WHAT IMPEDES IO ACCOUNTABILITY MECHANISMS?:
THE CASE OF MULTILATERAL DEVELOPMENT BANK INTERNAL ACCOUNTABILITY OFFICES

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Abstract:
International organizations have been widely criticized as insufficiently accountable. In the last two decades, states have implemented various institutional reforms to address these concerns. One of the most exciting of these institutional reforms has been the creation of nine internal accountability offices (IAOs) at multilateral development banks (MDBs). These IAOs, the most well-known of which is the World Bank's Inspection Panel, allow communities within borrowing countries to bring complaints against MDBs if loan programs cause them harm and violate MDB policies. The IAOs have been touted as effective fire-alarm mechanisms and remedies to the democratic deficit problem. However, the vast majority of complaints filed through these mechanisms never see the light of day: 72 percent are dismissed as ineligible before any investigation begins, while another 11 percent are funneled into a mediation procedure, which either party can terminate at will. Who or what impedes IO accountability mechanisms, like the MDB IAOs? Using a new dataset of all complaints filed through the nine MDB IAOs (1994-2015), this paper provides descriptive data on activities of the MDB IAOs to date and tests three competing arguments regarding what limits IO accountability mechanisms. I argue that borrowing states significantly constrain the functioning of MDB accountability mechanisms, and that borrowing state constraint varies depending on regime type. Borrowing states derive utility from unconstrained multilateral development bank loans. Democratic borrowing states will be more willing to absorb the potential costs associated with MDB IAOs—including program changes and possible program termination—than will autocratic states. The argument is supported with quantitative evidence from a new dataset of all complaints filed through 2015, as well as illustrative case evidence.

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By giving private citizens—and especially the poor—a new means of access to the Bank, [the process] has empowered and given voice to those we most need to hear. At the same time, it has served the bank itself through ensuring that we really are fulfilling our mandate of improving conditions for the world's poorest people.[1]

--James Wolfensohn, World Bank President

I. Introduction

One of the most salient and powerful critiques against the World Bank and other multilateral development banks (MDBs) has been that they are unaccountable to the communities that they impact most. MDBs finance development projects around the globe—mainly in the global South—as part of their mission to increase economic growth and reduce poverty. These MDB-funded development projects have had a spotty record of success from a purely economic standpoint, but also have had—paradoxically—severe and detrimental effects on particular individuals and communities near these development projects. For example, agricultural villages have been forcibly displaced and relocated to less fertile areas due to MDB-funded dam construction; subsistence fisherman have had their livelihoods and health upended by newly-developed mines which polluted the streams and rivers on which they rely; communities have had their homes damaged and health impacted by major energy transmission lines built over them homes with little or no consultation. In the past, communities in borrowing countries had little or no recourse when an MDB-funded development project descended on their community and brought with it environmental, health or human rights violations. They could only attempt to influence the MDBs through their state representatives, a prospect that was fraught with difficulty due to under-representation of their interests domestically, exceedingly long delegation chains, and power politics within the Boards, among other factors.

International organizations have been widely criticized as insufficiently accountable.[2] However, within the last twenty years, these calls for greater accountability at IOs have prompted a wide range of institutional changes.[3] For instance, the formal decision-making procedures, including voting percentages and weights, at several IOs have been reformed.[4] A variety of IOs have also reformed their operational processes, including formal steps to include direct participation of a wider variety of actors, most notably civil society stakeholders and non-governmental organizations (NGOs) in program development.[5] Broad reforms to increase transparency, as well as more formal monitoring procedures, have been implemented across a range of IOs. Finally, state members have created specific "internal accountability offices" at many of the multilateral development banks. These IAOs—conceptually similar to courts, yet lacking legal standing and enforceability—allow complaints to be brought by impacted communities within borrowing countries when MDB loan programs cause harm and violate

[1] Foreword to Umana 1998, 3.
[2] Nye 2001; Vaubel 1986; Barnett and Finnemore; Johnson 2014; Woods and Narlikar 2001; Woods 2001.
[3] Woods and Narlikar 2001; Ebrahim and Herz 2007; Grigorescu 2010; Park 2010
[4] For example, IMF 2016.
[5] Tallberg et al 2013; World Bank 2014

MDB rules. Yet questions remain as to whether and how these institutional reforms have impacted IO activities or addressed accountability concerns.

This paper will focus on this final and most prominent of institutional changes: the establishment of internal accountability offices (IAOs) through which civil society groups in recipient countries can bring complaints against MDBs directly. The first of these accountability offices was the World Bank Inspection Panel, established in 1993. Since its creation, eight other internal accountability offices have been established at the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, the Inter-American Development Bank and others.

These IAOs are novel in both substantive and theoretical terms. Substantively, they represent the first accountability mechanism by which those *negatively impacted* by MDB development loans gone awry can air their complaints, potentially receive compensation and even possibly impact the design or implementation of the development project. This goes to the heart of the many of the complaints concerning both the mottled impact of multilateral development lending and critiques of a broader democratic deficit plaguing international organizations. The IAOs represent a mechanism whereby the weak (and relatively disenfranchised) may be able to hold the powerful (and relatively unbounded) accountable. The IAOs also provide individuals and groups with a mechanism of influence that may be more powerful than any available within their own country, depending on their domestic political structures. Theoretically, these IAOs represent a *new form in international politics:* individuals and sub-state groups in affected countries appealing directly to IOs and bypassing states.

However, there is a great deal of disagreement about how to understand the role and impact of these MDB IAOs in both the academic and policy literatures. Within the academic community, one set of scholars optimistically views the MDB IAOs—in often highly stylized descriptions—as examples of effective fire alarm mechanisms, which allow powerful state principals to constrain wayward IO agents when they transgress principal interests.[6] The creation of MDB IAOs initially engendered a great deal of optimism within the policy community as well (although for different reasons), offering a particularly effective non-electoral accountability mechanism for individuals and sub-state groups.[7] By contrast, another set of scholars and activists view MDB IAOs as highly flawed for a variety of reasons related largely to bureaucratic design, including lack of access, transparency and independence.[8] These different schools yield very different expectations regarding when we would expect MDB IAO potential impact and efficacy to be greatest.

[6] See Nielson and Tierney 2003, and also Weaver 2008, 68-69; Grant and Keohane 2005.
[7] See for example, Hunter 2003.
[8] See for example Barnett and Finnemore 2004; Park 2014; Kramarz and Park 2016; Fields 2014; Fields and Mohr 2015

Despite the theoretical and policy-relevant puzzles posed by MDB IAOs, there has been limited scholarship to date. What little academic scholarship does exist has been case work focused on individual mechanisms over a limited period of time.[9] Recently collected data gathered by non-profits from publicly-available sources provides new evidence of how the IAOs function; it is both sobering and puzzling.[10] The vast majority of complaints filed through these mechanisms never see the light of day: 72 percent are dismissed as ineligible before any investigation begins, while another 11 percent are funneled into a mediation procedure, which either part can terminate at will. While presumably not all complaints filed are equally valid or eligible, one would expect the MDB IAOs to be more actively involved in actually investigating and considering more than a paltry 17 percent of complaints filed. This paper relies on this new dataset to investigate the inner workings of the MDB IAOs, and also to assess competing arguments about what impedes IO accountability.

In this paper, I address the following question: Who or what impedes IO accountability mechanisms, like the MDB IAOs? Using a new dataset of all complaints filed through the nine MDB IAOs through 2015, the paper provides descriptive data on activities of the MDB IAOs to date and assesses three competing arguments regarding what limits IO accountability mechanisms. Contrary to arguments that may point to powerful state interests or bureaucratic interests to explain variations in the MDB IAO activities, I argue that borrowing states significantly constrain the functioning of MDB accountability mechanisms, and that borrowing state constraint varies depending on regime type. Borrowing states derive utility from unconstrained multilateral development bank loans. Democratic borrowing states will be more willing to absorb the potential costs associated with MDB IAOs—including program changes and possible program termination—than will autocratic states. The argument is supported with quantitative evidence from a new dataset of all complaints filed through MDB IAOs from 1994 through 2015, while case evidence offers details about how that influence is exercised.

The paper will proceed as follows. First, I briefly review the global accountability literature, why IO accountability has been considered a problem and the competing arguments regarding why IO accountability may be impeded. Second, I introduce a domestic political argument regarding the role of borrowing states in impeding MDB IAO activities. Next, I provide a description of the nine MDB IAOs, introduce a generic procedure by which they process complaints, and present some descriptive statistics on their activity and impact. Fourth, I empirically test the competing explanations using a dataset of all complaints filed through the nine MDB IAOs through December 2015. Fifth, I discuss case evidence that illustrates how borrowing states constrain the MDB IAOs. What explains the seemingly weak impact of MDB

[9] Park 2010; Udall 1997; Udall 1998.
[10] Thank you to Natalie Bridgeman-Fields, Caitlin Daniel and Accountability Counsel for sharing their dataset. For more information on their findings and research, see Accountability Counsel et al. 2016.

IAOs? Conventional explanations would point to powerful states, bureaucratic interests and institutional design. However, the paper offers evidence that relatively weak borrowing state interests may be more significant in explaining the impediments to MDB accountability mechanisms.

II. Theory

a) *International Organizational Accountability, Mechanisms and Sanctions*

As the demands for international organizational accountability have increased and various reforms—most notably, the establishment of MDB IAOs—have been implemented in response to these demands, the academic community has debated what it means to hold an IO accountable and if IOs are being held sufficiently accountable.[11]

The starting point for this IO accountability literature is the general observation that holding an international organization accountable is fundamentally different than holding a government accountable in the domestic context. First off, the power (or agency) delegated is not intended to be so great.[12] In the international context, the agents (or international organizations) are not supposed to be rulers, as they often are in the domestic context. Second, as has been argued by noted democratic theorist Robert Dahl and others, there is no global democracy and there are no elections in the international realm. Hence a reliable mechanism of accountability is missing. Third, the delegation chain is particularly long and convoluted at the international level and this may lead to several issues, including complications for multiple principals trying to control a wayward agent.[13] State "representatives" (here state governments) are not chosen based on the same rule—not all are democratic.[14] When agents transgress at the international level, it is unclear what the implications are. Unlike domestic agents, IOs cannot be voted out of office and bureaucratic cultures often leads to glacial responses even when state representatives do attempt to shift course.

The upshot is that the mechanisms of accountability are often different in the international versus domestic context. In the domestic sphere, often the concept of accountability is tied to representative democracy and, in particular to the sanction provided by elections. [15] MDBs are not subject to popular elections and cannot be voted out of office.[16]

[11] See for example, Dahl 1999, Grant and Keohane 2005, Ebrahim and Weisband 2007, Kahler and Lake 2003, Kahler 2003, Dowdle 2006, McGillivray 2000, Held 1999, Keohane and Nye 2003, Bexell, Tallberg and Uhlin 2010, Held and Koenig-Archibugi 2004.
[12] See Manin, Przeworski and Stokes 1999, 24
[13] Nielson and Tierney 2003; although this should not be overstated because delegation problems also exist at the domestic level, Dahl 1999, 21.
[14] Dahl 1999, 22.
[15] See for example, Schmitter and Karl 1991, 76; Madison 1788; Ferejohn 1999; Manin, Przeworski and Stokes 1999, 40. Although there are both "vertical" and "horizontal" mechanisms, as coined by O'Donnell 1991 quoted in Manin, Przeworski and Stokes, 1999 19; see also Diamond, Plattner and Schedler 1999; Dowdle 2006.
[16] Dahl 1999; Grant and Keohane 2005. See O'Donnell 1991 and Manin, Przeworski and Stokes 1999 for non-electoral mechanisms at the domestic level.

What are the international mechanisms of accountability? Historically, states have constrained and directed IO activity through Executive Boards, which approve policies and programs, appoint Managing Directors, etc. States also constrain IOs by allocating or withholding budgetary funds. Recently, international organizations have implemented a range of institutional reforms, including governance reforms, operational reforms, increased transparency and monitoring and the establishment of MDB IAOs, in response to criticisms of democratic deficits and demands for greater accountability.[17] MDB IAOs represent the most significant of these reforms: the creation of internal accountability mechanisms at the multilateral development banks, which theoretically allow impacted communities to hold MDBs to account directly. They represent parallels with certain domestic institutions, like courts—yet lack important attributes, like legal enforcement.

