

UC Santa Cruz

Reprint Series

Title

The World Bank Inspection Panel: Lessons from the First Five Years

Permalink

<https://escholarship.org/uc/item/47k8w8jv>

Author

Fox, Jonathan A

Publication Date

2000-07-01

Peer reviewed

The World Bank Inspection Panel: Lessons from the First Five Years

Jonathan A. Fox

In 1993, the World Bank's board of directors responded to international environmental and human rights critics by creating a precedent-setting public accountability mechanism. Local-global civil society advocacy networks found allies in donor governments, and their message resonated with internal World Bank concerns about the need to improve the effectiveness of its investments.¹ Through the Inspection Panel, citizens of developing countries can now make direct grievances about the environmental and social costs of World Bank projects. Among multilateral organizations, the World Bank permits the greatest degree of citizen access. Composed of distinguished, non-World Bank development experts, the panel is a transnational entity embedded within a multilateral institution. On balance, it has been a remarkably autonomous body, permitting people negatively affected by Bank projects the opportunity to gain some degree of diplomatic standing, potential transnational public interest allies, media access, and even the possibility of some tangible concessions. In spite of its limits, the World Bank's Inspection Panel is one of its most tangible institution-wide policy changes in response to almost two decades of environmental and human rights criticism. As World Bank President James Wolfensohn put it, the Inspection Panel is a "bold experiment in transparency and accountability that has worked to the benefit of all concerned."²

The Inspection Panel's experience constitutes an important empirical test of the widely noted influence of nongovernmental actors in international relations. Here is an institution that all parties agree was created in response to sustained advocacy campaigns by coalitions of nongovernmental organizations (NGO's) in the North with NGO's and grassroots groups in the South. By creating the panel, the World Bank board of directors recognized the legitimacy of the normative principle that international organizations should be publicly accountable, another powerful indicator of the influence on nongovernmental actors in international affairs. In the process, transnational advocacy networks consistently used combinations of what Margaret Keck and Kathryn Sikkink crisply frame as:

(1) *Information politics*, or the ability to quickly and credibly generate politically usable information and move it to where it will have the most impact; (2) *symbolic politics*, or the ability to call upon symbols, actions or stories that make sense of a situation for an audience that is frequently far away; (3) *leverage politics*, or the ability to call upon powerful actors to affect a situation where weaker members of a network are unlikely to have an influence; and (4) *accountability politics*, or the effort to hold powerful actors to their previously states policies or principles.³

Keck and Sikkink's agenda-setting study goes on to evaluate transnational network impact in terms of various "stages": agenda-setting, encouraging discursive policy commitments from states and other actors, causing international or national procedural change, affecting policy, and influencing actual behavioral change in target actors.⁴

My assessment of the Inspection Panel confirms core elements of this proposition. The panel experience demonstrated the capacity of transnational advocacy networks to make World Bank accountability a legitimate international issue (agenda setting). The panel experience also demonstrates the power of transnational advocacy networks to get the World Bank to recognize that its compliance with its own social and environmental policies has often been inadequate (accountability politics). The panel's creation is also evidence of transnational networks' capacity to promote new institutional access points for civil society (procedural change). This is the context for my focus on the next genre of impact in this sequence, the issue of changes in actual institutional behavior as a result of the panel. Do the World Bank and its nation-state partners actually comply more consistently with their own social and environmental reform mandates as a result of the panel? Here the findings are much more ambiguous, since transnational advocacy networks' impacts via the Inspection Panel are mainly indirect and to some degree based on counterfactual logic (eg., "reform compliance would have been even worse in its absence"). These findings raise more general questions about the relationship between international and national actors in institutionalizing transnational civil society advocacy impacts. My main finding is that even in this paradigm case of transnational advocacy-driven multilateral institutional innovation, nation-states retain powerful levers to block accountability politics.

Thomas Risse, Stephen C. Ropp and Sikkink pose directly relevant questions about the relationship between changing international accountability norms and institutional behavior in their important new study of human rights norms. They start by recognizing that the growing literature on international norms "is underspecified with regard to the causal mechanisms through which these ideas

spread...and rarely accounts for the variation in the impact of international norms."⁵ Their promising framework for understanding the relationship between international norms and domestic changes is informed by extensive comparative case analysis. However, their approach is least specified at its final stage; the point after norms are nominally accepted by institutions but before they are consistently respected by institutions in practice. The question here, is once institutions like nation-states or the World Bank accept and make policies to respect more enlightened norms, how do international and national forces interact to determine the degree to which they actually comply with these policy commitments in practice? Risse, Ropp and Sikkink's approach suggests continued predominance of international factors at this point.⁶ More extensive comparative case analysis may indicate, however, that at this "final" stage of making institutional behavior consistent with human rights norms, domestic political factors often become primary. The panel's first five years suggests that process of interaction between international and national factors that transforms normative, discursive and policy changes into more tangible changes in institutional behavior remains ambiguous.

The Inspection Panel case, as well as the broader experience with social and environmental reform at the World Bank, suggests that transnational advocacy network-led changes often get "stuck" between their agenda-setting, discursive, and policy impact and their influence on the actual behavior of powerful institutions.⁷ The panel experience suggests that the mix of transnational and national factors that can produce agenda-setting and policy victories at the international level may be *different* from the constellation of forces that has the capacity to make institutional behavior consistent in practice. The relative causal weights of international and national factors in this final "institutionalizing" phase may well shift toward the national arena.

Because the Inspection Panel experience is part of the broader process of social and environmental reforms at the World Bank, it is useful to review briefly the main frameworks that have been used to explain these institutional change dynamics. This literature tends to be divided between studies of internal organizational, discursive, and policy shifts on the one hand and studies of the World Bank's external impact on the other. Both approaches are necessary to understand institutional change, but neither is complete without the other. The first approach addresses policies but not the impact of actual institutional practice, while the second approach documents institutional impacts and practices but often without specifying the particular institutional dynamics that explain them.

For an example of the first set of constraints, the limits of looking at policy rather than practice, take the case of the World Bank's policy shift to emphasize poverty alleviation in the 1970s. This shift has been interpreted as a major case of both institutional learning and norm-driven policy change. For example, Martha Finnemore argues convincingly that the World Bank is a "arbiter of development norms." She goes further, however, to claim that the World Bank's 1970s shift towards a focus on poverty alleviation was driven by a "normative shift." Yet she does not consider alternative geostrategic factors as potentially more powerful, such as the pressing need to make social investments for political stability.⁸ Ernst Haas makes a related claim, arguing that this shift was a case of institutional learning.⁹ The main source for both of these claims, however—Robert Ayres's benchmark study of the Bank's 1970s anti-poverty drive—found no broad "paradigmatic shift" within the World Bank.¹⁰ Ayres assessed practice as well as policy and concluded that the Bank's then new anti-poverty projects were characterized by their "small, enclave nature" and acknowledged they may have bolstered authoritarian regimes. He made very limited, tentative claims about these projects' anti-poverty effects; positive innovations are noted as important exceptions to the dominant "more of the same" pattern, and even their actual outcomes are left fairly open-ended. For example, many of the then new projects for small farmers appear to have been captured by local elites.¹¹ In short, much more money was lent in the name of fighting poverty, but Ayres does not claim that most of these investments had anti-poverty *impacts*.

At least as important for assessing the power of norms, however, is Ayres's conclusion about the Bank's primary *motivation* for its 1970s policy shift toward poverty. His extensive insider interviews led him to conclude that "the underlying political rationale for the Bank's poverty-oriented development projects seemed to be political stability through defensive modernization.... Defensive modernization aims at forestalling or preempting social or political pressures."¹² Considering that Robert McNamara had been U.S. defense secretary prior to leading the World Bank, it is not surprising that he concluded that political stability and preemptive counterinsurgency required butter as well as guns.¹³ In other words, one could argue that the Bank's policy shift in the 1970s was driven more by institutional adaptation (to the political threat of then-rising radical movements in the Third World) than by the power of different normative values or institutional learning.

Turning to the other main approach, analyses that focus on the World Bank's external impacts often lack frameworks for assessing how its internal dynamics interact with external forces to determine its practices.¹⁴ For example, Susan George and Fabrizio Sabelli's promising comparison of World Bank ideology

to hegemonic religious dogma leaves little analytical room to specify patterns of conflict within the institution—without which it is difficult to explain the partial and uneven changes that have emerged.¹⁵ Bruce Rich's powerful critique of the World Bank penetrates the institution with precision, identifying the institutional and structural pressures that block compliance with reform commitments, such as the lack of adequate internal checks and balances and the pressures to lend.¹⁶ However, Rich does not build in an assessment of the institutional factors that can sometimes promote reform policy compliance, weak as they may be. Both studies end up recognizing some transnational advocacy victories, but these changes remain outside their explanatory frameworks. Both recognize that some heretics are occasionally employed by the Bank,, but they see them mainly as public relations cover.¹⁷ As a result, their approaches are effective at explaining continuity but not change—in a context when even small reforms can have significant impacts.

I build on an interactive approach that attempts account for the reciprocal relationships between internal and external factors, as well as one that distinguishes between promises and practices of change.¹⁸ This approach is based on the following premise: studies of organizational, policy, and discursive changes risk *overestimating* the degree of institutional change because they do not assess external impact. In contrast, the external critiques, by focusing primarily on impact (which is the result of past institutional decisions), risk *underestimating* the degree of ongoing internal change (which will have the greatest effect on current and future decisions). A more balanced approach combines the strengths of both frameworks, and Ayres's study was the most developed early effort in this direction. So far, this approach has been more inductive than deductive.

Along these lines, recent studies of several World Bank reform policies consistently found that policy reforms were driven by a mutually reinforcing interaction between external advocacy pressures on nation-states and the Bank, on the one hand, and the uneven presence of insider reformers on the other. These specific studies include the following policies: environmental impact assessment, poverty-targeted lending, NGO relations, energy, forests, water, indigenous peoples, resettlement, gender, agricultural pest management, and public information access policy.¹⁹

Complementary studies of civil society campaigns to change specific projects found that influencing Bank and nation-state practice was consistently more difficult than reforming Bank policy. Because many of these project-focused Bank campaigns deliberately focused on the gap between reformed policies and practice, they are powerful tests of the limits and possibilities of

"accountability politics." A systematic assessment of almost two decades of environmental, social and human rights campaigns to change specific Bank projects up until 1997 found little tangible impact on the projects themselves, most often limited to partial mitigation measures.²⁰ Indeed, project campaigns tended to have much more impact on international discourse and policy than on the projects themselves that provoked the campaigns in the first place—thus setting new benchmarks and reconstituting the terrain on which subsequent campaigns unfolded but leading to few tangible results for the original participants.

I focus on the Inspection Panel in the context of this emerging effort to assess transnational advocacy network impact by looking at both policy and practice, both inside and outside the target institutions. I do not assume that norms were the primary factor driving the policy shift that created the Inspection Panel, nor do I assume that the panel has necessarily had a major impact on institutional behavior. Instead, I consider these to be empirically open-ended questions.

