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Bureaucratic influence when secretariats grow: The example of the UNFCCC

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Abstract

In this paper, we study the effect of an exogenous increase in financial resources on the activities, the political influence and the autonomy of staff in a typical international bureaucracy. Using document analysis, interviews and regression analysis, we show that in such a situation, at least in areas that require technical expertise and that are politically not overly contentious, staff can gain substantial influence over concrete policy decisions and even change the structure of decision making and consultation processes. We also show that this may reinforce rather than reduce the role of special interests expressed via country delegations in political decision making committees. While one might be worried about the erosion of democratic principles at the international level, from a normative perspective, the overall effect is difficult to assess. If the international civil service is well trained, technically competent, and committed to the delivery of the global public good, its increasing autonomy and influence may also be socially advantageous.

1. Introduction

Treaty secretariats and secretariats of international organizations in general often have an important role to play. They prepare agendas and documents, support the management of the negotiation rounds and provide background information to elected board members, delegates and other participants. Without the activities of an active staff in the secretariat, decisions would often be ill-prepared, and an informed negotiation process would be much more difficult to achieve. Formally, secretariats are supposed to be neutral technocrats and not meant to influence democratic decision making processes. In reality, however, things are usually different (Alesina and Tabellini 2007, p. 169). In fact, it is almost impossible to provide “impartial information”, since even the volume of the information provided and the way it is prepared and introduced into the debate, generally has a political impact. This is what Barnett and Finnemore (1999, p. 708) have identified as the irony of depoliticized appearance. An active secretariat has to act behind the scenes “indeed in the corridors and hotel bars of conference venues” (Bauer 2006, p. 34), and this hidden and informal action may be a key determinant of any progress to be achieved.

At the same time, the secretariat’s influence necessarily constrains the role of elected decision making bodies. Thus secretariats need to strike a “delicate balance between the activism that is needed to make

¹ We thank Liliana Andonova, Carsten Hefeker, and Tana Johnson for their very thoughtful. Moreover, we thank all those that shared their precious time with us during our interviews, and without whom this paper would have been much less rich in concrete examples.

a difference and the risk of being perceived as questioning or even challenging specific interests of individual parties to the treaty”, i.e. objectionable political interference (Bauer 2006, p. 34, Andresen and Skjærseth 1999, p. 7). From a normative perspective, the role the secretariats should assume in this context depends on a number of context variables, such as the complexity of the problem (that calls for the knowledge of specialized experts) or the diversity of political preferences (that call for a clear predominance of the democratic decision making bodies and a less active role of the secretariat). A number of studies exist that compare the influence of different secretariats along these lines. Most recently, Biermann and Siebenhüner (2009) have provided a comprehensive discussion for different international environmental agreements.

In this paper, we consider what happens to the role of a secretariat in the event of an unexpected resource growth. While this does not change the substantive criteria relevant to the optimal role of the secretariat, it may still lead to a substantial change in the role it effectively assumes. In particular, arguments drawing on classic Public Choice theory suggest that increased resources may give some leeway to bureaucracies that they will try to use in their own favor by trying to gain more influence.

We analyze these arguments through the example of the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC). In recent years, the UNFCCC Secretariat has experienced a strong increase in resources due to the unexpectedly rapid development of the Clean Development Mechanism (CDM) and a correspondingly strong rise in administration fees collected for project registration and issuance of emissions credits (Certified Emission Reductions, CERs). Given that the increase in financial resources was not the result of a deliberate political decision but was related to the demand for CDM projects, it can be considered as exogenous once the number of projects is controlled for. By avoiding problems of reverse causality this provides a major advantage in identifying the effect of resource growth.

In addition, the initial role of the Secretariat has been relatively well researched providing us with a sound basis for our analysis. In particular, Depledge (2005, 2007) and Yamin and Depledge (2005) provide a detailed account and discussion of the Secretariat’s tasks and activities. Moreover, Busch (2009) analyzes the UNFCCC Secretariat within the comparative theoretical framework on different environmental treaty secretariats provided by Biermann and Siebenhüner (2009).

According to Busch (2009, p. 251) “the climate secretariat is a ‘technocratic bureaucracy’ that has not had any autonomous political influence [...]. It has not promoted his own agenda or pursued specific approaches, but has responded to requests of parties. It has functioned as an important and valuable but passive information hub in the climate regime that does not autonomously interfere with any political, scientific, or public discourses.” In his study, which refers to the early to mid-1990s, he thus concludes that the UNFCCC Secretariat is one of the least powerful secretariats among all the nine treaty secretariats under comparison. According to Depledge (2005, p. 70ff.) the Secretariat has been highly influential behind the scenes, but extremely discrete in all its activities. They include the provision of relevant logistics, procedural management, advice to the relevant presiding officers (and technical advice in general), drafting text, and the facilitation of informal discussions. While underscoring these channels of influence Depledge (2005, p. 73) underscores the Secretariat’s apolitical “behind the scenes

approach” as opposed to other treaty secretariats such as in the early ozone regime. She even concludes that the Secretariat’s de facto influence depends on this invisibility.

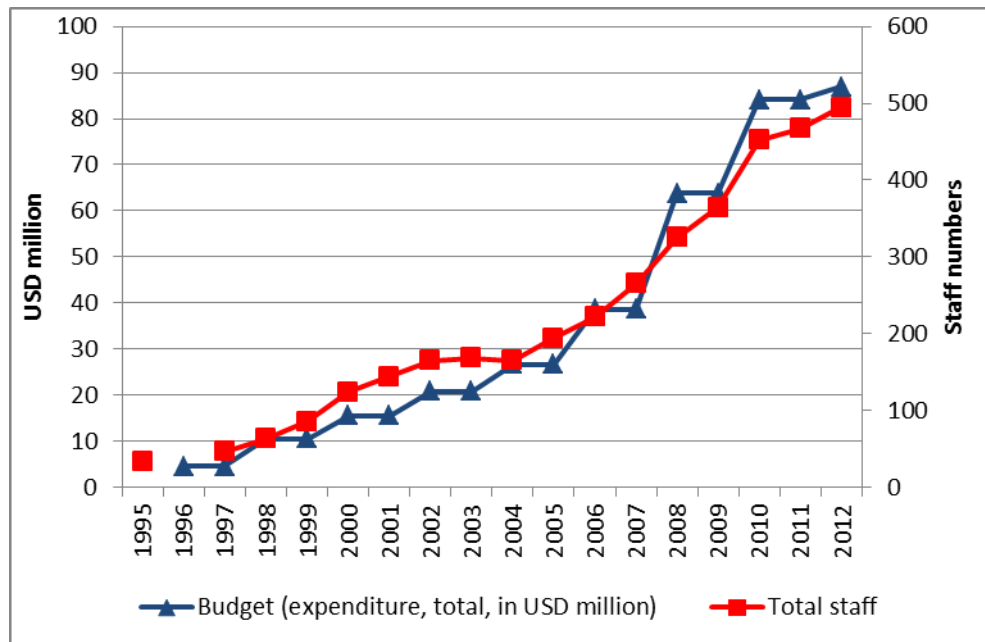
Anecdotal evidence suggests that the UNFCCC Secretariat may have changed its approach over the last couple of years and has established itself as an influential player. This is in stark contrast to the description by Busch (2009), and also seems to go considerably beyond the hidden influence observed by Depledge (2005).

In this paper, we examine whether the Secretariat has indeed become more powerful, whether and how it started to directly influence on policy processes, and how these developments are linked to the growth in financial resources. To do so, we will first provide a description of the development of the Secretariat in terms of size, budget and official tasks, differentiating between some central areas of activity which experienced very different dynamics in resource flows (section 2). Under the assumption that power and influence depend on resources, we then draw some hypotheses regarding the areas in which we expect the Secretariat’s influence to have grown over time (section 3). Section 4 mobilizes a multitude of different sources to provide an account of the actual development of the Secretariat’s influence and activities, notably interviews with members of country delegations, of the CDM Executive Board (EB), of the EB’s Methodologies Panel (commonly called Meth Panel), and of the Secretariat itself. These interviews are complemented by the study of official documents, and by the analysis of quantitative data on decision making within the EB (for an initial study on which we will build, see Flues et al. 2010). Section 5 will presents the conclusions and provides some outlook given current trends in international climate policy.

2. The development of the UNFCCC Secretariat

The United Nations Framework Convention on Climate Change (UNFCCC) was agreed upon by the governments participating at the UN Conference for Environment and Development (Rio Conference) in 1992 and entered into force in February 1994. The first budget, available for the biennium 1996/1997 shows expenditures of about 4.5 million USD per year. Until 2012 it has increased almost twenty-fold, with particularly strong absolute increases in 2007 and 2009 (see Figure 1). The general growth in resources is matched by the growth in staff members. In January 1995, just before the first Conference of the Parties (COP 1) the Secretariat included 34 staff members who filled 20 professional and 14 administrative positions (Depledge 2005, p. 63). Ever since, it has seen a dramatic growth, increasing on average by 18% per year, so that in mid-2012, the Secretariat included a total of 494.5 positions (307 professional level and 187.5 administrative posts).

Figure 1: Development of financial and human resources



Note: Expenditure includes the core budget and all trust funds except the trust fund for participation in the UNFCCC process, which includes only transitory positions. When figures were reported other than for a full calendar year, they were annualized assuming an even spread of expenditures over the year.

