

**Problem-adequate decisions through delegation?  
The complex decision-making procedures of the Clean Development  
Mechanism and the Global Environment Facility**

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*Abstract*

*This paper analyses the decision-making procedures of the Global Environmental Facility (GEF) and the Kyoto Protocol’s Clean Development Mechanism (CDM). The respective procedures are characterised by a complex arrangement of functional differentiation. Certain elements of this complex system prevent parochial interests from dominating the CDM and the GEF and enforce the correct application of the decision-making criteria. First, the article develops these relevant features in theory. Then the decision-making procedures of the CDM and the criteria are extensively analysed, incorporating new developments, while a third section does the same for the GEF. The aim of the article is to answer the question what kind of procedures lead to problem-adequate decisions, by comparing the two procedures.*

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## **Introduction**

This paper will analyse the institutional design of two regimes that both further the cooperation between developing and developed countries in environmental issues: the Clean Development Mechanism of the Kyoto Protocol and the Global Environment Facility.

The Clean Development Mechanism (CDM) is one of the so called “flexible mechanisms” of the Kyoto Protocol. It allows Annex-I-countries that are subject to binding targets to obtain “Certified Emission Reductions” by investing in climate-friendly projects in Non-Annex-I countries, which are mainly developing countries. In order to ensure that credits are not issued negligently, criteria and a very differentiated procedure to enforce them have been set up.

The Global Environment Facility (GEF) was established in 1991 in order to aid developing countries in protecting the environment and was restructured in 1994 after strong criticism. Like all development institutions the GEF has a high potential for conflict between donating countries and receiving countries. Amongst others, the GEF serves as financial mechanism for the United Nations Convention on Climate Change (UNFCCC) and assists developing countries in meeting their obligations under this convention. In order to be able to compare the GEF procedures to the CDM, only the GEF’s work for the UNFCCC will be explored.

This article asks why states can afford delegating decision-making although there is a risk that contrary interests of actors prevail: only if the decisions taken do not disadvantage any actors but instead provide problem-adequate solutions that everybody could agree to. The hypothesis is that problem-adequate decisions can be achieved more easily through a certain arrangement of the procedures, as parochial interests can be filtered out, actors are induced to refrain from bargaining and the correct application of decision-making criteria is enforced. This would then be an indicator for good governance. The paper analyses the procedures of the two institutions and which mechanisms the functioning is due to.

To explore this hypothesis, a theoretical framework is drawn up in the first section of this article. It first gives an analysis of what kind of decision-making allows for problem-adequate solutions. Then it establishes what kind of procedures could have the desired effect and to which mechanisms exactly it is due. The features labelled as furthering good governance in this section will then be used to analyse the CDM procedure and the GEF procedure.

The analysis of two institutions is needed to be able to compare the institutional design. Then hypothesis about which features are more important and enable problem-adequate decisions more easily can be derived from the comparison.

Although the two institutions have different aims, there are comparable interests and positions. Different institutional features deal with these interests and positions. The differences in

the institutional design can then account for differences in the outcome. It will become clear, that although both institutions reach the aim of altering the way of decision-making, they lay an emphasis on different features. The paper then tries to set up first hypotheses about the consequences of these emphasises and where weak points can be found. This concluding part will also point to questions still unsolved.

### **Decisions and how they are found**

When cooperating, states expect better solutions for problems they cannot solve on their own. However, multilateral negotiations cannot always meet these expectations. As rational utility-maximising actors will try to defend their interests, they will resort to the negotiating power they possess by making promises or threatening – a negotiation mode called bargaining. Actors using bargaining want to convince their opponent by their bargaining-power to accept their claims.<sup>1</sup> These threats and promises are situated outside of the negotiation process and depend on the possibilities the actors have, especially their option to break down the cooperation project – the exit option.<sup>2</sup> Then negotiations are formed by a process in which the positions slowly converge, as the actors make concessions to one another.<sup>3</sup> Arguments and reasoning do not necessarily play a role. The result is a compromise that mirrors the existing power structure and the position that could prevail, not necessarily the factual best.<sup>4</sup>

Furthermore, a negotiation-process that relies solely on the balancing of diverse interests cannot provide the additional information states need to make good decisions. This is due to actors being liable to bounded rationality,<sup>5</sup> as they cannot be aware of every single consequence their choice will have. But in order to find the best solution for a problem it is necessary to receive the correct information. Additional possibilities for cooperation first need to be identified, in order to find a solution that has a bigger utility for everybody.<sup>6</sup> This cannot be achieved by a search for compromise between different claims.

These deficits can be avoided when actors are induced to refrain from this form of negotiation and instead enter a genuine discourse by taking recourse to the communication mode of arguing.<sup>7</sup> In contrast to bargaining, which refers to the language of the market and power, arguing refers to a language of reason and a sensible search for truth. A discourse consists of an exchange of arguments where information is analysed and new information is brought in. Every

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<sup>1</sup> Elster 1989, 126.

<sup>2</sup> Elster 1992, 15.

<sup>3</sup> Bartos 1974, 8-11.

<sup>4</sup> Elster 1989, 54ff. and 74ff.

<sup>5</sup> Simon 1972.

<sup>6</sup> Elster 1989, 82.

<sup>7</sup> Gehring 2002.

argument needs to be supported by a reason and not by power. Thus, inconsistencies and conflicts can be identified and, if the discourse is successful, solved. This can lead to the required widening of the scope for cooperation.<sup>8</sup>

When using arguing, empirical and normative claims are made that are labelled valid.<sup>9</sup> Actors making use of arguing want to convince opponents via the better argument to change certain beliefs – actors “must be prepared to change their own views of the world, their interests and sometimes even their identities.”<sup>10</sup> This can only be done by entering a discourse providing a forum for the verification of claims. The existence of criteria situated on a more abstract level that the actors can refer to in order to verify different claims furthers the establishment of a discourse.<sup>11</sup>

Decisions found in a discourse are especially well justifiable and thus socially acceptable.<sup>12</sup> A discourse as a decision-making process ensures that the institution is not dominated by single forces’ short-term but serves the long-term interest of every participant. Apart from all actors – independent of their power resources – being involved in the decision-making, the solution relies on information that has been rationally discussed and freed from insecurities. As it has the same meaning to every participator in the negotiations there will be no misunderstandings. Thus, states have an interest in decisions found by discourse, as they are more problem-adequate and objective. This, however, does not mean that states act according to a “logic of appropriateness”<sup>13</sup> but only that the chances of using their power to reach their interest are restricted.

Many scholars have pointed out that the dichotomy between arguing and bargaining is too simple, as many mixed forms exist. Katharina Holzinger explains in detail that bargaining and arguing cannot be taken as analytical antipodes as they are not empirically disjunctive.<sup>14</sup> Furthermore, strategic arguing is often used instrumentally to underscore a bargaining position. But even if arguing is used strategically, it forces actors to justify their interests with reasons that are acceptable to all, e.g. criteria that all participating actors have agreed to.<sup>15</sup>

If actors are induced to refrain from bargaining, from resorting to outside power in order to push through individual interests or constitute a compromise, a discourse can be assumed – be it strategically motivated or not – that leads to better results. Then actors can agree to pro-

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<sup>8</sup> Eichmann 1989, 71.