Given the abovementioned differences between domestic and international accountability, what does it mean to hold an IO accountable, and which actors get to hold an IO accountable? Within the domestic political literature, most definitions of accountability require sanctioning, with elections serving as the main sanctioning device. [18] In their seminar article on international accountability, Grant and Keohane offer a general definition that also requires sanctioning:

> *Accountability*, as we use the term, implies that some actors have the right to hold other actors to a set of standards, to judge whether they have fulfilled their responsibilities in light of these standards, and to impose sanctions if they determine that these responsibilities have not been met.[19]

One of Grant and Keohane (2005)'s (and Keohane and Nye (2003)'s) central contributions is that many accountability arguments talk past each other because they are making different assumptions about who should be holding the IO accountable—those impacted by IO activity or "those entrusting them with power." They offer the World Bank as a particular example of this: "There is a clear tension between the concept of a World Bank that is accountable to poor people and one that is accountable to the U.S. Secretary of the Treasury."[20] While they are officially neutral about who has the right to hold IOs accountable, and instead create a rubric to allow scholars to distinguish between different types of accountability mechanisms in world politics, their definitional requirement of sanctioning means that states—particularly powerful states—must be the default actors which can hold IOs to account in most cases. As a result, the choice to define an actor holding the IO to account by her power to sanction imposes certain ontological assumptions. Others, such as Dowdle and Mulgan, offer more multifaceted conceptions of accountability, which do not explicitly emphasize the power to sanction.[21]

[17] See Bexell et al 2010 on the influence of transnational actors on IO governance.
[18] See for example, Fearon 1999, 55.
[19] Grant and Keohane 2005, 29.
[20] Grant and Keoane 2005, 33.
[21] Mulgan 2003; Dowdle 2006.

In the context of this definitional discussion, MDB IAOs are particularly interesting. Stylized versions of MDB IAOs are frequently offered (by Grant and Keohane and others) as examples of promising forms of international accountability mechanisms, yet their non-stylized form often *falls outside the corresponding formal definitions of accountability because of their inability to sanction*. Despite the fact that MDB IAOs cannot sanction, they are an apt and important empirical subject for the study of IO accountability. They were created in response to demands for accountability (as will be detailed below) and are frequently invoked as particularly significant institutional reforms designed to process complaints from those most impacted by IO activities. As a result, studying their activities can shed light on central question such as when non-electoral mechanisms of accountability can be effective, what the impediments to their efficacy are, and the extent to which powerful actors may oppose accountability as it pertains to weaker or non-state actors.

b) (Why) Are MDB IAOs Impeded?

Scholars disagree on whether IO accountability is a problem in general. For one group, represented by Woods and others, IOs suffer from an accountability problem because powerful states and other actors exercise the most influence over its activities, whereas "the most deeply affected or disenfranchised" people from developing countries have little influence.[22] For a second group, for example represented by Grant and Keohane, Kahler and others, IOs do not suffer from an accountability problem per sé. IOs are "highly constrained" and accountable; they are just accountable to powerful states.[23] Arguments for greater accountability should be understood as foils for distributional disagreements.[24] For a third group, IOs are relatively unaccountable to state members, even powerful state members, due to informational asymmetries, bureaucratic cultures or even specific institutional reforms promoted by bureaucrats in order to insulate themselves from state control.[25]

This paper does not address whether IO accountability is a problem in general. The goal is much more modest. MDB IAOs have been created as accountability mechanisms, and they represent a new form of accountability mechanism that has been specifically heralded by scholars from all three of the theoretical groups mentioned above.[26] However, recently-collected data on their activity raises questions about how well they are functioning. Complaints brought before MDB IAOs may be dismissed out of hand at the beginning of the process; they may be discontinued at any point along the process; they may proceed through the process, with the MDB IAO deeming a loan program out of compliance, yet lead to no change in the program on the ground; or the IAO may find a complaint valid and the MDB out-of-compliance, and this

[22] Woods 2007, 16.
[23] Grant and Keohane 2005, 37; Kahler 2003.
[24] Kahler and Lake 2003, 434.
[25] Vaubel 1986; Barnett and Finnemore 1999; Johnson 2014.
[26] For example, Woods advocates "judicial-style accountability," similar to MDB IAOs, in order to bolster participatory accountability. Woods 20017, 27.

finding may result in program revisions, a halt in funding, compensation or even program termination. While MDB IAOs are not legally binding mechanisms, they do deliver meaningful remedies to impacted communities, lead to program reform and constrain MDB activities. I argue that this variation is not determined only by the merits of a particular complaint, but also by the politics underlying it.

A well-functioning accountability mechanism would not result in program changes and remedies being delivered in response to every complaint. Certainly, we can expect that there are a range of complaints submitted, some more legitimate than others. However, under the current system, the vast majority of complaints are dismissed or derailed and result in no decision at all. Only 17 percent of the total complaints filed enter a "compliance review" process, meaning that they are investigated by the MDB IAOs. Moreover, there is reason to believe that the IAOs are being vastly underutilized and that a very small number of complaints have been brought relative to the infractions that likely occurred.[27] MDB IAOs do not simply appear to be weak. Given that the vast majority of complaints are dropped before investigation, the MDB accountability mechanisms appear to be actively impeded.

What may be impeding the MDB IAOs? The political science literature offers two main arguments regarding the political underpinnings of MDB IAOs. The first derives from the principal-agent literature: states principals delegate certain activities to international organizational agents and face the inherent problem of reducing the agency cost, in spite of asymmetric information, monitoring costs, etc.[28] In the case of international organizational agents, the problem may be even more complicated as there are multiple principals and the delegation chain is particularly long.[29] Through the lens of the principal-agent approach, MDB IAOs appear quite clearly to be an example of principal oversight and monitoring. In fact Nielson and Tierney's widely-cited 2003 article on the World Bank's environmental reforms calls out the World Bank Inspection Panel as an example of "fire-alarm mechanisms" and a particularly important institutional reform that reflected principals' efforts to constrain a wayward agent.[30] As they wrote:

> As the environmental preferences among the Bank's most powerful members increased and converged over time, the board was able to mandate multiple significant reforms. Notably, in 1994 the board empowered an independent inspection panel to hear complaints from groups the Bank projects would directly affect. This move conforms

[27] Fox 2000, 289. This stands in contrast to Wade's argument that predicts a deluge of cases. Fox 2000, 299 has suggested that the IAOs made indirectly impact compliance by changing incentives and encouraging more compliance with social and environmental policies. However, there is no systematic evidence to support this speculation

[28] For example, Coase 1937; Alchian and Demsetz 1972; Williamson 1975; Kiewet and McCubbins 1991; Pollack 1997; Nielson and Tierney 2003.

[29] Nielson and Tierney 2003.

[30] Nielson and Tierney 2003, 262-263, and 266; see also McCubbins and Schwartz 1987.

> closely to the fire-alarm mechanisms noted above…Now board members found it much easier to get information about the likely impacts of Bank projects before the projects were implemented, as well as information about the conduct of their agents during the implementation phase.[31]

Hence MDB IAOs are viewed as attempts by powerful state principals to recontract with and constrain wayward IO agents.

The principal-agent approach does not expect principals to control agents perfectly. Nonetheless, if we understand the WBIP and other MDB IAOs as efforts by state principals to collect information and ultimately constrain IO agents to act more faithfully with state directives and interest, then we should expect clear observable implications. If the MDB IAOs reflect a corrective—an opportunity for (powerful) states to force MDBs to correct course if their activities are not reflecting principal preferences accurately—then we should MDB IAOs to function effectively when the program runs counter to powerful state principals' directives and preferences. Conversely:

> H1: If powerful state principals' have strong economic or political interests in particular loan programs, then MDB IAO complaints processing will be impeded.

The second explanation of IAO activity focuses on MDB bureaucratic politics. Many scholars, including those within the principal-agent literature, point to the importance of bureaucratic politics, interests and culture in order to explain international organizational activity.[32] Those bureaucratic arguments tend to criticize MDB IAOs for being insufficiently effective for three main reasons. First, the MDB IAOs may not be independent of the MDBs they are policing and thus not be able to effectively constrain them. The IAOs sit within the relevant MDBs and often report to the MDB managing director. While there are specific provisions, such as restrictions on hiring MDB staff for IAO positions and vice versa, designed to ensure independence, observers have nevertheless argued that MDB IAO staff are not sufficiently independent of the MDB staff that they are supposed to evaluate and constrain.

Second, the accountability mechanisms are also not endowed with the power to issue enforceable judgements about MDB compliance with existing policies; they have no capacity to sanction and thus may not be able to change staff and management incentives. Many of their decisions are actually mediated solutions, to which the MDB, borrower and complainant all agree. However, even when IAO compliance investigations find that the MDB violated specific policies and caused harm through a particular loan program and recommends specific remedies, these decisions are not enforceable in domestic courts due to international organizational

[31] Nielson and Tierney 2003, 262-263.
[32] For example, Vaubel 1996; Vaubel 2006; Barnett and Finnemore 2004; Weaver 2008; Park 2014; Grigorescu 2010.

immunity.[33] Given that there is no internal enforcement mechanism or external legal enforceability, the MDB can theoretically ignore the IAO compliance decisions outright. While there is some evidence that staff have changed procedures in response to IAOs (to "panel proof" loan programs, for example), scholars nevertheless argue that MDB IAOs have failed to change management and staff incentives due to the fact that they are not able to impose costs.[34]

The third bureaucratic argument focuses on issues of design. While the establishment of MDB IAOs in response to NGO and donor state pressure may have been well-intentioned, it inadvertently has led to organizational hypocrisy.[35] Park (2014) argues that accountability mechanisms have been adopted by MDBs due to "coercive institutional isomorphism," but conflict with existing organizational cultures and are thus unable to function effectively. Kramarz and Park ask why there has been a proliferation of accountability mechanisms, but no corresponding improvement in environmental outcomes. They argue that the design of the institutions is partly to blame, as is the tendency to view "accountability…as an end in itself." They advocate a shift to assess accountability mechanisms less on process and more on output.[36]

While the bureaucratic arguments emphasize how ineffectively the MDB IAOs are able to constrain the MDBs, we can derive the following hypothesis regarding when MDB IAO complaints processing will be impeded:

> H2: If the MDB IAO is impeded by bureaucratic design, then we should observe variations based on the mechanism or design reforms.

The bureaucratic approach expects the MDB IAOs to yield little effect. The IAOs would be most likely to impact outcomes when their decisions are least threatening to bureaucratic interests or culture, for example when only modest course corrections are required. That said, variations in impact should reflect variations in bureaucratic design.

c) *Argument: The Role of Borrowing States*

The argument that I am advancing in this paper focuses on the role of borrowing states in impeding the MDB IAO mechanisms. The existing literature largely neglects the influence of borrowing states. For principal-agent scholars, the principals are clearly the powerful, donor states who have delegated their aid programs to multilateral organizations, not the relatively weak borrowing states. For bureaucratic scholars, the emphasis is on the bureaucratic actors—their interests and culture. However, there are strong reasons to refocus our attention on the role of borrowing states. Previous scholars familiar with the intricate MDB IAO machinations have

[33] On their legal basis, see Bradlow 2005 and Suzuki and Nanwani 2005-2006.
[34] Fox 2000; Ebrahim and Herz 2007.
[35] Barnett and Finnemore 2004.
[36] Kramarz and Park 2016, 1.

documented that donor and borrowing states tend to split over both individual claims and also MDB IAO reforms.[37] Moreover, in a series of off-the-record interviews with individuals directly involved with MDB IAOs by the author, the influence of borrowing states was a constant theme.[38] Despite this, an explicit theory of influence has not yet been advanced.

The multilateral development bank internal accountability offices (MDB IAOs) were created initially in response to pressures from powerful donor states and normative entrepreneurs from the NGO community, both interested in ensuring that the MDBs adhered to environmental and social guidelines and that impacted communities had accountability mechanisms to prevent abuses.[39] In many ways, MDB IAOs represent the interests of powerful donor states and embody international norms about appropriate development and accountability.

The MDB accountability mechanisms reflect a new institutional form, which allows individuals and communities to bring claims against multilateral development banks. It is, in effect, a state-less mechanism, which allows sub-state groups to bring complaints directly to the MDB and bypass their home state. This feature is both novel and intriguing, but it is also its most significant hamstring.

