

## Good Governance through Procedures? Analysing the Global Environment Facility's Accountability Structure

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### **Abstract**

*The paper will explore the institutional setting of the Global Environmental Facility (GEF). This international regime is a fund that finances environmentally friendly projects in developing countries – it combines the issue areas of environmental and development policy. This specific problem structure has led to a very complex institutional arrangement: The GEF involves environmental conventions like the UNFCCC and the CBD, as the GEF serves as their financial mechanism, as well as expert bodies, political bodies and implementing agencies like the World Bank. These very different actors all pursue very different interests. However, funding not being based on problem-adequate decision-making but systematically on these parochial interests would present a worst-case scenario for an institution like the GEF.*

*The paper explores how these possible problems are dealt with in the GEF: How are the diverse actors integrated into the system? Do they manage to work together in order to ensure the effective functioning of the GEF? The central thesis is that the specific arrangements of the accountability-structures can explain the functioning of the GEF. For this purpose, an accountability-concept is developed to use as analytical frame, and it is explored how accountability can contribute to the achievement of good governance. The framework will be based on the two main purposes of accountability – securing quality and preventing abuse of power.*

*In a second step the GEF's accountability-structure is analysed in detail. It is explored which actors are kept in line effectively, which aren't and why that is the case, so that an assessment of the GEF's good governance performance can be attempted. The thesis is that the results are rather mixed, because the accountability arrangements are partly too numerous and partly too few. After identifying strengths and deficits, the paper will attempt to suggest possible remedies in form of improved accountability relations.*

### **Introduction**

This paper will explore the complex and innovative institutional setting of an international regime – the Global Environmental Facility (GEF). The GEF is a fund that finances environmentally friendly projects in developing countries. This specific problem structure has led to a very complex institutional arrangement: the GEF involves environmental conventions like the UNFCCC and the CBD, the GEF serving as their financial mechanism, as well as expert bodies, political bodies and implementing agencies like the World Bank. These very different actors all pursue very different interests: first, there is a conflict of interest between donating and receiving coun-

tries, second, the implementing agencies compete for projects and funds, third, each convention wants the GEF to follow its criteria, and fourth, there are problems harmonizing the aim of environmental protection and development, which is manifested in contradicting criticism from environmental and development NGOs. The GEF has to reconcile these interests and aims. However, funding systematically based on these parochial interests and not on problem-adequate decision-making would constitute a worst-case scenario for an institution like the GEF. The paper explores how these possible problems are dealt with in the GEF: how are the diverse actors integrated into the system? Do they manage to work together in order to ensure the effective functioning of the GEF? Can the GEF decision-making system assure good governance?

The GEF is not only innovative in its inclusion of different actors and in its institutional logic. Its decision-making system leads to a unique arrangement of accountability relationships. The central thesis of this paper is that this arrangement of accountability-structures can explain the functioning of the GEF. Accountability of international institutions is currently a much discussed issue. It has not only become a catchword for NGO-activists, but has also received attention from political scientists, e.g. when considering the World Bank (Woods / Narlikar 2001), discussing the legitimacy of international institutions (Held 2005) or as feature of “good governance” (Keohane 2003). While there have been first attempts to categorize the different approaches (Grant / Keohane 2005), the concept will have to be explored in more detail in order to use accountability as an analytical instrument. This will constitute the first theoretical part of the paper. The paper will establish accountability as the central mechanism that allows binding all actors to the cooperation project, while at the same time reducing the legitimacy problem. In this context, the importance of rules and standards, according to which the actors are held accountable, is analyzed. In a next step, concrete institutional arrangements of accountability and conditions for their effectiveness will be presented, by exploring different institutional designs and ways of organizing delegation. It will be shown that within a working accountability-system, the actors are forced to cooperate, to keep to commonly agreed upon criteria and to allow certain actors their influence. Through this mixture of control and empowerment “good governance” is – if not ensured – at least enhanced.

The second part of the paper will analyse the GEF’s accountability-structure in detail. The framework will be applied to the different actors and to the different levels of decision-making: that of norm-formation and that of norm-application at the project level. It will explore whether the single actors are kept in line effectively and if not, why that is the case. After identifying strengths and deficits, the paper will attempt to suggest possible remedies in form of new, improved or rearranged accountability relations.

### **Good governance of institutions**

Complex issues like environmental problems or development policy are long-term problems. They cannot be solved effectively by a simple negotiation forum consisting of states; processing all the information needed for environmental projects and harmonizing all the states’ interests

would simply take too long and would be ineffective. Delegating decisions or decision-preparation to other bodies is the usual way this dilemma is treated, by establishing committees, working groups and boards in a “specific subset of policy issues” (Weingast / Marshall 1988, 143). This implies that complex institutions might be “better” institutions for a certain kind of issue. However, in order for states to agree to delegate competences and authority to institutions, these institutions must at least not systematically set them off worse than the status quo (Hawkins et al. 2006). In the overall calculation, the institution must pay out for the states – the costs of setting it up, of funding it and of the loss of authority through delegation must be worth it. Demands for “good governance” in institutions however do not only come from states, but also from societal actors demanding greater efficiency and sometimes legitimacy (Woods 1999). But what exactly is meant by an institution with “good governance”? The two main claims of the concept of good governance are effectiveness and the prevention of abuse of power. These two claims have to be discussed in detail.

Effectiveness in its very basic meaning is about the institution fulfilling the purpose it was set up for. That is, it refers to the effectiveness of the institutional outcome (what Scharpf calls output-legitimacy; Scharpf 1999). This very important feature consists of different aspects. First, it requires problem-adequate decisions. These are furthered by a) inviting and respecting expertise and processing it fairly (Woods 1999). b) Problem-adequate decisions can hardly be taken by systematically letting the strongest interest win the bargaining battle (Elster 1998). Furthermore, successful institutions have to deal with preference-inconsistency between the long-term interests (e.g. solving an environmental problem) and short-term interests (e.g. boosting the economy), which is also more problematic when interest-based decision-making is a regular mode. The second feature of effective institutions refers to financial efficiency and decisions taken timely.

Talking about the problems of interest-based decision-making leads to the other basic claim already mentioned: if any actor in the institution is able to use her power in order to regularly achieve advantageous decisions, the institution will hardly be considered well governed. Abuse of power can occur in different forms and has different meanings in this context. First, it can be used in what principal-agent theory calls “agency shirking” (Pollack 1997, 108). The institution loses contact to its creators and its purpose and develops its own interests. Second, single states or groups of states can be formally over-represented or have informally more power in the decision-making process than others. Thus, the institution must allow some kind of balance of power and fairness. The decision-making procedure must prevent the actors from using the power they actually possess. Third, the whole institutional system may misuse its power towards those affected by its decisions (Woods 1999). For example, the institution may be too technocratic and disregard political realities, or not take into account the effects an environmental or developmental project has on the people living there. Furthermore, there is a widespread debate demanding greater legitimacy from international institutions. Although legitimacy can be conceptualized differently and is analysed in a whole string of literature itself (e.g. Scharpf 1999, Held 2005), and it is questioned whether inclusion alone can reduce the legitimacy (Scharpf 1999) and even whether the same standards of legitimacy apply in an international context, several authors do see inclu-

sion as one important point among others (Held 2005; Scholte 2004). Thus, the institution must allow the affected some kind of participation, either in decision-making or in form of a complaint mechanism.