Source: Annex 1, Table A1

We can distinguish two specific periods of major growth, namely the initial phase until 2001, and the period from 2005 until the end of 2009, with a particularly strong increase in 2009 itself, where staff increased by almost 90 persons, i.e. by 24%. The initial major growth phase seems to be related to the preparation of the Marrakech Accords (November 2001) that provided the detailed specifications for the implementation of the Kyoto Protocol agreed upon in 1997. The second major growth phase could then be related to the Kyoto Protocol's actual entry into force in February 2005, which implied, in particular, the regular assessment of the parties' greenhouse gas emissions, and the evaluation of methodologies and projects submitted in the context of market mechanisms (trade in emission reduction certificates). Finally, the specific rise in 2009 could be related to the expected tasks in the context of the Copenhagen conference in late 2009, which was supposed to bring about an agreement on the follow-up to the Kyoto Protocol after the end of its first commitment period. These interpretations are only partially plausible, however, when looking at the more specific distribution of funds within the Secretariat.

Indeed both budget and staff have grown quite unevenly across different areas of activity within the UNFCCC. While the core budget increased relatively moderately, additional trust funds were created for new activities. In June 2012, there were 5 trust funds in addition to the core budget and the overall allocation of financial resources to the different field shows that the core budget was not much more than half of the overall sum channeled to (or through) the UNFCCC (see Table 1).

Table 1: The distribution of overall UNFCCC resources across different funds and activities, 2012

Name of fund (year of creation)	Expenditures ¹ (USD million)	Human resources ¹	Central activities of the different funds
Trust fund for the core budget of the UNFCCC (since 1994)	20.1	156.5	General management and conference organization; assessment of emissions; data analysis and information services
Trust Fund for Participation in the UNFCCC Process	3.3	0	Financial support of developing country delegations (travel cost)
Trust Fund for Supplementary Activities (since 1996)	13.8	51	Initially for new activities, currently core activities (→core budget) but financed through voluntary contributions
Trust Fund for the Clean Development Mechanism (CDM) (since 2008)	44.7	195	Support for the regulatory supervision of emission reduction projects in developing countries and underlying methodologies
Trust Fund for the International Transaction Log (since 2008)	4.0	7	Executing transactions of emission certificates between countries
Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund) (since 1998)	4.3	8 (+2)	Conference support (+ operating office premises)
Program support costs (overhead of 13% on all trust funds)	10.0 ²	75	Administrative services

¹ Information by UNFCCC for both staff and expenditures refers to the date of 30 June 2012. Financial information was multiplied by two to approximate expenditures over a full year.

² Not to be included in total expenditure as it is already contained in the expenditure of the individual funds.

Source: UNFCCC (2012a).

The most important trust fund is the fund for the clean development mechanism (CDM) opened in 2008 and financed through the fee to be paid on individual CDM projects (“share of proceeds to cover administrative expenses”). Projects in the context of the CDM lead to certified emission reductions (CERs) in developing countries that can be sold on the international market. As this market mechanism has attracted significant demand by private and public entities across the world, inflows to the CDM trust fund have risen considerably and far beyond expectations. Predictions by the Secretariat in 2002 (UNFCCC 2002b, Annex 2), on which the project-fee was based, considered about 100 projects per year whereas the actual number of requests for project registration triggering the payment quickly rose to beyond 500 per year (UNEP Riso Centre 2012a). Moreover, within the unexpectedly high number of projects, more projects than initially expected were extremely large industrial gas projects thereby generating millions of CERs and related fees.

Financial contributions even exceed – by far – the expenditure reported above. By 30 June 2012, the accumulated surplus of the CDM trust fund was at 131.2 million USD (without counting an additional operating reserve of 45 million USD), i.e. about three times the current annual expenditure financed out of this fund (UNFCCC 2012a, p. 8). In other words, substantial amounts of resources came in so rapidly that they could not even be effectively used at the same speed.

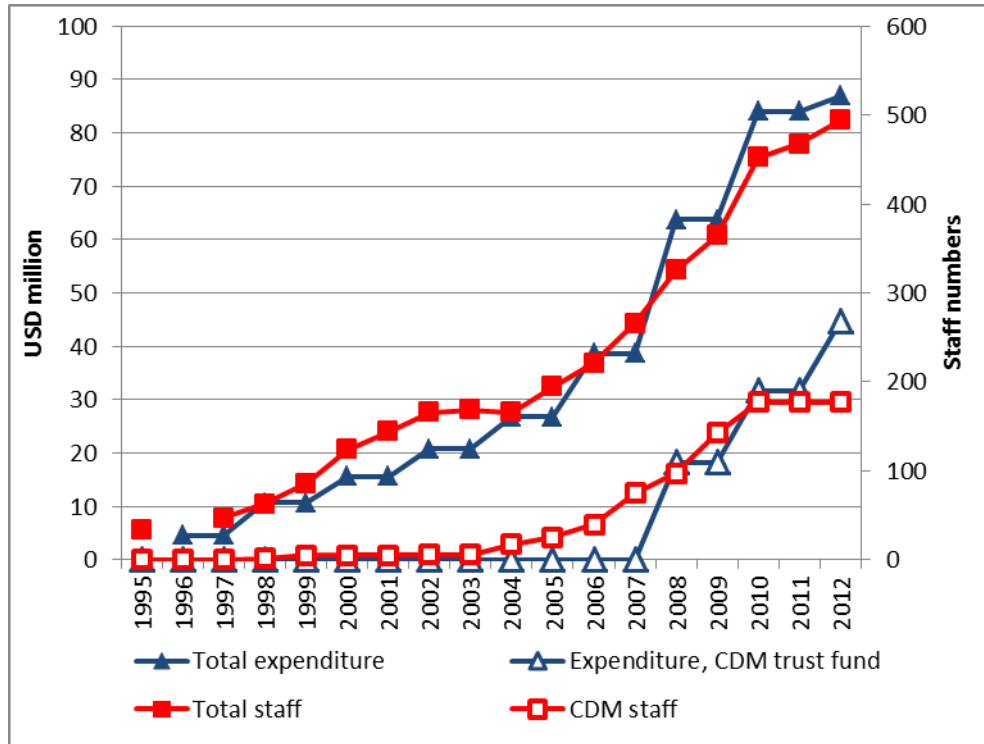
To some extent, the delay in corresponding expenditure is also related to specific constraints on the use of these funds. Indeed the political agreement on the fee for CDM projects (and similarly for projects in economically more advanced countries, the so-called Joint Implementation or JI-projects) came along with a notable institutional regulation in the Kyoto Protocol (Article 12, Paragraph 8), namely the obligation to use these funds exclusively for this particular area of activities, rather than for cross-subsidies within the Secretariat. The basic idea was that a fee levied from projects in developing countries (and thus reducing the income these countries may have through the CDM) should not be used for purposes benefitting primarily the industrialized countries (e.g. by helping them to achieve their emission reduction targets). Thus, even when the mechanism turned out to function unexpectedly well in terms of the size of the new market that had been generated, the accumulated funds could only be used in the same area and not channeled into other fields of activities. This led to a dramatic growth of the CDM part relative to other fields within the UNFCCC.²

Figure 2 shows the growth of resources comparing overall resources (as in Figure 1) to those of the CDM. Note that staff numbers for the CDM are not necessarily identical with those of the CDM trust fund because CDM staff numbers are usually reported for 1st January (rather than for 30 June as the budget figures), and because the activities of the different trust funds overlap to some extent. This means that especially in initial years, CDM staff was also financed from other sources.

Much of the steep slope in total staff and expenditure after 2007 can be explained by the resources for the CDM. Note in particular that the strong increase in total expenditure between 2007 and 2008 observed in Figure 1 and not explained so far, coincides exactly with the introduction of the CDM fund. Similarly, the jump between 2009 and 2010 is, to a large extent, a reflection of expenditure increases in the area of the CDM. Thus the Copenhagen meeting in November 2009 may be one explanation for the latter, but the rise of the CDM and related resources appears to be a second one. Obviously, these explanations are not mutually exclusive as there may be a happy co-occurrence of needs and available means. However, as the political focus of this major international conference on climate change was on renewed emission reduction commitments, rather than CDM-related activities, there is some doubt about how CDM-related financial resources could have been used in this context. In any case, in 2012, the volume of CDM staff and expenditures corresponded approximately to total UNFCCC resources in 2005. The accumulated CDM surplus of 131.2 million USD exceeded the overall annual UNFCCC expenses by about 50%. In all other areas of the UNFCCC, expenses generally corresponded to financial inflows so that no such surpluses could arise.

² While there was an initial agreement that the share of proceeds should be adjusted once enough funding to cover administrative cost would be available (UNFCCC 2005b, para 38), this appears to have been overlooked and the Secretariat seems to have never alerted anyone of this clause. Moreover, individual member countries formally had the right to claim back their contributions from the times before the project fees were introduced. Again, this has never been requested.

Figure 2: CDM versus total resources



Note: Expenditure includes the core budget and all trust funds except the trust fund for participation in the UNFCCC process, which includes only transitory positions. When figures were reported other than for a full calendar year, they were annualized assuming an even spread of expenditures over the year.

