on the conditions described earlier. More specifically, when IO leaders had enough institutional authority, bureaucratic capacity, and exhibited strong leadership competences through a proactive approach in dealing with issues and engaging with actors/opportunities, they were able to play a crucial role in shaping the responses of their IOs to challenges.

Interestingly, the findings also suggest there is no single causal chain that links a specific role-conditioning factor (institutional authority, bureaucratic capacity, or leadership competence) to a specific role (authoritative, facilitating, or symbolic). Instead, the empirical findings across the three cases suggest that institutional leaders were able to assume such roles depending on the three key conditions collectively being in place, suggesting a degree of overlap between them. In other words, the findings suggest how the absence of those conditions can inhibit the ability of institutional leaders in playing any of those key roles. This is highlighted by the results from the first case study which illustrate how the WTO leadership's ability to shape and implement an effective response strategy was constrained by a lack of institutional authority to act and limited proactiveness and overall leadership competence by its Director-General. As such, when the US-led challenge began to manifest, these factors inhibited the ability of the WTO's institutional leadership to play any role within the response process, thus leading to an ineffective nonresponse strategy against the loss of the Appellate Body's functionality.

In contrast, the findings from the case studies on the World Bank and the AIIB point to the opposite. Within the first process (*sense making*), the World Bank and AIIB presidents played a critical role in the recognition of their IOs' respective challenges. They were also key actors in the second and third processes (*meaning-making* and *response shaping*), where they played a critical role in effectively formulating and implementing the responses of their IOs to the respective challenges. Importantly, and as the next two paragraphs unpack with more detail, the findings point to how institutional authority, bureaucratic capacity, and leadership competence

in combination allow institutional leaders to take those key roles within their IOs.

The investigation of the World Bank's response to the rise of the AIIB is a telling case of an effective adaptation strategy by an economic IO to a changing environment. The case study reveals how, through its broad institutional authority (agenda-setting and decision-making powers), extensive bureaucratic capacity, and proactive leadership approach, the World Bank's institutional leadership managed to effectively produce and implement an adaptive response strategy to the AIIB. Soon after the establishment of the AIIB, the World Bank's President, with the support of his cabinet and bureaucracy, proactively engaged with the challenge, analyzing the potential impact of the AIIB's establishment, the consequences of rivalry in the infrastructure development and lending arena, and formulating relevant solutions. The strategic response allowed the Bank to eliminate the potential for competition with the AIIB and ensure that the two institutions would not be heading towards a collision course. This has (most) likely contributed to the Bank's ability to remain the dominant lending institution in the global lending arena, and to also play a significant role in strategically molding the AIIB into its shape.

Similarly, the AIIB's response to the COVID-19 pandemic challenge represents a case of adaptation. The analysis reveals the role of the AIIB's President, who with the support of cabinet and senior management, combined their authority and bureaucratic capacity with leadership competence to effectively recognize the challenge posed by the COVID-19 crisis, examine solutions, identify institutional constraints, balance member state interests (especially China's), and strategically formulate a response resulting in the expansion of the AIIB's scope and project pipelines beyond infrastructure lending and the introduction of new policy instruments. Thanks to these efforts, since April 2020, the AIIB has managed to secure a larger number of projects on a yearly basis than in pre-pandemic years, almost all of which focus on COVID-recovery measures. Ultimately, the response strategy allowed an emerging and vulnerable economic IO to not only cope with the pandemic, but also expand its scope and add new instruments to its policy arsenal, therefore further consolidating itself within the global lending arena despite the presence of significant incumbent competitors.

From a comparative perspective, although the IOs and their challenges under study across the cases differ in nature, the relevant mechanisms

explaining the role of their institutional leaders in shaping their responses appear consistent. Thus, one key takeaway from the findings is that the nature of the challenge does not appear to be a determining factor for what role institutional leaders play in the response process. In all three cases, institutional authority is key to the ability of institutional leaders to effectively act. In particular, the findings highlight the importance of decision-making, agenda-setting, mediation, and honest brokering powers as key components of what can be described as enough institutional authority. Similarly, the findings highlight how bureaucratic capacity—especially a hierarchically structure bureaucracy with a high degree of expertise, large budget, and a strong network of connections with other IO bureaucracies—are vital assets, imperative to the ability of institutional leaders and key supporting actors within the bureaucracy for analyzing problems and offering effective solutions.

The satisfaction of these conditions provides the channels through which institutional leaders can act in defense of their institutions against challenges. Importantly, however, the cross-case findings also show how their combination with a proactive leadership approach—reflected by an active engagement with the challenge, opportunity structures, and relevant actors within and outside the IO—is paramount to the general effectiveness of IO heads in playing authoritative, facilitative, and symbolic roles.

A final takeaway from the findings here relates to the link between IO responses and the ensuing institutional outcomes of their challenges. As explained earlier in this chapter, the following tri-step view on the challenge-outcome process is taken here: first, (A) a challenge begins; second, (B) the challenge is recognized, solutions are analyzed, and resulting IO responses are produced; third, (C) the interaction between the effects of the challenge, the IO response, and confounding external factors result in an institutional outcome. Throughout this dissertation, the aim has been to unearth the role of IO institutional leadership in the causal chain linking steps A and B. The causal chain linking steps B and C has not been the focus here. As such, providing answers to whether institutional responses shape the final institutional outcome of challenges has been beyond the scope here. Nevertheless, the findings suggest some degree of congruence between steps B and C. The inoperability of the WTO Appellate Body clearly indicates institutional decline (e.g., loss of key functions). The fact that the World Bank has managed to upkeep its focality and effectively reform its policies to accommodate the threat of the AIIB clearly represents an institutional outcome of adaptation

following a challenge. Similarly, the fact that the AIIB has not only managed to upkeep its operations and protect its project pipeline and customer base despite the pressures arising from the COVID-19 pandemic, but has even expanded these and adopted new policy instruments, reflects a clear institutional outcome of adaptation following that challenge. These cases, therefore, suggest correspondence between the economic IOs' responses against their respective challenges and the ensuing institutional outcomes, but more research is needed to corroborate the presumption of a causal influence.

1.6 Structure of dissertation

The remainder of this dissertation consists of five chapters. Four of these (chapters 2, 3, 4, and 5) stand as stand-alone case studies intended for journal publication (two of which have already been accepted/published) and as such are structured in their original 'article' manuscript format.

Chapter 2 examines a case of challenge, namely the US contestation of the WTO Appellate Body before and during the Trump administration, and discusses the relevance of studying IO challenges through an institutional viewpoint. Chapter 3 presents a case study on the same instance of challenge, namely the WTO and the US contestation, and zooms in on the role of institutional leadership, and the conditions that affect it, in the process behind the WTO's response to the challenge under study. Chapter 4 examines the role of the World Bank's institutional leadership in its response to the challenge represented by the establishment and rise of an alternative, BRICS-led institution, the AIIB, within the global development lending arena. Chapter 5 examines the role of the AIIB's institutional leadership in its response to the challenge posed by the global COVID-19 pandemic to that same arena. Chapter 6 concludes by reflecting on the findings, their implications for the theoretical argument of the thesis, the wider literature on IOs, and our understanding of the role of leadership in IOs' responses to challenges.

Chapter 2 starts by analyzing the challenge that the administration of former US President Donald J. Trump posed to the WTO Appellate Body. The chapter takes an institutional approach towards understanding the causes of the challenge (grievances against the Appellate Body's alleged engagement in judicial overreach), its nature (contestation by a powerful member), and the process through which it resulted in the institutional outcome, namely the dysfunctionality of the Appellate Body and thus the

loss of a key function of the WTO as an institution (through the deliberate and systematic blockage of the (re)appointment of judges to the Appellate Body). As such, chapter 2 focuses on the challenge to the WTO rather than the role of its institutional leadership, with the goal of providing a first view on the nature of the challenge and its implications for the IO. The chapter reveals the complex drivers and process behind the contestation of the WTO Appellate Body, tracing this back to US domestic political forces, geopolitical factors, and global power shifts. The chapter also reveals the specific institutional mechanisms employed by the contesting principal for influencing and imposing control over the agent.

Chapter 3 takes on the same case, namely the US challenge to the WTO, this time focusing on the institution's leadership, represented by the Director-General and WTO secretariat officials. The chapter explains the institutional outcome of the Trump challenge by showcasing how no effective response strategy was formulated by the WTO's institutional leadership. In the absence of institutional powers and tools available to the institution's leadership (due to the design of the institution) and the limited leadership proactiveness on behalf of the Director-General, the WTO's institutional leadership was unable to give direction to the organization and produce an effective response. As such, chapter 3 acts as the dissertation's first empirical investigation of the theoretical argument presented in the introductory chapter.

Chapter 4 examines the challenge posed to the World Bank by the China-led establishment and rise of the AIIB. As an alternative and overlapping economic IO, the AIIB presented a challenge to the normative and operational centrality of the World Bank within the global development lending arena. Nevertheless, the World Bank managed to effectively adapt to the entrant IO. The chapter focuses on the role of the Bank's institutional leadership (represented by the World Bank President Jim Kim and his cabinet), revealing how its broad institutional authority and resources, together with a proactive leadership approach, resulted in the effective analysis of the challenge and the formulation and implementation of an adaptive response strategy. This response consisted of institutional and policy reforms, as well as strategically collaborative engagements with the AIIB aimed at promoting institutional isomorphism at the entrant institution.

Chapter 5 turns to the AIIB, this time focusing on the challenge posed to the entrant institution by the effects of the COVID-19 global pandemic on

the development lending arena. The chapter highlights how the switch in demand by the AIIB's clients (from infrastructure borrowing to COVID-recovery borrowing) presented a significant threat to the entrant and still-consolidating institution within its densely populated policy domain. Nevertheless, the AIIB, thanks to the proactive role played by its institutional leadership (represented by President Jin Liqun and his cabinet) which enjoys broad institutional authority and bureaucratic capacity, managed to effectively respond to the challenge. This response consisted of an opportunistic adaptation strategy aimed at expanding the scope and policy instruments of the institution to allow it to engage in COVID-recovery lending, thus addressing the needs of the clients, averting a loss of clients and momentum in the development of the AIIB's project pipelines and portfolio, thus upkeeping the consolidation of the young institution within its policy arena.

Chapter 6 concludes this dissertation by discussing the findings of the case studies. It highlights how, across various economic IOs and instances of challenges, IO institutional leaders' ability in understanding a challenge, formulating solutions, and implementing an effective response is conditional on their authority, resources, and leadership proactiveness. The chapter thus makes the case that our understanding of why the responses by the various economic IOs under study varied greatly is strengthened by considering the role played the institutional leadership of each IO in the process that went from challenge to institutional outcome. The chapter then revisits the theoretical argument presented in this introduction and highlights the relevance of the findings to that argument. The chapter concludes with a reflection on the broader implications for academic research on IOs and the avenues for future research.

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You're fired! International courts, re-contracting, and the WTO Appellate Body during the Trump presidency

Abstract: A long-standing debate amongst international relations scholars has surrounded the question of whether international institutions with judicial authority enjoy more autonomy and discretion than other global institutions. This is mainly because international courts are established as impartial third-party actors tasked with performing adjudicative functions for conflicting parties. As such, the delegation contracts of international institutions with judicial authority are expected to minimize control by states, even in cases where the members of a court engage in judicial overreach. This article contributes to that debate by examining the case of the crisis of the WTO Appellate Body. The article analyzes the Trump administration's successful efforts at rendering dysfunctional one of the most powerful courts in the international system. The findings showcase how powerful states are capable and willing to take advantage of the available control mechanisms and the institutional opportunity structures inherent in the design of international courts. The article speaks to the scholarship on the contestation of international institutions. The analysis relies on data obtained through 22 interviews with WTO officials, state representatives, and experts.

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2.1 Explaining the contestation of the WTO Appellate Body

The institutions at the forefront of the global multilateral order are being challenged by a wave of counter-institutionalism, unilateralism, and bilateralism, the manifestation of which are reflected by the crisis at the World Trade Organization (WTO) (Hoekman and Mavroidis, 2021). The United States (US) has been at the center of the crisis, having consistently blocked the appointment of judges to the WTO's Appellate Body, effectively making one of the most valuable components of the organization inoperable. To add salt to the wound, the Trump administration called the organization 'broken' and refrained from endorsing the nomination of Ngozi Okonio-Iweala as the new WTO Director General, and expressed its consideration for leaving the WTO (Amaro, 2020; Hopewell, 2021). In short, the Trump administration accused the Appellate Body judges of engaging in unsolicited judicial overreach, making the case that this represents a deviation from the agreements to which member states had signed up to at the inception of the organization (USTR, 2018, 2020).

The crisis at the Appellate Body offers a relevant and puzzling case for the study of the dynamics of international delegation to international institutions with judicial authority. International courts (ICs), tribunals, and other international organizations (IOs) that have judicial authority, can be referred to as trustees. The logic of delegation to trustees is sometimes argued to be different from that of other international institutions, as the main motivation of states in establishing them is to benefit from their impartial and apolitical third-party character (Abbott et al., 2020; Alter, 2008; Grant and Keohane, 2005; Majone, 2001). Trustee contracts are often tailored to create dispute settlement systems that are insulated from the political dynamics and pressures that are rife in inter-state relations (Elsig and Pollack, 2014). As such, trustees may be shielded from the sort of control that states have on other IOs.

The WTO Appellate Body closely resembles a trustee. The Body is a permanent WTO division, consisting of seven judges appointed by member-states to deliver final rulings over trade disputes. As such, the WTO Appellate Body functions as an international adjudicative court, and its mission and operations match well with those of a trustee. However, accounting for the trustee character of the Body, how can the crisis be explained? More specifically, considering that the Appellate Body is one of the most powerful and central international courts in the international

system, and as such it is expected to be shielded from the political control of disgruntled states, how can its current dysfunctionality be explained?

Through an empirical investigation of the strategies employed by the US to render the Appellate Body inoperable, this article provides empirical evidence supporting the view that the delegation contracts of international institutions with judicial authority do not inherently shield them from the control of states. As the article shows, the US and other member states have for decades voiced their concerns regarding the Appellate Body through rhetorical attacks and calls for reform. However, the Trump administration took advantage of the opportunity structure built within the institution, turned words into action, and vetoed the (re)appointment of all the judges at the Body, effectively disrupting its operations. Denying the re-appointment of staff is a classic example of a control tactic employed by states against ordinary IOs (Alter, 2008; Elsig and Pollack, 2014; Voeten, 2007). Moreover, these policies reflect wider societal cleavages and grievances within the US against the institutions of world trade, representing a backlash against the WTO and its Appellate Body.

Drawing on empirical data obtained through 22 interviews with current and former WTO and state officials, the analysis conducted here demonstrates that overtly protectionist and anti-multilateralist administrations such as that of President Trump are capable and willing to take advantage of the institutional opportunity structures inherent in the design of international institutions by making use of the control mechanisms available to them post-delegation. Ultimately, the case explored here highlights the enormous pressures that IOs are facing by deglobalizing actors. This is the case even for IOs with central positions and roles within the international system, such as the WTO.

In the following sections, the article delves into the International Relations (IR) literature on the international contestation of international courts, merging this with propositions from the literature on resistance/backlash against international courts in the international law scholarship. The theoretical discussion guides the article's empirical investigation, which focuses on the case of the WTO Appellate Body crisis. The article concludes with an overview of the findings and a discussion of the potential policy and academic implications, as well as the avenues for future research.

2.2 Delegation and control of international courts

This article argues for going beyond a discrete categorization of international organizations/courts for explaining state-led contestation of these institutions. Even when it comes to international courts, states can take advantage of the opportunity structures inherent in the design of such institutions to block and effectively contest them, as they would with other international organizations. Furthermore, while some forms of contestation may stay limited to specific rulings through rhetorical legal and political critique of the institutions, states may employ opportunity structures to produce favorable institutional outcomes, such as rendering the institution dysfunctional without necessarily disbanding it. Finally, state-led contestation of international courts does not only arise from divergences from the delegation contracts of such agents, but also from states' domestic politics and the constellation of factors outside of these institutions that provide inducive conditions for state-led challenges against them.

In other words, contextual factors (domestic politics) and institutional factors (delegation contract, institutional design) together play a role in the processes behind contestation, as well as the form it manifests itself through. These propositions build on the Principal-Agent (P-A) scholarship on delegation contracts of IOs but resonate as well with studies on resistance/backlash against ICs in the international law literature (due to the focus on contextual factors). The resulting theoretical framework therefore fruitfully marries insights from both bodies of research to produce an approach that converges logical conclusions regarding both contextual and institutional factors to contribute to our understanding of contestation of international institutions with judicial authority.

The accounts from the P-A literature expect the degree of autonomy, and consequent agency, of international institutions to vary according to ex ante or ex post control mechanisms established within their delegation contract (Abbott et al., 2020; Elsig and Pollack, 2014). The former are aimed at aligning the behavior of IOs with the interests of member-states by creating incentive structures (Abbott et al., 2020; Hawkins et al., 2006). These include rules as part of the delegation contract, institutional checks and balances, and screening and selection mechanisms. Ex post mechanisms, in contrast, consist of mechanisms tailored at (re)orienting the behavior of institutional actors (Abbott et al., 2020; Hawkins et al., 2006). These include monitoring and reporting (e.g., police patrols and fire

alarms) and sanctioning mechanisms ranging from budgetary restrictions, re-contracting, and in most extreme cases, closing down the institution.

In theory, all IOs face the threat of ex ante and ex post mechanisms when deviating from the rules of their delegation contract. However, it is often argued that states allow for more autonomy and discretion in the delegation contracts of ICs (Abbott et al., 2020; Alter, 2008; Alter et al., 2016; Alter and Helfer, 2010; Elsig and Pollack, 2014; Grant and Keohane, 2005). Most IOs are delegated authority with the purpose of decreasing transaction costs, are selected based on their perceived faithfulness, and their contracts are tailored to ensure a hierarchical control over them (Abbott et al., 2020; Hawkins et al., 2006; Pollack, 2003). In contrast, ICs are delegated with trustee powers to act as adjudicators in disputes, with the foremost aim of reassuring concerned parties that their interests are protected (Alter, 2008; Alter et al. 2016). In most international courts, judges are selected based on their reputation and given authority to make judgements impartially (Abbott et al., 2020; Alter et al., 2016; Elsig and Pollack, 2014).

To be able to perform those functions effectively, states desire international courts to be third-party agents insulated from political control (Abbott et al., 2020; Alter, 2008). Competence, however, comes at the cost of control. State control would frustrate an IC's ability to remain impartial, thus harming its credibility and competence (Abbott et al., 2020). The desire to enlist an international institution that can perform its functions with as much competence as possible (i.e. impartiality, legal and judicial professionalism, insulation from political influence) necessitates granting considerable autonomy to ICs (Abbott et al., 2020). This implies that the ex post mechanisms of control available to states vis-à-vis ordinary international institutions are either not feasible or rather ineffective when it comes to their relations with international courts (Abbott et al., 2020; Alter, 2008; Elsig and Pollack, 2014; Grant and Keohane, 2005; Majone, 2001).

When contestation occurs, it is expected to be mainly limited to a rhetorical challenge to the authority of the court by the contesting state(s), as compared to the more serious control and punitive tactics that states may employ against other non-judicial IOs. Elsig and Pollack (2014) for example demonstrate that states do in fact apply certain measures against ICs that are similar to those employed against ordinary IOs. States employ various influence tactics, such as screening and selecting the personnel and

judges working at an IC, to protect their interests. These, however, represent ex ante tactics in as much as they ensure that court staff are selected in a way as to ensure that favorable rulings are produced. In practice ex ante tactics are meant to offer states only with the ability to tweak the agenda-setting process within the institution, such as by ensuring that judges with favorable views are selected. Whether such influence mechanisms may provide states with the sort of tools necessary for explicitly controlling ICs has not yet been fully explored in the P-A literature (Abbott et al., 2020).

What is proposed here is that the delegation contract of ICs may create opportunity structures embedded within their institutional design that may allow states to employ these against the institutions despite the lack of viable ex post control mechanisms. More specifically, states may exert hierarchical control over those institutions through the opportunistic use of available ex ante mechanisms, such as appointment of staff and budgeting. Through the use of such opportunity structures, states may obtain outcomes similar to re-contracting in their contestation of ICs. For example, by denying the (re)appointment of all judges, member states can render a court dysfunctional, effectively shutting down the institution.

Moreover, this article argues that it would be unproductive to describe ICs as a discrete type of institution. Courts in the domestic arena are distinct institutions. In contrast, on the international level the distinction between institutions with judicial authority and other types of institutions may be less clear. This is as state principals compromise and tailor the delegation contracts of institutions depending on their specific needs and the particular functions and purposes of the institutions (Abbott et al., 2020). The implication of this is that not all ICs will have the same level of autonomy or authority, and the mechanisms of state influence and control described in their delegation contracts may similarly vary.

International courts are institutions first and foremost. As recent scholarship has shown, IOs are not immortal, and many indeed perish with time (Debre and Dijkstra, 2021a; Eilstrup-Sangiovanni, 2020). Accounting for the 'institutional' nature of ICs, and the state-mandated nature of their authority, it is logical to expect that the same factors and processes that lead to the decline of IOs would also play out in the case of international courts. More specifically, when international courts are deemed as deviating from their delegation contracts, powerful states with anti-

multilateralist agendas may be more likely to treat them similarly to ordinary IOs and attempt to control them.

Additionally, while institutional opportunity structures created by the delegation contract may provide the necessary tools for states to contest ICs, contextual factors also play an important role in the process leading to the contestation of such institutions. When contextual factors, specifically the domestic politics of powerful states, are inducive to anti-multilateralist agendas and policies, the high degree of autonomy and discretion enjoyed by ICs, as well as their authority and credibility, may get directly contested. In such circumstances, powerful states may be more willing to engage not only in overt contestation against ICs, but also attempt at effectively disrupting their operations. While, at first instance, anti-multilateralist states may resort to rhetorical attacks and playing the legitimacy politics, in the long run the sort of control tactics used against deviating IOs may become the weapons of choice against ICs as well.

The hypothesized reason behind the role played by domestic politics is that the constituencies upon which populist and anti-multilateralist administrations rely to stay in power often include special interests' groups that favor protectionist policies, as evidenced in the IR literature on IO contestation (Debre and Dijkstra, 2021a; Eilstrup-Sangiovanni, 2020; Heinkelmann-Wild and Jankauskas, 2022; Voeten, 2020). When these interests are reflected in the foreign policy making process of a powerful state, it is reasonable to expect that the stance held by them becomes more aggressive, and they may become more willing to employ strong tactics against multilateral institutions, irrespective of whether these are ICs or not. The US under the Trump administration stood out in this regard, and its policies clearly reflected the anti-multilateralist character and overt hostility of the past administration towards IOs (Heinkelmann-Wild and Jankauskas, 2022).

The focus here on contextual factors and the process behind contestation of ICs resonates well with the propositions of the resistance approach and the wider literature on IC backlash, in particular research conducted by Caserta and Cebulak (2018), and Madsen et al. (2018). Borrowing from that approach, this article puts the spotlight on the process behind the contestation of ICs rather than the outcome. This allows us to uncover the contextual factors behind the form that state resistance against ICs can take (Madsen et al., 2018). The aim here is to shed more light on how resistance to ICs may reflect also a manifestation of political and societal cleavages

and the incongruence that arises under such conditions between domestic political interests and the workings of ICs.

Resistance to ICs is often described as a situation whereby the workings of an IC are challenged (Alter et al., 2016; Caserta and Cebulak, 2018; Madsen et al., 2018). Resistance can manifest itself through a variety of forms, namely: pushback and backlash (Madsen et al., 2018). Pushback entails efforts made by relevant actors at changing the future direction of an IC through criticism and subtle forms of influence. Backlash on the other hand implies attacks on the institution aimed at achieving more radical reforms or the dismantling of the institution altogether (Madsen et al., 2018). For example, backlash occurs when a member engages in actions vis-à-vis the institution that result in the suspension of the institution's functioning abilities, such as by blocking budgets, tinkering with appointments to such a degree that would obstruct the organizational processes within the institution, or even dismantling the institution.

Backlash is observable when courts themselves (and not just their rulings) are contested by anti-multilateralist governments representing societies in which local grievances against globalization and international institutions take center stage in domestic politics. Examples of this include cases of African regional courts, the International Criminal Court, the European Court of Human Rights, and the WTO Appellate Body (Alter et al., 2016; Caserta and Cebulak, 2018; Helfer and Showalter, 2017; Madsen et al., 2018; Nathan, 2013; Sandholtz et al., 2018; Voeten, 2020). The case of the Southern African Development Community (SADC) Tribunal is illustrative in that regard. In 2011, following a ruling by the tribunal regarding Zimbabwe's land seizures, the regional court was aggressively contested (and ultimately disbanded) under the premise that it had impinged on the sovereignty of that country. The disbandment of the court reflected the subordination of the authority of the SADC's tribunal hierarchy to the domestic political imperatives of its member states (Alter et al., 2016).

The role of contextual factors in IC contestation is also clearly reflected in the case of the US contestation of the WTO Appellate Body during the Trump administration, which is the focus of the empirical investigation in the next section. The case made here is that the crisis at the institution reflects the use of in-built institutional opportunity structures (ex ante mechanisms enshrined in the delegation contract of the organization) by a powerful member-state with an anti-multilateralist agenda to control the

court. This allowed the US to effectively achieve an outcome similar to what ex post control mechanisms would have accomplished against an ordinary IO, namely re-contracting and shutting down the judicial body of the institution. These measures go beyond rhetorical and influence tactics, demonstrating the ability and willingness of powerful states to control and/or disrupt even IOs with judicial authority. Moreover, the findings resonate well with the expectations of the resistance/backlash literature, highlighting the role of domestic contextual factors in the process behind the US contestation of the WTO.

2.3 The case of the WTO Appellate Body

Since the early 2000s the US has claimed that the WTO has focused too much on its judicial functions and, in doing so, it has espoused a role that was unintended and unforeseen in the Dispute Settlement Understanding (DSU) (Interviewee #9). The Appellate Body has been accused of engaging in judicial activism, establishing a body of international trade law, and relying on legal precedence (Interviewee #1; U.S. Mission Geneva, 2019; USTR, 2018). Under the administration of President Trump these allegations came to the fore more forcefully. In 2017, the Trump administration put words into action, blocking the approval of members of the WTO's Appellate Body, and effectively disrupting the organization's dispute settlement system (Bown and Keynes, 2020). This has resulted in an Appellate Body that, as of December 2019, lacks the required number of judges for it to function, therefore effectively spelling its demise after over two decades of operating within the institutional framework of the WTO.

The analysis demonstrates that the opportunity structures available within the institutional design of the WTO allowed for the US, a powerful member with a (at the time) distinctly anti-multilateralist agenda, to effectively employ ex ante mechanisms to contest the Appellate Body in its entirety and achieve the same outcome that ex post control mechanisms would have achieved. As the findings demonstrate, the punitive actions by the Trump administration resulted in a significantly dysfunctional WTO and a push for a reconsideration of the organization's design, consequences that are reasonably comparable to the effects of ex post control tactics (re-contracting).

The bulk of the analysis relies on the views of relevant actors within and without the organization, obtained though interview data. In total, 22

interviews were conducted between April 2020 and February 2021. All interviews were based on the condition of pseudonymity, hence quotations from interviewees are identified with pseudonymous labels (e.g., 'Interviewee #1'). For a descriptive list of the interviews please refer to the Appendix.

Particular attention was paid on ensuring data triangulation. The interview data draw from the views of former Appellate Body judges, as well as those of current and former WTO Secretariat staff. Interviews were also conducted with current and former state officials and representatives at the WTO, experts on international trade, as well as academics in the field of international trade law. The large number of interviews conducted aimed primarily at tracing the process behind the evolution of the US contestation against the Body in the past decade and throughout various US presidencies. Therefore, interviewees were selected based on the relevant period in which they had professional links with the organization.

Interviews were semi-structured, with a standardized interview questionnaire guiding the process. The questions asked in the interviews were directed at obtaining the views from various actors within the organization, with the specific aim of exploring the various processes that were considered as having contributed to the Appellate Body crisis. Key questions were: 'What role did the Trump administration play in the crisis?'; 'How did the previous administrations differ in their approach to the Appellate Body?'; 'What were the concerns within the Body/WTO regarding the challenge posed by the Trump administration?'; and 'What incentive and opportunity structures within the organization shaped the Trump administration's strategy against the Body?'.

2.3.1 US contestation against WTO Appellate Body before Trump

Already in the early years of the Appellate Body's existence, powerful members such as the US and the EU relied on the (re)appointment process of judges to influence the Body. This tactic became evident during the first reappointment phase of the judges in the late 1990s, which came in tandem with the first accusations of judicial overreach against the Body. The point of contention centered on whether the DSU allowed for panels and judges to receive Amicus Curiae briefs, which consist of unsolicited reports and information by non-governmental organizations (NGOs) (Elsig and Pollack, 2014; Mavroidis and Deakin, 2001). Some members argued that NGOs should not be given such special rights, and consequently brought

the matter to a panel which ruled in their favor (Mavroidis and Deakin, 2001). The dispute was then brought to the Body for a final ruling. Unsurprisingly, the panel decision was overruled (Mavroidis and Deakin, 2001).

Discontenting members, particularly the EU, argued that the interpretation provided by the judges regarding the rules set by the DSU went beyond their obligations, and that the Appellate Body was trespassing its mandate by engaging in judicial overreach (Elsig and Pollack, 2014; Interviewee #9; Mavroidis and Deakin, 2001). This led to a General Council meeting in which concerned members discussed the case and attempted at overruling the Body. However, the ruling was not overturned, as this requires consensus among members (Mavroidis and Deakin, 2001).

Following that case, it became clear that attempts at overturning Appellate Body rulings were futile, as without agreement across the board, member states would be unable to react ex post to the judges as a collective principal (Interviewees #1, #9, #13). Consequently, members resorted to the simplest form of ex ante mechanism available to them for influencing the Appellate Body, namely the process of nominations and (re)appointments of judges (Elsig and Pollack, 2014). Nominations for the Appellate Body positions also call for consensus, effectively giving members veto power over appointments. This has become a frequently used method for expressing discontent with judges, with members often vetoing the reappointment of nominees that were already sitting at the court to send a clear contestation message against their previous rulings.

The next phases of (re)appointments of judges in the early 2000s followed a streak of unfavorable rulings for the US (Alter, 2008). In the decade after the establishment of the WTO, the US had lost more cases than any other member, with negative Appellate Body rulings representing a total of 70 per cent of all its appeals (Alter, 2008). In particular, the most important point of contention aggravating the relationship between the US and the Appellate Body related to the cases on antidumping practices (Hopewell, 2021; Interviewees #3, #6). The US supported, and often employed, the ‘zeroing’ practice in its trade relations. This practice involves excluding transactions with a negative dumping margin when calculating weighted-average margins of exporters’ products that are under investigation for dumping, often resulting in higher dumping margins (Schott and Jung, 2019). This trade practice by the US has led to various disputes with WTO members, resulting in cases that were taken to the WTO dispute settlement

system. The US consistently lost these cases, as the Appellate Body judges regularly ruled against the zeroing practice (Interviewees #3, #6).

In response to these developments, the US began consistently and more aggressively employing ex ante influence tactics. The US started nominating candidates that held similar views, instead of the previous practice of offering nominees that differed in their background and legal perspectives (Elsig and Pollack, 2014). The US also blocked nominees put forward by the EU and other members whom it considered as likely to rule against it at the appeals process (Elsig and Pollack, 2014; Interviewee #9).