Reviewing the Inspection Panel

I do not attempt to cover the full range of the Inspection Panel's experience so far. Its political origins are already clear. Even official Bank discourse acknowledges that the panel was created in direct response to international environmental and human rights campaigns.²¹ Many of the actual claim issues have been analyzed in detail, including in the context of international law.²² Explanations of the panel's mandate and procedures, many of the original case materials and official panel responses, plus details regarding the recent debates over how to change the panel's mandate are publicly accessible.²³ I build on past research on the process of the Bank's social and environmental reforms, and draws on the extensive literature specifically on the panel, as well as on unpublished Bank policy analyses. I also base my findings on interviews with World Bank social and environmental specialists, panel staff and a former panel member, U.S. and developing country policymakers, Washington-based advocacy NGOs, borrowing country NGO and grassroots leaders, and researchers who follow controversial projects on the ground.²⁴

I begin this reflection on "lessons learned" with a brief summary of how the Inspection Panel works, followed by a discussion that frames the panel in terms of the role of nation-states. In the next section, I review the available evidence on the actual impact of the civil society claims filed during its first five years. Then I assess the panel in the context of broader World Bank social and environmental policy reform compliance trends. Finally, I discuss the panel's implications for the interaction between the World Bank, nation-states and civil

societies more generally. In summary, the panel has had a contradictory impact on Bank-state-society relations. The panel appears to subvert nation-state sovereignty in favor of broader notions of rights, but in practice the panel has also emboldened some nation-states to lead a backlash that seeks to block the implementation of transnational accountability reforms.

How the Inspection Panel Works

The Inspection Panel's mandate is to investigate charges that official Bank policies were not followed in the design and implementation of projects. To be eligible, claimants must be people who are directly affected or a local representative acting explicitly on their behalf. Claimants are allowed to remain anonymous. The panel is composed of three international development notables who are not Bank employees and reject any possible Bank employment in the future. Claimants must meet at least three conditions. First, a claim must show that they have been or are likely to be adversely affected by a Bank-financed project. Second, claims must show that this threat or harm is related to a Bank failure to follow its own policies. It is not enough to show that national governments, which implement Bank-funded projects, caused damage. Third, claimants must show that the problem was previously brought to the attention of Bank authorities and they responded inadequately. Panel procedures recognize the possibility of reprisals against claimants, and therefore allows claimants to remain anonymous. The identity of claimants must, however, be revealed to the panel (although not to the Bank), which means that the claimants must have some reason to trust the panel. In practice, advocacy NGOs in both North and South have played this facilitating role of building the necessary confidence in the panel.

When the panel receives a claim, it sends a copy to Bank management, asks them to respond within twenty-one days, and notifies the board. When management responds, the panel weighs the evidence from both sides to determine whether to recommend an investigation of the alleged policy violations. The panel can make a site visit as part of its preliminary review. The panel then makes a recommendation to the board, which decides whether to permit the investigation of the claim. After the board decision, management's response and the panel recommendations are made public. If an investigation proceeds, the panel sends its final report and findings to both the board and management. Bank management then has six weeks to prepare recommendations on what actions the Bank should take in response the panel's findings. The board makes a final decision on whether to take action, and both the panel report and management's recommendations are made public.

Table 1 World Bank Safeguard Policies

Policy	Key Features	Status of Conversion
GP/BP/GP 4.01 Environmental Assessment	Potential environmental consequences of projects should be identified early in the project cycle Environmental assessments and mitigation plans are required for projects with significant environmental impacts or involuntary resettlement Environmental assessments should include analysis of alternative designs and sites or consideration of "no option" Requires public participation and substantial information disclosure	Approved 1 March 1999
OP 4.04 Natural Habitats	Prohibits financing of projects "involving significant conversion of natural habitats unless there are no feasible alternatives" Requires environmental cost/benefit analysis Requires environmental assessment with mitigation measures	Approved 15 October 1995
OP 4.36 Forestry	Prohibits financing for commercial logging operations or acquisition of equipment for use in primary moist tropical forests	Conversion incomplete/ requires board approval
OP 4.09 Pest Management (was OD 4.03)	Supports environmentally sound pest management, including integrated pest management (but does not prohibit use of highly hazardous pesticides) Pest management responsibility of borrower in the context of a project's environmental assessment	Conversion completed/ board approval not necessary
OP 4.12 Involuntary Resettlement (formerly OD 4.30)	Implemented in projects that displace people, whether they have to physically move or are displaced as a result of loss of productive assets or changes in land or water use Requires public participation in resettlement planning as part of environmental assessment for project Intended to restore or improve income-earning capacity of displaced populations	Conversion completed/ board approval pending
OD 4.20 Indigenous Peoples	Purpose is to ensure that indigenous peoples benefit from Bank-financed development projects and to avoid or mitigate potentially adverse effects on indigenous peoples Applies to projects that might adversely affect indigenous peoples (e.g., infrastructure projects such as roads, dams, or extractive industries) or whose targeted beneficiaries are indigenous peoples Requires participation of indigenous peoples in the creation of indigenous peoples development plans Issues often identified through environmental assessment or social impact assessment processes	Has not been converted; the Bank is consulting with indigenous peoples and NGOs prior to changing the policy

(continues)

Table 1 continued

Policy	Key Features	Status of Conversion
OPN 11.03 (Operational Policy Note) Cultural Property	<p>Purpose is to assist in the preservation of cultural property, such as sites having archaeological, paleontological, historical, religious, and unique cultural values</p> <p>General policy is to seek to assist in their preservation and avoid their elimination</p> <p>Discourages financing of projects that will damage cultural property</p>	To be issued as OP/BP/GP 4.11
OP/BP 4.37 Safety of Dams	<p>Applies to large dams (15 meters or more in height)</p> <p>Requires review by independent experts throughout the project cycle</p> <p>Requires preparation of detailed plans for construction and operation, and periodic inspections by the Bank</p> <p>Requires environmental assessment</p>	Conversion complete
OP/GP/BP 7.50 Projects on International Waterways	<p>Covers riparian waterways that form boundary between two or more states, as well as any bay, gulf, strait, or channel bordered by two or more states</p> <p>Applies to dams, irrigation, flood control, navigation, water and sewage, and industrial projects</p> <p>Requires notification, agreement between states, detailed maps, and water resource surveys and feasibility studies</p>	Conversion complete
OP/BP 7.60 Projects in Disputed Areas	<p>Applies to projects where territorial disputes are present</p> <p>Allows the Bank to proceed with a project if the governments agree that, "pending settlement of the dispute, the project proposed for country A should go forward without prejudice to the claims of country B"</p> <p>Requires early identification of territorial disputes and descriptions in all pertinent Bank documentation</p>	Approved November 1994

Source: This table was prepared by the NGO Bank Information Center, based on official World Bank policies. The full texts are accessible online at <http://www.worldbank.org>. For another official summary, see *Environment Matters* (fall 1998): 61.

The panel's mandate regarding accountability links three core concepts: noncompliance with Bank policies, material harm (or the threat of it) and causation (establishing the link between noncompliance and harm).²⁵ The panel's point of departure is that the Bank has already established a wide range of social and environmental policy reforms that attempt not merely to "first do no harm" but also to actively promote poverty alleviation and sustainable development. Since the panel's creation, a core subset of these policies has come to be called "safeguard policies" within the Bank. Since the panel was created, however, some of the policies have been "reformatted," a process I will discuss later. In short, these reform policies are the benchmark standards that permit the otherwise vague concept of *accountability* to be operationalized in practice. Table 1 summarizes these benchmark policies and their various stages of revision. In addition, the World Bank has also issued many other important sustainable development policy mandates since the mid- to late 1980s, involving gender, poverty reduction, NGO collaboration, community participation, water resources and energy efficiency or conservation. Many of these additional policies are remarkably detailed and enlightened, but they are not written as minimum, mandatory benchmark standards (in contrast to the safeguard policies, such as the requirement to carry out environmental impact assessments or action plans to minimize and deal with large-scale "involuntary resettlement"). The Inspection Panel was not designed to encourage higher levels of compliance with essentially "good practice" recommendations, and therefore these additional reform policies do not fall within its scope of direct impact.

Transnational Institutional Innovation and the Persistent Power of Nation-States

The Inspection Panel is extraordinary because any affected borrowing country citizen can seek recourse directly without having to go through his or her national government. In this sense, the panel's very existence challenges key assumptions of national sovereignty, even though its mandate is limited to examining Bank policy failures rather than those of borrowing governments. At the same time, while the panel constitutes a transnational arena for managing conflict, it does not exactly bypass nation-states because they remain represented on the Bank's board of executive directors, which retains authority over whether the panel can investigate a case. Both donor and borrowing governments are represented on the Bank's board, and the panel experience has shown that the board is far from a pliable instrument of a handful of donor governments, as is widely assumed. This impression was created by the fact that panel was created through the influence of Northern donor governments on

the World Bank. The United States played a critical leadership role in this process and managed to induce a consensus in spite of its minority voting power (17 percent of the shares in a one-dollar, one-vote system).

In the case of the creation of the Inspection Panel, the exercise of U.S. influence in favor of accountability reform was made possible by an unusual confluence of events. After all, U.S. policy influence at the World Bank usually focuses on a narrower set of interests, such as private banks concerned with the repayment of their international debts or exporters of U.S. capital goods to developing countries.²⁶ Not only did Democrats control both the presidency and congress during a brief 1992-1994 window, but an internationalist reformer—Congressman Barney Frank—controlled a key House banking subcommittee. For more than a decade, environmentalists and human rights activists (bolstered by Republican foreign aid critics) had been using U.S. congressional oversight over foreign aid appropriations as a critical lever to push the U.S. government to call for World Bank reform, to limited effect.²⁷

By 1993, the credibility of the World Bank's promises to change was at a dramatically low point. A media-savvy, broad-based North-South campaign against India's Narmada Dam had obliged the Bank to create an independent commission which found systematic violations of Bank social and environmental policies, thus vindicating the critics. At the same time, the Bank had also just inadvertently released a major internal report that documented a pervasive "culture of loan approval" that undermined the quality of its investments.²⁸ The Narmada campaign brought together the key levers posited by Keck and Sikkink: information politics, symbolic politics, accountability politics, and leverage politics par excellence. The political opportunity created by the U.S. House of Representatives' annual foreign aid budget debate that provided the critical leverage. U.S. congressional reformers, under pressure from transnational advocacy coalitions, threatened to cut appropriations for the World Bank's soft loan window unless the Bank agreed to a major accountability window and a new, more open information disclosure policy.²⁹ In short, transnational campaigns put the issue on the agenda, but the Inspection Panel's creation was made possible by leverage politics based on conjunctural domestic state-society coalitions *within* the U.S..

Building on this process of specifying the articulation between transnational and national policy arenas, one of my study's major empirical findings is that since the panel was created, the nation-states represented on Bank's board have retained a high degree of power over the panel's capacity to comply with its accountability mandate. Specifically, the Bank's board has provided a major

avenue for the larger borrowing governments, which are represented directly, to challenge not only the panel's findings but its jurisdiction as well. So far, the evidence suggests that transnational civil society pressure led some nation-states to create the panel, but other nation-states and Bank management have managed to prevent it from having significant impact most of the time—as the following case discussion will show.