<sup>9</sup> Elster 1989, 126ff.

<sup>10</sup> Risse 2000, 2.

<sup>11</sup> Habermas 1973, 352-355. In Jürgen Habermas in his discourse theory speaks of two spheres called communicative and strategic action; see also Habermas 1981.

<sup>12</sup> Gehring et al. 2005, 27.

<sup>13</sup> March/Olsen 1998, 951f.

<sup>14</sup> Holzinger 2001.

<sup>15</sup> Elster 1998, 104.

cedures that enable this kind of decision-making. To resume, the features that should be absent from decision-making are the possibility to refer to power bases outside of the negotiation as well as the use of the exit option. In order to avoid simple compromises, there should be no possibility for package deals, which could lead to an opportunistic result by linking issues.<sup>16</sup> It is also helpful when actors are put in a situation where the use of arguments is necessary. In a next step, procedures are examined for features ensuring this change in the actor's behaviour. This then leads to the answer of the question why states delegate decision-making.

### **The Design of Decision-Making Procedures**

A simple negotiation system may be assumed to be generally dominated by power-based disputes. In order to enter the desired discourse a different and more complex design is needed – a system of delegation. However, delegation of decisions also means the delegation of control – how can states not represented in the created committee ensure that decisions are not to their disadvantage? States can only afford to delegate decisions if the institutional design and procedures prevent bargaining and ensure the application of agreed upon criteria. This section will develop specific features that induce this – they all will be features that restrict the actors' discretion. The introductory basis will be provided by principal-agent literature, as it has discussed the advantages and problems of delegation.<sup>17</sup>

A specialisation and division of work is useful in complex situations and when dealing with complex topics, as simple negotiation systems may not be sufficient to find a solution.<sup>18</sup> Committees, working groups and boards are mandated to either prepare or make decisions in a "specific subset of policy issues".<sup>19</sup> Apart from specialisation and effectiveness, credible commitment is also a reason for delegation: rules or regulations cannot be altered opportunistically. Jurisdiction and responsibilities are defined more clearly.<sup>20</sup> Thus it will be important to register the competences and the autonomy of the committee in order to figure out how big its influence is on the agenda-setting process. Furthermore, compliance can be monitored more easily as agents can be assigned the task of monitoring.<sup>21</sup>

Next to these advantages a problem of supervision develops, because a sub-system needs a margin of discretion to be of relevance. If this is not the case, the principal body could take the decisions itself. However, the agents created have their own preferences and interests,

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<sup>16</sup> Gehring 2002, 178.

<sup>17</sup> Weingast/Marshall 1988; Calvert/McCubbins/Weingast 1989. The principal-agent approach has recently also been used on International Organisations like the World Bank: Nielson / Tierney 2003.

<sup>18</sup> Koremenos et al. 2001.

<sup>19</sup> Weingast/Marshall 1988, 143.

<sup>20</sup> Pollack 1997, 104; Weingast/Marshall 1988, 144.

<sup>21</sup> Pollack 1997, 103f.

possibly at the expense of the principals. This symptom is called “agency loss”.<sup>22</sup> The information deficit is another problem that forces the principal to establish some kind of means of acquiring information to explore the agent’s preferences and evaluate its performance with the purpose of ensuring that the agent makes the same decisions that the principal would.<sup>23</sup> The one kind of means are ex post oversight procedures.<sup>24</sup> They can either work like a police patrol and consist of constant observation of agency behaviour, for example regular review of agency reports. Or they work like a so called fire-alarm mechanism, where the principal relies on observations of third parties and their alert when they detect misbehaviour. The other kind of means are ex ante administrative procedures, like limiting the scope of agency activity, introducing criteria or defining the procedures it needs to follow. These administrative procedures are more important for this paper as they define the scope of discretion an actor has.

Although principal-agent theory covers the nature of delegation, it does not say anything about the mode of communication. Delegation procedures per se cannot guarantee that a discourse is established – discussions in the UN Security Council are a good example. In fact, the control mechanisms can have the contrary effects: they ensure that the agent makes decisions that comply with the principal’s wishes. Budget power and personnel power enhance this effect.<sup>25</sup> With tight control, the conflicts in the agency-bodies will be similar to those in the principal body and short-term aims will determine the decisions. The discussion about these aims will be interest- and power-based and not the objective, long-term oriented solution desired by the states. This means that a different logic is needed that is not mainly oriented towards control of the single bodies. Giandomenico Majone has gone a step in this direction in identifying two logics of delegation: the agency logic that mainly serves the aim of reducing decision-making costs and the fiduciary logic that solves the problem of credibility and inconsistent preferences.<sup>26</sup> Majone emphasises the independence of bodies designed to have different interests than their principal and thus to ensure the credibility of long-term commitments. His central question is then how to maintain this independence and ensure accountability of the bodies at the same time. Although this logic ensures independence from the discussions in the principal body it does not necessarily ensure that decisions are made by deliberation. A different institutional design is needed that does not centre around formal independence but also uses the logic of benefiting from delegation while removing the single bodies from the power-based bargaining of the states.

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<sup>22</sup> Pollack 1997, 108.

<sup>23</sup> Calvert/McCubbins/Weingast 1989, 595f.

<sup>24</sup> McCubbins/Schwartz 1987.

<sup>25</sup> Huber 2000.

<sup>26</sup> Majone 2001.

A certain arrangement of functional differentiation allows deliberation – an arrangement that not only can exist in formal organisations but in all kinds of institutions. A system of functional differentiation is a special case of delegation: different actors serve different functions.<sup>27</sup> When decision-making procedures are functionally differentiated, it means that no two bodies serve the same purpose. Different bodies deal with different aspects of a decision to be taken – e.g. a scientific panel deals only with the scientific aspects. The result is a staged decision-making that is dependent on the contribution of every body. Thus, every sub-system theoretically has the same importance and a genuine system of checks and balances without a coordinating centre is established.<sup>28</sup> Through this dependency the single bodies are forced to work together. When a sub-actor in the procedure is blocked by a single state's interest, the whole system is blocked. In order to make sure that the different bodies know their long-term aims and do not follow these parochial interests, procedures and especially criteria can be provided, without opening room for power-based negotiations.

As a consequence, the quality of these norms or criteria is decisive – will they ensure that the solutions found by complex functional differentiation are problem-adequate and serve the long-term aims of the institution? This can only be achieved by separating the process of norm-setting from the norm-application level – another form of functional differentiation.<sup>29</sup> As already argued by principal-agent theory, the states as principals set the criteria and procedures ensuring the pursuit of long-term aims.

Even if the states setting these criteria might attempt to design them in a way benefiting themselves by bargaining, the specific institutional setting diminishes the use of this mode of communication. On the one hand, bargaining on the level of norm-setting is useful as it ensures that the overall result of the decisions are conform with all existing interests, thus enhancing the possibility of implementation. On the other hand, the criteria need to be factual and objective, which can better be achieved by deliberation. As the criteria are abstract, affect the future and require further discussions, a “shadow of the future”-effect can be expected in many situations:<sup>30</sup> not knowing what all their exact interests will be or how the decisions will affect them, the states search for a solution that is acceptable to all, a process which is better managed by arguing. In this context, states may not be allowed a selective exit for the norm-application level, else the original preferences will prevail.<sup>31</sup>

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<sup>27</sup> Gehring et al. 2005, 46f.