Additionally, the US changed its stance regarding the autonomy of the judges, and the United States Trade Representative (USTR) resorted to rhetorical attacks against rulings that it claimed reflected the over-judicialization of the system and unsolicited judicial activism. Nominees that were perceived as favoring that growing aspect of the Appellate Body were vetoed, while those that exhibited a neutral stance were approved (Elsig and Pollack, 2014; Flett, 2010). This was also meant as a threat to other members, a clear message that unfavorable nominations would be rejected by the US. It also made it arguably clear to individual judges that their reappointment would be at jeopardy if they acted against the interests of the US (Interviewee #9). This was evidenced by the refusal of the USTR to renominate Jennifer Hillman for a second term at the Appellate Body. As argued by Elsig and Pollack (2014, p. 409), this reflected the fact that 'the nomination process can potentially be used not only to shape the preferences of members ex ante, but also as an ex post warning to sitting members about independence from the governments that nominated them'.

The move towards influencing the incentives of the judges through the (re)appointment process came in parallel to early proposals by the US to reform the dispute settlement system by giving members more control over the process. The rhetoric that accompanied the proposals was aggressive, with the USTR declaring that the faulty decisions by the Appellate Body required counterstrategies by the US and the rest of the membership in order to ensure that the organization does not deviate from the trade agreements (Alter, 2008). This has been a consistent approach by the US throughout the two decades since the Appellate Body began functioning, relying on rhetorical attacks against the legitimacy of the judges' rulings when these were not in its favor (Alter, 2008). The US consistently employed ex ante mechanisms, as evidenced by its efforts to influence the Appellate Body proceedings through the (re)appointment of individual

judges (Hopewell, 2021). Nevertheless, and despite the rulings regarding the US meat and steel-related trading practices and vocal criticisms by the USTR, the US continued to comply with the decisions (Bown and Keynes, 2020; Jung and Kang, 2004).

This period of contestation by the US shows the relational dynamic between international courts and states characterized by more autonomy for the former and less control by the latter. Although the US attempted to influence the individual court's judges through ex ante control tactics, ultimately the court in its entirety retained its authority and autonomy, as evidenced by the fact that the Appellate Body continued to produce rulings that were unfavorable to the US. As such, the previous paragraphs point to the lack of ability (and willingness) by the US to effectively control and rectify what was deemed as a deviating international court. However, as the next subsection illustrates, the US–WTO relations changed dramatically during the presidency of Donald J. Trump, which reflected not only the contrast in policies by a different administration but also an altered political domestic scene in the US.

2.3.2 US contestation against WTO Appellate Body during Trump

Even before becoming US President, Donald Trump made it very clear that he intended to bellicosely go after the WTO and its dispute settlement system. The first signs of this approach became evident early on in his presidency. Trump claimed that the WTO and the Appellate Body are a challenge to his 'America First' policies, making it impossible for the US to effectively obtain fair trade terms with its international partners and inhibiting its ability to protect its domestic market, workers, and large industries (Swanson, 2019). Furthermore, Trump, the USTR Lighthizer, and other actors within the trade community in the US consistently accused the organization and the Appellate Body of not taking China's trade violations seriously (Interviewees #1, #9, #13).

The core of the criticism involved the decision by the WTO to allow China to hold the status of a developing country, which the US considered as unfair given that the country's economy is the second largest globally (Interviewee #9; Mavroidis and Sapir, 2021). This has allowed China to subsidize its domestic products, giving it a competitive edge in its trade relations with other WTO members. At the same time, China and other members have received favorable rulings on disputes regarding the use of tariffs by the US on foreign products. This, the Trump administration

argued, had emboldened China to continue its policies of state subsidization of private enterprises and the protectionist measures provided for exporting industries, allowing its economy to benefit disproportionately at the expense of American industries (Interviewee #9). These concerns were shared by members of Congress and various industry representatives, reflecting their relevance in the domestic context within the US (Interviewees #1, #9).

In his first year in office, President Trump and his administration immediately began devising trade plans that deviated from the rules of the WTO. The rhetorical attacks against the organization grew fiercer, but they were also accompanied by threats of imposing tariffs on trade partners if the WTO did not take action against trade violations by China. This would require the consensus of WTO members, thus impeding an effective response by the organization, and allowing the Trump administration to make accusations of complacency and ineffectiveness to impose fair trade practices among its membership (Interviewee #1).

In response to the claimed inability of the WTO to counter alleged malpractices by China in the area of trade, the US unilaterally imposed tariffs on Chinese products in an effort to protect its domestic producers and gain a political leverage to obtain better trade terms in bilateral negotiations. The Trump administration also applied tariffs against other WTO members, such as the EU, Turkey, Japan, and Brazil, sidestepping the regulatory framework established under the WTO (Josephs, 2019; Swanson, 2019). This was in clear contrast to the previous Clinton and G.W. Bush administrations, which consistently remained compliant with Appellate Body rulings regarding steel and meat import tariffs (Alter, 2008). In fact, the US remained compliant with the generally unfavorable rulings produced from the nearly 90 cases brought against it by 2017 at the Appellate Body revolving around issues with safeguards, antidumping practices, and countervailing measures (Bown and Keynes, 2020). The Trump administration, however, made it clear that the US industries' interests trumped the legal interpretations of the judges, evidencing once again the role played by domestic contextual factors in its policies against the organization.

The threat to impose tariffs came in tandem with a full-on rhetorical assault against the Appellate Body of the WTO. The Trump administration threatened to block the (re)appointment of all of the court's judges. When proposals for reform of the Body were pushed by other members, the US

claimed that these did not address its concerns satisfactorily and thus refused to compromise. While the threat of blocking the entire appeals' process continued, US officials, and in particular the USTR, continuously reaffirmed their belief that the Appellate Body was flawed, had too much autonomy, and its judges had engaged in judicial activism for too long, with the US ambassador to WTO Dennis Shea stating at the WTO General Council meeting in July 2019 that 'the Appellate Body has felt free to depart from what members agreed to' (U.S. Mission Geneva, 2019).

In fact, the Appellate Body represents a pocket of autonomy within the WTO, with the division functioning completely autonomously from the rest of the organization (Interviewees #6, #7). This extraordinary delegation of autonomy was intentional in as much as it reflected the members' interest in ensuring that the Body and its staff remain insulated from the rest of the organization and guaranteeing their impartiality (Interviewee #6). In fact, Appellate Body reports are adopted through negative consensus, making attempts at authoritative re-interpretations of Appellate Body reports, and in effect controlling the Body, unfeasible.

However, US officials argued that despite its autonomy, the Body was still expected to stick to the rules, and the alleged procedural violations, the judicial overreach, and the unsolicited legal interpretations based on case precedence were unforeseen by the members at the time of the institution's inception, representing a trespassing of authority by the Appellate Body (Interviewees #7, #13). One interviewee pointed out that the US simply had not predicted that the organization would evolve and become a 'different animal' (Interviewee #14).

More importantly, the high degree of autonomy of the Appellate Body meant that influencing the nomination and (re)appointment process of judges did not necessarily imply control over the Body. This realization may have been central to the Trump administration's decision to block the entire appeals' process. Blocking the appointment and reappointment of individual judges had been a practice for a while (Hopewell, 2021). In fact, the Obama administration also blocked the reappointment of the Korean ABM nominee Seung Wha Chang back in 2016 (Hopewell, 2021). President Obama also refused to renominate Jennifer Hillman after her first term.

Under the Trump administration, the US took this practice onto a new level. Under the claim that the Appellate Body had failed at generating fair

rulings and to follow the framework provided by the trade agreements reached under the auspices of the institution, the Trump administration resorted to something that no other member had done before, namely continuously blocking the appointment and reappointment of all judges and nominees. President Trump also threatened to block the budget of the Appellate Body and stated that 'if they [the WTO] don't shape up, I would withdraw from the WTO' (Beatie, 2019; Micklethwait et al., 2018, p. 1).

Trump's attacks on the Appellate Body effectively harmed the organization itself and reflected a threat to the rules-based international and multilateral order on matters of trade (Hopewell, 2021). Without a functioning Appellate Body, one of the three pillars of the WTO has essentially fallen apart, making the organization less central and posing an existential threat to the entire institutional framework.

It is clear that the past US administration completely disregarded the trustee nature of the Appellate Body, thus viewing the Body as an agent that needed punishment for deviating from the rules. This is evidenced by the discrepancy with which the US treated the Appellate Body. In fact, while the Trump administration praised the Body when it produced rulings that were favorable to the interests of the US, the opposite occurred when the rulings went against its interests (Bown and Keynes, 2020; Josephs, 2019; Swanson, 2019). The Trump administration instead relied on unilateralism and bilateralism to protect its interests, criticizing the Body and questioning its credibility and impartiality (Hopewell, 2021; Josephs, 2019; Swanson, 2019).

Furthermore, the act of blocking the entire Appellate Body represented a disconnect from past US administrations. This tactic reflected the aggressive use of ex ante control mechanisms for effectively pushing an international court into a breaking point so as to force it to reform or essentially cease its operations. This is similar to the function and expected outcome of re-contracting. As one interviewee noted, Trump's logic behind blocking the appointment of judges was to gain enough leverage to force the institution to rectify its behavior and follow the demands of the US (Interviewee #5).

In other words, the Trump administration's actions reflected its strategy for reining in on what it considered as a deviating agent that had become harmful to the domestic interests of the US. The imposition of tariffs on imported goods was a tactic employed by the Trump administration to

redress the trade imbalance which was claimed to have been caused by the faulty process of the DSB (Interviewee #3). However, the developments at the Appellate Body were a proper case of full-on punitive strategies being employed by a disgruntled and powerful state against an international court that was being treated as an ordinary non-judicial institution.

Whereas there may have been a disconnect between the Trump administration's policies and those of its predecessors towards the Body, they were nevertheless in line with broader societal cleavages present within the US. In fact, while the US electorate in the decade preceding the Trump administration overwhelmingly expressed support for IOs such as the WTO, the US public's view has shifted significantly since then (Kim and Durkin, 2020; McGuinness, 2009). In fact, throughout the Trump's tenure, its administration's policies on world trade and the WTO were supported by the wider public in the US (Interviewee #1; Kim and Durkin, 2020). The negative views on the WTO and the global institutional framework behind world trade are in line with the views of US trade officials in the United States (Interviewee #1). Recently there has also been bipartisan alignment in the US Congress regarding the WTO, reflected by the fact that, as of May 2020, both the House of Representatives and the Senate had resolutions and proposals introduced at their sessions proposing the US withdrawal from the WTO (Levy, 2020).

The overall domestic support for the Trump administration's policies against the WTO Appellate Body therefore reflected a backlash by the US public against the organization and its institutional framework. Since his inauguration, President Joe Biden and his administration appear to be keeping the same line of policies against the WTO. As of yet no remarks have been made by the Biden administration regarding a change in direction or proposals for reforming the institution. This represents continuity in the country's stance towards the Appellate Body despite the public support for multilateralism expressed by President Biden (Howse, 2021).

In sum, in previous instances of contestation of the WTO by the US, there was a clear degree of discontent exhibited by the US, albeit this was expressed through rhetorical and, in the more extreme cases, ex ante influence tactics. In this more recent instance, however, it is clear that the US under the Trump administration changed tactics and applied serious punitive measures against the Appellate Body and the WTO as a whole, with effects that were very similar to the ex post control tactic of re-

contracting. Those tactics went beyond the rhetorical and legitimacy politics employed previously by the US and represented the use of opportunity structures within the design of the international institution.

As the case study illustrates, powerful states with anti-multilateralist agendas possessing the necessary political clout and means to engage in substantial and direct forms of contestation and institutional control, can and will take such direction vis-à-vis international courts that are deemed as harming their interests. This is reflected in a statement by the former chairman of the Appellate Body, James Bacchus, saying that there is very 'little chance of resolving this [crisis at the Appellate Body] while Donald Trump is still President in a way that will continue to preserve the independence and impartiality of the Appellate Body and the rest of the WTO dispute settlement system' (Josephs, 2019).

The administration's policies reflected the relevance of the shifting domestic context within the US, and how resistance to international institutions by societal and special interests' actors within the US was manifested through the case of the demise of the Body. Whether the new administration will change tactics vis-à-vis the Body is yet to be seen, however the analysis highlights the fact that such change would be conditional on the domestic context within the US.

2.4 Conclusion

This article has focused on the Trump administration's successful efforts at rendering the WTO Appellate Body inoperable. The findings showcased how powerful states are capable and willing to take advantage of the opportunity structures inherent to the design of international judicial institutions to control them. During the administrations of George W. Bush and Barack Obama, the US expressed its discontent with the Appellate Body through rhetorical attacks and by employing ex ante mechanisms to influence the appointment of individual judges at the court. However, the Trump administration employed the same mechanisms to deny the appointment of all the judges at the Appellate Body, therefore rendering the entire court inoperable and resulting in its effective shutdown. This tactic represented the use of existing opportunity structures within the design of the institution with effects that were very similar to the ex post control tactic of re-contracting.

The conclusion reached here is that describing international judicial institutions as being generally shielded from the control of states due to the nature of their delegation contract is not a productive approach for examining the influence of states on such institutions. With a protectionist and anti-multilateralist administration such as that of President Trump, an international body with judicial authority such as the Appellate Body may receive the same treatment as an ordinary international institution when deemed to be violating the rules of the game. While powerful states may resort to rhetorical attacks and playing the legitimacy politics at first instance, in the long run the sort of tactics available to them for controlling international institutions may become the weapons of choice against international courts as well.

The consequences of the previous US administration's policies have already become evident. The current dysfunctionality of the Appellate Body is very costly for the WTO, arguably putting at risk the future of its multilateral institutional framework for governing global trade (Hoekman and Mavroidis, 2021; Hopewell, 2021; for a contending voice, see Vidigal, 2019). The demise of the Body risks 'corroding the rules-based trading system' and thus represents at its core 'an existential threat to the WTO' as an institution (Schott and Jung, 2019). The crisis not only threatens to wane the compliance of member states and the enforcement of obligations to the organization's regulatory framework, but it also seriously undercuts the hopes for future negotiations at the WTO (Hoekman and Mavroidis, 2021). Signs of this threat have already surfaced, with various members proposing an alternative institutional framework for interstate trade-related appeals (Howse, 2021). Whether this represents a challenge to the centrality of the WTO in the global trading system is yet to be seen.

The case explored here highlights the enormous pressures that IOs are facing by deglobalizing actors such as the US and the effects of resistance and backlash against their institutional frameworks. This is the case even for IOs with central positions and roles within the international system. Powerful international courts are not immortal and shielded from state control. Protectionist, anti-multilateralist states are a threat to the global liberal order and its institutions, and they are willing to take advantage of opportunity structures embedded within the institutional design of such organizations to exert their influence and control.

In that regard, institutional reforms at the WTO are critical to the survival of multilateralism and the liberal international trade system (Howse, 2021).

Politicization and state counter-institutionalization could in the long-term lead to a deepening of global governance if they are met with substantial institutional reforms that accommodate for changing global environments and power shifts in the international system (Zürn, 2018). However, without such reforms, counter-institutionalization and state contestation of international institutions could lead to gridlock and a gradual dismantling of the institutional framework behind the liberal international order (Debre and Dijkstra, 2021a; Hale et al., 2013; Zürn, 2018).

The findings of this article are therefore relevant to the broader IR research agenda on the modes and tactics of contestation of international institutions, as well as the discussion regarding the current challenges to the liberal international order and resistance to international judicial institutions. The IR literature on IOs may benefit from more research on the process of contestation of such institutions, and more focus on the institutional responses of IOs to these challenges could help uncover the role played by institutional actors in ensuring the adaptiveness and resilience of their institutions.

3

3

Exploring the role of institutional leadership in IO responses to challenges: The case of the US challenge to the WTO Appellate Body

Abstract: The liberal international order, and the international organizations operating within it, are under threat. The crisis at the WTO Appellate Body is a case in point. Dissatisfaction with the Appellate Body's discretion and autonomy led the Trump administration to block the appointment of new judges, effectively ceasing its operations. Why did the organization not respond effectively to that challenge? In explaining IO responses to contestation, IR scholarship predominantly focuses on state actors. That approach fails at capturing the role of leading institutional actors in devising response strategies against unfavorable institutional outcomes. This article examines the role of the WTO's institutional leadership in its unsuccessful response strategy to the Trump challenge. Relying mainly on data from 22 interviews with WTO officials and state representatives, the analysis demonstrates how the weak institutional authority, bureaucratic capacity, and leadership competences of the WTO Director-General hindered a strategic response.

3.1 Introduction

The US challenge to the WTO Appellate Body is one of the most telling examples of the crisis of the liberal international order (Lake et al., 2021). Few would argue that the Appellate Body, which performs the judicial functions of the WTO, is doing well these days, but this tale goes back more than a decade (Walker, 2019). Various US administrations have through the years voiced criticism at the Appellate Body, claiming that its judges engaged in unsolicited judicial overreach, violated procedural rules, and deviated from the WTO agreements (US Senate, 2000; USTR, 2018, 2020). Since December 2019, the Appellate Body has been effectively rendered dysfunctional by the US blockage of the (re)appointment of its judges. To add salt to the wound, the US has expressed its consideration for leaving the WTO, with former US President Donald J. Trump calling it "broken" (Amaro, 2020), and the current Biden administration has not displayed signs of rapprochement.

Strikingly, and despite heading a central IO within the international trade arena, the institutional leadership at the WTO failed at doing much to address the Trump challenge. This is surprising, considering how the WTO leadership could have at least counted on the support of many members and challenged the US narrative. Instead, former Director General, Roberto Azevedo, standing next to Trump at the World Economic Forum in Davos, admitted that the organization needs "to be updated...it has to be changed…it has to be reformed" (Amaro, 2020). However, shortly after that statement, Azevedo announced his unexpected decision to step down prematurely (BBC, 2020). What factors explain the WTO institutional leadership's failure at devising and implementing an effective response strategy against the US challenge?

To answer that question, the article begins by identifying three strategies that institutional leaders can devise against challenges: adaptation (institutional reforms and policy changes); resistance (discursive tactics aimed at legitimacy-building and disputing contesters); and strategic nonresponse (inaction). The failure to realize an effective response against a significant challenge could lead to inertia and IO decline. Given that IO heads (e.g., Director Generals, Presidents, etc.) and their bureaucracies (i.e., secretariats) are invested in the survival of their institution, they are expected to play a key role in their IO's response to challenges.

The article then argues that IO heads' ability to shape response strategies is contingent on their institutional authority (decision-making, mediation, honest-brokering, and agenda-setting powers), bureaucratic capacity, and leadership competences. Decision-making powers and bureaucratic capacity allow IO heads to intervene, streamline critical processes, push for urgent initiatives, and (re)allocate resources. Mediation and honest-brokering powers allow for bridging competing interests, foster agreement, and encourage members to consider solutions. Agenda-setting powers allow for framing a challenge, persuading members of the necessity of addressing it, and pitch solutions to it. Leadership competence reflects proactiveness in approaching a challenge, recognizing its potential consequences, analyzing solutions, identifying institutional constraints and other hurdles in their adoption, and engaging with relevant actors (e.g., state representatives, domestic lobbies, NGOs, etc.) to secure favor and support for the institution and its response. As such, the scope conditions are that, first, IO heads recognize a challenge and perceive it as significant, and second, that they hold at least some levers of power to be able to engage with it and shape their IO's response.

Relying mainly on 22 interviews with WTO officials, state representatives, and international legal and trade experts, the article examines the theoretical expectations through an analysis of the WTO Director General's role in the institution's response to the US challenge. The findings reveal how the institutional design of the WTO greatly constrains the authority of the organization's secretariat, restricting its role to a mere aid for members and other divisions. This applies especially to the secretariat's head, the Director General, whose role is constrained by strict institutional rules and norms, limiting its ability to proactively engage with actors within and outside the WTO, despite representing the public image of the IO. As the US-led challenge began to manifest, these factors inhibited the ability of the WTO's institutional leadership to push adaptive or resistive strategies, leading to an ineffective nonresponse strategy, and ultimately, the loss of the Appellate Body's functionality.

The article speaks to the literature on the crisis of the liberal international order and IO responses to challenges (Debre and Dijkstra, 2021a; Eckhard and Ege, 2016; Gray, 2018; Hirschmann, 2021; Knill and Bauer, 2016). Studies on the challenge to the WTO's Appellate Body often employ a state-centered approach, with less attention paid to the role of its institutional leadership in responding to that challenge, and which and how institutional factors conditioned that role. This is surprising, given that IOs

are often depicted as lasting institutions with bureaucracies invested in their survival (Chorev, 2012; Ikenberry, 1999; Jupille et al., 2013; Strange, 1998). Exclusively focusing on the rise of emerging powers, US recalcitrance, and other systemic conditions neglects the complete picture behind the WTO's handling of that challenge. This article, therefore, provides new insights by specifying and showcasing how and under what conditions institutional leaders play an effective role in shaping responses to challenges.

The next section discusses the role of institutional leadership features in shaping effective IO responses to challenges. Next, the response strategy devised by the WTO's institutional leadership, and the role of leadership authority and competences in conditioning that response, are analyzed. The conclusion summarizes the findings and reflects on their implications.

3.2 The role of institutional leadership in IO responses to challenges

The liberal international order is often said to be in crisis (Lake et al., 2021; Mearsheimer, 2019). US retrenchment, together with changes in the global distribution of power, have resulted in a new momentum for revisionism by emerging powers. On the backdrop of such global power shifts, in recent years the US has progressively swung from being an advocate to becoming an opponent of the global multilateral system (Sinha, 2021). Trade wars, reduced levels of cooperation amongst states, direct contestation, the establishment of new alternative institutions by revisionist states, and animosity towards multilateralism, may result in gridlock, fragmentation, competition, loss of functions, and decreased overall effectiveness and legitimacy of IOs (Hopewell, 2020; Lake et al., 2021; Mearsheimer, 2019; Stephen and Parizek, 2018; Zürn, 2018).

In recent years, these processes have resulted in significant *challenges* to the IOs upholding that order, such as the EU, NATO, UNFCCC, UNESCO, WHO, and WTO (Hopewell, 2020; Ikenberry, 2018; Debre and Dijkstra, 2021a; Kruck and Zangl, 2020; Schütte, 2021; Schweller and Pu, 2011; Vestergaard and Wade, 2015). In the long term, these challenges can lead to the decline and even dissolution of IOs, as evidenced by recent studies (Debre and Dijkstra, 2021a; Eilstrup-Sangiovanni, 2021; Gray, 2018). In fact, of all the IOs established since 1815, over a third have vanished (Eilstrup-Sangiovanni, 2020). This article argues that IOs need

to respond strategically to challenges in order to cope with them, and institutional leaders, in particular, can play a crucial role in that process.

To cope with challenges, IOs need to devise and implement *response strategies*, which can go in three directions: adaptation, resistance, or nonresponse (Dijkstra et al., 2023; Heinkelmann-Wild and Jankauskas, 2022; Hirschmann, 2021). Adaptive response strategies prioritize accommodating pressures and changes in the environment. They consist of institutional reforms and policy changes and aim for the recalibration of an IO's scope and policy instruments (Hirschmann, 2021; Mathiason, 2007; Xu and Weller, 2008). Adaptive response strategies are appropriate when institutional and/or policy changes are supported by a large section of the membership, or a coalition of powerful and influential states. Resistance strategies, in contrast, focus on disputing contesters, defending the institution through discursive tactics and coalitions of external supporters (e.g., relevant member state domestic actors, NGOs, etc.) (Mathiason, 2007). Resistance strategies are appropriate when an institution is challenged by a single member or by a small section of the membership, and when the majority of members (including various powerful and influential ones) disagree with the contesters.

Non-response itself may be strategic, relying on passing the buck to other actors (e.g., members, civil society, other IOs, etc.) and remaining passive until the challenge clears. Strategized non-response may be useful in the face of minor challenges that are not expected to disrupt the key functions of the institution or lead to its long-term decline. However, IOs will have to act through adaptive or resistive response strategies to effectively cope with more serious challenges, especially when it comes to contestation by powerful members that can employ opportunity structures and institutional mechanisms for disrupting the operations of the IO, such as in the case of the US challenge to the WTO Appellate Body. In such cases, the absence of an adaptive or resistive response can lead to institutional decline, reflected by the inability to perform delegated functions, decreased policy output, establishment of alternative institutions, and ultimately, state withdrawal (Hooghe et al., 2017; Pevehouse et al., 2020; Volgy et al., 2020; Zürn, 2018).

Institutional leaders can play a crucial role in the strategic formulation and implementation of IOs' responses to challenges. In the context of IOs, institutional leaders are often secretariat heads, such as the WTO and FAO Director Generals and the NATO Secretary-General. Institutional leaders

can lead their IOs in the realization of adaptation or resistance strategies to challenges (Chorev, 2012; Heinkelmann-Wild and Jankauskas, 2022; Hirschmann, 2021; Kruck and Zangl, 2020; Lipscy, 2017; Tallberg and Zürn, 2019; Weaver, 2008). Since IO bureaucracies and institutional actors are assumed to be invested in the survival of their institution, the expectation here is that, when facing significant challenges, IO leaders would be invested in securing adaptive/resistive responses instead of passively waiting out such challenges.

However, the ability of institutional leaders to act during a challenge and strategically shape an IO's response is contingent on whether the IO's institutional design provides them with the relevant institutional tools to do so. In fact, institutional design features can facilitate or constrain their role in that process. More specifically, institutional leaders with enough institutional authority, reflected by *decision-making*, *mediation, honest brokering*, and *agenda-setting* powers at council meetings, are better able to play a strategic role. The logical corollary to this proposition is that, in the absence of such conducive institutional tools, institutional leaders will not be able to actively devise adaptive or resistive strategies against challenges.

First, when the challenge comes in the form of contestation by a member under the claims that the organization is deviating from agreed rules, such as has been the case with the US contestation of the WTO Appellate Body, then institutional leaders may employ their institutional authority to intervene within the institution to address the concerns of a member through emergency decision-making powers. Emergency decision-making power allows IO heads to streamline critical processes, push for urgent initiatives, and (temporarily) redirect the workings of internal divisions to address an issue. These tools are critical to IO leaders' ability to shape both adaptive responses (e.g., through initiating policy changes) and resistive responses (e.g., by reallocating budget and staff to contested divisions within the IO to strengthen them and alleviate pressure).

Decision-making power is conditional on whether the institutional design of an IO provides IO leaders with enough bureaucratic capacity. This denotes having enough bureaucratic resources to engage with the challenge and search for solutions. It also requires hierarchical bureaucratic structures, reproducing a vertical line of authority in which decision-making is accumulated at the top, thus providing the leadership tighter control over the organization (Dalton et al., 1980; Hall and Woods, 2018;

Jung and Kim, 2014; Lindblom, 1977; Meier and Bohte, 2003; Urwick, 1956; Worthy, 1950). Such bureaucratic structures provide institutional leaders with internal monitoring and enforcement capacities, allowing them to review the performance and mold the functioning of different institutional actors. For example, institutional leaders may review and alter internal budgeting to influence institutional actors that are deemed responsible for the IO's deviation from rules. Institutional leaders may also sanction (i.e., fire, restructure) bureaucratic staff/units that deviate from operational protocols. These tactics allow institutional leaders to advocate and mold the direction that their agency is taking and address the concerns of contesting members.

Conversely, an absence of bureaucratic hierarchy and internal monitoring/enforcement mechanisms may provide intra-organizational actors, such as the WTO Appellate Body and its secretariat, with opportunities to maximize their autonomy and discretion within an organization (Elsig, 2011; Graham, 2014; Trondal, 2011; Xu and Weller, 2008). While giving operational discretion and autonomy to specialized divisions may be necessary for ensuring an optimal compromise between bureaucratic control and competence (Abbott et al., 2015), in the long-term this may lead to the creation of unexpected and unwanted pockets of autonomy within the organization, limiting the ability of institutional leaders to intervene (Trondal et al., 2012).

Second, institutional leaders are more likely able to shape effective IO responses to challenges if they have the authority to act as *mediators* and *honest brokers* during disputes and impasses within the membership. Mediating and honest brokering consist of bringing together different actors and promoting a cooperative framework in their relations (Hall and Woods, 2018; Keohane, 2010; Kille and Scully, 2003; Reinalda and Verbeek, 2013; Woods et al., 2015). Having the authority to engage with members and other institutional actors allows IO heads to bridge competing interests between members, fostering agreements between them during negotiations and meetings (Hall and Woods, 2018; Keohane, 2010; Woods et al., 2015).

As mediators and honest brokers during small-scale meetings, institutional leaders can employ the full weight of their resources and normative influence to persuade powerful members and coalition representatives to consider solutions to challenges. These tools make IO heads especially influential during closed-door, restricted, and informal meetings between

powerful members or coalitions of members. While institutional leaders may spearhead such initiatives, they often rely on the support of various institutional actors such as secretariat staff and cabinets of experts. Institutional leaders can thus use the expertise and knowledge of their support staff to directly contribute to the process of formulating effective solutions (such as necessary reforms to policies and institutional processes) during small-scale engagements with members.

Third, institutional leaders are more likely able to shape effective IO responses to challenges when they possess *agenda-setting* authority during large-scale council meetings. This allows IO heads to frame a challenge in a way so as to promote consensus across the wider membership regarding the necessity of addressing it. Similar to mediation and honest brokering in small-scale meetings, agenda-setting during large-scale meetings may also allow IO heads to exert their expertise and normative influence to pitch and push for operational and structural reforms to accommodate demands by contesting members or to ensure that aspects of a contested policy are renegotiated (Hirschmann, 2021).

Importantly, this article argues that possessing institutional authority does not guarantee that institutional leaders will effectively shape IO responses. Aligning these towards producing an effective response strategy requires also *proactive leadership*.

Proactive leadership is reflected by IO heads engaging with a challenge, recognizing its nature, and identifying the type of response strategies necessary for addressing it (Boin et al., 2016; Gardell and Verbeek, 2021). IO heads also need to acknowledge the institutional constraints on their role and the hurdles that potential response strategies may face. They need to proactively engage with the representatives of contesting members, establish good relations with their representatives and officials in capitals, and act as the IO's public image and employ discursive strategies to win external support for their IOs and its policies (Gronau and Schmidtke, 2016; Hirschmann, 2021). This is especially useful when the challenge consists of contestation by a powerful member, where IO heads may engage with relevant domestic actors, such as powerful lobbies, civil society actors, and media organizations in an effort to shift public opinion in favor of their organization and put pressure on contesting states to change their stance (Hall and Woods, 2018; Xu and Weller, 2008).

In sum, coping with significant challenges requires IOs to formulate and implement response strategies. Institutional leaders can play a crucial role in IO responses to challenges. However, IOs that constrain the role of their institutional leaders will inhibit the ability of leaders to adapt to or resist a challenge effectively. By the same token, IO leaders with enough bureaucratic capacity and institutional authority (reflected by extensive resources, vertical lines of authority, as well as decision-making, mediation, honest-brokering, and agenda-setting powers) have the necessary tools for playing an effective role in that process. Furthermore, proactive leadership, both through active engagement with the challenge and solutions within the institution and externally in their capacity as the public image of their IO, can improve institutional leaders' ability to play a role in the IO's response. Conversely, the absence of enough institutional authority, bureaucratic capacity, and leadership competences can constrain the ability of IO leaders in shaping the response of their institution, and potentially result in no response against a challenge and ultimately, institutional inertia and decline.