Broad Patterns in Panel Claims

When reviewing the Inspection Panel's first five years, several puzzles emerge. First, why did the panel receive only eleven claims in its first five years from NGOs and grassroots movements? After all, the World Bank approves hundreds of new projects each year, and only some of them have been influenced by its enlightened new sustainable development discourse. It turns out that using the panel effectively is easier said than done, and its official mandate only applies directly to a fraction of controversial projects. Second, the World Bank's board of directors has rejected most of the panel's recommendations, followed by a recent effort by some member governments to weaken the panel's already-limited powers. Third, the panel has an ambiguous relationship with the World Bank's broader array of "safeguard policies," the institution's many social and environmental policy mandates designed to mitigate harm and to promote sustainable development. Beyond actual claims it has addressed, has the panel contributed to improved compliance with reform policies more generally? If so, how, and how would we know?

Panel claims to date have tended to focus on large infrastructure projects (see Table 2). Most charges of policy violations have focused on "involuntary resettlement," environmental assessment, and the indigenous peoples' policy. Three of the fourteen claims filed so far have come from domestic private sector interests. Their concerns were considered outside the panel's mandate and will not be addressed here. Nine of the eleven civil society claims filed as of mid-1999 involved infrastructure projects, including five hydroelectric dams (Arun, Bíobío, Yacyretá, Itaparica, Lesotho Highlands), a major bridge (Jamuna), a power plant (Singrauli) an ostensibly pro-sustainable development project in the Amazon that involved infrastructure (Planaflo), urban drainage (Lagos). Resettlement was involved in another (India Eco-Development). Most claims so far have consistently focused on resettlement, environmental impact assessment and indigenous peoples' policy violations. Only the most recent claim focuses primarily on qualitatively different issues involving poverty effects (Brazil Land Reform and Poverty Alleviation Pilot).

This pattern is consistent with the characteristics of the most controversial Bank projects, including India's Narmada Dam, which provoked the creation of the panel in the first place.³⁰ In comparison to their share of the portfolio, large-scale infrastructure projects have provoked a disproportionate share of World Bank protests more generally. Compared to less overt kinds of social costs, forced evictions tend to bring affected people together to resist common threats and to unite national and international environmental and human rights allies. Long-standing local and international controversies over how to deal with "involuntary resettlement" have led the Bank to develop one of its explicit and contentious benchmark standards. Internal Bank studies show that achieving full compliance with this policy has proven to be quite difficult, in spite of its lightning-rod effect.³¹

The environmental and social costs of non-infrastructure categories of Bank lending may be less direct, but are not necessarily less significant. One of the Bank's largest categories of lending involves national level loans that disburse quickly in exchange for economic policy reforms, usually known as structural and sectoral adjustment loans. This category of "non-project" lending reached 53 percent of total Bank lending by 1999.³² As one World Bank social analyst put it, "All World Bank safeguard policies are meaningless when it comes to adjustment."³³ A recent comprehensive internal Bank review of structural and sectoral adjustment loans confirmed that they still systematically ignore social and environmental concerns (in spite of more than a decade of public debate over their impact).³⁴ In short, the *majority* of Bank lending eludes the mandate both of the safeguard policies and the Inspection Panel.

Geographically, of the fourteen claims filed during the panel's first five years, almost half of the cases involve Brazil (three claims) and India (three claims, if one includes Nepal's Arun dam, which was designed to provide power to India). Moreover, locally based international environmental or human rights protests against Bank-funded infrastructure projects have long been especially prominent in Brazil and India, perhaps related to the density of their civil societies. Brazil was the scene of the media and popular imagery that framed the international protest campaigns in the 1980s, as Bank-funded roads accelerated the burning of the western Amazon rainforest. And India witnessed the broad-based militant campaign against the Narmada dams, which in turn led to the creation of the Inspection Panel. Both states are led by nationalist political classes for whom such infrastructure projects are powerful symbols of national development.³⁵ It is not surprising, therefore, that these nation-states' financial authorities led the 1999 backlash to weaken the Inspection Panel's mandate.

Table 2 World Bank Inspection Panel Claims Filed, 1994-1998

Country	Bank Project	Date Filed
Nepal	Arun III Hydroelectric Project	October 1994
Ethiopia ^a	IDA Financed Credits to Ethiopia	April 1995
Tanzania ^a	Tanzania Power VI Project	May 1995
Brazil	Rondonia Natural Resources Management ("Planaflo")	June 1995
Chile	Biobio Hydroelectric Project	November 1995
Bangladesh	Jamuna Bridge Project	August 1996
Argentina and Paraguay	Yacyretá Hydroelectric Project	September 1996
Bangladesh ^a	Jute Sector Adjustment Credit	November 1996
Brazil	Itaparica Resettlement and Irrigation Project	March 1997
India	NTPC Power Generation Project ("Singrauli")	April 1997
India	Eco-Development	April 1998
Nigeria	Lagos Drainage and Sanitation Project	April 1998
South Africa and Lesotho	Lesotho Highlands Water Project	April 1998
Brazil	Land Reform and Poverty Alleviation Pilot	December 1998

Source: World Bank Inspection Panel.

Notes: IDA = International Development Association.

NTPC = National Thermal Power Company.

a. Private sector-led case, not addressed in this article.

So far, the tangible impacts of panel claims have been limited and uneven. The Bank's board has been very reluctant to permit full-scale inspections. Only the very first claim won a clear-cut major victory for claimants (see Table 3). The planned Arun III Dam was canceled before construction began. This was a powerful example of the mutually reinforcing convergence of sustained transnational advocacy pressure and internally embedded World Bank dissent. The external critique built on the transnational networks generated by the Narmada campaign, while the internal critique came from senior operational officials, not just from token heretics at the margins of the institution. The Arun cancellation was quite dramatic, reversing seven years of project planning. In retrospect, however, Arun was an exception to the dominant pattern of panel impact on the Bank.³⁶

In the first two Brazilian cases, Planaflo and Itaparica, government promises of improved implementation were sufficient to convince the majority of the board to reject formal inspections. In the Planaflo case, Aurelio Vianna, coordinator of the Brazilian Network on Multilateral Financial Institutions, reports that even though the World Bank board did not approve a formal investigation, because of the claim "there was a deep change in the project. Civil society managed to create a large space in Planaflo, a \$23 million fund for civil society projects... On the other hand, the problems continue with government's relationship with the project, and between the local civil society organizations and the state and federal governments."³⁷ Partial concessions also included the extension of legal protection to large tracts of forest, as proposed by the project.³⁸

The Chilean dam case involved the World Bank's private sector branch, the International Finance Corporation (IFC), which is officially exempt from the panel's mandate. The board did not want to expand the panel's mandate to the IFC and therefore refused to allow an inspection, but the claim led the Bank's president Wolfensohn to commission an ad hoc independent review.³⁹ That review was fairly critical, but the Chilean power company paid its debt in advance and successfully sidestepped World Bank scrutiny. Local communities and national and international environmental NGOs continue to protest, but have achieved negligible gains for those affected.⁴⁰

Table 3 Official Responses to World Bank Inspection Panel Claims

Claim	Bank Management Response	Panel Recommends Investigation	World Bank Board Approves Investigation	Partial Concessions to Affected	Major Concessions
Arun III Hydro	Deny violations	Yes	Yes	—	Yes
IDA Ethiopia ^a	—	Not eligible	—	—	—
Tanzania Power ^a	—	Not eligible	—	—	—
Planaflo	Partial acceptance	Yes	—	Yes	—
Biobío Hydroelectric	—	Not eligible	Independent study	—	—
Jamuna Bridge	Deny violations	No	—	Yes	—
Yacyretá Hydro	Deny violations	Yes	No (limited review)	Yes	—
Jute Sector ^a	Deny violations (funding halted)	No	—	—	—
Itaparica	Deny violations	Yes	No (roll call vote)	Proposed	—
NTPC-Singrauli	Partial acceptance	Yes	Yes (desk review)	Proposed	—
India Eco-Development	Deny violations	Yes	No	Proposed	—
Lagos Drainage	Deny violations	No	—	—	—
Lesotho Highlands	Deny violations	No	—	—	—
Cedula da Terra	Deny eligibility and violations	No	—	—	—

Note: a. Private sector claim, not addressed in this article.

Table 4 Net Transfers from Brazil and India, 1992-1997
(in millions of U.S.\$)

Country	Disbursements	[Repayments and Interest]	Net Transfers
Brazil	5,133	[10,689]	-5,556
India	10,556	[10,805]	-249

Source: *The World Bank Annual Report 1997* (Washington, D.C.: World Bank, 1997), pp. 60, 78.

In the case of the claim against India's Singrauli power plant, the board agreed to a "desk review" (a report not based on direct field research). The local human rights situation then worsened, and the claimants did not win tangible gains.⁴¹ Bank management responded by proposing an action plan that did include a novel innovation in the form of an Independent Monitoring Panel composed of three Indian experts, to provide a forum for grievances. The government power company appears to have resisted the panel's recommendations, however, and local activists feel that it lacked the support needed from the World Bank. Indeed, the representatives of the Singrauli claimants reported that "instead of improvement, the borrower became more hardened in its attitude toward those who testified or who wanted to reach out to the panel."⁴²

In the Bangladesh Jamuna Bridge claim, the main issue was whether those to be displaced by its construction would be taken into account. The bridge would change patterns of flooding and erosion and therefore would affect many tens of thousands who live on shifting river islands, known as "char people." According to Hanna Schmuck, an anthropologist with extensive local experience with the char people, they were at great risk because they had been completely left out of resettlement planning. According to Dana Clark of the Center for International Environmental Law, "the panel's preliminary review found this to be true, and found that the Bank had failed to consult with them and failed to include them in resettlement benefits." Their claim led to serious plans for including the char people, which appears to have ended the transnational part of their self-defense effort.⁴³

Concessions have been small but significant in the Yacyretá case. According to Elías Díaz Peña of the Paraguayan environmental NGO *Sobrevivencia* (a Friends of the Earth affiliate), "The panel's intervention... contributed to a process of opening dialogue (which was practically nonexistent before) between the EBY [the binational Paraguayan-Argentine dam-building agency], the affected population and the government institutions from both countries."⁴⁴ Kay Treacle of the Bank Information Center, a Washington-based NGO, added that grassroots opposition in Paraguay increased significantly and gained national allies since the panel claim. Local critics coalesced around the panel claim because "they had demands before but nowhere to put them. They didn't feel empowered until Umaña (then the panel chair) sat down with them."⁴⁵ Although the construction project is already well under way, the international claim process has increased the local legitimacy and leverage of dam-affected people in both Argentina and Paraguay. The Itaparica claim also produced the promise of increased governmental attention to displaced people but has

produced very few tangible concessions. The Brazilian government, to convince the Bank's board to reject the claim, promised to allocate significant amounts of resources to complete the irrigation works promised to the thousands of peasants displaced by the dam a decade ago.⁴⁶ Brazilian rural unions and their allies are currently fighting to participate in the decisions about how to allocate those resources.⁴⁷ Since Brazil's financial crisis, moreover, the promised funds were cut. From an international point of view, moreover, the process through which the Bank's board of directors chose to accept an ad hoc promise from the Brazilian government rather than to follow through on the claim process set an important precedent (which I discuss later).