<sup>28</sup> There are different meanings of functional differentiation, but in this paper the term is always used in this sense.

<sup>29</sup> Gehring et al. 2005, 50.

<sup>30</sup> Axelrod 1984.

<sup>31</sup> The actual judgement of the criteria is a problem on its own and cannot be taken up in this paper.

On the norm-application level, where single decisions, e.g. on projects, are taken, the interests of actors are known. The functional differentiation of the procedure however can prevent them from prevailing. When every body's decision in the staged process has the same importance, the blockade of such a decision means the blockade of the cooperation project. Thus, these decisions need to be justifiable with commonly accepted reasons. In the case of international institutions, these can be the decision-making criteria. Only those interests that can be backed by the criteria are valid and can be followed openly. The criteria set a range, an interval that the actors need to respect. The smaller this range is, the more the actors are forced to cooperate and find a solution everybody can agree to.

There are several features of a system of functional differentiation that further deliberation.<sup>32</sup> When analysing an institutional design, it is important to look out for these properties. One point is the existence of a giving-reasons requirement. A staged decision-making already forces actors to refer to criteria, but when actors formally need to justify their decisions or recommendations, this effect is increased. Additionally, it enables unsatisfied actors to argue against decisions,<sup>33</sup> thus inducing a rational discourse.

A very important feature is the prevention of package deals, e.g. actors "trading" their vote for one issue in order to get their will on another.<sup>34</sup> If this is possible, then there is no need for arguing. However, when the decisions made are single decisions that are small and similar in character package deals, e.g. by giving side-payments, are difficult to arrange.

Judicial review or complaint procedures also need to be mentioned in this context. They enforce the use of criteria in the deliberation process through threats of filing a complaint. This mechanism will be more effective when a separate body for judging the complaints exist, that is designed to lead a judicial discourse.

So the fact that the lines of conflict, of coalitions and of interests are redefined and restricted through functional differentiation enables decisions that are more problem-adequate instead of being a compromise: the behaviour of the actors is changed. It is restricted in that they are forced to respect the interval of possible outcomes set up by the criteria. The developing structure does not necessarily induce genuine communicative action and makes actors abstain from their interest – the arguing may only be strategic. However, even rhetorical action is directed towards convincing the opponent and expects the opponent to be responsive to reasonable

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<sup>32</sup> For further features see Gehring, 2004, 27-29.

<sup>33</sup> Shapiro 1992.

<sup>34</sup> Gehring et al. 2005, 58f.

arguments.<sup>35</sup> What can be proved and analysed in this context is how the criteria are enforced and how the actor's discretion is limited to criteria-application.

### **The Decision-Making Procedure of the Clean Development Mechanism**

This article analyses the “normal” project cycle, including the evaluation of methodologies, as they are a prerequisite for a project. For small-scale projects there is a simplified procedure that is not taken into account here.

As the CDM allows Annex-I-states to create new emission credits, it follows that they, or their industries respectively, are not mainly interested in climate protection but in obtaining credits in an easy and cheap manner.<sup>36</sup> However, as the gained credits are additional to the emissions allowed by the Kyoto Protocol it is important to ensure that they are not issued negligently. In order to ensure the environmental standard of the projects the participating countries set up strict decision-making procedures and criteria for the CDM in the Marrakesh Accords. After a short overview of the project cycle, the single actors, their interests and their incentives for cooperation will be examined in detail.

#### *The Project Cycle*

When planning a project activity, the first step is to either choose a baseline and monitoring methodology from approved methodologies or to suggest a new one. The baseline is a hypothetical scenario of how much emission would occur without the project. It is needed to calculate the emissions reduction and issue the certified emission reductions.

If a new methodology is used, it is first handed in to the main body of the CDM, the Executive Board (EB), for approval. However, the actual evaluation is conducted by the Methodologies Panel of the EB. The proposed new methodology is made public on the internet together with a public comment form – a measure to ensure transparency and a control mechanism. These comments have to be considered by the Meth Panel. In the meantime, the panel chooses two experts that separately evaluate the new draft. On the basis of these reports and the public comments, the Meth Panel considers the proposal and hands on a recommendation to the EB to either approve (A-case), reject the methodology (C-case) or require changes to it (B-case).

After the methodology has been approved, an operational entity – a private entity that has been accredited for validation purposes by the EB – has to conduct a validation of the project itself, assessing whether it meets all the relevant criteria and whether the methodologies are

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<sup>35</sup> Müller 2004, 404.

<sup>36</sup> Boehmer-Christiansen/Kellow 2002.

applied correctly.<sup>37</sup> At the same time the project is made public on the internet and the process is opened for comments from interested persons or groups. Furthermore, the findings of the operational entities are also published. If the operational entity finds the project valid, it issues a request for registration. Against a fee, the EB automatically registers this project after eight weeks if no request for review is handed in.<sup>38</sup>

The next phase is the implementation of the project. During this time, the project is monitored according to the monitoring methodology by the participating parties. After the project is finished, another operational entity verifies the project. This is an additional safeguard: the work of the first entity is evaluated again, it is difficult for fraud to take place. Unless a review is required, the EB issues the certified emission reductions.<sup>39</sup> The rules for a review can be found in paragraphs 5 (o), 41 and 65 of the modalities and procedures for the CDM.<sup>40</sup> A request for review can be handed in by either a party involved in the project at stake or by at least three members of the Board and must be justified by reasons.

The decision-making procedure is very differentiated and resembles a chain of dependencies.<sup>41</sup> The Executive Board plays a pivotal role, though, and might be prone to bargaining and conflict-based decision-making. States delegating far reaching competences, however, expect a decision-making not dominated by bargaining, as bargaining discriminates those not represented in the committee, and furthermore – as explained in the theoretical section, does not necessarily lead to problem-adequate solutions every actor can agree to. As a next step, the Executive Board's ability to bargain and the features restricting this ability are examined.

**Figure 1: CDM Project Cycle**

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<sup>37</sup> UNFCCC 2004, Clarifications on Validation Requirements.