The next section employs process-tracing on the case of the US challenge to the WTO's Appellate Body to showcase empirically the theoretical propositions presented earlier.

3.3 The WTO institutional leadership's response to the Trump challenge

3.3.1 The case, operationalizations, methods, and data

The WTO, as the premier global institution on matters related to trade, has in the past years witnessed various challenges to the liberal international order under the umbrella of which it operates, such as a rise in bilateralism and the souring of US-China trade relations (Lake et al., 2021). Although its establishment in 1995 was widely seen as a successful outcome of the Uruguay round of negotiations, in the decades that followed the WTO was criticized behind closed doors as well as publicly on various aspects (Bown and Keynes, 2020; US Mission Geneva, 2019; USTR, 2020). The organization has been described as being gridlocked and unable to update its rules to accommodate for recent changes in international trade and business, violating the national sovereignty of its members, and not being transparent enough (Bown and Keynes, 2020; USTR, 2020).

The *challenge* under study here is linked to the US contestation of the Appellate Body. A key permanent division at the WTO, the Appellate Body consists of seven judges appointed for 4 years (renewable once) by member states and possesses its own secretariat with staff specialized in international trade law and arbitration. The primary task of the Body is to deliver reports over trade disputes between WTO members. Its findings are binding unless overturned by consensus. As such, the WTO Appellate Body functions essentially as an international adjudicative organ.

Since the early 2000s, the US has consistently claimed that the WTO has focused too much on its judicial functions, with the Appellate Body espousing a role that was unintended and unforeseen in the Dispute Settlement Understanding (DSU), and engaging in unsolicited judicial activism by attempting at establishing a body of international trade law and relying on legal precedence (Interviewees #1, #9; Kucik and Puig, 2021; US Mission Geneva, 2019; USTR, 2020). Under the administration of former US President Trump these allegations came to the fore more forcefully. The Trump administration put words into action, blocking the (re)appointment of members of the WTO's Appellate Body (Bown and Keynes, 2020; Hopewell, 2016, 2020). This has resulted in an Appellate Body that, as of December 2019, lacks the required number of judges for it to function, therefore effectively making it dysfunctional after over two decades of operating within the institutional framework of the WTO.

As discussed in the previous section, IO decline is empirically identifiable in the loss of crucial functions of the IO. As such, the inoperability of the WTO Appellate Body, once dubbed the 'crown jewel' of the organization and representing the most important global court for the settlement of trade disputes under the WTO framework (Bown and Keynes, 2020), clearly reflects a case of an institutional decline following a challenge (Debre and Dijkstra, 2022). The WTO Appellate Body is therefore a case in point for examining the effects of institutional factors in the process that goes from challenge to institutional decline, and the role played by institutional leaders in (failing at) tackling the underlying challenge.

To cope with the US challenge, the WTO's leadership had three options at hand: push for a strategic adaptation response, a resistive adaptation response, or remain strategically passive (no response). In practice, an adaptive response is reflected by solutions offered that focus on reforming the institution from within, and/or changing policies so as to address a challenge. For example, an adaptive response strategy against the

challenge to the Appellate Body would consist of the WTO Director General engaging with members to produce reform proposals for restructuring the Appellate Body, the DSB, in line with the concerns of the US.

Conversely, the WTO's leadership could have pushed for a resistive response, challenging the US contestation and its narrative by building support coalitions in the membership and employing discursive delegitimation tactics. In practice, this would be reflected by the Director General engaging with member state representatives, officials in capitals, domestic actors (e.g., lobby groups), NGOs, and other civil society actors to garner support for the institution against the US contestation, as well as publicly and privately denouncing the US narrative against the Appellate Body.

Finally, strategic nonresponse would consist of the WTO's leadership essentially choosing to remain on the sidelines, passively waiting the challenge out (e.g., through a change in the US administration) or expecting other powerful members (or a coalition of non-institutional actors) to dispute the US position and defend the Appellate Body. Nonresponse would be strategic in as much as it would entail a strategic cost/risk assessment of the nature/consequences of the challenge, opportunity structures, and viable solutions. Nonresponse on behalf of the WTO's Director General would also be strategic as it would require carefully tailoring a neutral stance so as to avoid conflicts with members.

While strategic nonresponse would require only leadership competences—reflected by both internal and external leadership proactiveness—on behalf of the WTO Director General, strategic adaptation and resistance responses additionally require the secretariat head to have enough institutional authority—reflected by decision-making, mediation and honest-brokering, and agenda-setting powers—to be able to effectively play a role in the formulation and implementation of the response.

In practice, decision-making powers are reflected by the authority to lead a hierarchically structured bureaucracy (WTO secretariat) where the Director General can direct the workings of bureaucratic staff, hire, (re)allocate, and fire staff, possess internal monitoring and enforcement powers, and be able to use these tools as part of a response strategy to address a challenge. Engaging in mediation and honest-brokering entails having the authority to call for and participate in closed-door (i.e., green

room) meetings in which the Director General can contribute to discussions with relevant WTO member state representatives surrounding an issue. Finally, agenda-setting power is reflected by the authority of the Director General to contribute to setting the agenda at WTO Council meetings with member state representatives.

To examine the WTO's response strategy against the US contestation of the Appellate Body and the role played by the organization's leadership in that process, the following analysis traces the process from the early start of the US contestation leading up to the moment the Appellate Body effectively ceased operating. By piecing together the factors that contributed to the failure of the institution's leadership in handling the Appellate Body crisis, it provides a logical explanation for that institutional outcome. The analysis relies mainly on the observations and views of relevant actors within and without the organization. In total, 22 semi-structured interviews were conducted with permanent and temporary WTO officials as well as representatives from member states and experts in the field. All interviews were based on the condition of pseudonymity, hence quotations from interviewees are identified with pseudonymous labels (e.g., 'Interviewee #1'). Interviews were conducted between April 2020 and February 2021.

The interview questions were directed at obtaining the views of various relevant actors within and outside the organization regarding the factors that led to the WTO's lack of response to the Trump challenge. Key questions were amongst others: 'What were the concerns within the Body/WTO regarding the challenge posed by the Trump administration?' 'What role did the WTO Secretariat and DG play in managing the crisis?' 'What opportunity structures and options did the institutional actors within the WTO have in shaping the organization's response to the Trump challenge?' A descriptive list of the interviews is provided in the appendix. Complementary data for this analysis was obtained from secondary literature and other relevant and publicly available sources.

3.3.2 Linking WTO leadership's constrained institutional role to ineffective (non)response strategy

When the Appellate Body came under fire by US officials under accusations of engaging in judicial activism and of having established a pocket of autonomy within the organization, the Director General had limited options at his disposal to intervene. Despite the central position of

the WTO in international trade, its secretariat and Director General have significantly fewer formal competences and authority than those of other IOs (Buterbaugh and Fulton, 2007; Xu and Weller, 2008). This is particularly in contrast to the substantial degree of influence and executive authority of heads of other similar IOs, such as the World Bank, the IMF, the WHO, the ILO, the UNDP, and the OECD (Sinha, 2021; Steger, 2009; Xu and Weller, 2009).

The limited institutional powers of the WTO's institutional leadership is reflected by the fact that it does not possess enough authority and competences to intervene within the workings of the Appellate Body. The Director Generals and their secretariat officials are also restricted in their ability to set agendas at council-level meetings and exert influence on members through mediation and honest brokering. Furthermore, the WTO's member-driven character and norms inhibit proactiveness and restrict activism by the Director Generals, pressuring them instead to retain a neutral stance during their engagements with stakeholders and in their role as the public image of the organization. As the following analysis reveals, the limited institutional authority and competences of the WTO's leadership inhibited its ability to formulate and implement an effective response strategy against the US contestation, essentially meaning it could do little to help avoid the institutional outcome of that challenge.

3.3.3 Limited decision-making authority

Secretariat officials do not play any role in setting policy priorities or making institutional reform proposals, and even lack full capacity in conducting independent research on those subjects (Bohne, 2010; Interviewee #17; Steger, 2009). This makes them effectively unable at devising and implementing adaptive response strategies that would involve top-down *interventions* to address a challenge (Interviewees #6, #9, #17). In fact, the secretariat is granted almost no authority over the rest of the organization and its divisions (Interviewees #1, #9, #11; Sutherland et al., 2004). The institutionally prescribed function of the WTO secretariat is to assist the various councils and committees (Sutherland et al., 2004; WTO, 2019). The implication of this is that the institutional leadership of the WTO does not have effective internal monitoring and intervention capabilities, having essentially no control or influence over other institutional actors and divisions, such as the Appellate Body, due to its institutionally-prescribed autonomy (Interviewee #16).

As the Appellate Body crisis began to surface, with the US and the USTR having become more vocal regarding the alleged judicial overreach and the violation of procedural rules by the Appellate Body (in particular the use of precedent in legal rulings), the then Director General Pascal Lamy attempted at directly playing a proactive role in the organization and making an intervention (Interviewees #9, #12). Lamy and secretariat officials were aware of the US concerns with the Appellate Body, and were themselves concerned with the potential consequences of this, as the US had for many years explicitly made the case that Article IX of the WTO Agreement and Article III of the Dispute Settlement Understanding reject the use of binding precedent of WTO dispute settlement rulings (Kucik and Puig, 2021). Nevertheless, AB reports regularly cited past rulings as authoritative readings in legal arguments (Pauwelyn, 2015; Shaffer et at., 2016). In fact, Kucik and Puig (2021) have shown how the Appellate Body followed a prior reference in its rulings at a rate of 77 percent, and 10 percent of the time it even extended its own precedent (therefore expanding the scope of prior rulings and legal arguments beyond their contexts). By 2008, the US began complying less with WTO rulings, with its compliance rate dropping a whopping 40 percent just a year after and remaining so in the following period (Kucik and Puig, 2021).

In an attempt to intervene, Lamy planned to reshuffle Appellate Body secretariat staff and impose restrictions on the number of assistants working at the Body (Interviewee #12). This strategic move was intended to decrease the allocation of resources to the Appellate Body secretariat in response to informal pressures by the US which had raised concerns over the autonomy and alleged excessive discretion of the staff in that division (Interviewees #9, #12). It was also meant as a signal to the Appellate Body. The strategic move, which reflected an early adaptive response, was intended to pressure the Appellate Body and its secretariat officials to consider the concerns regarding the drafting process of case reports raised by the US, which were claimed consistently to be violating the Dispute Settlement Understanding's procedural rules (Interviewees #9, #12).

However, the plan was stopped in its tracks following outrage from the Appellate Body and the director of its secretariat (Interviewee #18). Lamy's proactive attempts at staff reshuffling and budget reallocation were met with resistance also by powerful members (China and EU countries in particular) who came in defense of the autonomy of the Body and accused the Director General of being activist and going beyond his institutional

role (Interviewees #9, #12, #14). Under pressure by members for his activism, Lamy soon after left the organization.

Lamy's successor in the position of Director General, Roberto Azevedo, also experienced the same form of institutional constraints on his authority to intervene against the Appellate Body (Interviewees #13, #16). While the US kept raising concerns regarding the Appellate Body (Interviewees #9, #12), his limited competences and authority over the Body meant that effectively no form of intervention against it was feasible (Interviewees #13, #16). In contrast to his predecessor's proactive leadership approach, Azevedo was quick to realize the futility of attempts at employing informal institutional mechanisms for controlling the Appellate Body. Azevedo instead adopted a staunch neutral stance towards both the Appellate Body staff and the membership, never having attempted at putting pressure on the Appellate Body judges or its secretariat (Interviewees #12, #14, #17).

Azevedo was conscious of the sensitivities of China, EU countries, and the wider membership, and consistently remained on the sidelines instead of involving himself in the dispute. This was evidenced in 2018, as under growing pressure by the Trump administration and the USTR to dismiss the director of the Appellate Body secretariat, Azevedo stated his frustration and exclaimed that his institutional role within the organization forbid interference into the workings of the Body without consensus amongst members (Interviewees #9, #12, #14). Furthermore, there were frustrations at the Secretariat regarding their inability to engage in any form of strategic analysis of the Appellate Body issue (Interviewee #12).

WTO Director Generals are formally granted powers in relation to the organizational arrangements within the bureaucracy of the WTO. For example, the Director General formally supervises and evaluates the recruitment of staff and the allocation of internal personnel and resources within the organization's secretariat (Interviewees #9, #12, #14). However, this delegated authority is indeed formally (and informally) mainly restricted to the WTO secretariat itself, and not as much to the Appellate Body and its secretariat. Therefore, the Appellate Body and its secretariat essentially operate independently from the institution's leadership, and this autonomy in effect prevents any top-down monitoring of and intervention against them. In practice, Members mainly expect WTO Secretariat officials to offer recommendations, take minutes during meetings and negotiations, and publish reports, but they are discouraged from giving

direction to, or in any way influencing the internal workings of, other divisions (Interviewee #7).

3.3.4 Limited agenda-setting, mediating, and honest brokering powers

The main source of institutional influence of the WTO secretariat staff instead comes from their expertise in international trade law (Interviewees #1, #16). They work very closely with chairs during negotiation rounds and ministerial conferences (Interviewee #18). Although chairs are always government officials, usually ambassadors in Geneva or senior officials from capitals, secretariat staff play a really strong hand by assisting them with drafting processes (Interviewee #18). Their centrality is evidenced by the fact that chairs change every year, but the staff at the secretariat often have longer presence within the institution and become involved in multiple rounds of negotiations (Interviewee #18; WTO, 2019). Their critical role as a unique source of accumulated knowledge and expertise provides them with significant influence in that context (Interviewee #17; Xu and Weller, 2008).

Secretariat officials are often described as operating "behind the scenes as active facilitators", giving them a great deal of influence on technical issues within negotiation rounds (Xu and Weller, 2008, p. 43). This role allows secretariat officials some contact with influential actors, such as representatives of powerful members. However, and importantly, their formal competences do not allow them to engage with chairs and members outside of technical assistance and reporting practices. The Director General and his secretariat officials are therefore restricted in their institutional ability to engage in *agenda-setting* during council meetings and negotiations. This effectively takes away from them the opportunity to pitch and frame issues pertinent to a challenge such as the contestation of the Appellate Body (Interviewees #17, #18).

Clearly, the institutional leadership of the WTO is not well-armed with decision-making authority for formulating and implementing adaptative and resistive strategies. The limited formal role of the secretariat meant that its officials and the Director General were not given the institutional opportunity to propose reforms (e.g., changes to the operational protocols and/or organizational arrangement of the Appellate Body), implement top-down policy changes without the consensus across the membership, use relevant opportunity structures to directly influence decision- and policy-making, or even engage in agenda-setting during council meetings to

address the Trump challenge to the Appellate Body. Furthermore, the autonomy of the Appellate Body made it impossible for the institutional leadership of the organization to monitor and intervene in support or against the Body, such as through staff and resource (re)allocation, to address demands for change by the US.

While the institutional role of the WTO secretariat remains restricted, the institutional design of the WTO does provide the Director General with the formal authority to act as an *honest broker* and *mediator* to facilitate relations between members (Interviewee #17; Steger, 2009). In theory, this should allow the institutional leadership of the WTO to bridge divides amongst members and promote bargains, and to exert its influence on members and push for solutions to challenges.

In the past, informal meetings chaired by the Director General used to take place through 'green room' meetings. During such meetings, the Director General would meet with informal coalitions of members (Steger, 2009). As an honest broker during such meetings, the Director General had soft power and can act as a sort of thought leadership within the institution (Interviewee #17). Being involved in green room meetings allowed Director Generals to mediate between conflicting members as well as tabling issues that were pertinent to the effective functioning of the organization (Interviewees #14, #17).

Finally, green room meetings allowed Director Generals to engage with not only powerful members, but also a wider section of the membership, such as influential coalitions of emerging middle powers. While middle powers may not have much economic and political clout by themselves, their support (and especially that of their coalitions, such as in the case of China and the BRICS countries) is crucial for fostering agreement and consensus within IO decision-making structures such as that of the WTO (Aydin, 2021; Sinha, 2021). However, in practice green room meetings were exclusionary towards most of the membership, often involving only a select club of Western members. This allowed for more efficiency, as influential states would first discuss issues together and then form coalitions of supporters within the wider membership, thus fast-tracking the deliberative process (Kahler, 2016).

As a result of that, the practice of green room meetings soon led to criticisms by civil society and the wider membership who viewed it as prioritizing the effectiveness of the WTO's policymaking against its

fairness by bypassing the critical mechanisms for representativeness and upholding the hierarchy in the global economy (Kahler, 2016; Narlikar, 2011; Sinha, 2021). As multipolarity has become increasingly the game in town, established powers have had to accommodate demands by developing and rising states for equal input (Sinha, 2021). For the WTO, this has resulted in green room meetings essentially falling out of fashion. The implication here is that while during the early years of the WTO, Director Generals could employ the opportunity structures provided by green room meetings to push their agendas informally and play a role in fostering compromise with wide coalitions of members in searching and implementing solutions to a challenge, this was not a feasible option for those in office during the US contestation of the Appellate Body.

Currently, the only viable tool at the disposal of the Director General for exerting informal influence from within the institution is to act as a facilitator of consensus in closed-door meetings with a select number of member-state representatives involved in a specific dispute, a 'good offices' role that is also prescribed by the WTO agreement (Interviewee #12; Steger, 2009). However, these meetings take place only with select members, and therefore do not provide Director Generals with as much influence and outreach as large meetings that involve the wider membership or where representatives of coalitions of members are present.

More importantly, as one official explained, these meetings often come long after a challenge as they depend on invited members to agree to actually participate (Interviewee #12). As such, proactiveness is critical. It took almost two years following the threats by the US for Director General Azevedo to finally take the role of honest broker in the dispute. In December 2019, just months before the Appellate Body court ceased operating, Azevedo called for a round of high-level separate consultations with the US and other members (Interviewee #12; WTO, 2019). This strategic move was an attempt at discussing the demands of the US with the hope of avoiding an impasse in the General Council meetings where the Appellate Body issue would be reviewed (Interviewee #12).

The US proposals for reform focused on the decision-making rules of the General Council, the role of Appellate Body members as arbitrators rather than judges, the procedural rules of the Body, and the role and influence of the Body's Secretariat (Interviewee #14; USTR 2018, 2020). Secretariat officials were aware that such reforms would have inevitably met with resistance by other members, especially EU countries which did not

welcome changes to the Appellate Body, and emerging powers which favor the present decision-making structure of the WTO as it guarantees equal votes (Interviewees #9, #12, #14). This meant that early on it had become clear that it would be impossible for the membership itself to steer the organization away from the looming crisis due to the inflexibility of the decision-making rules at the Council (Interviewee #18).

The General Council in effect holds the levers of the organization's mechanics (Bohne, 2010; Interviewee #1). Member states have the power to push issues on the Council's agenda and discuss these during its sessions. Issues taken into consideration are then put on motion for voting. At Council meetings member-state representatives have the authority (and opportunity) to initiate reinterpretations of the treaties of the organization, thus allowing for reforms. This also includes reviewing the rulings produced by the Appellate Body, and where consensus is reached, reinterpreting these. Importantly, most decisions at the General Council are made based on full consensus, therefore making it very difficult to produce substantial results on important matters (Interviewees #4, #5).

The high-level consultations were therefore a last-minute pitch for saving the Appellate Body (Interviewee #12). However, facing the unfaltering stance of the Trump administration and the USTR on their demands for institutional reforms and operational changes to the Appellate Body, the meetings ended up being fruitless. As such, the consultations failed and the impasse at the General Council on the issue of the Appellate Body continued as the absence of any compromise eliminated the potential for consensus.

3.3.5 Restricted role as public figure and lack of leadership proactiveness

What about the informal influence of WTO secretariat officials with actors outside of the institution? Despite their limited formal authority, institutional leaders could employ opportunity structures to indirectly influence decision- and policy-making by engaging with outside actors. For example, resistance response strategies could be pursued, whereby Director Generals can use their role as the figurehead *public image* of the organization to engage in discursive and legitimacy tactics with stakeholders outside of the council's members and build coalitions of external supporters. In principle, this could have allowed the institution's

head to devise and implement at least some form of resistance strategy through discursive and legitimacy tactics against the Trump challenge.

However, the member-driven character of the organization discourages Director Generals from employing such competences (Interviewees #6, #18). Previous Director Generals employed discursive and legitimacy tactics surrounding salient issues during their public engagements, taking on an activist pose at the expense of members' expectations (Interviewees #14, #17). For example, former Director Generals Pascal Lamy and Renato Ruggiero were very proactive in discussing issues publicly (Interviewees #12, #14). They are said to have been willing to pick up the phone and call presidents and prime ministers whenever they felt the need, despite the norm at the institution expecting them to contact member-state representatives first (Interviewee #18).

Pascal Lamy was particularly hands-on in his leadership and would try to seize the reins of the organization and its membership when possible (Interviewee #14). The assertiveness of Pascal Lamy was notably observed during the Doha round of negotiations. As that round seemed to have reached an inconclusive impasse, Pascal Lamy is said to have been very concerned with its implications for the future of the organization (Interviewee #12). In an effort to save the deliberative and negotiating function of the WTO, Lamy made statements refusing to call for a new Ministerial Conference in 2007 (Interviewee #12). This was meant as a strategic move to pressure the membership to reach an agreement and conclude the Doha round, a goal which was ultimately not reached (Interviewee #12).

Member states (including the US) and other institutional actors within the WTO voiced concerns regarding Lamy's activism (Interviewees #12, #18). Emphasis was made on the Director General's role within the WTO being exclusively one of support for the members (Interviewee #18). This reaffirmed the notion that "any demonstration of initiative on the part of the Secretariat is not usually welcomed by the members" (Sutherland et al., 2004). This was highlighted when it came to the reappointment of Pascal Lamy, as the US explicitly ostracized him and voiced concerns regarding the fact that he often preferred to speak with member-state ministers in capitals as opposed to their representatives in Geneva (Interviewee #18).

Lamy's successor, Roberto Azevedo, addressed pressures by the membership on the office of the Director General to remain within their institutionally confined role by being cautious and refraining from statements or actions that may be deemed as being too politically activist by the membership (Interviewees #9, #14, #18). This explains why Azevedo's leadership was characterized by a lack of proactiveness in taking initiatives to defend the organization against the Trump challenge. According to a former WTO official, when asked during a meeting whether his office could somehow intervene, Azevedo explained that his duties are to follow the direction provided by all member states and refrain from engaging in political activism or overpassing his administrative capacities (Interviewee #14). Under the leadership of Azevedo, the office of the Director General also did not engage in any discursive and legitimacy tactics, making no references to the Appellate Body or the issue with the over-judicialization of the organization in its official statements and during public engagements (Interviewee #16).

Azevedo's lack of proactiveness and activism may have in fact been a tactic itself to keep the WTO out of the spotlight and the firing line of the membership, and essentially waiting off the challenge until the Trump administration would be replaced with another less aggressive administration (Interviewees #12, #14). However, this approach resulted in the organization's leadership being kept on the sidelines, and ultimately led the WTO into inertia in the face of a significant challenge. While the expectation may have been that the challenge would pass by and the waters would calm, this in fact did not occur. The previous Director-General may have miscalculated the potential for a policy shift by the new US administration. In fact, the current US President, Joseph R. Biden, does not appear to be interested in a rapprochement with the WTO and the Appellate Body, having made no clear moves away from the policies of its predecessor vis-à-vis the organization.

In sum, the limited institutional authority and competences of the WTO's leadership explains why no adaptive or resistive response strategies were produced to cope with the Trump challenge. The WTO's institutional leadership does not possess the tools to intervene against divisions like the Appellate Body, and it is restricted in its ability to propose/initiate reforms and policy changes, or set agendas at council-level meetings. Furthermore, the heavily enforced member-driven character of the organization effectively inhibited the institution's leadership from engaging with stakeholders in capitals and employing discursive strategies against the

Appellate Body contestation by the Trump administration. With green-room meetings going out of fashion, and public engagements on sensitive issues being taboo, the Director General was very limited in its ability to bridge divides during the dispute and build coalitions of supporters against contestation by the Trump administration.

3.4 Conclusion

The global multilateral order is under threat not only by emerging powers such as China, but also other traditionally supportive states such as the US. The US contestation of the WTO Appellate Body is a case in point. The Trump administration's blockage of the appointments of new judges at the Appellate Body has effectively ceased its operations. As this article has showcased, despite heading a central institution within the international trade arena and having the support of powerful members, the limited institutional role of the WTO Director General and secretariat officials meant that the institution's leadership was not well-armed for formulating and implementing an effective adaptation or resistance strategy against the Trump challenge.

Secretariat officials and the Director General do not possess the necessary institutional authority to propose reforms, implement top-down policy changes, monitor operations and enforce rules within the organization. They are also limited in their ability to directly or indirectly influence decision-making, or even engage in agenda-setting during council meetings. With green-room meetings going out of fashion, and the heavily enforced member-driven character of the organization making public engagements on sensitive issues taboo, the office of the Director General was not able to bridge divides amongst members or build coalitions of supporters against the contestation by the Trump administration. The absence of necessary institutional tools, together with the limited leadership competence and proactiveness, ultimately resulted in a nonresponse strategy by the WTO Director General and secretariat.

While remaining passive in the face of a minor challenge could be a strategic move, the US contestation of the Appellate Body was clearly a significant challenge that required a more invested response to avoid an institutional outcome that involved clearly the loss of critical functions (i.e., those performed by the Appellate Body). Nevertheless, the Director General remained on the sidelines and played almost no role in the process

that has led to the current dysfunctional state of the WTO's Appellate Body.

What will the future of the organization look like? The Appellate Body was considered as one of the greatest achievements of the negotiation rounds that led to the creation of the WTO, reflected by the fact that it "was often referred to as the WTO's crown jewel" (Bown and Keynes, 2020). The current dysfunctionality of the Appellate Body risks "corroding the rules-based trading system" and represents at its core "an existential threat to the WTO" as an institution (Schott and Jung, 2019). In fact, this not only seriously undercuts the hopes for future negotiations aimed at reforming the WTO, but it also risks waning the compliance of member states and enforcement of obligations of the organization's regulatory framework. Whether this represents a challenge to the centrality of the WTO in the global trading system is yet to be seen, however, it would be hard to argue that it is not symptomatic of the troubles of the organization (Sinha, 2021).

Signs that this threat has been perceived have already surfaced, as various members have opted for an alternative institution for trade-related appeals, the Multi-Party Interim Agreement (Howse, 2021). Interestingly, in addition to the members, the WTO itself also appears to have attempted to adapt ex-post to the Appellate Body's dysfunctionality. The current form of operations at the DSB, which involve a combination of strategies that allow panels to review cases and provide decisions, aim at allowing the institution to engage in ad hoc arbitration despite the absence of the Appellate Body's judicial role in the appeals process.

Other possible solutions would involve a restructuring of the organization. The 2004 Sutherland report on the future of the WTO specifically examined this issue, and could offer a viable solution to the organization's gridlock (Sutherland et al., 2004; Interviewee #14). While arguing for the benefits of the consensus rule at the General Council, the report emphasizes that there are some decisions of a minor nature (e.g., proposals for administrative reforms) that could be taken by alternative voting rules (i.e., majority voting). The report also proposes giving the WTO secretariat and Director General more authority and a wider role within the organization. For now, such reform proposals appear to have been shelved.

The findings contribute to our understanding of IO survival. Exploring the factors identified in the case of the WTO within a wider study of IOs under contestation would be productive for our understanding of how and under

what conditions IO leaders and their bureaucracies can act. Future research could examine ex-post adaptation to a challenge and the role played by institutional actors in that process.

4

4

Incumbent responses to entrant international organizations: The role of institutional leadership in the World Bank's response to the AIIB challenge

Abstract: At its establishment, the China-led Asian Infrastructure Investment Bank (AIIB) was widely seen as a challenge to the World Bank, a sign of an alternative institutional framework promoted by revisionist China within the development lending arena. Today, however, the AIIB is often described as having taken the shape of the World Bank, and the two institutions are seen as partners rather than rivals. This article analyses the effective response strategy of the World Bank to the AIIB's establishment, with a focus on the role of the Bank's institutional leadership in that response. In explaining the contestation of international organizations (IOs), IR scholars predominantly focus on state actors. That approach fails at capturing the role of institutional actors tackling IO challenges. As the analysis illustrates, the Bank's leadership played a crucial role in balancing the interests of members while devising a strategic adaptation response to the rise of the new institution. Through a combination of pro-active reforms, collaborative engagements with the AIIB, and a strategic policy focus on norm-setting and knowledge-creation, the Bank has effectively retained its leading position within the global lending arena. The analysis relies mainly on data from 24 interviews with World Bank and AIIB officials as well as experts.

4.1 Introduction

The launch of the China-led AIIB in 2016 in the densely populated global development lending arena was a considerable challenge for the World Bank given their high degree of overlap (Brands, 2018; Curran, 2018; Wilson, 2019). Not only was the AIIB seen as a tool for China's pursuit of revisionist policies, countering the dominance of the World Bank and its normative framework, but it also received widespread support from many Western states, beginning its operations with $100 billion in pledged capital (Perlez, 2015; Smialek and Kearns, 2016; Wilson, 2019). The US immediately reacted to this threat, discrediting the entrant institution, and engaging in a 'campaign of discouragement' towards its allies' membership in it, to no avail (Perlez, 2015).

Fast-forward to today and it is clear the World Bank has effectively adapted itself to the changing environment and remains the dominant lending institution in the global lending arena (Cook, 2020; Wilson, 2019). The World Bank not only has provided substantially more loans to Asia-Pacific recipients, but it also consistently secured leading roles in project partnerships with the AIIB (AIIB, 2022b; Cook, 2020; World Bank, 2021b). Furthermore, the AIIB has taken the shape of the World Bank despite initial expectations that it would deviate from conventional governance structures and established operational protocols (Lichtenstein, 2018; Shelepov, 2017**;** Wilson, 2019). Through what strategies did the World Bank effectively respond to the AIIB challenge? And what role did the Bank's institutional leadership play in that response?

The IR literature often focuses on state actors and their power dynamics to explain institutional overlap, competition in densely populated environments, and how IOs address these pressures (Faude and Fuss, 2020; Jupille et al., 2013; Lipscy, 2017). Strikingly few studies have examined the role of institutional actors in shaping extant IO responses to challenges by entrant IOs (see for example Schütte, 2021a, 2021b). This is surprising given the substantial evidence of how IO bureaucracies are heavily invested in ensuring the centrality and continuity of their institutions (Chorev, 2012; Ikenberry, 1999; Keohane, 1984; Strange, 1998), as well as their key role in the evolution of the multilateral global institutional framework (Abbott et al., 2015; Bauer et al., 2016; da Conceição-Heldt, 2013; Debre and Dijkstra, 2021a; Johnson, 2013; Johnson and Urpelainen, 2014).

This article contributes to that literature by first offering a typology of different strategic responses against challenges by entrant IOs, and the logic of their appropriateness. The article then identifies relevant institutional leadership features, namely leadership competence, agenda-setting authority, decision-making powers, and bureaucratic capacity, and explains their conditioning effect on IO heads' ability to shape strategic responses. Relying mainly on 24 interviews with current and former World Bank and AIIB officials, member state representatives, and experts in the field, the analysis examines the theoretical expectations through a case study of the World Bank's response to the rise of the AIIB.