Multilateral development banks are in the business of making loans, and rely crucially on borrowing states to demand these loans. Borrowing states, in turn, prefer for development loans to be relatively unconstrained and for existing loan programs to proceed frictionlessly. Development loans benefit borrowing state governments in many ways. They employ citizens, generate wealth for particular constituencies and may lead to broader economic growth. Borrowing state governments value these economic and political benefits, and may be less concerned with the concentrated costs imposed on the poor, marginalized and geographically-concentrated constituencies who often bear the brunt of environmental and social rights violations. Borrowing states' preferences regarding how citizen complaints about MDB development loan projects should be handled will vary, however. States that are more democratic and open to civil society groups' participation and claims domestically will also be more open to their participation and claims in international fora like the MDB IAOs.

Consequently, we should observe MDB IAO activity to be more or less impeded based on borrowing state's regime type or receptivity to civil society. The relevant hypothesis is:

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[37] Fox 2000, 301-305; Bradlow 2005, 418.

[38] This argument was frequently articulated during four interviews by the author with policy actors in the MDB IAO space, conducted November 2016-January 2017.

[39] Udall 1998; Park 2010.

> H3: When a state is generally more open to civil society group demands in domestic contestations, then it will also be more open to civil society group demands and complaints in international contestations.

Operationally, we should expect MDB IAOs to be least impeded when borrowing states are democratic or have greater access to civil society participation.[40]

d) Research Design

In order to assess the three competing explanations—principal-agent, bureaucratic and domestic politics—of what impedes MDB accountability mechanisms, I utilize a mixed-methods approach. First, I assess the competing explanations statistically. The descriptive data and statistical analysis rely on newly-collected data on all complaints filed through all nine MDB IAOs. The Accountability Counsel IAMs Database (hereafter referred to as the AC dataset) codes 775 cases filed with international accountability mechanisms between 1994 and December 2015.[41] The large-N data analysis suggests strong support for the domestic political argument that borrowing states constrain the impact of MDB IAOs (and mixed results for the other two arguments). Second, three case studies of complaint cases illustrate how that borrowing state constraint may occur.

III. Background Empirical and Descriptive Statistics

a) The Creation and Proliferation of MDB IAOs

Internal accountability offices are established as independent semi-judicial mechanisms within multilateral development banks through which impacted community groups or individuals can bring complaints about individual development projects or loans.[42] To the extent IAOs have been studied empirically, the focus has largely been on the first internal accountability office: the World Bank Inspection Panel. The Sardar Sarovar (Narmada) Dam project, a dam project that proposed to displace over 150,000 people, but gave almost no information or voice to the people who would have been subject to this displacement and that violated several Bank environmental policies, served as the "catalyst" for several accountability reforms, including the creation of the WBIP.[43] A grassroots movement spread from domestic Indian activists to US-based environmental NGOs, which actively lobbied donor countries. In the U.S., this promoted U.S.

[40] Other specifications may look at a particular feature of liberal democracy: the degree to which the government affords civil society grounds broad rights.
[41] In the interest of full disclosure, the author would like to acknowledge that she sits on the Board of Accountability Counsel.
[42] For a description of each mechanism geared towards communities and providing details regarding how to use them, see Accountability Counsel. "Accountability Resource Guide: Tools for Redressing Human Rights and Environmental Abuses in International Finance and Development." Available at:
[43] Udall 1998, 394.

congressional oversight committee hearings; while in Japan, it prompted the Japanese government to pull out bilateral funding of the project. At the behest of several EDs, the Bank President established an independent review of the Narmada Dam project in 1991, known as the Morse Commission, which issues a damning report that ultimately recommended a "'step back'" from the project due to its "'flawed'" design and detrimental resettlement and environmental effects. Despite this report, the Bank's Board voted by a slim margin to extend the program for another six months.[44] The U.S. ED, Patrick Coady voted in the minority and argued passionately that if the Board approves continuation of the project…

> …it would signal that no matter how egregious the situation, no matter how flawed the project, no matter how many policies have been violated, and no matter how clear the remedies prescribed, the Bank will go forward on its own terms.[45]

Despite the force of this argument from the U.S. ED (with the largest vote share), as well as opposition to continued funding from the German and Japanese EDs, the Narmada Project moved forward.[46]

In response, the US-based NGOs pushed on the next policy lever. They urged the U.S. Congress to deny the next installment of IDA (the World Bank's concessionary lending arm) funds unless transparency was increased and a "citizen's appeals panel to give directly affected people access to an independent body to file complaints" was established.[47] Congressman Barney Frank took up the cause, withholding IDA funds replenishment until proposals for both reforms passed his muster. Lori Udall's detailed account of this period is fascinating, and reveals how U.S.-based NGOs not only developed the initial idea for a citizen's appeal mechanism, but also "commented…revised…and indicated to Congress those draft provisions that were unacceptable from an NGO standpoint."[48]

Why did the Executive Board ultimately establish the World Bank Inspection Panel, the first body that allows individuals to bring claims directly against the World Bank individual loan programs violate Bank policies and have caused harm? Several scholars have pointed to the role of US-based environmental NGOs in shifting state preferences, developing the idea for the panel and influencing its design.[49] For Park (2010), the particular influence of NGOs was in generating and spreading ideas about how to make the Bank more accountable. She emphasizes that the creation and design of the World Bank Inspection Panel was the particular (and unexpected) solution to the demands by civil society groups and member states for greater accountability.[50] By contrast, Nielson and Tierney (2003) argue that the WBIP is an example of oversight and monitoring institutional reforms put into place after a period when multiple state

[44] Udall 1998, 399 cite 19, 400
[45] Cited in Udall 1998, 400-1, ftnt 29
[46] Udall 1998.
[47] Udall 1998, 402
[48] Udall 1998, 403, 413-4.
[49] See for example, Udall 1998, Udall 1997, Suzuki and Nanwani 2005-6; Park 2010b 104-5; Fox 2000, 284.
[50] Park 2010, 27.

principals coalesced around a new preference regarding Bank activity (more environmental lending) when the Bank "initially resisted reform."[51] Weaver (2008) discusses not only U.S. environmental NGOs' role in the creation of the WBIP, but also the subsequent U.S. legislation tying greater accountability at MDBs with U.S. funding.[52]

The World Bank's Inspection Panel covers complaints concerning projects financed by the World Bank's IBRD and IDA.[53] It "allows these non-state actors to hold the Bank accountable for actions that cause or threaten to cause serious harm to the complaining non-state actors and are inconsistent with the Bank's own operational policies and procedures."[54] The Panel is considered "independent," in that it has three members who are appointed for non-renewable five year terms by the Bank's Board of Directors and it reports to the Board of Directors (not Bank management).[55] The Resolution establishing the WBIP set forth several other requirements in order to ensure the independence of Panel members, for instance that they could not be hired from Bank employment or work at the Bank immediately after serving on the Panel. In order to submit a request for inspection:

> The affected party must demonstrate that its rights or interests have been or are likely to be directly affected by an action or omission of the Bank as a result of a failure of the Bank to follow its operational policies and procedures with respect to the design, appraisal and/or implementation of a project financed by the Bank (including situations where the bank is alleged to have failed in its follow-up on the borrower's obligations under loan agreements with respect to such policies and procedures) provided in all cases that such failure has had, or threatens to have, a material adverse effect.[56]

Once a request is received, the Panel decides whether to recommend moving forward with the inspection and submits this recommendation to the Board. Next the Executive Board can review the request and recommendation and decide to move forward with the request for inspection. Once an inspection is initiated, a single Panel member is responsible for the inspection and has access to full Bank information and staff. They conduct the investigation and write a report, which the Executive Board ultimately votes to adopt or amend. The Panel was reformed in 1999, due to criticisms, to make it more independent of Management and encourage management response to Panel recommendations.[57] That said and despite the reforms, one of the

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[51] Nielson and Tierney 2003, 266 and 271
[52] Weaver 2008.
[53] "Panel Mandate and Bank Policies," Available at: http://ewebapps.worldbank.org/apps/ip/Pages/Panel-Mandate.aspx.
[54] Bradlow 2005, 409.
[55] World Bank. "Meet the Panel" Available at http://ewebapps.worldbank.org/apps/ip/Pages/MeetthePanel.aspx; Accessed 25 January 2017. Bradlow 2005 esp. 410-417; see also Resolution No. IBRD 93-1- and Resolution No. IDA 93-6 "The World Bank Inspection Panel," Available at http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/Resolution1993.pdf; Accessed 25 January 2017.
[56] The Resolution, 2-3; see also Bradlow 2005, 414.
[57] "World Bank Approves Controversial Proposal to Change Inspection Panel" (Washington DC: Bank Information Center and Center for International Environmental Law, 21 April 1999) Available at:

primary criticisms of the Panel's work has been that it has no capacity to impact compliance with its recommendations.[58]

Since the establishment of the World Bank's Inspection Panel, there has been a proliferation of similar mechanisms at other MDBs.[59] The **Inter-American Development Bank**'s Independent Investigation Mechanism was established in 1994, and then revised and replaced in 2010 with the Independent Consultation and Investigation Mechanism (MICI), "an enhanced mechanism that reflected current practice in independent accountability mechanisms and public input."[60] MICI functions similarly to the WBIP, in that its purpose is to serve as a grievance mechanism for individuals or groups "who may be adversely impacted by IDB financed operations due to the Bank's potential non-compliance with its own operational policies."[61] Like the WBIP, MICI is designed to be independent; the head of MICI reports to the Executive Board, rather than Management, and there are employment restrictions to prevent the MICI Director from being hired from IDB ranks or getting a job at IDB after her five-year term expires.[62] As has become common place, there are two "phases" in MICI. The first consultation phase is akin to mediation, with complainants raising issues "in a voluntary, flexible and collaborative manner," and MICI serving as mediator to achieve a mutually-acceptable agreement.[63] The second compliance review phase "offers an investigative process related to the issues raised in the complaint to establish whether the IADB Group has failed to comply with any of its Relevant Operational Policies and whether this has causes harm to the complainants."[64] In the compliance review phase, MICI investigates complaints and issues a report to the Executive Board, on which the Board votes. In both phases, monitoring may follow the agreement or report, respectively.[65]

The **Asian Development Bank** established an Inspection Function in December 1995, and then replaced it with a revised **Accountability Mechanism** in May 2003.[66] Park (2014) argues this was largely due to donor pressure, which led to "coercive institutional isomorphism."[67] The reform and replacement of the prior IAO was due to a review that suggested the existing process was "lengthy, confusing and complex for most stakeholders" and

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http://www.ciel.org/news/world-bank-board-approves-controversial-proposal-to-change-inspection-panel/. Accessed on 30 January 2017.

