Abstract: In 1993 the World Bank created its Inspection Panel, unprecedentedly opening itself up to being held to account by people negatively affected by its development projects. Within a decade, the other Multilateral Development Banks (MDBs) – the Asian, African, Inter-American Development Banks, the European Bank for Reconstruction and Development and the rest of the World Bank Group would too. The creation of these accountability mechanisms embodies a norm of ‘accountability as justice’ that provides recourse for damaging behaviour through a formal sanctioning process. This article makes two arguments: first, the United States built on its history of using ‘accountability as control’ to advocate using accountability for justice for the MDBs during debates over maintaining their efficiency and effectiveness. As the predominant MDB shareholder the US used its power (of the purse) and influence (through its voice and vote) to garner support for the norm despite opposition from borrowers and the Banks. Second, the US had to resort to these same levers to demand the MDBs reformulate the mechanisms when borrower resistance and Bank avoidance hindered their effectiveness. The US successfully created the norm but Bank recalcitrance meant the US had to use the same levers to ensure its effectiveness. The article concludes that change within the Banks is evident but incremental: the spread of the norm amongst the MDBs has changed their governance to include recourse for project affected people (PAP) with structures in place to strengthen them over time.
Introduction

Hailed as a victory for people negatively affected by internationally financed development projects, the World Bank created an Inspection Panel in 1993. Independent from Bank management, the Panel was designed to investigate whether the World Bank adhered to its environmental and social ‘safeguard’ policies and whether its acts contributed to the harm of people at project sites. Within a decade the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), as well as the rest of the World Bank Group (WBG) would follow suit. Understood as a norm of ‘accountability as justice’ (Dubnick 2014), these accountability or grievance mechanisms, provide project affected people (PAP) recourse for damaging MDB-financed activities within a formal sanctioning process. The norm has since proliferated to other financiers, including the new Asian Infrastructure Investment (AIIB 2016).

What explains the proliferation of this norm? The argument here is that the United States (US) spread the norm across the Multilateral Development Banks (MDBs). The US initially took up activist concerns over people being harmed by World Bank-financed projects in debates over how to improve all of the Banks’ efficiency and effectiveness. Building on its history of using accountability procedures such as audits and evaluation for controlling international organisations (IOs), the US demanded new accountability mechanisms for justice. Taking activist concerns against the World Bank, the US, as the predominant shareholder in the Banks used its power and influence to demand all of the MDBs adhere to the accountability as justice norm. This counters common conceptions that the MDBs adopted accountability mechanisms because of activist pressure compared with theoretical arguments of IO learning. The US garnered support for the norm among shareholders despite borrower opposition and Bank avoidance. This fits current research that shows that IO change comes from member states (Tallberg et al) and that the top shareholders determine its direction, including on accountability (Copelovitch 2010; Grigorescu 2016, 2010). This is an agent centric constructivist account of how a powerful state generated an international norm for the MDBs. It also reveals the limits of US power and influence: the US used its ‘power of the purse’ and its ‘voice and vote’ to garner support but it had to resort to the same levers when borrower opposition and Bank avoidance contributed to its ineffectiveness. Using process tracing the article tracks how the US took up the idea of justice and spread it across the Banks. It relies on 114 interviews conducted between 2009 and 2014 with activists, MDB
staff, Executive Directors and accountability experts, and primary documents collected from the MDBs, activists’ archives, and US Congressional records. The article argues that the US led and defended norm has led to incremental change within the MDBs: improving its governance to include recourse for PAP, with structures in place to strengthen them over time.

The paper is divided into three sections. Section one establishes how accountability as justice departs from accountability as delegation versus participation, before showing how the US built on its history of using accountability as control to demand the use of accountability procedures for justice. Section two documents how the US garnered shareholder support to establish the norm for the MDBs despite borrower opposition and Bank avoidance using its ‘power of the purse’ through replenishments for the Banks’ General Capital Increases (GCI) and soft-loan facilities, as well as its ‘voice and vote’ on the Banks’ Boards. Section three shows how borrower opposition and Bank avoidance contributed to the ineffectiveness of the mechanisms and how, using the same levers, the US intervened to strengthen them. The conclusion suggests that the spread of the norm amongst the MDBs has led to incremental change through altering the Banks’ governance with the capacity to improve their responsiveness to PAP.

**MDB Accountability**

Accountability for IOs like the MDBs, has been traditionally understood within a delegated model (Grant and Keohane 2005: 32). Accountability is ‘the process of being called “to account” to some authority for one’s actions’ (Mulgan 2000: 555). The MDBs are accountable to their shareholders for the actions they undertake on their behalf and they are contractually obligated to meet their loan conditions. The MDBs provide loans, technical assistance, and guarantees to member states and companies in developing countries for development. They are ‘a common family and share family traits’ where the other Banks emulated the World Bank’s ‘procedures and terms of lending’ (Babb 2009: 23; Mistry 1995: 6). The concept of accountability has also been used to interrogate IOs through a ‘participatory’ model or whether IOs are accountable to a ‘public.’ This has been understood as being held accountable to those affected by IO actions (Koenig-Archibugi 2004: 236). Scholars argue the World Bank should be accountable to those in authority and to those affected (Woods and Narlikar 2001). The US’ push for accountability as justice does that.
Of use in explaining the US’ efforts is Melvin Dubnick’s (2014) labelling of accountability as a cultural keyword or narrative for using accountability for a specific purpose. Dubnick outlines four. The first is institutionalised accountability, which is linked to constitutional and electoral arrangements designed to render political authorities answerable and responsive. Much of the literature on IO accountability sits within the narrative because it focuses on delegated or representative frameworks implicitly or explicitly drawn from democratic understandings of accountability (Grigorescu 2016). Second, accountability is mechanised to facilitate control, which is concerned with ensuring obedience and efficiency, which is how the US traditionally engages with IOs (Park manuscript). Third, accountability may be understood within a justice narrative where it ‘produces justice for those victimised by malicious or damaging behaviour.’ This narrative has been incorporated into ‘both criminal and civil legal systems as well as formalised sanctioning processes within organisations’ (Dubnick 2014: 29-30). Arguably, the push for the MDBs to be held to account for negatively affecting people at MDB-financed project sites fits this narrative. The fourth narrative uses accountability as an incentive, such as metrics and benchmarks through which ‘adjustments in performance…demonstrate that one has become more accountable’ (Dubnick 2014: 29-30).MDB ‘Results-based management’ might fit this narrative. This is not to suggest that these narratives do not retain the same accountability relationships (who is to be held to account and to whom) or that they are mutually exclusive. Accountability tools may serve more than one purpose. Rather the accountability narrative identifies the primary normative purpose of establishing accountability, which then shapes what actors are accountable for, including how they are held to account (ie the standards, procedures and sanctions) (Mashaw 2006). Here I argue that the US added a normative priority for justice onto its demands for accountability as control to improve the Banks efficiency and effectiveness in the 1990s. The result was ex post evaluations of harm and safeguard compliance based on PAP bringing claims to the Banks.

The accountability mechanisms of the MDBs embody an ‘accountability as justice’ norm that seeks to provide recourse for damaging behaviour through a formal sanctioning process (see table one). In the 1990s transnational activist campaigns revealed the negative environmental and social costs of World Bank financed projects. Seeking to lock in the World Bank’s commitment to its environmental and social policies activists demanded member states establish formal sanctioning mechanisms to hold the Banks to account (Clark Fox and Treakle 2003: 20, f/n 8). Efforts to hold the MDBs to account through formal sanctioning
procedures included demanding transparency; answers from the Banks as to their policy compliance and if that led to harm; and compliance and monitoring if they had not. This fit within a broader shifting normative environment that focused on making IOs democratic, transparent, legitimate, and accountable (Park manuscript).