The findings showcases how, soon after the establishment of the AIIB, the World Bank's President, with the support of his cabinet and bureaucracy, displayed proactive leadership by engaging with the challenge, analyzing the potential impact of the AIIB's establishment, the consequences of rivalry in the infrastructure development and lending arena, and formulating relevant solutions. The World Bank President employed his agenda-setting powers and proactively engaged with members to garner support for initiating a process of organizational revamping and further shifted the Bank's policy focus away from infrastructure lending and towards environmental agendas, norm-setting, and institution-building. This strategic move allowed the Bank to eliminate the potential for competition with the AIIB and ensure that the two institutions would not be heading towards a collision course.

Importantly, the World Bank President also pursued active engagement with the AIIB, using its institutional decision-making powers and bureaucratic capacity to initiate co-financing projects where the Bank leads in standard-setting and governance while the AIIB provides the capital. The President and senior management ensured that these partnerships were tailored strategically towards cementing the Bank's role as the leading global lending institution with the knowledge and expertise necessary to garner legitimacy for projects. These policies constituted an effective strategic response by the Bank's leadership aimed at proactive adaptation to the AIIB challenge. The findings provide new insights on the process behind the successful response of an incumbent, US-led, and well-established IO to an entrant, China-led, consolidating IO within the international development arena.

The next section discusses the literature on IO challenges and provides a framework for examining various response strategies and the role of

institutional leadership features that condition the ability of IO heads in effectively shaping those responses. The article then presents the analysis, before concluding with a summary of the findings and their implications.

4.2 Institutional leadership and IO responses to challenges

This article proposes a set of strategic responses that extant IOs can employ against challenges arising from competition with entrant IOs, and makes the case that we should account for the role of IO heads—and the conditions under which they are able to act—in order to better understand the formulation, implementation, and efficacy of those responses. The scope conditions for the argument are that, first, IOs and specifically leading institutional actors within their bureaucracies, perceive a significant challenge from an entrant IO, and second, that they hold enough institutional levers and competences to play a role in shaping the response to it. The following paragraphs unpack the framework behind the theoretical argument.

A challenge is a process that can negatively affect an IO, and can arise from various contextual phenomena, such as gridlock and disagreements amongst members, state-led contestation, politicization, international conflicts, and power transitions (Eilstrup-Sangiovanni, 2021; Gray, 2018; Gronau and Schmidtke, 2016; Hale et al., 2013; Heinkelmann-Wild and Jankauskas, 2022; Lake et al., 2021; Morse and Keohane, 2014; von Borzyskowski and Vabulas, 2019; Zürn et al., 2012). This article focuses on the challenge posed to extant IOs from institutional overlap with competing entrant IOs. While extant research suggests states rarely establish new IOs, preferring instead to reform existing IOs or selecting amongst alternative extant IOs (Jupille et al., 2013; Keohane, 1984; Lipscy, 2017), the AIIB and the New Development Bank (NDB) illustrate how rising powers and coalitions of powerful states do sometimes opt for new IOs. Their presence within the same global policy arena and overlap in scope and functions with extant IOs may lead to competition and the loss of centrality of extant IOs (Abbott et al., 2015; Pratt, 2018, 2021).

In the case of the World Bank and the AIIB, overlap implies pressures to compete for limited resources, upkeep performance, preserve centrality, and ensure that changing input is addressed with relevant output to secure the support of members (Abbott, Green, and Keohane, 2016; Faude and Fuss, 2020; Gutner and Thompson, 2010; Haftel and Hofmann, 2017; Heldt and Dorfler, 2021; Morse and Keohane, 2014; Tallberg et al., 2016).

When IOs fail to address these pressures, they may face unfavorable institutional outcomes, such as decline—represented by the loss of effectiveness, functions, centrality, and legitimacy of IOs—and even dissolution, as evidenced by recent studies (Debre and Dijkstra, 2021a; Eilstrup-Sangiovanni, 2021). Economic IOs (i.e., operating within the international trade, finance, and lending arenas) in particular face such outcomes regularly, as illustrated by recent findings that indicate about half of such organizations have either stopped functioning or are in a 'zombie' state (Gray, 2018).

Building on previous research highlighting the agency of IOs (e.g., Barnett and Finnemore, 2004; Ege, 2020) and recent studies showcasing how IO bureaucracies respond to challenges (Debre and Dijkstra, 2021a, 2021b; Dijkstra et al., 2023; Gray, 2018; Schütte, 2021a, 2021b, 2022), this article posits that IO institutional leaders—in particular their bureaucratic and executive heads—play a crucial role in shaping the responses of entrant IOs facing the potentially dire effects of competition with functionally overlapping entrant IOs. In the context of IOs, institutional leadership is represented by secretariat heads, such as the WTO Director-General, the NATO Secretary-General, and the World Bank President.

As central and connective institutional actors, IO heads strategically shape the formulation and implementation of responses to challenges (Chorev, 2012; Heinkelmann-Wild and Jankauskas, 2022; Hirschmann, 2021; Kruck and Zangl, 2020; Lipscy, 2017; Tallberg and Zürn, 2019; Weaver, 2008). IO heads can act as mediators between the membership, external actors, and the institution's bureaucracy, playing an important role during disputes and impasses by bringing together different actors and promoting a cooperative framework (Keohane, 2010; Hall and Woods, 2018; Woods et al., 2015). They can bridge between competing interests and employ the weight of their resources, authority, and normative influence to help tackle challenges. Using the powers of their office, IO heads can also offer a vision and direction to their institution and their bureaucracies in responding to a challenge (Hall and Woods, 2018; Keohane, 2010; Kille and Scully, 2003).

More specifically, IO heads can devise three distinct response strategies: strategic adaptation, strategic resistance, and strategic nonresponse. Extant IOs may opt for adaptative strategies to accommodate external pressures and demands by stakeholders (Hirschmann, 2021) and engage collaboratively with overlapping IOs to avoid rivalry. Adaptation

strategies are especially suitable when changes in policy and/or institutional reforms are encouraged by a large section of the membership and powerful states, and when extant IOs enjoy a privileged position within their policy area, having consolidated their role as premier institutions and global norm- and standard-setters.

Adaptation strategies can be proactive or reactive in nature. Proactive adaptation strategies are pre-emptive, allowing extant IOs to prepare for the potential effects of the challenge posed by entrant IOs. As such, proactive adaptation tactics involve ex-ante policy initiatives and institutional reforms aimed at increasing efficiency and output in densely populated regimes and where competition is perceived to be on the rise, such as briefly following the establishment of a new and overlapping institution. These strategies ensure that the extant organization's legitimacy and effectiveness would not be harmed in the medium- to long-term by the disruptive presence of an entrant IO.

Reactive adaptation strategies also involve adaptation-oriented decisions. However, in contrast to their proactive counterparts, reactive adaptation strategies follow the effects of the challenge. This is the case for example when an ex-post response involving policy shifts and institutional reforms is devised against the already-felt effects of competition from overlap with an entrant IO. Reactive adaptation strategies are especially useful when information is scarce and when there is uncertainty regarding the nature and potential medium- to long-term impact of the challenge. In such cases, IO leaders and their bureaucracies may need time for conducting careful examinations of problems to identify potential ex-post solutions.

Alternatively, extant IOs' heads may devise resistance strategies against entrant IOs, disputing their legitimacy and contesting their policies through discursive strategies, and relying on relations with powerful state representatives and officials in capitals to build large support coalitions to counter the entrant IO (Hall and Woods, 2018; Mathiason, 2007; Xu and Weller, 2008). Resistance strategies are suitable in less densely populated regimes and when the challenge comes from an entrant IO perceived as potentially disruptive to the centrality and legitimacy of the extant IO, but which possesses more limited resources, a more restricted membership, and is established and supported by less-powerful states.

Finally, extant IOs' heads may opt for strategic nonresponse, remaining intentionally passive, anticipating the challenge to pass while other actors

(such as influential member-states) take initiatives against the entrant IO. This tactic relies on the logic of passing the bucket and is appropriate when facing a low degree of environmental competition by other IOs, and where the entrant IO is perceived as lacking the resources and legitimacy to pose a credible threat and being unable to disrupt the key functions and centrality of the extant IO in the medium- to long-term. Table 4.1 summarizes the above-described response strategies, and indicates when a specific strategy is suitable in relation to the specific context of a challenge. However, this should not imply that IO responses are necessarily shaped by such contextual factors. The specific choice of a strategy ultimately depends on the relevant institutional actors (i.e., the leaders) involved in shaping the IO's response.

Table 4.1: Typology of IO response strategies.

STRATEGY	TOOLS	CHOICE CONDITIONS
Proactive Adaptation	Ex-ante policy initiatives and institutional reforms	Credible threat from entrant IO supported by powerful state(s). Highly dense environment. Reforms and policy changes supported by powerful member(s) or coalition of members. Reactive in absence of enough information and certainty.
Reactive Adaptation	Ex-post policy initiatives and institutional reforms	
Strategic Resistance	Discursive delegitimization and support coalition-building	Credible threat from entrant IO with less resources and lack of support from powerful state(s). Low density environment.
Strategic Nonresponse	Remaining passive and passing the buck	Low threat from entrant IO with less resources and lack of support from powerful state(s). Low density environment. Extant IO supported by powerful state(s) and with dominant position.

To be able to effectively devise appropriate response to challenges, institutional leaders need to have certain tools and competences. First, IO heads need to have proactive leadership competences (Boin et al., 2016; Debre and Dijkstra, 2021b). Proactive leadership is reflected by the degree of engagement in understanding a challenge and producing solutions for realizing a response to it. IO heads need to invest resources and attention to proactively recognize and interpret the nature of the challenge, its potential impact on their IO, and the type of response strategies necessary for addressing it (Gardell and Verbeek, 2021). IO heads then need to acknowledge the institutional constraints on their role, balance the interests of members, and identify the hurdles that their proposals and initiatives may face.

Leadership proactiveness in IOs is especially salient in relation to the formulation of response proposals that may face resistance from powerful members, such as adaptive institutional reforms and policy shifts, as well as resistive coalition-building and disputing (delegitimizing) contesters. This is even more so the case in IOs where the membership is fragmented and various powerful members with contrasting interests hold preponderant influence over the institution (i.e., through shareholder votes). As such, proactiveness is also reflected by active engagement with influential members, establishing good relations with their representatives and officials in capitals, and balancing their demands with the needs of the institution to ultimately secure their support for solutions.

Second, IO heads need enough institutional tools— namely agenda-setting authority, decision-making powers, and bureaucratic capacity—to be able to take institutional action, such as proposing reforms, initiating new policies, and engaging with member-state bodies within the institution (Debre and Dijkstra, 2021a, 2021b; Heldt and Schmidtke, 2017; Hirschmann, 2021; Hooghe et al., 2017). Agenda-setting authority grants IO heads with the power to set decision-making agendas at the member-state/board level (i.e., at meetings with member state representatives). This allows IO heads to pitch a challenge as an issue for discussion, frame the nature and potential consequences of the challenge, and create a conducive deliberation environment for securing consensus regarding the necessity of addressing the challenge. Agenda-setting powers also allow IO heads to employ the weight their expertise and normative influence during engagements with member-state representatives and pitch solutions for addressing the challenge, such as institutional reforms and shifts in policies.

IO heads also need the authority to make organizational decisions and initiate policies in the immediate term (Debre and Dijkstra, 2021b). IO heads are the institutional actors with the best knowledge of the operational capabilities and tools available to the institution for navigating challenges. Decision-making powers allow IO heads to effectively employ their special position within the institution to streamline critical processes and push urgent initiatives. For example, decision-making power allows IO heads to quickly initiate new projects and collaborative engagements with other IOs, temporarily allocate staff and budget for new policy initiatives, and call extraordinary meetings to engage directly with executive organs and state and IO officials to discuss and formulate emergency response policies.

Finally, it is not always necessarily the case that IO bureaucracies and institutional actors have the relevant expertise and resources at their disposal to effectively shape their institution's response to a challenge. Bureaucratic capacity determines the resources and expertise available to IO heads for acting (Debre and Dijkstra, 2021b; Heldt and Schmidtke, 2017). IO heads leading large, experienced, vertically-structured, and resourceful bureaucracies, benefit from extensive access to expertise, making them better at analyzing threats, understanding their complexities and potential consequences, and mobilizing their bureaucracies towards formulating necessary solutions that are effectively tailored towards accounting the best interest of their institution while addressing a challenge (Barnett and Finnemore, 2004; Bauer and Ege, 2016; Debre and Dijkstra, 2021b; Eckhard and Ege, 2016; Gray, 2018; Hawkins et al., 2006).

In sum, when challenged by competition with overlapping entrant IOs, extant IOs can rely on a set of strategic responses which include adaptation (institutional reforms and changes in policies tailored at addressing pressures, increasing performance, and embracing entrant IOs), resistance (disputing challengers through rhetorical tactics and support coalition-building), or strategic nonresponse (remaining passive and passing the buck to other actors). IO heads can take an active role in the decision- and policy-making processes within their organization to shape their response strategies. Their role however is conditioned by whether they exhibit proactive leadership, hold agenda-setting authority, have decision-making powers, and benefit from enough bureaucratic capacity. These are crucial institutional tools for IO heads to be able to frame a challenge, pitch solutions, secure the support of relevant members, and implement policies that allow their institution to tackle the challenge.

The next section examines the proposed theoretical arguments through a case study of the role of the World Bank's institutional leadership in the organization's response to the AIIB challenge.

4.3 Assessing the role of institutional leadership in the World Bank's response to the AIIB challenge

A challenge is identifiable when institutional actors within an IO perceive it as such. As the ensuing analysis reveals, the World Bank's President and senior management clearly viewed the AIIB as an entrant organization with threatening potential. As such, the establishment of the AIIB is a case in point for examining how an extant IO like the World Bank perceived the threat of competition and institutional overlap from an entrant institution, how it reacted to that threat, and what role its institutional leadership played in that process.

To cope with the challenge, the World Bank's President had three options at hand: push for adaptation, resistance, or remain strategically passive. In practice, adaptation would be reflected by solutions aimed at institutional reforms and policy initiatives addressing the entrant IO's perceived impact. In the case of the World Bank, an adaptive response strategy would involve policy initiatives and institutional reforms that would accommodate China, improve organizational performance, consolidate the centrality of the Bank within the development lending arena, and embrace the AIIB through cooperative inter-organizational engagements. These would be proactive if formulated soon after the AIIB's inception or reactive if followed after clear manifestations of contestation and competition emerged.

Conversely, a resistance strategy would involve contesting the AIIB and disputing its credibility through rhetorical delegitimation tactics, building support coalitions of members and external actors (e.g., lobby groups, NGOs, and other civil society actors), and leading these in disputing the normative and functional impact of the AIIB. Finally, choosing strategic nonresponse as a way of addressing the AIIB challenge would consist of the World Bank's leadership remaining neutral and taking no initiatives.

Following the theoretical model's premises regarding extant IOs' responses to entrant IOs, the World Bank's leadership is expected to have strategically pushed for an adaptive response. This is due to: the credible threat of institutional overlap posed by the AIIB; the wide support for

institutional reforms at the Bank; support for the entrant IO from China and a large section of the World Bank's membership disaffected by the extant IO; the densely populated international development lending arena where the centrality of the World Bank could be contested through the consolidation of a revisionist institutional framework by China with the AIIB at the helms.

Leadership competences, decision-making powers, agenda-setting authority, and bureaucratic capacity would be crucial in allowing the World Bank's leadership to realize its response. Empirically, leadership competence is reflected by the degree of proactiveness with which the World Bank President and senior management engage with the challenge, strategically conduct a cost/risk assessment of the nature/consequences of the challenge, identify opportunity structures and constraints, and pursue viable solutions. Decision-making powers would reflect through the World Bank President initiating new projects, overseeing and directing the workings of the bureaucracy, allocating staff and resources for new projects, and initiating collaborative arrangements with the AIIB. Agenda-setting powers would reflect through the President setting the agenda at executive and board meetings to discuss the AIIB issue, propose solutions (such as new policies and institutional reforms) and garner support from members. Bureaucratic capacity represents the presence of a highly trained and large bureaucracy.

To examine these expectations, the ensuing analysis traces the process from the establishment of the AIIB leading up to the current state of the inter-organizational relations between the two institutions, piecing together the underlying institutional decision-making dynamics and factors that contributed to that outcome. The analysis relies mainly on the views of relevant actors within and without the two institutions obtained through 24 interviews. Interviewees were selected based on their position and expertise. World Bank officials working during the Jim Kim presidency (2012-2019) were interviewed to obtain their views regarding the perception of the threat of the AIIB as well as the tactics and strategic planning involved in the Bank's response. Additionally, Bank executive directors, former Bank officials working in the AIIB, senior officials within the first cohort of the AIIB's management, and experts were interviewed for triangulation.

Key questions asked were, amongst others: 'Were there concerns within the Bank's management and the President's office regarding the

establishment of the AIIB? 'Was the AIIB perceived as a challenge to the centrality of the Bank?' 'What is the role of the President?' What are the institutional constraints on the President?' 'Did the President push the bank to engage with the AIIB?' 'What strategies were devised in response to the AIIB?' 'How did relevant institutional actors shape that response?' 'What relationship do the AIIB and the World Bank have today?' 'Has this relationship evolved?' 'What are the dynamics behind the two institutions' partnerships?' All interviews were based on the condition of pseudonymity, hence quotations from interviewees are identified with pseudonymous labels (e.g., 'Interview #1'). For a descriptive list of interviews, please refer to the Appendix.

4.3.1 Responding to the threat: Understanding the nature of the challenge

The establishment and rise of the AIIB can be attributed to three contextual factors: (1) growing interest by many developing countries in alternatives to World Bank projects' heavy conditionalities and governance standards; (2) growing demand by a coalition of members for infrastructure lending as an economic recovery tool from the global financial crisis; and (3) dissatisfaction of a rising China regarding its position and voice within the World Bank (Faude and Fuss, 2020; Pratt, 2021; Wilson, 2019).

The World Bank's anti-corruption policies have mostly gone against the interests of established elites and societal actors that dominate many developing countries, making the Bank *persona non grata* in the eyes of recipients keen on finding alternative sources of funding for development (Andersen et al., 2020; Interview #11; Reisen, 2015). This has slowly widened the interest in establishing an alternative institutional framework for lending, one that focuses more on infrastructure and less on institution-building, democratic promotion, and corruption (Interviews #3, #4, #10; Liao, 2015). Moreover, following the global financial crisis, the interest expressed by the majority of members to refocus on infrastructure lending and projects to tackle unemployment and kickstart the prime drivers of economies was more intensely voiced by a newly assertive China (Interview #13; Xiao, 2016).

By the mid-2010s, China had made clear its dissatisfaction regarding its voice within the institution, arguing that its role is not commensurate to its global economic weight (Interview #3; Faude and Fuss, 2020; Pratt, 2021; Vestergaard and Wade, 2015; Xiao, 2016). China is heavily

underrepresented at the Bank, holding only 4.5% of the shares even after the 2018 agreed capital increase and a new shareholding formula that accounts for GDP, PPP per capita and IDA scores (which amounted to a 2.2 percentage points increase in China's capital shares) (Faude and Fuss, 2020; Xiao, 2016). However, China's economy accounts for 15% of the global economic output, thus the voting system within the Bank does not reflect current geopolitical realities (Faude and Fuss, 2020; Interview #3). A higher shareholding status would have an immense impact on China's influence within the Bank, providing it with veto powers, a privilege currently held by the US (Interview #12).

The global financial crisis gave China one more reason to be unhappy with the Bank (Faude and Parizek, 2021). Early during the crisis, China and other emerging economies showed interest in the creation of a specific agency within the Bank focusing solely on infrastructure lending to alleviate the financial pressure caused by the crisis and upkeep the development pace (Reisen, 2015; Xiao, 2016). At the 2009 London Summit the idea was officially brought to the table, and officials from various developing countries agreed that a separate trust fund could be established for such agency (Interview #3).

The proposal was then officially presented by the World Bank President Jim Kim, outlining the establishment of a fund with 100 billion US dollars of capital flow from members to support the new organ. However, expecting that this would increase the influence of China as both a borrower and a funder within the Bank, the US blocked the proposal. This led to China's ultimate frustration with the Bank and the US dominance of the institution, which effectively paved the way for setting up the AIIB (Reisen, 2015). As one Bank official explained, the common view is that the World Bank is American-led, the New Development Bank is Brazilian-led, and the Asian Development Bank is Japanese-led, and as the crisis erupted, China decided that it was time for it to establish its own bank (Interview #9).

Almost coinciding with the announcement of the Belt and Road Initiative, in 2014 President Xi Jinping officially declared that China was going to spearhead the creation of an alternative lending institution that would focus on infrastructure development and be open to all interested clients (Interview #12; Xiao, 2016). Thus, the AIIB was established.

Commentators and academics around the globe were quick to pinpoint the intended purpose of the new institution. The AIIB has been described as a controversial, China-led addition to the global lending regime, functioning primarily as a tool for Chinese geostrategic goals and economic interests, and reflecting the shadow of a rising and disruptive power that endorses revisionism in the global system (for commentaries see: Brands, 2018; Curran, 2018; Magnier, 2015; Perlez, 2015; for academic papers see: Freeman, 2019; Stephen and Skidmore, 2019; Reisen, 2015; Wilson, 2019; Xiao, 2016; Yang, 2016).

For a long time, the World Bank did not perceive the establishment of regional lending institutions as a threat to its centrality. The view at the institution had been that with its large and international membership, staff numbers running in the thousands, extensive experience, credible expertise, and large budget, the Bank would always remain the world's premier development institution (Interview #4). This played a big role in the institution's complacency and failure to address the demands of developing countries and especially BRICS countries.

The announcement of the establishment of the AIIB however came as a shock to the Bank. As the design and functions of the AIIB were formally proposed, the World Bank's leadership realized the potential threat posed by the new institution (Interview #4). For the first time, the Bank perceived itself under threat by not simply a new regional bank, but an alternative institutional framework that could harm its centrality in the global development arena (Interviews #4, #12; Reisen, 2015). As a World Bank official recalled, "there were discussions at the senior level about competitiveness in the face of the AIIB" (Interview #2). Another official noted that, given the widespread discontent with the World Bank and the presence of alternatives, many at the institution held the belief that, had the World Bank not existed today, "it would not have been created" in its current form again (Interview #5).

The reasons behind this fear were two-fold. Very soon after its establishment, the AIIB's potential became clear, as the organization quickly gained momentum by expanding its membership invitations and securing a large budget for its infrastructure investment portfolio mainly with Chinese funding (Faude and Parizek, 2021; Freeman, 2019; Reisen, 2015). The AIIB, with its almost exclusive focus on infrastructure investment, was soon seen as a potential competitor to the Bank in that area (Interviews #2, #11). The main division in the World Bank that was

concerned with the rise of the AIIB was the infrastructure section which feared finding itself in a secondary place in the market (Interview #1).

Second, the advantages offered by the AIIB's lending packages, which not only came with a lower cost but also required fewer conditionalities than the ones offered by the Bank, were perceived to have the potential to undermine the Bank's established standards in the long term (Ella, 2020; Interviews #2, #21; Reisen, 2015). As a World Bank official recalled, "the overwhelming view at the senior level is that while the Bank had been focusing for decades on governance, institution building and corruption, the AIIB suddenly began providing the same sort of services without all those goals and conditionalities" (Interview #11). The concern was that there would be a race to the bottom regarding standards, and this would not be limited only to projects with members unhappy with the conditionalities of the Bank, but also in the area of lending in collaboration with the private sector (Interview #3). With the new institution in town, and clients showing interest in its services, the Bank's leadership realized a response was necessary (Reisen, 2015).

Within the Bank, the President and senior staff supervise the day-to-day operations of the over 16,000 staff spread over 120 countries (Interviews #1, #9; Xu and Weller, 2009). They oversee the policies and operations of the senior and regional managers, and through them, decision-making is centralized (Interview #5). The President and their staff are the institutional actors who actually run the Bank, they are the brains behind the organization (Interview #4). The institutional design of the Bank provides them with the institutional resources, knowledge, authority, and relevant competences necessary for tailoring the overall policy agenda to address global contextual factors. This allows the Bank's leadership to quickly recognize a challenge and formulate a response strategy (Interviews #5, #9).

When the articles of agreement of the AIIB came into force in 2015, the World Bank President was Jim Yong Kim. Kim had taken the reins of the Bank with a new plan for restructuring the organization internally to decentralize decision-making and give more space to regional managers for operations on the ground. Very quickly his plan evolved into a massive reform of not only the institution's bureaucratic structure, but also its mission, goals, and focus, which in effect formed the backbone of a proactive adaptation strategy against the AIIB challenge. The logic behind this strategy was two-fold: the widespread support from developing

countries for the establishment of alternatives to the World Bank was perceived as reflecting a threatening trend of increasing density in the global development arena; the AIIB was perceived as spearheading a revisionist momentum in that arena (Interviews #2, #5, #7).

First, the global development lending arena is populated not only by the World Bank, which has a universal membership, but also over 20 other multilateral development banks (MDBs) (Wang, 2017). Most of these MDBs are aligned within the Bretton Woods framework and operate under the same rules and standards of the World Bank, essentially complementing it within the global development arena. In contrast, the recent creation of the BRICS-led New Development Bank (NDB) and the China-led AIIB is widely seen as representing a push for the creation of parallel structures aimed at a realignment of the international order by revisionist states as well as World Bank members dissatisfied with their voice (Reisen, 2015). Therefore, the growing presence of alternative institutions led by the BRICS and developing countries is perceived as a signal of a trend towards a more fragmented global development arena where the centrality and dominance of the World Bank may be at stake.

Second, the AIIB is commonly viewed as spearheading that trend (Wang, 2017). The institution is widely seen as a key geostrategic tool for China, which is currently the biggest contester of US influence and the Washington Consensus. China is by far a more powerful and fast-rising economic power than its BRICS partners. Its lead in creating the AIIB is perceived as reflecting its geostrategic ambitions in tandem with its other similar projects, such as the BRI as part of what is described as China's shadow global diplomacy (Reisen, 2015). Furthermore, the AIIB has received support from far more states that form the membership of the World Bank compared to other MDBs. Therefore, the AIIB represents a more threatening alternative to the World Bank, reflecting a significant addition to an already-crowded arena where there is a perceived motivation for having alternative institutions and policy directions by developing countries dissatisfied with the World Bank (Reisen, 2015; Wang, 2017).

Thus, the World Bank's President and senior management perceived the AIIB as having the potential to pose a tangible challenge to the institution in contrast to other MDBs operating within the global development arena (Interview #2). As such, ignoring the AIIB and passing the buck to the US was not perceived to be an effective solution, especially given that the US' campaign of putting pressure on allies to not join the AIIB had clearly

failed. In fact, the US Treasury had attempted on various occasions to contest the AIIB, lobbying US partners, discouraging membership in the new institution, and highlighting concerns regarding its commitment to environmental standards, procurement requirements and other safeguards within the global development arena (Reisen, 2015).

The AIIB was expected to have a significant growth potential and future impact, and with the heavy support of China and widespread interest from a wide range of members, delegitimation tactics against the new institution would be likely ineffective. Therefore, resisting the AIIB was also seen as a less optimal strategy. The combination of those factors, in addition to the widespread cry for institutional reforms at the World Bank, meant that adaptation was the strategy perceived to be most effective (Interviews #2, #5, #7).

4.3.2 Responding to the threat: Pro-active adaptation through reforms and policy initiatives

The response strategy envisioned by the World Bank's leadership consisted of reforming both the organization and its role on the global stage. This involved: 1) reaching a bargain with members for increased capital shares for China while ensuring that China would borrow less from the Bank (as demanded by the US); 2) collaboration instead of rivalry between the AIIB and the Bank through co-financing partnerships; 3) in that process, ensuring that the Bank would upkeep its role as a focal institution in development financing knowledge and promoter of governance norms; 4) the transfer of staff from the Bank to the AIIB to ensure institutional isomorphism and cooperation; and 5) decreasing further the Bank's focus on infrastructure lending in areas and regions in which the AIIB would also be involved, and instead turn its focus on human capital development and climate change.

On the institutional side, the reforms consisted of restructuring the shareholding system, so that some shares would be reallocated away from the US and to China, which would increase the voice of China within the institution. This came in tandem with an increase in borrowing limits, which resulted in China being able to borrow less from the Bank (Interview #13). This was aimed at decreasing the tensions between the two major players in the Bank, namely the US and China. The Bank's leadership also employed the powers of its office to initiate a new era for the institution with more representation from outside the West to accommodate the

BRICS demands on that issue. This involved the hiring of a chief economist, vice president, and senior management staff of Chinese nationality, a chief economist of Indian origin, and the appointment of a former finance minister from Brazil as one of the senior vice presidents.

The reforms reflected a deliberate attempt by the Kim presidency at listening to and balancing the demands of both China (and the BRICS in general) and the Bank's most powerful shareholder, the US (Interview #4). The strategy ensured that the Bank would pre-emptively embrace a rising China instead of letting it go at it alone as the AIIB became a fully operational institution, while also decreasing the tensions within the board of governors, especially between the US and the BRICS (Interview #5).

The President also employed his executive powers to initiate structural reforms within the Bank to remove the regional and local operational and knowledge-creation silos that existed as a result of the decentralized design of the institution (Interview #13). More specifically, the Bank's leadership pushed for the creation of global leads for each technical area rather than having regional leads within each geographic region that oversaw the operations across various areas. The plan also involved restructuring the organizational process behind knowledge creation to provide better knowledge management, speeding up bureaucratic processes, and centralizing functions and responsibilities while cutting back on the extra layers of management (Interview #13). This has helped promote cooperation within the Bank across the various divisions and in various sector operations, providing intra-organizational access to the Bank's valuable knowledge across the multitude of regional and local units of the organization (Interview #13).

This strategy played a crucial role in President Kim's vision of the Bank as the premier knowledge-creating global development institution. The Bank is focusing more on human capital investment. In terms of sector choice, the Bank is now by far the biggest financier of the social sections which include human capital and environment-friendly development (Interview #7). This has been an intentional strategic move against the erosion of the Bank's centrality in the infrastructure lending system. By putting the focus on environmental and social development, the Bank has kept its premier role as a normative power in the development arena (Interview #9).

To achieve this, the Kim presidency was aware that the Bank's objectives and purpose had to evolve. This meant that the Bank had to emphasize its global role as a producer of knowledge for the public good, a norm-setting authority that would entitle it with credibility and legitimacy (Interview #11). Since Kim took the presidency of the Bank, the focus has shifted even more towards services-led development, private-public growth models, and away from infrastructure development (Interview #4). As a World Bank official recalled, there was a "clear strategic line of sight then: the Bank does not finance in areas anymore where it thinks other institutions can finance in" (Interview #13).

The Bank's leadership was able to garner support for such policy and reform proposals by employing the full range of institutional tools at its disposal. Importantly, the institution's leadership can give direction to the Board of Executive Directors, set the agenda for their meetings, and act as a channel between executive directors and the Bank's management (Interview #9). Similarly, while the Board of Governors acts as a platform through which members guide the Bank's wider policies, the institution's leadership acts as a bridge between members and the Bank as an organization, a sort of balancing conduit between the interests of the institution and its stakeholders (Interview #4; #14; Xu and Weller, 2009). Importantly, the fact that stakeholders come with demands but cannot push for anything alone gives a lot of leeway to the President and his cabinet to play a role, giving them the freedom to maneuver and to propose initiatives based on their vision for the Bank (Interview #9).