58 Bradlow 2005, 419; Clark, Fox and Treakle (eds) 2003.

59 Kramarz and Park 2016; Grigorescu 2010; Park 2014.

60 "Policy of the Independent Consultation and Investigation Mechanism of the IDB" MI-47-6. Available at: http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=40792853. Accessed on January 27, 2017. See also Bradlow 2005, 420-424

61 http://www.iadb.org/en/about-us/integrity-and-accountability,18248.html

62 http://www.iadb.org/en/mici/about-us,1758.html

63 http://www.iadb.org/en/mici/about-us,1758.html

64 http://www.iadb.org/en/mici/about-us,1758.html

65 See this useful flow chart of the process: http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=40278303

66 Bradlow 2005, 425; Park 2014.

67 Park 2014, 226.

that "also raised concerns about independence, credibility, transparency and information dissemination, and effectiveness of the Inspection Function."[68] The new Accountability Mechanism is broader, applying to all private sector operations. It also reflects the new best practices, including a consultation and compliance review phase similar to the IADB's MICI. In the ADB's case, these phases are formally split into two separate offices, which often work together: the Office of the Special Project Facilitator and the Office of the Compliance Review Panel.[69] Like the WBIP and MICI, the ADB's AM has rules put in place to ensure its independence, and is focused on cases where there is harm done to individuals or groups due to "alleged policy violations in the formulation, processing, or implementation of ADB-assisted projects."[70]

The fourth MDB IAO was the **International Finance Corporation** (IFC) and **Multilateral Guarantee Agency** (MIGA's) office of the **Compliance Advisor/Ombudsman (CAO**) established in 1999.[71] The IFC and MIGA are private lending institutions within the World Bank Group, so the CAO also functions to ensure accountability of the World Bank, broadly speaking. The CAO has three formal functions. The Ombudsman is comparable to the consultation function in MICI and the ADB's AM SPF. It serves as a mediator between parties, but adopts a judgement-free approach. As its website states explicitly:

> CAO does not make judgements about the merits of a complaint, nor does it impose solutions of find fault. Its objective is to help the parties play a lead role in identifying and implementing their own solutions.[72]

Cases are closed when agreement has be reached between the parties, or when "the CAO concludes that further action is not likely to be useful or productive."[73] Second and similar to MICI and the ADB's AM CRP, the CAO is empowered to perform compliance investigations to assess whether IFC and MIGA projects have complied with IFC's and MIGA's own (social and environmental) policies and procedures. The compliance audit reports are presented directly to the President of the World Bank Group and may contain an array or recommendations; the CAO will subsequently monitor programs to ensure they are brought "back into compliance."[74] Finally, the CAO serves an advisory role, advising IFC and MIGA staff as well as the Bank President on individual project design and implementation and guidance on how to follow social

[68] Asian Development Bank, 2003.
[69] http://compliance.adb.org/dir0035p.nsf/alldocs/BDAO-7XGAWN?OpenDocument; https://www.adb.org/site/accountability-mechanism/problem-solving-function/complaint-registry-year.
[70] ADB 2003, 3.
[71] "About the CAO: Who We Are" Available at: http://www.cao-ombudsman.org/about/whoweare/. See Park 2000 on the founding; Park 2007, 546.
[72] CAO. "How We Work: Ombudsman" Available at: http://www.cao-ombudsman.org/howwework/ombudsman/; Accessing on January 27, 2017.
[73] Bradlow 2005, 435.
[74] Ibid.

and environmental guidelines. The CAO is far and away the most utilized of the MDB accountability mechanisms.[75]

In the 2000s, multilateral development banks continued to establish independent accountability mechanisms according to a model of best practices. The structure for the IAOs and procedures look remarkably similar.[76] The fifth MDB IAO established was the **European Bank for Reconstruction and Development's** Independent Recourse Mechanism (IRM), approved in April 2003. Similar to what happened at the ADB and IADB, the EBRD replaced the IRM with a new mechanism in 2010: the EBRD's Project Complain Mechanism (PCM).[77] Both the original IRM and the current PCM had a "problem-solving" mechanism (comparable to the consultation or ombudsman functions previously discussed) as well as a compliance review function. The sixth MDB IAO is the **African Development Bank's Independent Review Mechanism (AfDB IRM)**, which was stablished by the Board of Directors in 2004 and received its first complaint in 2007.[78] The AfDB IRM's mandate is to "provide people adversely affected by a project financed by the African Development Bank (AfDB) with an independent mechanism through which they can request the AfDB to comply with its own policies and procedures."[79] The AfDB IRM reflects best practices in this accountability space, and includes mediation/problem-solving, compliance review and advisory functions. The **European Investment Bank's Complaints Mechanism (EIB**) was established in 2008, receiving its first complaint that year.[80] Finally, the **United Nations Development Programme (UNDP)** adopted social and environmental standards in 2014 that went into effect in 2015. Simultaneously, the UNDP established a compliance unit, called the Social and Environmental Compliance Review, as well as a Stakeholder Response Mechanism, which "helps project-affected stakeholders, UNDP's partners (governments, NGOs, businesses) and others jointly address grievances or disputes related to the social and/or environmental impacts of UNDP-supported projects."[81] The first complaint was received in 2015. At the same time that multilateral development banks were establishing internal accountability offices, national development offices were establishing comparable mechanisms, such as the United States' Overseas Private Investment Corporation's Office of Accountability, the Brazilian Development Bank's Ombudsperson and Dutch and German FMO/DEG Independent Complaints Mechanism (FMO/DEG), which are outside of the scope of this study.

[75] See Altholz and Sullivan (2017) for a detailed analysis of CAO activity.
[76] There is also an Independent Accountability Mechanisms Network where "dedicated practictioners" can "exchange ideas and assist with institutional capacity building." See: http://independentaccountabilitymechanism.net/. This is also a useful complication of non-judicial grievance mechanisms: http://www.accessfacility.org/mechanisms/all
[77] Accountability Counsel. "Accountability Resource Guide," p. 37; see also European Banks for Reconstruction and Development. "Guide for EBRD Clients on Project Complaint Mechanism" Available at: http://www.ebrd.com/downloads/integrity/pcmclientguide.pdf.; Bradlow 2005, 438-444.
[78] "Who are we?" Available at: http://www.afdb.org/en/independent-review-mechanism/about-irm/who-are-we/
[79] https://www.afdb.org/en/about-us/organisational-structure/independent-review-mechanism-irm/
[80] "Complaints Mechanism." Available at: http://www.eib.org/about/accountability/complaints/index.htm.
[81] UNDP. "Social and Environmental Compliance Review and Stakeholder Response Mechanism." Available at: http://www.undp.org/content/undp/en/home/operations/accountability/secu-srm.html.

b) *AC Dataset Description*

There has been very little analysis of the activities of IAOs, and even less that has gone beyond case analysis.[82] The only analysis that includes systematic data on the functioning of accountability mechanisms is *Glass Half Full*, a report written by a consortium of NGOs and based on data gathered from publicly-available records by Accountability Counsel.[83] This report provides descriptive data on the functioning of international accountability mechanisms (associated with MDBs as well as national development arms) and case studies of individual cases "from the perspective of the users." It is a rich resource filled with fine-grained details about how the international accountability mechanisms work.

The descriptive data presented here is based on that **Accountability Counsel IAMs Database**[84]. The Accountability Counsel IAMs Database (hereafter referred to as the AC dataset) codes 775 cases filed with international accountability mechanisms between 1994 and December 2015. These cases represent all known cases and were gleaned from publicly-available databases, mechanism websites and annual reports of the international accountability mechanisms and their parent international organizations or domestic organizations, as well as Google searches. The AC dataset includes cases from not only MDB IAOs, but also mechanisms associated with individual state's development banks or private investments such as the Brazilian Development Bank's Ombudsperson and the Australia Export Finance and Insurance Corporation's Complaint Mechanism. For the purposes of this paper, I only include data on cases brought through the nine MDB IAO. Those MDB IAOs (and their acronyms) are: : the IFC/MIGA Compliance Advisor/Ombudsman (CAO), World Bank Inspection Panel (WBIP), Inter-American Development Bank: Independent Consultation and Investigation Mechanisms (MICI), Asian Development Bank's Special Project Facilitator and ADB Compliance Review Panel (ADB), the European Bank for Reconstruction and Development's Project Complaint Mechanism (EBRD PCM), the European Bank for Reconstruction and Development's Independent Resource Mechanism, (EBRD IRM), the African Development Bank's Independent Review Mechanism (AfDB IRM), the European Investment Bank's Complains Mechanism (EIB), and the United Nations Development Programme's Social and Environmental Compliance Review/Stakeholder Response Mechanism (UNDP).

A case represents a complaint submitted to an international accountability mechanism about an individual project. There may be (and often are) multiple complaints (or cases) about a specific project. For each case, standard descriptive information was included, for example the applicable region, the country, the date the complaint was filed, and the month and year the case was closed, if applicable. If the case was closed, then the database codes whether or not a

[82] Examples of case analyses include Woods 2007, Park 2010, Park 2014, Fox 2000.
[83] Accountability Counsel et al 2016.
[84] In the interest of full disclosure, the author would like to acknowledge that she sits on the Board of Accountability Counsel.

settlement was reached or a compliance report was published. The AC dataset also includes detailed information about who filed the complaint, as well as whether and what type of outside organization(s) helped support the filing. The dataset includes information on the type of financing that was the subject of the complaint, the sector and whether the funding went to a public or private entity. Individual complaints invoke specific rights that have been violated, and the database enumerates the issues raised by the complaints (e.g., pollution, livelihoods, water, human rights, etc.). When complaints are initially filed, they may need to be registered and often need to be determined eligible before the accountability process begins. The dataset includes information about whether and when the case was registered and determined eligible or ineligible, as well as the reasons for ineligibility, if applicable. The mechanisms generally have two main avenues: problem-solving (also called consultation) and compliance. Cases may go through one or both of these avenues. The dataset includes information about whether the case went through problem-solving or compliance, and whether settlements were reached.

c) Descriptive Statistics: Variations in MDB IAO Activity

The AC dataset provides useful descriptive data about how the MDB IAOs have been utilized over the last two plus decades. Figure 1 offers a breakdown of the 775 cases by mechanism from 1994 until the end of 2015. Of those, 33.5 percent (or 260 cases) came from CAO alone, and close to 100 coming from the ADB, EIB, WBIP, the two EBRD mechanisms combined and MICI. By contrast only, only 20 cases were brought through the African Development Bank's IRM and only one case has been brought through the UNDP mechanism.[85]

Insert Figure 1

Figure 2 depicts the increase in the number of cases, by year filed.[86] As indicated, there are only a small number of cases that were brought in the 1990s and early 2000s. The number of cases increased substantially around 2004 and again in 2009-2013. Interestingly, the initial increase in 2004 was mainly from an increase in CAO cases in particular. However, the second increase in 2009-2013 reflected more widespread use of the range of mechanisms. The overall number of complaints peaked in 2013, when 130 cases were brought across the nine MDB mechanism. Of the 775 cases, 109 proceeded to the mediation stage, 154 proceeded to the compliance stage. 22 of those cases actually proceeded to both the mediation and compliance stages.

Insert Figure 2

From where and why were complaints made? Figure 3 indicates that complaints have been brought about development projects and loans from all corners of the globe. The data in Figure 3 omit 91 cases whose region was classified as "n/a" or "unknown." Out of the remaining 684 cases, the largest number (197 complaints) came from Europe and Central Asia, with Latin American and the Caribbean at a close second with 185 complaints. Development loans support projects in a particular sector, and the majority of complaints concerned projects in three sectors:

[85] See also Accountability Counsel et al 2016, Figure 2 for an alternative depiction of this data.
[86] See also Accountability Counsel et al 2016,, Figure 1 for an alternative depiction of the increase broken down by mechanism.

energy, extractives and infrastructure. Complaints can also invoke particular harms or rights violations (or more than one), such as indigenous rights, human rights, displacement and environmental concerns. The most frequent concern raised by complaints was environmental, with procedural violations (consultation and disclosure, due diligence) being the next most frequent.[87] The complaints concern development loans to either public or private entities. The coding on this variable has a high rate of missingness with 26 percent missing. That said, of the remaining complaints, 45 percent concerned private development lending projects, and 55 percent concerned public development lending projects.

Insert Figure 3

d) Generic MDB IAO Process and Process-Level Descriptive Data

While variations over time and across the nine mechanisms do exist, there is a generic process by which MDB IAOs process complaints. Figure 4 details the stages of this generic process. Each node is marked by a number and reflects a separate choice or move. First, the MDB designs a loan program and can either violate policies and procedures (violate) or not (~violate). If the loan program does violate MDB policies or rights, then a community can choose to file a claim (file) or not (~file).[88] A complaint needs to detail both the harm caused by a development loan project and show evidence that this harm was due to a failure of the MDB to comply with its own policies and procedures. The third, fifth and sixth moves sit largely with the MDB IAO, and those will be the focus of the empirical work that will follow. The MDB IAO determines whether the complaint is eligible for consideration. This is a particularly important stage, as nearly 60 percent of cases are deemed ineligible at this point.[89] If eligible, the MDB's Executive Board are often able to review the case, and approve that complaints move forward.[90] Fourteen percent of original claims are dismissed at node 4.[91] If the Board approves further investigation, the MDB IAO may reach out to MDB staff or management to get their initial perspective on the case. With that information and an initial investigation, the accountability mechanism will decide whether a case should be handled by compliance review function (compliance), the mediator/problem-solving function or if the case should be dismissed (~compliance). Note, according to *Glass Half Full* another 14.5 percent of cases are dismissed between the eligibility and "substantive" stages.[92]

Insert Figure 4

If a complaint proceeds to the mediator/problem-solving function, then the community groups, MDB, firms and governments open a dialogue facilitated by the MDB IAO. This process is voluntary and may be discontinued at any point by either party. If a mutually-acceptable solution is reached, then the MDB IAO will generally monitor compliance with it.