[insert Table One: The Accountability Mechanisms of the MDBs: Iterations and Updates of their Resolutions and Rules of Practice.]

Activists influenced US efforts in holding the Banks to account (below) but this was located within debates over increasing the Banks’ efficiency and effectiveness. In the early 1990s member states requested an examination of MDB portfolio performance through quasi-independent taskforces: the World Bank Wapenhans report, the IDB Tapoma report, the ADB Shultz report, and the AfDB Knox report (Mistry 1995: 67-8). They indicated significant weaknesses in Banks’ ability to deliver sound projects on time. For example, in 1991, World Bank President Preston commissioned an internal Task Force on Portfolio Management led by Bank Vice President Willi Wapenhans to review the Bank’s project quality. The Wapenhans report (1992) identified significant problems: that over a third of World Bank projects completed in 1991 were ‘complete failures as judged by the Bank’s own staff’ with a ‘dramatic increase of 150 percent rise in failures over the previous ten years.’ The cause of the deteriorating portfolio performance was blamed on the Bank’s internal procedures: over-optimistic expectations at the time of project approval; a culture of approving loans over realistic project performance; and prioritising new commitments over continuing projects (Wapenhans 1992: 9, 30-1).

Typically the US has used accountability procedures to ensure control over IOs, including auditing, monitoring and evaluation, and oversight procedures (Grigorescu 2010). The US demanded MDB obedience by requesting independent post-project evaluation units as well as auditing requirements to evaluate Bank expenditures and effectiveness (Park manuscript; Buntaine 2016). The Banks’ performance would come under scrutiny by the US Congress who in 1998 commissioned a group to examine the need for the MDBs in light of the vast private financial flows to developing countries (International Financial Institutions Advisory Commission 2000).
US power and influence is dependent on the institutional structure of the IO (Kaya 2015). The US engaged with other shareholders on the Banks’ Board of Executive Directors to argue for using standard oversight procedures (the creation of accountability mechanisms) for evaluating harm not just project effectiveness. Donor member states tend to share common concerns that lead to agreement on the MDB Boards (Culpeper 1997: 29). The MDBs structural similarity enables the US to use the same mechanisms across the Banks. The US used its power of the purse to threaten the World Bank by withholding funding pending the creations of an accountability mechanism; while providing strong financial incentives to the World Bank Group, IDB, ADB and AfDB such that they followed suit. The US would use it voice and vote to effect change within the EBRD as outlined below.

**How did the norm spread?**
Explanations for the creation of the accountability mechanisms vary, despite a significant literature on their activities (Bissell and Nanwani 2009; Filho and Rios 2007; van Putten 2008). Some argue that ‘civil society played a catalytic role in the establishment of the WBIP [World Bank Inspection Panel], which in turn resulted in the adoption of similar mechanisms in other MDBs’ (Bissell and Nanwani 2009: 158). Others argue that it was part of the Banks efforts to improve effectiveness and transparency (McGill 2001: 194). These are insufficient for understanding how and why the Banks all adopted the accountability as justice norm within a decade. While activists challenged the World Bank and WBG to adopt accountability mechanisms, mass campaigns were not evident against the other Banks, and the Banks were not interested in being held to account to PAP. Although the Banks looked to one another to learn how to structure their accountability mechanisms (Park 2014), the norm was generated by the US and IO learning did not change US strategies for realising the norm. This section shows how the US took up the idea of accountability as justice and spread it across the Banks via its power of the purse and its voice and vote on the Banks’ Boards.

**US Power of the Purse**
The US spearheaded the accountability as justice norm by using its predominant shareholder status to push for it across the MDBs against the interests of the Banks and many of their borrowers. IOs take up norms as a result of pressure from powerful member states (Park 2014), from staff (Chwieroth 2008), activists (Park 2010), or as a result of external shocks (Leiteritz and Moschella 2010). The US advocated for the norm when negotiating its contribution to the Banks’ General Capital Increases (GCI) and soft loan replenishments.
The MDBs took up the accountability as justice norm owing to US threats to withdraw its financial contributions or from offers to increase it during these negotiations. US shares give it donor leverage because subscriptions are translated into voting power with the US garnering a greater share of the vote, except for the AfDB where it is second (see table two below). Financially the Banks are underpinned by member states providing capital subscriptions. Beyond this, the Banks raise additional capital through interest and loan repayments, and buying and selling on international capital markets, which makes them relatively autonomous IOs. However, US shares provide it with the ability to threaten to withhold funds or even walk away which is enough to keep the Banks in check (Babb 2009: 37). Since 1972 the US has provided only partial funds requested annually by the Banks (Lavelle 2011: 16) and it has ‘a significant amount of unmet commitment to the MDBs’ (US Treasury 2016: 9).

As the predominant financial contributor the US could use this power of the purse to press for the accountability as justice norm for all of the Banks bar the EBRD (below). The US can use negotiations for increasing the Banks’ capital resources (GCIs) to demand changes to MDB policies. GCIs vary in frequency among the MDBs but are used to maintain the Banks’ loan to capital gearing ratio. Evidence abounds of the US using its financial contributions as carrots through GCI to direct the MDBs (Babb 2009). GCI are used for the Banks’ ‘hard loans’ or Ordinary Capital Resources (OCR), which are used to offer loans to borrowing member states (Culpeper 1997: 8, 32). Financial contributions are also vital for the voluntary replenishment of the Banks’ concessional loan windows, which provide grants and low interest loans to the poorest borrowing members. All of the Banks bar the EBRD have these ‘soft loan’ facilities although ADB folded it into its OCR in 2017. The Banks are not dependent on member state subscriptions for their OCR but they are for the concessional loans.

US power lies in its threat to withhold or reduce soft loan funding (as a stick) to indicate its policy preferences. US power cannot be overstated. Negotiations for replenishing the funds now determine the ‘direction and content of MDB operational, financial and even internal administrative policies’ (Mistry 1995: 118). The US has demanded World Bank policy
changes during the International Development Association (IDA) replenishments. Although all states do this, in the 1990s the US had the largest voluntary contribution in the World Bank’s IDA giving it the ability to shape the policy agenda, and it retains a veto in the IDB’s Fund for Special Operations (FSO). The FSO has ‘provided an institutionalised vehicle of US national interest in the form of a veto over soft loans’ (DeWitt 1977: 24). Although Japan has lent vastly more in the Asian Development Fund (ADF) both Japan and the US are ADB’s largest voting powers but Japan tends to vote in accordance with the US. Within the African Development Fund (AfDF) the US is the second largest donor after Japan (AfDF 2014). For the IDB and the AfDB, resources generated by the soft loan facilities have been used to cover MDB costs, thus providing another means through which the US can direct these Banks (Mistry 1995: 106-8).

Grappling with MDB inefficiency and ineffectiveness in the early 1990s, Bank shareholders implemented a range of accountability procedures to improve their performance as noted earlier. Yet the US went beyond accountability as control to push for an accountability as justice norm. For the US, MDB change is easier to initiate through the soft financing replenishments than the OCR but ‘what usually happens in the soft loans, happens for the hard loans’ (Interview with former US Treasury staff, 4 November 2013). According to former US Treasury staff, reforming the Banks usually began with the World Bank’s IDA before pressuring the other MDBs for policy change backed by funding. According to one former ADB Executive Director if consensus cannot be reached at the level of Bank’s Board then donors may resort to using GCI and ADF financing as a carrot or a stick to demand their policy preferences (Interview 15 November 2013).

In the first instance, the US would threaten to withhold the World Bank’s IDA-10 replenishments pending the creation of an accountability mechanism in 1993. It would then demand the IDB create such a mechanism in 1994 using a GCI, and would be followed immediately after by the ADB in 1995 using both a GCI and an ADF replenishment. The WBG would establish its mechanism in 1999 within the context of activist campaigns against the International Finance Corporation (IFC) and concerns over the parameters of the World Bank Inspection Panel using a mix of GCI and IDA replenishments. The US would continue to use its power of the purse through an AfDF replenishment to press for an accountability mechanism. Owing to the near parity of donor shares in the EBRD and its lack of a soft loan
facility, the US would rely on its voice and vote to realise its accountability mechanism in 2003.