Source: Annex 1, Table A1

Summing up the developments since the entry into force of the UNFCCC in 1994, the most striking features are thus not only the strong increase in overall financial and human resources, but also the increasing dominance of the CDM part within these resources, which is institutionally protected by the international agreement not to use income from the CDM fees for any other purposes.

Given these important developments, we wonder whether the observations of the passive, and in any case, clearly apolitical role of the Secretariat made in the earlier literature still holds true. The Secretariat has much more manpower and financial resources that it may use in order to increase its own influence on policy decisions. This is particularly true for the CDM part of the Secretariat where, in addition, the rise in resources was totally unexpected and not driven by any intentional policy decision. This implies that it is primarily in this area where we should see potential change, and that if we do see such change, a causal link to the increase in resources appears most plausible.

3. Determinants of the influence of the Secretariat: some theoretical considerations

Biermann et al. (2009) develop a theoretical framework to assess the different environmental treaty secretariats compared in Biermann and Siebenhüner (2009). However, resources only play a minor role in this context. The authors provide a much more comprehensive framework distinguishing between the

cognitive, normative and executive influence of these secretariats, which relate to the building of knowledge, the contribution to a consensus on common international norms, and the implementation of agreed rules and processes respectively. To explain variation in the influence within these areas across the different organizations, they consider: (i) the problem structure (referring, in particular, to the complexity of the issue, the cost of public action and the national salience of a problem), (ii) the institutional framework (including the competences granted to the secretariat, the resources provided, and the potential institutional embeddedness within a wider organizational structure), and finally (iii) organizational expertise, leadership, management structures and culture.

Summarizing more generally the literature on delegation and institutional design, Stone (2011, p. 23) refers more directly to the work in principal-agent theory that links the freedom given to international bureaucracies (and thus the influence they may have) to a consideration of transaction cost. In line with the arguments provided by Biermann et al. (2009) this should lead to more influence of secretariats when the complexity of the tasks is high, because such tasks require considerable time and expertise, and autonomous decisions of political committees as well as close monitoring of the bureaucracy become very expensive. Regarding problem structure, Stone (2011) further argues that the degree of autonomy and delegated authority granted to international bureaucracies will be less, when there is little international consensus about the fundamental purposes of the organization. This also corresponds to the correlation suggested in Biermann et al. (2009). They argue that, when political positions diverge (and when the issues are nationally very salient, and compliance to adverse decisions very costly), they will not give decisions out of hand and keep them directly within political decision making arenas. Stone (2011) provides a further explanation for this behavior. His idea is that the organizations' member countries know that autonomy delegated to bureaucracies can always be used by powerful countries to exert informal influence via these bureaucracies. Thus granting autonomy to bureaucracies may effectively mean granting more power to some members relative to others.

According to Busch (2009), in the context of the UNFCCC, the limited influence of the Secretariat is precisely related to this problem of widely diverging national interests and the member states' strong concern about potentially high (financial and political) cost for decisions they may not support. Because of the substantial differences on fundamental objectives of the organization, they imposed a "straitjacket" on the Secretariat that ruled out any pro-active or independent role and also influenced its culture (e.g. through the first Executive Secretary) (Busch 2009, p. 261; Bauer et al. 2009, p. 178; see also Depledge 2005, p. 73).

Does this assessment still hold true today? Or has the Secretariat gained more influence over time? Regarding the diverging national interests of member countries with respect to fundamental objectives of the UNFCCC, the situation has not changed since the early 1990s. While there is a stronger consensus on the reality of anthropogenic climate change, views on the implications widely diverge, and there is no consensus whatsoever on the responsibilities and commitments to be taken over by individual members (Gupta 2012). The strong political differences between countries are further illustrated by the failure of the Copenhagen conference in 2009, and the postponement of any decision about further steps to 2015. From this perspective, it can thus not be expected that the Secretariat should have become more powerful.

In terms of the complexity of the problems at stake, the situation has not changed either. The central issues such as, e.g., the estimation of current and future damages, have always been complex problems to be solved and have also remained as complex as before. If anything, scientific progress and the increase in information over time have generated a somewhat greater knowledge thereby reducing the delegates' need to request expert inputs from the Secretariat, which should reduce rather than increase the Secretariat's influence on policy decisions.

The general organizational structure of the Secretariat has also remained the same, and so have the overall official competences of the Secretariat. Moreover, if they have changed in some details, we regard this as an endogenous rather than exogenous variable (see below). The same is true for organizational culture.

What has obviously changed, however, are the Secretariat's resources, and - given the accumulated years of professional experience for at least some of the staff - its expertise. At given complexity of a policy issue, a Secretariat well equipped with competent staff should have a considerable comparative advantage over country delegates or members of political decision making bodies of the organization, who rarely have so much experience and usually have only very limited time to reflect on individual matters (see also Depledge 2005, p.66). The Secretariat's inputs may therefore be increasingly requested.

In addition, even if the national salience and the complexity have not changed regarding the core activities of the UNFCCC, the above discussed changes in focus within the organization need to be considered. As shown in section 2, the politically most disputed core activities of the UNFCCC are no more the actual focus of the Secretariat's staff and financial resources. With the dominance of the CDM, the Secretariat may have found a new and less controversial policy area for its interventions. Indeed, at least after some initial discussions, consensus about the general benefits of a well-functioning market for CERs is no more disputed. Of course, there are discussions about the quality of individual methodologies for CDM projects and about the quality of the projects themselves. In specific cases, individual countries may have strong preferences for certain projects or methodologies expected to benefit their national economy or some national firms (see Flues et al. 2010). But in terms of political salience this is not comparable to the conflicting views on emission reductions and on national responsibilities for the mitigation of and adaptation to global climate change. Moreover, decisions in the context of the CDM are generally highly technical. While they are less dependent on advanced scientific research than the overall questions of global climate change, they demand the exact knowledge of a number of technical measurement rules, of prior decisions, and, perhaps even more importantly, the in-depth knowledge of each individual project and methodology proposed. Given that the number of methods and projects submitted is substantial - often reaching several dozens of methods and up to a thousand projects in a single year - it is plausible to assume that the responsible political body, the CDM Executive Board (EB) will be overburdened and count increasingly on the suggestions of the Secretariat. This should increase the Secretariat's influence on all decisions regarding the CDM. This change in influence could remain fully unofficial keeping up the "veil of legitimacy" and the "invisibility" of the Secretariat (Depledge 2005, p. 62 and 66). But it could also be at least partially officialized if the EB members recognize the impossibility of their task. This would imply a change in specific rules and regulations. Such changes in

the influence of the Secretariat could also influence its own self-perception and thereby, eventually, organizational culture.

While we have so far considered the Secretariat as a rather passive entity, even with regard to the potential increase in its own power, Public Choice theory suggests that bureaucracies actively promote their own influence. The traditional theory of bureaucracy building on Niskanen (1971) and further developed in different types of principal-agent models (see, e.g, Vaubel 2006, Hawkins et al. 2006) holds that bureaucracies make active use of their principals' information deficit in order to promote their own objectives. From this perspective, the Secretariat may, for instance, actively add further complexity to the EB decisions by proposing new items for the EB agenda. Such agendas require an even higher share of the members' time, or, alternatively, stronger delegation to the Secretariat.

In addition, the Secretariat may actively promote further increases in its own staff and financial resources thereby stabilizing or further increasing its influence through its existing advantage in time and expertise. As CDM project registration and related CERs lead to increased income for the Secretariat, there may, for instance, be an incentive to use the already existing informal influence to promote and protect the CDM. In this case, there may be a cumulative effect of increased resources.

4. Empirical evidence for changes in informal influence

To assess the plausibility of these different theoretical conjectures, we carried out five expert interviews with respondents from the Secretariat, country delegations, the EB, and the Meth Panel (outside experts elected to assess methodology proposals and make recommendations to the EB). Since, in addition, one of the authors is a member of the Registration and Issuance Team we include a wide range of relevant institutional perspectives. By the choice of respondents, we attempted to cover individuals with long-term experience within the UNFCCC, some of them in different institutional positions.³ All interviews were carried out in October 2012. This information is complemented by an intensive analysis of UNFCCC meeting documents, rules and regulations. Moreover, where appropriate data are available, we also use descriptive statistics and econometric analysis.

Based on the available qualitative evidence, we first try to obtain a concrete picture of what has effectively changed in day-to-day practices and official regulation, and we examine whether active participants in both administrative and political decision making processes perceive an increased influence of the CDM staff. Second, we use the available data on resources and workload to analyze the effect of increased staff on attempts to gain further influence. More specifically, we will assess the hypothesis that the growth of the CDM staff may have led to an ever increasing number of agenda items at EB sessions. Finally, we will directly look at decision making processes within the EB and examine whether their determinants have changed over time in a way that would be consistent with a stronger influence of the Secretariat.

³ Most of the interviewees requested anonymity so that we cannot reveal their names or concrete role within the UNFCCC process.

4.1. Changes in rules and regulations concerning the Secretariat's freedom of action

When carrying out our interviews, we first confronted all interviewees with the results from the earlier literature as in Depledge (2005, 2007), Yamin and Depledge (2005) and Busch (2009). There was wide consensus that the Secretariat was strictly apolitical, concentrating on technical support. It was confirmed that the Secretariat's influence was indirect by providing information, general advice and concrete practical suggestions to the political decision making bodies. One respondent even considered that the Secretariat was too apolitical, and would have preferred to have it involved more directly into strategic policy advice rather than focusing on technical and implementation related issues. A respondent from within the Secretariat revealed that the complete restraint from any political interference had been an explicit strategy of the Secretariat in early years in order to gain trust from the different parties. In general, respondents agreed that this apolitical stance and the restraint from direct political interference have remained unchanged until today for most areas of activities.

