



WHEN RIGHTS ARE VIOLATED:

HOLDING THE WORLD BANK GROUP ACCOUNTABLE

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The projects and policies supported by the World Bank Group (WBG) can be detrimental to people and the environment. Whether harm occurs because Bank operations fail to comply with the institution's own policies and standards or in spite of adhering to those policies, affected individuals and communities must have the means to complain and seek redress.

The struggle to hold the Bank accountable for harms caused by its operations is ongoing. Civil society groups have employed a range of strategies to increase the accountability of the Bank and other international financial institutions (IFIs) for their actions. On one hand, groups have sought establishment of mechanisms inside the IFIs to provide channels for the redress of civil society grievances. On the other, a range of external accountability challenges have brought significant pressure on the Bank and its peer institutions. Civil

society has challenged the World Bank Group from outside the institution, through a variety of tactics, from negotiation to protest, to outright rejection of Bank projects, policies and processes. It is critical for civil society organizations to understand some of the strategies and tactics available to people who have experienced harm because of WBG activities.

Internal accountability mechanisms: an introduction

Today, the World Bank Group has two independent mechanisms through which citizens adversely affected by the projects or policies funded by the WBG can seek recourse: the Inspection Panel and the Compliance Advisor Ombudsman (CAO).

The Inspection Panel: In 1993, the World Bank became the first multilateral development bank to establish an independent body with oversight over the Bank's operations. This mechanism, known as the Inspection Panel, was put in place by the Bank's Board of Directors as a response to the criticism the institution faced over its funding for road projects in tropical rainforests and dams in highly populated areas. (See Part 2 box: "Investing in Infrastructure: Inroads into the Amazon.") The Inspection Panel is a three-member body with a permanent secretariat, housed at the Bank's headquarters in Washington, DC. The Panel receives and investigates eligible complaints from people who feel they have been or could be harmed by any activity financed by the World Bank (IDA or IBRD) because of a violation of the Bank's own policies or procedures. The Panel does not have jurisdiction over projects funded through the private sector arms of the World Bank Group – the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA).

The Compliance Advisor Ombudsman: With growing public concern about the negative impacts of investments supported by its private sector arms, in 1999 the World Bank Group established an Office of Compliance Advisor/Ombudsman (CAO) to oversee the IFC and MIGA. While the Inspection



ACCOUNTABILITY AT OTHER IFIs

The establishment of the Inspection Panel and CAO has spurred other international financial institutions (IFIs) to create similar citizen complaint mechanisms. For more information on accountability mechanisms at other IFIs, visit BIC's website: www.bicusa.org/accountability



Panel only investigates whether the Bank has violated its own policies, the CAO has a broader mandate. In addition to examining the compliance of IFC and MIGA projects with the institutions' policies and procedures, the CAO also plays a problem solving (ombudsman) role and an advisory role to IFC/MIGA management.

Although both the CAO and the Inspection Panel are part of the WBG and physically located within the institution's headquarters, they are both considered to be independent because they are not connected to the management of the Bank, IFC or MIGA. The Inspection Panel reports to the World Bank Board of Directors; the CAO reports directly to the World Bank Group President.

Both the Inspection Panel and the CAO can only investigate and offer corrective actions for lapses in compliance on the part of the WBG. They have no authority over actions of the Bank Group's clients, i.e. borrower governments or private companies, thus limiting them from fully addressing the needs of some complainants.

WHAT YOU SHOULD KNOW BEFORE FILING A CLAIM

THE INSPECTION PANEL AND CAO MECHANISM PROMISES TO

- Address your grievance/s if your complaint is deemed eligible/legitimate thereby enhancing the chances of resolving your problems.
- Elevate your issues to many different levels within the World Bank Group (senior management, Board, etc.) which increases the chance of management paying greater attention to addressing your problems.
- Keep your identity confidential if you wish.
- Allow you to file a complaint in your local/national language.
- Provide the possibility of Panel recommendations being implemented given the leverage the WB has with the clients (government or private sector).
- Monitor Panel recommendations and Management action plans, *if the Board requests that it do so.*

THE INSPECTION PANEL AND CAO MECHANISM DOES NOT PROMISE TO

- Investigate the actions of other entities involved in project/policy formulation and implementation. This could lead to difficulties in determining where the role/responsibility of the Bank begins and ends.
- Guarantee complete transparency. Certain proceedings and reports are not shared with the claimant.
- Suspend implementation of a project, thus construction or other means of implementation may continue undisturbed.
- Ensure that your problem will be resolved to your satisfaction. The IFC may not exercise its leverage with the client to seek redress for your problems.
- Protect you from retaliation that you may face by calling attention to the problem and for "internationalizing" the issue.
- Investigate claims of corruption.