The early-on transfer of World Bank staff to the AIIB formed another crucial part of the Bank leadership's pro-active response strategy to the AIIB challenge. At its establishment, the AIIB failed to attract enough membership. The main concerns with the new institution revolved around its governance structures and operational protocols (Interviews #17, #20). There were concerns amongst Western countries that, due to the originally proposed institutional design, the new bank would be wholly controlled by China, which would exclusively hold decision-making veto powers (Hutzler and Thomas, 2015; Interviews #17; Magnier, 2015; Wei and Davis, 2015). Furthermore, the lack of conformity of the governance, transparency, safeguard, and loan-policy protocols of the AIIB with other established multilateral development banks initially discouraged potential members from joining the bank (Interviews #17, #20).

Membership invitations in 2014 were declined by many western countries as they expressed their discomfort with the prospect of an institution that was expected to be essentially pursuing Chinese interests and potentially deviating from the accepted international practices in development financing (Wilson, 2019). Finally, the lack of previous experience in the development arena meant that the new bank did not possess a proper project development pipeline and relevant technical expertise (Interview #16). This meant that to kickstart projects, the AIIB would have to rely exclusively on external consultants and be dependent on the bankable projects of other already-established MDBs (Wilson, 2019). This made the new bank unattractive in the eyes of potential members, clients, and investors.

This contextual factor represented an opportunity for the Bank's leadership, and as several Bank officials and development experts noted, the Kim presidency was quick to recognize the AIIB's initial disadvantage and took early initiatives to engage with it (Interviews #6, #14, #15). Through its recognized knowledge and expertise, the Bank has been leveraging its normative authority to ensure that other institutions in the field follow its norms and standards (Interviews #17, #20). For example, when World Bank staff are hired by other institutions, they endow credibility and legitimacy to the institution, while exporting the vision and normative views of the Bank (Interviews #2, #11, #20). Several high-ranking officials at various MDBs spent decades at the World Bank (Interview #16). The vice president of the NDB is a Chinese national who has worked in the Bank for over 30 years. Similarly, in the AIIB, many high-ranking staff came from the Bank. Even the current President of the AIIB is a former Bank official, as is one vice president (AIIB, 2022a).

As one senior Bank official noted, the offer of staff transfers from the Bank to the AIIB was an "intentional strategy" to ensure that individuals from the Bank would go to the AIIB, to ensure that "there would be contact between them and help lessen the divide" between the two institutions (Interview #6). More importantly, the transfer of staff from the Bank to the AIIB was also strategically aimed at ensuring a gradual process of institutional isomorphism between the two banks (Interview #22). As put recalled by another interviewee, "they [current and former Bank staff] were sent to the AIIB, many of them from infrastructure and planning … to set standards, provide training and sometimes in an advisory role following the Bank's own internal protocol" (Interview #14).

The involvement of World Bank staff and advisors early in the evolution of the AIIB led to a recalibrating of the AIIB's strategies and operational design from the initial proposals made by China in 2014. As a result of that, the AIIB became a dramatically different institution from what had been originally envisaged (Wilson, 2019). The original governance system envisaged for the AIIB (which concentrated the authority over loan programs on the management team under the claim of increased efficiency and speed) was shelved, and instead, a similar governance system to the World Bank was adopted, consisting of a tripartite structure whereby the Board of Directors together with the President and management oversee the AIIB's policies (Interview #14). In effect, the result of these efforts has been institutional isomorphism, reflected by the fact that the institutional design and operational protocols of the AIIB are essentially a child of those of the World Bank now (Interview #15).

Finally, as part of its pro-active adaptation strategy, the Bank's leadership employed its decision-making authority to initiate co-financing partnerships with the AIIB from early on. This was facilitated by the fact that both the World Bank and the AIIB were quick in recognizing the opportunities offered by signing cooperation agreements, as these served the Bank with a channel through which it could model the AIIB into its shape, while giving the AIIB the prospect of a partner that would not only provide the technical capacity and institutional resources necessary for establishing a project pipeline, but also would come with the added value of attaching legitimacy and credibility to the new bank's operations (Kawai, 2015; Lichtenstein, 2018; Wilson, 2019).

The status of the Bank as the normative leader in safeguards and premier source of development expertise has made the institution a natural go-to for collaborative projects by institutions such as the AIIB (Interviews #16, #18). This is particularly important for new and regional development institutions. These institutions tend to be favored by many client countries that have an interest in protecting the status quo and would therefore prefer relying on conditionality-free lending, and they also tend to be closer politically to such client countries (Interview #11). However, regional and new development institutions often lack the credibility and legitimacy of an institution such as the Bank, thus making it harder to attract private investment. In other words, the Bank possesses a rubber stamp power to endow both credibility and legitimacy to other the AIIB's projects (Interview #13).

As various officials noted, the Bank's leadership ensured that the institution would pro-actively leverage its recognized status, extensive resources, and credible expertise to essentially push its way into becoming a leading partner with the AIIB rather than a rival (Interviews #6, #7, #13). This was in part due to the concern that without early efforts to ensure that the AIIB collaborates and follows the standards of the Bank, there would be a race to the bottom in terms of safeguards, which would be ultimately detrimental to the Bank and its global mission (Interview #7). This was widely understood at the management level of the World Bank, and more importantly, there was an awareness that embracing the new institution through such strategic partnerships would allow easy access to it and provide the opportunity structure to influence it.

As part of that strategy, a debt transparency initiative was pre-emptively introduced and applied to all projects, including co-financed ones. This was initially promoted by the US which was frustrated by China's tendency of financing bilaterally the debts of other Bank borrowers, which was seen as being a prime cause of capital fungibility in lending programs and ultimately increased the influence of China in those client countries (Interview #1). The Bank's leadership realized the opportunity offered by such initiative: by collaborating with civil society and domestic economic actors to push for debt transparency, these actors would be essentially advocating the client countries to engage in co-financing with the Bank on their projects, as only the Bank could guarantee transparency in the programs and projects (Interview #11).

The plan and the negotiations for engagement with the AIIB on staff transfers and institutional collaborations were facilitated by the fact that the Bank's leadership is the institutionally prescribed figurehead of the organization (Interviews #5, #9). Bank Presidents represent the institution externally, spending most of their time directly with officials in capitals and finance ministers, the heads of other institutions, and in inter-state meetings (Interview #4; Xu and Weller, 2009). Thanks to these competences the President can proactively engage in a network of global actors and bring the Bank into a loop of collaborative relations with them, garnering support for policies especially in the face of resistance from stakeholders (Interview #5).

The results of these pro-active adaptation efforts culminated in April 2016, as the World Bank and the AIIB signed a key co-financing agreement which stipulated that the two institutions would engage in infrastructure

projects mainly under the loan policy and safeguards framework of the Bank (Fleming, 2016; Wilson, 2019). The five years that followed have been a testament to the positive outcome of the Bank's efforts to pull and shape the AIIB. The strategic partnerships and reforms pushed by the Kim presidency have secured the Bank's role as the leading institution in its relationship with the AIIB, as well as its global role as the premier credibility-endowing and knowledge-providing lending institution (Interview #14). For example, the Bank co-financed 11 out of the AIIB's first 15 lending projects, and this trend has continued ever since (AIIB, 2022b; Faude and Fuss, 2020; Interviews #6, #13). Between 2019 and 2021, the Bank co-financed over a quarter of the AIIB's infrastructure and development projects.

In all its projects with the AIIB, the World Bank has held the role of the 'knowledge-creator' and 'institution-builder' (Freeman, 2019; Interview #11). In Uzbekistan, for example, the Bank and the AIIB are co-financing various projects, with the Bank setting the norms and leading in the area of knowledge-creation and sharing, while the AIIB is providing funds (Interview #13; AIIB, 2022b). As a World Bank official put it, "the idea has been that the Bank would bring the knowledge and the AIIB would bring the resources" (Interview #11). Co-financing with the World Bank gives legitimacy to the AIIB's projects and allows it to benefit from the project pipelines of the World Bank (Interview #14). As another Bank official noted, "they [AIIB] want the World Bank stamp, and the sort of legitimacy and credibility that the Bank's knowledge and social and environmental safeguards provide, as this helps them attract more private funding" (Interview #8).

In sum, the World Bank's institutional leadership played a prominent role in its response to the challenge of institutional overlap by the AIIB. The Kim presidency displayed proactive leadership competences, and effectively employed the ample leeway, opportunity structures, and institutional tools provided by the Bank's institutional design to devise a successful response strategy. This aimed at proactive adaptation through strategic policy shifts and institutional reforms designed for cementing the Bank's role as the premier institution in norm-setting and knowledge-creation within the development arena. Furthermore, the Bank's leadership effectively initiated collaborative partnerships with the AIIB and encouraged the transfer of Bank staff in an effort to promote institutional isomorphism at the entrant IO.

4.4 Conclusion

The World Bank offers a case in point for studying the response of extant IOs to the challenges of institutional overlap and competition with entrant IOs occupying space in the same policy arena. Emerging countries have long been critical of the Bank. This dissatisfaction, together with demand for loans by developing countries vying for infrastructure capital following the global financial crisis, led to the establishment of the AIIB. The entrant institution enjoys the support of a wide segment of the World Bank's membership and has the full weight of China behind it. Its purpose was quickly speculated to be for the expansion China's influence globally and acting as a vehicle for the pursuit of its long-term revisionist agenda for the global finance and development framework. For the Bretton Woods-born and US-led World Bank, which has long held the role of both premier institution in the development arena and key upholder of the Washington Consensus, the rise of the AIIB in an already-densely populated arena was a challenge to its centrality.

Based on the article's theoretical framework, the World Bank as an extant IO had a set of responses at its disposal for coping against the challenge posed by the entrant AIIB, namely adaptation, resistance, or nonresponse. Adaptation entails pushing institutional reforms and policy initiatives aiming at addressing changes in the environment, member state concerns, and engaging with entrant IOs collaboratively. In contrast, resistance entails delegitimation tactics and building coalitions of supporters for disputing entrant IOs' credibility and operations. Nonresponse suggests the strategic absence of a response aimed at passing the buck to other actors and remaining passive until a challenge fades away. The effectiveness of these responses was argued to be contingent on several contextual factors surrounding a challenge.

The article then posited that, to get a full picture of the process behind the formulation and implementation of IOs' response strategies, it is necessary to focus on the role of leading institutional actors within IOs in addition to the usual focus on states and their power dynamics. Towards that, the theoretical model identified a set of features that are expected to condition the ability of IO institutional leaders to play a role in shaping their organization's responses to challenges. These are leadership proactiveness, agenda-setting and decision-making authority, and bureaucratic capacity. Possessing these features provides IO leaders with the resources and competences necessary for recognizing and analyzing a challenge,

strategically formulating relevant solutions while balancing member-state and institutional interests, garnering support for proposals and initiatives, and implementing them effectively as part of their IOs' response strategies to challenges. Contextual factors may make the choice of specific strategies more promising, however whether these strategies can be effectively devised and implemented depends on IO leaders and their endowment with the necessary tools and powers.

As the analysis illustrated, the Bank's institutional leadership (the President, with the support of cabinet and senior management) played a crucial role in the formulation and implementation of its adaptation response to the AIIB challenge. This involved institutional reforms aimed at balancing the interests and expectations of the members (in particular the US and China) and increasing the performance of the organization, as well as further shifting the Bank's focus away from infrastructure lending and towards norm-setting, knowledge-creation, and institution-building. Furthermore, the strategic response ensured collaboration rather than rivalry between the AIIB and Bank through co-financing, as well as encouraging a transfer of staff aimed at achieving institutional isomorphism. These initiatives have been highly effective. The World Bank has upkept its premier role within the global development arena, and the AIIB has essentially taken its shape. The AIIB today is more of a complementing partner rather than a contesting rival to the World Bank.

In line with the theoretical model, the findings showed how the ability of the Bank's leadership in realizing that response strategy role was facilitated by the institutional authority, leadership competences, and resources at its disposal. As such, the article contributes theoretically to the literature on international public administrations (Eckhard and Ege, 2016; Knill and Bauer, 2016) and IO responses to challenges (Debre and Dijkstra, 2021a; Gray, 2018; Hirschmann, 2021; Strange, 1998). While the drivers of institutional overlap and IO competition, as well as their consequences for state cooperation and regime complexity, have been extensively researched, less attention has been paid to how IOs and their bureaucracies play a role in handling those challenges. This is surprising considering IO studies often depict IOs as lasting institutions with bureaucracies heavily invested in securing their survival (Chorev, 2012; Ikenberry, 1999; Jupille et al., 2013; Strange, 1998).

Empirically, the findings offer new insights into the institutional factors and processes through which an extant IO striving to upkeep its position

within a dense and contested policy arena successfully adapted to an entrant IO within the context of the geopolitical and power rivalries of the US and China. The factors under study here (institutional authority, bureaucratic capacity, and leadership competences) are not exclusive to the institutional context of the World Bank. They can be examined across IOs and beyond the case under study here. Therefore, the findings contribute to our general understanding of incumbent IO responses to challenges by entrant IOs and specifically the role played by their leading institutional actors in that process. Future research could benefit from comparative approaches that account for cross-examinations of different policy arenas and types of IOs.

5

5

Using COVID-19 as opportunity: The role of the AIIB's leadership in its strategic adaptation to the pandemic

Abstract: The COVID-19 pandemic led to a steep rise in demand for COVID-recovery lending and a decrease in capacity for infrastructure borrowing in many countries struggling to cope with its economic effects. This has presented a significant challenge to the Asian Infrastructure Investment Bank (AIIB), as its project pipelines had been developed mainly for traditional infrastructure lending. This paper examines the strategies employed by the AIIB to adapt to the COVID-19 pandemic. The findings showcase how its institutional leadership effectively employed its authority, resources, and leadership competences to push for an adaptive response strategy. This was achieved by pitching a response based on the expansion of the AIIB's operational scope beyond traditional heavy infrastructure lending and the introduction of new policy instruments for funding COVID-recovery projects. The AIIB also engaged in collaborative partnerships with other MDBs to access their project pipelines and expertise. Thanks to these efforts, the AIIB not only managed to cope with the challenge, but its leadership also ensured the institution would come out of the pandemic having opportunistically benefited from it. The findings speak to the scholarship on IO resilience and bureaucratic politics. The analysis relies on official documents and data from 20 interviews with IO officials and experts.

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5.1 Introduction

The China-led AIIB has faced various struggles since its inception, such as US contestation (Curran, 2018; Yang, 2016: Freeman, 2019), skepticism and membership hesitancy by Western states (Thomas and Hutzler, 2015; Wei and Davis, 2015), as well as significant competition due to institutional overlap with the World Bank and other Multilateral Development Banks (MDBs) (Brands, 2018; Perlez, 2015; Wilson, 2019). The AIIB has so far managed to cope with those challenges, yet the global COVID-19 pandemic proved an additional obstacle to its consolidation within the international development arena.

The pandemic led to a relative decline in infrastructure-borrowing demand by countries struggling to recover from its economic effects (AIIB, 2020a, 2021, 2022b; World Bank, 2020a, 2021b). As a young institution with the mandate to focus mainly on infrastructure investment (AIIB, 2015a), the clients' switch in demand was perceived as a significant challenge by the AIIB's leadership, as the institution lacked the necessary policy focus and tools for addressing this (AIIB, 2022b). Moreover, the presence of significant competitors (e.g., World Bank) with broader policy focus and high functional, resource, and geographic overlap with the AIIB, meant it struggled to secure projects soon after the pandemic hit (AIIB, 2019, 2020a, 2022b).

From the institution's viewpoint, the fear was that the AIIB would lose its momentum in developing its project pipelines, expertise, and credibility, thus slowing its consolidation within the global lending arena. Moreover, there was a real chance for the AIIB to be caught up in the Sino-American rivalry over the pandemic, as experienced by various IOs such as the UNSC and, especially, the WHO (Ogden, 2020; Smith and Fallon, 2020; Zhao, 2021). The AIIB's leadership was very concerned by the pandemic's impact on clients and was fully aware of its potential consequences (Interview #8).

Surprisingly, since April 2020, the AIIB has managed to secure a larger number of projects on a yearly basis than in pre-pandemic years (AIIB, 2022b). Most of these projects are COVID-recovery-based. As of March 2022, the total number of approved COVID-recovery projects had reached 46, amounting to more than $11.5 billion (AIIB, 2022d). This is more than the combined value of all the loans provided by the institution from its inception to the start of the pandemic. How can this outcome be explained?

Through what strategies did the AIIB's leadership manage to adapt the institution so effectively to the COVID-19 pandemic challenge?

Relying on data obtained through primary sources (e.g., AIIB reports, minutes of meetings, etc.) and 20 interviews with MDB officials, state representatives, and international development experts, the analysis reveals how the AIIB's leadership devised and implemented an opportunistic adaptation strategy. The investigation sheds light in particular on the role of the AIIB's President, who with the support of senior management, employed their authority, bureaucratic resources, and leadership competences effectively to: (1) recognize the challenge posed by the COVID-19 crisis, examine solutions, identify institutional constraints, and balance member state interests; 2) strategically formulate a response consisting of the expansion of the AIIB's scope and project pipelines beyond traditional heavy infrastructure lending and the introduction of a new policy instrument, the Covid-Recovery Fund (CRF); (3) secure support through agenda-setting and framing the pandemic as a significant challenge to the institution; and (4) effectively implement the response.

To muster member state support, the AIIB's leadership framed the response proposal as necessary for addressing the immediate needs of clients and in the interest of members. The proposal was pitched as an imperative solution for assisting developing and low-income members whose economies were suffering from the pandemic's effects, and as a blueprint for the AIIB's turn towards long-term sustainability, business-sector development, supply-chain stability, and resilience investment. The institution also strategically relied on collaborative partnerships with other MDBs to gain expertise and access to client networks for building its own capacity and operational know-how beyond traditional infrastructure projects.

The article contributes to the IR literature on IOs by offering new insights on the role of institutional leadership in the process behind an entrant IO's response strategies. Recent studies on IO resilience have examined challenges and institutional outcomes in IOs by focusing mainly on states and neglecting IO response strategies (Debre and Dijkstra, 2021a; Eilstrup-Sangiovanni and Hofmann, 2020; Hopewell, 2020; Ikenberry, 2018; Kruck and Zangl, 2020; Lake et al., 2021; Mearsheimer, 2019; Schweller and Pu, 2011; Sinha, 2021; Vestergaard and Wade, 2015). Studies on IO bureaucratic politics also often view IO bureaucracies as single units, and

neglect the specific role of IO institutional leaders or the conditions that facilitate or restrict their ability to shape response strategies (Bauer and Ege, 2016; Chorev, 2012; Eckhard and Ege, 2016; Eckhardt et al., 2021; Ege, 2020; Jinnah, 2012; Knill and Bauer, 2016; Knill et al., 2019; Kreuder-Sonnen, 2019). Less attention has also been paid to the leadership abilities of IO executive heads.

So far only a handful of studies have looked at IO bureaucracies and their responses to explain how they cope with challenges (e.g., Debre and Dijkstra, 2021b; Dijkstra et al., 2023; Schütte, 2021a, 2021b). Debre and Dijkstra (2021b), for example, offered systematic insights on how 76 IOs tackled the pandemic during its first wave in 2020 and used it as an opportunity for scope expansion. However, they did not probe the causal influence of institutional actors. This article advances that research agenda by specifically highlighting the role of institutional leaders to explain their responses to challenges. It does so by building on previous insights to generate a distinct theoretical framework on the specific role of institutional leaders in the IO response process and the conditions that shape that role. It then applies that framework on a single IO case and zooms in on its institutional leadership's role in tackling the challenge of the pandemic over a span of two years.

Empirically, the case-study findings highlight the causal influence of the AIIB's institutional leadership in its response to the crisis, and reveal the key institutional tools and tactics it employed as well as its strong leadership showing in handling the response. The empirical findings also offer new insights into the institutional factors and processes behind the successful opportunistic adaptation of an entrant MDB striving to consolidate its position within a highly competitive and dense policy arena. They also highlight its agential qualities. Moreover, while the effects of the COVID-19 pandemic on IOs have been extensively researched, the empirical insights of this article reveal the often-neglected role of IO institutional leaders in handling that specific challenge. Finally, the factors under study here are not exclusive to the institutional context of the AIIB. They can be studied across IOs, as well as beyond the COVID-19 case.

The next section discusses the role of institutional features in shaping IO responses to challenges. Next, the response strategy devised by the AIIB's institutional leadership is analyzed, with a focus on how leadership proactiveness, institutional authority, and bureaucratic capacity allowed it

to effectively achieve said strategy. The conclusion summarizes the findings and discusses their implications.

5.2 Theorizing the role of institutional leadership in IOs' adaptation to exogenous challenges

To advance our understanding of the process behind IO responses to crises, this section first builds on recent insights from the IR literature to highlight how crises can present windows of opportunity for them to consolidate and expand. Second, the section relies on recent findings from the literature on IO resilience to offer a typology of response strategies that can help IOs navigate crises, and identifies adaptive strategies as a specific course of action necessary for IOs to opportunistically benefit from crises. Third, the section expands its framework with insights from recent studies on IO bureaucratic politics and resilience to reveal the critical role of institutional leaders in steering their organizations during crises, and theorizing the conditions and tools that allow institutional leaders to effectively shape IO response strategies towards opportunistic adaptation.

Throughout their existence, IOs often face crises. Crises can pose *challenges* to IOs by triggering (or exacerbating) gridlock, fragmentation, competition, loss of functions, and decreased overall effectiveness and legitimacy (Hale et al., 2013; Hopewell, 2020; Lake, Martin, and Risse, 2021; Mearsheimer, 2019; Stephen and Parizek, 2018; Zürn, 2018). As recent studies have pointed out, these processes can lead to unfavorable institutional outcomes, such as the decline and even dissolution of IOs (Debre and Dijkstra, 2021a; Eilstrup-Sangiovanni, 2020, 2021). While IOs are often presented as very resilient (Strange, 1998), over a third of those in existence since 1815 have vanished, with regional, smaller, and entrant IOs (such as the AIIB) showing the highest mortality rate when challenged (Eilstrup-Sangiovanni, 2021).

However, not all IOs end up with unfavorable institutional outcomes. While they may present a challenge, crises may also present opportunities for IOs. Previous studies have shown how crises can be windows of opportunity for IO bureaucracies to push for change in organizational processes, policies, and necessary reforms that in ordinary times may not be as feasible to realize (Baumgartner and Jones, 1993; Boin et al., 2016; Debre and Dijkstra, 2021b; Gerschewski, 2021; Hooghe et al., 2019; Kreuder-Sonnen, 2019; Olsson and Verbeek, 2018; Schimmelfennig, 2018). The short-term time horizons posed by exogenous crises, such as

the global COVID-19 pandemic, require immediate reactions from institutions, thus allowing for emergency and extraordinary measures to be formulated and quickly implemented (Gerschewski, 2021; Jones et al., 2016; Kreuder-Sonnen, 2019; Olsson and Verbeek, 2018; Schimmelfennig, 2018; Stone, 2011). They may provide IOs with the opportunity to take a more prominent position within their issue area and policy environment at the expense of other competing IOs (Gardell and Verbeek, 2021).

To be able to navigate and capitalize on challenges such as those posed by the COVID-19 crisis, IOs first need to produce a *strategic response*. Their response can go in three directions: adaptation, resistance, or inaction (Debre and Dijkstra, 2021a; Heinkelmann-Wild and Jankauskas, 2022; Hirschmann, 2021). Adaptive strategies aim at accommodating pressures and changes in an IO's environment through operational and structural reforms, shifts in policies, and a recalibration of the institution's scope and policy instruments (Hirschmann 2021; Mathiason, 2007; Xu and Weller, 2008). Resistive strategies focus on defending the institution through the contestation of challengers and discursive efforts to win external support from relevant actors, such as relevant domestic actors and NGOs (Bayerlein et al., 2020; Schütte, 2022). IOs may also choose to ignore a challenge, remaining passive and anticipating its passing while other actors (such as influential members) take initiatives to protect the institution.

Resistance and inaction can be useful survival strategies for IOs to avoid risky measures, but adaptive strategic responses can help them go beyond survival and effectively use crises as an opportunity. By employing adaptive strategies, IOs can accommodate exogenous pressures and adjust themselves, thus resulting in institutional change. This paper specifically examines the strategic *expansion in policy scope* and the introduction of *new policy instruments* as forming an IO's strategic adaptation response. The policy scope of an institution defines the area in which it operates (Koremenos et al., 2001). When policy scope is expanded, an institution may cover more policy areas in practice. Policy instruments are the tools and mechanisms through which an institution operates in a specific policy area, such as through funding schemes, lending mechanisms, and research programs (Debre and Dijkstra, 2021b; Hooghe et al., 2019; Koremenos et al., 2001). Additional policy instruments allow an institution to increase the breadth of its operations within a specific policy area or expand its operations unto other areas.

Explaining IOs' ability in the immediate and short term to produce adaptive responses necessitates a focus on the role of IO institutional actors (Debre and Dijkstra, 2021b; Djikstra et al., 2023; Schütte, 2021a). In ordinary times IO institutional actors may remain on the side-lines on important matters to avoid conflict with members and stakeholders, but in times of crisis they may take a more proactive and consequential role (Schütte, 2021a). In such moments, it becomes imperative for IO leaders in particular to muster their resources and authority to formulate a response strategy and keep their IO alive. This is especially true when it comes to pushing adaptive response strategies. While resistance and inaction as response strategies require some institutional effort and influence on decision- and policy-making on behalf of institutional actors, adaptive responses require an almost activist approach characterized by strong commitment and strategically tailored interventions by IO leaders for pitching specific policies and promoting necessary institutional reforms and change.

Of course, it would be simplistic to assume that IOs act with total independence from member states. However, it would be equally simplistic to claim that they are completely dependent on the governments that fund them (Gardell and Verbeek, 2021). This two-sided nature of IOs—having their own bureaucracy and striving for agency, while being often under the influence of member states—is reflected in particular during crises. This is due to how crises entail a threat to various actors: within the IO's bureaucracy, executive heads and their secretariats will step up in defense of their institution, centralizing decision-making within the institution; within the membership, powerful and influential members will monitor the IO more closely to protect their interests (Gardell and Verbeek, 2021).

Therefore, and similarly to their counterparts at public agencies, IO institutional leaders can play a key role in strategically striking a balance between what they perceive as the institution's interests vis-à-vis powerful stakeholders when devising and pitching their response strategies. The resulting response strategy sets the course for how the IO will survive and benefit from the challenge. It is therefore imperative to focus on the causal influence of IO institutional leaders. For that, the remainder of this section merges insights from the IO resilience and IO bureaucratic politics literatures to specify both the tools and mechanisms that IO leaders employ to shape their response strategies as well as the institutional and leadership conditions that facilitate or restrict them in that process.

To be able to strategically formulate and implement adaptive responses to crises, IO leaders and their bureaucracies need to have sufficient *authority, bureaucratic capacity,* and *leadership competences*. A high degree of delegated institutional authority to the IO's leadership (whether represented by the President, Director-General, Secretariat head, etc.) is reflected by agenda-setting, policy-proposal, and decision-making powers. High bureaucratic capacity is represented by access to internal and external expertise, budget, senior managers, and support staff. Leadership competence is reflected by the degree of proactiveness and engagement with which IO heads approach a challenge, institutional constraints, and stakeholder demands. These features essentially condition the ability of IO leaders in successfully pushing for adaptive response strategies and achieving institutional change. The absence of enough authority, bureaucratic capacity, and competences entails an IO leadership that lacks the necessary arsenal of tools for shaping response strategies that allow for their IO to opportunistically adapt to crises, thus securing their survival and even benefitting from them.

First, IO heads and their secretariats should be delegated enough *authority* to be able to play a role in the response that their institution needs to produce when facing a crisis (Debre and Dijkstra, 2021a, 2021b; Heldt and Schmidtke, 2017; Hooghe et al., 2017). IO heads can play a consequential role through their agenda-setting powers, by means of which they can set decision-making agendas at the member-state/board level of their institution, engage with various relevant stakeholders, and use these to frame a crisis in a way as to promote consensus across the wider membership regarding the necessity of addressing it. IO heads may also use agenda-setting to exert their expertise and normative influence during such engagements to pitch adaptive reforms and policy changes for accommodating pressures from a crisis (Hirschmann, 2021). This is particularly useful when IO heads can actually propose adaptive policy initiatives and institutional change during such meetings, as they can use this opportunity structure to make proposals as part of their response to a crisis that could be tailored to also benefit the institution.

Moreover, IOs may be better at adaptively responding to crises in the immediate term if their heads are granted the authority to take emergency decisions (Debre and Dijkstra, 2021b). Institutional leaders hold a central role within their institutions, having access to extensive information, expertise, and connection with other institutional actors and actors outside the institution. The same can be said of IO heads. Their position provides

them with a more complete picture of the context surrounding a challenge, and the operational capabilities and tools available to the institution for navigating it. Previous studies have shown how having decision-making power allows IO institutional actors to effectively employ their special position within the institution to streamline critical processes and urgent initiatives (Kreuder-Sonnen, 2019; Reinalda and Verbeek, 2004; Stone, 2013). For example, emergency decision-making authority provides IO heads with the ability to quickly initiate new projects and collaborative engagements with other IOs, temporarily allocate staff and budget for new policy initiatives, and call extraordinary meetings to engage directly with executive organs, member-state councils, and state and IO officials, to discuss and formulate emergency response policies.

Second, IO heads and their secretariats need to have the appropriate *bureaucratic capacity* to be able to effectively formulate and implement their policies (Bauer and Ege, 2016; Debre and Dijkstra, 2021b; Heldt and Schmidtke, 2017). It is not always the case that IOs bureaucracies have the ability to effectively formulate a response to a crisis, nor is it guaranteed that they have the expertise to produce new policy initiatives and instruments. In that regard, IO heads leading strong bureaucracies with extensive expertise and strong access to a network of experts may be better at both formulating an adaptive response to a crisis while also taking the opportunity to initiate proposals within such response that are in the interest of their institution (Barnett and Finnemore, 2004; Bauer and Ege, 2016; Debre and Dijkstra, 2021b; Eckhard and Ege, 2016; Gray, 2018; Hawkins et al., 2006). Simply put, more institutional resources and bureaucratic mobilizing weight equate with more ease in preparing solutions for complex problems.

Third, the framework goes beyond examining the formal authority and resources of IO leaders by zooming in also on their leadership competence to explain their ability to shape responses. In fact, possessing leadership authority and bureaucratic capacity alone does not guarantee that IO heads and their secretariats will be able to shape their IOs' adaptive responses and ensure that these include policy initiatives that benefit their institution. Aligning these factors towards producing an effective adaptive strategy also requires *proactive leadership competence* (Boin et al., 2016; Dijkstra et al., 2023). In addressing a challenge, IO heads need to first recognize and interpret the nature of the crisis, its impact on their IO, and the type of response strategies that is deemed as necessary (Gardell and Verbeek, 2021). IO heads then need to acknowledge the institutional constraints on

their role and the hurdles that their adaptation proposals and response initiatives may face (Dijkstra et al., 2023). As such, leadership proactiveness in IOs is especially salient in relation to the formulation of response proposals that may face resistance from powerful members.