The more recent decisions involving India eco-development, urban water policy in South Africa linked to the Lesotho Highlands dam, Nigeria's Lagos sanitation and Brazil's land reform project have not apparently led to significant changes on the ground. In the first case, it is possible that villagers slated to be relocated from zones designated to be parks may be dealt with more gently. The second case provided resonance for concerns about water policy issues affecting low-income communities.⁴⁸ In the third case, a few affected people were allegedly compensated, but the basic facts remain in dispute.⁴⁹ The panel rejected as ineligible the Brazilian claim against a market-style land reform project because the allegations that participants would be made worse off were considered hypothetical (the claim was subsequently refiled, with additional evidence of the potential for corruption in the implementation process).⁵⁰

Overall, the most important "direct" results of the claim processes so far have been intangible. The process has established the precedent of granting affected people direct access to an impartial international body. Many claimants report that this process has empowered them, even if they have not gained direct concessions on the ground. As World Bank President James Wolfensohn wrote, "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."⁵¹ Indeed, the World Bank's executive directors even felt obliged to grant panel claimants a direct hearing, as a group, before making their 1999 decision to change the panel's mandate.⁵² Yet this granting of international standing appears to have profoundly irritated the financial authorities of several major borrowing governments, as I discuss later.

Even before the recent revision of the Inspection Panel's mandate, several factors inside and outside the institution constrained its potential impact. First,

as noted above, the board often rejected the panel's recommendations. The panel is relatively autonomous but remains a Bank institution that serves at the board's discretion. Second, most civil society actors affected by Bank projects remain unaware of the panel and its pro-accountability potential, not only because they lack of information about the panel but also because most Bank-funded investments appear to those affected to be exclusively nation-state projects. Even if they knew the Bank provided funding, they would still need to be aware of the Bank's social and environmental safeguard policy commitments to know that "compliance" was even an issue (and therefore subject to "accountability politics" strategies). Third, many possible problems with many Bank projects are not directly subject to the panel's mandate. Fourth, even if in cases where affected people are informed about the panel and Bank policies, and their concerns fit the panel's mandate, the costs and risks of filing a claim can be substantial. The costs involve limited human resources needed to carry out the highly technical process of preparing, filing and lobbying for a claim. The perceived risks also depend on whether potential claimants face the threat of reprisals. Finally, the motivation to use an institutional channel like the Inspection Panel cannot be taken for granted. The panel's procedures and the Bank's extremely specialized policy language require a command of English as well a high level of familiarity with and tolerance of Western-style legal culture, not to mention an implicit acceptance of the Bank's legitimacy as a reformable institution.⁵³

The Inspection Panel and the Bank's Social and Environmental Policy Reforms: Missing Link or Dead End?

In principle the panel's mandate is limited to investigating Bank noncompliance with its own safeguard policies. In practice, this usually involves focusing on Bank staff and management inattention to nation-state non-compliance with agreements to respect to the Bank's many environmental and social reform policies. Inherent in the panel process, therefore, is a contradiction—that the Bank can and should condition its lending to nation-states on socially and environmentally responsible development investments. Many borrowing governments (and some Bank critics) reject this assumption. Transnational advocacy coalitions that support and use the panel, in contrast, contend the Bank and nation-states are economic and political partners and therefore co-responsible for social and environmental costs.

Sharp debates over the panel's actions have raised broader questions about the conflict inherent in the fact that, on paper, many World Bank's social and environmental standards are more rigorous than the actual practices of most borrowing governments. This gap leads to a permanent source of

national/transnational friction. If the Bank does not promote an increase in social and environmental standards in the projects it finances, then a major "disconnect" (in Bank discourse) emerges between its policy and its practice. Many public interest watchdog groups stand ready to document and expose such inconsistencies and to bring them to the attention of those executive directors willing to listen. Conversely, when Bank managers and staff do choose to make reform policy compliance a priority in their bargaining agenda with borrowing governments, they must allocate not unlimited political capital that might otherwise be used for other purposes (such as promoting economic policy reforms of primary interest to foreign investors). The resulting national or transnational conflict is likely to slow the process of project design, although the structural pressures to lend, remain powerful—especially in cases of borrowers experiencing long-term "net negative flows" to the Bank. Given these contradictory pressures, the most promising scenario for promoting improved social and environmental reform compliance is for reform-minded Bank officials to form partnerships with pro-sustainable development actors within borrowing country states and civil societies, to offset resistance from policymakers within borrowing governments more concerned about their status as "emerging markets. "

To understand the political process through which the social and environmental standards of Bank projects can be raised, the conventional external assumption that the Bank and its member states are monolithic actors must be put aside. The principal lesson from previous studies of institutional change at the World Bank is that the institution must be "unpacked" to understand the forces that favor or block reform. For example, Robert Wade has persuasively documented the intense internal debates over whether to agree to policy reforms. He has gone further to show the influence of nation-state interests over the Bank's intellectual agenda. Rich has effectively documented how the Bank's internal lines of authority and staff incentives limit the influence of internal environmental and social policy analysts over project and lending designs. Elsewhere, I have shown how external advocacy campaigns empowers insider reformists, increasing their leverage over Bank staff that would otherwise ignore the institution's social and environmental reform commitments.⁵⁴ Eva Thorne and John Gershman and I have shown how, in a few cases, insider reform advocates have been able to draw on past reform commitments to take pro-reform initiatives even in the absence of immediate external pressures.⁵⁵ In this broader context, I next analyze the dilemmas involved in assessing the Inspection Panel's indirect effects on World Bank reform practices.

The Inspection Panel and Safeguard Policy Compliance: Analytical Dilemmas

The preceding review found little in terms of the panel's direct effects on its first five years of civil society claims. It is quite possible, however, that the panel's most important effects on the World Bank are less direct and may well extend far beyond the scope of the small number of projects that provoked formal claims. For example, one could hypothesize that the existence of the panel as a de facto 'court of last resort' might make Bank staff and managers more circumspect in their attention to safeguard policy compliance. However, tracing any possible causal linkages between the panel's presence and increased safeguard policy compliance implies that one can first independently document patterns of improvement in policy compliance.

Assessing Compliance

Assessing the degree to which hundreds of ongoing Bank projects actually comply with safeguard policies is not easy. Few comprehensive field-based assessments of Bank and borrowing government compliance with these reform policies exist. Many of the most reliable field-based assessments have been carried out by the Bank's own highly autonomous Operations Evaluation Department, but most of their evaluations are "desk reviews." Such studies are of limited usefulness because they are based on official project files that are created, by definition, by interested parties. Most field-based assessments of actual project implementation, moreover, cover specific projects rather than entire sectors or country portfolios. Most external critiques of the World Bank cover a wide range of projects and policies, but few isolate those projects approved *after* the reform policies were issued.

This is true in part because of the long lead time involved in project cycles. Most projects implemented in the mid-1990s were designed either before many of the reform policies or in the early years of their institutionalization. Most projects conceptualized since the environmental and social reform policies of the early 1990s are just beginning to be implemented. Because the social and environmental policies did not apply retroactively, the fact that disastrous *pre-reform* projects are ongoing is not an adequate "test" of the degree to which the newer reforms are being complied with.

The long lead time between changes in top-level decisionmaking processes and outcomes on the ground creates the "pipeline effect": policy-makers claim change at one end of the pipe—newly designed projects are better—while citizens' groups continue to experience the results of past decisions. This

pipeline effect creates an ongoing political dissonance problem between the Bank and its critics, because reform promises can never be “definitively” assessed until an ever moving point in the indefinite future. Independent assessments of the dynamics of Bank reform are continually challenged by the fact that the institution is an ever moving target, and actual project outcomes depend on complex state-society dynamics that are often far removed from the Bank itself.⁵⁶ At the same time, the Bank’s internal decision-making structures are changing. Its ongoing internal decentralization appears likely to weaken internal checks and balance that could encourage reform policy compliance. As one leading Bank environmental analyst recognized, “With the Bank’s devolution of responsibility, however [to six regional operational vice-presidencies], comes the need to ensure consistent compliance with the safeguard policies across the six regions.”⁵⁷

In spite of the massive empirical challenges involved in externally assessing compliance with reform commitments, two broad patterns are clear. On the one hand, the Bank does appear to be funding fewer obviously disastrous new infrastructure megaprojects. Potential disasters like the Narmada Dam receive much more scrutiny and are much more likely to be dropped early on in the project cycle.⁵⁸ On the other hand, the available evidence suggests that many projects continue to fall short of the Bank’s own safeguard policies. For example, some high-impact projects appear to include planned safeguard provisions that high level Bank environmental officials regard as public relations exercises designed to “buy time from our critics,” according to a recently-leaked internal memo.⁵⁹

Public interest groups also charge that the practice of miscategorizing projects continues to be widespread, which permits avoidance of environmental and social impact assessments, consideration of alternative approaches and mitigation measures.⁶⁰ Indeed, many Bank social and environmental staff confide that they know of dozens of projects that fall far short of reform policies and therefore could be subject of panel claims. Even if one made the reasonable assumption that safeguard policy compliance has improved to a substantial degree in recently-designed projects, then there is the ever-present problem of the counterfactual. Would the partial steps toward compliance have advanced as far in the absence of the panel?

The Inspection Panel’s Indirect Effects

Given the relatively small number of Panel claims and their mixed record in terms of actual outcomes, the panel’s greatest impact has likely been *indirect*. In its early years, the panel members spent much of their time forwarding

inquiries from project-affected groups to the particular Bank staff involved.⁶¹ Subsequent dialogue may have avoided the need for formal claims. More generally, the panel appears to have raised the potential public relations costs to the Bank of violating at least the most clear-cut of the safeguard policies, such as resettlement and environmental assessment.⁶² Some insiders have dubbed the staff response in the project design process as "panel proofing," as they work from their checklists to make sure that they have a paper trail to demonstrate policy compliance in the event of a challenge. Panel proofing" appears to be a contradictory process. In some cases, it leads to potentially important degrees of increased compliance. In others, it promotes the pro forma fulfillment of administrative requirements rather than focusing on actual changes on the ground.