What to expect when filing a complaint

Complaints can be submitted to the accountability mechanisms for a variety of reasons. Some claimants file because they have specific problems they want resolved, such as a failure to receive compensation for land lost or damage to livelihoods. Others may file because they wish to elevate the profile of an issue to attract national or international attention so as to get the government to make serious efforts to resolve their grievances. Usually, the earlier in the project preparatory process you file, the higher the chances of the problems being resolved to your satisfaction. It is not likely that the CAO or Inspection Panel will recommend a moratorium on project activities due to the filing of a complaint.

LEVERAGING BROADER INSTITUTIONAL REVIEWS AND REFORM: The impact of the claim concerning the Forest Concession Management and Control Pilot Project, Cambodia



The World Bank launched a \$5 million Forest Concession Management and Control Pilot Project in Cambodia in 2000. The Project was aimed at helping logging companies meet government requirements for sustainable forest management plans and environmental and social impact assessments, and forest crime monitoring and prevention.

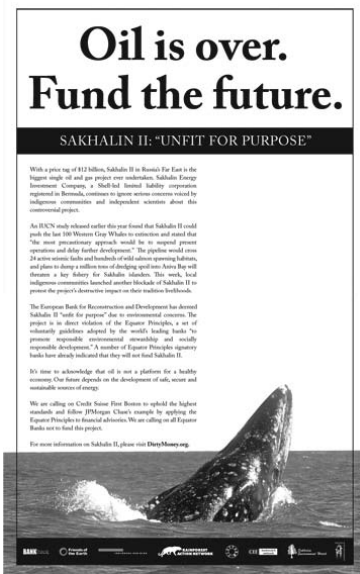
In 2005, the NGO Forum on Cambodia, acting in part on behalf of forest-dependent communities, filed a case with the Inspection Panel alleging the project harmed the lives of these communities. The Panel's findings, issued in June 2006, agreed with this assessment and blamed the Bank for breaching its safeguard policies with respect to indigenous peoples, consultation, environmental assessments, cultural and spiritual property, and social impacts.

The claimants feel the Panel's findings endorse their view that applying a technocratic fix to the forest sector in Cambodia without taking account of the wider social and political forces at play is a flawed approach. Bank Management has committed itself to remedial actions and will report progress to the Board on a bi-annual basis.

It is now hoped that lessons learned from Cambodia and a similar project funded by the Bank in the Democratic Republic of Congo, which is also the subject of a Panel investigation, will force the Bank to rethink its approach to forestry sector lending.



Street theater condemning World Bank policies. International People's Forum vs. the World Bank and IMF, 2006



Civil society advertisement published in the Financial Times, expressing concerns with the Sakhalin II project in Russia.

Common problems with filing a claim

- Groups often find it hard to fulfill the requirements of a complaint and to understand the Bank's policies and the processes of the mechanisms
- It is difficult to assess the potential advantages and disadvantages that accrue from filing a case
- It is difficult to find out how much of a loan has been disbursed (the Panel can only investigate projects before 95% of financing has been disbursed)
- The process can be long, and time and resource intensive with no guarantee of tangible benefits
- Access to the mechanisms can be difficult especially for groups without modern communication facilities (particularly internet and email)

External accountability challenges: What else can be done?