This is even more so the case in regional IOs where more often one or a coalition of states (e.g,, the founding members, larger shareholders, etc.) hold preponderant influence (i.e., through shareholder votes, financial contributions, etc.) over the institution. As such, proactiveness reflects active engagement with influential members, establishing good relations with their representatives and officials in capitals, and balancing their demands with the needs of the institution. Proactive leadership competence within the context of the AIIB's response to the COVID-19 crisis would translate into direct, active, and strategic engagement with state officials and representatives at the AIIB council level (Boards of Governors and Directors) by the institution's leadership (President and supporting senior management) aimed at ensuring that formulated solutions account for their interests. This way, the institution's leadership would guarantee avoiding resistance to proposed policies, which could ultimately result in inertia or at least inhibit effective adaptation and institutional change. Only then can the leadership effectively mobilize their authority and their bureaucracy's capacity toward formulating and implementing a feasible, effective, and beneficial adaptive response strategy.

In sum, the degree to which an IO can adapt to, and opportunistically benefit from, a crisis depends on whether its leadership and bureaucracy have the authority, capacity, and leadership competences to formulate and implement an effective adaptive response strategy. The next section applies this framework empirically to the case of the AIIB's response to the COVID-19 crisis.

5.3 Assessing the role of institutional leadership in the AIIB's adaptation strategy to the COVID-19 crisis

Since the start of the COVID-19 pandemic, the AIIB has expanded its operational scope from mostly traditional heavy infrastructure lending to COVID-19 recovery financing through the creation of the Covid Recovery Facility (CRF), the allocation of budget and staff for it, and collaboration with other established MDBs (e.g., the ADB and the World Bank) for the development of expertise and pipelines to handle its new lending projects (AIIB, 2020a; World Bank, 2020b). The incorporation of these

institutional changes and policy instruments into the AIIB's new Corporate Strategy for 2020-2030 in July 2020 essentially reflects the institution's adaptation and effective response to the Covid-19 crisis. How can this outcome be explained? Through what strategies did the AIIB's leadership manage to push the institution into adapting so effectively to the COVID-19 pandemic crisis and achieve institutional change? To answer those questions, the ensuing analysis relies mainly on the observations and views of current and former AIIB and World Bank officials, state officials, and experts in the field to trace the process from the start of the COVID-19 pandemic, the recognition of it as a threat by the AIIB, and the consequent response strategy formulated and ultimately implemented by the AIIB's leadership.

The rich data was obtained through 20 interviews. All interviews were based on the condition of pseudonymity, hence quotations from interviewees are identified with pseudonymous labels (e.g., 'Interview #1'). Interviewees were selected based on their position and experience. Interviews were conducted with current and former officials from the AIIB based on their position and tenure within the organization during the period shortly preceding the COVID-19 pandemic up to the present. Officials that form part of the senior management cohort of the AIIB, particularly those who have been in office in the period during the COVID-19 pandemic, were interviewed to obtain their views regarding the perception of the threat of the pandemic to the workings of the institution, as well as the tactics and strategic planning involved in the institution's response. Current and former AIIB executive directors, as well as experts on the institution (e.g., researchers who performed consultancy for member states), were also interviewed to triangulate the data.

Additionally, interviews were conducted with former World Bank officials working in the AIIB (particularly high-ranking officials within the relevant cohort of the AIIB's management), as well as current officials at the World Bank, to obtain their side of the story on the two institutions' collaboration on COVID-recovery lending. All interviews were conducted between March 2021 and August 2022. The interview data collection, storage, protection, retention, and destruction procedures fully comply with relevant legislation and institutional protocols. Complementary data were obtained from primary sources, such as AIIB and World Bank annual reports (specifically for the years 2019, 2020, and 2021), as well as secondary literature.

The next subsection analyses the way the AIIB's leadership perceived and managed the threat of the COVID-19 pandemic crisis. After briefly showcasing how the institution provides its leadership with the capacity and authority to engage in crisis-response formulation, agenda-setting and policy-proposal at the executive level, the subsection analyses how the institution's leadership implemented effectively that response between March 2020 and March 2022.

5.3.1 The role of the AIIB leadership: Recognizing the threat and opportunities of the COVID-19 crisis

In the case of the AIIB, *proactiveness* on the side of its leadership (namely the President and supporting officials from the senior management team) was the first key step in its initial acknowledgement of the threat posed by the COVID-19 crisis. Only after that could the leadership recognize the internal and external constraints and opportunities imposed on it and on the institution, and the array of feasible options available to respond to the crisis. In other words, without proactiveness, the AIIB's leadership would not have been able to strategically align its latent institutional powers with the constraints and opportunities provided by the crisis.

The first signals of the threat of the COVID-19 crisis were perceived by the AIIB's leadership in the early months of 2020 (Interview #8). Very soon after the crisis started, the AIIB experienced a sudden decline in demand for infrastructure projects by countries struggling to cope with the economic effects of the pandemic (AIIB, 2020a, 2021; World Bank, 2020a, 2021b, 2022a). This decline represented a challenge to all MDBs (Interview #6, #7), but it was especially significant for the AIIB, given that its focus was mainly on development lending in the traditional and heavy infrastructure sector in the Asia-Pacific region (AIIB, 2015a; Interview #15, #16).

To have an idea of the impact of the COVID-19 pandemic on development lending, the following statistics are illustrative: in the three months preceding the crisis (September 2019 to December 2020), the AIIB had provided 13 loans for infrastructure projects worth a total of $2.2 billion (AIIB, 2019, 2022b); in contrast, in the following three-month period of January to April 2020, the number of loans reviewed and approved by the AIIB had been drastically reduced to a total of two, with a combined value of only $260 million (AIIB, 2020a, 2022b). By March 2020 the leadership was concerned by the relative reduction (84%) in demand for loans

between the two quarters and was fully aware of its potential consequences and that this was caused by a switch in clients' demand toward COVID-recovery lending (Interview #8).

The main fear was that the institution's project pipelines were not adequately developed for addressing the switch in demand (Interviews #13, #16, #17). The immediate implication of the crisis was that the AIIB would see a temporary drop in its projects during the pandemic period, but the longer-term impacts of the crisis were the main source of concern (Interviews #6, #18). As a nascent and growing organization, the first years of operations are crucial for the establishment of client-networks and recognition as a fully functioning and viable partner in the eyes of clients (Interviews #6, #9, #12; Wilson, 2019). The presence of significant competitors in the field, such as the World Bank and the ADB, meant that the AIIB could find itself losing out in developing its client network in the Asia-Pacific (Interview #1, #6). The decline in the number of projects was perceived as threatening the momentum the institution had so far achieved in developing its project pipelines and expertise in practice since its inception in 2016 (Interviews #6, #8, #15, #17).

The seeds of a response strategy to avoid that outcome were first planted during senior management meetings with the President between February and March 2020, where the initial idea pitched was to launch coordinated efforts with other MDBs (i.e., the World Bank and the ADB) to address the demand for COVID-recovery in the Asia-Pacific region (Interviews #13, #16, #17). These would be built on previous co-financing tools that the AIIB had already established and through which it had engaged in collaborative projects with the World Bank and would follow the same template: the AIIB would bring in the funding, while the World Bank would provide the project pipeline architecture and the client-network (Interviews #8, #10, #12). For that purpose, the AIIB would rely on the expertise and experience that its staff had acquired through several dozens of collaborative co-financing projects with the World Bank and the ADB (Interviews #1, #2, #17).

Having acknowledged that a response to the crisis was necessary, the AIIB's leadership quickly began exploring avenues through which the institution could not only effectively adapt to the crisis, but also benefit from it in the long durée. The President, with the assistance and resources offered by the senior management team (comprising the five vice presidents and the general counsel) and the international advisory panel

(which provides counsel on the AIIB's strategies and policies) began analyzing the possibility that the AIIB could build its own capacity for addressing non-traditional soft infrastructure demand by clients (Interviews #8, #18). This plan preceded the pandemic. In fact, there were prior discussions regarding the AIIB's operations on soft infrastructure (as opposed to traditional, heavy infrastructure projects). The pandemic opened the window of opportunity for this to be pushed forward.

The President and his senior management were aware that to secure growth during the pandemic period—not only in terms of client outreach but also in terms of project pipelines—the AIIB would need to recalibrate its policy scope and introduce new policy instruments in order to be able to engage more in non-traditional and soft infrastructure investment (Interview #8, #18). The President made it clear that the best approach was for the AIIB to adapt to the temporary change in its environment by acquiring new policy instruments that addressed clients' switch in demand (Interviews #8, #16). To achieve this, the plan was framed as necessary for addressing those demands, and quickly evolved into an *adaptive* response strategy.

The AIIB leadership's early reaction to the COVID-19 crisis demonstrates how proactivity is necessary for not only recognizing a threat, but also analyzing and proposing possible solutions that ensure an institution survives and even benefits from a crisis, such as through scope expansion and the introduction of new policy instruments. However, institutional leaders also need to have sufficient levers of power within their institutions to be able to then proactively formulate and implement effective response strategies that allow for adaptation to crises. Not having enough institutional authority, competences, and capacity can inhibit such responses. As the next subsection demonstrates, the agenda-setting, policy-proposal, and decision-making powers enjoyed by the AIIB's leadership played a crucial role in the proactive formulation and implementation of the institution's response.

5.3.2 The role of the AIIB leadership: Formulating and implementing an opportunistic adaptation strategy to the COVID-19 crisis

The institutional *authority* delegated to the President under the charter of the AIIB is represented in the dual role that the President holds as the chief executive of institution and as chairman of the Board of Directors (AIIB, 2015a, 2020, 2022a; Lichtenstein, 2018). The President, with support from senior management, is authorized to prepare and allocate the

administrative budget and arrange cooperation with other MDBs with approval from the Board of Directors (AIIB, 2015a). The Board of Directors also delegates authority to the President for designing and implementing Bank policies and decisions on operations (AIIB, 2015a). As such, the authority delegated to the President through the Board of Directors is relatively high as compared to other MDBs.

The adaptive response strategy envisioned by the AIIB's leadership required an expansion in the operational scope of the institution through the introduction of new financing and policy instruments as part of a novel Corporate Strategy. This entailed obtaining the support and consensus of the Board of Directors. In fact, while the President has wide-ranging powers within the AIIB, including the ability to engage in agenda-setting at council meetings (by chairing Board meetings) and propose new policies and projects, the articles of agreement of the institution require the approval of the Board of Directors for new policies and instruments to realize and new Corporate Strategies to be adopted (AIIB, 2015a).

The AIIB is a multilateral institution with a large membership. The AIIB's leadership was aware of the potential reluctance by European members for expanding the scope of the institution and pushing for new investment initiatives outside of the already existing operational framework of the institution (Interviews #6, #8). This was due to initial concerns regarding the AIIB's de-facto commitments to established accountability and transparency (Hosli et al., 2021). However, the leadership was also aware that, in contrast to Western members, non-Western members and in particular low-income and developing states would be keen and supportive towards the institution recalibrating its policy framework and build the capacity for providing urgent covid-recovery financing (Interview #8).

To secure support from the wider membership, the plan was framed as necessary for strengthening the institution's operational capacity for public health and social infrastructure sector operations, and more importantly, sustainable economic development and supply-chain stability investments. In fact, the AIIB's new investment considerations were explicitly proposed as a blueprint for investment frameworks focusing on long-term sustainability and supply-chain stability investment (AIIB, 2022a; Hosli et al., 2021). As such, the focus on health and social infrastructure, supply-chain stability, and economic recovery as part of an expanded policy scope for the institution represented more than just a benevolent measure aimed at assisting member states with economies that are particularly vulnerable

to the effects of the COVID-19 crisis. It was also presented as being very much in line with the geostrategic and global interests of its members and the Asia-Pacific region (Interviews #6, #19).

The crisis, therefore, presented the perfect opportunity for the AIIB's leadership to push an expansive agenda at board meetings and persuade members to muster their voting power to support this initiative. To achieve that, the President, in his dual role as the executive head of the organization and the chair of board meetings, employed his *agenda-setting* and *proposal-initiation* powers to direct the attention of board members toward the crisis. Early in March 2020, the President employed his authority to convene extraordinary meetings with his senior management team to initiate an analysis of the impact of the COVID-19 crisis on the AIIB's operations and produced tentative proposals for solutions (Interviews #8, #16, #17). This formed the backbone of what would become the adaptive response strategy of the organization, with the COVID-19 pandemic identified as a potential threat to the organization in terms of the establishment and further development of its project pipeline and client networks in the development lending arena (Interview #8).

On March 16th, 2020, the President chaired a Board of Directors' meeting, during which he ensured that the COVID-19 crisis would be a topic of priority for discussion and presented his and senior management's view on the matter to the board (AIIB, 2020d; Interviews #8, #16). Amongst other items on the agenda, including the impact of COVID-19 on staff meetings and the decline in loans approved, the President provided a summary of the expected consequences of the pandemic on international lending and on the operations of the AIIB in particular. The Board of Directors considered the President's view and delegated the task to his office of producing a strategy through which the leadership intended to tackle the effects of the crisis (Interviews #17, #18). The President, with the support of senior management, compiled a report in which the organization's response to the crisis was detailed. The key elements included: the adaptation of the new Corporate Strategy 2020-2030 that would expand the AIIB's operational capacity within the parameters of the organization's charter through the creation of policy instruments and budgetary arrangements that would allow for its implementation in practice (AIIB, 2020b).

Negotiations on the conditions and parameters for this plan took place during meetings with the Board of Directors between April 1st and April

3rd, 2020 (AIIB, 2020e). The charter of the AIIB clearly emphasizes that the organization's scope of operations should focus on fostering economic development, wealth, infrastructure creation, and infrastructure connectivity within the Asia-Pacific region (AIIB, 2015a, 2019, 2020; Lichtenstein, 2018; Wilson, 2019). The charter also clarifies that these goals should be pursued operationally through infrastructure investment as well as investment in other sectors that can impact productivity, economic stability, and development challenges broadly (AIIB, 2015a, 2019, 2020). The scope of operations provided by the charter is translated in practice through a variety of instruments that include not only infrastructure loans, but also Special Fund operations and financial and technical assistance for projects that impact infrastructure creation, connectivity, and economic development (AIIB, 2015a, 2019, 2020; Lichtenstein, 2018).

As such, the AIIB's new Corporate Strategy was based on the logic that the organization's charter implicitly allows for operational coverage of non-traditional and soft infrastructure investment in areas directly linked to fostering infrastructure growth and connectivity, as well as special assistance for economic development and stability crucial for infrastructure creation (AIIB, 2020b; Interviews #8, #17, #18). More specifically, the proposal within the Corporate Strategy 2020-2030 aimed at expanding the capacity and operational scope of the institution with an emphasis on economic recovery lending and emergency financial assistance, and health sector development. The proposal added two new policy instruments: a Covid-Recovery Facility (CRF) for financing public health sector development, covid-recovery assistance, and economic-recovery financing (AIIB, 2020a); and the Special Fund Window (SFW) under the CRF, which provides financial assistance through special interest rate buy-downs on projects specifically aimed for lower-income members experiencing economic downturns (AIIB, 2020a).

On April 16th, 2020, the Board of Directors reviewed the proposal with the additions to the new Corporate Strategy 2020-2030 (AIIB, 2020f). Crucially, the President's proposal emphasized the responsibility of the AIIB to address the needs of the membership, and especially in assisting the economies of vulnerable and developing member states (AIIB, 2020a, 2020b, 2020c). While China and the predominant majority of members welcomed the initiative, various European states had previously expressed their hesitation towards the expansion of the institution's operations and scope without clear and extensive review of the proposed normative frameworks and standards on which they would be based (Interview #8).

The leadership's strategic framing of the problem and solution legitimized the initiative by putting the spotlight on the commitments and obligations of the institutions to members, effectively putting pressure on potentially reluctant members to offer their support (AIIB 2020b, 2020c). The adoption of the CRF was pitched as not only allowing the AIIB to further expand its operations towards soft-infrastructure and focus on COVID-recovery in line with other MDBs, but emphasis was also put on its practical use being within the co-financing domain with peer multilaterals, in particular the ADB and the World Bank, thus ensuring budgetary support, promoting further institutional learning, and allowing for sharing potential risks (Interview #19).

The proposal therefore carefully balanced the institution's interests while navigating the divergent positions of the institution's stakeholders and thus securing the support of possibly skeptical members. The proposal was formally approved, and in the following extraordinary meeting on May 7th, 2020, the President was delegated the authority to initiate the operations of the CRF (AIIB, 2020b, 2020c, 2020g). Importantly, given the urgency caused by the COVID-19 pandemic, the President requested, and was granted, authorization prior to the approval of the new Corporate Strategy 2020-2030 by the Board of Governors at their yearly meeting scheduled in July 2020 (AIIB, 2022e; Interviews #16, #18). Immediately following the authorization by the Board of Directors, the President, in his role as executive head and with the support of the senior management, began making budgeting, internal protocol, and operational arrangements to initiate the CRF (Interviews #8, #16, #17).

On the budgetary side, the President employed his delegated powers to allocate a budget of $5 billion for an initial duration of eight months (until April 2021) to the CRF subject to review by the Board of Directors if requested (AIIB, 2022d). These arrangements could be modified/renewed, when necessary, through the extraordinary CRF-related decision-making powers delegated to the President, as the facility was designed to be flexible and adaptive to the diverse emergency economic needs of clients (AIIB, 2020b, 2020c, 2022d).

On the operational and protocol levels, the President employed his decision-making powers to initiate the transfer of staff from various AIIB departments into the CRF unit for the functioning of the CRF project pipeline (Interviews #8, #16). These were handpicked from amongst staff that had prior experience working with other MDBs (in particular the

World Bank and the ADB) on the procurement, review, and implementation of collaborative (co-financing) projects, especially in areas of health sector development and special financial assistance to lower-income states (Interviews #8, #16).

Additionally, CRF project teams, under the supervision of the President, were tasked with initiating contact with partner MDBs for co-financing arrangements (AIIB, 2020b; Interview #8). The status of the World Bank as the premier source of development knowledge in the field has made it a natural go-to for this (Interviews #8, #10). The AIIB also worked with the ADB on various projects. These collaborative partnerships preceded the COVID-19 pandemic. The institutions had previously engaged in various co-financing partnerships, where, as one World Bank official put it, the "idea has been that the World Bank would bring the knowledge and the AIIB would bring the resources" (Interview #4). In other words, the World Bank acted as the hub of expertise, held a norm-setting role, and provided the project pipelines, while the AIIB provided the funding for the projects. These strategic partnerships have been crucial for the development of AIIB's own expertise and project pipelines, providing AIIB staff with the knowledge and indirect training necessary for engaging with the type of projects that the CRF focused on, such as social infrastructure and health sector development projects (AIIB, 2020b).

5.3.3 The role of the AIIB leadership: Outcome and summary of adaptive response strategy to the COVID-19 crisis

The CRF project pipeline thus began operations and the first financing projects were officially kickstarted under the auspices of the new Corporate Strategy 2020-2030 (AIIB 2020a, 2022e). Demand was soaring, and the AIIB quickly found itself providing over $5.3 billion in loans to its clients in the form of 13 financing projects (AIIB 2020a). This represented a 20-fold increase in the value of loans provided as compared to the pre-CRF operations in 2020. Of the 13 projects, 12 were specifically focused on COVID financing, totaling $5.2 billion. Some of these lending projects were purposed for national COVID-19 programs, such as the $250 million project that was started on June 22nd with Indonesia. The vast majority of the lending however has been allocated for emergency response projects, such as the COVID-19 Active Response and Expenditure Support (CARES) projects in India (May 28th for a total of $750 million) and in the Philippines (June 16th for $750 million).

Between July 13th-16th, 2020, the President chaired meetings with the Board of Directors and the Board of Governors during their Fifth Annual Meetings, where the CRF operations and the new Corporate Strategy 2020-2030 were reviewed (AIIB, 2020h, 2020i). Approval and formal adoption into the AIIB were achieved with the consensus of all the members of the Board of Governors. The Board of Governors also voted with consensus for the re-election of the President for a second term. Immediately thereafter the President employed his decision-making authority to expand the budget of the CRF to $20 Billion (AIIB, 2022c). As of March 4th, 2022, the total number of COVID-recovery projects approved under the CRF had reached 46, amounting to more than $11.5 billion (AIIB, 2022d). To give context, in the four years from the start of the AIIB's operations until the creation of the CRF instrument, the institution provided a total of $9.8 billion in loans, which is 17% less than the exclusively CRF-denominated loans the institution has provided ever since (AIIB, 2020a, 2022d).

As the analysis of the case of the AIIB's strategic response to the COVID-19 crisis has showcased, not all crises result in a negative institutional outcome for IOs. In line with the theoretical argument of this article, the analysis highlights how exogenous crises may present both challenges and opportunities for IOs. In fact, the COVID-19 crisis, which resulted in a sudden shift in clients' demand from infrastructure-focused to COVID-recovery lending, was first perceived as a challenge to the AIIB's leadership. However, the crisis also proved to be an effective driver for institutional change, catalyzing a response strategy that involved expanding the operational capacity and scope of the institution (for non-traditional soft infrastructure financing within the Corporate Strategy 2020-3030) by introducing new policy instruments (CRF and SFW).

The AIIB's leadership was aware that, despite heavy infrastructure lending having been the main focus of institution at its inception, the institution would invariably benefit from expanding its operational scope and would become more competitive against other rivaling MDBs in the development arena if it expanded its capabilities and project pipelines for soft infrastructure financing. This shift in policy scope may not have been on top of the institution's agenda before the crisis. However, the COVID-19 pandemic provided the opportunity window to re-imagine organizational processes, initiate policy changes, and implement necessary reforms that redirected the institution's future in line with the leadership's vision.

Part of the reason why this change was achieved is the short-term time horizon posed by the global COVID-19 pandemic, which required immediate reactions from IOs and their bureaucracies. As the case study illustrated, this immediacy allowed the AIIB's leadership to employ its delegated powers and implement extraordinary measures that facilitated the formulation and quick implementation of its response strategy, thus streamlining the process that led to institutional change. The findings also echo previous results showing how other IOs have responded to the COVID-19 crisis proactively, expanding their scope, taking on new tasks, initiating new policy instruments, and ultimately achieving institutional change as part of their adaptive strategies (Debre and Dijkstra, 2021b).

Importantly, the case study lends empirical support to the theoretical propositions of this article regarding the role of leadership in how IOs can react opportunistically to crises. More specifically, the ability of the AIIB's leadership to actually play a role within the institutional process that led to adaptation was made possible by the wide delegation of authority, competences, and institutional capacity enjoyed by the President and his senior management. The AIIB's President was able to influence discussions at the Board level through his *agenda-setting* powers, by means of which meeting agendas were tailored so as to focus on the crisis. Through such meetings, the President was able to present a view on the crisis that promoted consensus regarding the necessity of addressing it. The President was also able to *propose* and justify policy initiatives that it perceived as imperative solutions to tackling the crisis.

Furthermore, the AIIB's leadership widely and consistently employed *their delegated decision-making powers* for the formulation and implementation of its response strategy. This was used first for calling extraordinary meetings to engage directly with Board members and senior management to discuss the crisis and formulate a response. The President also used delegated decision-making powers for allocating staff and part of the institution's budget for the new policy initiative and for recalibrating in practice the institution's policy focus, as well as initiating engagements with other MDBs to form collaborative responses to the crisis.

Throughout all these steps, the *proactive* leadership style of the President was also crucial in aligning the leadership's powers and resources with institutional constraints and balancing member state interests in producing an effective adaptive strategy. This was evident not only at the early stages of the crisis, when the President and senior management proactively

discussed the nature of the crisis, analyzed its impact on the AIIB, and reviewed possible forms of response strategies necessary for addressing it. The leadership's proactiveness was also evidenced in later stages when formulating and presenting that response to the Board of Directors before implementing it in practice through the consistent use of their delegated authority, competences, and capacities.

What direction the AIIB will take in the future and whether the CRF will remain only an emergency-assistance mechanism for the COVID-19 crisis or represent the first step toward a wider policy focus for the institution remains to be seen. What is clear nevertheless, is that thanks to the crucial role of the AIIB's leadership in its response, the institution has not only survived the crisis, but has come out of it as a more consolidated MDB with an expanded operational capacity and presence in the Asia-Pacific and beyond.

5.4 Conclusion

Commentators and academics alike were quick to suggest that the COVID-19 pandemic was going to accelerate the decline of the liberal international order, particularly by further weakening the institutions that operate under its umbrella. However, and in line with a few previous studies on the subject (see for example: Debre and Dijkstra, 2021b), this article has focused on showcasing how IOs may be able to cope with exogenous crises such as the pandemic, and how this ability is contingent in great part on the authority, leadership competences, and bureaucratic capacity of their leadership. As the findings suggest, crises can present opportunities to IOs to expand their scope and achieve institutional change through adaptive response strategies, goals that may not be feasible in ordinary times and in the absence of the urgency imposed by crises.

Significantly, this case study highlights the relevance of agenda-setting, policy-proposal, and decision-making powers as crucial tools for IO leaders in playing an effective role in the formulation and implementation process of response strategies to crises. The AIIB's leadership effectively employed these levers of power to present the crisis as a threat to the institution at plenary meetings with Board members, engineer consent regarding the need for a response, formulate and justify the direction that such response should take (expansion of scope and introduction of new policy instruments), and implement the necessary measures for realizing it. Finally, the proactiveness of the AIIB's leadership was essential in its

initiative towards acknowledging the threat and consequences of the COVID-19 pandemic, the opportunities that it lay ahead of the institution as a driver for institutional change, and in recognizing and balancing the interests of the institution vis-à-vis those of the stakeholders.

These findings speak to the IR literatures on IO bureaucratic politics and IO resilience (Debre and Dijkstra, 2021a; Eckhard and Ege, 2016; Gray, 2018; Hirschmann, 2021; Knill and Bauer, 2016; Strange, 1998). The article advances our understanding of IO responses to challenges by theoretically delineating and shedding light on the role of IO institutional leaders, and revealing in particular the importance of leadership competence (as reflected by proactive leadership) by IO heads in handling crises. The empirical findings also contribute to our understanding of the relevant institutional factors and processes behind the successful and opportunistic adaptation of new and consolidating institutions (such as the AIIB) in highly competitive and dense policy environments.

An important corollary of the findings is that strengthening the authority and competences of IO leaders (decision-making and agenda-setting powers of Secretariat heads, Presidents, Directors-General, etc.) and guaranteeing sufficient institutional capacity for their bureaucracies (resources, staff, access to expertise, etc.) is imperative for ensuring that they can effectively tackle exogenous and cross-border crises, and guarantee that they not only secure their survival but also make institutional gains from them.

Moreover, the empirical findings also contribute specifically to research on MDBs. The COVID-19 challenge did not affect only the AIIB but all MDBs broadly. In fact, other MDBs (such as the ADB) also had to tackle the effects of the pandemic. However, as recent studies have shown, over a third of IOs in existence since 1815 have vanished, with regional, smaller, and entrant IOs (such as the AIIB) showing the highest mortality rate when challenged (Eilstrup-Sangiovanni, 2021). The AIIB's relatively new presence within the arena, its vulnerability to the crisis due to its focus on infrastructure lending, and the institutional and policy initiatives that it had to undertake to respond to the challenge, make this a particularly interesting case to study.

Future research, based on a comparative cross-examination of different IOs in various policy areas, may expand our understanding of the institutional as well as extra-institutional conditions and factors that

strengthen or weaken IOs' and their leadership's ability to defend their organizations from crises and even achieve opportunistic outcomes. Future research could also examine whether and why adaptative strategies achieved by IOs as a response to the COVID-19 crisis have led to permanent institutional changes and policy recalibrations beyond the pandemic period or have only represented temporary fixes. Finally, future research could shed more light on the role of leading institutional actors in the effectiveness of response strategies of other entrant and emerging power-led IOs to challenges stemming not only from transboundary and exogenous crises, but also endogenous challenges stemming from global power shifts and state rivalries.

6

6

Conclusions

6.1 Introduction

Amidst an increasingly tense global trade and development arena, the dissertation has been an attempt at expanding our understanding of the resilience of the IOs operating within it. More specifically, the dissertation has focused on theorizing and empirically analyzing the conditions that allow IO institutional leaders to play an active role in strategically shaping IO responses to challenges. The empirical investigation conducted in the dissertation not only sheds light on that agency, but particularly reveals the relevant actors that embody IO agency, as well as the strategies and mechanisms they employ for defending their institutions. Indeed, the dissertation makes a case for how—particularly with an eye on the debate on the crisis of multilateralism, the continuity of the institutions behind global governance, and the future of the liberal international order—IOs are not helpless victims of these forces, but can exhibit own agency in their struggles to weather and survive challenges. In this context, it is imperative to account for the institutional nature of IOs, and thus to avoid neglecting the role played by their institutional actors and responses.

The dissertation began with the overarching research question *What role do institutional leaders play in the formulation and implementation of strategic responses by economic IOs to challenges?* To answer the research question, the dissertation relied on the analysis of three economic IOs which have in recent years faced different yet significant challenges to their functioning and continuity: the WTO, the World Bank, and the AIIB. In two of the three cases of IOs (the World Bank and the AIIB), the empirical findings have revealed how IO institutional leaders exhibited clear and extraordinary agency and effectiveness in not only recognizing and producing solutions to their challenges, but also implementing these effectively. The findings highlight in particular the importance of having enough institutional authority and bureaucratic resources endowed to IO institutional leaders, as well as for institutional leaders to exhibit a strong and proactive leadership approach.

In contrast, the findings from one of the cases (the WTO) revealed how the absence of those institutional conditions, together with a lack of effective leadership, can and does inhibit institutional leaders from ensuring that a response is devised against a challenge. The result of the failure to respond, as shown by the findings, can lead to an unfavorable outcome for an IO. Indeed, the WTO has effectively lost the functionality of its crown jewel, the Appellate Body.

As such, the findings of the dissertation add important nuance to the IR literature on IOs. They strongly support the view that IO resilience (or lack thereof) can be explained by factors internal to their institutions, rather than only by external factors, such as hegemonic contestation, shifts in global power distributions, and the rise of revisionist actors. The insights from the case studies advance our understanding of IO response strategies and the tactics, opportunity structures, and resources that institutional actors employ to develop them. Furthermore, the research behind the dissertation has relied on applying the insights from various approaches and viewpoints in the study of institutions, taking inspiration from the theoretical and empirical contributions of not only the IR discipline but also scholarly work from the public administration literature on crisis leadership. Finally, the findings of the dissertation—specifically on the bureaucratic processes and the conditions that allow IO institutional leaders to act—set the ground for advancing the literature through future comparative and statistical research into the role of institutional leadership in explaining the resilience of IOs.

The next sections of this concluding chapter first summarize the empirical findings of the dissertation, and derive from these a set of comparative conclusions extending across the specific IOs and challenges under study. That is followed by a discussion of the implications of the dissertation's findings for the IR literature on IOs as well as the limitations of the research. The chapter ends by reflecting on the future avenues for research.

6.2 Reflecting on the empirical findings

The introductory chapter of the dissertation conceptualized institutional responses by IOs under challenge as a distinct process that differs in kind from the IR literature's understanding of bureaucratic politics. During moments of significant challenge the continuity of IOs is threatened, thus provoking responses and bureaucratic processes that can be set apart from those arising within ordinary day-to-day politics of IOs. In such times the risks for the survival of the institution are higher, thus institutional leaders may go beyond the parameters of normal behavior and agency prescribed by the institutional set-up of their IO and the underlying boundaries laid by the expectations of its stakeholders. Studying institutional leadership in IOs under challenge is thus key for gathering insights into the ways in which IOs react to challenges and secure their continuity. While the introductory chapter of the dissertation provided a summary of the findings

for each individual case, this section reflects on them comparatively. Table 6.1 provides an overview of the findings from each case study.