All these demands can only be fulfilled if the decision-making system can be characterized by legalization (Abbott et al. 2000). Legalization has two aspects: procedural legalization assures procedural fairness, as the process of decision-making is reliable. Substantial legalization refers to the establishing of standards and criteria, according to which decision-making has to occur. These are needed, too, as they can contribute to the prevention of power-abuse (Woods 1999), as well as giving an indicator for what constitutes problem-adequate decisions (Gehring 2004) – if it can be assured that the criteria are established objectively, and if all actors involved are bound to the criteria through the procedure.

While the above mentioned aspects of good governance are difficult to assess in an empirical study, the procedures and criteria it works with can be analysed. And as a certain arrangement of procedures and a certain kind of criteria further the possibility of achieving “good governance” results, this indicator is central to the study. The next step will be to discuss what mechanism is needed to further good governance.

### **Accountability as the central mechanism**

In order to ensure these two central claims of good governance in procedures accountability arrangements are needed. Through accountability arrangements the actors are bound to each other. The two main aims of accountability are preventing the abuse of power, as well as ensuring the quality of decisions (Grant/Keohane 2005, 30). Furthermore, as accountability is a procedural feature, it fits with the aim of analysing decision-making procedures. However, the idea of accountability first needs to be discussed, in order to establish a manageable concept for analysis.

A consensus-definition of accountability does not really exist. Although the term is used in many contexts, accountability remains an “underexplored concept” (Schedler 1999, 13). A glance at some definitions allows for an oversight of the main features of accountability:

“An accountability relationship is one in which an individual, group or other entity makes demands on an agent to report on his or her activities, and has the ability to impose costs on the agent.” (Keohane 2003, 139)

“What we mean by accountability is that one official or organization is required to explain and justify its actions to another body or authority, according to specified criteria, where the body or authority, to which account is given, normally has the power to take remedial action when criteria are not met. The main point of accountability is to ensure that the primary institutions of government perform their functions properly according to legal and other relevant standards.” (Galligan 2001, 31)

The slight differences in the definitions are mainly shifts of the emphasis. This is due to the different theoretical backgrounds they were taken from. Despite these differences, the main features are the same in all uses of the concept: accountability refers to the need of defending ones actions. In general this includes answering to another actor (the accountability-holder) that can in

some way or other scrutinize behaviour and decisions of another actor. If the accountability-holder is not satisfied, this entails some kind of consequences. This means that accountability-structures imply a kind of power-relationship (Grant / Keohane 2005, 29). The overall purpose of accountability structures is “to maintain a system in a certain range of desired states” (Lodge 2004, 141). Following from these explanations, the main questions concerning accountability are the following: who is accountable to whom and for what (and when thinking further this should also include with which consequence). These first two questions are answered differently in the different debates found covering this concept. For this paper I will concentrate on the most important discussions.

First, accountability is a classical theme in democracy theory. How the elected representatives can be held accountable to the people is explored by many authors. Accountability is set up to prevent or remedy two kinds of cases: illegitimate use of power by elected leaders or decisions or outcomes considered in some way “bad” (Grant/Keohane 2005, 30) – thus referring to two features of good governance identified above. When debating democratic accountability, the answer to the question “to whom is an actor accountable?” is normally “the people” as the sovereign. However, a constituency is made out of very diverse groups and public opinion is a very fickle thing. Thus, in order to be able to govern, a government also needs stability. This leads to a trade-off between the two main aims – assuring performance and preventing power abuse. The consequence is that, apart from direct democracy, a dilemma arises how to control politicians while still allowing them enough autonomy to govern, that needs to be solved by accountability structures. Accountability for use of power, or accountability for fairness (Behn 2001, 9), can intervene with accountability for performance, as some actors need a certain amount of freedom in their use of power in order to perform efficiently (Behn 2001, 10). One solution is to focus on the processes for fairness (Behn 2001, 12), that is on the following of procedures and rules, because both aims of accountability require a norm for what exactly and against what criteria the office holders are judged. Clear and stable procedures and rules were also one of the features of good governance identified above. This, however, needs to refer to the arrangement of accountability mechanisms as well: there need to be procedures that clarify who is accountable to whom at what time, and these procedures need to be stable. If the criterion of preventing power abuse is to be fulfilled, then the procedures will also provide for rules under which conditions accountability is allowed to be requested, thus also binding the actor asking for accountability. If that were not the case, then accountability would simply open up new power relations, that would enable decisions based on this power.

Second, in a less abstract discussion, accountability plays an important role in public administration discussions. Already in traditional principal-agent discourse one problem discussed was how to ensure that the agent is accountable to the principal (Pollack 1997; Majone 2001). The solution in this context is usually seen in vertical accountability mechanisms that enable the principal to control the agent and punish him through budget and personnel means. The emphasis is on control, not on autonomy, and on criteria of performance and probably financial efficiency. However, as discussed above, too much control from actors with political interests can be dangerous

for achieving good governance. In so called “New Public Management” new ways of organization are more and more common, e.g. by establishing so called agencies for regulation. Furthermore, networks and governance cooperation are called into being (Scott 2000) and administration is restructured to be more business-like (Ingraham/Romzek 1994, 3). As the new forms of regulation answer a need of increasingly complex societies, the traditional forms of vertical accountability are obviously not sufficient anymore (Bovens 2007). In network structures, it is no longer straightforward who is accountable to whom (Scott 2000, 46). The narrow definition of vertical accountability to the actor higher in rank, or the principal, is gradually widened in order to incorporate new structures. Accountability in these new governance structures is discussed in two different aspects.

The first is a rather normative debate focusing on what these institutions are accountable for. Only for their performance or also for their procedures and for their fairness? Many authors see the solution in enhancing performance accountability (and thus output legitimacy), as one of the reasons for creating such institutions is greater efficiency and credible commitment (Scharpf 1999; Majone 1999). However, as there are several connections between accountability for power and fairness and accountability for effectiveness, both aspects need to be considered. For instance, when accountability for power is ensured and no actor can misuse its power, the probability of resorting to a problem-solving mode of decision-making, thus contributing to effectiveness, is enhanced. Furthermore, for several kinds of decisions the support of the affected is needed, so that they can be implemented efficiently.

This discussion leads to the second aspect under which accountability is discussed: to whom is the public administration accountable? Complex institutions will be involved in multiple accountability environments, as they are made up of different actors (Ingraham/Romzek 2003, 6; Kearns 1996, 3). The accountability to political principals like the legislative is direct, as the agents have been founded for a certain purpose with a certain mandate, and despite all the independence and autonomy they possess, they need to remain inside the boundaries of this mandate. Here, too, clear rules for political accountability need to be established, thus binding the principal through legalization. However, regulatory institutions, both the agency and the network governance kind, are often accused of a lack of democratic legitimacy, and claims for enhanced democratic accountability are raised (Papadopoulos 2003, 477). If those affected by the regulation have no possibility to make themselves heard and noticed, a feeling of estrangement may prevent cooperation (Papadopoulos 2003, 479). Yet, several regulations are only efficient when the affected cooperate. They may also be those with important information needed. Thus, participation-features will need to be established for a satisfactory performance and accountability for fairness is needed to ensure the following of these rules. This link to the citizens is more indirect and less easily managed. It can mean either an ex-post accountability through complaints, or it can mean ex-ante accountability by including the public in decision-making, e.g. through consultations. While the institution should not be prone to every change of public opinion, it may also not work systematically and continuously against their will.