**Power of the Purse: the World Bank**

The genesis of the US shift to accountability as justice resulted from the well documented mass campaign against the World Bank financed Indian Narmada Sadar Sarovar dam (Clark et al 2003; Park 2010). Under pressure to respond, World Bank President Barber Conable commissioned the Bank’s first ever independent review of a Bank project in 1991. The Morse report was critical of the Bank’s efforts (Morse and Berger 1992). The Bank responded with the *Narmada: Next Steps* report stating that ‘the interests of the Bank would be better served by the establishment of an independent inspection panel’ (para 60, Shihata 1994: 8). Yet as the World Bank’s General Legal Council Ibrahim Shihata noted, ‘none of the recommendations and action proposals made in this context mentioned the creation of a permanent inspection body. Attention at this stage was limited to existing internal mechanisms to monitor and control the quality of the Bank’s operations which included…the possibility of establishing an ad hoc independent commission for this purpose’ (1994: 13).

Narmada was the ‘singularly defining reason for the necessity for the inspection mechanism within the Bank’ (Umana 1998: 2). Most borrowing Executive Directors (EDs) opposed the idea of opening the Banks up to being held accountable to PAP. The Dutch, German, Chilean and Malaysian EDs proposed an ‘in house evaluation unit that enabled Bank staff to review problem projects’ and be responsible to the Board.iii This in-house mechanism was neither independent nor allowed a role for PAP (Clark et al 2003: 8). In response, Bank management concluded that there was ‘no apparent need for a permanent inspection unit’ (Shihata 1994: 23).

After the Morse report, the Wapenhans report was leaked, fuelling public debates over how to hold the World Bank to account. Lori Udall and Bruce Rich from the Environmental Defense Fund (now Environmental Defense) and David Hunter from Center for International Environmental Law among others lobbied the US to push for accountability for the World Bank (Udall 1997: 6; Shihata 1994: 25). Despite Treasury’s role in determining US policies towards the MDBs, they were not supportive (van Putten 2008: 80). It did however catch the attention of the US Congress: Over a three month period Udall and Hunter worked with the Chairman of the US House of Representatives authorising committee Barney Frank to create
a formal appeals mechanism resolution (van Putten 2008: 74). While other member states favoured an internal sanctioning mechanism the activist-US Congress model supported a recourse mechanism for PAP.

The US Congress created a credible threat by withholding the final year of IDA-10 replenishments pending the establishment of a mechanism to provide recourse for PAP (Fox 2000: 289). Although an accountability mechanism had been proposed by four EDs earlier, ‘US approval of IDA funding and a proposed inspection panel became intertwined’ (World Bank 1993). Negotiations for IDA-10 funds for July 1993 through to June 1996 had concluded in December 1992. However, the amount the US Treasury agreed to contribute had to be passed into law by US Congress (Lavelle 2011: 24). On 5 May 1993 activists testified to the US House of Representatives before the Subcommittee on International Development, Finance, Trade and Monetary Policy of the Committee on Banking, Finance and Urban Affairs, Chaired by Congressman Frank. Chairman Frank made it clear that the US would not allow IDA funds to be authorised unless the Bank established such a mechanism, raising the prospect of withholding IDA-10’s third year of funding. As a result of the US using its power of the purse, the proposal for an inspection function not only progressed but was modified to become accountability as justice. This included being responsive to PAP; to be independent of Bank management; and take the form the US propounded. The Bank objected but legal advice upheld Frank’s capacity to do so (Lavelle 2011: 126-7). Only then did Ibrahim Shihata, the World Bank’s General Legal Counsel, begin working on the accountability mechanism proposal. Bank management favoured an in-house mechanism under Bank management not open to PAP (Shihata 1994: 25).

While some Executive Directors remained sceptical, by then agreed that such a body should be created. With the US, UK and Germany on board it became clear that donors were in favour of creating it; they were aware of the public backlash arising from MDB-projects (Park 2010). Owing to the weighted voting system borrowers knew there was not much point voting against it; consensus would be better. In the discussion one ED made it clear that the proposal was ‘very much built on one shareholder’s view [the US] on what was needed to gain political support for IDA-10.’ A borrower pointed out that they were only willing to go along with it because it had widespread support; they would not have supported it if it was only a minority position ‘no matter how powerful they [the US] were and no matter the consequences of IDA funding’ (World Bank 1993). The US played a ‘critical leadership role
in the process and managed to induce consensus’ (Fox 2000: 288). On 22 September 1993 the Board established the Inspection Panel (resolution number 93-10 IBRD, and resolution number 93-6 IDA). The idea of accountability as justice was crucial to the design of the Panel rather than an in-house sanctioning mechanism to improve the Bank’s project performance. Independent from Bank management the Inspection Panel has the capacity to investigate claims by PAP in a borrower’s territory.

**Power of the Purse: the IDB**
The US now had a reform agenda and Treasury worked on behalf of Congress to look to where they could find success. The IDB’s Independent Investigation Mechanism (IIM) was created ‘under US pressure’ (Nelson 2000: 424). The US Congress did not withhold IDB funding. Instead, the IDB accepted $700 million in new money during GCI-8 in April 1994 in exchange for accepting the US policy agenda for increasing the Bank’s effectiveness and efficiency, including an accountability mechanism. The then largest CGI in the Bank’s history, Bank members agreed to a $40 billion replenishment as well as a $1 billion increase in FSO funds. The GCI-8 agreement included an aim to ‘increase transparency and accountability in Bank operations’ (IDB 1994: 10-11). Bank management responded with a draft proposal for the IIM. On 28 March 1994 the Board deliberated: the US gained the backing of the Europeans and borrower member countries. The latter thought accountability was ‘a principle that would not be applied too much’ (Interview with former IDB staff, 8 October 2013). In August 1994 the Board approved the introduction of the IIM to ‘investigate allegations by affected parties that the Bank failed to follow its own established operational policies’ (McGill 2001: 194).

**Power of the Purse: the ADB**
Following the IDB on 5 December 1995 the ADB created its Inspection Function to provide redress for people adversely affected by an ADB-financed project. The ADB’s mechanism aimed to ‘complement the Bank’s existing supervision, audit and evaluation systems’ as part of the ADB’s response to its project quality review. The US linked the need for an Inspection Function to its ‘commitments to the general capital increase for its ordinary operations and in relation to its Asian Development Fund (ADF) VII negotiations’ (Bissell and Nanwani 2009: 158). The US was the most vocal of the member states on the ADB Board and it had the responsive ears of the other donors (Interview with Accountability Expert, 27 November 2013). There was increasing agreement between the US and Europeans on the need for
accountability mechanisms among the Banks while Developing Member Countries saw the mechanism as a creature of the West. In 1995, the US Treasury requested authorisation of funding from Congress for $66.6 million for GCI-4, pointing out that the ADB was meeting US objectives in ‘establishing an independent inspection function’ (United States Treasury 1995). Representatives from the ADB then visited Washington DC enabling the US Treasury to comment on several drafts (Interview with Accountability Expert, 27 November 2013). The Inspection Function was then created.

**Power of the Purse: the World Bank Group**

The US used the power of the purse to ensure change at the IFC and the Multilateral Investment Guarantee Agency (MIGA). The US used both soft-loan replenishments (IDA funding) and CGI for the IFC and MIGA to propel the creation of an accountability mechanism. When US Congress passed the IDA-10 replenishment it made clear its expectations for an accountability mechanism for the rest of the WBG. In the context of increasing the capital subscription stock of the IFC Congress stated that ‘it expects the necessary resolutions to be adopted, as quickly as possible, to expand the jurisdiction of the World Bank’s new inspection panel to include complaints about violations of IFC and MIGA policies…’ (United States Congress 1993).