Table 6.1 Overview of case study findings.

	WTO	***World Bank***	***AIIB***
Challenge	US contestation of the WTO Appellate Body, blockage of the (re)appointment process for Appellate Body's members and its operability	Rise of an alternative MDB within a dense and competitive policy environment, threat of parallel normative frameworks and operational standards	COVID-19 pandemic, switch in clients' demand from heavy infrastructure borrowing to COVID recovery and emergency financing
Institutional authority	Honest brokering and mediation powers, but otherwise limited executive functions delegated to Director-General	Wide range of executive functions including agenda-setting, policy-proposal, and decision-making powers delegated to World Bank President	Wide range of executive functions including agenda-setting, policy-proposal, and decision-making powers delegated to AIIB President
Bureaucratic capacity	Large staff with expertise, flat institutional structure with high autonomy for Appellate Body	Large staff with extensive expertise, led by vertical bureaucratic structure with President at the top	Large staff with narrow expertise, led by a vertical bureaucratic structure with President at the top
Leadership competence	Limited proactiveness, more hands-off and neutral approach by Director-General	Proactiveness by World Bank President in engaging with issues, solutions, stakeholders	Proactiveness by AIIB President in engaging with issues, solutions, stakeholders

Response strategy	No response: limited attempts at facilitating dialogue and settlement of disputes in later stages of the challenge	Adaptive response: strategically tailored institutional and policy reforms, and strategic cooperation with challenging entrant IO to promote institutional isomorphism and upkeep the extant IO's dominance	Adaptive response: new policy instrument strategically tailored to expand the entrant IO's operational scope through co-financing with other MDBs and sustain both continuity and expansion despite the pandemic
Institutional outcome	Loss of functions at Appellate Body	Sustained dominance within lending arena, institutional isomorphism at AIIB	Continuity of operations and consolidation in policy arena

The three cases included IOs that have very recently faced three different instances of significant challenge threatening their functions, dominance, or consolidation. The challenge in the first case stemmed from contestation by a powerful member (case of the WTO). The second challenge under study stemmed from the threat of an alternative and potentially rivalling institution to an extant and dominant IO (case of the World Bank). The third instance of challenge consisted of the threat of the global pandemic to the consolidation of an entrant IO (case of the AIIB).

The case study findings show how the three IOs tackled their respective challenges. The WTO essentially failed at responding to the contestation of its Appellate Body by a powerful member. The World Bank responded to the threat of an alternative entrant MDB through reforms and strategic initiatives aimed at securing its dominance. Finally, the AIIB tackled the threat posed by the pandemic to its entrant position and short-term consolidation in the development lending arena. It did so through the strategic design of a new policy instrument that enabled it to co-finance projects that addressed the economic effects of the crisis, expanding its policy scope in practice.

The dissertation's framework suggested that IO responses to challenges would be strategic, and that IO institutional leaders would take—to a varying degree depending on the institutional conditions in which they operate—authoritative, facilitative, and symbolic roles in shaping their responses. The findings support that proposition, showing that when IO leaders had enough institutional authority, bureaucratic capacity, and exhibited strong leadership competences through a proactive approach in dealing with issues and engaging with actors/opportunities, they were indeed better able to play those crucial roles in the response processes of their IOs.

The empirical findings yield six cross-case insights regarding the role of institutional leadership in IO responses to challenges. The first two insights advance our general understanding of the critical role played by IO institutional leaders within the various stages of the response process. The remaining four relate to the conditions that help explain the variation across the cases in the degree to which institutional leaders take up those roles. The remainder of this section presents those insights.

6.2.1 Institutional leadership within the IO response process

First, the findings suggest that *IO institutional leaders are critical players within the early stages of a challenge, where they can play an important role in recognizing and interpreting its nature and potential consequences*. Institutional leaders embody their IOs, holding a central institutional role within it, and have the broadest access to information, expertise, and the arsenal of resources provided through their bureaucracies. Aside from their supporting bureaucratic actors, institutional leaders also have access to experts outside the institution, as well as networks of officials in member-state capitals and from other IOs.

For example, former World Bank President Jim Kim was quick to recognize the challenge posed by the rise of the AIIB, immediately kickstarting efforts to gather information, chaired meetings with senior officials, cabinet officials, and experts within the bureaucracy of the institution, and directed bureaucratic staff in analyzing solutions, evaluating concerns, and identifying opportunities (chapter 4). Similarly, only weeks after the pandemic hit, AIIB President Jin Liqun was already leading his institution and directing relevant internal actors towards initiatives aimed at understanding the potential impact of the pandemic and identifying long-term scenarios for the institution (chapter 5). In both

cases, institutional leaders did all of this while stakeholders were still grappling with understanding the situation and broadly conflicted in their views. As such, institutional leaders are invaluable actors within the bureaucratic machinery and political system of their IOs, holding the levers necessary for giving the nudge to the institution and directing it towards solutions.

Second, the empirical evidence across the three cases shows that, once a challenge is recognized and its potential effects studied, *IO institutional leaders can play a critical role in strategically shaping and implementing responses that are tailored to secure the interests and ultimate survival of their institution*. Institutional leaders hold a key position within IOs, often having a direct channel of communication through which they can engage with stakeholders and relevant actors within and outside the IO to obtain an overview of the various positions held by them. They can use that knowledge to direct their bureaucracies and supporting cabinet officials in the preparation of feasible solutions to the challenge. Through their central position within the IO, institutional leaders can engage in the critical process of identifying potential obstacles to the IO's implementation of solutions to the challenge, such as potential frictions with members, and tailor solutions so as to secure enough backing from officials in capitals and at IO councils.

The findings show how institutional leaders can then pinpoint an ideal course of action, strategically frame issues during top-level meetings with officials and state representatives, and employ available opportunity structures to guarantee voting support for their policies at key council meetings. Finally, the empirical evidence across the cases shows that, during tough times, IO institutional leaders may be able to use extraordinary and emergency powers, in addition to their general powers as executive heads, to be directly involved within the response implementation process, coordinating their network of institutional actors and overseeing their effective implementation of the response strategy. As such, they can play key role in both shaping and realizing their IO's response to a challenge.

For example, the institutional leadership at the World Bank strategically framed issues and proposed institutional reforms to garner support and foster agreement at council level assemblies, especially from China and the US. This allowed the World Bank to introduce policy changes and external engagements with the AIIB with the strategic aim of shaping it in

its form and ensuring that the new institution would not head towards a collision course with the Bank on normative frameworks and operational standards. The AIIB's leadership also engaged in issue-framing to garner support from members, as well as engagements with external actors (i.e., other MDBs such as the World Bank and the ADB) to gain expertise and operational know-how with the aim of developing new policy instruments to help it tackle the COVID-19 pandemic. These were, however, also strategically tailored for achieving institutional change at the AIIB (i.e., expansion of scope). The AIIB's response pushed by its institutional leadership thus carefully aimed at securing not only continuity in the face of the pandemic threat, but also long-term operational benefits and consolidation within the global development arena.

However, and importantly, the findings from the analysis on the WTO's response to the Trump challenge highlight how different a role its institutional leadership played as compared to its counterparts at the two other IOs. The WTO Director-General took few steps in shaping a response. As chapter 3 discussed, this was due to the weak institutional powers delegated to his position, lack of enough bureaucratic capacity, a restricting institutional culture, and limited proactiveness, which led to a neutral, hands-off leadership approach that followed the member-driven character of the organization. This variation across the three cases provides four additional insights, specifically on how the role played by IO institutional leaders in pushing responses is conditioned by certain factors, as discussed in the next section.

6.2.2 Explaining variation in IO institutional leadership and responses

A comparative overview of the findings offers a third insight, namely that *IO leaders with enough institutional authority and bureaucratic capacity are consistently shown to have been involved in the effective tailoring and strategic implementation of responses, while the absence of those conditions is shown to have limited that role.* To begin with, the findings from the World Bank and AIIB cases strongly indicate that institutional authority—consisting of various components that bestow executive heads with decision-making power and the scope to be involved in relevant organizational activities—is crucial to their ability to play an authoritative role within the response process. Specifically, the sort of powers and tools that provide institutional leaders with formal authority include decision-making and agenda-setting powers. These are shown to have been key

components in the arsenal of tools that were available and employed by the World Bank and AIIB presidents.

A comparative assessment of the findings highlights in particular the importance of agenda-setting and chairing powers for IO institutional leaders. Using these powers, executive heads were able to set the agenda at council level meetings, ensuring that the challenge and its potential consequences are top of the list in discussions at all relevant levels within the institution. By way of having the power to chair meetings with member state representatives and relevant officials and initiate engagements with the topic, they also possessed the necessary sway to frame relevant issues at hand and to ensure that a response is prioritized.

For example, chapter 5 shows how already in early 2020 several meetings were scheduled and chaired by the AIIB's leadership with senior management as well as state representatives, where the COVID-19 pandemic and its effects were given priority for discussion. In the following months, additional meetings were organized this time focusing exclusively on the issue and putting on the table the possible solutions. Given the particular nature of the challenge faced by the institution (a global pandemic affecting all members but in particular developing countries with vulnerable economies), the AIIB's leadership was careful to highlight the need for expanding the operational tools needed for addressing it in line with the interests of stakeholders. This helped in ensuring that members would heed the call for action.

Chapter 4 showed how, soon after the establishment of the AIIB was announced, the World Bank's institutional leadership initiated many senior level meetings with the express goal of assessing the various scenarios related to the rise of the potentially rivalling entrant institution and the complexity in norms and standards it could cause within the global development arena. Meetings were then held with council-level officials during which the prior assessments were discussed together with possible policy solutions. Despite being a dominant player within the global lending arena, the World Bank's response carefully addressed the tense relations between powerful members (the US and China) while also ensuring that initiatives were tailored to strategically embrace the AIIB. The preferred solution consisted not of rivalry, but of cooperation based on the existing standards and practices.

Moreover, a comparative view on the empirical evidence shows how decision-making power was a crucial element in institutional leaders ability to employ their arsenal of tools and bureaucratic capacity at the World Bank and the AIIB to push for responses. They used their permitted scope of involvement within bureaucratic and institutional processes to initiate research on the challenges, take steps to reform operational protocol, engage with relevant actors within and outside their IOs and assess available opportunity structures. These institutional leaders were able to employ their authority to also make proposals and offer solutions to the challenges. Their top position within their institutions, together with the extensive expertise and resources behind them, allowed IO leaders at the World Bank and the AIIB to effectively present and frame solutions as necessary and beneficial to both the institution and its stakeholders.

For instance, chapter 4 shows how the World Bank's leadership made use of its authority to propose bureaucratic changes (e.g., centralization of knowledge-production and de-siloification of processes, etc.) that were presented as imperative for improving efficiency and strengthen the competitiveness of the Bank, thus preparing it for potential rise in rivalry with entrant MDBs. Similarly, chapter 5 shows how, at the AIIB, a new policy instrument (the Covid Recovery Fund, CRF) was proposed by the institution's leadership and implemented under its watch. This instrument was justified as necessary for improving the AIIB's capacity and ability to engage in non-traditional infrastructure lending. Additionally, the institution's leadership employed its authority to initiate high-level engagements with other IO officials and experts to set the ground for inter-institutional cooperation on COVID-recovery funding, promoting institutional learning on such practices and absorbing expertise from outside. These efforts were necessary as they allowed the AIIB, with its narrow infrastructure-focused expertise, to rely on other MDBs for improving its ability to operationally engage in forms of financing that it had not engaged with extensively before, and therefore adapt to the pandemic's effects by expanding its operations effectively. In all these initiatives, the evidence points to the critical role played by IO leaders within the scope their institutional authority provided them for tailoring and pushing those initiatives towards producing an effective response strategy.

In contrast, and despite a relatively large bureaucratic apparatus and extensive expertise at its disposal, the institutional leadership at the WTO found itself with tied hands in the run up to the Appellate Body crisis. As

discussed in chapter 3, with very limited authority delegated to it through the WTO treaty, and a rather restricting institutional culture surrounding its role, the WTO Director-General was clearly inhibited in his ability to engage in agenda-setting and discouraged from intervening within the workings of the Appellate Body. This greatly restricted the institutional leadership's ability to engage with the challenge, search for and expedite the discussion of feasible solutions, and subsequently make proposals. This is in clear contrast to the institutional tools and opportunity structures available to the World Bank and AIIB leaders, which enabled them to engage in agenda setting and issue framing during both the early and later stages of their response processes.

Moreover, chapter 3 shows how the WTO Director-General and supporting Secretariat officials had little leeway for influencing the behavior and operations of the various actors within the institution, and especially so in regard to the Appellate Body which enjoys a high degree of autonomy from the rest of the institutional machinery of the WTO. That, coupled with the strongly member-driven character of the organization, meant direct and meaningful authoritative initiatives by the WTO leadership would be rare and limited in scope. In other words, the distribution of authority within the WTO is flat, thus limiting the bureaucratic capacity of the institutional leader. This is very different at both the World Bank and the AIIB, where the Presidents are endowed with a top position within a hierarchical bureaucratic structure, and act as a connective node between members at the council/board level and the institution (and its various internal actors). While they are delegated authority from the former, they hold sway over the latter.

That finding highlights the relevance of hierarchy in institutional structures, and shows how it is a defining factor behind the degree of bureaucratic capacity that IO heads enjoy. Resources and expertise are important ingredients for bureaucratic capacity. Researching and finding solutions to challenges require broad access to extensive bureaucratic resources, budget, and expertise. However, bureaucratic capacity can be fully employed only when institutional leaders can actually lead and direct other internal actors in accordance with the response they want to shape. Flat structures impede institutional leaders from actually mobilizing resources and staff, limiting their ability to intervene in their workings to set their direction when needed. From that empirical observation an additional fourth insight can be derived, namely that *bureaucratic hierarchy and vertical authority lines are imperative to the ability of IO*

heads to actually lead their bureaucratic machineries and direct the response process.

Importantly, the cross-case empirical findings show that, even where institutional leaders may find restrictions and impediments to taking on authoritative roles and making direct interventions within their institution, they may still act as facilitative leaders to mediate disputes amongst key actors. They may also take on a symbolic leadership role, engaging in rhetorical tactics publicly and in key settings in defense of their IO. This, however, greatly depends on their leadership competences. For example, chapter 4 shows how the institutional leadership at the World Bank exhibited strong facilitative leadership competences, actively mediating between US and Chinese representatives to find common ground on China's voting shares and debt limits. This was critical to the institutional reforms that were planned as part of the response strategy against the rise of the AIIB. Similarly, as discussed in chapter 5, the institutional leadership at the AIIB showed clear symbolic leadership competences, with the President and his supporting officials quickly calming nerves and reassuring member-state representatives from several key European countries that the AIIB's foray into non-traditional infrastructure lending would not result in deviations from established policy standards and practices. This was critical to the ability of the AIIB's leadership in securing support for its newly proposed policy instrument, which defined the main element of its response strategy against the COVID-19 pandemic challenge.

In contrast, chapter 3 shows how the most significant effort put by the WTO Director-General into contributing to a solution to the Appellate Body impasse was not only very limited in breadth, but also arguably came too late. In the years prior to the Appellate Body's effective shutdown, the WTO Director-General took almost no steps towards engaging with US or Appellate Body officials. Only in the final months of the ordeal did the WTO Director-General take steps to engage in a facilitative role and broker talks between concerned parties, with predictably limited results given the staunch position of the Members on the matter at that point. Furthermore, the WTO's Director-General failed to play a symbolic leadership role in defense of the institution, having instead opted throughout the crisis to keep a staunch neutral stance and avoid any public discursive support for the organization or to dispute contesters. As such, an additional fifth insight offered by the cross-case findings is that a *proactive leadership approach—reflected by an active engagement with the challenge,*

available opportunity structures, and relevant actors within and outside the IO—is paramount to the ability of IO heads to have an influence on their IOs' response process, especially when facing pressures against that due to the institutional setup and culture of their IO.

Lastly, although the challenges under study differ in nature across the cases, the relevant mechanisms explaining the role of institutional leadership in the response-process appear consistent from a comparative perspective. Thus, a final sixth insight obtained from the cross-case analysis of the findings is that *the nature of the challenge does not appear to be a determining factor for when and how institutional leaders can play a role in the response process*. While challenges may have different causes and involve different relevant actors, the pattern through which response processes would evolve within a challenged IO generally remains the same across cases.

As discussed in chapters 2 and 3, tackling the US contestation of the Appellate Body under the Trump administration meant that the WTO had to deal with a fragmented membership, its diminished reputation due to consistent failures to gain progress in trade agreements, not to speak of powerful domestic actors and forces within the US that rode the waves of skepticism towards the organization. Chapter 4 shows how the AIIB's challenge to the World Bank meant that the latter had to deal with a range of external factors, including global changes in power distribution, institutional density within its policy arena, and the scepter of a parallel framework that could undermine its position within that arena. Chapter 5 shows how, in a completely different context, the AIIB had to deal with the fears and consequences of the global pandemic's effects on the economies of its members and clients, all the while having to secure its rising position within a densely populated global institutional arena. The adaptive responses that the leaders of the World Bank and the AIIB devised and implemented were effectively tailored to address relevant contextual factors. These differed across the cases, yet the process that went into the response strategies was the same. Contextual factors determine the suitability of specific strategies, yet the ability of institutional leaders to shape and push those responses was determined by the degree of institutional authority, bureaucratic resources, and leadership competences that they enjoyed.

More specifically, despite the idiosyncratic characteristics of the challenges faced by the IOs under study, their internal response processes

and the role of their institutional leaders largely fit within a generalizable template. They all had to actively recognize and understand a challenge. They then had to actively make use of their institutional authority and bureaucratic resources to produce solutions. They also had to proactively frame and push those solutions to garner support from relevant stakeholders to get the green light for pursuing those solutions as part of their IO's response to the challenge. In that process, IO leaders had a range of tactics and tools they could use to ensure that their IO's response was strategically tailored to benefit not only the immediate interests of its stakeholders but also the institution in the longer term. Those tools and the conditions that made them available—rather than the nature of the challenged under question—ultimately determined the role IO leaders played in shaping their response.

To conclude, based on the comparative assessment of the findings, this dissertation offers the following key insights:

1. IO institutional leaders are critical players within the early stages of a challenge, where they can play an important role in recognizing and interpreting its nature and potential consequences (sense-making).
2. IO institutional leaders can also play a critical role in strategically shaping and implementing responses to challenges (meaning- and response-shaping).
3. IO leaders with enough institutional authority and bureaucratic capacity are better at tailoring and strategic implementation of responses. The absence of those conditions can limit their role.
4. While access to extensive bureaucratic resources and expertise are important for researching and finding solutions to challenges, bureaucratic hierarchy and vertical authority lines are imperative to the ability of IO heads to actually lead their bureaucratic machineries and direct the response process.
5. While those are necessary ingredients for institutional leaders to be able to maneuver their IOs against a challenge, their ability to actually take the helms of their institution depends also on their leadership competences. IOs led by stronger leaders with greater proactive leadership skills will be better at responding to challenges.
6. The nature of the challenge does not appear to be a determining factor for when and how institutional leaders can play a role in the response process.

6.3 Scholarly contributions

Challenges are not something new to IOs and their bureaucracies. Recent studies indicate that a third of all IOs established since 1815 have perished (Eilstrup-Sangiovanni, 2020), and almost half have entered "zombie" mode (Gray, 2018). These statistics fall squarely within the currently much-debated crisis of multilateralism (Lake, Martin, and Risse, 2021). As such, advancing our understanding of the resilience of IOs should be a key ambition for IR scholars. The dissertation has pursued that goal by focusing on IO responses to challenges and shedding light on the often-neglected role of institutional leaders in IO response processes. The resulting theoretical propositions and empirical findings offer three key scholarly contributions: an advanced understanding of the components of IO response-processes against challenges; insights on the role of IO institutional leaders and their bureaucracies in shaping IO responses and the tactics they employ to secure the interests of their organizations; and new insights on the institutional processes, features, and actors specific to the set of cases of economic IOs under study (the WTO, the World Bank, and the AIIB).

First, IR researchers have recently paid more attention to challenges and institutional outcomes for IOs operating under the umbrella of the global multilateral order (Debre and Dijkstra, 2021a, 2021b; Eilstrup-Sangiovanni and Hofmann, 2020; Hale et al., 2013; Hopewell, 2020; Ikenberry, 2018; Kruck and Zangl, 2020; Lake et al., 2021; Mearsheimer, 2019; Schweller and Pu, 2011; Sinha, 2021; Stephen and Zürn, 2019; Vestergaard and Wade, 2015; Voeten, 2020; Walter, 2021; Weinhardt and Ten Brink, 2020). In explaining the sources and manifestations of the crisis of multilateralism, IR scholars have put their focus mainly on global changes in power, the withdrawal of the US hegemon from the existing global institutional framework, the rise of China and the wider BRICS club contesting the liberal international order, as well as politicization, gridlock and decline in legitimacy of IOs. In doing so, the literature has often neglected the crucial step within the process that goes from challenge to institutional outcome: the IO's response strategy. By focusing on IO responses, the research conducted in the dissertation offers important insights for filling that gap in the literature.

The findings strongly support the need for focusing on IO institutional responses. Albeit outside of the scope of the dissertation, the findings suggest that it is reasonable to assume that IO responses to challenges are

causally prior to institutional outcomes. Take the cases of the World Bank and the WTO, for example. It is true that the establishment and rise of the AIIB emanated from the ascent of China's global power and its contestation of the Washington Consensus. Fears that this would lead to a declined World Bank seemed also justified. However, as the findings showed, despite pressures the Bank was nevertheless able to successfully tackle the challenge through a combination of proactive guidance, effective new policies, and bureaucratic reforms pushed by its institutional leadership. Following the challenge posed by the AIIB, the World Bank has not only managed to uphold its status within the global development lending arena, but it has also ensured that the entrant IO would take its shape and generally follow the established operational standards and practices.

Similarly, it is true that the WTO Appellate Body challenge emanated from contestation by the withdrawing US hegemon, and that fragmentation at the membership level exacerbated gridlock and fostered a lack of momentum for solving the Appellate Body impasse. However, and in contrast to the case of the World Bank, the WTO failed to formulate and implement an effective response against the US challenge and avert the impending dysfunctionality of the Appellate Body. As the dust of the Trump administration's challenge against the WTO slowly settles, there still does not seem to be much hope for the future of the Appellate Body. The body remains inoperable, and despite the establishment of an alternative external mechanism for dispute settlement (the Multiparty Interim Appeal Arbitration Arrangement), so far no tangible effort has been made to resurrect the lost functions of the WTO's own organ.

Thus, the first scholarly contribution of the dissertation is to clearly show how IO responses can have a crucial impact on IO resilience during tough times. In recent years a handful of studies have supported this proposition by showcasing how IO institutional responses are a crucial explanatory factor for how IOs cope with challenges (Dijkstra et al., 2023; Hirschmann, 2021; Schütte, 2021a, 2021b, 2022; von Allwörden, 2022). The dissertation's findings advance that research agenda by strengthening the case for why our understanding of the crisis of the multilateral order would benefit from examining IO responses. Moreover, the dissertation's conceptualization and typology of responses, and its framework for how they contextually address different modalities of challenges, also contribute to that research agenda.

While the dissertation's focus has been on trade and development IOs, its findings are nevertheless also relevant for researchers examining IO response processes to challenges in other policy fields. In fact, they strongly support recent studies on the resilience of IOs operating in other policy arenas, such as security (e.g., Schütte, 2021a, 2022) and environment (e.g., von Allwörden, 2022). The dissertation therefore aids IR researchers in understanding what goes into the general mixing-bowl of ingredients behind an IO's response to a challenge, and how different types of responses are more or less effective against different manifestations of challenges, and what specific roles institutional leaders play in shaping them.

Second, the insights generated by the dissertation contribute to the IR literature on bureaucratic politics by revealing the specific roles played by institutional leadership in IO responses to challenges. Recent decades have seen a proliferation of studies on the influence of institutional actors in global decision- and policy-making processes (Bauer and Ege, 2016; Bauer et al., 2016; Bayerlein et al. 2020; Biermann and Siebenhüner, 2009; Chorev, 2012; Eckhardt et al., 2021; Ege, 2020; Ege et al., 2022; Jinnah, 2010 Johnson, 2013; Johnson and Urpelainen, 2014; Knill and Bauer, 2016; Knill et al., 2019; Kreuder-Sonnen, 2019). These have strengthened the view that IOs are not mere extensions of states nor simple fora through which states engage in power politics, but are instead actors in their own right with increasing autonomy and authority (Barnett and Finnemore, 1999, 2004; Bauer and Ege, 2016; Hooghe et al. 2017; Zürn, Tokhi, and Binder 2021). They have highlighted how IOs play an important role in global affairs, such as through agenda setting (Pollack, 1997; Reinalda and Verbeek, 1998), adjudication (Alter, 2001), direct and indirect contributions to decision- and policy-making processes (Bauer and Knill, 2007; Biermann and Siebenhüner, 2009; Moloney, 2022), and enforcing international agreements (Coen et al., 2022; Reinalda and Verbeek, 2004).

The dissertation shares its ontological pillars with that literature in as much as its focus is essentially on explaining how relevant institutional actors exert their influence on IO policies. However, while the dissertation builds on that literature, its theoretical and empirical insights go beyond it. This is as the scope of that literature has generally remained limited to the domain of IO day-to-day processes, with less attention paid to their role during moments of challenge. What the literature generally lacks is a confluence of IO bureaucracy research unto expanding our understanding of the institutional actors, processes, and mechanisms that are relevant

specifically to IO responses. The dissertation advances that research agenda by dissecting the bureaucratic machinery of IOs to reveal the role and influence of institutional leaders within the hierarchy and structure of authority of their organizations. In so doing, the dissertation's research allows for important insights on the bureaucratic politics behind IO response processes. For example, the findings on the intra-institutional relations between the WTO secretariat and the Appellate Body offered new insights into the way institutional structure affects the behavior and ability of institutional leaders to push and implement solutions to challenges.

The findings show how during tough times, and under the right conditions, the impetus for institutional survival can translate into extraordinarily strong efforts and strategic inputs by institutional leaders and their bureaucracies towards the formulation and implementation of IO responses. Key to that contribution are the theoretical delineation and empirical validation of what those 'right conditions' are exactly. In line with previous studies in the IO bureaucratic politics literature (e.g., Bauer and Ege, 2016; Bauer et al., 2016; Kreuder-Sonnen, 2019), the dissertation accounts for the formally delegated and informal authority of IO institutional actors to explain their role in response processes. However, the dissertation goes beyond that condition. Taking inspiration from the crisis leadership literature in the public administration discipline, the dissertation also examines the individual leadership approaches of IO institutional leaders. In fact, the findings emphasize the need for assessing the proactivity and strength of leadership exhibited by their leaders for explaining the behavior of IO bureaucracies during tough times. The findings also strengthen the case for the applicability of the conceptual frameworks on leadership in Public Administration to the IR research on IOs and their bureaucracies.

Third, the insights of this dissertation contribute to research on the institutional processes, features, and relations specific to the cases of economic IOs under study (Güven, 2017; Heldt and Schmidtke, 2019; Reisen, 2015; Wilson, 2019). The findings offer new perspectives on how the smaller and entrant character of institutions such as the AIIB compares with that of their larger and well-established peers such the World Bank. They also reveal how these features play out in terms of the challenges IOs face, and condition the leeway and scope of action of their institutional actors as well as the strategic reasoning behind their responses. As chapter 5 illustrated, tackling the effects of the pandemic through new and expanded policy instruments not only helped the AIIB secure resilience,

but also ensured its consolidation as an entrant institution within a crowded global development arena dominated by other MDBs. Moreover, the findings provide useful insights on the cooperative engagements of these IOs. For example, chapters 4 and 5 shed light on the partnerships between the World Bank and the AIIB, and how these inter-institutional interactions manifest in practice through co-financing arrangements that reflect the position of the respective IOs within their policy arena.

The findings also provide relevant insights for researchers interested in the internal machinery of the IOs under study. For example, chapters 2 and 3 provide insights into the intra-institutional relations of actors within the WTO. They reveal the ways in which the design of the WTO limits the influence of WTO Secretariat officials while guaranteeing the autonomy of other divisions (i.e., Appellate Body and its Secretariat). Chapter 4 reveals the important role played by the team of officials working with the World Bank President. Chapter 5 sheds new light on the AIIB's various internal actors (e.g., the international advisory team and the non-resident board of directors) that the AIIB's president interacts with. The findings also add to research on the influence of powerful states, such as the US and China, in the workings and policies of these organizations (Clark and Dolan, 2021; Ren, 2016; Stephen and Skidmore, 2019). As such, the empirical findings shed light on what goes into the making of a response policy at the World Bank, the WTO, and the AIIB, and how stakeholder interactions play out within their institutional structures.

In sum, by focusing the attention towards the generally neglected institutional processes behind IO responses to challenges and the role of institutional leaders in those processes, the dissertation contributes to the scholarly understanding of IOs under challenge. Its findings fill the relevant gap in the literature on IO bureaucratic politics and resilience, and advance our understanding of the institutional factors that are relevant to the crisis of the multilateral order and the global institutions that uphold it. Finally, the dissertation offers new insights on relevant institutional features and actors in the WTO, the World Bank, and the AIIB.

6.4 Avenues for future research

The dissertation has demonstrated the strategies through which institutional leaders shape IO responses to challenges. In doing so, it has provided a new conceptual framework and shed empirical light on the conditions that determine the role played by institutional leaders in their

IOs' response process. That framework, and the additional empirical insights gathered, can guide future research beyond the range of cases under study in the dissertation, and help refine further the theoretical understanding of the dynamics of IO resilience. These avenues for future research also fill the gaps and limitations of the dissertation.

To begin with, future research could benefit from analyzing a wider set of cases. These need not be limited to IOs within the economic policy field, but may extend to IOs operating in other areas as well. This could improve our understanding of the policy- and context-specific factors that may have been missed out here due to the exclusive focus on trade and development finance IOs. For example, the nature of the policy arena under study here, with its high density and overlap between entrant and extant IOs, and the geopolitical incentives they have towards establishing client relations with developing countries and addressing the demands of rising powers given their dependence on international cooperation, may all be context-specific factors that play a particular role in shaping both challenges and IO response strategies in that arena. Comparative studies could shed more light on the potential variation in such factors across different policy arenas and how this affects the response process and nature of challenges faced by IOs.

Additionally, while the focus of the dissertation has been on large IOs with memberships that extend beyond a single region, future research may generate additional insights by examining smaller and more regional IOs. This could refine our understanding of the way different institutional structures and geostrategic factors may play a role in facilitating/inhibiting IO responses, as well as the potentially different obstacles and opportunity structures that institutional leaders may face in such contexts.

Second, while the dissertation has aimed at setting up a framework on the role of institutional leaders in the resilience of IOs to challenges, future research could move towards more empirically robust and testable large-N and qualitative comparative analyses of such processes. On the former front, future large-N statistical analysis could not only provide more external validity and generalization power, but also explore the potential interactions between factors and possibly across time within a wider sample of cases and observations. Such studies would also benefit from a more robust empirical control for other potentially relevant factors, and shed light on patterns that may be missed in small-N studies.