The panel clearly has had some impact on promoting a sustainable development agenda within the Bank, but the degree of its impact remains a matter of speculation. Robert Picciotto, director of Operations Evaluations Department (OED), recognized that the Inspection Panel "played a very important role in putting the safeguard policies on the map" within the Bank. At the same time, however, he stressed that the safeguard policies are limited in their scope: "They are very important, they are everything for certain groups, but they are not everything for development. We don't have a safeguard policy on gender, for example."⁶³ David Hunter of the Center for International Environmental Law made a similar point in a very different way: "The panel can't get at stupid projects; claims must be linked to narrow policies."⁶⁴ Indeed, the Bank's environmental safeguard policies were originally approved on the condition that they apply only to project lending, excluding now-dominant structural adjustment lending from such scrutiny.⁶⁵

To assess the panel's indirect impact, one must also take into account the inherited pressures on managers and staff to lend funds to governments as quickly as possible, with as little friction as possible.⁶⁶ President Wolfensohn's emphasis on a "client focus" perpetuates these tensions (referring to borrowing governments). Wolfensohn has also highlighted the conflict between the pressure to lend and the need for quality results, and Bank management has carried out several major institutional changes in response, but the client focus appears to dominate so far. What is clear is the magnitude of the challenge. According to a major internal study of "unsatisfactory project performance," for example, staff members continue to design projects with inadequate attention to beneficiary input. The study found that staffers suffer from "institutional amnesia, the corollary of institutional optimism and, despite lessons of experience, Bank staff are overoptimistic and tend to propose overambitious operations that are beyond local implementation capacity."⁶⁷

According to one Bank staffer, the board and management still focus on "staff/dollars lent," which encourages the cutting of corners.⁶⁸

Even if *most* Bank managers and staff were to do their utmost to comply with reform commitments, it would not take very many noncompliers to leave many high-impact projects in their wake. As a result, some internal and external participants in the reform process stress the importance of bolstering *individual* accountability—an issue excluded from the scope of the panel. For example, as one Bank social policy analyst argued, there has been "too much focus on structures rather than incentives and individuals. I would find three or four terrible cases and fire them, plus recruit those who believe in the policies."⁶⁹ OED director Picciotto suggested that the threat of staff sanctions is not enough, and that one needs to look higher up: "You need to look at incentives in a broader way. Jim Wolfensohn would like to connect staff incentives with development results. The question is how to do it without unintended consequences. Development assistance is a team effort—individual staff behavior reflects the operating context, the skills imparted to him/her and the quality of support systems. Incentives and penalties should start with the managers. This is where the buck stops."⁷⁰ In other words, the panel has not yet contributed directly to bolstering internal accountability mechanisms to promote reform policy compliance.

Shifting Benchmarks: The Conversion of the Reform Policies

Just as the Bank as an institution is a moving target, so too are its reform policies. The Inspection Panel was based on the premise that the reforms of the 1980s and 1990s set the standards against which the Bank can now be held accountable. Management responded by arguing that these policies were too detailed and unwieldy, and staffers were therefore largely unfamiliar with many of their key provisions. Management argued that the policies needed to be "reformatted," meaning separated into very brief mandatory sections (two pages) and the "recommended" good practice section would then be much more extensive. As one senior manager recognized internally: "It has been hard for staff and managers to define clearly what is policy and what is advisory or good practice. *Our experiences with the Inspection Panel are teaching us that we have to be increasingly careful in setting policy that we are able to implement in practice.*"⁷¹

Both external watchdog groups and insider Bank reformers agree that some important social and environmental policies are being diluted, as key issues are moved from mandatory to recommended status (from operational policies to good practices). One Bank official concerned with accountability also

expressed concern that the new policy language makes frequent refers to "in the judgement of," which blurs the definition of what is mandatory. One could argue, therefore, that the existence of an accountability mechanism may be having a perverse effect, driving a weakening of the very policy standards initially set by the Bank itself.

Borrowing Government Backlash

The Inspection Panel's effort to follow its mandated procedures provoked a sustained backlash from borrowing governments. The resulting ongoing conflict within the World Bank's board of directors suggests a picture of North-South relations that is much more nuanced than the conventional image of "U.S. imposition." The board's September, 1997 vote on the Itaparica claim was a major turning point. The Brazilian government effectively turned back the perceived Northern threat to its sovereignty, based on weak promises of ad hoc solutions (later broken). The U.S. executive Director called a rare roll call vote on whether or not to authorize an inspection. This was quite unusual, since the vast majority of board decisions are made by consensus. To influence these board decisions, as close observer David Hunter of the Center for International Environmental Law put it, to influence these board decisions, "it helps to bring a big check, but clients have leverage too. The World Bank needs clients almost as badly as donors." More generally, he added, "the credibility of the institution depends on not having a big split between donors and borrowers."⁷²

The governments of Brazil and India led the counteroffensive to limit the panel's scope and autonomy. For example, their proposals excluded the panel from examining any social or environmental problems that were caused jointly by governments and the Bank (which account for a large fraction of policy violations). The economic structure of the Bank-state relationship may be relevant to this debate. For most of the 1990s, both India and Brazil paid much more money to the Bank than the Bank lent to them. These flows are known as "net negative transfers" (see Table 4). This suggests two implications—first, that the Bank really does need both of these governments to continue borrowing in order to buffer the net negative transfer problem. If the Bank pushes too hard in favor of economically and politically costly social and environmental requirements, then those governments will be less inclined to borrow from the World Bank. Second, against the backdrop of these net negative flows, the panel's perceived political intrusion—directly recognizing the legitimacy of claims by groups that have not been heard by the state—is likely to be seen by economic policymakers as adding insult to injury. For example, when Rede Brasil—a broad civil society advocacy network dealing with financial institutions—met with Brazilina president Fernando Henrique

Cardoso, the group criticized his government for pressuring the World Bank to block a panel inspection of the land reform project. President Cardoso, (a former leftist sociologist) "explained that he did that because 'in his day' it would have been unacceptable for a civil society group to ask an agent of 'imperialism' to get involved in internal issues."⁷³

This is the context in which the Itaparica board vote was called, around the same time as India's Singrauli claim was being debated. The actual board vote reveals of the hidden cleavages within the World Bank's board of directors. Recall that although the board is the ultimate body of authority that governs the World Bank, outside observers have been widely assumed executive directors to be powerless. For example, they have never rejected a loan proposed by management. Observers differ over whether Bank management or the U.S. government "really" has the last word, but the Itaparica vote suggests that the issue of social and environmental policy compliance has turned the board into a more contested arena.

The actual Itaparica roll call vote is detailed below in Table 5. Such votes are confidential (reportedly not even recorded in the official minutes). First, one should note the usual voting structure at the board level. It is widely known that the large donors are heavily weighted because of the one-dollar, one-vote system, but few are aware that many of the "jurisdictions" that hold board votes include unusual combinations of countries. The heterogeneity of these groupings complicates the efforts of civil society organizations to hold their countries' financial authorities accountable for the votes of their board representatives. Most notable is that many votes are held by representatives of blocs of countries that *combine* North and South or North and East (referring to the former Soviet bloc). In the Itaparica case, all the borrowing country blocs voted against the inspection, and almost all the Northern-only votes supported the Inspection Panel's recommendation (except for France),⁷⁴ The many votes that combined Northern with Eastern or Southern countries or a combination were quite divided, however, often along difficult to predict lines. For example, the Italian government voted against the inspection in spite of Italian civil society's sophisticated Bank reform campaign, which has influence in parliament—perhaps because many of the world's dams involve Italian construction firms. Korea also voted against the inspection, although had Australia (its partner in the same voting bloc) been holding the seat that day, the outcome may have been different, given the closeness of the vote (Korea, Australia, and a dozen small countries hold 3.15 percent of the board's votes). The final tally was 52.9 percent against, with 47.09 percent in favor of the Itaparica inspection. 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. Therefore, U.S. hegemony has been overstated, at least insofar as its capacity to defend social and environmental reforms are concerned.⁷⁵ This was underscored by the mid-1999 defeat of U.S. government efforts to block a socially and environmentally controversial loan to China, involving Tibet and the loss of a rare roll call vote.⁷⁶ This defeat appeared to signify a loss for perhaps the world's most influential indigenous rights movement, although the Bank's board assigned the Inspection Panel with a monitoring role in project implementation, thus leaving the impact of the Bank's role in the conflict over China's Tibet policy potentially open-ended.

According to both World Bank and advocacy NGO participants in the international debate over the panel's fate, the Itaparica claim vote was a turning point because it revealing the board's tenuous support for the panel. The Itaparica vote emboldened the Brazilian and Indian governments to go beyond their ad hoc defensive moves and instead take the offensive to weaken the panel. The board created a working group to review the panel's procedures, including Brazil and India. That group produced a set of recommendations that would have dramatically weakened it. The panel appeared to be destined to complete evisceration.⁷⁷ However, an international campaign by organized claimants and their NGO allies led the board to decide to hear claimants' views directly, and a major consultation with them was held in Washington. As a result, the board made some important changes in the proposed revisions. The panel still appears to have been significantly weakened, although the degree of change remains to be seen. The result was an unstable and probably temporary compromise. The panel's capacity to influence the ongoing conflict over the Bank's China/Tibet loan will be the first big test of this precarious board compromise over its role. (Campaign pressure led the project to be dropped in July 2000.)

Table 5 World Bank Board Votes on Itaparica Claim, September 1997

Executive Director	Alternate	Casting Votes of	World Bank % of Total	Itaparica Claim Vote
Northern Seats				
United States	United States		17.04	Yes
Japan	Japan		6.04	Yes
Germany	Germany		4.67	Yes
France	France		4.47	No
United Kingdom	United Kingdom		4.47	Yes
Sweden	Denmark	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden	3.27	Yes
Combined North and East/South Seats				
Belgium	Turkey	Austria, Belarus, Belgium, Czech Rep., Hungary, Kazakhstan, Luxembourg, Slovak Rep., Slovenia, Turkey	4.93	No
Netherlands	Romania	Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia, Moldova, Netherlands, Romania, Ukraine	4.64	Yes
Venezuela	El Salvador	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Spain, Venezuela	4.44	No
Canada	Barbados	Antigua and Barbuda, Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines	4.00	Yes
Italy	Portugal	Albania, Greece, Italy, Malta, Portugal	3.54	No
Switzerland	Poland	Azerbaijan, Kyrgyz Rep., Poland, Switzerland, Tajikistan, Turkmenistan, Uzbekistan	2.96	Yes
Korea	Australia	Australia, Cambodia, Kiribati, Korea, Marshall Islands, Micronesia, Mongolia, New Zealand, Papua New Guinea, Solomon Islands, Vanuatu, Western Samoa	3.15	No
Southern Seats				
Mozambique	Namibia	Angola, Botswana, Burundi, Eritrea, Ethiopia, Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	3.55	No
India	Bangladesh	Bangladesh, Bhutan, India, Sri Lanka	3.53	No
Algeria	Pakistan	Afghanistan, Algeria, Ghana, Iran, Iraq, Morocco, Pakistan, Tunisia	3.51	No
Philippines	Brazil	Brazil, Colombia, Dominican Rep., Ecuador, Haiti, Philippines, Suriname, Trinidad and Tobago	3.16	No
China	China		2.89	No
Saudi Arabia	Saudi Arabia		2.89	No
Russia	Russia		2.89	No
Kuwait	Arab Rep. of Egypt	Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, Syrian Arab Rep., United Arab Emirates, Yemen	2.83	No
Indonesia	Thailand	Brunei, Fiji, Indonesia, Lao People's Dem. Rep., Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam	2.64	No
Bolivia	Argentina	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay	2.41	No
Comoros	Djibouti	Benin, Burkina Faso, Cameroon, Cape Verde, Central African Rep., Chad, Comoros, Congo (Dem. Rep.), Congo (Rep.), Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé and Príncipe, Senegal, Togo	2.07	No
Final Tally (%)	Yes		47.09	
	No		52.90	

Sources: Figures concerning World Bank percentages of votes are from Appendix 2 of World Bank Annual Report entitled "Executive Directors and Alternates of the World Bank and Their Voting Power," 30 June 1997, p. 149. Because executive director roll call votes are confidential, information on yes or no votes on the Itaparica claim are based on interviews conducted by the author with public interest groups and policymakers based in Washington, D.C., April 1999.