Like the World Bank, activists also pushed for the WBG to have an accountability mechanism. In the 1990s they challenged the negative impact of IFC investment and funding of the Pangue dam in Chile. Pangue was the first large project IFC ever undertook and its environmental and social impacts would have lasting ramifications for the IFC (Park 2010). A local environmental and social umbrella network Grupo de Acción por el Bibio (GABB) and close to 400 Chileans filed a complaint with the Inspection Panel in November 1995 but it was rejected because the Panel does not inspect IFC projects. The incident provided impetus for WBG President Wolfensohn to commission an autonomous review of Pangue’s environmental and social impacts by Dr Jay Hair in 1996, akin to the Morse report for Narmada.

The Pangue Inspection Panel claim triggered discussions over the need to extend the Inspection Panel to cover the WBG or establish a separate mechanism (Udall 1997: 52). In early 1996 the WBG Board requested IFC and MIGA management ‘formulate an inspection mechanism proposal designed to meet the needs of the private sector.’ In June, IFC and
MIGA management stated that they ‘support the establishment of an inspection mechanism that would review compliance [of IFC and MIGA] upon request by locally affected parties, while accommodating the special characteristics of the private sector’ (World Bank Group 1996). In mid-1996, MIGA management stated that no bilateral political risk insurer was subject to an inspection mechanism but that as a multilateral institution, ‘[S]ome kind of inspection mechanism was advisable.’ Nonetheless, MIGA’s General Counsel warned that an ‘ill-conceived inspection mechanism’ could lead to ‘breaches of confidentiality which could subject the Agency to costly legal proceedings and potentially enormous losses.’ Other staff and Executive Directors argued that any inspection mechanism for the WBG ‘could have a negative impact on the ability of IFC and MIGA to carry out their mandate’ (World Bank Group 1996b). In late 1996 IFC released a concept paper identified concerns that an accountability mechanism could lead to additional costs associated with project delays, and the possibility that competitors might seek to misuse the process to achieve a business advantage for themselves’ while undermining its reliability and confidentiality (IFC 1996).

Heeding Congressional demands, the US Treasury maintained pressure on the WBG for creating an accountability mechanism. IDA-11 (begun in 1997) produced ‘an agreement to have management propose an inspection function for the Bank’s private windows, IFC and MIGA’ (United States Congress 1999). Meanwhile, the Hair report investigating Pangue was completed in April 1997. It concluded that IFC was unable to enforce its own environmental and social guidelines. It recommended that ‘IFC projects should be subjected to an Inspection Panel process such as the one currently in place at the… International Bank for Reconstruction and Development… Preferable, the IFC would be incorporated into the existing system’ (Hair 1997: 35, Section B, p.6). In August 1997 IFC and MIGA management stated that ‘the majority of private clients and co-financiers told IFC and MIGA that they believed that the disadvantages of an inspection mechanism would outweigh any benefits’ (World Bank Group 1997). Meanwhile, in 1997 member states agreed on the need for an $850 million GCI for MIGA. US Treasury used the GCI as a carrot to continue to push for an independent inspection mechanism. MIGA’s Chairman and Executive Vice President Iida then favoured extending the Inspection Panel to the WBG.

The US was the strongest supporter for pressing ahead with the inspection mechanism for the WBG. In a letter from the US Executive Director (US-ED) Jan Piercy to US Treasury Deputy Assistant Secretary Bill Schuerch, Piercy outlined how there was little support for her
recommendation that IFC submit a specific proposal for Board discussion in February 1998. Part II EDs from Africa, Saudi Arabia, India, China, and Latin America ‘were united in their position that a decision on an inspection mechanism for IFC and MIGA should await the results of the [World Bank] Board’s review of the Bank’s inspection panel’ (in 1996 owing to its ineffectiveness) and that they ‘felt that an IFC/MIGA inspection mechanism would inhibit investors from using IFC and MIGA and, in turn, reduce foreign investment in their countries.’ Some Part I EDs including the Nordics, France and Germany wanted to ‘move cautiously and await results of the Boards review’ while others such as Belgium, Korea, Netherlands and Italy ‘supported moving the process forward at the same time as the review.’ Significantly, ‘these countries did not take as strong a position as we did with regard to an Inspection Panel-like mechanism’ (United States Treasury 1997).

At IDA-12, IDA Deputies recommended that ‘Management should bring to the Executive Directors of IFC and MIGA a proposal aimed at instituting an appropriate and independent inspection function, suitable for the private sector’ (IDA 1998). US power of the purse was necessary because IFC management opposed the mechanism. IFC Chairman Peter Woicke stated that

in 1999, our institution had come under tremendous pressure to accept a mechanism which would allow people negatively affected by IFC projects to voice grievances. My future colleagues feared a World Bank-type Inspection Panel was likely to be forced on them and...yet it became quickly clear that IFC would not get away without providing such a platform, given [sic] project-affected communities the right to express their grievances. The Compliance Advisor/Ombudsman appeared to us as a more acceptable solution than the Inspection Panel and hence management stopped lobbying against an accountability mechanism (Woicke 2001; italics added).

US power and influence was instrumental in the creating the WBG’s accountability mechanism. A March 1998 paper by IFC and MIGA reiterated that most private sector clients and co-financiers ‘preferred a wholly separate private sector inspection mechanism in the event that any kind of inspection mechanism of any kind were established’ (World Bank Group 1998). They outlined the option for a Compliance Officer/Ombudsman (CAO), which gained broad support and the CAO was created in 1998. The ombudsman is different than the quasi-judicial Inspection Panel process from which the other accountability mechanisms derive, although it still embodies accountability as justice. The CAO directly mediates between the affected community, IFC or MIGA, the project sponsor (corporation) and the host government. Under its compliance function the CAO operates like the other accountability mechanisms as a formal sanctioning tool for investigating Bank compliance.
Power of the Purse: AfDB

The AfDB was the last MDB to establish a mechanism in 2004 (EBRD is discussed below), although Bank management ‘proposed the formation of an inspection panel to receive and investigate complaints from outside parties directly affected by a bank-financed project’ a decade earlier (English and Mule 1996: 61 f/n 44). After the US Congress signalled its preference that all of the MDBs have accountability mechanisms, Western member states asked management to ‘develop proposals for an inspection panel’ during negotiations for ADF-VII in 1994 (English and Mule 1996: 61 f/n 44; Hansungule 2009: 6, f/n 3). The Bank sent a draft proposal similar to the Inspection Panel to the US Treasury in October 1994. Despite the US Treasury engagement, the AfDB’s accountability mechanism did not become a reality until a decade later. This is because the Bank was in financial turmoil from the African debt crisis, with many Regional Member States becoming dependent on AfDF concessional loans. Divisions over how to ensure the Bank’s financial viability delayed the ‘acrimonious’ AfDF VII round, and the US ‘led other non-regional members in suspending negotiations for a new replenishment for the Fund until the reforms had been implemented’ (English and Mule 1996: 2-3).

The US resumed AfDF lending in 1998 in the lead up to AfDF VIII negotiations, specifically requiring the creation of an independent inspection function for funding (AfDB 2004a: 158). In 1999 the Bank ‘seriously began thinking about the accountability mechanism’ (Interview with Accountability Officer, 28 October 2013). AfDB’s policy creating the IRM came into effect on 30 June 2004. Like the other mechanisms, the new Independent Review Mechanism would undertake investigations of claims by groups of people ‘who demonstrate that their rights or interests have been or are likely to be directly affected by the failure of the relevant Bank Group entity to comply’ with its policies (AfDB 2004b). The last of the MDBs had agreed to the accountability as justice norm.