When explicitly pointed to developments within the area of the CDM, however, a different picture emerged. Several interviewees indicated that CDM rules have evolved rapidly ever since the Marrakech Accords defined the first set of modalities and procedures for the CDM in 2001, and that these developments provided more scope for a direct influence of the Secretariat in this area. Initially the CDM EB and its panels and working groups were exclusively responsible for drafting of decisions on proposed methodologies and projects submitted for registration. According to the respondents from delegations and political decision making bodies, the workload of the EB increased so much over time that soon, EB and Meth Panel members were completely overburdened and happy to outsource work to the Secretariat. This process started in 2007 when Secretariat resources, too, permitted a constant follow up of technical issues by the first full-time specialized and hence highly competent staff. In fact, most interviewees concur in the assessment that the Secretariat's staff was well informed and an indispensable and highly valuable resource to move things forward at a time where elected decision making bodies were clearly overburdened. At the same time, this brought the Secretariat into a position in which it could more actively suggest rules and procedures, an activity that has considerably accelerated since 2009.

While initial developments did not imply any formal change in the Secretariat's responsibilities, in 2010 and 2011, CDM staff proposed a simplification of decision making processes along with new and "streamlined" rules of procedure that effectively strengthened its own influence as compared to the Meth Panel and other external experts supporting the EB. Different interviewees, including an EB member, stress that due to the complexity of these new rules of procedure, the more explicit role of the Secretariat "creeped" in, without the EB being fully aware of all consequences of its own decision. While certainly less politically contested and salient than decisions about climate change mitigation commitments, the influence gained by the Secretariat also extended to areas that cross the border from the purely technical to the political. As shown by Flues et al. (2010) even decisions on individual CDM projects have a political dimension driven by national interests.

The stronger role of the Secretariat can be best exemplified in three specific areas: (1) requests for review for problematic project proposals, (2) decisions about baseline and monitoring methodologies for potential future CDM projects, and (3) the issue of a standardization of baseline methodologies (standardized baselines).

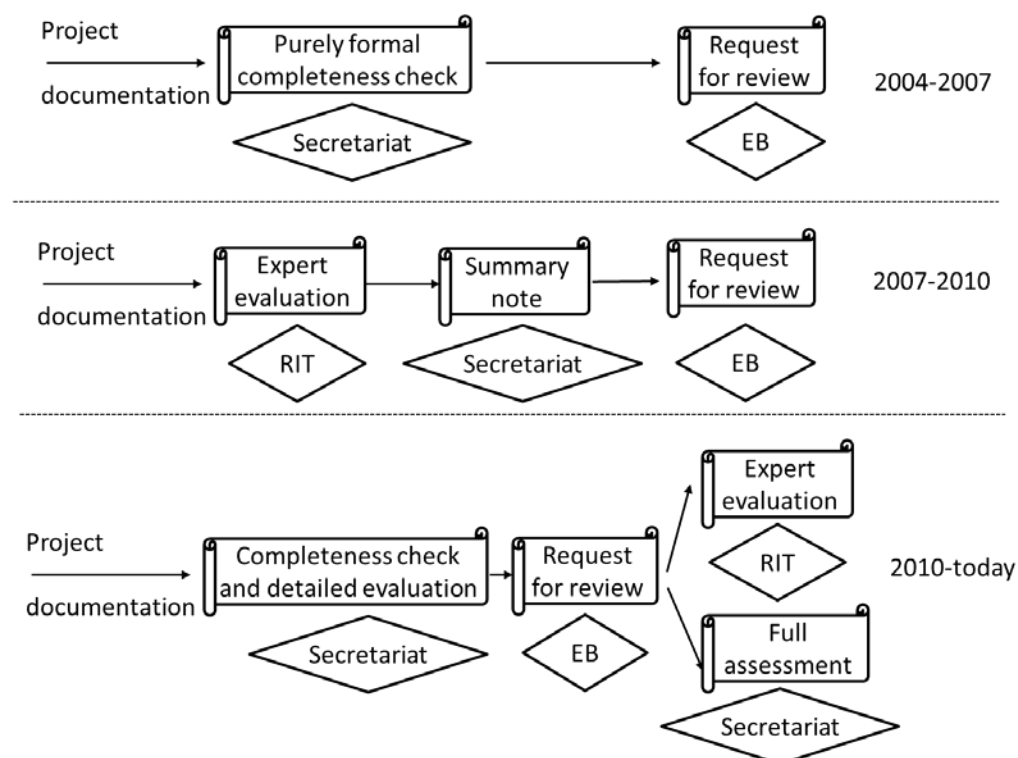
Case 1: Requests for review

When a CDM project is submitted for registration, three members of the CDM EB can request a review of the documentation if they are of the opinion that the project does not fulfill the requirements of the CDM. Initially, the Secretariat just checked whether the documentation submitted by the project developer to achieve registration was complete with respect to the number of documents (see decision EB 14, Annex 7 (June 2004), para 3e)⁴ while the EB members had to assess the content and to then decide whether or not to launch a request for review. From February 2007 onwards, Secretariat staff provided a summary note to assess each case, taking into account the assessment by the independent experts from the Registration and Issuance Team (RIT) elected by the EB (see decision EB 29, Annex 14, para 25). Since then, EB members have routinely used the text of the summary note for the submission of review requests. In May 2010, new rules introduced by the EB to simplify the procedures and speed up the decision making process provided even more responsibility to the Secretariat. The completeness check by the Secretariat was made much more elaborate including an evaluation of the content of the documents (EB 54, Annex 28, paras 13-15). RIT members are no more involved in this assessment.

According to information from the EB, the Secretariat even suggested to fully abolish the RIT, but the EB decided to keep this board of independent experts in place. However, in practice, the responsibility of the RIT is now largely restricted to assessments of those cases that the Secretariat classified as problematic in the first place. The RIT currently only assesses those cases for which a request for review is effectively launched by the EB. Since this decision is based on the prior assessment of the Secretariat, projects supported by the Secretariat will hardly be challenged. From August 2010 onwards, once a review is launched, the Secretariat provides a full assessment in parallel to an assessment by two RIT experts (see decision EB 55, Annex 40, para 12). If both assessments agree, the EB decides accordingly unless one EB member objects (para 20). Rulings, i.e. the explanation of a rejection decision, are to be drafted by the Secretariat (para 26).

⁴ This EB decision as well as all those cited in the following are included in the respective annexes of UNFCCC (various years b).

Figure 3: Changes in procedures to launch a request for review for project registration



Note: The final decision on the review is always taken by the Executive Board. RIT (Registration and Issuance Team) stands for independent experts elected by the Executive Board.

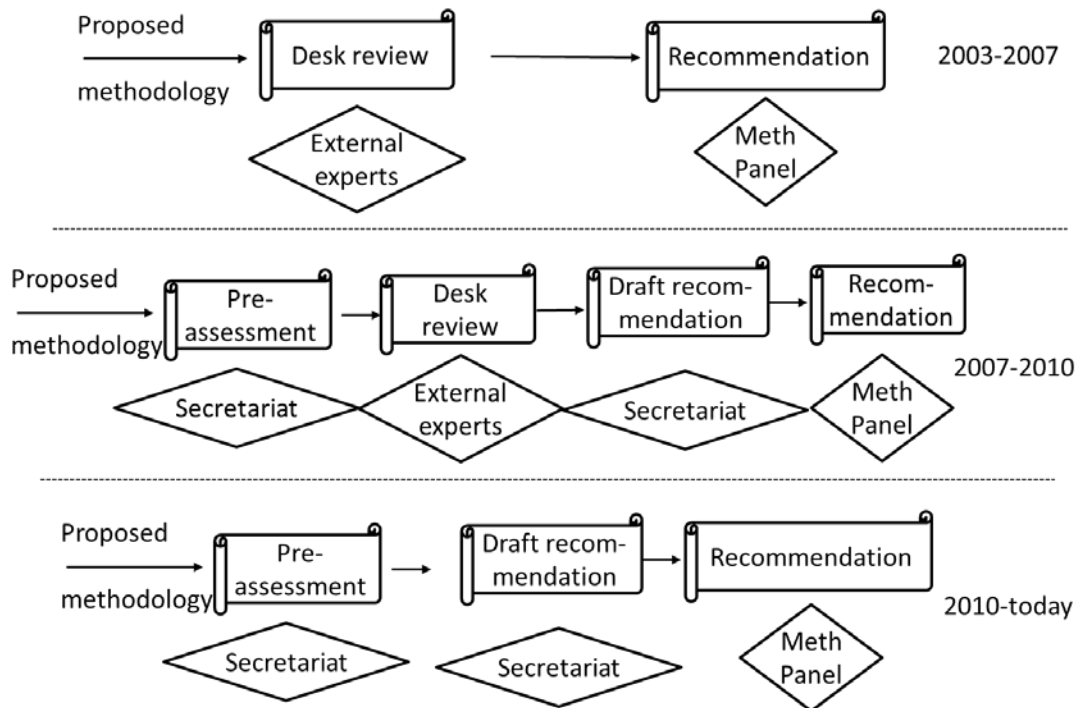
Case 2: Baseline and monitoring methodologies

