1. Introduction

Multilateral Development Banks (MDBs)
- owned by member-states
- focused on economic growth or development in developing countries

MDBs with accountability mechanisms include
- African Development Bank (AfDB)
- Asian Development Bank (ADB)
- European Bank for Reconstruction and Development (EBRD)
- Inter-American Development Bank (IADB)
- International Finance Corporation (IFC)
- Multilateral Investment Guarantee Agency (MIGA)
- World Bank (International Bank for Reconstruction and Development and International Development Association)

MDB operations: finance or assist projects and programs which impact on people

Working definition of accountability mechanism: an avenue for private individuals and groups to file claims against an institution to address their grievances in the institution’s operations

• reasons for establishment
  – internal (reports of failed projects) and external pressure (civil society organizations, donors, G7)

• policy review process
  – extensive consultation with the public

• outcome in establishment of an accountability mechanism
  – window of access for individuals and groups to file claims and opportunity to influence decision-making process
  – from a foot in the door to a seat at the table?

2. Establishment and raison d’être of MDB accountability mechanisms

<table>
<thead>
<tr>
<th>Date</th>
<th>MDB</th>
<th>Mechanism</th>
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<tr>
<td>1993</td>
<td>World Bank</td>
<td>World Bank Inspection Panel</td>
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<tr>
<td>1994</td>
<td>IADB</td>
<td>Independent Investigation Mechanism; reviewed and replaced by Independent Consultation and Investigation Mechanism (ICIM), approved in Feb 2010</td>
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<tr>
<td>1995</td>
<td>ADB</td>
<td>Inspection Function; replaced by ADB Accountability Mechanism in 2003 (review in 2010)</td>
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<tr>
<td>1999</td>
<td>IFC and MIGA</td>
<td>Compliance Advisor/Ombudsman (CAO) Office</td>
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<td>2003</td>
<td>EBRD</td>
<td>Independent Recourse Mechanism; reviewed and replaced by Project Complaint Mechanism, approved in May 2009 and operational in Mar 2010</td>
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<tr>
<td>2004</td>
<td>AfDB</td>
<td>Independent Review Mechanism (review in 2009)</td>
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3. Overview of MDB accountability mechanisms

• focus on at least one aspect of addressing citizen complaints – investigation or problem-solving
• established and oversight by the Board of Directors
• general provisions: implementers, cut-off point for filing claims, and reporting lines to the President or Board of Directors
• claimants are a group of individuals and exceptionally, individual claimants can file
• scope of policies and procedures covered
• participation by claimants in the accountability process
• monitoring activities
Table on MDB accountability mechanisms – main features, structure and operations

- see the Table provided

<table>
<thead>
<tr>
<th>MDB Accountability Mechanism</th>
<th>Years of operation</th>
<th>Claims filed or registered</th>
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<td>World Bank Inspection Panel</td>
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<td>IADB Independent Investigation Mechanism</td>
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<tr>
<td>IADB Independent Consultation &amp; Investigation Mechanism</td>
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<td>ADB Inspection Function (1995 – 2003)</td>
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<td>ADB Accountability Mechanism (from 2003)</td>
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<tr>
<td>CAO Office – Ombudsman (30 June 2009) [CAO Office – Compliance audit: 19 complaints received (30 June 2009)]</td>
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<td>110</td>
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<tr>
<td>EBRD Independent Recourse Mechanism</td>
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<tr>
<td>EBRD Project Complaint Mechanism</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AfDB Independent Review Mechanism</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
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* Source: MDB Accountability Mechanism websites and latest annual reports. Some projects have multiple claims, e.g., Baku-Tbilisi-Ceyhan Pipeline (CAO Office and EBRD) and Southern Transport Development Project (ADB).

4. Emerging directions in fixing problem projects

- MDBs have similar classes of shareholders – donor and borrowing countries
- similar directions in fixing problem projects
  - investigation/compliance review
  - problem-solving
  - both problem-solving and investigation
- extending period of time to file claims
- providing monitoring of outcomes
- maintaining key features of an accountability mechanism:
  - IOCAPE: independence, objectivity, credibility, accessibility, professionalism, effectiveness
- What is the perfect fit?
- facilitating access by lowering threshold levels
  - Individual claims
  - NGOs as claimants in compliance review


- Project
- Requesters
- Claim
- Panel’s findings
- Salient aspects


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- Project
- Requesters
- Note
- Claims
- Investigation
- Policy violations
- Remedial actions – “project-specific” and “general” – approved by the Board
- Monitoring – ongoing
- Salient aspects

Project: 2 projects – Bujagali Hydropower Project (BHP) with financiers including the World Bank, ADB, IFC and MIGA and Bujagali Interconnection Project (BIP) with financiers including ADB and Japan Bank for International Cooperation. BHP provides for construction of a dam and hydropower plant on an island in the Nile river in Uganda, about 8 km from source of the Nile in Lake Victoria. Under BHP, Bujagali Energy Ltd will finance, construct and operate the power plant. BIP provides for transmission infrastructure to evacuate power from BHP to distribution companies. Under BIP, Uganda Electricity Transmission Company Ltd will implement BIP and assume responsibility for transmission.

Requesters: a local NGO, National Association of Professional Environmentalists (NAPE), and other local organizations and individuals.

Previous claim before World Bank Inspection Panel (WBIP): In 2001, WBIP conducted investigation; claim by NAPE as requesters. WB subsequently cancelled IDA guarantee and Uganda dropped the project for a number of reasons. In 2001, ADB approved a private sector loan but it was cancelled.