Voice and Vote: EBRD

The US used the power of the purse as sticks and carrots for five of the MDBs to adopt the accountability as justice norm. This was not the case for the EBRD. Hence, influence through its ‘voice and vote’ is just as important for spreading the norm. Weighted voting means that US influence relies on consensus of the G7, who dominate in terms of voting power (see table two above). The US can form voting coalitions within the Banks to achieve its preferences, which allows the US to ‘have much greater control over outcomes than voting
weights alone indicate’ (Strand 2003: 20). The US has disproportionate votes in the World Bank, WBG and IDB giving it a veto in these Banks. Within the ADB the US is able to indicate its preferences with Japan as the joint largest shareholder, creating an effective veto coalition. Meanwhile, the US has the largest share in the EBRD, but its voting power is below that required to give it a veto thus requiring it to garner agreement on its preferences (although it can effect a ‘blocking majority’ with another large voting state, Weber 1994: 22). Excepting the AfDB where it cannot effect a veto (Babb 2009: 31), the US has a veto or veto coalition capacity for major changes in the MDBs. For the EBRD, the US relied on convincing the other major shareholders to agree to its preference rather than use financial incentives.

During the Cold War US power was used to occasionally block projects (Sanford 1982: 16). Yet US power has limits: US attempts to stop World Bank loans because of human rights violations and Indian nuclear testing failed (Brown 1992: 25), as did efforts to link IDB replenishments to specific policies such as opposing the expropriation of US property and earmarking FSO funds (Sanford 1982: 131). Overtime, the US-ED has frequently opposed loan in the MDBs but these have been approved nevertheless (Strand and Zappile 2015: 227). The US often proposes initiatives within the Banks, which borrower member states and Bank management may oppose (Upton 2000: 65). Where the US has been unable to have little impact on the project and policy decisions of the MDBs, this may be because the US did not garner enough multilateral support for its particularistic interests (Lavelle 2011: 99). US Congress may make stipulations including via domestic legislation to US Executive Directors to restrict or limit MDB contributions as is the case here regarding the accountability as justice norm (Babb 2009; Lavelle 2011: 17, 30). However, many of the prescriptions pushed by special interests groups in the US fail to influence MDBs because they only advance US’ interests (Lavelle 2011).

Scholars have argued that the US ‘needs the cooperation of the other countries if it is to make its influence felt’ by ‘marshall[ing] support for its views to be decisive’ on the MDB Boards (Sanford 1982: 3, 17, 219-20) even with vote tallying (Babb 2009: 66). During the late 1970s and again in the mid-1980s the US made working with the other donors in the G7 a deliberate strategy to achieve its objectives within the MDBs (Sanford 1982: 225). However, US engagement over MDB policies through bilateral relations, the G7, and the US Executive
Director’s networks ‘waxes and wanes according to the personal inclinations of key officials’ (Upton 2000: 51, 85).

Ultimately Upton argues that if the US wants something badly enough it will get it if it frames it the right way (2000: 68). This includes framing an issue in ‘economic technical language which is the normal parlance of the multilateral banks rather than when they use[d] more political terminology’ (Sanford 1982: 226). While US power is not in question, the ‘US has more influence within the World Bank than any other member state but that influence goes a lot further when it is used for a purpose which other members consider to be a legitimate concern for the Bank’ (Brown 1992: 239). For example, the US has been a strong proponent of advocating for human rights in the MDBs but this has not been successful in terms of changing MDB practices. This is in part because it used unilateral measures such as US legislation to determine the US-ED’s vote on projects irrespective of other member states. It is also based on the appropriateness of making non-economic demands like human rights on the MDBs, which are ‘apolitical’ technocratic IOs. The US was successful in building consensus on the need for providing recourse to PAP because it emerged in the context of improving the efficiency and efficacy of the Banks, arguments other member states could view as legitimate.

The US voice is further amplified through informal influence, which is an important means through which the US shapes Bank decision making. Both the formal processes, including US congressional legislation that restricts how the US Executive Director votes, and informal channels through which the US can articulate its preferences matter (Sanford 1982: 16). US informal influence can ‘cast a long shadow’ which may be hard to measure (Strand and Zappile 2015: 227). This includes when the heads of the IOs liaise with ‘finance ministers, foreign affairs ministries, and congressional leadership’ (Lavelle 2011: 36) including through the G7. It also includes US efforts to undertake detailed oversight of all the MDBs beyond the activities of the other member states (Sanford 1982: 107; Lavelle 2011). Informal discussions between powerful member states and MDB management on projects proceeding Board deliberations characterise all of the MDBs.

Often MDB management will strive to reach a consensus among powerful members to gain agreement for a project before it goes to the Board. MDB Board decisions are determined by consensus rather than formal voting but it is often clear which way powerful donors would
vote. In relation to the World Bank this means that ‘management seeks approval only for policies or other decisions on which Part I [donor] support is known to be forthcoming’ (Culpeper 1997: 29). The World Bank will even run a proposal past US Treasury while preparing it for a Board meeting if they are unsure of US approval. Significantly, ‘since the McNamara years, all World Bank presidents have employed former members of Congress as special advisors, as a way of helping them manage congressional demands’ (Babb 2009: 69).

Informal meetings prior to board approval also characterise IDB relations. This means that the US can delay or have projects withdrawn that it opposes from going to the Board for approval (Tussie 1995: 31), despite borrowers on the board being able to vote together to approve loans without US support. Projects that would not get US approval in the FSO do not even go to the Board (Sanford 1982: 8). Within the ADB powerful states are consulted in depth prior to any policy or project coming to the board for approval. The US is also consulted prior to major changes proposed by the EBRD but it has less informal means of influencing the AfDB (Park manuscript). The US was influential in shaping all of the accountability mechanisms, reviewing templates before they went to the MDB Boards.

The EBRD is an outlier among the MDBs because the US did not use its power of the purse to effect change. The EBRD does not have a soft loan facility and the US did not use its larger subscription to push for changes during the Bank’s first GCI beginning in 1997 either. The US did not push for an accountability mechanism during the CGI probably because the US may not have been convinced at that time of the need for one. The US heavily influenced the structure and mandate of the EBRD to lend 60 percent of its loans to private sector operations, with 75 percent of the Bank’s loans were going to the private sector by 2003 (Park manuscript). The EBRD closely identifies with the operations of the IFC, and IFC was only just beginning discussions as to whether an accountability mechanism was viable for its operations. Notably ‘IFC and the EBRD held out the longest’ in terms of resisting an accountability mechanism but ‘once the IFC had done it the writing was on the wall’ (Interview with EBRD staff member, 9 June 2009).

Instead the US would use its voice and vote to effect change. The US came to a consensus with the other G7 EDs to push the EBRD for such a mechanism from 2000, soon after the creation of the CAO for the WBG. In Fukuoka the G7 Finance Ministers Report expressly stated that ‘there is a clear need for additional progress in such crucial areas as information
disclosure, public participation and accountability to the shareholders’ of the MDBs and that ‘Independent inspection panels should be in place in an appropriate manner in all institutions’ (G7 2000). In 2001 the G7 reiterated their call for the MDBs to ‘strengthen or establish inspection mechanisms reporting directly to the Board’ (G7 2001). EBRD (and the AfDB) were asked to develop proposals for creating accountability mechanisms ‘along the lines of the World Bank Panel’ (G7 2001).

The US strongly advocated for such a mechanism on the EBRD Board although the European directors were concerned about the cost. On 14 May 2002 the Board of Executive Directors held a closed Executive Session to agree on establishing a mechanism. As stated by President Lumierre the session endorsed the principle of establishing a mechanism whereby local groups that may be directly and adversely affected by a Bank-financed project would be able to raise their complaints or grievances with an arm of the Bank that would be independent from project operations. The desire to enhance the accountability and transparency of the IOs are the primary reasons for establishing such a mechanism (EBRD 2003).