In complex institutions, however, there are further changes in the accountability structure. In network structures or structures dividing decision-making on several actors, another form of accountability arises. Vertical accountability does not make sense for these arrangements, as the single actors need to work together to keep the system functioning. This establishes a kind of horizontal accountability towards other actors in the governance structure or between equals. That does not mean that they have to be equal in power, but that they have a specific function and that they are independent of one another in that function (Schedler 1999, 24). Thus, the single actors working together on a decision-making chain are accountable to one another. The question here is just which consequences deviation has. Can one department “punish” another for non-cooperation? In theory, this is imaginable. In practice, it will depend on how costly a blockade is and in some cases how quickly the higher ranked principal acts, either on his own account because he is not satisfied with the performance, or as a reaction to complaints. Bovens stresses that the actors involved in one of these new accountability relations don’t even have to have formal powers. He specially refers to arrangements where an external actor has a kind of oversight function, like e.g. an ombudsman (Bovens 2007, 110). This mixture between hierarchical and horizontal accountability is called diagonal accountability, and has the same effect because it also requires answers and reports.

Again, in order to prevent abuse of power through accountability, there need to be standards and procedures, according to which accountability can be demanded. In that case, the accountability holder is also bound to rules. Accountability can be imagined without these standards and rules, however, if it shall contribute to good governance, then legalization in form of criteria and procedures is necessary. Especially in horizontal arrangements the power relation opened up through establishing accountability between actors cannot be misused.

The consequence of this discussion is that the “narrow” view on accountability needs to be expanded by a “broader” perspective (Kearns 1996, 38). This also includes that accountability can be internal to an institution or external, referring to a broader range of actors, e.g. the public. The combination of these relationships to a complex decision-making system will enhance the possibility of the institution’s good governance. The internal accountability seems to be more important, as it contributes to problem-adequate and efficient functioning of the institution. On the other hand, constant neglect of the external dimension will lead to problems in the long-term. For example, continuing criticism of the World Bank finally led to the creation of the Inspection Panel (Gehring/Kerler forthcoming).

However, the inclusion of different kinds of accountability lines increases the potential of conflict between the different accountability holders (Kearns 1996, 35). The main dilemma is the balancing of control and autonomy (Scott 2000, 38). Another feature of accountability in complex governance systems, especially multilevel systems, that occurs is “redundancy” (Scott 2000, 52). As so many actors are involved, and many accountability relationships occur, one actor will find itself enclosed in several mechanisms at the same time. E.g. funding by EU and national sources will lead to audits by both actors (Scott 2000, 54). While this on the one hand ensures account-

ability, it raises the question if too much redundancy hampers the autonomy of actors and efficient decision-making, or if there even is a trade-off or neutralization between the different mechanisms. Thus, when analysing the accountability environment of an institution, the formal lines of accountability are only one part of the story. The really interesting point is to see how the institution manages the different demands – how the accountability structure forms its behaviour. The peculiarities of the international system and of international regimes will play a role in this case, so I will first discuss them.

### **An accountability-concept for international institutions**

Against the backdrop of these discussions another debate takes place: that of accountability in the international arena. On the one side the debate focuses on the accountability of the globalized international system itself (Held 2005) on the other side it focuses on the systems of global governance arranged in it, especially international organizations and regimes (Scholte 2004; Fox/Brown 1998). That accountability-analysis allows for the identification of the most important actors and their influence, as well as the relationship between all actors involved, is an idea that is accepted also for international regimes (Demirag 2004, 20). The normative aspect of this discussion focuses on the idea that because of the widening asymmetry and incongruence between decision-makers and decision-takers, the traditional vertical accountability arrangements linking the organization to the oversight of the states is no longer sufficient. The accountability chain connecting international arrangements via national governments to the people is very weak (Scholte 2004, 211), thus many institutions have been criticised for being not accountable enough (see e.g. Woods/Narlikar 2001).

Despite the usefulness of the national and philosophical debates, the singularities of the international system may not be left outside. First of all, while some factors from the debate on accountability of the global system may be relevant (e.g. the fact that accountability of institutions extends to more than just the states), international institutions are not to be compared with national democratic systems (Kahler 2005, 11). All tendencies to make international institutions accountable to the public, or turn them into representative institutions, must be void, because there is no such thing as an international society that can be represented or enter into a true democratic discourse (Scharpf 2000, 103). Thus, the international public interests can only be partisan interests. The accountability can only refer to certain groups affected by decisions. As explored above, democratic accountability in the nation state has difficulties achieving this quality – how much more difficult must it be internationally? Even furthering majority votes in international institutions would presuppose a global “demos” with some kind of common identity, ensuring that the needs of minorities are not systematically overturned and enabling a common discourse on which basis decisions could be taken (Dahl 1999). Thus, the ideal of democratic accountability is not a useful debate to use on international institutions, however, other accountability arrangements with their twofold purpose – securing a “good” output and preventing misuse of power – are needed to further the good governance of institutions (Kahler 2005, 9).

What can we learn from the debates explored above? In the international arena, the question of *what the actors are held accountable for* is basically answered as in the national debate: performance and misuse of their power, or fairness. The balance of autonomy and control is as difficult in these circumstances as in any other, only that in many cases control in the sense of imposing consequences might be even more difficult. This is because the question *to whom the actors are accountable to* is more complex.

With the input-dimension weakened in the international arena, the output of the institution, its effectiveness, returns into focus (Scharpf 2000). Institutions derive part of their legitimacy from receiving delegated authority by states, and as a consequence will always be politically accountable to states (Kahler 2005, 12). States are not prepared to continue upholding an institution when it does not act in the overall (maybe rather long-term) interest of a majority of states and the most powerful states. These states have an exit option, when international institutions do not fulfil their role. Furthermore, states can change the mandate and working conditions for an institution. These changes are not necessarily easy, as they involve agreement between the states, but in principal the states are the most important actors in the international arena and are able to act autonomously (Kahler 2005, 17). Agreement between the most powerful states to change an institution will lead to action. Thus, accountability to them is important because of the mere existence of the institution. In this context, there are two remarks to be made when thinking of the accountability of international regimes towards states: first, it must be accepted that the accountability gaps identified may be deliberate – else the powerful states could protest and insist on institutional changes (Kahler 2004, 17). Second, in international politics the heterogeneity of principals is even more obvious than in national politics (Ferejohn 1999, 149). The different interests of the states have to be reconciled before they can take a common action and impose consequences on a deviant international institution.

While accountability to states may not be neglected, there are convincing reasons for not limiting accountability to this relation. As those affected by decisions in international institutions, firms or people, do not have the exit option, accountability to them is important from a normative point of view. However, mere inclusion cannot be the answer to the problem, as enhancing the number of stakeholders or even veto-players will lessen the efficiency of the decision-making (Keohane 2003, 141). Thus, while it makes sense to include consultation phases in decision-making and even refer the right to request a well-reasoned review to NGOs or other public actors, it has to be carefully discussed in every single case whether further inclusion makes sense.