Baseline and monitoring methodologies are key to determine the amount of emission reduction credits of a CDM project. Project developers can submit methodology proposals⁵ which are evaluated by the Meth Panel and then submitted to the EB which normally follows the Meth Panel’s recommendation. Traditionally, methodology submissions were evaluated by independent desk reviewers chosen by the Meth Panel. According to information from the EB, the increasing role of the Secretariat is due to the EB’s assessment that the Meth Panel could not handle the increasing amount of methodologies. In June 2007, a pre-assessment of proposals by the Secretariat was introduced (see decision EB 32, Annex 13). While one Meth Panel member selected by the Secretariat would check this (para 7), the Secretariat would develop a draft recommendation (para 14). Since February 2010, the Secretariat can skip the independent desk review (see decision EB 52, Annex 9, para 18) if supported by two members of the Meth Panel chosen by the Secretariat itself. It is likely that the Secretariat will not choose overly critical Meth Panel members if it wants to push a methodology. Moreover, from 2010 onwards, the Secretariat started to engage in methodology development (“top down”), an area so far reserved to external developers. Only in September 2012, a draft rule (EB 69, Annex 18) was discussed, which would explicitly

⁵ When speaking about “methodologies” in this paper, we only refer to so-called “large-scale methodologies”, i.e. methodologies for projects above a certain size threshold (currently at 15 MW for renewable energy, 15 GWh of annual savings for energy efficiency projects and 60 000 t CO₂ annual reductions for all other project types).

acknowledge this new role of the Secretariat. The Secretariat would then be able to officially propose methods on its own, while at the same time being the only institution systematically involved in the quality assessment of the methodologies.

Figure 4: Changes in procedures for approval of baseline and monitoring methodologies



Note: The final decision on a proposed methodology is always taken by the Executive Board; it is however rare that it deviates from the recommendation of the Meth Panel.

As experience with methodology application accumulates, flaws become visible and project developers can ask for a revision. Traditionally, the Meth Panel prepared the recommendation whether to engage on a revision of a methodology while the Secretariat did the completeness check of the revision request. This was similar to the traditional division of labor between the Secretariat and the RIT for CDM projects. In October 2007, EB 35 (Annex 13, para 8) introduced drafting of the recommendation by the Secretariat. Since November 2010 (decision EB 54, Annex 2), the Secretariat can initiate methodology revisions on its own initiative (para 7). It can then hire outside consultants for preparation of the draft recommendation but needs the approval of the Meth Panel chair (para 14), before selecting one or two Meth Panel members for review. Subsequently, the Secretariat can call for public comments and change the methodology draft if it finds comments relevant. Here again, the approval of the Meth Panel chair is required (para 21d). The Secretariat can also trigger “editorial amendments”, which just need to be approved by the Meth Panel chair and enter into force automatically unless an EB member objects (paras 29-30). This means that the Secretariat can control the whole revision process if supported by the Meth Panel chair. As noted by one of our interviewees, this may make sense to speed up processes if the Meth Panel as a whole has difficulties to find a consensus. Yet, it clearly implies a rise in responsibilities for the Secretariat.

Case 3: Standardized baselines

A strong influence of the Secretariat is also visible in the process of standardizing baselines (i.e. scenarios against which emission reductions by CDM projects have to be assessed). Initially, the EB had asked the Secretariat to develop proposals in consultation with the Meth Panel. However, the rules agreed in September 2011 (decision EB 63, Annex 28) effectively allow the Secretariat to bypass the Meth Panel with regard to evaluating submissions of standardized baselines (EB 68, Annex 32, para 15, 16 and 22) and to send the baseline directly to the EB (para 27). While there is still an obligation to include two Meth Panel members assessing the Secretariat's proposal (para 23) this safeguard can be easily weakened by selecting members disposed favorably to the Secretariat's proposal.

In November 2011, the EB approved guidelines for standardized baselines and related performance benchmarks developed by the Secretariat (EB 65, Annex 23). A dispute between the Meth Panel and the Secretariat arose regarding the appropriateness of these guidelines. After a long debate, this dispute resulted in an official "information note" sent by the Meth Panel to the EB in November 2012 (UNFCCC 2012c). Thereby, for the first time, an official committee of the UNFCCC questioned the quality of the Secretariat's work.

In a similar way, a dispute broke out in the context of the determination of the benchmarks used within the standardized baselines. The contested numerical values were hidden in a document innocuously named "Work programme on standardized baselines" (EB 65, Annex 22, para 10). Again the Meth Panel openly criticized the Secretariat's approach as documented in another official "information note" for the EB (UNFCCC 2012d).

In sum, both interviews and official documents indicate that, while stable in other areas, the influence of the Secretariat has clearly increased in the area of the CDM. It is now drafting more texts that were initially to be written by members of elected bodies or independent experts selected by these. As highlighted by one respondent drafting of these texts is extremely important because small changes in the formulation are often crucial for later interpretation. The Secretariat has also taken over other additional tasks, and presents its assessments (including its perception of other bodies' agreement or disagreement) directly to the EB. Several respondents also mentioned that the Secretariat has started to develop its own standpoints (e.g. on simplification needs and on stronger support for Sub-Saharan Africa) and to defend them directly within (and partially against) elected bodies of the UNFCCC. Finally, recent EB decisions tend to confirm and formalize this stronger role of the Secretariat, even if requests of the latter are not always accepted immediately and not always accepted in full.

Throughout our interviews, this general assessment of these developments appears to be widely shared. However, opinions differ on whether this is good or bad. From the perspective of the EB, if the Secretariat takes over more responsibilities, this can free the EB for more strategic discussions and considerably speed up decision making processes. As the final decision always remains with the EB, it is sufficient to make sure that its members (especially the chair) are sufficiently well informed and vigilant. However, it seems, that time constraints often limit these abilities. Others see an increase in activism that has been detrimental to the quality of the Secretariat's work.

One respondent also pointed to a possible link to the increased resources, and expressed the belief that the strong increase in manpower may have led to a search for new tasks and responsibilities. For instance, in addition to the developments mentioned above, the Secretariat has started to build regional offices in developing countries. One of the national delegates to the UNFCCC also articulates concern about the strong concentration of resources in the CDM-related part of the Secretariat. He underscores that in general, the Secretariat's inputs and advice have been extremely useful: "There have been a few cases where the Secretariat put things on the agenda, which created a lengthy process. But in other cases, if the Secretariat had been followed, a lot of time could have been saved. Overall, the negative cases are infinitesimal as compared to the positive side." Despite this highly positive overall appreciation of the Secretariat's work, he asserts that the accumulation of resources in the CDM part of the Secretariat clearly requires restructuring.

This perspective on resources is challenged by other respondents. They believe that it makes sense for the Secretariat to concentrate resources on an area that is more technical and less politically contested. It was mentioned that a certain financial buffer for the CDM was actually intended to overcome "bad times". At the same time, another respondent points at the experience from Joint Implementation, a market mechanism very similar to the CDM but confined to industrialized countries, where the number of projects and thus income from fees has not risen in the same way as for the CDM. In this area, the Secretariat has been much less active in promoting new rules and processes, and in proposing increases in its own responsibilities to the corresponding political committee.

In the following, we will analyze whether there is indeed a link between resources and the influence of the CDM part of the Secretariat. To do so, we systematically look into the determinants of the increase in EB agenda items, and into the determinants of EB decision making itself. While we do not intend to assess whether any possible increase in the Secretariat's influence is, at this point, a positive or a negative development (we believe this is an open question given the statements from the interviews), we hope to be able to provide a clearer understanding of the relationship between resources and activities of the Secretariat.