Beyond the internal accountability mechanisms, civil society groups have tried to exploit other avenues of oversight and accountability of the World Bank Group. Because the Bank Group claims immunity from both international and national law, cases cannot readily be filed against it or its employees in courts. Given this situation, claimants often consider a combination of other strategies and tactics. One of the most important tools that civil society can use in the struggle for accountability is the media. Because of the Bank Group's sensitivity to its reputation, highlighting substantiated grievances in the press can often help civil society achieve remedies or prevent future harm. Other tactics that civil society groups are using to pressure the institution include organizing public hearings, conducting tribunals of eminent persons, lobbying parliamentarians and promoting parliamentary oversight of the Bank, committing acts of civil disobedience, holding referendums, and appealing to UN bodies and regional entities, such as the Inter-American Commission on Human Rights. Such actions undoubtedly spotlight an issue and amplify concerns, helping to increase pressure on the Bank.

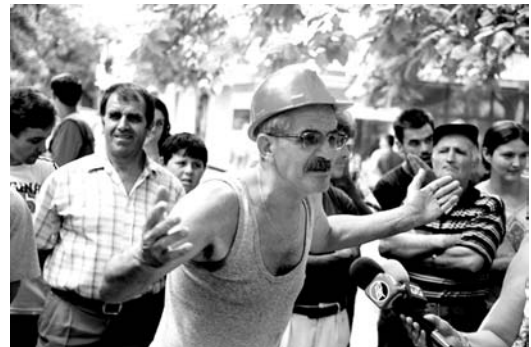
MUMBAI URBAN TRANSPORT PROJECT, INDIA: Limitations of Inspection Panel's influence on implementing agencies and borrowing governments



The US\$945 million MUDP, which benefited from a US\$542 loan from the World Bank, was designed as a first and urgent step towards improving physical infrastructure in rail and road transportation. Construction began in 2002. Displacing more than 100,000 people to make way for the infrastructure improvements, MUDP is one of the largest urban resettlement projects supported by the Bank. Claiming that the WB had violated its own policies and procedures, three organizations representing affected communities submitted a claim to the WB Inspection Panel in 2004. The Panel found that even though affected communities were originally living in squalid conditions, the Bank violated its Resettlement Policy by not ensuring that their livelihoods and physical environment were improved in the resettlement sites; sites lacked access to water and sewerage and did not cater to the specific needs of the affected peoples. Bank management suspended loan disbursement in March 2006 to bring pressure on the executing agency to comply with Bank policies; the response from the government executing agency was one of defiance. The Bank resumed lending in July 2006 even though the government claims it has not changed its resettlement practice and that it has in fact forced the WB to change its policies. Progress Reports from both Bank management and the Inspection Panel are due September 2006.

THE INDEPENDENT PEOPLE'S TRIBUNAL

The Independent Peoples' Tribunal on the World Bank Group in India is a forum for people and communities impacted by World Bank funded projects and policies. The event provides an opportunity for affected individuals and groups to air their grievances, propose alternatives and share their experiences relating to the social, economic, cultural and environmental implications of World Bank activities in their country.



Krumovgrad's citizens claim their right to a clean environment threatened by the Ada Tepe gold mine project in Bulgaria.

REPUTATIONAL RISK

The World Bank Group is highly sensitive to its reputation as an international organization with a stated mission of alleviating poverty. When civil society groups document cases of increased impoverishment and environmental damage caused by Bank projects, groups are in effect challenging the Bank's *raison d'être*.

IN BRIEF

- The WBG has two independent, internal mechanisms through which citizens adversely affected by the projects or policies funded by the WBG can seek recourse: the Inspection Panel and the Compliance Advisor Ombudsman (CAO). The Inspection Panel can investigate claims of harm resulting from World Bank (IBRD/IDA) projects, while the CAO has oversight over IFC and MIGA operations. It is important to understand the advantages and limitations of both mechanisms.
- External strategies, such as using local and international courts, UN bodies and people's forums, may also help hold the WBG accountable for its actions. The media can be an especially powerful tool, given the WBG's sensitivity to its public reputation.



FIND OUT MORE!

Civil Society Resources

- "Demanding Accountability: Civil-Society Claims and the World Bank Inspection Panel". Dana Clark, Jonathan Fox, and Kay Treakle, January 2003.
- One World Trust's 2006 Global Accountability Index: http://www.oneworldtrust.org/?display=index_2006:
http://www.oneworldtrust.org/?display=index_2006

World Bank Resources

- World Bank Information Inspection Panel: www.worldbank.org/inspectionpanel
- Compliance Advisor Ombudsman (IFC and MIGA): www.cao-ombudsman.org/
- "Accountability at the World Bank: The Inspection Panel 10 Years On." World Bank Publication, 2003.