This last argument leads to focusing on another kind of accountability. While the above discussion refers to the accountability of the institution as a whole, we also have to look at the relations of the actors within the institution. A growing number of regimes consist of a complex institutional setting that often is made of a decentralized decision-making system. Furthermore, regimes increasingly act in a governance field: the states are not the only actors relevant in the particular governance field, other actors emerge, regimes for similar policies are founded, so that cases of interlinkages increase. Additionally, the inclusion of actors like experts, NGOs or lobby organisa-

tions that are not necessarily democratic actors, or at least legitimized by a state, actually requires a discussion of whom these actors are accountable to. Again, examples for this can especially be found in environmental institutions, like the Multilateral Fund of the Montreal Protocol or the Clean Development Mechanism of the Kyoto Protocol (Gehring / Plocher, forthcoming). The actors in these complex institutions need to work together, thus, they are involved in horizontal, sometimes diagonal, accountability relations. These are necessary to ensure that the procedural rules are followed and can also enhance the effectiveness of the international institution. Thus the main point is about the operation of the complex institutional arrangements, about whether they allow accountability (Bovens 2007, 106). After analysing different decision-making procedures we will be able to conclude which institutional arrangement allows that kind of accountability that has the biggest prospects of furthering good governance.

### **Accountability Arrangements in Different Procedures**

This section will proceed with establishing different institutional setups, analysing what kind of accountability mechanisms can be found in them and then trying to establish hypothesis about their contribution to the fulfilment of good governance requirements. As this paper is about complex institutions and regimes, arrangements consisting of only a negotiation round are not included in this analysis, only arrangements that consist of at least one form of delegation. In case if international institutions this consists of states willing to cooperate delegating competences and tasks to newly formed bodies, e.g. secretariats, expert groups, executive bodies, regulatory agencies or complaint panels. As the institution is part of a cooperation project, the principal body, mostly the Conference of the Parties, is a collective body in which the single states can have very different interests. Every action this body takes may be subject to negotiations and the principal might be slow to act.

Giandomenico Majone has analysed different ways of delegation and established two formative logics of delegation – the agency and the fiduciary relationship (Majone 2001). The agency logic of delegation is what classical principal-agent theory has dealt with: a principal gives some of its competences to a different body, the agent (Weingast/Marshall 1988; Calvert/McCubbins/Weingast 1989; Nielson/Tierney 2003). This enhances specialisation and effectiveness. Furthermore, jurisdiction and responsibilities are defined more clearly (Pollack 1997, 104; Weingast/Marshall 1988, 144) and compliance can be monitored more easily as agents can be assigned the task of monitoring (Pollack 1997, 103f.). Agents are expected to act as the principals would have done in their place. The accountability relation in this form of delegation is strictly vertical and hierarchical, and remains internal between actors directly involved in the system. It stresses control, and leaves the agents hardly any autonomy. As a consequence, the political debates and interests the international conference of states as principal is subject to, will be mirrored in the actions of the agent. The decision-making will not systematically be problem-adequate, as the interests of the stronger states will prevail. It is, however, possible to design decision-making in a transparent and equitable manner, and even allow for some mechanism of consultation or com-

plaint in order to include those affected by the decision, as is the case in the EU or with the World Bank's Inspection Panel.

Delegation according to the fiduciary logic consists of creating an agent independent of the principal and endowing it with a great degree of discretion. The European Central Bank is a classical example. The principal does not have close control over the agent and cannot intervene in single decisions. The main purpose of such bodies is to solve the problem of credibility and inconsistent preferences (Majone 2001). The independence of bodies designed to have different interests than their principal serves to ensure the credibility of long-term commitments.

The accountability arrangements in this kind of delegation are more complicated. The agent is not as much under control of the principal, its autonomy is stressed. This raises new questions of accountability, as the agents in a fiduciary relation still have to be responsible for the overall project somehow. This is best done by providing the agent with standards and procedures structuring its work. Thus, the principal cannot intervene in the regular operations of the agent, but hold it accountable when it doesn't comply with the rules (Majone 1999, 10), thus providing internal vertical accountability. This accountability is important, as states as the predominant actors in the international arena will not give up all control. Practically, states, especially powerful states, could still change all arrangements or choose not to support the institution any longer. "Any attempt to impose too rigid a system of accountability would not survive the complexities of international realities." (ILA 2002). As long as this does not interfere with everyday decision-making but only concerns the mandate and far-reaching political decisions, this political accountability is legitimate and does not interfere with good governance. The exact arrangement determines how much influence states have in reality.

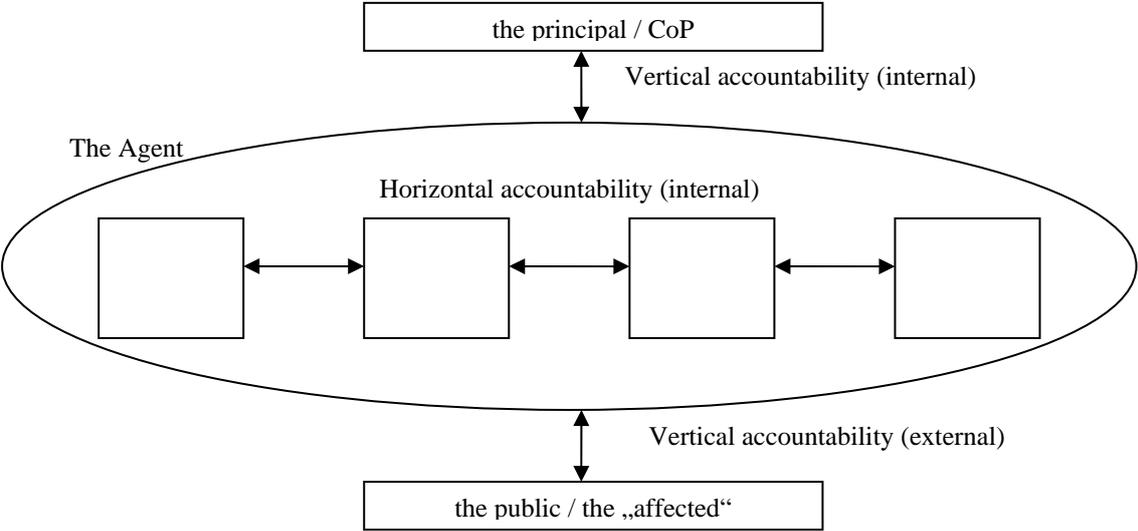
Through excluding interfering short-term interests of their principals and enhancing the importance of expertise, it is a structure that prevents decisions from being politically skewed. Furthermore, this kind of institutional structure also meets the requirement of efficiency and specialisation. It can be designed to be transparent, as well as to include positions of the civil society, the latter is even easier here than e.g. with consultations before a conference of states. However, while the possibility for problem-adequate decision-making is enhanced, it is not ensured. While the following of procedures and standards might be enforced, it is not guaranteed that the decision-making is problem-adequate, uses the best information available and is objective (Gehring 2004). The problem of agency capture might still occur, and the principal can only intervene when greater problems occur, under the condition that the states can agree to do so.

So the question is what kind of decision-making system can address this problem? It needs to be a system where the decision-making is divided onto several actors and the single actors are dependent on each other, so that they peer review their decisions and need to give reasons for them. This can be designed in a functionally differentiated procedure, creating a specific form of divided labour. Different bodies deal with different aspects of a decision to be taken – e.g. a scientific panel deals only with the scientific aspects. A decision is not under the control of one particularly important actor or body any more, it emerges from collaboration of all actors and bodies

involved (Gehring 2004). The result is a staged decision-making that is dependent on the contribution of every body, a decision-making chain. Thus, in non-hierarchical delegation every subsystem theoretically has the same importance and a genuine system of checks and balances without a coordinating centre is established. Through this dependency the single bodies are forced to work together. The existence of common standards and procedures that function as a point of reference will simplify this demanding mechanism.