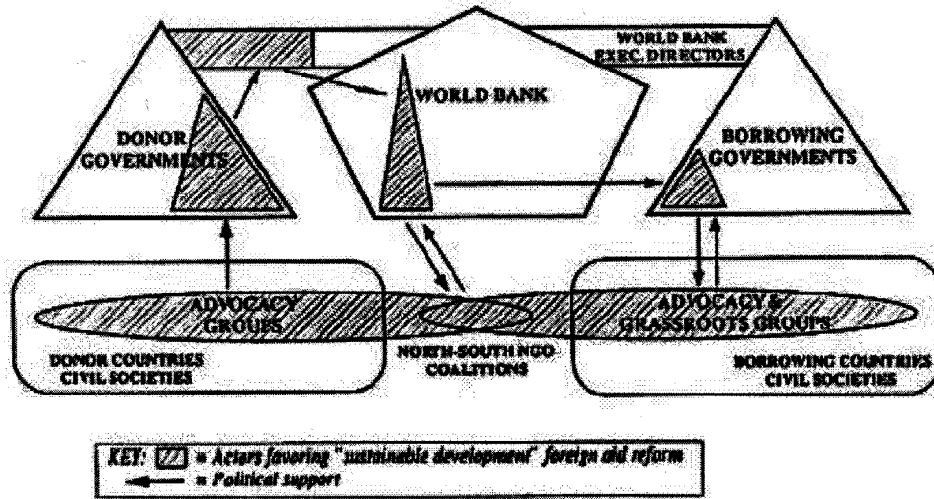
Conceptual Implications for Understanding Civil Society Impact on Institutions: Unpacking the Bank, States and Civil Societies

Transnational advocacy efforts to increase institutional accountability target both the interests and the ideologies that sustain impunity. Constructing accountability therefore necessarily involves conflict. Understanding the dynamics of such conflict requires exploring the strategies and tactics of the multiple actors involved, as well as exposing the often hidden fault lines and alliances. As with so many other examples of controversies over the role of the World Bank, the Inspection Panel experience opens a revealing window on the changing process of transnational conflict over both norms and practices. These conflicts unfold both within and among three intersecting arenas: the world's leading international development agency, diverse nation-states, and increasingly transnationally networked civil societies.⁷⁸

The panel's history and current dilemmas are representative of the broader process of the Bank's environmental and social policy reforms, which follow a pattern that can be described in terms of a more general conceptual framework (see Figure 1). This framework highlights actors, coalitions, and conflicts that operate both within and across national and transnational institutions. This abstracted conceptual framework suggests an implicit causal explanation of both the limits and possibilities for the role of the World Bank in "sustainable development" policy reform.

The World Bank's social and environmental policy reform process, including the panel experience, supports the proposition that the World Bank, nation-states, and civil societies (local, national, and international) are all *internally divided* over how to deal with the challenges of sustainable development and public accountability. The corollary of this proposition is that variation in the actual impact of both transnational advocacy pressures and World Bank lending on sustainable development will be driven by bargaining processes that cut across state, society, and international actors. The degree to which pro-sustainable development policymakers *within* states will be able to carry out reforms that increase institutional accountability will depend largely on their degree of support from outside allies. In other words, such reformist policymakers rarely dominate their states, and therefore their influence rests on mutually reinforcing interaction with pro-reform actors internationally and within their own civil society. Similarly, the degree to which reformist forces within civil societies can influence their states' practices will depend largely on their capacity to form broader alliances, both internationally and within their own states. Internationally, the degree to which pro-accountability World Bank officials can comply with their own reforms will depend on their capacity to bolster pro-reform interlocutors in both states and societies. In short, no one set of pro-reform actors can get very far on their own.

Figure 1 The Political Dynamics of World Bank "Sustainable Development" Reforms



This interactive approach informs Figure 1, which depicts a stylized version of the North-South coalitions that drive both the formulation and implementation of the World Bank's social and environmental reform policies, including the Inspection Panel. For the purposes of this framework, "pro-sustainable development" actors are defined in the very limited way, including those operating within each arena who are committed to the full implementation of the Bank's promised social and environmental reforms.

Historically, the process of setting policy standards is driven primarily in the two lower rectangles, as North-South NGO/grassroots coalitions begin to put the social and environmental costs of World Bank projects on the international political agenda, "pushing up" against the other actors in Figure 1. Especially in the 1980s, most local movements in borrowing countries had little leverage over their governments, but their mobilization, "authenticity," and credible alternative information bolstered their Northern NGO partners in efforts to encourage donor governments to pressure the World Bank for reform. Note that the shaded areas are not depicted to scale but simply suggest that these transnational advocacy coalitions represent distinct subgroups, often at the margins within their respective societies, and that their relationships are often rooted in linked transnational wings of largely local or national movements.⁷⁹ These linkages are illustrated by the overlapping ovals in the lower central part of Figure 1.

The need for local roots is built into the Inspection Panel claim process, which relies on directly affected individuals willing to make their claims on the record. Most often, only a small part of each local movement is aware of and engaged in the process of building transnational coalitions. The key transnational links often involve a handful of individuals who share social capital and trust with distinct movements in different countries and social actors.⁸⁰ The Internet and foundation-funded airplane tickets facilitate these transnational social relationships, but it is the cross-cultural diplomatic skills of individuals that generate the political trust necessary to sustain them.

North-South civil society coalitions combined Southern mass protest and Northern media coverage to put sustainable development reforms on the agendas of donor governments starting in the mid-to late 1980s. At most, however, within the executive and legislative branches of their national governments—hence the shaded triangle on the left side of the Figure 1. Northern policymakers responsive to transnational advocacy coalitions managed in turn to influence the World Bank through their formal governmental representation on the board of directors, depicted here as a

backdrop to the World Bank itself. As a multilateral organizations, the Bank's board bridges representation from both donor and borrowing governments, while being organizationally distinct from both individual governments and the World Bank apparatus itself. In other words, *the main avenue for transnational advocacy leverage over the World Bank is through nation-states*, mediated largely by the advocacy groups' media skills and social within their respective Northern societies.⁸¹

Pro-sustainable development reform supporters on the board of directors rarely dominate votes, when they are called, and hence they are depicted as a minority by the shaded area on the left hand side of the horizontal bar at the top of Figure 1. Pro-sustainable development policymakers in developing countries rarely manage to gain control over their representatives on the board of directors. This is because these positions are usually controlled by national finance ministries, which are usually highly insulated and therefore capable of resisting possible dissent from usually weak environmental protection agencies. Finance ministries often control the budgets of other government agencies that might be led by reformers who would support a different set of social and environmental priorities. National legislatures, meanwhile, rarely manage to exercise whatever nominal power they may have over Bank-state relations. This generalization holds even in societies where pro-sustainable development civil society forces are broad and deep, as in Brazil, India, or Mexico.⁸² As a result, the Figure 1 does not include any "pro-World Bank policy reform" arrow coming "up" from borrowing governments on the right hand side of the Figure. The pathway for pro-change leverage politics is limited largely to Northern governments and their representation on the Bank's Board.

When these reformist civil society-state coalitions do manage to exercise influence over the World Bank apparatus, this impact usually is expressed by bolstering the power of pro-reform policy currents within the Bank itself. In other words, external pressure influences the organization by reinforcing insider reformists' leverage over the rest of the operational apparatus (i.e., through strengthening mandatory reform policies), and by increasing the small share of Bank loans targeted for potentially pro-sustainable development projects.⁸³

The figure depicts insider reformists by the narrow triangle inside the Bank itself. They also often engage, overtly or implicitly, in mutual support relationships with transnational advocacy coalitions (suggested by the two-way arrows in the center of the figure). At the same time, it must be kept in mind that each arrow depicting "political support" here is accompanied, implicitly,

by conflictive relationships—within civil societies, between civil societies and states, between states and the World Bank, and within the World Bank. The main thrust of this stylized picture is to underscore the importance of the balance of forces *within* as well as across diverse institutional arenas.

If and when Bank reformers manage to gain control over lending decisions and project design, they are well positioned to target both legitimacy and resources to pro-reform counterparts within borrowing governments (if any). Pro-reform national policymakers, depicted by the small shaded triangle on the right hand side, in turn often engage in mutual support relationships with grassroots movements and NGOs in their countries, as suggested by the two-way arrows on the right side of the figure. Indeed, by World Bank reformists support for Southern civil society actors is often mediated by their support for more tolerant factions within borrowing states. It is this reciprocal interaction between pro-reform actors within developing countries that may have the greatest potential to promote more Bank and state practices that would be more consistent with sustainable development policy reforms.

This approach suggests that different kinds of cross-sectoral coalitions may be needed to have different kinds of impact on institutional behavior. The kinds of local/national/transnational coalitions needed to *mitigate* socially and environmentally costly Bank or state practices may be different from those needed to promote pro-actively positive institutional practices. Recall that most of the Bank's safeguard policies are designed primarily to mitigate negative costs rather than to promote positive alternatives. Within the category of transnational advocacy campaign impact on institutional practices a qualitative difference between the causes of fewer "public bads" versus more "public goods." For example, international environmental or human rights NGOs may have more of the kind of leverage needed for damage control, whereas they may have much less capacity to promote truly sustainable "sustainable development" institutional behavior. In this arena, the key actors driving more consistent Bank and state practices are likely to be national/local state-society partnerships.⁸⁴ More extensive cross-sectoral and cross-national case analysis is needed to test this hypothesis.

Conclusion

In this essay, I reviewed the broad patterns in Inspection Panel claims and discussed the interaction between the panel and the more general challenge of improving Bank compliance with its own social and environmental policy standards. The panel is an institutional experiment that reflects the broader process of local, national, and transnational coalition building and conflict that

will determine the World Bank's impact on sustainable development. It is one among many indicators of this process of civil society pressure and institutional response, but both sides have staked it out as a critical battlefield.