With full Board support the session discussed what such a mechanism would look like. The Europeans wanted an accountability mechanism but were concerned with how it would affect the Bank’s commercial confidentiality while the US and Canada were more open (Interview with EBRD staff, 9 June 2009). In reporting to US Congress in 2003, Treasury noted that the EBRD supported US objectives because it ‘has proposed establishing an inspection function for the first time, called the Independent Recourse Mechanism’ (United States Congress 2003). In April 2003 the EBRD established its IRM. The next section examines how borrower opposition and Bank avoidance contributed to their ineffectiveness and when the US used the same levers to defend the norm.

**Borrower Opposition and Bank Avoidance**

The MDBs operate in the technical environment of multilateral development lending but are directed by cooperation among member states (Weber 1994: 37). The US spread the accountability as justice norm through gaining member states’ agreement that all MDBs should have accountability mechanisms that allow PAP recourse. While the US used its power and influence to propel the accountability as justice norm between 1993 and 2004, the MDBs opposed it. IOs may respond to demands for change in terms of how it affects their identity, autonomy and resource base (Meyer and Rowan 1991: 50). Although their creation increased the Banks operating costs, the real cost is passed onto the Borrowers who have to
pay for post-investigation project compliance. While the Banks were unable to block change, they were also unsuccessful in limiting the accountability mechanisms to internal checks on their activities rather than as recourse for PAP. The Banks argued that if any additional accountability processes were necessary, that they should remain internal. For example, World Bank management did not see how one poorly designed project like the Narmada dam should lead to the creation of oversight procedures open to those outside the Banks. Indeed, this could be seen as a challenge to the Banks’ authority as development experts and their autonomy in undertaking their mandates. The Banks could not defy or refuse US demands but they could indicate a willingness to change without actually ‘attempt[ing] to bring form and function into conformity’ (Barnett and Coleman 2005: 601). This speaks to Bank efforts to deflect interference in their operations from member states (Johnson 2014).

Both borrower member states (detailed throughout) and Bank management sought to control and limit the independence and operations of the accountability mechanisms. By seeking to restrict the accountability mechanisms’ provisions in order to protect their autonomy and culture the Banks’ engaged in a strategy of avoidance (Barnett and Coleman 2005). In instances where change seeks to reshape fundamental IO practices this may lead to different parts of the IO engaging in divergent activities, leading to organisational hypocrisy (Weaver 2008). In this case, engaging in avoidance necessitated the appearance of conformity by the MDBs ‘adopting the myths and symbols of the international environment’ while they ‘continue business as usual’ (Barnett and Coleman 2005: 601). The strategy of avoidance is evident in the fact that most of the accountability mechanisms were designed by the Banks legal departments as highly technical legalistic instruments that proved difficult for PAP to access. For example, some required claims to be in English, to identify which MDB policies were being violated, and document how a Bank act or omission led to harm (Park 2014). In this way the Banks could demonstrate adherence to the norm without it affecting their operations. Equally important, Bank management continue to contest the accountability mechanisms’ recommendations for compliance investigations to determine whether Bank acts led to harm. In almost all cases, Bank management denied wrongdoing and attempted to limit the actions required by them to bring projects into compliance (Park manuscript).

Bank avoidance (and Borrower opposition) would be countered by a standard accountability tool pushed by the US: the requirement in the resolutions creating the mechanisms to periodically review their operations. The only exception is the CAO, who instigated their
own reviews. The US maintained active oversight: in egregious cases of accountability mechanism ineffectiveness the US resorted to its power and influence to demand their improvement. All of the mechanisms first reviews either instigated ‘clarifications’ to their rules or their restructuring owing to their failure to address complainants concerns (World Bank, ADB, IDB), or could not be conducted or had no major findings because they had been so little used (EBRD, AfDB). Across the Banks approximately one percent of projects or less lead to a claim. Owing to the high barrier for making a claim scholars argue that there may be more need for the mechanisms than indicated by the number of claims (Naude Fourie 2009). Accountability mechanism reviews have now become routine leading to improvements in their operations: the mechanisms are now more transparent with all accepted claims being added to their public case registries. The contentiousness of the revisions vary across the Banks based on the level of opposition to establishing the mechanism and their initial experience undertaking investigations. The following documents the Banks’ avoidance strategy and Borrower opposition, and when the US invoked its power of the purse and voice and vote to strengthen the mechanisms.

World Bank Avoidance and Borrower Opposition

Bank management began its avoidance strategy with the Panel’s first claim by attempting ‘to convince the Board and the Panel that there was no need for an investigation’ while attempting to circumvent the investigation process (Udall 1997: 19). This would establish the highly adversarial nature of Panel investigations and management interventions. Borrowers on the Board also sought to limit the Panel’s powers: by 1999, seven requests for inspection had been received with the Panel recommending five investigations but the Board only accepted the first claim, Arun III. Divisions at the Board would lead to two ‘clarifications’ of the Inspection Panel Resolution: the first in 1996 during a Board mandated review, the second in 1999 after Board members realised that the formal sanctioning process was not operating as intended by the US in advocating its creation, by the Resolution, by the Panel’s operating procedures, or by the 1996 clarification. Strongly defended by the US, the 1999 clarification would enable the Panel to enact accountability as justice by ensuring the Panel’s independence from management interference and an agreement that the Board would approve all investigations on a ‘no objection basis’ (Inspection Panel 2009). Since the 1999 clarification the Inspection Panel has operated independently to determine if a claim should be investigated and then to undertake the investigation. Despite repeated attempts by Bank management to counter the Panel’s findings and Borrower efforts to overturn the no objection
basis, the Inspection Panel remains an independent check on the World Bank’s activities (Park manuscript).

**WBG Avoidance and Borrower Opposition**

There is less borrower opposition to this accountability mechanism as it deals with the private sector, who can choose not to borrow, invest, or buy political risk from IFC and MIGA. However, if IFC or MIGA do invest or guarantee a project and a claim is lodged with the CAO the company may still choose not to engage in mediation to resolve the conflict. Bank avoidance is also less obvious here than for the other MDBs owing to the fact that the CAO reports directly to the WBG president, rather than the IFC or MIGA management, which limits the ability of the WBG to influence the CAO’s operations. Nonetheless, the CAO had to operate within ‘a sometimes hostile, antagonistic, reluctant environment that has difficulty learning and changing in the newer areas of accountability, openness, and trust vis-à-vis environmental and social development results’ (Dysart et al 2003:12). This mean that relations between the CAO and the WBG were strained, with the CAO being ‘attacked openly’ (Dysart et al 2003: 32). It took a decade for IFC and MIGA to make ‘a concerted effort to institutionalise processes’ for responding to the CAO’s operations (CAO 2009: 3) and the CAO notes that WBG responses to its compliance audits remain dismissive (CAO 2013: 4). As with the other Banks, investment officers do not want to be investigated for compliance and IFC staff are overwhelmed in trying to ensure that the organisation is policy compliant with regards to monitoring and supervision.

Unlike all of the other accountability mechanisms the WBG’s CAO has not been restructured by a Board review or as a result of poor handling of a case. The CAO has an external strategic advisory board that helps the accountability mechanism resolve internal contradictions to its operations (in delineating its three functions: ombudsman, advisor to the WBG, and compliance investigation). Unlike the other mechanisms the CAO has the capacity to trigger its own internal reviews which it has done in 2003 and 2010, with a recommendation from the WBG Board to review itself in 2006 (which it did in 2007). Despite Bank avoidance and Borrower opposition, the CAO has the highest caseload of all of the accountability mechanisms, receiving 253 claims since its inception up to the end of 2015 (compared with the Inspection Panel’s 105 claims in the same period). There is widespread agreement that the CAO is functioning effectively to operate as an independent check on the
operations of the WBG with significant improvements at project sites during long-term mediation (CAO 2010).