The accountability environment at work in this institutional arrangement is really complex. As the actors in a functionally differentiated procedure are accountable to each other, they are involved in a horizontal accountability relation that is internal to the system. They need to answer to each other, and while there normally is no means to impose punishment in this arrangement, there will be consequences of not working up to expectations – the malfunction of the whole system. When the actors on the agent-level do not perform accordingly, the principal still has the regulated power to intervene, as the internal vertical accountability, although restricted, is still existent. Furthermore, in a functionally differentiated decision-making procedure, the public can be included more easily. For example, there could be one stage in which consultation takes place, or a complaint mechanism, that allows for this kind of external vertical accountability.

**Figure 1: Accountability in functional differentiation**



This institutional setup has the potential to contribute to most of the features of good governance identified in the first section of the paper: it removes decisions from short-term political interests, it enhances the possibility of problem-adequate decision-making through peer accountability, it ensures procedural fairness and stability and the following of standards, binds all actors through rules and even allows the public or those affected by the decision a voice.

Summing up this debate and the debate on accountability in general gives us a model for a concept of international accountability: different forms of accountability fulfil different functions. Some governance structures can be more efficient when they are removed from the day-to-day

political quarrel. The vertical accountability between principal and agent will then be reduced to demanding accountability for effectiveness of the overall institution and for fairness in the sense that there will be consequences when the institution does not follow its own standards and procedures. This accountability mechanism will generally only be activated when the mechanisms on the level of the agent are no longer sufficient, in order to ensure the regime works within its mandate. The consequences the states can impose on deviating actors are generally in the form of a change of mandate and criteria, but can also be of a financial or personnel kind.

Within the institution and on the horizontal level procedural fairness is ensured through horizontal, maybe diagonal internal accountability mechanisms, thus contributing to effectiveness through enhancing the probability of problem-adequate and objective decision-making. This includes accountability to peers and experts. Another possibility is designing a body for monitoring, reviews or complaints, even a quasi-judicial body on that level that oversees the compliance. The consequences here can be a blockade of the institution, when the single actors do not work together, as well as a loss of reputation amongst peers. In case of a quasi-judicial body, it depends on the rules. Thus, even when political accountability is reduced, there still is accountability.

Last but not least there also need to be external accountability mechanisms that allow some kind of responsiveness to the affected, quasi as a last resort, ensuring support of the institution, as well as contributing to information needed for decision-making, and answering a normative demand. This form of accountability will concentrate on fairness (like the Inspection Panel of the World Bank), although demanding more effectiveness is also thinkable, e.g. in regulation. The consequences of not complying in this case may take the form of protests, often costly as the cases of Genoa and Seattle show, or can lead to the inefficiency of projects by the institution. It may also take the form of complaint – if there is a body provided for that purpose – or of lobbying the states to change the institution.

At the same time, these agents need to be held together by mechanisms and rules, criteria and formal procedures being the point of reference for accountability. The following of the procedures and criteria – the legalization – are secured, and depending on the quality of the latter, effectiveness and problem-adequacy can be furthered by this. However, as the accountability arrangements are so complex, they have to be spelt out clearly and have to underlie procedures, too. It has to be clear who may demand accountability from the actor in which cases, and who will prevail in case different actors have different demands, and whether the demands are based on the same standards. The more complex and the less clear the relations are, the more effect it will have on the efficiency of the institution. Furthermore, a possibility for the accountable actor arises to play off the different accountability-holders. When several claims are presented to him, he will always find one with which he can justify his actions (Stiglitz 2003, 112). Accountability will ensure procedural fairness and the following of standards, but it will do so more efficiently and fairly, if it underlies procedures and standards itself. This will bind every actor involved, the accountability giver and the taker, and prevent bringing in new bargaining power through accountability. Because of this, when analysing the accountability environment, it is necessary to

look at formal procedures found in the official mandate and other documents, as well as at informal practices that might reveal more about the actual balance of power. In a next step, the Global Environment Facility will be analysed according to its accountability features.

### **The Global Environment Facility**

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. Amongst others, the GEF serves as financial mechanism for the United Nations Convention on Climate Change (UNFCCC) and for the Convention on Biological Diversity (CBD) and assists developing countries in meeting their obligations under these conventions. This is done in form of projects that are financed by the GEF and have to pass through a project cycle before they are registered. The Global Environment Facility thus combines two issue areas – development and environment – for both of which good governance is important. These two issue areas may also deeply affect the lives of people directly, depending on the type of the project, and the support of those affected is necessary so that the projects can be efficient. It is also an institution often criticised for deficits in good governance (e.g. Young 2002, Mathews 2005). Recently the GEF is undergoing dynamic changes, as the so called Resource Allocation Framework (allowing allocation of funds to countries) has come in to being and the Sustainability Compact has been initiated. The latter is supposed to “revitalize” the GEF by making it more “strategic, innovative, equitable, accessible and focused” (CEO Monique Barbut on [www.gefweb.org](http://www.gefweb.org)), for example by streamlining the project cycle in order to reduce the preparation-time a project needs. Thus, after first exploring the accountability logic of the GEF, it can be more easily seen how the GEF features in achieving good governance.

As every funding institution, the GEF is prone to conflicts between donating countries and receiving countries (Gupta 1995, 25ff.), which in general comes down to a north-south conflict. 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 are interested in more freedom in how to use the money. For example, the southern countries have complained about the strict interpretation of the criteria (Werksman 2004, 42). This makes it difficult to establish for what the institution is accountable – depending on who is asked, different answers might be given. Thus, every body consisting of state representatives could be prone to bargaining about these conflicts and not refer to problem-adequate arguing. So basically there are two levels of decision-making that need to be distinguished, as they involve different actors: the upper level of policies, criteria, project types and categories, and the lower level of the projects themselves. I will first present the main actors on each level and the overall logic of its functioning, before going into detailed analysis of the accountability-mechanisms.

On the upper level the GEF Conference of Parties, the Assembly, is an actor that however only decides on changes in the main treaty establishing the GEF, the Instrument (GEF 2004, Instrument for the Establishment of the Restructured Global Environment Facility). Furthermore, the

Conventions issue guidance on what kind of projects are eligible so that they fit into the scope of the conventions (Instrument Art. 26). The Council of the GEF is the body that decides on all policy matters concerning the GEF. In the Council, the negotiations on Replenishment of the funds are held every four years – in general the donating countries use all their bargaining power to enforce as many of their policy interests as possible (Young 2002, 131f.). It also decides on project categories – which of course have to be consistent with the Conventions’ wishes – and through the new Resource Allocation Framework it has considerable influence on funding as according to precise criteria it decides on how much funding every country is eligible to, according to their environmental importance and their ability to conduct efficient projects. When the overall distribution is decided on, the states still have to present specific projects that still need to get registered according to the project cycle. The Council consists of 32 members, representing constituencies formed by several countries (Instrument, Art. 16), – in general politicians from different ministries (Young 2002, 92). There are 16 constituencies from developing countries, 14 from developed countries and 2 from Central and Eastern Europe. The donors are represented according to the funds they provide, which gives those providing more money more influence (Instrument, Art. 15). This is also mirrored in the voting procedures. In case a decision cannot be taken by consensus but only by vote, double weighted majority is needed: 60 percent of the total number of participants and 60 percent of the total contributions. As there are more developing countries than developed countries, 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, although the Council is made up of state’s representatives, the two groups need to find a solution all can agree to, else there will be no decision.