Claim: outdated basis for project’s social and environmental studies that do not adequately address hydrological risks. Economic study was not adequate and did not adequately assess alternative energy options to the dam, outdated existing compensation and resettlement framework for displaced population; and indigenous peoples rights (Busoga people living in the project area) concerning cultural and spiritual issues as well as compensation and consultation;

Both entities found violation of each institution’s policies and procedures with nuances:

- On poverty reduction, WBIP found that consideration of analysis in the economic study should have been made during appraisal to provide a better understanding of whether poverty reduction would be achieved. ADB IRM found violation of this policy with “the shortage of systematically collected data about the situation of the project affected people before the commencement of the project”.
- On gender, WBIP has no finding on this matter. ADB IRM found “perfunctory references to the gender dimensions of this project” which constitute non-compliance with ADB policy on gender.
- On environment, WBIP determined there were areas of compliance such as classifying the project as Category A (category with the most serious level of impacts) but found that the environmental management plan was not an integral part of the social and environmental assessment. ADB IRM determined that diligence in complying with ADB environmental policies and guidelines but found that there was non-compliance due to failure to document the option of overlapping the existing and new transmission lines which could have helped reduce the width of the wayleaves to be deterred.

8.5 Memo of understanding between WBIP and ADB IRM dated Nov 2007:

Cooperation agreement to gather technical information and conduct a joint investigation visit while retaining their respective independence and institutional mandates. MOU entered into “good faith and in a spirit of cooperation, in support of the entities’ respective missions and mandates.” Both entities did separate investigations.

Both entities found violations of each institution’s policies and procedures with nuances:

- On dam safety, WBIP found no violation of dam safety policy; ADB IRM found that it was reasonable for ADB to rely on the World Bank’s findings on dam safety in the absence of an ADB policy on this matter.
- On resettlement, WBIP found that the project did not comply with this policy to improve or at least restore in real terms the livelihoods and standards of living of the people displaced by the project; ADB IRM found violation with the resettlement policy as there was failure to resolve legacy issues prior to the commencement of project activities and the resettlement costs were not included in the economic analysis of the project.
- On the Busoga people, WBIP did not find violation of the policy on indigenous people; ADB IRM found that the Busoga people were not a “disadvantaged group” under ADB’s policy referring to “disadvantaged groups” who should receive special attention in ADB-funded projects.
- On policy on physical cultural resources, WBIP found violation of this as there was failure to prepare a cultural properties management plan and there was no consultation with key stakeholders throughout the project cycle; ADB IRM noted there was no specific policy on this in ADB but references to cultural and spiritual property are included in involuntary resettlement policy.

Salient aspects:

- First cooperation framework agreement entered between two entities: on gathering technical information and conducting joint investigation; findings are to support their respective missions and mandates.
- Compliance review requested in the two claims: what if there had been request for problem-solving instead?
- Claims with WBIP (March 2007) and ADB IRM (May 2007): filed before lending transaction approved by each institution’s board of directors.
- Different processes: At WBIP, claimant is not given report till after the board’s decision (within 2 weeks from the board’s decision); at ADB IRM, claimants allowed to have panel’s investigation report at the same time it is sent to the board of directors for consideration and decision making – no opportunity to comment on draft report and too late to comment on the final report.
- Each institution has its own policies and procedures: some are absent in one institution (e.g. policy on physical cultural resources or specific policy on indigenous peoples); also, policies not necessarily the same in terms of requirements; room for harmonization.
- ADB IRM panel’s report: 2 sets of recommendations – changes in the bank’s policies and procedures (“contribution to lesson-learning”) and remedial changes in the scope or implementation of the project (“project specific”) to address instances of non-compliance identified in the report.
WBIP investigation report: no recommendation – findings or of compliance or non-compliance only

Outcome at ADB’s board of directors:
Management to prepare two action plans – one on Panel’s recommendations on Bank’s policies and procedures and one on Panel’s “actionable project-specific findings on non-compliance and areas of concern”; Panel will monitor the project-specific action plan
– Panel is monitoring the outcome until projects are completed or until Panel concludes that “all aspects” of the Board’s decision “have been implemented”
– Panel issued 1st monitoring report of July 2009 – found “glaring issues” that Management has to address on resettlement and compensation; cultural and spiritual issues; and review of the Sustainable Management Plan for the forest reserves
– Panel’s second monitoring will be done in 2010

Outcome at WB’s board of directors:
– Board approved Management’s action plan based on the Panel’s report
– No monitoring mandate given to WBIP
– Management issued first progress report in September 2009
– Management expected to be issued in September 2010

9. Summary
General matters
– types of projects brought to mechanisms
– policies claimed to be in violation
– internal governance tool and not adjudicative
– confidentiality of claimants ensured
– giving claimants more voice in the accountability mechanism process

World Bank Inspection Panel
– most experienced mechanism in handling investigation of cases; has earned credibility from civil society over the years
– confined to investigation; no monitoring task
– limited participation by claimants in the panel process

ADB Accountability Mechanism
– dual approach; problem-solving followed by compliance review
– claimants given an opportunity, together with Management, to comment on panel’s draft report before the report is finalized
– monitoring mandate

Other accountability mechanisms such as CAO Office and EBRD PCM
– primary focus on problem-solving in CAO Office
– individuals can also file claims in EBRD PCM

Improving MDB accountability mechanisms
– policy reviews
– influence on other IFIs, e.g., European Investment Bank