On balance, the panel's main impact so far has been fairly intangible. In terms of most of the actual claims, the panel has contributed most by simply listening to the claimants. So far, it has produced few on the ground solutions—indeed, solutions were not in its mandate. Within the World Bank, the Panel has contributed most by raising the internal profile and legitimacy of the broader package of minimum safeguard policies, but it has not led to more targeted or institutionalized pro-accountability reforms, such as credible sanctions for non-compliant managers or staff. It has also spurred possibly perverse effects, such as panel proofing and "policy conversion."

At the international level, the panel was created by the board largely in response to international civil society pressures mediated by influence over the U.S. government, but in practice it has been subject to a wide range of cross-cutting nation-state agendas from the South and the North. The panel has improved the Bank's public image and is a symbol of its commitment to its own policy reforms; at the same time it has provoked a backlash from large, nationalist borrowing governments. The Inspection Panel is a paradigm case both of the influence of transnational advocacy networks over international norms and policies and of their limited leverage over institutional behavior in practice.

Because of constraints on its mandate and its practice, at most the panel can deliver some degree of transparency, contributing only indirectly to accountability. More generally the experience reminds us that transparency is necessary but not sufficient for accountability. The future of the panel lies in many hands, but it still serves at the discretion of an increasingly multilateral board. Ironically, it is this body of diverse nation-state representatives that will determine whether this experiment in transnational transparency to civil society will grow or wither.

1. On transnational advocacy networks, see, among others, Margaret Keck and Kathryn Sikkink, *Activists Beyond Borders* (Ithaca, N.Y.: Cornell University Press, 1998); Thomas Princen and Matthias Finger, *Environmental NGOs in World Politics* (London: Routledge, 1994); Thomas Risse, Stephen C. Ropp, and Kathryn Sikkink, eds., *The Power of Human Rights: International Norms and Domestic Change* (Cambridge: Cambridge University Press, 1999); Jackie Smith, Charles Chatfield, and Ron Pagnucco, eds., *Transnational Social Movements and Global Politics* (Syracuse, N.Y.: Syracuse University Press, 1997).

2. James Wolfensohn, foreword to Alvaro Umaña, ed., *The World Bank Inspection Panel: The First Four Years (1994–1998)* (Washington, D.C.: World Bank, 1998), p. vii.

3. Keck and Sikkink, *Activists Beyond Borders*, p. 16.

4. *Ibid.*, p. 201.

5. Risse, Ropp, and Sikkink, *The Power of Human Rights*, p. 4.

6. *Ibid.*, pp. 31–33, 36–37.

7. For a similar argument based on a comparison of the limited tangible impact of U.S.-Mexican labor, environmental, and human rights coalitions, institutional innovations notwithstanding, see Jonathan A. Fox, “Assessing Binational Civil Society Coalitions,” paper presented at the conference “Dilemmas of Change in Mexican Politics,” Center for U.S.-Mexican Studies, University of California, San Diego, 8–9 October 1999.

8. See Martha Finnemore, *National Interests in International Society* (Ithaca, N.Y.: Cornell University Press, 1996), pp. 125, 190. See also Michelle Miller-Adams’s study of the dynamics of policy change, *The World Bank: New Agendas in a Changing World* (New York: Routledge, 1999).

9. See Ernst Haas, *When Knowledge Is Power* (Berkeley: University of California Press, 1990), pp. 37, 142–145.

10. Robert Ayres, *Banking on the Poor* (Cambridge: MIT Press, 1983), p. 90.

11. *Ibid.*, pp. 147, 219. For example, Ayres recognizes that the elite capture of rural antipoverty investments was “a very real possibility” (p. 138). For contemporary critiques of the Bank’s nominal poverty focus, see Teresa Hayter and Catherine Watson, *Aid: Rhetoric and Reality* (London, England: Pluto, 1985); Walden Bello, David Kinsley, and Elaine Ellison, *Development Debacle: The World Bank in the Philippines* (San Francisco, Calif.: Institute for Food and Development Policy, 1982).

12. Ayres, *Banking on the Poor*, p. 226.

13. This security logic is quite different from the hypothesis that his poverty focus was somehow intended to atone for his role in Vietnam. (Finnemore addresses only the latter proposition in *National Interests in International Society*, p. 104.)

14. This approach predominates in the advocacy and journalistic literature. See, among others, Catherine Caulfield, *Masters of Illusion* (New York: Henry Holt, 1996); Kevin Danaher et al., *Fifty Years Is Enough: The Case Against the World Bank and the International Monetary Fund* (Boston, Mass.: South End Press, 1994); Kevin Raymond Mikesell and Larry Williams, *International Banks and the Environment: From Growth to Sustainability* (San Francisco, Calif.: Sierra Club Books, 1992).

15. Susan George and Fabrizio Sabelli, *Faith and Credit: The World Bank’s Secular Empire* (Boulder: Westview, 1994).

16. Bruce Rich, *Mortgaging the Earth: The World Bank, Environmental Impoverishment and the Crisis of Development* (Boston, Mass.: Beacon Press, 1994).

17. Although this may indeed have been management’s motivation for incorporating critics, their actual impact on operations—especially in terms of their

capacity to veto destructive projects in their very early phases—may be less predetermined and not easily visible.

18. These questions resonate with the efforts to integrate international and domestic levels of analysis in Peter Evans, Harold Jacobson, and Robert Putnam, eds., *Double-Edged Diplomacy: International Bargaining and Domestic Politics* (Berkeley: University of California, 1993). However, the Inspection Panel involves two additional levels of analysis—the multilateral organization arena on the one hand and domestic state-society relations reaching down to subnational levels involving Bank-funded projects on the other. Because these analytical questions do not lend themselves to the parsimonious general image of a two-level game, the search for midlevel generalizations may be more productive and will be taken up later in this article.

19. See also Jonathan A. Fox and L. David Brown, eds., *The Struggle for Accountability: The World Bank, NGOs and Grassroots Movements* (Cambridge: MIT Press, 1998); Paul Nelson, *The World Bank and NGOs: The Limits of Apolitical Development* (New York: St. Martin's Press, 1995); Robert Wade, "Greening the World Bank: The Struggle over the Environment, 1970–1995," in Devesh Kapur, John P. Lewis, and Richard Webb, eds., *The World Bank: Its First Half-Century*, vol. 2 (Washington, D.C.: Brookings Institution, 1997); Eva Thorne, "The Politics of Policy Compliance: The World Bank and the Social Dimensions of Development" (Ph.D. diss., Massachusetts Institute of Technology, 1998); Mayra Buvenic, Catherine Gwin, and Lisa Bates, "Investing in Women: Progress and Prospects for the World Bank," Policy Essay No. 19 (Washington, D.C.: Overseas Development Council/International Center for Research on Women, 1996); Chris Chamberlain, "Fulfilling the IDA-12 Mandate: Recommendations for Expanding Public Access to Information at the World Bank" (Washington, D.C.: Bank Information Center, July 1999).

20. See Jonathan A. Fox and L. David Brown, "Assessing the Impact of NGO Advocacy Coalitions on World Bank Projects and Policies," in Fox and Brown, *The Struggle for Accountability*, pp. 485–552.

21. See a comprehensive compilation in Umaña, *The World Bank Inspection Panel*; see also Lori Udall, *The World Bank Inspection Panel: A Three Year Review* (Washington, D.C.: Bank Information Center, 1997).

22. For the viewpoint of the former director of the World Bank's Legal Department, see Ibrahim F.I. Shihata, *The World Bank Inspection Panel* (Oxford: World Bank/Oxford University Press, 1994). For assessments by international environmental law specialists, see Daniel Bradlow, "The Case for a World Bank Ombudsman," statement submitted to the Subcommittee on International Development, Finance, Trade and Monetary Policy of the Banking, Finance and Urban Affairs Committee, U.S. House of Representatives, May 1993; Bradlow, "International Organizations and Private Complaints: The Case of the World Bank Inspection Panel," *Virginia Journal of International Law* 34 (1994): 551–613; Bradlow, "A Test Case for the World Bank," *American University Journal of International Law and Policy* (1996): 247–294; Bradlow and Sabine Schlemmer-Schulte, "The World Bank's New Inspection Panel: A Constructive Step in the Transformation of the International Legal Order," *Zeitschrift für Ausländisches Öffentliches Recht und Völkerrecht* 54 (1994): 392–415; David Hunter, "The World Bank Inspection Panel: A Forum for Accountability Within a Resistant Institution," paper presented at the annual meeting of the Latin American Studies Association, Chicago, Ill., September 1998.

23. See details on the websites of the World Bank and the Center for International Environmental Law, online at <http://www.worldbank.org> and <http://www.ciel.org>, respectively.

24. Kay Treakle of the Bank Information Center, John Gershman, and others in the advocacy community and the World Bank shared their time and insights, both on and off the record.

25. This is clearly framed in Bradlow, "The Case for a World Bank Ombudsman."

26. Barbara Upton, "Formulating U.S. Policy Toward the World Bank: Meeting the Challenges of the 21st Century," paper presented at Northwestern University, Evanston, Ill., 14–16 May 1999; Upton, *The Multilateral Development Banks: Improving U.S. Leadership* (Washington, D.C.: Center for Strategic and International Studies, 2000).

27. See, for example, Barbara Bramble and Gareth Porter, "NGO Influence on United States Environmental Politics Abroad," in Andrew Hurrell and Benedict Kingsbury, eds., *The International Politics of Environment* (New York: Oxford University Press, 1992); Ian Bowles and Cyril Kormos, "Environmental Reform at the World Bank: The Role of the U.S. Congress," *Virginia Journal of International Law* 35, no. 4 (summer 1995).

28. Portfolio Management Task Force, "Effective Implementation: Key to Development Impact" (Washington, D.C.: World Bank, 22 September 1992). The document is widely known as the Wapenhans report after its principal author, Bank vice-president Willi Wapenhans.

29. On the history of the Inspection Panel and the Narmada campaign, see Udall, *The World Bank Inspection Panel*; William Fisher, ed., *Toward Sustainable Development? Struggling over India's Narmada River* (Armonk, N.Y.: M. E. Sharpe, 1995); the Morse Commission report, published as Bradford Morse and Thomas Berger, *Sardar Sarovar: Report of the Independent Review* (Ottawa, Ont.: Resource for the Future International, 1992). See also Wade, "Greening the World Bank."

30. *Ibid.*

31. An extensive literature exists on the World Bank and involuntary resettlement, including the most systematic evaluation of reform policy compliance patterns ever carried out—Environment Department, *Resettlement and Development* (Washington, D.C.: World Bank, 1994). For an analysis of this internal review process, see Fox, "When Does Reform Policy Influence Practice?" in Fox and Brown, *The Struggle for Accountability*, pp. 303–344; Operations Evaluation Department, "Recent Experience with Involuntary Resettlement, Report No. 17538 (Washington, D.C.: World Bank, 2 June 1998); Thorne, "The Politics of Policy Compliance."

32. This figure comes from an internal World Bank discussion paper entitled "Lending Retrospective: Volumes and Instruments: Issues Paper" (Washington, D.C.: World Bank, 19 July 1999), p. 3.