4.2. CDM staff and the burden of political decision making committees

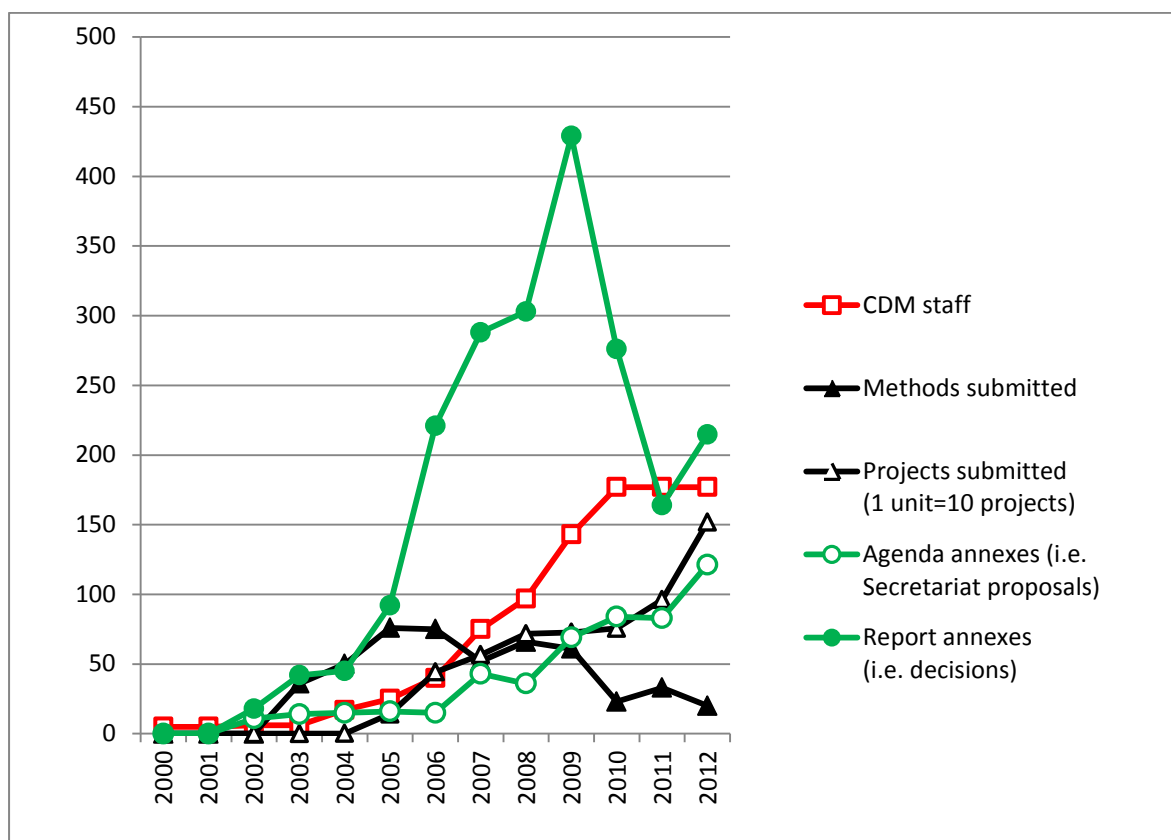
Our interviews strongly suggest that the volume of decisions to be taken in EB meetings has significantly increased over time, and that this increase in the general workload requires a stronger involvement of the Secretariat. While initially, EB members had often more experience than the Secretariat, and tended to decide on the basis of their own evaluation of the relevant background information, this situation has gradually changed over time, given the development of the large and well-informed CDM unit within the Secretariat. The reason for the increase in the EB workload given in the interviews is the overall success of this market mechanism, i.e. the CDM's ability to attract a dramatically rising number of project submissions and underlying methodologies.

The black lines with triangular markers in Figure 5 below only partially support this conjecture. While the number of projects has continuously risen over time, the number of methods submitted was at its

highest between 2004 and 2009 and declined thereafter. In addition, over time, project decisions have become a routine, and, with a few exceptions, do not require much input by the EB.

In fact, as mentioned above, since May 2010, many projects do not even pass through the EB anymore. We should thus expect EB workload to be better reflected by the number of methods, which require a more conceptual evaluation. In fact, this can indeed be seen when looking at the content of EB meeting reports. The upper green line with filled circles in Figure 5 presents EB workload as measured on the basis of the annual sum of annexes (i.e. substantial agenda items decided upon) to these reports. The line first increases, but then falls back, and appears to be correlated to the number of methods, rather than projects submitted to the EB.

Figure 5: CDM staff, tasks and EB workload



Note: For 2012 predictions based on data until 1st August for projects (x 12/7), and 1st October for methods and agenda related variables. (x 4/3).

Source: Annex 1, Table A1, UNFCCC (various years a) UNFCCC (various years b).

If we differentiate between different types of agenda items and specifically consider those that have been suggested by the Secretariat (measured in terms of the annexes proposed by the Secretariat before the EB meetings), we do observe a steady increase (green line with unfilled circles). The Secretariat has thus continuously increased the number of issues it requested the EB to handle at its meetings. If the parallel increase in projects cannot explain this phenomenon for the reasons explained above (or, at least, cannot explain it well in the most recent years), what else can explain this development?

Looking at the red line with (unfilled) squares that again represents CDM staff growth, it becomes obvious that the hypothesis about an impact of staff growth on EB workload has some plausibility. To be sure, we carry out a regression analysis using different indicators of EB workload as a joint dependent variable (number of annexes in the agenda suggested by the Secretariat, number of annexes in the final report, page numbers of the final report, paragraphs in the final report). We regress this variable on CDM staff controlling for project numbers and the number of methodologies, and taking account of potential interaction effects between all these variables and an indicator variable (DU) distinguishing between Secretariat-introduced workload (annexes in the agenda suggested by the Secretariat) and other workload introduced, e.g., through the Compliance Committee (a committee with elected members in charge of the monitoring of UNFCCC member states' compliance with their commitments in the framework of the Kyoto Protocol.) We further cluster standard errors based on the different categories of the dependent variable, and consider additional fixed effects. To be sure not to draw on variables that are too different to be combined, we also present individual regressions for the different categories although the number of observation then shrinks to 13. Results are presented in Table 2.

Table 2: CDM staff and EB workload

	(1)	(2)	(3)	(4)	(5)	(6)
	Joint Indicator	Joint indicator	Annexes to EB agenda (as proposed by Secretariat)	Annexes to EB meeting reports	Paragraphs of EB meeting reports	Pages of EB meeting reports
CDM staff	0.332*** (0.000)	0.298** (0.030)	0.299** (0.018)	1.297 (0.156)	1.600 (0.171)	0.596* (0.064)
CDM staff x DU	0.833* (0.072)	0.867* (0.094)				
Methods submitted	-0.051*** (0.000)	-0.138 (0.533)	-0.135 (0.227)	2.353** (0.021)	5.698*** (0.001)	1.098*** (0.004)
Methods submitted x DU	3.101 (0.115)	3.189 (0.141)				
Projects submitted	0.034*** (0.000)	0.035*** (0.003)	0.035* (0.051)	0.001 (0.993)	0.193 (0.266)	0.014 (0.753)
Projects submitted x DU	0.036 (0.612)	0.034 (0.593)				
Constant		6.680 (0.689)	6.476 (0.263)	-23.351 (0.608)	44.929 (0.446)	-1.333 (0.930)
FE	yes					
Observations	52	52	13	13	13	13
Adj. R ²	0.899	0.453	0.950	0.747	0.903	0.869

Notes: Robust p-values in parentheses (*** p<0.01, ** p<0.05, * p<0.1).

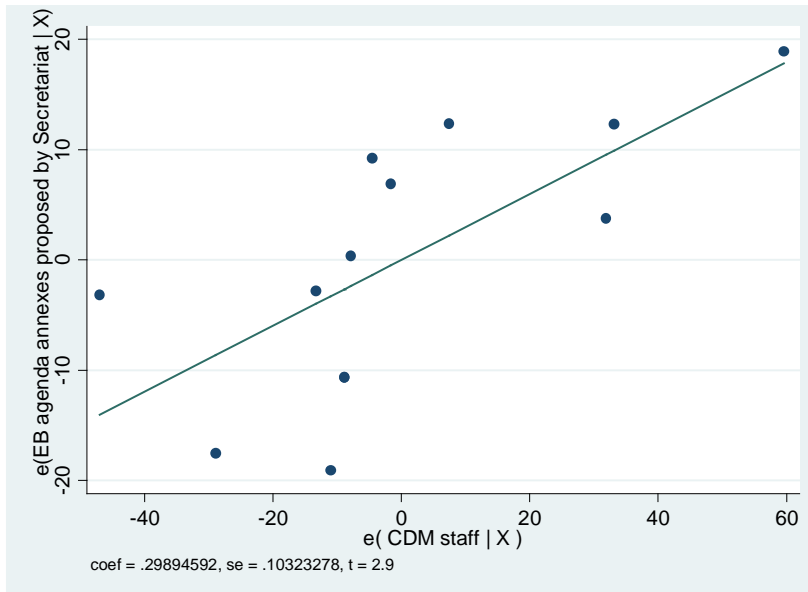
DU is an indicator variable taking the value of zero if the observation for the joint dependent variable (models 1 and 2) refers to annexes suggested by the Secretariat, and one otherwise.

Given that the resources for the CDM part of the Secretariat are determined by the market demand for CDM projects through the project-related fee rather than by year-to-year political decisions within the

organization, the model should be reasonably free of endogeneity problems once project numbers are controlled for.

It turns out that controlling for the workload related to methods and projects submitted, the effect of an increase in staff numbers has a robust and significant effect on EB workload. On average, an additional staff member increases the number of annexes in the EB agenda suggested by the Secretariat by about 0.3. This relationship is also shown graphically in Figure 6 (partial scatter plot based on regression 3).

Figure 6: The influence of CDM staff on EB agenda items



Note: X are controls for the number of CDM methodologies and CDM projects submitted.

The regression analysis also shows that the agenda items suggested by the Secretariat (dependent variable in regression 3) are most clearly linked to CDM staff. This should be expected since, by definition, this is the dependent variable on which the Secretariat has the most direct influence. Equally in line with our arguments, the analysis shows that the overall workload depends less significantly on project submissions than on methodologies (see, in particular, regressions 4-6).