**IDB Avoidance and Borrower Opposition**

In the other Banks management would attempt to stymie accountability mechanism investigations into their activities while refuting wrong-doing. In egregious cases where claims of harm were poorly handled or rejected the US would again use its power and influence to demand the mechanisms be reconstituted. This was most evident in the IDB and the ADB (below). From the beginning the IDB’s IIM lacked independence: it was under Bank management and Board control, where the latter is dominated by borrowers. Devised by the Bank’s Legal Department, the IIM’s procedures exemplify Bank avoidance. The President and Board of Executive Directors were heavily involved in the process for determining the eligibility of a claim; for approving an investigation of allegations of harm caused by IDB actions; in choosing the Experts to undertake an investigation; outlining the investigation terms of reference; and whether to agree with the investigation findings. This meant that the mechanism could not function independently to hold the Bank to account. The original procedure for submitting a claim by affected peoples was convoluted and unclear to claimants and staff. Filho and Rios argued that this enabled Executive Directors to ‘try to use their power either to disqualify a complaint before an in depth analysis of its merits, or to narrow, as much as possible, the scope of the investigation through the approval of the terms of reference, even though there is no provisions in the policy for the Board participation in the matter’ (Filho and Rios 2007: 55).

The first project complaint to come to the IIM in September 1996 was the Yacyreta Hydroelectric project between Argentina and Paraguay. There is consensus now that Yacyreta was ‘an oversized undertaking with an inadequate feasibility study’ (Tussie 1995: 71). When a claim was lodged by the Paraguayan NGO Sobrevivencia - Amigos de la Tierra ‘no one within the Administration knew what to do with it, so the complaint wandered aimlessly around the Bank until it received proper attention’ (Filho and Rios 2007: 77). The IIM review highlighted that ‘no social and environmental planning and evaluation had been done before the commencement of the works, the environmental and social programs had to be improvised on the basis of the circumstances created by the very execution of those works’ (IIM 1997). In the end, IDB management concurred with the findings of the Panel that there were significant problems ‘without accepting any wrong doing or responsibility’
and ‘proposed no solutions to any of those problems’ (Filho and Rios 2007: 76). After creating an accountability mechanism, the Board sought to avoid enacting the norm. Between 1994 and 2010 the IIM received 15 requests for investigation but it only investigated five in total, with scant evidence of change at the project level resulting from the investigations (IDB 2012b: 9, f/n 10; Filho and Rios 2007). In 2003, the Board of Governors agreed to completely revise the mechanism amidst widespread agreement that the IIM did not seem to be handling the cases coming before it. However nothing occurred until 2009 when the US used GCI-9 to demand its reform, leading to its revision in 2010. The revised mechanism would include both problem solving (mediation) and compliance investigation functions.

**ADB Avoidance and Borrower Opposition**

Hostility from MDB management and staff reveal the extent to which the Banks viewed the accountability as justice norm as an unnecessary intrusion into their activities. In the case of the ADB, the mishandling of its first complaint and a stand-off between one of its borrowers and the Bank coincided with an accountability mechanism review. Difficulties with the Inspection Function emerged early: Developing Member Countries (DMCs) opposed the right of the Panel of Experts to investigate allegations of harm at the project site, and DMCs and Bank management would challenge the outcomes of the Inspection Functions only attempt at an investigation. Even before the full extent of the problems with the Inspection Function became evident, the US and other donors forced the ADB to make the mechanism more accessible, transparent and cover more Bank operations through the ADFVII negotiations in 2000 (ADB 2000: 36-7).

Between 1995 and the end of 2002, the Inspection Function received eight claims regarding four projects and only accepted two for inspection. Most of the claims were rejected for insufficient evidence or because they did not link policy non-compliance to harm, despite the reformulated 2003 Accountability Mechanism later upholding the same claimants’ concerns (Park manuscript). The first claim accepted for investigation was the Samut Prakarn project. A frustrated investigation would be compounded by a rejection of its findings by management and a stalemate at the Board of Executive Directors. Samut Prakarn was accepted as eligible in relation to nine alleged policy violations. However, the investigation was suspended because Thailand refused to allow the Panel of Experts in to its territory to investigate conditions without the Bank accepting liability for the project’s contractors as a result of the investigation, which the Bank refused to do. Bangladesh, China, India, the
Philippines, and Pakistan supported Thailand’s right to determine whether an investigation in their territory would be allowed (van Putten 2008: 120). Despite attempts to negotiate with the Thai government, the Panel was unable to accept this condition. The Panel was forced to undertake a desk review, hampering evaluation of the ADB’s contribution to harm.

The Panel of Experts stated that ADB had violated six of its own policies in the project and partially complied with a seventh (ADB 2001). Bank Management rejected the findings. Bank Management thus ‘traversed almost every finding of the Panel, joined issue with it, at times severely criticizing the findings as well as its methodology’ (ADB 2002: 12). The ADB Board was split with China, Thailand, India and Pakistan opposing the findings while the US argued that Thailand’s actions undermined the credibility of the process and the UK Alternate Director criticised the President and Bank management for their defensiveness (van Putten 2008: 120). Like the IDB, the Board ultimately approved the Inspection Function’s recommendations for improving the process but it did not endorse the findings that the ADB violated its own policies (ADB 2002).

The second request accepted for investigation regarded the Chashma Right Bank Irrigation Project (Stage III) in Pakistan (Loan Number 1146-PAK SF), as formulations for the new Accountability Mechanism were nearing completion. Investigation of Chashma was narrowly approved in April 2003. The mechanism would be restructured in 2003 under pressure from the US again using ADF VII negotiations leading to the creation of the Accountability Mechanism with both problem-solving and compliance investigation functions. The new mechanism deemed that Chashma was not compliant with its own policies, requiring remedial action and extensive monitoring (Park manuscript).

**EBRD Avoidance and Borrower Opposition**

EBRD management established control over their accountability mechanism: designed by the Legal Department with input from Bank staff, the IRM was an internal Bank mechanism within the Office of the Chief Compliance Officer (OCCO), which is part of Bank management and reports to the president. Despite championing the accountability mechanism the US abstained from voting in favour of the IRM because it was not independent from Bank management and the Board (which could determine whether or not an investigation should be conducted). The US stated quite clearly that it would ‘push for more progressive positions on these policies’ because it ‘believes that its independence and scope should be enhanced. At
US insistence, there will be a review after two years of operation of the entire mechanism’ (United States Congress 2004).

EBRD management limited the IRM’s ability to investigate Bank compliance to two policies: its 2003 Environment Policy and project specific provisions of the Bank’s Public Information Policy. As such, the EBRD excluded any other policies that local groups could challenge in calling the Bank to account. Functioning from mid-2004, its first annual report was delayed due to the mechanism’s relative inactivity. Some even argue that the IRM ‘made an effort not to be known’ (Interview with Accountability Officer, 4 October 2013). Throughout its existence the IRM would accept five out of thirteen claims as bono fide. In two of the five claims project sponsors rejected the offer of problem solving, signalling borrower opposition. Only one claim to the IRM would then go on to a compliance review, the Albanian Vlore Thermal Power Generation Project (number 33833) (IRM 2007: 3). The findings of the review was that the Bank did not meet the Environment Policy’s public consultation and information disclosure requirements but these were minor technical violations not requiring changes. While the Board and President approved all of the IRM recommendations there was little that challenged the Bank.

In 2007 the IRM came up for review. By then the IRM recognised that its ‘Rules of Procedures are considered by many to be less than “user friendly” and not well known (either internally or externally to the Bank)’ (IRM 2008: 4) and that its process was overly technical and cumbersome. The US would advocate strongly for greater independence of the mechanism at the Board with fewer barriers for PAP to access the mechanism, which was advocated for by independent consultants undertaking the review and NGOs. In 2010, the IRM was replaced by the Project Compliance Mechanism that was allowed to determine a claim’s eligibility without management involvement and the power to determine whether such claims should to be investigated absent Board intervention.