The decision-making on the project level consists of several stages (GEF 2007). A project proposal can come from any entity, but in general they are made by the so called “Implementing Agencies” – the World Bank, the United Nations Development Programme or the United Nations Environment Programme. These Implementing Agencies actually implement the projects and are deeply involved in the preparation of projects. The first step is to fill out the “Project Identification Form”, which then gets reviewed by the GEF-Secretariat to ensure that it is compatible with GEF objectives. There are elaborate standards that need to be followed: each focal area spells out the most eligible project types, additionally, the projects need to meet the requirement of agreed incremental costs. During this phase the project also needs to be accepted by the country it is planned in, and gets reviewed by the GEF Scientific Panel. This, however, is only a short desk review, that is by some criticized, by others found to be generally precise (interview with German Ministry for Development, German Ministry of Development, date 23.8.2007). This helps to avoid Agency resources being spent on projects that have no chance of getting registered. The other Implementing Agencies and relevant Convention Secretariats have the opportunity for comments. If the project concept is agreed to, it enters the so called GEF pipeline, and the CEO considers the inclusion in a work program. Only now projects are published. Projects may receive preparation grants, and if they do not reach agreed milestones, this grant and the whole project may be cancelled by the CEO. There are timeframes in place for these reviews, as

part of the “Sustainability Compact”, in order to reduce the time the projects spend in the pipeline to the maximum of 22 months.

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. In approving the work programme, the Council will provide guidance on how to focus it strategically.

The next 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, ensures that it is still compatible with the draft the Council approved and the final amount of the grant is confirmed. Then the Council again has the possibility to voice last concerns that might have come up during the project preparation. The CEO has the authority to endorse the project or not, and has to take any concerns voiced by the Council into account. 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.

During and after implementation, evaluation reports need to be set up and submitted to the GEF secretariat. The secretariat sets up an Annual Monitoring Review. Furthermore, the GEF Evaluation Office will review the final monitoring report. This body may also decide to conduct a thorough review of the project.

### **Accountability relations in the GEF**

In setting up the GEF in this way, the states have delegated a lot of authority from the Assembly and the Convention CoPs to other bodies. However, it cannot really be said that they established a genuine relation of fiduciary delegation, as the Council, the main body of the GEF, is made up of states. This political body has an important function on two levels. On the policy level it is the main actor as it transforms guidance into workable criteria and decides about the replenishment. The project level however is functionally differentiated, as could be demonstrated above, and the Council is one of several actors. Thus, when analysing the accountability structure of the GEF, both levels need to be analysed, as well as the mechanisms linking the two levels.

On the upper level, the question is how it can be assured that the system, represented by the Council as the most powerful actor, fulfils its purpose of effectively contributing to the aim of the Conventions for which it serves as financial mechanism (Young/Boehmer-Christiansen 1997, 196). Thus, the accountability environment that defines the Council’s discretion will have to be analysed. On the lower level, the question is how the agents fulfil the standards (procedural and substantial) that the upper level has issued. This includes the oversight of the Implementing Agencies as they serve as an initial agenda setter and control the preparation and implementation of the projects (Horta/Round/Young, 2002), as well as the discretion of the secretariat, as it

takes many decisions affecting the registration of projects. Furthermore, the role of the Council within the project cycle – that is of applying the standards – will have to be analysed, too. The discussion starts with the upper level.

As the Council-members are representatives of the states, some states possess more direct influence on the Council. These Council members are accountable to their governments at home, while those Council members representing several states are not subjected to these clear accountability relations. Thus, the representatives of the more powerful Parties can bring in their interests directly and do so. An example is the Resource Allocation Framework that was initiated by the US and pursued also against the scepticism of other members (interview with German Ministry for Development, 23.8.2007). The power of the states has most effect when replenishing the fund. Although not strictly a competence of the Council, the Council initiates the replenishment rounds (about every four years), and then those states paying into the fund meet for negotiations together with the World Bank, the GEF trustee. The replenishment usually is linked to conditions, as the Resource Allocation Framework was one. The donor countries will only give money if they know it contributes to the solving of environmental problems, but this does not necessarily add to the problem-adequacy of the GEF. Although environmental friendliness is furthered, the interests of the donor countries might emphasis certain geographical regions, problems, or Conventions, thus influencing the standard-setting and strategic orientation. Furthermore, it might neglect the other aim of the GEF, the sustainable development of the southern countries.

The Conventions are the next accountability-holders. The GEF serves as their financial mechanism and the GEF-projects need to contribute to the efficiency of the Conventions, thus accountability needs to ensure the long-term problem-adequacy of the use of the GEF-funds as well as their effective use. The exact terms of the relations between the GEF and the single Conventions are found in the respective Memoranda of Understanding. The Conventions issue regular guidance of different specificity to the Council, which ought to take it into account when setting up standards and providing strategic guidelines. This guidance mainly demands accountability for effectiveness. When demanding a change in procedures, then for the sake of enhancing effectiveness and timeliness. The cases where procedural fairness is insisted upon refer to the following of existing standards like the consultations needed in case of biodiversity projects. Specifically, these guidance documents can refer to the general functioning of the GEF, as when the Convention on Biological Diversity “urges the Global Environment Facility to further simplify and streamline its procedures, in consideration of the special conditions within developing country Parties” (Decision VIII/18, CBD) or be more specific to certain types of projects, e.g. when the Convention invites the GEF “To support national and regional systems of protected areas taking into account the targets and timetables in the programme of work” (Decision VIII/18, CBD). The problem is that the Conventions don’t really possess means to enforce their guidance (Wiser 2007, 61).

Still, each of the Memoranda of Understanding contains provisions what shall be done in case of disputes: if a convention party feels that a specific GEF-project is not conform to the purpose or