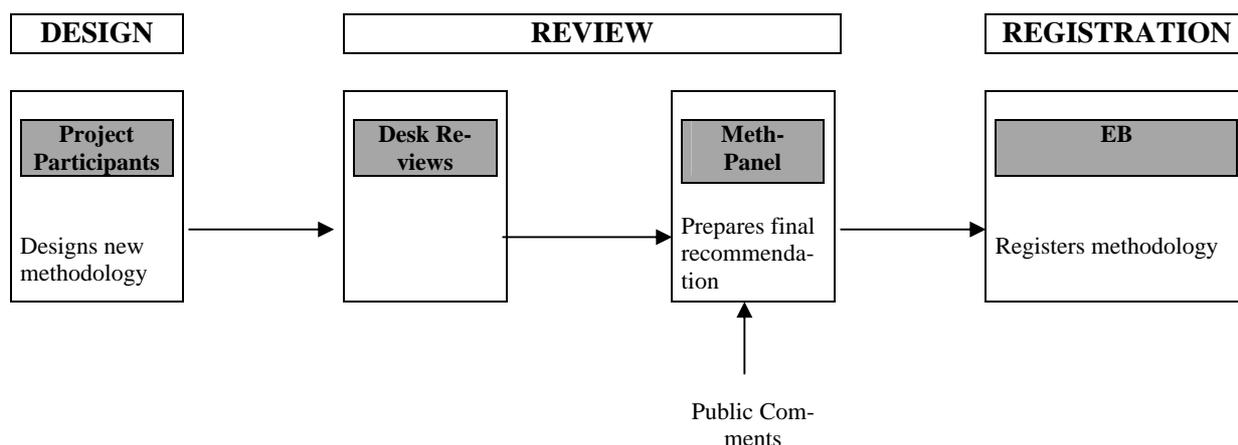
<sup>38</sup> UNFCCC 2001, Dec. 17/CP.7, Section G.

<sup>39</sup> UNFCCC 2001, Dec. 17/CP.7, Section J.

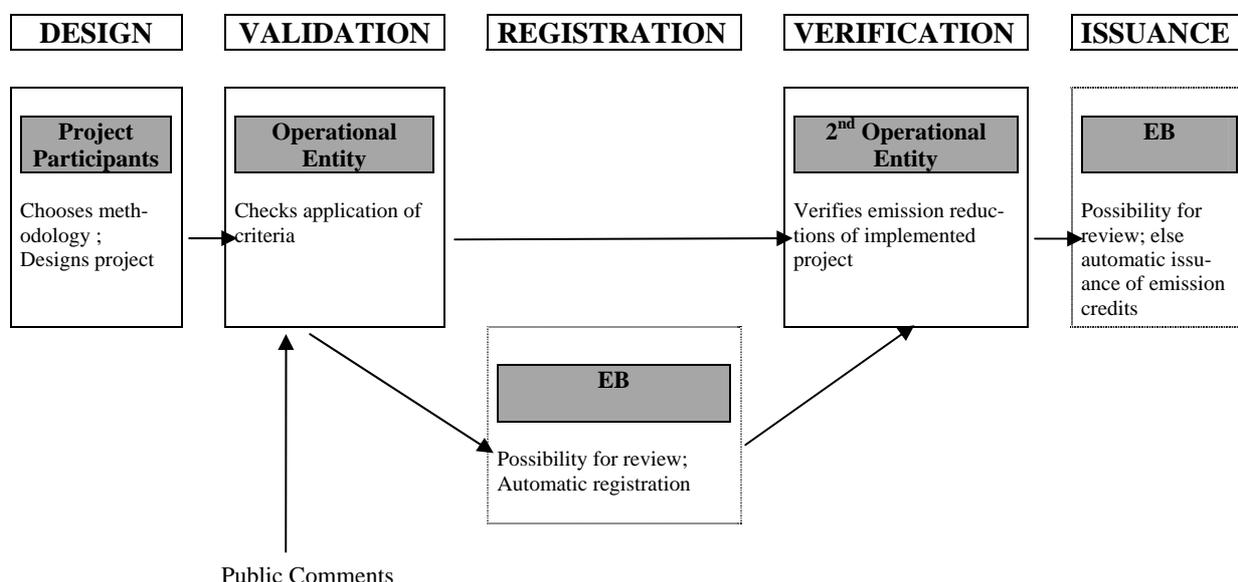
<sup>40</sup> UNFCCC 2001, Dec. 17/CP.7.

<sup>41</sup> Netto / Barani Schmidt 2005, 190.

## Methodologies



## Projects



### *The decision-making criteria*

This section analyses the content and quality of the criteria that are supposed to ensure the quality of the projects. It also tries to establish how much discretion they leave the actors. Article 12 of the Kyoto Protocol gives the basic criteria for CDM projects: project activities need to be “approved by each party, real, measurable and bring long-term benefits”, and need to be “additional”. The additionality criterion is central to the debate as it is open to interpretation, and it is in this point that the validation of a project is critical.<sup>42</sup> The Kyoto Protocol defines it as following: “A CDM project activity is additional if the anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of

<sup>42</sup> For an overview of different aspects of additionality see Niizawa 2003.

the registered CDM project activity.” This is measured with the baseline methodology, the two alternative scenarios are compared.<sup>43</sup> Emphasis is put on the proof that the project would not have been undertaken anyway. One way to assess this is to establish whether only the incentive of getting carbon credits makes the project financially sound. These and other measures have recently been compiled in a “Tool for the demonstration and assessment of additionality”.<sup>44</sup> This tool allows comparisons between projects and lessens the uncertainty of the demonstration. Its use is not mandatory, though. The rather wide range of discretion opened by the additionality criterion is only partly limited by the tool. However, the EB and the Meth Panel have so far applied a rather strict interpretation of additionality.<sup>45</sup>

The evaluation of this criterion is very costly. The more complex the concept is interpreted, the higher the transaction costs are. On the other hand, it is essential to establish a high level of environmental protection. As a consequence, it can be assumed that if conflicts occur, they will mostly centre around the additionality-requirement.

The question of additionality is closely connected with the question of baseline methodologies needed to prove additionality and to calculate the emission reductions. The problem is that this baseline is hypothetical and as such open to fraud.<sup>46</sup> A high baseline renders more credits and thus serves investors and host countries needing investments. Criteria for establishing new baseline and monitoring methodologies as well as three basic approaches to be used are found in Decision 17/CP.7, Appendix C. These “Further clarifications on methodological issues”<sup>47</sup> demand a justification why the approach chosen is the most consistent and why it most closely reflects the baseline. It is not easy for the Meth Panel to evaluate the methodologies with the given criteria. However, more criteria would render the mechanism inflexible. It is the giving reasons requirement accompanying all the criteria that enhances the need for problem-adequate discussion and ensures respect of the set limits.

The criteria bind every participant in CDM decision-making. They narrow the scope of possible projects and set a framework in which the projects need to fit. They are concrete enough to provide a common basis for deliberation if necessary. Some fundamental criteria though, are not too clearly defined and could leave room for interest based decision-making. However, the next section will demonstrate how the decision-making chain and the other features of the procedures force actors to refrain from bargaining. The scope opened by the criteria is restricted again by the procedure.

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<sup>43</sup> Meijers/Werksman 2005, 199f.

<sup>44</sup> UNFCCC 2004, Report on EB 16, Annex 1.

<sup>45</sup> Michaelowa 2005, 143.

<sup>46</sup> Repetto 2001, 311.

<sup>47</sup> UNFCCC 2003, Report on EB 10, Annex 1.

### *Incentives for refraining from bargaining*

This section looks for characteristics in the procedure itself and the composition of the actors that induce them, especially the Executive Board, to resort to a problem-adequate decision-making.