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[87] See Accountability Counsel et al 2016, 36-37.
[88] Woods questions whether Northern NGOs involvement may skew the cases that are brought. Woods 2007, 42.
[89] Ibid, 39.
[90] The EB does not approve in the case of the CAO.
[91] Accountability Counsel et al 2016, 45-46. Fox estimates a higher percentage based on incomplete data. Fox 292.
[92] Ibid, 44-45.

A complaint may proceed to compliance at a few different points. For example, a complaint deemed eligible may proceed directly to the compliance investigation stage, instead of problem-solving. Alternatively some cases may sometimes move from problem-solving to compliance if, for example, the mediation process does not reach an agreement. Often the MDB IAO conducts a formal investigation in the compliance phase and ultimately issues a report and recommendation. The Board (composed of state representatives) frequently will vote on the report and the MDB IAO will monitor compliance with it. Once a mutually-acceptable solution (through the mediator/problem-solving function) or a report (through the compliance function) is produced, the MDB can choose to comply with the recommended remedy or not comply. The MDB IAO has no capacity to force compliance (other than transparency) and its decisions are not legally enforceable in domestic courts due to international organizational immunity.

The process-level data is sobering. Out of 775 complaints filed, 109 reached the mediated problem-solving stage and 154 reached the compliance review stage (by December 31, 2015). Of the 109 complaints in problem-solving, 58 percent reached an actual settlement.[93] Of the 154 complaints in compliance review, the MDB IAOs found about half (52 percent) to be be in non-compliance (to have violated MDB policies and caused harm). What happens to those cases found to be non-compliant? The MDB IAOs issued compliance reports for 90 percent of them, and a specific management action plan for 61 percent of them. The MDB IAO also actively monitored adherence to their recommended plan for 70 percent of the cases found to be in non-compliance. Anecdotal evidence and case observations suggest that there is a range of impact, however, even for those complaints that are deemed non-compliant. There have been instances of complaints which resulted in loan programs being stopped and revised midstream and there have also been cases deemed out of compliance on numerous measures that proceeded with little or no revision.

e) The Dependent Variable: A Process-Specific Indicator

The dependent variable is the whether or not the multilateral development bank's accountability mechanism has been impeded. An MDB IAO's activities are considered unimpeded when the internal accountability office is able to evaluate community complaints and issue decisions whether the particular loan programs is in compliance with MDB policies and whether it caused harm. Since case merits vary and I do not have the benefit of observing counterfactuals, this dependent variable is inherently difficult to capture.

In order to zero in on this notion of impediment, I focus on process measures and specifically on whether or not a complaint case reached the more impactful, investigative "compliance review" stage, described above. If an MDB IAO actually has the opportunity to

[93] Ten of the cases (or 9%) were labeled N/A or unknown, and 36 had no settlement. Note these numbers are not driven by the rise in cases in the last few years. There were only two problem-solving cases initiated in 2015.

investigate and assess a complaint, then the process is considered ~*Impeded*. Complaints that are dismissed prior to any substantive stage (meaning problem-solving or compliance review) or funneled into the consensual problem-solving stage do not have the benefit of having MDB IAO staff investigate their complaints and are therefore classified as impeded. Complaints that reach the compliance review stage may ultimately be found to be in compliance or out of compliance with MDB policies. If the IAO finds that the MDB did not comply with MDB policies, then the MDB chooses whether to follow the IAO recommendations or ignore them.

IV. Assessing Competing Explanations of MDB IAO Efficacy and Impact

a) Data Analysis: Model Specification and Variables

In order to assess competing explanations for variations in whether an MDB IAO is impeded or unimpeded (~*Impeded)*, I estimate the following logistical regression:

$$\Pr(\sim\text{Impeded})=\beta_0+\beta_1\,\text{POLITY2}+\beta_2\log(\text{GDP})+\beta_3\,\text{PRIVATE}+\beta_4\,\text{CSO}+\beta_5\text{ForeignpolicyvUS}+\beta_6\,(\text{ForeignpolicyvUS*POLITY2})+\beta_7\,\text{CAO}+\beta_8\,\text{multiple\_complaints}+\beta_9\,\text{year}+\varepsilon$$

The dependent variable, ~*Impeded*, is a binary variable meant to measure whether MDB IAO activities have been impeded. I measure ~*Impeded* as being whether a complaint reaches the investigative compliance review stage. ~*Impeded* is thus coded 1 when a complaint reaches the compliance review stage and 0 when it does not. Complaints may not reach compliance review either because they are dismissed at a previous node (declared ineligible, dismissed by the Executive Board) or because they are funneled into the consensual problem-solving stage, instead of compliance review. As has been discussed previously, complaints that reach the compliance review stage are independently investigated by the MDB IAOs. The MDB IAOs ultimately decide that a large percentage of those complaints are out of compliance with MDB policies and require reform of some kind.

The main explanatory variable used to assess the borrowing state argument's main hypothesis--all else equal, if a borrowing country is more open to civil society groups, then the IAO will be less impeded—is the Polity score for the borrowing country from which the complaint originates.[94] The main variable used was *POLITY2*, which is a unified regime-type variable that ranges from +10 for a strongly democratic regime to a -10 for a strongly autocratic regime.[95] The logic is that countries that are more open to dissent and more willing to respond to constituent demands domestically will also be more open to dissent and more willing to respond (or allow an MDB to respond) to constituent demands internationally, and less likely to impede international accountability mechanisms.

[94] Polity IV version 2015 available: http://www.systemicpeace.org/inscrdata.html.
[95] Monty G. Marshall. *Polity IV: Dataset Users' Manual v 2015l.* (2016): 27. Available at: http://www.systemicpeace.org/inscr/p4manualv2015.pdf.

Initial descriptive data lends support to the borrowing state hypothesis. Figure 5 depicts the frequency distribution of complaints filed and of the subset of complaints that entered compliance review, by Polity score. The green bars reflect the total number of complaints filed for all countries at a particular Polity score. The yellow bars reflect the subset of complaints that proceed to the compliance review stage at a particular Polity score. As the graph indicates, a large percentage of the complaints filed come from solid democracies. Of the 680 complaints from identified borrowing countries in the AC database, 79 percent come from borrowing countries with a Polity score of 5 or higher. Not surprisingly, a huge proportion of the cases that make it to compliance review come from advanced democracies. 46 percent of the complaints that make it to compliance review come from borrowing states with a polity score of 9 or 10. A whopping 58 percent of eligible complaints from advanced democracies move on to compliance review (versus 33 percent of all other eligible complaints).

Insert Figure 5

A variety of other factors may also influence how impeded MDB IAOs are. First, the size of a borrowing state's economy—rather than its regime type—may influence whether the MDB IAOs are impeded. When a borrowing state's economy is relatively larger, then development loans may be available from other (commercial) sources more easily. As a result, bargaining leverage will increase. The logic is that MDBs rely on borrowing countries to demand their loans. Borrowing countries with larger economies should be able to exercise more influence on MDBs and their IAOs. As a result, we should observe that complaints (on development loan programs) originating from larger borrowing countries should be more likely to be impeded than complaints from smaller borrowing countries, all else equal. I include the size of a borrowing state's economy, measured as the logged current GDP and label that variable *LogGDP*.[96] I expect a negative relationship between *LogGDP* and ~*Impeded*: all else equal, if a borrowing country has stronger bargaining power with the MDB, then the IAO will have less impact.

Some of the MDB development loans go to public entities, whereas others are delivered to private corporations. MDB IAOs may be have less of an effect on private development projects than on public ones. As a result, *PRIVATE* is coded 1 if the development loan (that is the subject of the complaint) funds a private project/goes to a private corporation and 0 is it funds a public project/goes to a public entity. I expect a negative relationship between *PRIVATE* and ~*Impeded*.

[96] *World Development Indicators* (Last updated: 01-Feb-2017), Available at: http://data.worldbank.org/data-catalog/world-development-indicators.

Filing a successful complaint through an MDB IAO can be a very difficult task. Community groups need to recognize that an MDB funded the project, be aware of the MDB's IAO and its procedures, and successfully write a complaint that not only meets the eligibility requirements, but also is strong enough to counter MDB staff defense. This is a steep ask. NGOs may assist a community in bringing its complaint to the MDB IAO. Domestic and international NGOs, like Accountability Counsel, Center for Environmental Law and Community Rights, and many others, are often staffed by attorneys, have prior experience with the MDB IAOs and are able to help communities craft their complaint more effectively. As a result, one would expect that complaints brought with the assistance of NGOs would be more likely to move through the accountability mechanism unimpeded.[97] The variable *CSO* is coded 1 if a domestic or international NGO was recorded as participating in the filing of a complaint. This variable was gathered by Accountability Counsel staff and is included in the Accountability dataset. I anticipate a positive relationship between *CSO* and *~Impeded*.

The principal-agent argument suggests that if powerful state principals have strong economic or political interests in particular loan programs, then MDB IAO complaints processing will be impeded. The United States is the largest funder with the largest percentage of voting power for the World Bank (the umbrella organization of the IDA, IBRD, IFC and MIGA), IADB and EBRD and is one of the largest funders with corresponding vote power at the ADB, AfDB and UNDP. (The EIB is the one MDB included in this dataset for which the U.S. is not a leading principal.) An accepted measure of principal preferences is UNGA voting alignment. Recent work by Bailey, Strezhev and Voeten (2017) advocates comparing foreign policy preference ideal points that vary along a single dimension (as opposed to an affinity score) constructed from UNGA voting data. This single-dimension ideal point has the advantage of eliminating "noise" from particularly contentious voting years and offering comparability over time. Using their constructed ideal point measures to assess the principal-agent argument, I include a variable representing the difference between the borrowing country's ideal point and the United States' ideal point in the year of the complaint. Specifically, the variable *ForeignpolicyvUS* is measured the difference between the borrowing country's UNGA voting-derived foreign policy ideal point and the United States' UNGA voting-derived foreign policy ideal point.[98] I expect that the U.S. would intervene to impede the accountability process for more closely allied borrowing countries. As a result, I expect a positive relationship between *ForeignpolicyvUS* and *~Impeded*: the greater the further away from the U.S. the borrowing country is (in terms of foreign policy preferences), the more likely the process will be unimpeded. (In alternative specifications, discussed later, I consider the influence of other state principals.)

When should the U.S. intervene in accountability mechanism cases, and when should it leave those cases alone? Presumably, the U.S. influence would be magnified if the borrowing country was relatively more autocratic. *ForeignpolicyvUS*Polity2* is an interaction variable to

[97] Accountability Counsel et al 2016, 48-49, has initial descriptive data supporting this conclusion as well.
[98] Bailey, Strezhev and Voeten 2017; see also, Voeten 2013.

assess whether the influence of principals (here, the U.S.) is contingent on the borrowing country's regime type. *ForeignpolicyvUS* is greater than or equal to 0. As a result, I would expect the interaction term to be negative: the effect of an ideal point differential on ~*Impeded* would be smaller as Polity2 gets larger; the U.S. would be less likely to intervene for democracies than autocracies.

The bureaucratic design of MDB IAOs may vary in ways that influence how likely they are to be impeded or derailed. In order to assess this argument, I included institution-specific controls. The CAO has a reputation for being a particularly independent and effective mechanism. A large number of complaints are processed through the CAO, and it has certain practices that encourage independence (for example, they use independent, rather than MDB internal, experts for their investigations). As a result, I included a variable *CAO,* which is coded 1 if the complaint was brought through the CAO and 0 otherwise. (For the robustness checks, I also assessed whether complaints brought through other MDB IAOs tended to be more or less impactful, as will be discussed below.) I anticipate a positive relationship between *CAO* and ~*Impeded*.