In any case, the empirical evidence is clearly consistent with the hypothesis of a bureaucratic attempt of the Secretariat to increase its own influence and responsibilities. It should again be noted that this support of the Public Choice hypothesis on bureaucratic expansion and campaign for more influence is not necessarily negative. Since (as most interview partners have underscored) the CDM staff is highly competent and experienced, the additional items suggested on the EB agenda can relate to important issues that might have gone unnoticed in a situation with more limited human resources at the Secretariat. It should also be noted that the evidence presented in this section does not suggest bureaucratic pathologies as found for some other organizations where staff is rising at a stagnant or even declining rate of exogenous (non-self-generated) tasks (“Parkinson’s law”, see Parkinson 1957). In the context of the UNFCCC, the initial increase in methods and the continuous rise of projects is clearly related with an increase in the workload not just for the EB, but also for the Secretariat itself. In fact, the

projects that do not pass through the EB anymore since May 2010 have yet to be assessed by the Secretariat. This implies increased competencies, but also an increased workload.

4.3. Staff increase and changing determinants of EB decision making

We will now look directly at decision making processes within the EB and examine whether their determinants have changed over time in a way that would be consistent with a stronger influence of the Secretariat. Discussions in the context of the interviews showed that this cannot be easily assessed by participants in the process, because any individual decision observed is formally a decision of a political body and it is typically impossible to say to what extent informal influence has on this decision. However, on average and over a high number of decisions, we may be able to observe trends indicating a move towards greater influence of the Secretariat. In this context, we can build on our earlier econometric work on determinants of EB decision making (Flues et al. 2010). In this paper we considered variables related to the interest different actors (individual countries, their business lobbies and consultancies, and international organizations) may have in a positive decision of the EB. As a control for the quality of the methodologies submitted we used the initial Meth Panel assessment. For projects this initial assessment was carried out by individual experts of the Registration and Issuance Team (RIT) whose conclusions were not publicly available but could be approximated on the basis of the criteria on which this assessment is based. As discussed in section 4.2 the RIT is no more systematically involved in these evaluations today. For this reason, it is difficult to build on the analysis in Flues et al. (2010) regarding project registration. However, this is possible with respect to the approval of methodologies.

We assume that if the Secretariat has indeed gained a stronger influence in recent years, this should reduce the influence of other actors, notably of EB member countries and the lobbies that tend to shape national preferences, but also of international organizations. In Flues et al. (2010), we show that EB membership of the CDM host country, i.e. the country linked to the development of the methodology (and susceptible to apply it for the national development of CDM projects) is significantly linked to a greater probability of EB approval. We also show that international organizations such as the World Bank also had a significantly higher chance for “their” methods to be approved. If the influence of the UNFCCC Secretariat increases, we should expect a decreasing relevance of these partial interests.

Given the interest of all participants to effectively launch the new market, in Flues et al. (2010) we further hypothesized that the EB should be relatively lenient in the early years and become stricter thereafter. This is what we effectively observed in our statistical analysis. Given the direct incentive of the CDM staff to generate a higher number of accepted methodologies (and thereby projects) in order to rise the volume of the fees, an increasing influence of the Secretariat on EB decision making should tend to reverse this trend.

To test these hypotheses on the influence of the Secretariat we add all new information on EB decisions for methodologies that have been available until mid-October 2012 in the UNEP Riso database (UNEP Riso Centre 2012a). The data used for the initial paper contained all EB decisions until December 2005,

most EB decisions for 2006 and about half of the decisions for 2007. All in all, the update increased the number of observations by 148 from initially 207 to 355.

Table 3 first replicates the preferred regression in Flues et al. (2010). In a second step we add the new data. It turns out that indeed, for the full period, we cannot confirm anymore that the EB has become stricter over time because the variable “year of decisive EB decision” is no more significant. However, as opposed to the hypothesis that a stronger Secretariat should reduce the influence of vested interest from individual parties, host country membership becomes even more strongly significant. At the mean of all other variables, being part of the EB increases the probability to obtain a positive EB assessment by 25%. Methods proposed by international organizations, however, lose their significance.

Table 3: Determinants of EB decisions (probit regressions, clustered by host country)¹

	(1) Replication of Flues et al. (2010)	(2) Adding the new data	(3) New data only	(4) All data, adding CDM staff
Initial Meth Panel decision, adjusted ²	1.212*** (0.000)	1.001*** (0.000)	1.385*** (0.000)	1.077*** (0.000)
Host country is EB member or alternate ³	0.254** (0.027)	0.249*** (0.003)	0.423*** (0.002)	0.274*** (0.003)
Consultant's country is EB member or alternate	-0.162 (0.249)	-0.162 (0.110)	-0.065 (0.684)	-0.173 (0.122)
Consultant is an international organization	0.296** (0.043)	-0.121 (0.401)	-0.542*** (0.000)	-0.14 (0.915)
Year of decisive EB decision	-0.118*** (0.006)	-0.001 (0.967)	0.175** (0.014)	-0.182* (0.061)
CDM staff				0.008* (0.056)
Observations	207	355	148	355
Number of clusters	40	51	36	51
Pseudo R ²	0.701	0.718	0.842	0.724
Wald chi ²	55.42	318.2	58.97	374
p-value	0	0	0	0
Area under the ROC curve	0.971	0.973	0.989	0.974

¹ The table shows marginal effects at the mean of all variables. Robust p-values in parentheses (***) p<0.01, ** p<0.05, * p<0.1).

² Values are: 2 for A (sound method), 1 for B (requires revisions), and 0 for C (should not be approved). Initially, there was an explicit distinction between initial and final Meth Panel decisions, which were taken after revisions by the developers of the methodology. Since June 2007, however, the Secretariat carries out potential revisions and formally, the Meth Panel decides only once and for all. However, a number of methods that eventually receive a positive assessment are returned one or two times from the EB to the Meth Panel. We use these revision cycles as an indicator of an initial divergence between the Meth Panel and the EB decision and code the “initial Meth Panel decision” as 2-number of revision cycles.

³ Alternates have formal voting rights only if the full member is not present. However, they assist the meeting and participate in the discussions. De facto, this gives them a similar influence on EB decisions.

In regression 3, we examine what drives these changes by looking only at the new data. It turns out that the year of decision even has a relatively strong positive effect in the second period. Thus EB decisions have become more lenient over the last few years (since 2007) as opposed to what we observed for the initial phase. Equally in contrast to the first period, methods proposed by international organizations had a significantly lower chance to succeed. Notably, methods developed by the World Bank were all approved in the first phase, and rejected in the second phase. However, host country EB membership shows an even stronger effect on the approval of methodologies than before. This last point clearly does not confirm our expectations according to which a stronger role of the Secretariat in the second phase should lead to reduced influence of other actors.

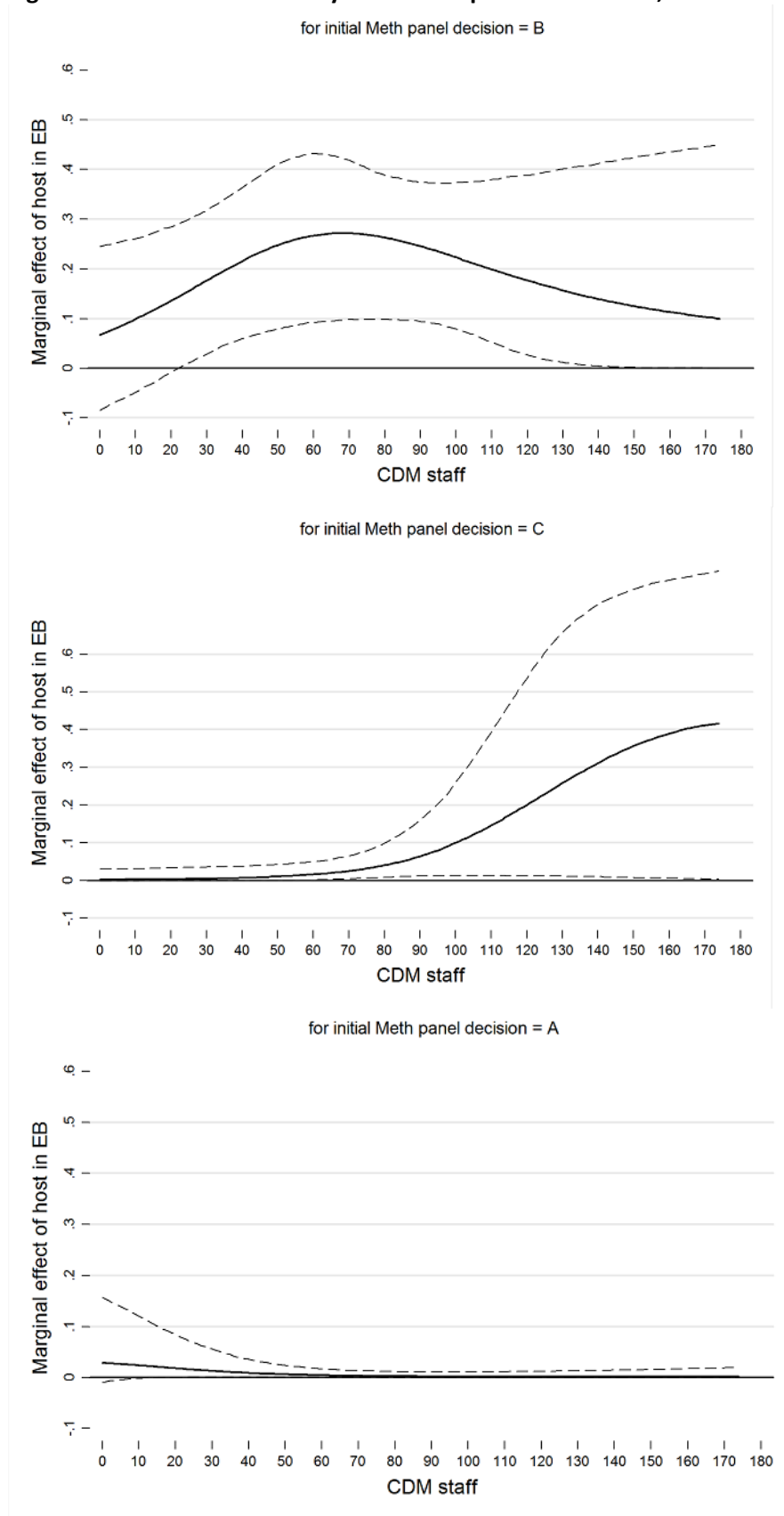
To examine to what extent the differences between the two phases are actually linked to the role of the Secretariat, we include CDM staff directly as an additional explanatory variable into regression 4 for the full sample. The variable is significant at the 10% level and suggests that adding ten staff members to the Secretariat raises the probability of the approval of a methodology by 8%. As compared to regression 2 (equally for the full sample) the inclusion of the staff variable induces the time trend (year of EB decision) to again turn negative and significant. This shows that indeed the change in the marginal effect of the trend variable observed earlier is due to the strengthening of CDM staff numbers over time. However, other effects do not seem to be affected.