The composition of the Executive Board (EB)<sup>48</sup> is a rather ambivalent incentive. It is composed of 10 members from Parties to the Protocol, and 10 alternates: one member from each of the five United Nations regional groups,<sup>49</sup> two other members from Annex I Parties, two other members from Non-Annex I Parties and one member from the Alliance Of Small Island States (AOSIS). The members act in their personal capacities – an “important novelty”<sup>50</sup> as independence from political conflicts is possible. On the other hand, they are supposed to possess “appropriate technical and/or policy expertise to be eligible”. This is a very vague provision that also applies to certain politicians – thus states have an incentive to nominate politicians rather than experts in order to maintain control. So although the composition goes very far to ensure independence, it cannot guarantee that the EB enters into political decision-making.

The voting procedures also do not necessarily restrict the EB’s discretion. Decisions are to be taken by consensus whenever possible, else a three-fourths majority is required. This might further deliberation: as a selective exit is not possible, members are interested in reaching a decision every party agrees to. However, a consensus can also be reached by bargaining.

A strong restriction is introduced by the relation of the EB to the other central players in the procedures – the operational entities. They are private entities that are contracted by the project participants and thus act according to the logic of the market. As shown in the project cycle, the actual project validation is conducted by these entities and the project gets automatically registered if the EB does not request a review. The absence of the EB in this phase prevents political bargaining about projects. Package deals concerning projects are also not possible – there will never be a situation where trading votes makes sense. Thus, the relation of the operational entities to the rest of the decision-making system is one of true functional differentiation: without their work, the project cycle would break down.<sup>51</sup> And although the

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<sup>48</sup> The following provisions are taken from the Rules of Procedure for the Executive Board, Dec. 21/CP.8 (FCCC/CP/2002/7/Add.3).

<sup>49</sup> These are Africa, Asia, Latinamerica and the Carribean, Central and Eastern Europe, Western Europe and Other.

<sup>50</sup> Netto/Barani Schmidt 2005, 178.

<sup>51</sup> Furthermore, they cannot be abolished by the EB, as they are instituted by the Marrakesh Accords. UNFCCC 2001, Dec. 17/CP.7, para 20-27.

EB seems rather weak at this stage,<sup>52</sup> with its review-powers it forms a counterweight to the operational entities.

The review is the last possibility to avoid registration of projects not complying with the criteria. A single member trying to misuse this possibility for bargaining purposes has no chance. The review has to be specific to a certain decision in validation or certification. Parties cannot complain because their interests are neglected, unless they find validation criteria violated. Thus, the review process cannot be misused for bargaining purposes.

This counterweight is necessary as the operational entities' interest in the CDM is one of getting contracts, not necessarily of climate protection. They are bound to serve the interests of their clients, and these are interested in a profitable evaluation. However, they are independent from states' interests. Apart from the review-procedure, the question of liability is another corrective feature that ensures the correct behaviour of the entities: there is a rule that when incorrect certification occurs, the operational entities have to replace the credits.<sup>53</sup> As a consequence, some operational entities regularly refuse projects they consider not compatible with CDM criteria.<sup>54</sup>

Another restriction for the Board can be found in the highly scientific topics it deals with. Expertise is needed to make the CDM work according to the criteria. For this purpose, the EB can establish panels and working groups to assist it. The most important panel is the Methodologies Panel which advises the EB on methodologies for the establishment of baselines and monitoring procedures. The 12 panel members are experts acting in their personal capacity.<sup>55</sup> Because of the complexity and the high number of methodologies, the panel itself has to rely on expertise from desk-reviewers.<sup>56</sup>

As the Panel only gives advice and could in theory be dissolved again, it does effectively restrict the Boards scope for political decision-making. The Board cannot easily ignore the given recommendation, as the subject is so scientifically complex. So far, the EB has taken the opinion of the Meth Panel very seriously and in general follows its recommendation.<sup>57</sup> It is also difficult to reject or challenge the recommendation in a bargaining process, as the Panel gives scientific reasons for its opinion. The attempt to influence the Panels decision so that it matches a political position will also be difficult as the members are scientists and draw on opinions of independent desk reviewers. So although the Meth Panel was formed by the EB,

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<sup>52</sup> Meijers/Werksman 2005, 203.

<sup>53</sup> UNFCCC 2001, Dec. 17/CP.7 para. 22.

<sup>54</sup> Michaelowa 2005, 145.

<sup>55</sup> UNFCCC 2005, General Guidelines for Panels.

<sup>56</sup> Interview with Axel Michaelowa, Hamburg Institute of International Economics and desk-reviewer for the Meth Panel, 16.6.2005.

<sup>57</sup> Interview with Axel Michaelowa, 16.6.2005.

the result is a quasi-functional differentiation, dependent on expertise, that forces the Board to refrain from interest-based negotiations and instead work for the long-term aims of the CDM. This effect of this last characteristic is enhanced by the strict transparency policy of the CDM – all validation documents and corrections need to be published and public comments to these documents need to be taken into account by the operational entities. This policy mitigates the information-asymmetry – the project participants, of course, know more about their project than the EB – and opens opportunities to ensure the application of the criteria. It also enables NGOs to participate and contribute to the identification of non-environmental projects, compliance-problems or fraud<sup>58</sup> and makes political interference difficult.<sup>59</sup> All deviations from criteria or from well reasoned recommendation can be detected, which makes bargaining outside of the official forum difficult, though not impossible.

To summarise, as the single bodies are factually dependent on one another, the procedures can de facto be characterised by functional differentiation, although the EB is at the centre of the system. The giving-reasons requirement, the inclusion of experts and the transparency further the application of the criteria, thus ensuring climate friendly projects and correct issuance of emission certificates.<sup>60</sup>

### **The Decision-Making Procedure of the Global Environment Facility**

As every funding institution, the GEF is prone to conflicts between donating countries and receiving countries,<sup>61</sup> which in general comes down to a north-south conflict. The north-south conflict was also a dividing line in the climate change negotiations.<sup>62</sup> Providing financial aid to developing countries by the GEF was in part an answer to these conflicts. However, these interests are still relevant in GEF decision-making. The donor countries are interested in the strict application of the criteria, to ensure that their money is really used for the benefit of the environment. On the contrary, the receiving countries want more freedom in how to use the money. For example, the southern countries have complained about the strict interpretation of the criteria.<sup>63</sup> Thus, every body consisting of state representatives could be prone to bargaining about these conflicts.

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<sup>58</sup> Gulbrandsen/Andresen 2004, 69; Oberthür et al. 2002, 40-51.

<sup>59</sup> Meijers/Werksman 2005, 205.

<sup>60</sup> In a different paper I have conducted case studies of projects that demonstrate the correct application of criteria despite attempts to circumvent the additionality criterion. See Plocher 2005.

<sup>61</sup> Gupta 1995, 25ff.

<sup>62</sup> For an overview of interests and positions see Boehmer-Christiansen 2002.

<sup>63</sup> Werksman 2004, 42.

Apart from the Assembly, there is only the GEF Council that is composed of states representatives. As will be seen, the Council plays a central role in the procedure. Thus, comparable to the approach to the CDM's Executive Board, the Council's bargaining-possibilities and the factors that reduce them will be analyzed in the following sections.

One limitation needs to be introduced: As with the CDM, small sized projects and their project-cycle will not be analyzed in this context, as only full-sized projects (more than \$ 1 million) are subject to the full project cycle.

