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### **Explaining the Gaps between Mandate and Performance: Agency Theory and World Bank Environmental Reform**

International organizations are expected to play a greater role in global governance while many face criticism for poor performance. Principal-agent (P-A) models offer a potentially powerful tool for analyzing the gaps between IO mandates and performance, but overlook critical factors that provide a more precise explanation. This paper applies P-A models to the case of the World Bank's efforts to integrate environmental concerns into its broader activities, as a means of explaining why environmental reform at the Bank has been such an uneven process, with forward steps often accompanied by backward or sideways steps.

I argue that P-A models may be calibrated to address gaps between mandate and performance by recognizing problems of *antinomic* delegation, and the roles of IOs as *both* agent and principal. Antinomic delegation is defined as delegation consisting of conflicting or complex tasks that are difficult to institutionalize and implement, so that performance problems may not solely reflect agency shirking, but rather be traced to the more intricate challenge agents face trying to implement goals that are difficult to specify and/or juggle. In the case of the World Bank, this arises in its inter-connected challenges of being both a financial institution and a development agency, and of balancing environmental issues with other goals such as economic development and poverty reduction. The broader problem of mission creep easily contributes to the specific problems of antinomic delegation.

Recognizing that multiple levels of P-A relationships are characteristic of many IOs, in turn, reveals more opportunities for agency slack that are not well addressed by the IO literature. Most of the IO literature views the aid organization as an agent to member state principals, but does not recognize the role the organization plays as a principal to recipient state agents. Focusing on both sets of relationships offers a richer picture of precisely where agency costs arise and influence the translation of environmental policies into on-the-ground actions.