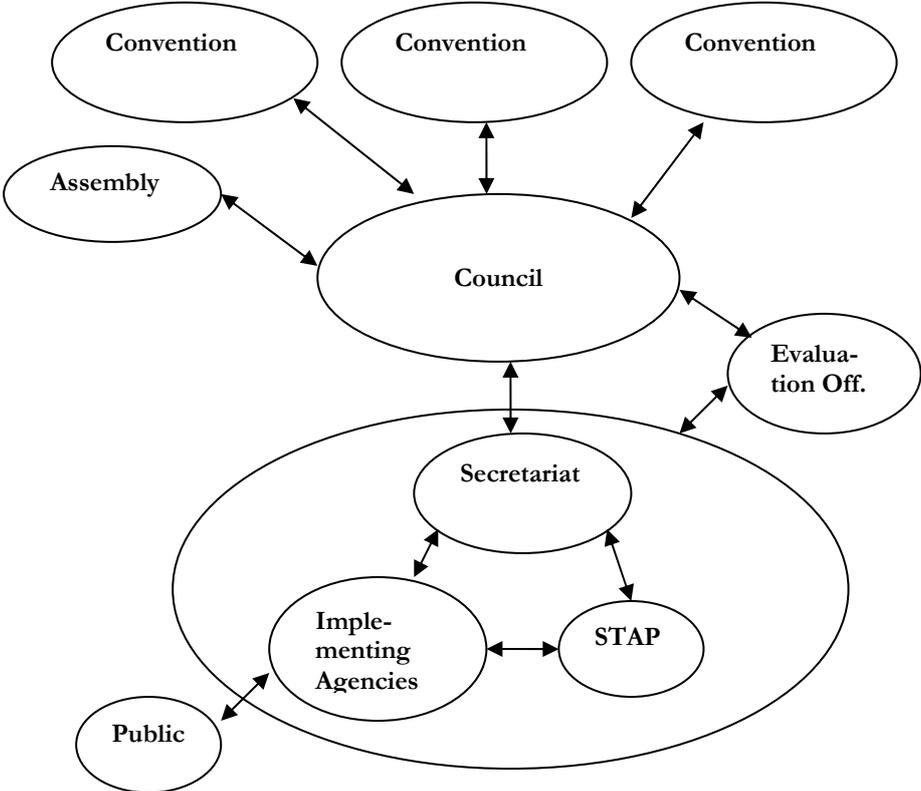
policies of that convention, it can turn to the Convention CoP. This then has different possibilities, ranging from asking for further information (Memorandum of Understanding with the CBD, para 4.2), up to “request the GEF to propose and implement a course of action to address the concern regarding the project in question” (Stockholm Convention on Persistent Organic Pollutants Memorandum of Understanding, para. 6). Thus, while the GEF is even accountable for single projects, the consequences that the Conventions can impose are weak. The mechanism contributes mainly to transparency. However, the constant refusal to follow Convention-guidance and reconsider projects, will probably lead to more serious consequences for the GEF-Council, as the states that are members of the Conventions in general are the same that are members of the GEF Assembly. It follows that when the Council transfers this guidance into useable criteria and standards, it has an incentive to follow at least most of the guidance, and the regular evaluation reports, so called “Overall Performance Studies”, in general conclude that this is the case (OPS 3 June 2005, 73). There is even one case where the GEF approved a project on request of the CoP of the Montreal Protocol (OPS 3 June 2005, 80). Still, several demands are repeatedly found in the guidance documents (and also in the Overall Performance Studies). – e.g. calls for greater transparency, streamlined procedures and easier access for developing countries (OPS 3 June 2005, OPS 2 January 2002, OPS 1 May 1998). All in all, this accountability mechanism can only ensure that there is no constant neglect of the Conventions’ interests, as the enforceability-aspect is missing. Unspecific demands for greater transparency cannot be enforced.

Furthermore, it is not clear what happens when different cases of guidance contradict each other or unwillingly interfere with each other. It could for example be possible that UNFCCC guidance on reforestation projects contradicts CBD guidance on biodiversity in forests. This on the one hand makes it difficult for the Council to follow the guidance and fulfil its accountability requirements, on the other hand it enables the Council to choose which kind of guidance it follows – it will always have a document with which it can justify its actions. These unclear relations and the “double leadership” (Streck 2001, 90) between the Council and the Convention make the GEF less politically accountable and difficult to steer (Young / Boehmer-Christiansen 1997, 21).

The other actor that could demand accountability from the Council is the Assembly. It has delegated most decision-making competences and has only kept the power to change the Instrument establishing the GEF (Instrument, Art. 14). Its responsibility lies in assuring the overall functioning of the Facility. Thus, it is entitled to reports from the Council, in order to give general directions. However, it does not generally do so. It does not impose any consequences, in case it should be discontent with the Council. Thus, the accountability-mechanism of reporting in this case merely contributes to the transparency of the GEF. The comparative weakness of accountability on this level is also due to the imprecise standards. Neither the procedural standards (what happens in case the Council doesn’t comply?) is sufficient to bind and integrate all actors, nor are the substantial standards, as the Council may receive contradictory guidance or trade-off the two goals of environmental protection and development.

This leads to the conclusion that the Council is a powerful actor that is hardly bound in by accountability on the policy level. However, this is easily explained when thinking of the role the states play here: as the Assembly is of minor importance, the Council turns into the body where states can demand political accountability (and from whom political accountability is demanded by member states). The combining of the potentially contradictory aims of environmental protection and development is a political question and the Council needs to serve these different constituencies connected to it (Sjöberg 1999, 53). The strong position is further explained through the complex involvement of so many other actors, including strong institutions like the World Bank that would make the steering of the institution difficult. Formally, the voting procedures of the Council mirror this twofold aim and would allow a balancing, but as a vote never takes place, the donor countries can use their bargaining power better in reality.

**Figure 2: Accountability Arrangements in the GEF**  
 The size of the Circles tries to mirror the importance of the actors



These were mainly vertical accountability mechanisms, linking the Council to the upper states' level. Before analysing the project level, it makes sense to see which mechanisms link the two levels. One was already implicitly named: the Evaluation Office that writes the Overall Performance Studies. Accountability to it is supposed to ensure both problem-adequacy and the following of all the criteria, including those indicating public participation. It is actually situated below the Council who decides upon its four-year work plan and appoints its director (Elements for a New GEF Monitoring and Evaluation Policy GEF/ME/C.24/1), but it is independent and its reports to the Council and the Assembly can influence the Council. This is a typical form of diagonal

accountability, a combination of horizontal and vertical: it is horizontal towards the Council as it is autonomous in its field of activity, but it cannot genuinely enforce consequences, and needs to refer to a hierarchically higher actor for that purpose. At the same time, the Evaluation Office also checks single projects and reports on the effectiveness of project categories, thus is also situated on the project level as one actor in the differentiated system. The Studies also assess how the recommendations of the last Study were followed and thus contribute to the transparency of the GEF. For example, the Third Overall Performance Study classifies the recommendations of its predecessor into 10 areas. In 5 areas it finds sufficient and satisfactory progress in fulfilling the recommendations, in 2 it finds first steps, and it is not satisfied with actions taken in the other areas (OPS 3, June 2005, Annex 3). One of the reasons for the mixed result is that the Evaluation Office cannot force the Council to follow its recommendations. It can only repeat its critique and hope to shame the Council into action, as the hierarchically higher actors, the Conventions and the Assembly, are not able or willing to act against the Council. Again, this accountability mechanism works only through its transparency function.

When looking at the accountability mechanisms on the project level, the picture is rather different. Through a combination of vertical, horizontal and diagonal accountability mechanisms (and a rather weak external feature) power abuse is hardly possible, and problem-adequacy is at least enhanced, as far as the frame of standards set up by the upper level and the Resource Allocation Framework permit. Furthermore, procedural and substantial standards are well defined and provide a point of reference. The first actor on the project level, the Council, has a lot of its influence only on paper. Although it formally agrees to every full-sized project, it generally never discusses single projects (interview with German Ministry for Development, 23.8.2007). Every single Council member may comment on every project in the Work Programme, however, very few do so, and because of this it is also not clear at all how strictly these interventions are followed by the Implementing Agencies (interview with German Ministry for Development, 23.8.2007). The Council does not check every single project because it can expect projects to comply with criteria and be well developed, as they pass through several checks during the project cycle. A high number of actors is involved, each with a different responsibility, although not all have the same influence, depending on the accountability mechanisms they are involved in.