### *The Project Cycle*<sup>64</sup>

A project proposal can come from any entity, be it governmental or not, and is then sent to a so called "Implementing Agency" – the World Bank, the United Nations Development Programme or the United Nations Environment Programme. These Implementing Agencies are deeply involved in the preparation of projects, they organize their implementation and have a part in the evaluation process, in short, the single phases of the project cycle are under the responsibility of the Implementing Agencies.

The GEF-Secretariat then reviews this first draft to ensure that it is compatible with GEF objectives. This helps to avoid Agency resources being spent on projects that have no chance of getting registered. The other Implementing Agencies, the UNFCCC secretariat and the chair of the GEF scientific panel have the opportunity for comments. If the project concept is agreed to, it enters the so called GEF pipeline, which regulates the next steps of the procedure. Only now projects are published.

As a next step, the Implementing Agency supports the project proponents in elaborating the project preparation. During this phase the project also needs to be accepted by the country it is planned in. Additionally, the project proposal now gets reviewed by the GEF Scientific Panel. This review must be attached to the proposal and the whole document is submitted to the secretariat again. The secretariat decides about the inclusion of the project in the Council's work programme. However, the decision of the secretariat is discussed by the GEF Operations Committee, consisting of the deputy CEO, representatives of the Implementing Agencies, of the scientific panel and the Convention secretariats.

The Council's work programme is a collection of projects that the Council needs to decide on. Typically, the Council decides on the programme as a whole, not on single projects. Approval by the Council does not mean that the project can be implemented and the funds are distributed, but only that the project preparation may now be completed. As preparation is very

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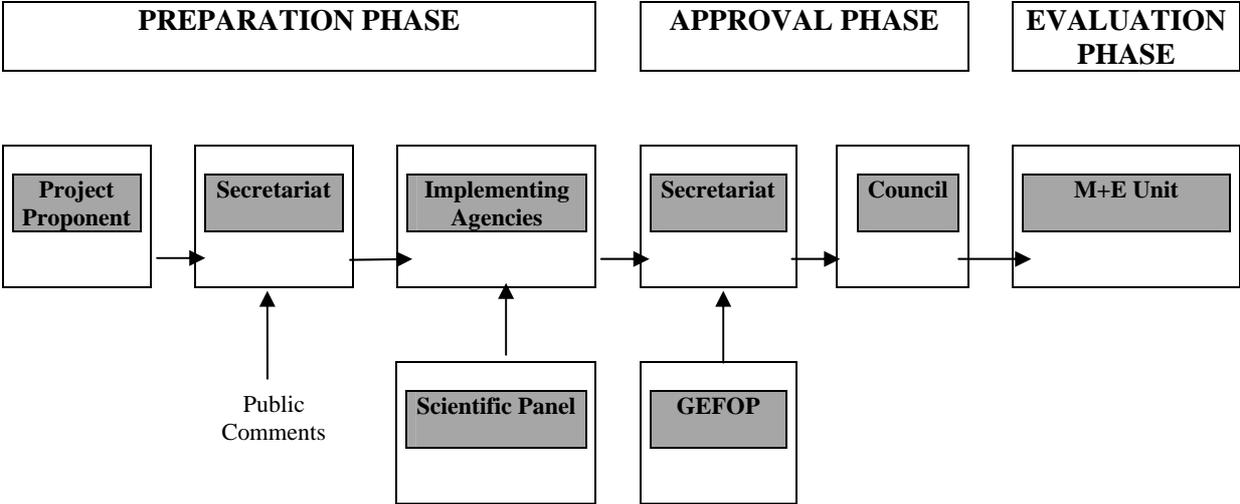
<sup>64</sup> If not indicated otherwise, the information in this section is from GEF 2003, GEF Project Cycle: An Update (GEF/C.22/Inf.9).

costly, this constant review ensures that no money is spent on projects that do not have the chance of being funded.

The last step before the project can be implemented is the endorsement of the final project document by the CEO. In preparation of this, the secretariat reviews the project again and ensures that it is still compatible with the draft the Council approved. After this has been done, the relevant Implementing Agency needs to accept the project through their respective procedures. Another set of criteria is applied here. However, as the project has been prepared with the assistance of the Agency, this should be a mere formality.

The responsibility for implementation also lies with the Agency. During implementation, reports need to be set up on a yearly basis and submitted to the GEF monitoring and evaluation unit. This unit may also decide to conduct a thorough review of the project, additional to the mid-term and final evaluations that are necessary.

**Figure 2: GEF Project Cycle**



Several actors in this decision-making procedure possess a lot of discretion, which they could misuse.<sup>65</sup> Literature in general names the secretariat in this context, as it takes many decisions

<sup>65</sup> There are several oversight problems that can be not part of this paper as they are principal-agent problems: The first problem is that the Conventions for which the GEF serves as financial mechanism need to ensure that the GEF only funds projects that serve the purpose of the Convention. (Young / Boehmer-Christiansen 1997, 196). The second is the oversight of the Implementing Agencies as they serve as an initial agenda setter and control the preparation and implementation of the projects.

affecting the registration of projects.<sup>66</sup> But the problem with the discretion of the secretariat is mainly an oversight problem that can be solved by principal-agent methods. The actual actor whose power might a problem as it can be combined with decision-making by parochial interests is the Council. It is the body where member countries send their representatives and might be the point where bargaining occurs when countries insist on or refuse projects out of political reasons. The next section will analyse the criteria to establish how much room the Council really has for bargaining.

### *The decision-making criteria*

The criteria can be derived from different sources: the most important is the Instrument for the Establishment of the GEF. And as the GEF serves several conventions as financial mechanism, the convention-criteria also will be reflected in the decision-making.

The basic aim of the GEF is to “meet the agreed incremental costs of measures to achieve agreed global environmental benefits”.<sup>67</sup> The projects shall be cost-effective, country-driven and based on national priorities, support sustainable development and be flexible enough to respond to changing circumstances.<sup>68</sup>

Incremental costs are the additional costs needed to make a programme environmentally friendly.<sup>69</sup> For example, if a country plans the establishment of a coal fired power generator needed for development, then the additional costs of relying on solar power instead can be financed for the GEF, as this measure would reduce emissions. In order to calculate these costs, a baseline is needed, similar to the identification of additionality in the CDM. Incremental costs are difficult to calculate and there is an incentive to cheat.<sup>70</sup> Cheating would mean to establish a baseline that provides as many additional funds as possible. These cases need to be corrected by the secretariat. Thus, at first glance incrementality seems to leave as much room for bargaining as the concept of additionality. However, here the baseline can be developed for overall development purposes, instead of single projects.<sup>71</sup> This saves time and money. For other types of projects – like enabling activities under the UNFCCC – there are also agreed lists of costs.<sup>72</sup> These provisions make it easier for the secretariat to judge the incremental cost calculation, as well as further details on the establishment of a baseline and a

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<sup>66</sup> In this context the allegation by NGOs of being too close to the World Bank also plays a role (Horta, Round and Young 2002.). It is formally independent, but situated in the same building as the World Bank. It needs to be ensured that the secretariat does not favour an Implementing Agency.