On the latter front, future studies could employ a more structured selection of cases to zoom in on specific institutional conditions and cross-case external factors for understanding the full range and detailed processes through which institutional leaders circumnavigate obstacles and employ opportunity structures across cases. For example, future studies could examine the way a sample of IOs responded to the same exact challenge, and focus on the explanatory variables behind the variation or similarity in the roles played by their institutional leaders. In a different vein, future studies could examine the way the same institution and cohort of institutional actors responded to various cases of challenges, with the aim of keeping some factors constant cross-case while allowing for a better view on the effects of those that vary. These studies would contribute to our understanding of IO response processes by focusing on the effectiveness of specific tactics and strategies across cases, be these different IOs or different challenges.

The research conducted in the dissertation focused on the role of institutional leaders in shaping responses, and findings show that the nature of challenges does not determine that role. However, the empirical findings also shed some light on the rationale behind the use of different response strategies against different challenges. Future studies could focus on assessing that correspondence in more detail. Moreover, and as discussed earlier, the findings here suggest a congruence between IO response strategies and institutional outcomes. While this has been beyond the scope of the dissertation, future research could examine that causal link. This would be key to advancing our understanding of the effectiveness of IO response strategies, and the role played by institutional leaders in ensuring that institutional outcomes of challenges are favorable to their IOs.

Moreover, exploring the variation in the roles played by institutional leaders between international and domestic institutions has been outside the ambitions of this dissertation. Future research could take that focus and potentially and fruitfully shed further light on how the global context of IOs may have important implications for both the nature of leadership in IOs and in the relevant processes behind responses to global versus domestic challenges. The potential similarities and/or differences that such research endeavor would reveal could also help advance the debate on the comparability and applicability of insights from the Public Administration literature within the IR scholarship's study of global institutions.

Finally, future studies could examine the role of institutional leadership in the period that follows the implementation of an institutional response to a challenge. The focus of the dissertation has been on the process that goes from the moment a challenge is discernible to the moment a response is produced. It is reasonable to assume that the effects of challenges, as well as the impact of the corresponding response against them, may spread through time and have consequences in the long term. Institutional reactions and adaptation/resistance efforts may thus cross into the post-challenge phase. As such, understanding how institutional leaders direct their IOs after the immediate term when a challenge has been tackled could be a productive research endeavor that may provide additional insights and further open avenues for future research.

Last but not least, this dissertation has been an explorative endeavor to spell out some of the critical dimensions relevant to advancing our understanding of how—and under what conditions—IO leaders take up roles in their organizations' responses to challenges. A more advanced theoretical approach could go further by delineating a pattern-based perspective—or ideal-type framework—on how proactive leadership by IO leaders would work under various conditions and in different contexts (i.e., under different types of challenges and in different institutional setups). This could be a fruitful approach that could build on the findings and theoretical pillars of the present dissertation, transposing its insights to produce a benchmark for future empirical research.

In fact, while these are fruitful directions for future research, the dissertation has already provided the necessary groundwork by establishing the causal influence of institutional leaders on their IO's response processes. IO leaders clearly have a great deal of defining power over how a challenge is perceived, analyzed, and strategically addressed. Contingent on various factors, IO leaders also play a key role in the process of finding solutions and gaining support for them, and subsequently in their implementation. The findings reveal the importance of formal powers for IO officials. Agenda-setting, policy-proposal, emergency decision-making, bureaucratic capacity, and other institutional tools matter deeply for the formal scope of intervention by IO leaders. This is true across the cases studied here, suggesting the importance of accounting for them in future research on IO leaders.

However, the findings also highlight the crucial role that leadership proactiveness plays in explaining the causal influence of IO leaders during

tough times. This aspect of leadership in IOs has received less attention in the IR literature on IOs, with a small yet nascent cohort of studies only recently having focused on factors such as the reputation of their bureaucrats and the seniority of their institutional actors for explaining the performance and autonomy of IOs. The findings of the dissertation strongly support that research agenda, and advocate for keeping the spotlight on the less formal and more individual aspects of leaders in IOs for explaining outcomes.

6.5 The future of leadership in international organizations

The theoretical and empirical findings offer important insights not only for academics studying the crisis of the multilateral order and the resilience of IOs, but also for national policymakers and practitioners in the field. They show that IOs are clearly vulnerable and not eternal institutions. In recent years they have faced various forms of challenges with unprecedented magnitude. Some of these challenges have stemmed from powerful states, while others have come from global disasters. While the COVID-19 pandemic may be waning, this of course future disasters could potentially have even greater consequences. Similarly, while the Trump administration may seem a bygone chapter in the US (and global) history, other populist and anti-multilateralist governments at the helms of powerful states could be a very real threat as well. Couple these concerns with the growing Sino-American rivalry, and we should be reminded that rough times may be lurking.

The ability of IOs to withstand such challenges must not be taken for granted. It is imperative to ensure that they can effectively tackle tough times, as their ability to do so directly affects all societies' ability to address global problems through international multilateral cooperation. In that regard, the dissertation also provides cause for optimism. It shines light on the often-neglected manifestation of IO agency that is crucial to their resilience: the causal influence of IO leaders on their responses. Under the right conditions, institutional leaders can and do indeed tip the balance in favor of their IOs during tough times. IOs need to be designed so as to account for those conditions, providing their leaders with enough agenda-setting powers and voice at the decision-making table, and giving them the influence they need to effectively mobilize membership support and direct their organizations towards a response strategy. Moreover, IO design should provide executive heads with enough bureaucratic capacity through extensive budget, staff, expertise, and a clear organizational structure over

the helms of which they can play a leading role. These conditions provide the basic ingredients necessary for IO institutional leaders to effectively shape and push response strategies and help their IOs tackle challenges.

The case of the WTO illustrates how reforms are also essential for the existing pillars of the multilateral order to both embrace shifting winds and remain resilient to pressures. Alas, that case also highlights how increasing IO autonomy and authority—and generally reforming their structure—may be a tricky and cumbersome matter, deeply complicated by power politics, states' influence, and relevant societal concerns for democratic accountability, inclusivity, and legitimacy. While reforms at existing institutions might be hard to achieve, the dissertation importantly shows how the qualities of individual leaders are also a critical factor in explaining IO resilience. Politicians and policymakers therefore can at a minimum help by appointing senior IO officials—and especially their leaders—based on merit, experience, and leadership qualities. This may be only part of the remedy, but it is at least a step forward.

In sum, the multilateral order is humanity's strongest tool for securing cooperation and addressing global challenges. International trade, finance, and development together represent a broad yet key policy arena within that order. Its institutional pillars are embodied by the likes of the World Trade Organization, the World Bank, and their peers. They help the governance of the world economy run smoothly, promoting cooperation over rivalry, protectionism, unilateralism, and ultimately, conflict. As the dissertation has shown, the last two decades have been tough enough for these IOs. All forms of governance are susceptible to challenges, and economic IOs are no different. We must do everything we can to strengthen these institutional pillars of the global multilateral order so that our collective goals for global peace, stability, and sustainable growth can be achieved. This requires critically rethinking the degree of agency that IOs and their leaders can be allowed, and engaging in debates regarding their autonomy, accountability, and authority with an eye on the challenges that they face while also keeping in mind that their resilience is in principle in our own interest.

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Appendix A
Table of interviews for chapter 2

Interview list

Interviewee #	*Interview date(s)*	*Interviewee's position*
(1)	20/03/2020	Researcher/Expert
(2)	24/03/2020	EU official
(3)	25/03/2020	Former WTO official
(4)	01/04/2020	WTO official
(5)	02/04/2020	Former WTO AB official
(6)	03/04/2020	EU official
(7)	06/04/2020	IO official
(8)	07/04/2020	Former WTO AB official
(9)	08/04/2020	IO official
(10)	04/06/2020	WTO official
(11)	05/06/2020, 18/02/2021	EU official
(12)	09/06/2020, 23/02/2021	Researcher/Expert
(13)	16/06/2020, 17/02/2021	Former WTO official
(14)	22/06/2020	Former WTO AB official
(15)	23/06/2020	Former IO official
(16)	29/06/2020, 24/02/2021	Former WTO official
(17)	16/02/2021	Former WTO official
(18)	26/02/2021	Former IO official

Appendix B
Table of interviews for chapter 3

Interview list

Interviewee #	*Interview date(s)*	*Interviewee's position*
(1)	20/03/2020	Researcher/Expert
(2)	24/03/2020	EU official
(3)	25/03/2020	Former WTO official
(4)	01/04/2020	WTO official
(5)	02/04/2020	Former WTO AB official
(6)	03/04/2020	EU official
(7)	06/04/2020	IO official
(8)	07/04/2020	Former WTO AB official
(9)	08/04/2020	IO official
(10)	04/06/2020	WTO official
(11)	05/06/2020, 18/02/2021	EU official
(12)	09/06/2020, 23/02/2021	Researcher/Expert
(13)	16/06/2020, 17/02/2021	Former WTO official
(14)	22/06/2020	Former WTO AB official
(15)	23/06/2020	Former IO official
(16)	29/06/2020, 24/02/2021	Former WTO official
(17)	16/02/2021	Former WTO official
(18)	26/02/2021	Former IO official

Appendix C
Table of interviews for chapter 4

Interview list

Interview #	*Interview date*	*Interviewee's position*
(1)	05/03/2021	World Bank official
(2)	10/03/2021	World Bank official
(3)	15/03/2021	World Bank official
(4)	19/03/2021	World Bank official
(5)	22/03/2021	World Bank official
(6)	23/03/2021	World Bank official
(7)	24/03/2021	World Bank official
(8)	25/03/2021	World Bank official
(9)	25/03/2021	World Bank official
(10)	29/03/2021	World Bank official
(11)	06/04/2021	World Bank official
(12)	07/04/2021	World Bank official
(13)	08/04/2021	World Bank official
(14)	21/10/2021	Researcher/Expert
(15)	08/11/2021	Researcher/Expert
(16)	16/11/2021	AIIB official
(17)	24/11/2021	Researcher/Expert
(18)	26/11/2021	AIIB official
(19)	02/12/2021	Former AIIB official
(20)	06/12/2021	Researcher/Expert
(21)	08/12/2021	IO official
(22)	18/03/2022	World Bank official
(23)	04/04/2022	World Bank official
(24)	06/04/2022	IO official

Appendix D
Table of interviews for chapter 5

Interview list

Interview #	*Interview date*	*Interviewee's position*
(1)	19/03/2021	World Bank official
(2)	24/03/2021	World Bank official
(3)	25/03/2021	World Bank official
(4)	06/04/2021	World Bank official
(5)	07/04/2021	World Bank official
(6)	21/10/2021	Researcher/Expert
(7)	08/11/2021	Researcher/Expert
(8)	16/11/2021	AIIB official
(9)	24/11/2021	Researcher/Expert
(10)	26/11/2021	AIIB official
(11)	02/12/2021	Former AIIB official
(12)	06/12/2021	Researcher/Expert
(13)	08/12/2021	IO official
(14)	18/03/2022	World Bank official
(15)	04/04/2022	World Bank official
(16)	06/04/2022	IO official
(17)	07/04/2022	AIIB official
(18)	31/05/2022	AIIB official
(19)	08/07/2022	Researcher/Expert
(20)	10/08/2022	Researcher/Expert

Summary

The dissertation seeks to expand our understanding of the resilience of international organizations (IOs) embodying the global multilateral order in a time in which it is widely seen as being in crisis. This is especially true for IOs operating within the increasingly tense and vulnerable global trade and development arena, which provides many recent cases of challenges stemming from a range of sources, such as US reticence and abject contestation of the established multilateral frameworks, a rise in unilateralism and bilateralism in trade relations, the growth and consolidation of alternative institutional frameworks for the governance of development lending and finance, and the global pandemic, to name a few. Moreover, that arena also exhibits a clear variation in terms of the outcome of challenges, with some economic IOs having coped well while others having failed to do so. As such, it offers the ideal ground for examining the factors that explain IO resilience.

Most studies on IO resilience, however, explain mainly the causes of challenges, and in so doing, they focus on states and neglect the role IOs themselves play in securing their survival. The view that IOs are instrumental to members—and act mainly as vehicles for the pursuit of their interests—persists within the IR scholarship. The handful of studies on IO responses that have sprouted in recent years also tend to not zoom in on the specific role of institutional leaders within IO bureaucracies to explain the process behind the strategic formulation and implementation of responses. The dissertation, in contrast, relies upon the fundamental assumption that most IOs possess to varying degrees the ingredients necessary for exhibiting institutional agency during tough times, and that their agency in tackling challenges manifests through and is directed by their institutional leaders. With an eye on the debate on the crisis of multilateralism, the continuity of the institutions behind global governance, and the lacuna in the literature, the dissertation asks *What role do institutional leaders play in the formulation and implementation of strategic responses by economic IOs to challenges?*

The theoretical argument of the dissertation adds nuance to our knowledge of IO responses. It advances our understanding of the institutional dimension of IO resilience by theorizing and empirically analyzing the conditions that allow IO institutional leaders to play an active role in strategically shaping their IOs' responses to challenges. Relying on

conceptual insights from the International Relations (IR) literature on IOs, the dissertation provides the groundwork for analyzing the process that occurs behind how an IO responds to a challenge. It begins by offering a typology of response strategies and explaining how they address different manifestations of challenges and external factors. Building on previous studies, the dissertation identifies and conceptualizes three types of response strategies that IOs can employ against challenges: adaptive responses, resistive responses, and (inactive) nonresponses. Adaptive responses address challenges through tailored institutional and policy changes. Resistive responses focus on rhetorical tactics to dispute contesters and foster support for the institution. Nonresponse (inaction) consists of strategically remaining passive until the challenge passes, or relying on action by other actors.

Building on insights from the Public Administration (PA) literature on crisis management and leadership, the dissertation conceptualizes IO behavior aimed at tackling challenges (thus, their response process) as generally consisting of several stages, which it delineates as: sense-making, meaning-making, and response-shaping. The first stage denotes the recognition and interpretation of the challenge. The second and third stages denote the process that goes into finding and tailoring solutions, and ultimately implementing them. The dissertation then advances that framework with cutting-edge insights from the IR scholarship on IO bureaucracies to offer a tentative framework for examining the key roles played by institutional leaders within those processes, and the institutional and leadership conditions that explain that role. In doing so, the dissertation's framework exposes the tools and tactics that IO leaders employ for shaping responses, and the factors that strengthen or inhibit their ability at that.

The dissertation argues that IO institutional leaders can play key roles in the three stages behind their IOs' responses. First, by the authority vested in their position, institutional leaders not only figuratively symbolize their organizations, but also act as their executive heads. In most IOs, the formal powers delegated to their bureaucracies and executive heads allow them to influence decision- and policy-making processes, thus giving them the necessary leeway and scope of action to also shape their responses. Amongst the arsenal of tools available to them through their institutional authority, IO heads can often rely on agenda-setting, emergency decision-making, proposal-making, and mediating powers to directly oversee and indirectly insert their input into their IOs' response process.

Second, key to IO leaders' ability to play a role in the response process is having extensive bureaucratic capacity. Leading a hierarchically structured bureaucratic machinery that enjoys extensive expertise, supporting staff, and a large budget is crucial to IO heads' ability to (re)allocate and direct resources and relevant officials for realizing their response plans in practice. As such, the dissertation conceptualizes institutional authority and bureaucratic capacity as key conditions determining the roles that IO leaders can play. Third, the dissertation makes a theoretical case as to why aligning those conditions requires institutional leaders to possess and exhibit strong leadership competences. This is reflected by a proactive engagement with the challenge at hand, a hands-on approach towards bureaucratic leadership, public and private interventions in defense of their IO, and where possible, direct involvement in organizational processes.

Empirically, the dissertation focuses on three specific and recent cases of challenged IOs: the US contestation of the Appellate Body of the World Trade Organization (WTO); the World Bank and the threat posed by the China-led alternative Multilateral Development Bank (MDB), namely the Asian Infrastructure Investment Bank (AIIB); and the AIIB and its tackling of the global COVID-19 pandemic. Relying on 50 interviews with IO officials, state representatives and experts, in combination with an extensive review of official publications (e.g., IO agreements, annual reports, development project data, publicly available minutes and accounts of meetings and summits covering several years), the analyses delve in-depth into each case to obtain a fine-grained view of the response processes of the IOs under study.

Through the rich empirical evidence, the dissertation not only sheds light on the oft-ignored agency of IOs in navigating challenges, but also reveals the actors that embody that agency, and exposes the strategies and mechanisms they employ for defending their institutions. The case studies of the WTO, the World Bank, and the AIIB collectively uncover how IO institutional leaders exhibited clear and extraordinary agency and effectiveness in not only recognizing and producing solutions to their challenges, but also implementing these effectively. Across the cases, the findings highlight the importance of having enough institutional authority and bureaucratic resources endowed to IO institutional leaders, as well as for institutional leaders to exhibit a strong and proactive leadership approach.

The dissertation's findings show how the institutional leadership at the World Bank strategically took a proactive approach in proposed and framing solutions, garnering support, and overseeing the adaptive response of the institution to the rise of the AIIB. Similarly, the findings show how the AIIB's leadership also actively used the powers of their office to engage in analyzing and finding solutions to adapt the institution to the COVID-19 pandemic. Through issue-framing, proactive engagements with relevant actors and stakeholders, and a hands-on approach in overseeing and arranging the operational expansion of the institution, the AIIB's leadership effectively ensured that the COVID-19 pandemic could not only be tackled, but that favorable institutional change could be achieved.

In contrast, the dissertation shows how the WTO's leadership found itself limited in terms of authority and formal/informal powers to intervene in defense of the organization when the contestation by the US began to peak under the former administration. That, in combination with the neutral, hands-off leadership approach of the Director-General and his supporting officials, resulted in the failure of the institution to produce an effective response strategy. While the World Bank and the AIIB have effectively staved off the effects of their respective challenges, the WTO has experienced the loss of one its key functions.

The key premise of the dissertation is therefore matched with evidence, demonstrating that it is imperative to account for the institutional nature of IOs for understanding their resilience, and thus to avoid neglecting the role played by their institutional actors and responses. The findings of the dissertation strongly suggest that IOs are not helpless victims of external forces and power dynamics, but that they can exhibit own agency in their struggles, and that their institutional leaders in particular can play a great role in how they weather and survive challenges. Albeit outside of the scope of the dissertation, the findings suggest that it is reasonable to assume that institutional responses to challenges are causally prior to institutional outcomes.

Thus, a key scholarly contribution of the dissertation is to clearly show how IO responses can have a crucial impact on IO resilience during tough times. Moreover, the dissertation's conceptualization and typology of responses, and its framework for how they contextually address different modalities of challenges, also contribute to that research agenda. While the dissertation's focus has been on trade and development IOs, its findings

are nevertheless relevant for all researchers examining IO response processes. The dissertation therefore aids IR researchers in understanding what goes into the general mixing-bowl of ingredients behind an IO's response to a challenge, and how different types of responses are more or less effective against different manifestations of challenges.

The dissertation's findings also offer several additional takeaways relevant for both the IR literature on IOs as well as policymakers and practitioners in the field. The insights generated by the dissertation contribute to the IR literature on bureaucratic politics by shining further light on the specific role of institutional leadership in the bureaucratic machinery of IOs to reveal their causal influence within the response processes. Moreover, by taking inspiration from the crisis leadership literature in the Public Administration discipline, the dissertation also examines the individual leadership approaches of IO institutional leaders, and reflects the applicability of the conceptual frameworks on leadership in that discipline to the IR research on IOs and their bureaucracies. Lastly, the dissertation offers useful insights on the institutional processes, features, and relevant actors specific to the set of cases of the IOs under study (the WTO, the World Bank, and the AIIB). The findings also provide relevant insights into their inter-institutional arrangements.

Impact paragraph

My dissertation advances our understanding of the resilience of economic IOs facing challenges. International trade, finance, and development together represent a broad yet key policy arena within that order. Its institutional pillars are embodied by the likes of the World Trade Organization, the World Bank, and their peers. While some of these economic IOs have been operating for decades under the umbrella of the Washington consensus, others are newer and reflect changing global power distributions. Both collectively and individually, they help the governance of the world economy run smoothly and promote cooperation over rivalry, protectionism, unilateralism, and ultimately, conflict. Yet, the last two decades have been tough enough for these IOs. Some have faced significant challenges from powerful states, others from competing institutional frameworks. They all have had to deal with a global pandemic. Recent studies in the IR literature have raised the alarm regarding their resilience, showing how often they perish and lose functionality.

To improve our understanding of IO resilience, my dissertation focuses on explaining the role of institutional leaders and their bureaucracies in shaping IO response strategies. For that, my dissertation examines a set of cases of economic IOs that have recently faced significant challenges. These are the WTO, the World Bank, and the AIIB. The conceptual framework and empirical findings expand our understanding of the challenges that IOs have experienced in recent years, and how they have dealt with them. They reveal the process that goes from challenge to IO response in each case and highlight the commonalities across them. Importantly, they explain the variation in how IOs tackle challenges by highlighting the role of IO institutional leaders. The findings not only demonstrate that IO responses are strategically shaped, but also highlight the importance of institutional authority, bureaucratic capacity, and leadership competence in explaining the ability of IO leaders to play a role in shaping them. They also point to the congruence between IO responses to challenges and their consequent outcomes. This suggests that IO responses are causally prior to institutional outcomes.

The findings of my dissertation are of both scientific and societal relevance. From a scientific viewpoint, my findings highlight the need for accounting not only for external factors, but also the response strategy that an IO itself produces to stave off a challenge. They furthermore put the

spotlight on the often-neglected role of institutional leaders in the response process. The findings therefore strongly support the view on IOs as agents in and of themselves, and not just vehicles for the pursuit of state interests. Importantly, the dissertation's framework helps researchers delineate the position and scope of institutional leaders within IO bureaucracies and explore the various roles they can play within the response process. They demonstrate the need for accounting not only for the formal powers and bureaucratic resources of institutional actors, but also for the individual leadership competences of their executive heads. They suggest that failing to to do so implies relying on an incomplete picture in the study of IO resilience. The dissertation therefore shines light on avenues for future research. Notably, through its general framework on IO responses and the role of their institutional leaders, it sets the groundwork for future research on their causal influence on the institutional outcome of challenges.

From a societal viewpoint, the dissertation reminds us that IOs are vulnerable and not eternal institutions, and that their ability to withstand challenges must not be taken for granted. Given the critical role IOs play in supporting humanity's ability to tackle global problems through international multilateral cooperation, states and societal actors need to ensure that they are given the necessary levers for effectively responding to their challenges. My dissertation can guide experts and politicians on the ingredients necessary for that. IOs' ability to respond matters, and under the right conditions their institutional leaders can tip the balance during tough times. Policymakers need to pay particular attention to the design of new IOs, ensuring that they provide their executive heads with enough voice and influence over the decision-making table. Moreover, IO design should provide executive heads with enough bureaucratic capacity through extensive budget, staff, expertise, and a clear organizational structure over the helms of which they can play a leading role.

Where existing IOs lack such attributes in their design, substantial institutional reforms would be a good investment by policymakers. Such structured solutions are critical in the long run for ensuring the resilience of IOs. However, even where such changes may be complicated by power politics and concerns over control and legitimacy, to the very least we should expect policymakers to appoint capable executive heads based on merit and leadership skills, as the dissertation shows how the qualities of individual leaders are a critical factor in explaining IO resilience. This must be done with an eye on inclusivity and transparency to uphold the legitimacy of IOs.

My dissertation is therefore relevant for three audiences. First, it speaks to the IR scholarship on IOs and the wider debate surrounding the crisis of multilateralism. The IR literature has focused mainly on the sources of challenge and the causal influence of actors and factors external to IOs themselves. Much less attention has been paid to how IOs tackle challenges, the strategies they employ, and the logic behind their actions. Little attention has also been paid to what role their internal factors and actors play behind their responses. The dissertation advances the research agenda on IO resilience and bureaucracies by expanding our understanding of the process behind IO responses to challenges and the role of institutional leaders in shaping them.

The dissertation also speaks to IO experts, practitioners, and national policymakers. The findings provide a nuanced view on the internal processes, relevant institutional actors, and specific institutional features that interplay with the responses of the WTO, the World Bank, and the AIIB during tough times. The findings can be of relevance to officials working in those IOs, but also those interested in all IOs broadly. They can guide them on the concrete steps for ensuring that their institutions tackle challenges. Importantly, the findings show how the onus for securing resilience is ultimately not only on IOs themselves but also their membership. In that regard, the findings offer important insights to national policymakers on the necessary conditions that need to be put in place for IOs to effectively respond to challenges, such as supporting IOs by providing them with the resources they need and pursuing cooperative endeavors rather than rivalry and zero-sum policies during tough times.

The dissertation is also relevant to the general public. Its findings address citizens concerned with contemporary issues relating to the multilateral order and global institutions. Extending our knowledge of the challenges they face and the conditions that promote their resilience is important, as these institutions are critical to societies' ability to address crises and global phenomena. For example, the fate of the WTO and the wider multilateral trading system can have very real economic consequences for citizens across the globe. Similarly, as the findings from chapter 5 show, the fate of multilateral development banks is very consequential on the ability of societies and their economies to tackle future global disasters. These key pillars of the global multilateral order directly impact the way we all live our lives. Finally, the dissertation sheds light on the autonomy of officials working at IOs, as well as the influence that members and civil society can exert on them. These insights are relevant to citizens concerned

with issues relating to the legitimacy and transparency of global institutions.

To disseminate my research and engage with the scholarly community, as of writing I have published one single-authored article (chapter 2 of this dissertation, case study on the Trump administration's contestation of the WTO) and one co-authored comparative article (with a case study on the WTO's response to the Trump challenge) in peer-reviewed journals. Moreover, an additional single-authored article (chapter 5 of this dissertation, case study on the AIIB's response to the pandemic) been accepted for publication at a peer-reviewed journal. I have also single-authored a chapter (on the WTO's response) for the ERC-funded NestIOr project's monograph on IO responses to challenges in addition to a chapter (on the inter-institutional relations of the World Bank and the AIIB) for an edited volume on the World Bank.

Throughout the three years of my dissertation research, and despite the challenges and limitations imposed by the COVID-19 pandemic, I have also presented my theoretical and empirical work and engaged with researchers from various (sub)disciplines by attending, contributing, and/or presenting at 11 national and international conferences and workshops. Finally, I have actively employed social media platforms (such as Twitter and LinkedIn) to disseminate my research and findings on IO resilience, reaching out not only to academic but also broader public audiences across the globe.

Acknowledgements

The PhD journey is something that, up until 2019, I had not imagined I would ever pursue in my life. No one in my family had gone down the academic path. Then, at some point in 2019, I had a few chats with my former graduate supervisor at Leiden University, Prof. Arjen Boin. Those conversations made me realise just how much I appreciated academia. Thank you, Arjen, for helping me realise that, and for preparing me for the journey.

For my doctoral journey itself, I am greatly indebted to my supervisors at Maastricht, Prof. Hylke Dijkstra and Prof. Thomas Conzelmann. Thank you, Hylke, for having provided me with the opportunity to embark upon this challenging yet wonderful journey (and with nothing less than the generous financial support of an ERC grant), and for all your supervisory support and attention, without which my dissertation would have not been the same. I feel like you have ensured that my sails will never fail. And thank you, Thomas, for establishing such an excellent, warm, and supportive supervisory relationship during these years. Your support was not only a critical ingredient to the success of my doctoral trajectory, but also to my mental health. You were always there to ask me how I felt. This meant the world to me.

Doing my PhD in a project meant being surrounded by other PhD researchers that worked on similar topics. This was so important, especially with the uncertainties and anxieties of the COVID-19 pandemic. My PhD journey would not have been the same without the support that my project mates (and friends) gave me. Thank you, Laura von Allwörden, Maria Debre, Farsan Ghassim, and Leonard Schütte, for all your kindness during these years.

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While my dissertation is very much a product of the support and guidance I received within the world of academia, many outside of it also contributed in many ways. I would like to first thank my mom, who is in Iran. We have not seen each other in almost a decade, Madar, but you will always be in my heart, and to you I owe everything, of course. I hope my achievements will make up for your sorrows as the madar of a traveller.

I unfortunately do not have a large family. But my friends have made up for that throughout most of my adult life. I have felt this to be true most intensely during my doctoral journey, as their shoulders provided me with much respite, surely more than life would have allowed me otherwise. Thank you, Andrew, for having been there to hear me rant on loop. Discussing fun topics with you over pita sandwiches (during our lunch breaks) or with drinks in the park (in the lazy early-Summer evenings) made life so bearable that sometimes I even forgot how bad the weather was. Thank you, Felix, for all the fun memories and wonderful conversations over fantastic dinners. Thank you, Esam, for having been my first real friend in Maastricht. You showed me around and opened the doors to my social life in that city. You and I share memories that still to this day make me smile from ear to ear even when I am in the tube surrounded by grumpy faces. I share similar memories with many other wonderful and supportive friends, including Chris, Deni, Francesco, Imenda, Ina, Natalia, Shiro, and Stevi. You have all been my family during my stay in Maastricht. For every time you heard me, and for every spec of support you offered me, I owe you, and my dissertation by implication owes you. Our shared experiences shaped and strengthened me during my doctoral journey.

Now to my favourite part, with which I will end this long chapter. I would like to thank the one person to whom I am, all at once and in every way, forever, immensely and wholeheartedly indebted. Words simply cannot describe the degree of support and care, understanding and love, that I have received from you, and the gratitude that I feel for them. We met during the pandemic, as the uphill in my PhD started to feel more intense. Against

all odds, we made it. We. Oui. Merci beaucoup, pour tout ce que tu as fait pour moi, Clara. I will make sure to do the same for you as you go through your PhD journey, and beyond.

Giuseppe Zaccaria
Edinburgh, 6 May 2023

About the author

Giuseppe Zaccaria was born in Tehran, Iran, on the 19th of October 1993.

After completing his secondary education at the Pietro della Valle Italian School of Tehran, Giuseppe began his undergraduate education in Aerospace Engineering at the University of Bologna in 2011. Following a change of heart, he chose to pursue his passion for global affairs, receiving his undergraduate degree (BA) in International Relations from the Dogu Akdeniz Universitesi in January 2017 (with high honors). As part of his undergraduate research, Giuseppe explored the prospects of cooperation in the Eastern Mediterranean following the recent discovery of carbon deposits in the region's maritime basin.

Giuseppe then completed his graduate education at Leiden University in July 2019, where he obtained a Research Master (MRes) in Political Science and Public Administration (cum laude). His graduate dissertation focused on explaining the success of nonviolent (civil resistance) movements through a systematic analysis of their institutional features. He also worked in various external research projects at the Institute of Political Science of Leiden University.

Between September 2019 and February 2023, Giuseppe completed his doctoral dissertation at Maastricht University as a PhD researcher in the ERC-funded NestIOr project under the supervision of Prof Hylke Dijkstra and Prof Thomas Conzelmann. He submitted his dissertation almost one year ahead of the funding deadline. During the Fall Semester of 2022, Giuseppe also undertook a visiting doctoral fellowship at the European University Institute under the supervision of Prof Stephanie Hofmann. As of writing, Giuseppe's research has been accepted or published at the journal of *Global Policy*, the *Cambridge Review of International Affairs*, and the *Pacific Review* journal.

Since April 2023, Giuseppe has been continuing his academic career as a post-doctoral Research Associate in the UKRI-funded EF-IO project at the University of Glasgow.