The actors that are more difficult to bind in are the Implementing Agencies. Especially the World Bank is often criticised for being an overpowering actor (Young/Boehmer-Christiansen 1997). The Agencies prepare the projects and thus have an informational advantage that is difficult to meet. The problem is that the Agencies are interested in getting as much money as possible – they are accountable to their members for efficient work as well. Thus, they have an incentive of passing projects as fitting the GEF criteria, and the Secretariat has to examine if that is the case. The Implementing Agencies as project developers and de facto owners are thus accountable to the Secretariat that controls the project. All the documents and reports about the project need to be handed in and are evaluated. Still, a lot of the project preparation is still done behind closed doors, only at a late stage are the documents published, thus hampering the efficiency of this mechanism. However, there is the Scientific and Technical Advisory Panel (STAP) that also ex-

amines the projects during the registration phase. This is only a desk review and results in a rather short comment. Still, it is published with the project documents and requires an answer of the project designers and provides the Secretariat with an additional informational base. The Secretariat thus is able to thoroughly evaluate the projects and prevent that projects not fitting the GEF schedule are registered (whether they are implemented accordingly is a different question). In this sense, the criticism that the Agencies are too powerful is void. What the Secretariat cannot prevent, however, is that the Agencies prefer a certain type of projects or certain regions.

The Secretariat is however accountable to the Implementing Agencies, too, as the decision needs to be well founded and one with which the Agency can work (e.g. if changes are required, they need to be workable), else the system is blocked or at least slowed down. As all actors here are bureaucracies, this type of accountability can be named peer accountability. However, the Council is an actor on this level, too, whom the secretariat is accountable to. The secretariat knows that the Council could examine its work, and it knows that single Council members do, thus it has an incentive to scrutinize projects closely. The Implementing Agencies, the Secretariat and the STAP are involved in horizontal accountability that ensures that no actor can easily abuse its power and it ensures that the standards and criteria are applied, thus contributing to the problem-adequacy of the projects – provided the standards and criteria are appropriate for this purpose. The Council represents a vertical accountability relation, where accountability is asked for both features (power abuse and effectiveness), too.

Finally, there is a diagonal accountability relation, as the Evaluation Office occasionally reviews single projects (though not systematically) and more regularly whole project categories. The Office investigates projects and programmes mainly for their effectiveness, but this is a sufficient incentive not to follow deviant parochial interests. These category-reviews also include reviews of single projects, but only selected ones (it is not always clear according to which criterion they were selected) and, again, very often only desk-reviews. Very rarely are project sites visited, and local sources consulted. Still, these reports of the Evaluation Office and the recommendation they include require a management response by the secretariat to the Council (GEF/ME/C.24/1). The Council will discuss the report and the response and might take appropriate action. Thus, on this level the Evaluation Office possesses considerable influence, as it requires a reaction that might even be enforced by the Council. For single projects, however, the internal evaluation process of the Agency might turn out to be a stronger accountability mechanism. The GEF project-database does not feature many evaluation reports for single projects, neither final evaluation nor mid-term evaluation, although both should take place and be published. Thus, while the peer-accountability on the project level actually possesses a great potential to lead to problem-adequate decision-making through enforcing expertise and different revisions of a project, again the enforcing mechanisms are weak. If single projects were evaluated better and more transparently, peer accountability could work on control and reputation.

All the above explored accountability-mechanisms are internal mechanisms. They work on actors all directly participating in the system. The external accountability mechanisms allowing actors

not formally part of the institution but affected by its decisions participation are even weaker than the internal mechanisms – the overall accountability environment hardly changes through the inclusion of this feature. There is a so called NGO-forum that however is not judged to have much influence (interview with German Ministry for Development, 23.8.2007). On the project level, there is a provision that for every project the affected local population needs to be consulted. This is especially important for biodiversity projects, as they often involve setting up or renovating nature parks that cannot be used by the population anymore. This is extremely difficult to conduct – especially when indigenous peoples speaking rare languages and being widely illiterate are concerned. As a consequence, it is also very difficult to establish whether correct consultation has taken place, although it has to be marked in the project documents. Cases like the India Ecodevelopment Project, where one site in Nagarhole did not consult properly and was sabotaged by the locals, whose protest went as far as hunger strikes (Mathews 2005), demonstrate the importance of the support of those affected by the project. In this project, originally seven sites were to be included, after consultation one was left out. Had consultation been undertaken properly in Nagarhole, it might have been discovered that there was no support for the project and that for being successful, it would have to include the local population (Mathews 2005).

The Nagarhole example points to another missing accountability-mechanism: the possibilities for complaints are rather reduced in the GEF. States can complain via the CoPs of the Conventions (also not very convenient), but individuals, firms, agencies hired for conducting the project on site or local people cannot complain anywhere. This is parallel to the weak evaluation of the projects – only the preparation phase is strong with accountability mechanisms and should lead to good project designs. However, so far there is hardly a mechanism that explores if this good design is actually implemented. Only if most projects in a project category are systematically problematic, will the Overall Performance Studies be able to detect this. In the Nagarhole case, the project was implemented by the World Bank and the affected population turned to the World Bank's Inspection Panel. The Panel also recommended an inspection of the project, but the Board of Governors did not approve it (Shihata 2000, 132-136). The new "Sustainability Compact" includes plans for establishing an Ombudsman, where affected people or states can complain. His establishment would reduce this problem, however, so far there is no further information on his potential competences to be found.

### **Assessment of the results**

All in all, the GEF's accountability mechanisms are not as elaborate as the complex institutional set-up including many different actors with different responsibilities implies. There are many accountability-mechanisms that hold this system together, but in the end there are mechanisms missing that are able to enforce consequences. While in general the internal mechanisms, especially on the project level, are sufficient, there are not enough actors whose responsibility is to ensure the problem-adequate conduct of single projects. On the upper political level, there is no actor that can bind the Council in earnest, thus there is no guarantee that the replenishment of

the funds, the setting of strategic focus and the elaboration of project standards is problem-adequate. Furthermore, external accountability is very weak and the GEF is not transparent, despite all the reporting requirements. Many reports are not published, the project-database is not up to date and there are no full minutes of the Council meetings. This leads to accountability for abuse of power being substantial on the lower level, while hardly existent on the upper level. The criterion of binding in the actors who demands accountability is not fulfilled in this case. Thus the good governance achievements are mixed on the level of procedural fairness, especially when thinking of the feature of inclusion of those affected by the decisions, for which the GEF does not perform well. Accountability for effectiveness on the other hand is to be differentiated, and so are the good governance achievements for this issue. While the single project generally will fulfil all requirements, the whole institution is not necessarily effective, because the strategic direction is skewed by political interests and so many actors are involved that the institution functions too slowly.

One of the reasons for this difficulty in designing efficient accountability-mechanisms is certainly found in the extreme complexity of the institution. There are so many actors involved, that feedback between them is difficult. E.g. the consultation between the Implementing Agencies is not really existent, thus preventing an institutionalised interagency “lessons learned”. Another reason is the combination of development and environment issues. Although these issues go hand in hand, they require a different decision-logic and especially they imply different interests. So apart from difficulties establishing to whom the GEF is accountable, it is also not clear for what it is accountable. The substantial standards are not clear enough, so only the procedural standards can be enforced. Thus, on the one hand there is too much accountability, on the other hand there is too little. The relation between the single mechanisms needs to be clarified and the Evaluation Office strengthened on both levels: the Council also has to react to their reports, and the single projects need to be evaluated systematically. This needs to go hand in hand with possible consequence – maybe of a financial kind for the Implementing Agencies, or with some kind of official reproach for the Secretariat.

It could be demonstrated that the analysis of the accountability mechanisms of an institution allows a discriminating statement about the performance of an institution. This analysis could also provide reasons the ambivalent functioning of the GEF. Whether these reasons are sufficient to explain the functioning of the GEF will have to be explored in more detail through further case studies.

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