There are some development projects which elicit complaints from numerous community groups. The unit of analysis in the dataset is a complaint, not a development project. As a result, there are some projects for which numerous complaints are recorded. Are complaints about a particular development more or less likely to reach compliance review if there are other complaints, which have also been filed about that same development project? I included a control variable, *multiple_complaints,* which is coded 1 if there are multiple complaints about a particular project and 0 if there is only one complaint for a particular development project. Finally, a year time trend—*year*—was included in some specifications to control for the effect of time.[99]

b) Data Analysis: Results

The results of the logistic regression are presented in Table 1. In short, Model 1 suggests support for the borrowing state argument's main hypothesis. The more democratic a borrowing state, the more likely the complaint will reach the investigative "compliance review" stage at the MDB IAO. The size of the borrowing state's economy is not significantly related to the ~*Impeded* dependent variable. Whether or not there are other complaints filed on the same development project (*multiple_complaints)* and the *year* time trend are also not significantly related to the dependent variable. However, there is some support for the principal-agent argument. The greater the distance between the borrowing country's foreign policy preferences and the United States', the more likely the IAO process will be unimpeded. Or conversely, the U.S. is more likely to intervene in IAO cases of close allies, all else equal. However, the

[99] In future iterations, I hope to also include a variable that would proxy donor state interests in a complaint, for example whether or not a powerful, donor state had an investment interest in the development project.

interaction term is also negative and highly significant. The U.S. is more likely to intervene for allies that are autocracies than democracies. Having an international or domestic NGO involved in filing a complaint significantly increases the likelihood of well-functioning, unimpeded accountability mechanism. Surprisingly, development loans that go to private entities are *less* impeded (my expectation had been a negative relationship with ~*Impeded*), and complaints filed through the CAO are *more* likely to be impeded (my expectation had been a positive relationship with ~*Impeded*). However, the statistical significance of *private* and *CAO* were at lower thresholds: $p<0.05$.

Insert Table 1

In order to visualize the impact of a borrowing state's regime type on whether or not the MDB IAO's processing of that complaint is impeded, I graphed the adjusted predictions with 95 percent confidence intervals in Figure 6. Holding the other variables in Model 1 at their means, Figure 6 depicts the probability that a given complaint will reach the compliance review stage (the measure of ~*Impeded* used here) at specific values of Polity IV, ranging from -10 (its minimum) to +10 (its maximum). The graph dramatically shows that mean cases from autocracies should be 100 percent impeded and will not reach the compliance review stage. For democracies, there is a steep trajectory of increasing probability. The more democratic the borrowing country, the more likely the complaint will be unimpeded and reach the more impactful compliance review stage.

Insert Figure 6

c) *Data Analysis: Robustness and Alternative Specifications*

Support for Hypothesis 3 is robust to alternative specifications. Table 1 provides results of additional models with alternative proxies and specifications. In all specifications, there remains a positive and significant relationship between the regime type proxy, *Polity2*, and the probability that a given complaint will proceed through the accountability mechanism unimpeded.

Model 2 codes the dependent variable from the fifth node in Table 4 only. The dependent variable is coded 1 if the complaint went to compliance review and 0 if the complaint went to problem-solving. This focuses our attention only on the decision by the MDB IAO to funnel a case to the more impactful compliance review or the less impactful problem-solving stage. All of the complaints that were declared ineligible at a previous node are omitted from analysis (hence, the N drops to 221). Regime-type remains positively and significantly related to impact, even when measured differently. However, the significance of several of the other explanatory variables drops out (except the interaction term and *CAO)*.

Models 3 through 8 include different specifications and independent variables controls. Model 3 omits *Private,* which has a particularly high rate of missingness, increasing the N by nearly 20 percent to 594. The results are generally consistent between Models 1 and 3. Model 4 omits *multiple_complaints*, which causes the *CAO* variable to increase in both significance and magnitude. The significance and magnitude of *Polity2*'s effect remain generally the same, however. Model 5 investigates inductively whether any of the other (non-CAO) MDB IAOs appear to have an influence on *~Impeded.* Do bureaucratic features of these MDB IAO lead to complaints to be more or less impeded? Model 5 indicates that complaints processed through the EIB and WBIP are less likely to be impeded.

Model 6 adds the EIB and WBIP dummy variables to Model 1. For Model 6, *Polity2, CSO* and *EIB* are the only variables that remain significant. Complaints from relatively more democratic borrowing countries, complaints with assistance from CSOs and complaints processed through the EIB are more likely to proceed unimpeded through to the more impactful compliance review stage. Model 7 is simply Model 6, with CAO omitted from the model. For Model 7, *Polity2*, *CSO*, *EIB* and also *multiple_complaints* are significantly related to *~Impeded.*

Finally, Model 8 considers whether other (non-US) state principals exercise influence over IAO complaints filed through particular MDBs. The U.S. is not necessarily the only or the most consequential state principal for all of the relevant MDBs. For example, at the Asian Development Bank, the U.S. and Japan have nearly identical vote percentages (15.7 percent and 15.6 percent as of December 2014). [100] At the African Development Bank, Nigeria held 8.5 percent of the voting power (as of June 30, 201&), whereas the U.S. came in second at 6.6 percent of the voting power.[101] At the European Investment Bank, Germany, France, Italy and the U.K. all have the highest vote percentages at 16.1 percent.[102] As a result, Model 7 includes three variables intended to capture distance of borrowing countries from Japan's ideal point for ADB complaints only, from Nigeria's ideal point for AfDB complaints only and from Germany's ideal point for EIB complaints only. The relevant variables are interaction terms multiplying the ADB, AfDB or EIB dummy variables by a foreign policy preference differential variable similar to *ForeignpolicyvUS*, but measuring distance from Japan, Nigeria and Germany's ideal points respectively. Model 8 indicates that the further an ADB borrowing country is from Japan's foreign policy preferences, the *less* likely a complaint will reach the more impactful compliance review stage. Regime type, involvement of CSOs, foreign policy positions relative to the U.S., and bureaucratic variables represented by *multiple_complaints* and the EIB dummy are also statistically significant for this model.

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[100] https://www.adb.org/sites/default/files/institutional-document/158032/oi-appendix1.pdf

[101] https://www.afdb.org/fileadmin/uploads/afdb/Documents/Boards Documents/ADB_Statement_of_Voting_Powers_as_at_30_June_2017.pdf

[102] http://www.eib.org/attachments/general/governance_of_the_eib_en.pdf

f) Case evidence: How Borrowing States Intervene

The large-N data analysis suggests that borrowing states influence how international organizations are held accountable. Internal accountability offices offer mechanisms for impacted communities to bring claims against multilateral development banks in order to change harmful development projects, receive remedies and ensure that MDBs are adhering to their own policies and procedures. However, community groups are much more successful when they are situated in democratic countries. How do governments impede the accountability process?

Borrowing state governments may influence IO accountability at three stages: the selection stage, the process stage and the "last mile" stage. (See Figure 7.) At the selection stage, borrowing governments can suppress the submission of complaints by intimidating community groups. At the process stage, borrowing governments may influence IAO experts, intimate local community members who interact with investigators, pressure MDB IAO staff or restrict access to development project sites by MDB IAO investigators. At the last mile stage, borrowing states may cooperate with MDB staff to maintain a program intact or turn a blind eye, despite a critical MDB IAO investigation report. This paper has focused on the second stage—how borrowing states intervene in the accountability mechanism process—and said much less about how they influence selection (or the filing of complaints) or last mile (essentially compliance with MDB IAO recommendations). This case discussion will similarly focus on how borrowing states may influence the accountability mechanisms during the process stage. The case discussions are meant to illustrate how borrowing states intervene to influence how MDBs are held accountable, to reveal causal mechanisms rather than "test" them.

The first case concerns a complaint submitted by a community group from an autocracy: Ethiopia in 2012 (polity score -3). In 2012, representatives of indigenous Anuak communities submitted a complaint through the World Bank's Inspection Panel, arguing that World Bank support of the Promoting Basic Services Program violated World Bank policies and caused them harm.[103] The complaint argued that the World Bank loan helped fund the Ethiopian government's "villagization" program, which included forced relocation to infertile land, and was "accompanied by widespread human rights violations, including forced displacement, arbitrary arrest and detention, beatings, rape, and other sexual violence."[104] A US-based NGO, Inclusive Development International, assisted the community in their complaint. As IDI's Legal Director, Natalie Bugalski, wrote:

[103] Full case details are available here: http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=88. A great article is available here: http://projects.huffingtonpost.com/worldbank-evicted-abandoned/new-evidence-ties-worldbank-to-human-rights-abuses-ethiopia

[104] https://www.hrw.org/sites/default/files/reports/ethiopia0112webwcover_0.pdf cited in https://www.icij.org/blog/2015/01/leaked-report-says-world-bank-violated-own-rules-ethiopia

> The PBS project's aims to expand access to and improve the quality of basic services including education, health, and water supply are indisputably laudable. However, forced relocation as a means to deliver basic services, and the use of international public development funds to carry it out, is totally unacceptable. The Bank is bound by its operational policies to ensure that its programs—no matter how beneficial they may be for majority of the population in borrower countries—are not coming at the expense of the basic rights of minorities.[105]

In short, this case pitted a small, relatively disenfranchised indigenous community against the policies of the autocratic Ethiopian government.

The Ethiopian government, one of the World Bank's most consistent clients, intervened in numerous ways in order to impede the accountability mechanism.[106] Getachew Reda, a spokesman for Prime Minister Hailemariam Desalegn is quoted as explicitly stating that the government would not cooperate with a WBIP investigation: "We are not going to cooperate with the Inspection Panel….To an extent that there's a need for cooperation, it's not going to be with the Inspection Panel, but with the World Bank."[107] The Ethiopian Government threatened individuals who cooperated or worked with the WBIP investigation. In a notable instance, Omot Agwa, who worked as a facilitator and interpreter for the WBIP investigation, was arrested and detained for over six months on trumped-up charges.[108] According to one of the WBIP investigators, Eisei Kurimoto, the Ethiopian authorities appeared to have threatened Anuak villagers who were being interviewed as part of the investigation, and instructed them what to tell investigators.[109] Nevetheless, the WBIP investigators uncovered "damning" evidence of "shootings, arbitrary arrests and sexual violence." US-based NGOs contend that evidence was systematically suppressed and the resulting report minimized the World Bank's role and responsibility in addressing these human rights abuses.[110] In short in the Ethiopian case, an autocratic government impeded the accountability process by actively opposing the investigation, threatening and even arresting locals who cooperated with WBIP investigators, and possibly influencing the contents of the final investigative report.

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[105] http://www.inclusivedevelopment.net/campaign/ethiopia-forced-villagization-program/

[106] http://projects.huffingtonpost.com/worldbank-evicted-abandoned/new-evidence-ties-worldbank-to-human-rights-abuses-ethiopia; Did the Ethiopian ED also try to block the Panel's investigation?

[107] https://www.bloomberg.com/news/articles/2013-05-27/ethiopia-refuses-to-cooperate-with-probe-on-world-bank-funding

[108] https://www.hrw.org/world-report/2017/country-chapters/ethiopia; http://www.inclusivedevelopment.net/ethiopia-world-bank-translator-activists-face-trial/.