The most intriguing part thus remains the fact that host country EB membership continues to have such a strong effect. To examine in more detail how it is related to the strength of the Secretariat, we introduce an interaction term between CDM staff and host country EB membership into regression 4. Results regarding the effect of EB membership at the median of all other variables are presented in the first panel of Figure 7. They indicate that host country EB membership becomes significant for about 20 CDM staff members and more, i.e. ever since the CDM unit within the Secretariat became fully functional. The effect then seems to first rise (up to about 60 staff members) and then fall again, but the 95% confidence intervals (dotted lines) show that variance is large and these differences are not significant.

In the second panel of Figure 7 we replicate the illustration for a situation, in which the initial Meth Panel (MP) decision is not at the median (=1, see notes under Table 3), but 0 indicating that the Meth Panel did not consider the method as acceptable. In such clearly negative cases, EB membership of host countries usually does not have much influence because the EB tends to follow the Meth Panel in its assessment. However, at high levels of CDM staff (above about 60), the variable again turns significant. This suggests that with the support of a strong Secretariat host countries may be able to push through their methodologies even if they are very contested (at least at the stage of submission, i.e. before further revisions).

The final panel of Figure 7 shows the opposite situation where the initial Meth Panel assessment is positive. In this case, there is no significant effect of host country EB membership, no matter the Secretariat's staff size. This is easy to explain as in such cases, there is no need for the host country to put pressure on the EB to approve the methodology.

Figure 7: Effect of host country membership on EB decisions, for different CDM Staff and MP decisions



All in all, the graphical analysis confirms the result that the increase in CDM staff size has not led to a reduction of EB member influence. To the contrary, there may be collusion between the Secretariat and certain EB members with vested interests. This is not in line with our expectations. However, it provides some support for Stone's (2011) argument that a strong bureaucracy allows important member states to exert informal influence through interaction with the staff.

The analysis shows that EB decisions are clearly influenced by the developments within the UNFCCC Secretariat. While the effect is not always in line with our expectations, today's existence of a large and experienced CDM staff has changed the determinants of EB decision making.

5. Conclusions

Drawing from expert interviews as well as from the analysis of official documents and available quantitative data, we obtain clear evidence of dramatic changes in financial and human resources, which in turn led to some change in the role and influence of the Secretariat. In the first decade of its existence, the UNFCCC Secretariat has played a neutral facilitation role for international climate negotiations. While the Secretariat as a whole continues in this vein in its second decade, a much more hands-on role has emerged in the CDM part of the Secretariat related to the unexpected bonanza of revenues from CDM project fees. Due to initial institutional regulations the tremendous increase in resources for this part of the Secretariat could not be channeled to other areas of activity. This led to specific developments in this particular field: First, as clearly expressed in the interviews, the CDM Executive Board (EB) as the relevant political decision making body made increasing use of the Secretariat staff for activities initially carried out by its own members or subsidiary bodies of experts. Second, in line with arguments of Public Choice theory, the growing staff proposed an ever increasing number of issues to deal with at EB meetings thereby reinforcing the tendency of the EB to delegate even further. Since resource increase is driven by demand for CDM projects, it can be considered as exogenous with respect to EB activities, so that the causality of this relationship can be more easily identified. Interviews reinforce this Public Choice perspective since respondents (even from within the EB) conceded that in recent times, it happened to the EB to only realize ex post that its decisions based on proposals by the Secretariat had effectively expanded the autonomy of the latter more than expected – to the detriment of subsidiary bodies, notably the Meth Panel. Third, overall, this has effectively led to a statistically significant influence of the Secretariat's staff on EB decisions, and as the econometric results suggest, to some collusion between CDM host countries represented in the EB and the Secretariat.

The influence of the Secretariat thereby crossed the border from the purely technical to the political sphere. Nevertheless, it remained contained within the context of the CDM and did not affect the attitude of the Secretariat in other areas. This is true for closely related (but less resource rich) areas of activity such as Joint Implementation, but also for the core areas of the negotiations such as emission reduction commitments. Comparing the development of the CDM and the Joint Implementation parts of the Secretariat provides further evidence for the impact of resource growth.

Had the same resource growth happened in the much more strongly contested and politically salient core areas of UNFCCC activities, its effect may have been different, however. The very fact that no decision was taken about a redistribution of resources within the Secretariat once the dramatic accumulation of resources in the CDM part became apparent, may point in this direction. While politically difficult given the position of developing countries, such a decision may still have been conceivable if one had really observed a need for other parts of the Secretariat to be strengthened. As also alluded to in our interviews, this was not the case precisely because these areas were deemed too politically sensitive for the Secretariat to play a major role. This observation is in line with the theoretical arguments that have been used in the literature to explain why the UNFCCC Secretariat was so much more apolitical than the secretariats of other environmental agreements in the first place. Our results are consistent with this literature in that it is only one of the least political and most technical parts of activities within the UNFCCC where the Secretariat's influence grew.

It will be interesting to observe, however, how this situation will develop in the coming years. Due to the lack of ambition in the international agreements on emission reductions after 2012, the number of new CDM methods and projects must be expected to fall dramatically in the future. Given the enormous surplus accumulated already, resources for more staff are available and at some point, a mismatch between resource use and the actual relevance of this area within the UNFCCC will become undisputable. Will a redistribution of resources then take place? If there is no change in regulations opening the way to a reallocation of resources within the Secretariat, the CDM part of the Secretariat will soon become a great new example of "Parkinson's law", i.e. an example of declining workload hand in hand with increasing bureaucracy. This interpretation could be excluded so far, since the CDM has been a vibrant activity until the end of 2012.

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Annex 1: Table A1: Overview

Phase	Year	Executive Secretary	Total budget (million USD)	CDM Trust Fund (million USD)	JI budget (million USD)	Total staff	CDM staff	JI staff	CDM methodologies ²	CDM projects ³	JI projects ⁴	Key events
0	1992	Zammit Cutajar	NA			NA						
0	1993	Zammit Cutajar	NA			NA						
1	1994	Zammit Cutajar	NA			NA						UNFCCC entry into force
1	1995	Zammit Cutajar	NA			34						Berlin mandate
1	1996	Zammit Cutajar	4.5			NA						
1	1997	Zammit Cutajar	4.5			47						Kyoto Protocol
2	1998	Zammit Cutajar	10.6			63	1.5					
2	1999	Zammit Cutajar	10.6			86	5					
2	2000	Zammit Cutajar	15.6			124	5					
2	2001	Zammit Cutajar	15.6			144	5					Marrakech Accords (November)
3	2002	Waller-Hunter	20.8			165.5	6					
3	2003	Waller-Hunter	20.8			168.5	6		36	4		
3	2004	Waller-Hunter	26.7			165.5	17		50	50		
3	2005	Waller-Hunter	26.7			194.5	25		76	446		Kyoto Protocol entry into force (February)
4	2006	de Boer	38.6		2.0	221.5	40	3	75	647	19	
4	2007	de Boer	38.6		3.1	265.5	75	9	52	950	72	Secretariat summary note for registration requests and recommendations for methodology revisions
4	2008	de Boer	63.8	18.3	3.1	325.5	97	10	66	940	47	
4	2009	de Boer	63.8	18.3	3.5	364.5	143	14	61	770	31	Copenhagen conference fails
5	2010	Figueres	84.1	31.7	3.4	452.5	177	11	23	831	24	Review procedure changed
5	2011	Figueres	84.1	31.7	2.2	467.5	177	12	33	1339	54	Rules for standardized baselines introduced
5	2012	Figueres	86.9	44.7		494.5	177		15	895	14	Top down methodologies introduced

¹ Expenditures

² Open comments date for large scale methodologies, submission date for forestry and small scale methodologies

³ Submission for registration

⁴ Submission for determination (track 2)

Sources: UNFCCC (1996, 1997, 1999a,b,c, 2000, 2001, 2002a, 2003a,b, 2004, 2005a, 2007, 2007, 2008, 2009, 2010, 2011, 2012a,b