QUICK REFERENCE: FACTS ABOUT THE INSPECTION PANEL AND CAO

INSPECTION PANEL

IFC/MIGA CAO

Basic description

Established in 1993.

Three member, full-time panel with secretariat support, based at the WB headquarters in Washington, DC. Can appoint expert consultants when required.

Covers both IDA and IBRD operations and as of August 2006, had processed 27 cases. Reports to the WB Board of Directors, issues an annual report and maintains a separate website: www.inspectionpanel.org

Established in 1999.

Based in Washington DC, office is led by the Compliance Advisor Ombudsman, with responsibility delegated to an additional Ombudsman and an Advisor. 3 member team, supported by a secretariat, a set of Strategic Advisors, and a Review Advisory Group,

Reports to the WB Group President.

As of August 2006, the CAO had processed 41 complaints For more information, visit www.cao-ombudsman.org/

Who can file

Two or more affected person that are suffering or are likely to suffer harm, or a local NGO or another person that represents affected person/s. If no local representation is available, an international NGO can also represent the affectee/s. Proof of representation needs to be filed. A member of the WB Board of Directors can also request inspection of a Bank project.

Confidentiality is assured but anonymous complaints are not accepted.

There are three triggers for a CAO Claim (Ombudsman):

(i) Any individual or community impacted or likely to be impacted by an IFC or MIGA project can submit (or a proven representative of such),

(ii) The President or senior management of the IFC can request a CAO compliance audit or advisory services, and

(iii) The CAO itself can initiate a case.

Confidentiality is assured but anonymous complaints are not accepted.

When to file

At any time in the life of a project, even before the Bank approves financing for it, but before 95% of the financing has been disbursed.

At any time during project preparation or implementation, but CAO leverage decreases as monies are depleted. Complaints cannot be filed on past (closed) projects for which loans have been fully repaid, IFC equity has been sold or MIGA guarantee coverage has ended.



QUICK REFERENCE: FACTS ABOUT THE INSPECTION PANEL AND CAO

INSPECTION PANEL

IFC/MIGA CAO

What to file

Complaint must specify the project/program, describe the harm done, describe how World Bank policies have been violated/omitted, document past attempts to inform Bank management about the harmful impacts and explain why claimants are not satisfied with the World Bank's response.

Useful to submit as many details as possible with request, but requestors can provide the Panel with additional information and evidence of harm during the course of the Panel's eligibility and investigation visits.

Complaint should describe the negative impacts experienced, or expected to be experienced as a result of the project; the efforts made by the claimant/s to bring the matter to the attention of the client or IFC, and the outcome that the claimant/s would like to see.

Claimants cannot choose between a compliance audit and/or problem solving intervention. CAO decides whether a compliance audit is required either during or after completing the ombudsman process.

Because the extent of the investigation the CAO will undertake varies from case to case, it is useful for complainants to provide as much concrete evidence as possible of direct harms they have suffered or are likely to experience at the time they lodge a complaint.

Key process milestones (process can take time, anywhere from 6 to 12 months)

Registration of request

Management Response to the request sent to Panel (within 21 days of notification)

Eligibility decision by Panel (sometimes Panel will conduct a site visit to determine eligibility), recommendation to the Board (on no-objection basis).

Site visit by Panel and consultants to conduct investigation.

Panel Reports to Board on Findings

Management response to Panel's findings (within 6 weeks of receipt of Panel report)

Board decision, in light of Panel's Findings and Management Recommendations/Action Plan

Board decision

Complaint registered within 5 days.

Eligibility determined within 15 days of receiving complaint.

Eligible complaint/s investigated over a 30-90 day period. In this time, options and solutions are offered.



QUICK REFERENCE: FACTS ABOUT THE INSPECTION PANEL AND CAO

INSPECTION PANEL

IFC/MIGA CAO

Transparency of Process

Registration of case (time period not specified) disclosed

Full request, panel eligibility report, management response, board decision posted on website after Board decision

Panel's Findings, Management recommendations, Board decision posted on website after Board decision.

Outcomes of claim made public after case is resolved satisfactorily or after CAO closes case.