[109] http://projects.huffingtonpost.com/worldbank-evicted-abandoned/new-evidence-ties-worldbank-to-human-rights-abuses-ethiopia

[110] http://projects.huffingtonpost.com/worldbank-evicted-abandoned/new-evidence-ties-worldbank-to-human-rights-abuses-ethiopia; https://intercontinentalcry.org/world-bank-whitewashes-ethiopia-human-rights-scandal/; http://www.inclusivedevelopment.net/campaign/ethiopia-forced-villagization-program/

The second case concerns a complaint submitted by a community group in a stronger democracy: Guatemala in 2004 (policy score 8).[111] The IFC's $45 million loan supported the construction and operation of the Marlin Mine, an open-pit gold and silver mine, in a particularly impoverished area dominated by indigenous communities of subsistence farmers. In 2005, Colectivo MadreSelva filed a complaint with the Compliance Advisor/Ombudsman, the IFC's IAO, arguing that the development project violated a range of IFC policies including consultation requirements for indigenous peoples impacted by the mine, negative environmental effects and negative health and economic effects for the local populations, due largely to contamination of water supplies.[112] This complaint pitted a relatively weak and disenfranchised local indigenous communities against the Guatemalan government, which had granted a 25-year license for the exploration of the Marlin Mine. The indigenous communities situated near the mine development were quite unified in their opposition. For example, Altholz and Sullivan report that in a June 2005 meeting among leaders of local villages, eleven villages opposed the mine, one supported and one abstained. In a June 2005 referendum, "98% of 2,500 Sipacapa voters cast ballots against mining in the municipality."[113] Meanwhile, the Guatemalan government, using its constitutional "duty to exploit non-renewable resources in the public interest," had granted the license to support economic development and fought the indigenous communities' complaint.[114] The mine also created a windfall for the government. Altholz and Sullivan report that as of 2012, Goldcorp, the Denver-based parent company operating the Marlin Mine since 2006, "was the single largest taxpayer in Guatemala."[115]

The Guatemalan government impeded the IFC's accountability process and mechanism in at least two ways. First, the state used force against complainants and protestors. Second, the state limited access to the development project site for CAO investigators, thereby limiting the investigation process itself. In the end, the Marlin mine complaint was closed in May 2006, but protest and conflict around the mine site continued. Altholz and Sullivan conclude that this was a failed opportunity on the part of the CAO:

> For over a decade, the Marlin Mine project has created controversy and impacts that went unaddressed by CAO's intervention. Subsequent to CAO's decision to close the case, independent studies found that the company had not properly consulted with local communities in compliance with international law and failed to adequately monitor the mine's impact on water quality. In deciding to forgo a compliance audit in this case, CAO declined the opportunity to incentivize the IFC to address these issues.[116]

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[111] Altholz and Sullivan 2017, 41-50; another case of a strong democracy is the WBIP complaint regarding India's Singrauli development project. See Clark 2003.
[112] http://www.cao-ombudsman.org/cases/case_detail.aspx?id=95; http://www.cao-ombudsman.org/cases/document-links/documents/Complaint-EnglishTranslation1.pdf.
[113] Altholz and Sullivan 2017, 44.
[114] Ibid, 44.
[115] Ibid, 49.
[116] Ibid, 50.

Borrowing state interventions appear to have been successful in this case. The Marlin Mine case was closed before entering a substantive phase—either the weaker problem-solving or the stronger compliance investigation. In short, the Guatemalan government impeded the accountability process by limiting access to the development project site and using force against complainants and protesters. Even though Guatemala was a stronger democracy, it still intervened to impede the accountability, and did so successfully. The Marlin Mine case was closed before entering a substantive phase.

The third case offers a window into the elusive node 4 from Figure 4. States are officially able to influence the accountability mechanism when they vote to approve or dismiss IAO recommendations to investigate complaints. Node 4 offers a window into how states respond when principal preferences—embodied by MDB policies—appear to have been abrogated. Systematic data is limited here, however. How are borrowing states or powerful state principals able to influence the functioning of accountability mechanisms. Most decisions are made by consensus and not by formal, public voting; as a result it is difficult to observe how the Board members differed with respect to individual complaints.[117] That said, Fox (2000) offers interesting evidence from the Itaparica complaint submitted to the WBIP.

In September 1997, due to a particularly contentious debate, the U.S. ED requested (and received) a formal (World Bank Executive Board) vote on whether a complaint from community groups in Brazil regarding the Itaparica loan program should proceed to a full WBIP investigation. The voting record was not officially released, but Fox interviewed individual EDs and published the resulting vote tally.[118] According to Fox's data, the vote was exceedingly tight—47.1 percent yes versus 52.9 percent no—with most EDs that exclusively represented Northern countries voting for the investigation and the borrowing countries voting overwhelmingly against the inspection. The inspection was not approved.[119] Fox argues that the Itaparica vote was a "turning point" in that "the Brazilian government effectively turned back the perceived Northern threat to its sovereignty" and it emboldened certain governments, particularly India and Brazil, to try to weaken the WBIP.[120] Fox writes, "In short, the panel—supposedly a tool of the North against the South—was successfully resisted by a coalition of Bank members from the South, the East and a divided North."[121] In this case, and in contrast to the expectation by the principal-agent approach, powerful donor states were not able to get the MDB IAO to constrain the wayward MDB. Instead, Brazil impeded the accountability mechanism by by mustering the votes from other borrowing states and prevent the WBIP investigation from moving forward.

[117] Gould 2017.
[118] Fox 2000, see 303-304 for specific vote details.
[119] Fox 2000, 305.
[120] Fox 2000, 301.
[121] Ibid, 305; also see Bradlow 2005, 418.

The cases of complaints regarding Ethiopia's Promoting Basic Services project, Guatemala's Marlin Mine project and Brazil's Itaparica project demonstrate how borrowing states may intervene to impede multilateral development bank accountability mechanisms. Governments actively suppress individuals from filing complaints, pursuing their complaints, providing information to investigators and ensuring compliance with investigation reports. In a recent report Human Rights Watch reported that 53 percent of the WBIP or CAO complainants they interviewed "had been threatened or faced some form of reprisal that they believed was directly linked to their criticism of a World Bank or International Finance Corporation (IFC) project."[122] Governments can influence the accountability mechanism at the selection stage by suppressing the submission of complaints by intimidating community group. Governments may intervene directly in the process stage, influencing the IAO experts, intimidating local community members who assist or speak with investigators, pressuring MDB IAO staff, restricting access to the development project site for MDB IAO staff and experts, etc. Third and finally, borrowing states may influence MDB IAO impact at the "last mile" stage, for example by cooperating with MDB staff to maintain a program intact or turn a blind eye, despite a critical MDB IAO investigation report.

V. Conclusion

Despite the fact that international accountability offices have no capacity to sanction or compel MDBs to follow their recommendations, multilateral development bank IAOs have led to meaningful results for impacted communities in particular cases. That said, the impact and efficacy of MDB IAOs varies. Politics does intervene. This paper demonstrates how borrowing states can be a significant impediment to the world's vulnerable populations holding international organizations accountable.

In this paper, I have argued that borrowing states constrain MDB IAOs in meaningful ways. Borrowing states generally prefer their development loans to be unconstrained and unimpeded. But democratic borrowing states, which are more open to civil society groups domestically, will be more willing to absorb the potential costs associated with MDB IAOs—including program changes and possible program termination—than will autocratic states. Large-N statistical analysis of all MDB IAO complaints through 2015 supports this argument. More democratic borrowing states impede MDB IAO processes less, holding other variables constant. Moreover, illustrative case evidence provides evidence of how borrowing governments can impede MDB accountability mechanisms at the process stage, for example by influencing IAO experts, intimidating community members who complain or cooperate with IAO investigators, pressuring MDB IAO staff and restricting access to development project sites.

[122] Human Rights Watch (2015), 23.

The paper's findings have important theoretical and policy implications. On a theoretical level, the paper calls into question existing interpretations of MDB IAOs as fire alarm mechanisms for powerful state principals constraining wayward agents or ineffective internal watchdogs doomed by poor bureaucratic design. Instead, the paper highlights the important—and often neglected—role of less powerful states in constraining and influencing IO activity.

The paper also provides policy-relevant feedback to MDB IAO staff, states, complainant communities and NGOs regarding the barriers to MDB IAO efficacy in order to encourage reform and allow them to adjust strategies accordingly. Ultimately, the creation of MDB IAOs should lead to better loan program compliance with explicit MDB policies and fewer rights violations. However, the efficacy or impact of these accountability mechanisms varies. Politics does intervene. A better understanding of this variation—empirically and analytically—allows us to anticipate when MDBs will be responsive to complaints, but also to understand the limits on global accountability in its current form.

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Figure 1: MDB Accountability Cases by Mechanism, 1994-2015