<sup>67</sup> GEF 2004, Instrument for the Establishment of the Restructured Global Environment Facility, Art. 2.

<sup>68</sup> GEF 2004, Instrument for the Establishment of the Restructured Global Environment Facility, Art. 4.

<sup>69</sup> GEF 1994, Incremental Costs and Financing Policy Issues (GEF/C.2/6).

<sup>70</sup> Jakobeit 1999, 183; Young / Boehmer-Christiansen 1997, 197.

<sup>71</sup> GEF 1994, Incremental Costs and Financing Policy Issues (GEF/C.2/6), Art. 12.

<sup>72</sup> GEF 1994, Incremental Costs and Financing Policy Issues (GEF/C.2/6), Art. 17.

streamlined procedure for incremental cost assessment provide guidance. Thus, the interval set by the criteria is limited.

A further provision for projects is the consultation of stakeholders,<sup>73</sup> allowing the involvement of NGOs and the civil society – a criterion that is easy to prove.

Another important set of criteria are the so called Focal Areas – the six areas the GEF emphasises and in which all projects need to fit. These are very vague, they only name areas where projects are wanted. For Climate Change these are: 1) removing barriers to energy efficiency and energy conservation; 2) promoting the adoption of renewable energy by removing barriers and reducing implementation costs; 3) reducing the long-term costs of low greenhouse gas emitting energy technologies; and 4) supporting the development of sustainable transport.<sup>74</sup> These broad areas are then specified by operational programs, that provide details on what kind of projects are desired, which articles of the conventions need to be respected, and give additional criteria the projects need to follow. For example the operational programs for climate change name barriers that projects need to remove in order to qualify for incremental cost grants.<sup>75</sup>

The monitoring and evaluation unit evaluates the projects against the standards of the UN and the multilateral development banks, and is supposed to increase accountability, credibility, impartiality, transparency and usefulness.<sup>76</sup> Although some of the procedures for review are developed by the unit itself,<sup>77</sup> the design of a review is described in detail in the policies and procedures for the monitoring unit.<sup>78</sup> This elaborateness of procedures is mirrored in the high number of templates that need to be used for the single steps of the procedure.<sup>79</sup>

The templates also lessen the problem with the low transparency of the GEF.<sup>80</sup> Although transparency is also a criterion, many documents are not published and the influences, e.g. corrections by STAP, cannot be traced. Still, these many templates render the application of the criteria comparable and enforce the observance of all criteria. This should diminish the possibility for bargaining. The forms of the templates are in general decided by the Council. As a consequence, the Council has influence on the design of the criteria. However, as many other criteria come from other sources, this influence is watered down. All in all, the criteria are concrete enough to enable an application without bargaining, probably even in the case of

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<sup>73</sup> GEF 2004, Instrument for the Establishment of the Restructured Global Environment Facility, Art. 5.

<sup>74</sup> [www.gefweb.org](http://www.gefweb.org)

<sup>75</sup> Operational Program Number 5: Removal of Barriers to Energy Efficiency and Energy Conservation.

<sup>76</sup> GEF 2003: Terms of Reference for an Independent Monitoring and Evaluation Unit (GEF/C.21/12), Art. 11.

<sup>77</sup> GEF 2002: Monitoring and Evaluation: Policies and Procedures, Art. 16.

<sup>78</sup> GEF 2002: Monitoring and Evaluation: Policies and Procedures.

<sup>79</sup> The templates can all be found on [www.gefweb.org](http://www.gefweb.org).

<sup>80</sup> Young 2002, 97, 113.

the incremental costs. There only remains the open question if the many criteria from different sources do not contradict each other and thus open the room for bargaining again.

By giving more information on the bodies' composition and the incentives to refrain from bargaining, the next section will demonstrate that bargaining is limited.

### *Incentives for refraining from bargaining*

Apart from approving the work programme, the Council has considerable power in shaping the operational modalities of the GEF. It consists of 32 members, representing constituencies formed by several countries<sup>81</sup> – in general politicians from different ministries.<sup>82</sup> There are 16 constituencies from developing countries, 14 from developed countries and 2 from Central and Eastern Europe. The donors are also represented according to the funds they provide, which gives those providing more money more influence.<sup>83</sup> This is also mirrored in the voting procedures: although all decisions shall be taken by consensus, there is a possibility for voting if consensus cannot be reached. If decisions shall be taken by consensus, the Council has an incentive to try to search a position all can agree to.<sup>84</sup> When it comes to a vote, double weighted majority is needed – 60 percent of the total number of participants and 60 percent of the total contributions. In this case, Council members representing a mixed constituency have a vote for every participating state they represent.<sup>85</sup> This and the composition of the Council with members as representatives enhances the danger that members stand for the positions of their constituency, which would indicate a higher chance of bargaining. Still, the required majorities hold a balance: there are more developing countries than developed countries, thus the requirement of 60 percent of the participants is of advantage for the developing countries, while the developed countries are favoured by the monetary majority. As a consequence, the two groups need to find a solution all can agree to, else there will be no decision. It remains to be emphasised that this differentiation in developing and developed states and the greater influence of major donors enhances the north-south conflict.

The projects the Council approves have all been cleared by the secretariat. This means not only that problematic projects should have been identified before, but also that these clearances are not motivated by political interests. Council members will not be able to push through projects that they endorse only for political reasons and that do not conform with GEF criteria.

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<sup>81</sup> GEF 2004: Instrument for the Establishment of the Restructured Global Environment Facility, Art. 16.

<sup>82</sup> Young 2002, 92.

<sup>83</sup> GEF 2004: Instrument for the Establishment of the Restructured Global Environment Facility, Art. 15; Canada, France, Germany, Italy, Japan, The Netherlands, United States and the United Kingdom as the biggest donors have a seat of their own.

<sup>84</sup> Jakobeit 1999, 175.

<sup>85</sup> GEF 2004: Instrument for the Establishment of the Restructured Global Environment Facility, Art. 25c).

On the other hand, the Council can control the secretariat by requesting a review of a project. Although the Council cannot influence the secretariat's decisions concerning project rejections, it can prevent projects not meeting the criteria being registered.

It needs a coalition of at least four members to exclude single projects from the work programme by requesting a selective review.<sup>86</sup> The review itself is then conducted by the scientific panel, thus apart from delaying projects, single members cannot exclude correct projects out of political reasons.

Additionally, many decisions have been delegated to the CEO or the secretariat. This prevents bargaining in the Council. The Council and the secretariat control each other, their relation can be described as a relation of checks and balances: the Council decides about the projects, but the secretariat decides about the projects that are presented to the Council for decision. Thus, they need to work together and make decisions the other body can understand and work with as well. However, the CEO and the secretariat are players that need to be controlled, too. Through the GEF Operational Committee – although it has only an advisory role – the Implementing Agencies and the scientific panel are able to influence the secretariat's decisions and render it more objective. The Scientific and Technical Advisory Panel of the GEF also gives its opinion on every single project this size. This scientific panel is organized by the United Nations Environment Programme. Its members are genuine experts<sup>87</sup> and uphold a roster of external experts that do the actual project screening. Their opinion of a project is thus objective and scientific and reached by arguing as the committee is always supposed to agree on advice by consensus. If consensus cannot be reached, differing views will be explained.<sup>88</sup> As with the CDM's Meth Panel, their opinion is only an advice, still, scientific advice is not ignored easily, as the Agencies need to respond to the review by letter.<sup>89</sup> Furthermore, the scientific panel can undertake selective reviews at every stage of the project cycle if it deems this necessary.<sup>90</sup> Thus, the possibility of additional scrutiny is an incentive for correctly applying all criteria – again it is demonstrated how closely the differentiated actors need to cooperate and how dependent they are on one another.