**AfDB Avoidance and Borrower Opposition**

At US insistence the AfDB created its IRM although Bank management and regional member states were not in favour. President Kabaruka’s position was ‘formally supportive, not substantive’ but relations deteriorated over time (Interview with Accountability Officer, 28 October 2013). There was a lot of tension with management in the IRM’s first five years, and the Legal Department sought to aggressively protect the Bank by being ‘actively unhelpful’
during the IRM investigation process, and by ‘undercutting the Panel’ in Board meetings (Interview with Accountability Officer, 28 October 2013). As the most recent of the mechanisms the IRM has the smallest caseload, attracting 28 claims up to the end of 2015, accepting 11 of those for problem solving and/or compliance review. Bank avoidance is evident in management rejecting both cases the IRM recommended investigating for compliance review: the Bujugali Hydropower Project and Interconnection Project in Uganda (RQ2007/01) and the Medupi Power Project in South Africa (RQ2007/01).

Borrower opposition may also have led the Board to circumscribe the Medupi investigation through limiting the IRM’s investigation (IRM 2011) and opposition is evident in regional member states choosing not to borrow from the AfDB after claims had been made in two cases: the Ethiopian Gibe III Hydropower Project case (RQ2009/01) and the Egyptian Nuweiba Combined Cycle Power Project (RQ2009/02). There is evidence that the IRM is working well in resolving disputes (Park manuscript), nonetheless the IRM has undergone two reviews of its operations in 2010 and 2015. The IRM was updated in 2015 to increase its powers, as supported by the US. The outcomes of these reviews tend to follow the other accountability mechanisms in becoming more independent from Bank management although the IRM remains subject to the Board’s influence. This may be a reminder of the limited influence of the US in this Bank contra the other MDBs.

**Conclusion**

Within a decade all of the MDBs created accountability mechanisms to provide recourse for PAP, enacting a norm of ‘accountability as justice.’ The explanation provided here is that the US took up activist concerns over the negative impacts on people resulting from World Bank-financed projects within debates in the 1990s over how to improve the efficiency and effectiveness of the MDBs. Building on its history of using accountability tools such as audits and evaluation for controlling IOs, the US demanded the creation of accountability procedures for justice. Using its predominant shareholder status within the Banks, the US used its power and influence to demand all of the MDBs adhere to the norm through its power of the purse and its voice and vote. The US was able to garner support for the norm among shareholders despite borrower opposition and Bank avoidance. Yet IOs have established internal incentive structures and cultures which can make them impervious to new ideas even from powerful states. The Banks have been forced to add the accountability mechanisms to their governance structures to hold themselves to account. While the Banks
and some borrowers opposed the accountability mechanisms creation and initial operations, the US defended the norm and it became accepted that if one had to have an accountability mechanism, then it should be able to operate according to its mandate.

The norm has improved the Banks’ governance and the responsiveness of the accountability mechanisms to PAP. After fierce battles challenging the requests and findings of investigations all of the accountability mechanisms now function to provide people with recourse. Although they do not challenge the Bank’s lending imperative, the accountability mechanisms have contributed to changing the practices of the Banks. Anecdotal evidence suggests that the Banks have ‘panel-proofed’ their portfolios, choosing less risky projects that are less likely to trigger accountability mechanism claims (Fox 2000). New research suggests that the mechanisms can have a positive effect on Bank practices: that environmentally risky projects are delayed for borrowers that receive concessional lending for five years after a claim (Buntaine 2016: 140). This suggests that the accountability as justice norm has had a limited but positive effect on Bank behaviour.

This is evidence of incremental change. Incremental change is slow evolutionary change compared with rapid change triggered by shocks that may punctuate an IO’s equilibrium. Changing IO behaviour tends to be incremental because an IO cultures are sticky. Despite entrenched Bank management resistance, the accountability as justice norm is now taken for granted in terms of the established practices of the mechanisms and their growing caseloads. Moreover, ongoing improvements in the operations of the accountability mechanisms generated by US efforts and periodic reviews like the ones outlined above, have contributed to making the mechanisms more responsive to PAP. The World Bank Inspection Panel is unique in remaining relatively static; the other mechanisms now all include problem solving (mediation) in addition to their compliance functions. Borrowers and the Banks hope that mediation efforts address the problem will reduce the likelihood of investigating Bank (and implicitly borrower) non-compliance. While the addition of mediation processes takes the heat off determining whether it was Bank compliance or not with its own policies (potentially weakening the formal sanctioning process), the increasing monitoring powers of the mechanisms does seek to directly address complainants concerns rather than indirectly through identifying Bank compliance. More research is needed to identify how the accountability mechanisms benefit PAP and what it costs the Banks to do so.
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Table One: The Accountability Mechanisms of the MDBs: Iterations and Updates of their Resolutions and Rules of Practice.

<table>
<thead>
<tr>
<th>MDB</th>
<th>First Iteration of the Accountability Mechanism</th>
<th>Second Iteration</th>
</tr>
</thead>
</table>

Table Two: Top Member States Voting Power as a Percent of Total Votes in the MDBs FY2015

<table>
<thead>
<tr>
<th>Member States Voting Power</th>
<th>World Bank</th>
<th>IDA</th>
<th>IFC</th>
<th>MIGA</th>
<th>EBRD</th>
<th>ADB</th>
<th>AfDB</th>
<th>IDB</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>16.64</td>
<td>10.36</td>
<td>20.99</td>
<td>15.02</td>
<td>10.11</td>
<td>12.71</td>
<td>6.53</td>
<td>30</td>
</tr>
<tr>
<td>Japan</td>
<td>7.19</td>
<td>8.36</td>
<td>6.01</td>
<td>4.22</td>
<td>8.61</td>
<td>12.79</td>
<td>5.46</td>
<td>5</td>
</tr>
<tr>
<td>Germany</td>
<td>4.21</td>
<td>5.40</td>
<td>4.77</td>
<td>4.20</td>
<td>8.61</td>
<td>3.76</td>
<td>4.10</td>
<td>1.89</td>
</tr>
<tr>
<td>France</td>
<td>3.94</td>
<td>3.78</td>
<td>4.48</td>
<td>4.20</td>
<td>8.61</td>
<td>2.16</td>
<td>3.74</td>
<td>1.89</td>
</tr>
<tr>
<td>UK</td>
<td>3.94</td>
<td>5.99</td>
<td>4.48</td>
<td>4.03</td>
<td>8.61</td>
<td>1.93</td>
<td>1.74</td>
<td>0.96</td>
</tr>
<tr>
<td>Australia</td>
<td>1.40</td>
<td>1.23</td>
<td>1.77</td>
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1 The institutional accountability narrative would be impolitic for the US to use: to demand recourse for PAP through demanding their greater representation through a delegation chain, when developing countries on the MDB Boards retain the sovereign right not to be responsive to their people. The accountability metric narrative would also be difficult to push: what are the best metrics to demonstrate evidence of non-harm?  
ii The Banks are detailed in chronological order of the MDBs establishing their accountability mechanisms except the EBRD, where the US could not rely on the power of the purse but used its voice and vote.  
iii Chile and Malaysia were also facing public protests around harm from big development projects and wanted a means to deal with them (see Park manuscript: 66).  
iv The US domestic political system enables greater input from NGOs and interest groups to directly influence Congress, which shapes the US’ position on the MDBs compared with other Western states. The US power in the MDBs enables those ideas to change the Banks (Babb 2009; Lavelle 2011).  
v Author calculations based on publically available data on the number of projects financed by the Banks annually and the number of claims submitted to the MDB accountability mechanisms.  
vi See the MDB websites for details.