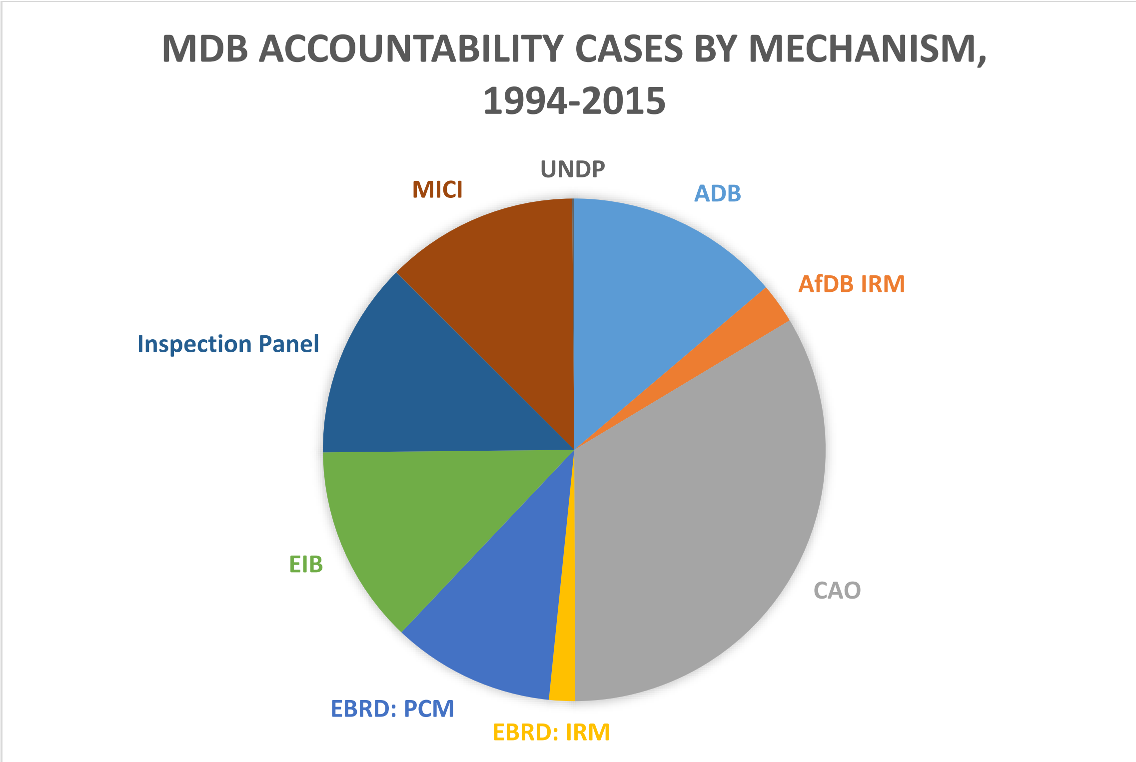

Figure 2: Number of Cases Brought in MDB Accountability Offices, By Year Filed

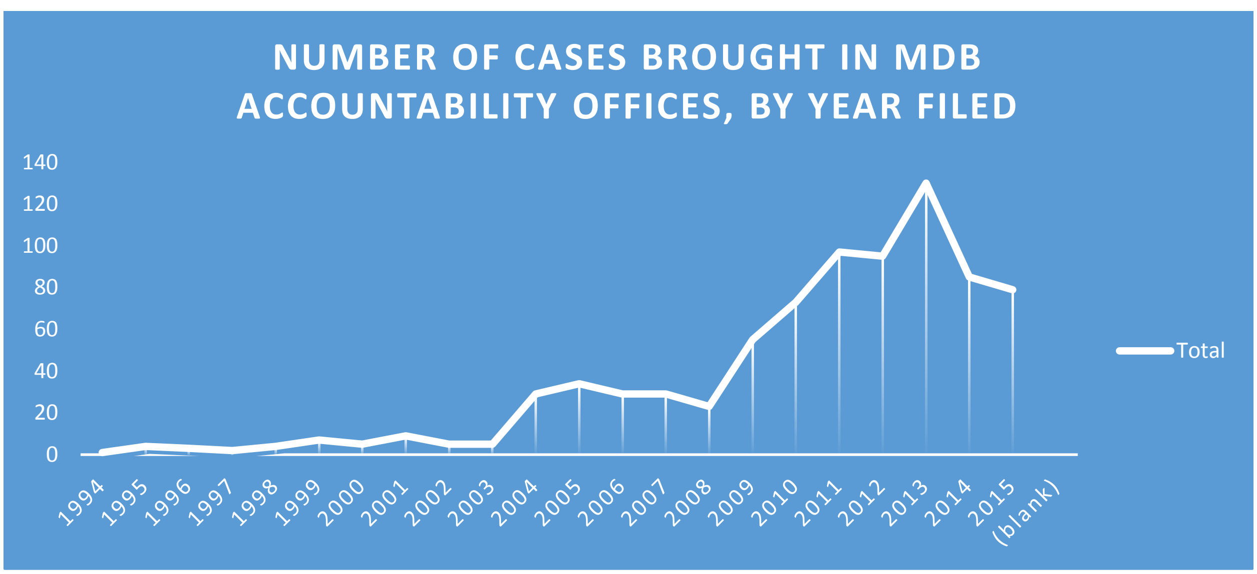

Figure 3: MDB Accountability Cases by Region, 1994-2015

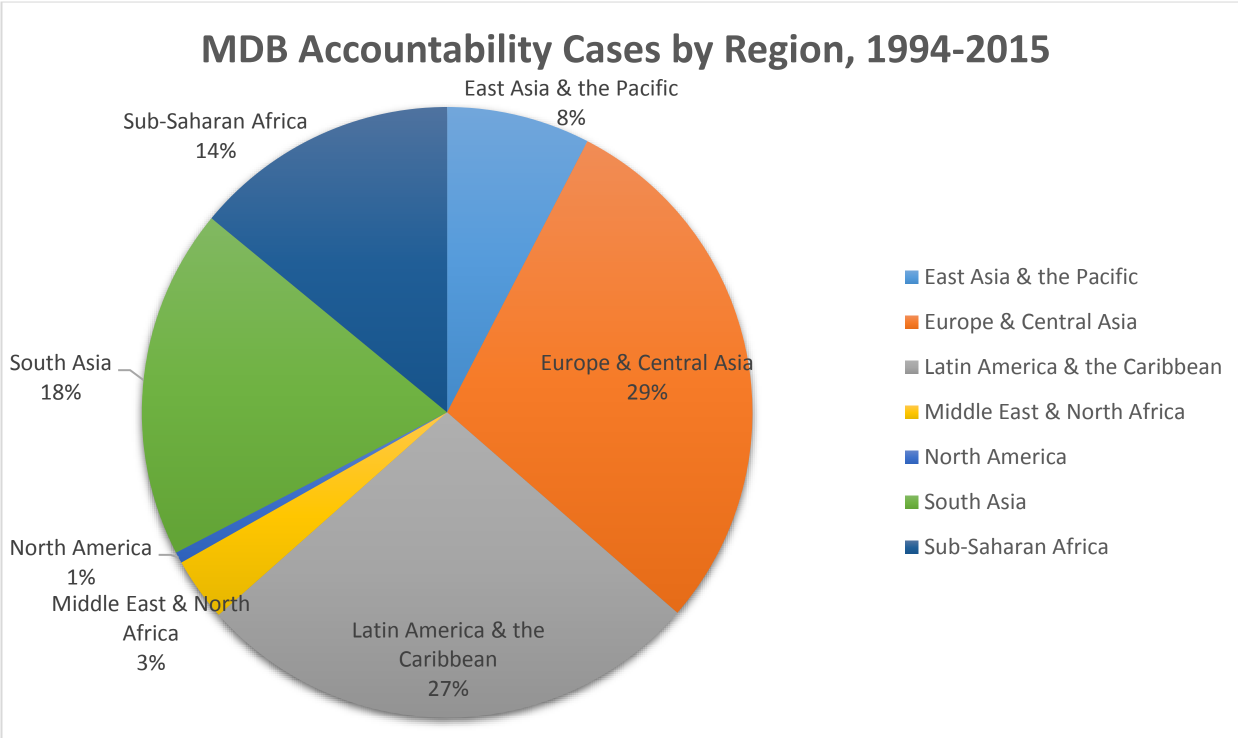

Figure 4: Stages to IAO Impact

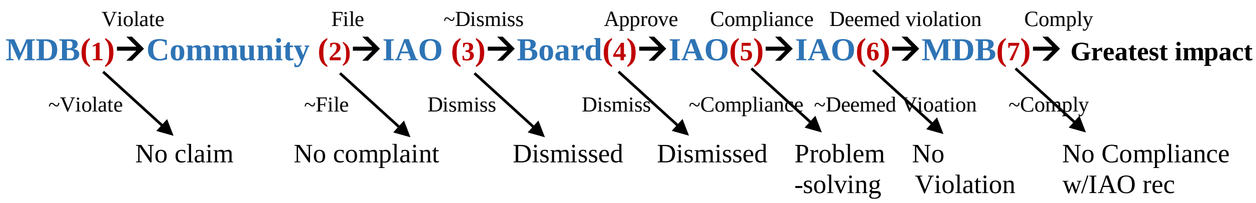

Figure 5: Frequency Distribution of Complaints, by Polity Score

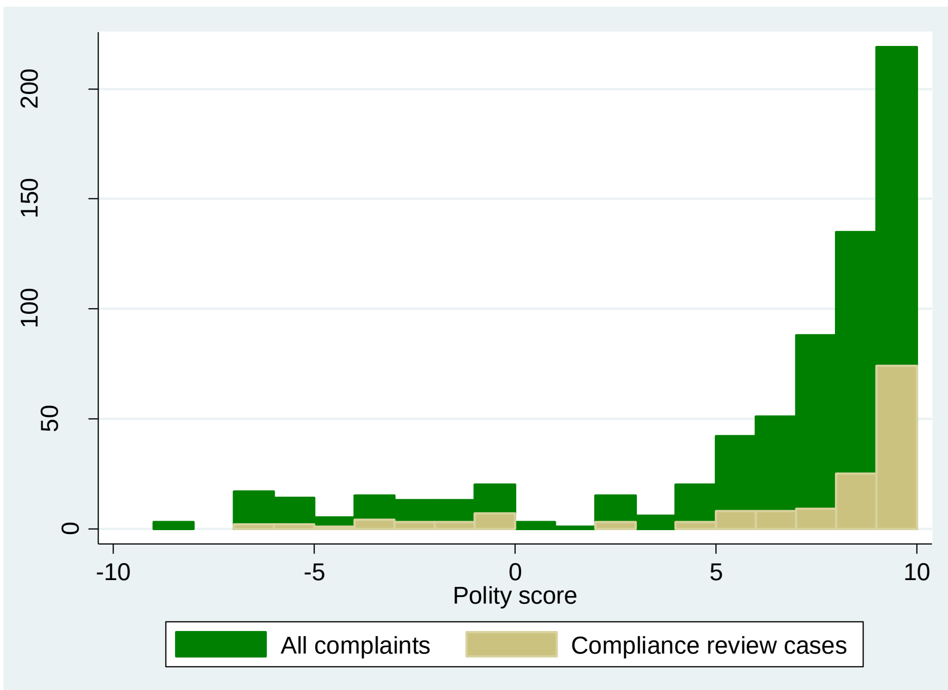

Table 1: Analysis of MDB IAO ~*Impeded* (Primary Model and Alternative Specifications)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Primary	Different DV measure	Omits Private-- high rate missingness	Omits Mult Complaints	Controls for other IAOs only	Include addtl IAO variables	Include addtl IAO variables; omit CAO	Add Japan, Germany and Nigeria preference
Polity2	.595 (.16)***	.539 (.236)*	.571 (.148) ***	.598 (.158)***		.331 (168) *	.331 (.167)*	.362 (.178)*
Log GDP (current)	-.049 (.06)	.110 (.094)	-.068 (.059)	-.0487 (.061)		-.070 (.063)	-.074 (.063)	-.085 (.064)
Private	.736 (.32)*	.991 (.510)		.632 (.309)*		.673 (.349)	.615 (.339)	.393 (.367)
CSO	1.034 (.23)***	.362 (.331)	1.257 (.227) ***	.988 (.227) ***		1.100 (.242)***	1.123 (.240)***	1.153 (.245)***
Foreign policy pref. v. US	.891 (.42)*	.383 (.599)	.774(.387)*	.900 (.417)*		.534 (.421)	.537 (.420)	.909 (.457)*
Foreign policy*Polity	-.176 (.05)***	-.157 (.073)*	-.175 (.045)***	-.179 (.049)***		-.0915911 (.0529146)	-.092 (.053)	-.107 (.056)
CAO	-.803 (.61)	-1.814 (.883)*	-1.189 (.524)*	-1.567 (.349) ***		-.4622892 (.6505191)		
Multiple_complaints	-.926 (.60)	-.917 (.828)	.192 (.537)			-.6558134 (.6467263)	-1.024 (.377)**	-1.234 (.381)***
Year	.004 (.03)	-.071 (.044)	-.001 (.028)	.004 (.029)		.0162042 (.0309043)	.018 (.031)	.026 (.032)
Intercept	-11.977 (57.62)	138.482 (88.626)	-.754 (56.35)	-10.412 (57.398)	-1.945 (.178)***	-34.71002 (62.21842)	-38.930 (61.899)	-53.821 (63.504)
ADB					-.713 (.430)			
AfDB					-.251 (.766)			
EBRD_IRM					-.539 (1.056)			
EBRD_PCM					.544 (.331)			
EIB					2.377 (.272)***	1.649 (.391)***	1.686 (.387)***	1.781 (.559)***
MICI					-.956 (.493)			
UNDP					Omitted			
WBIP					1.268 (.278)***	.654 (.363)	.671 (.363)	.214 (.421)
Japanese preferences for ADB								-.837 (.403)*
Nigerian preferences for AfDB								-8.747 (9.460)
German preferences for EIB								-.495 (.429)
N	496	221	594	496	802	496	496	492
LLR	-248.996	-116.281	-272.38369	-250.12708	-333.27121	-239.51783	-239.772	-234.596
Pseudo R2	0.1454	0.2406	0.1477	0.1415	0.1684	0.1779	0.1770	0.1912

*$p \leq 0.05$, **$p \leq 0.01$, ***$p \leq 0.001$

Figure 6: Adjusted Predictions with 95% Confidence Intervals

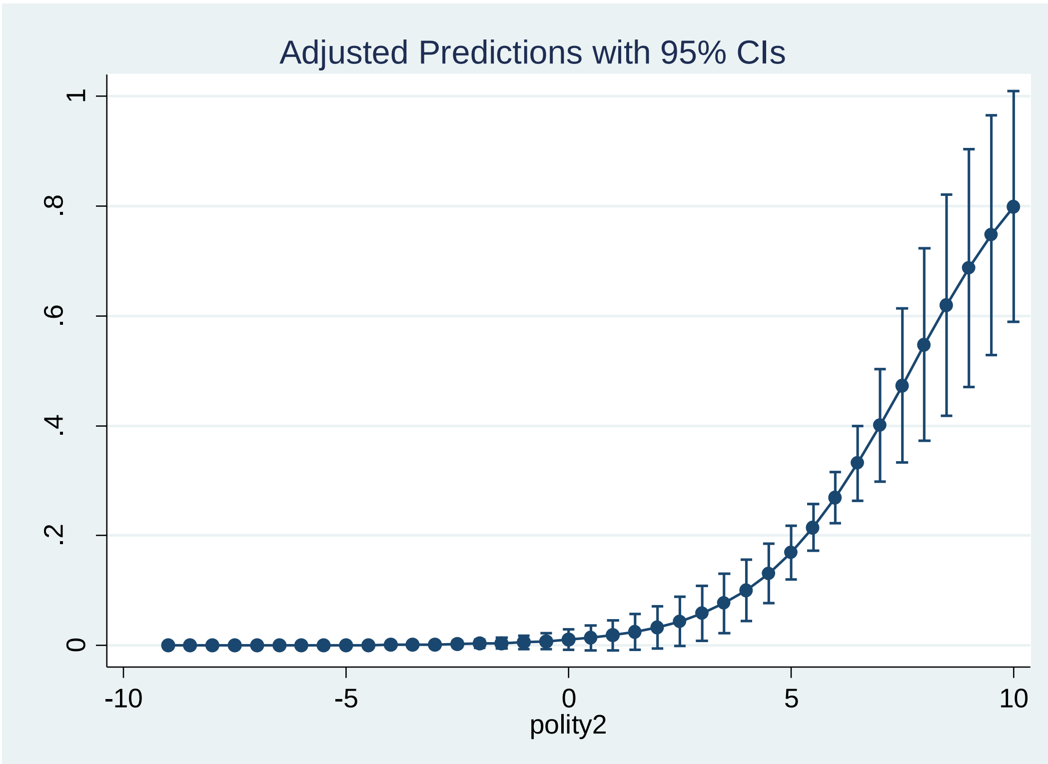

Figure 7: Three Stages of Borrowing State Influence