There is another scientific actor in the GEF system, the Monitoring and Evaluation Unit. This unit, although organised in the secretariat, has been made independent as a result of internal

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<sup>86</sup> GEF 2004: Instrument for the Establishment of the Restructured Global Environment Facility, Art. 30.

<sup>87</sup> GEF 2004: Rules of Procedure of the Scientific and Technical Advisory Panel (STAP) of the Global Environment Facility (GEF/C.23/Inf. 11), Art. 7.

<sup>88</sup> GEF 2004: Rules of Procedure of the Scientific and Technical Advisory Panel (STAP) of the Global Environment Facility (GEF/C.23/Inf. 11), Annex IV.

<sup>89</sup> GEF 2004: Rules of Procedure of the Scientific and Technical Advisory Panel (STAP) of the Global Environment Facility (GEF/C.23/Inf. 11), Annex I.

<sup>90</sup> GEF 1995: Terms of Reference of the Scientific and Technical Advisory Panel (STAP) Mandate, Composition and Role (GEF/C.6/Inf.7), Art. 17.

policy recommendations.<sup>91</sup> The monitoring unit evaluates every level of the GEF: the policies and procedures of the GEF, the operational programmes covering the focal areas of activity, country portfolios, the project implementation and every four years, in the context of the replenishment of the fund, the overall performance of the facility.<sup>92</sup> Again, this constant feedback provides an incentive for the thorough application of the criteria and makes it possible that fraud or politically motivated decision-making are at least detected.

There is one further actor that influences the decision-making: non-governmental organisations (NGOs) are also an important player in the GEF system. Regular consultations with the Council take place, where the NGOs give their opinion on different issues and on single projects. Some NGOs are also allowed to participate in Council meetings, which is all the more important as the meeting reports contain hardly any information.<sup>93</sup> All in all, NGOs are given far reaching rights in the GEF. Their involvement ensures transparency and oversight over the GEF management. Their knowledge of local situations and contexts is important for the secretariat's decision-making.<sup>94</sup>

The interlinkage of different actors, even more complex than the CDM decision-making, forces them to work together. If one body is blocked by a bargaining process, the whole procedure is brought to a halt. At the same time different and complex criteria are involved. If a blockade is fatal for the functioning of the GEF, the different actors need to find a solution by discussing the criteria and the projects they are applied to. The influence of experts and NGOs at several points of the project cycle enhances this effect.

In short, although making everyday work complex,<sup>95</sup> the extremely differentiated procedure of the GEF enables the filtering out of parochial interests and avoids politically motivated decision-making in the Council. That the design of the GEF, especially the greater inclusion of southern countries and the admission of NGOs, achieves the reduction of potential conflicts is a view also supported by Rodger Payne.<sup>96</sup> An indicator for the functioning of the GEF in this differentiated procedure is that the Council has taken all its decisions by consensus – thanks to a less apparent north-south conflict.<sup>97</sup>

## **Concluding Comparison**

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<sup>91</sup> GEF 2002: Summary of Negotiations on the Third Replenishment of the GEF Trust Fund, Art. 37 a).

<sup>92</sup> GEF 2003: Terms of Reference for an Independent Monitoring and Evaluation Unit (GEF/C.21/12), Annex I.

<sup>93</sup> Young 2002, 97.

<sup>94</sup> Young 1999, 250.

<sup>95</sup> Young 2002.

<sup>96</sup> Payne 1998.

<sup>97</sup> Werksman 2004, 41.

The differentiation of the CDM procedures comes close to the ideal model procedure that was set up with the theoretical framework. The de facto functional differentiation, the composition of the Executive Board and its Meth Panel, focusing on independence rather than representation, combined with the transparency policy, redefine the discretion of the actors, force them to justify their positions and thus ensure that only climate-friendly projects are registered and no excessive credits are issued. Every step in the procedure, the formalised project design document, the public comments, the expert review and the different bodies work on the project and its methodology and alter it so that it is compatible with the criteria. And as all of these actors need to cooperate, they all need refer to the criteria as justification for their opinion. Thus, the projects comply with the criteria and consequently with long-term aims of the regime.

Although the EB actually has the potential for being a forum for bargaining and decision-making according to interests, it could be demonstrated that the criteria and the staged decision-making restrict this possibility.

All in all, the CDM focuses on the procedure and independent actors while leaving the criteria rather vague. The interpretability of the additionality criteria is a weakness of the CDM, together with the necessity of designing new methodologies: it leaves the forming of the criteria in the hands of the body who applies them – the Executive Board. The recent discussions about introducing methodologies for project sectors could lessen this difficulty. An open question is whether the review procedure is not a weak point: although reasons are required and a single member cannot act alone, the EB can request a review, decide to conduct a review and conduct the review itself. It has to be clarified whether this concentration of authority might lead to lopsided review results.

The GEF, too, has a system of far reaching functional differentiation: the GEF secretariat and the Council, and the secretariat and the Implementing Agencies are in a relation of functional differentiation. If these actors do not cooperate, the registration of projects and the distribution of funds are blocked. The cooperative behaviour in the Council is enhanced by its restricted possibility for package deals and its voting procedure. As with the CDM, the use of templates, the inclusion of NGOs and the public in the project cycle and the importance of scientific expertise influence the mode of communication and enhance the possibility of objective decision-making by improving the application of the criteria. These criteria are very concrete, even in the case of the problematic “incremental costs”, which could be an example for the CDM. There is less room for discussion about the criteria. The systematic application of monitoring and evaluation also is an important feature for the smooth functioning of the GEF.

This, too, is a feature that the CDM could copy. All in all, the analysis of the decision-making procedures of the GEF demonstrates good chances for a decision-making that is not distorted by parochial interests.

Contrary to the CDM in the GEF the criteria are emphasised in order to filter out parochial interests while the composition of the actors and their independence are not. This might allow more bargaining, especially in the Council, but before being able to judge this there are other open questions to solve in order to analyse the scope for bargaining more clearly: e.g. the character of the work programme – does it allow bargaining and is it in itself a package deal, i.e. is its content composed in a political way? Another open question is the actual position of the secretariat and how far its important position in the procedure allows it to follow this interests – especially in the context of NGO-accusations of it being too close to the World Bank. A certain weak point in this context is the low level of transparency – only certain NGOs are allowed to attend Council meetings, project papers are published at a late stage and official documents contain little information. This not only furthers accusations but also allows for bargaining that cannot easily be detected.

It could be demonstrated, though, that despite the open questions and possible weaknesses of the CDM and the GEF, both procedures possess great potential for allowing a decision-making that leads to better results.

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