33. Interview conducted by the author, World Bank, Washington, D.C., 5 April 1999.

34. See "Social and Environmental Aspects: A Desk Review of SECALs and SALs Approved During FY98 and FY99" (Washington, D.C.: World Bank, Environmentally and Socially Sustainable Development Department, 24 May 1999 draft). This confidential study explicitly recognized that "there appears to be a disconnect between Bank policy and practice" regarding the environmental and social impacts of these loans (pp. 2, 8).

35. For further discussion of Brazil and India comparisons regarding infrastructure projects, the Inspection Panel, and elite nationalism, see Jai Sen, "Of Mushrooms That Bloom: Critical Intersections in Washington, D.C.—or, Why the World Bank's Inspection Panel Is Important to All of Us" (manuscript, Calcutta, March 1999).

36. For details on the Arun case, see Udall, *The World Bank Inspection Panel*; Fox and Brown, "Assessing the Impact of NGO Advocacy Coalitions," pp. 486–490.

37. Personal e-mail communication from Brasilia, 11 May 1998 (translated by the author).

38. Dana Clark, *A Citizen's Guide to the World Bank Inspection Panel*, 2d ed. (Washington, D.C.: Center for International Environmental Law, October 1999), p. 17. For further details of the Planaflo case, see Keck, "Planaflo in Rondônia"; Brent Millikan, "Planaflo: Modelo de Projeto Participativo," in Jean-Pierre Leroy and Maria Clara Couto Soares, eds., *Bancos multilaterais e desenvolvimento participativo no Brasil: Dilemas e Desafios* (Rio de Janeiro: FASE/IBASE, 1998); Patricia Feeney, *Accountable Aid: Local Participation in Major Projects* (Oxford: Oxfam, 1998); David Hunter, "The Planaflo Claim: Lessons from the Second World Bank Inspection Panel Claim," 1997, online at <http://www.ciel.org>.

39. See Jay Hair et al., "Pangué Hydroelectric Project: An Independent Review of the International Finance Corporation's Compliance with Applicable World Bank Group Environmental and Social Requirements," commissioned manuscript prepared for World Bank president James Wolfensohn, Washington, D.C., 4 April 1997. An earlier internal IFC social impact review by anthropologist Ted Downing was also critical. The American Anthropological Association took up the issue publicly with the World Bank (see documents online at www.ameranthassn.org/pehuenc.htm). On the broader accountability issue, see David Hunter, "Extending the Inspection Panel to the IFC and MIGA," in Udall, *The World Bank Inspection Panel*, pp. 81–84. The IFC and Multilateral Investment Guarantee Agency (MIGA) now employ an independent ombudsperson to address social and environmental concerns.

40. Anthropologist Ted Downing reports that the situation among affected indigenous communities is "very, very bad" (personal e-mail communication, 12 May 1998). For Chilean critiques, see Christian Opaso, "The Bio-Bio Hydroelectric Project: A Lesson Not Fully Learned by the World Bank," paper submitted to the World Commission on Dams, 1999; Dario Jana, "El Etnocidio del Pueblo Pehuenche en el Alto BioBio de Chile," online at <http://www.irn.org> (1999). For details, see the bulletin *Biobio Update*, online at <http://www.irn.org>, and see regular coverage in *World Rivers Review*.

41. Dana Clark, Center for International Environmental Law, personal e-mail communication with the author, 8 May 1998; "Statement by Madhu Kohli (Grameen) to the World Bank Board of Executive Directors," Washington, D.C., 3 February 1998, online at <http://www.ciel.org>; "World Bank Should Monitor Abuses in India," Human Rights Watch press release, 21 April 1998; Sidney Jones and Mike Jendrzezyk, "World Bank Projects in the Singrauli Region of India," memo to James Wolfensohn and World Bank executive directors (manuscript, 16 April 1998).

42. Clark, *A Citizen's Guide*, pp. 17, 18.

43. Anthropologist Hanna Schmuck, personal communication with the author, 21 November 1998; Clark, *A Citizen's Guide*, pp. 17, 18.

44. Statement to the World Bank Board of Executive Directors, Washington, D.C., 3 February 1998, online at <http://www.ciel.org>. See Kay Treakle, "Accountability at the World Bank: What Does It Take? Lessons from the Yacyretá Hydroelectric Project, Argentina/Paraguay," paper presented at the annual meeting of the Latin American Studies Association, Chicago, Ill., 1998; Peña, "Yacyretá Hydroelectric Project: The Struggle for Participation," paper presented to the World Commission on Dams, 15 June 1999, online at <http://www.irn.org>; Amy Shannon, "Reform of International Finance and Trade: Investing in a Sustainable Future," *In Focus* 2, no. 2 (May 1999): 18–28.

45. Kay Treakle, Bank Information Center, interviewed by the author, Washington, D.C., 9 May 1998.

46. For background, see Anthony Hall, "From Victims to Victors: NGOs and the Politics of Empowerment at Itaparica," in Michael Edwards and David Hulme, eds., *Making a Difference: NGOs and Development in a Changing World* (London, England: Earthscan, 1992); Aurelio Vianna, "The Process of Request of Inspection Panel of World Bank for the Itaparica Project (Brazil), A Preliminary Evaluation," paper presented at the conference "Forum '97: New Linkages in Conservation and Development," Istanbul, Turkey, 16–21 November 1997; Vianna, "The Panel Inspection Request as a Process and Not a Result: A Preliminary Evaluation from the Itaparica (Brazil) Case," paper presented at the annual meeting of the Latin American Studies Association, Chicago, Ill., September 1998.

47. See "Statement by Aurelio Vianna (Rede Brasil) to the World Bank Board of Executive Directors, Washington, D.C., February 3, 1998," online at <http://www.ciel.org>.

48. See David Letsie and Patrick Bond, "Social, Ecological and Economic Characteristics of Bulk Water Infrastructure: Debating the Financial and Service Delivery Implications of the Lesotho Highlands Water Project" (manuscript, South Africa, 1999); Letsie and Bond, "Lesotho Highlands Water Project as Seen from Johannesburg," paper presented to the World Commission on Dams, November 1999; Deborah Moore and Leonard Sklar, "Reforming the World Bank's Lending for Water: The Process and Outcome of Developing a Water Resources Management Policy," in Fox and Brown, *The Struggle for Accountability*, pp. 345–390.

49. Interview by the author, World Bank Inspection Panel Secretariat, Washington, D.C., April 1999.

50. Interviews by the author, World Bank Inspection Panel and Brazilian Network on Multilateral Financial Institutions, Washington, D.C., November 1999.

51. Wolfensohn, foreword to Umaña, *The World Bank Inspection Panel*, p. vii. Panel watchers agree that without Wolfensohn's strong support, the panel would never have survived.

52. For details on this consultation, see "World Bank Approves Controversial Proposal to Change Inspection Panel" (Washington, D.C.: Bank Information Center & Center for International Environmental Law, 21 April 1999), online at <http://www.ciel.org>.

53. For a detailed elaboration of these points, see Jonathan A. Fox, "Thinking Locally, Acting Globally: Bringing the Grassroots into Transnational Advocacy," paper presented at the conference "Regional Worlds—Latin America: Cultural Environments and Development Debates," Center for Latin American Studies and the Globalization Project, University of Chicago, Chicago, Ill., 21–23 May 1998.

54. See Jonathan A. Fox, "When Does Reform Policy Influence Practice? Lessons from the Bankwide Resettlement Review," in Fox and Brown, *The Struggle for Accountability*, pp. 303–344.

55. See Thorne, "The Politics of Policy Compliance"; Jonathan A. Fox and John Gershman, "Investing in Social Capital? Comparative Lessons from Ten World Bank Rural Development Projects in Mexico and the Philippines," paper presented at the World Bank, Washington, D.C., 4 November 1999.

56. On civil society Bank monitoring, see Jonathan A. Fox, "Transparency for Accountability: Civil Society Monitoring of Multilateral Development Bank Anti-Poverty Projects," *Development in Practice* 7, no. 2 (May 1997): 167–171.

57. Colin Rees, "Safeguards Update," *Environment Matters*, Annual Review (fall 1998): 60; Rees noted that a task force was to "develop a framework to facilitate

greater accountability, including the possibility of sanctions, for staff and managers responsible for noncompliance. . . .” A year later, it had not come to pass. As one Bank social development expert interviewed by the author in Washington, D.C., in May 1999 put it: “The big question is how do sanctions operate? No one ever lost their job for violating safeguard policies.”

58. As the Bank’s social and environmental standards have gone up, national governments have increasingly turned elsewhere, such as to bilateral aid agencies, to fund highly controversial infrastructure projects (e.g., China’s Three Gorges Dam).

59. Cited in Paul Brown, “World Bank Pushes Chad Pipeline,” *Guardian*, 11 October 1999. This news report refers to the World Bank’s promotion of an oil pipeline from Chad through Cameroon that would pass through vulnerable rain forest, affect indigenous populations, and subsidize Exxon (Shell subsequently withdrew). The implementation of the proposed mitigation measures would depend on two corrupt and authoritarian regimes.

60. Kay Treakle, Bank Information Center, personal communication with the author, June 1999. For details, see the Bank Information Center website, online at <http://www.bicusa.org>.

61. Eduardo Abbott, World Bank Inspection Panel Secretariat, interviewed by the author, Washington, D.C., April 1999.

62. For details on rural civil society monitoring efforts in Mexico, see the website of *Transparencia*, online at <http://www.laneta.apc.org/transparencia>. For a conceptual discussion, see Jonathan A. Fox, “The World Bank and Social Capital: Contesting the Concept in Practice,” *Journal of International Development* 9, no. 7 (November–December 1997): 963–971. The risk of authoritarian electoral manipulation of social funds has become an issue in Bank-Indonesia relations, leading to the postponement of a major social loan, but has yet to enter the national debate in Mexico. See Jay Solomon, “Fearing Misuse, World Bank Delays Funds for Indonesia,” *Wall Street Journal*, 13 April 1999.

63. Robert Picciotto, telephone conversation with the author, 13 April 1999. The Bank does have a gender policy, but it makes recommendations rather than establishing minimum standards. See Women’s Eyes on the World Bank Campaign, “Gender Equity and the World Bank Group: A Post-Beijing Assessment” (Washington, D.C.: Women’s Eyes on the World Bank/50 Years Is Enough, October 1997).

64. David Hunter, interviewed by the author, 5 April 1999.

65. Robert Goodland, “Social and Environmental Assessment to Promote Sustainability: An Informal View from the World Bank” (draft manuscript, Washington, D.C., 18 January 2000).

66. On the link between internal institutional priorities and social/environmental conflict, see Bruce Rich, “The Smile on a Child’s Face: From the Culture of Loan Approval to the Culture of Development Effectiveness? The World Bank Under James Wolfensohn,” paper presented at Northwestern University, Evanston, Ill., 14–16 May 1999; Rich, *Mortaging the Earth*; Wade, “Greening the World Bank.”

67. The 1997 Annual Review of Development Effectiveness found notable improvements but at the same time found persistent problems in some areas of the Bank, including “pressure to lend; fear of offending the client . . . fear that a realistic, and thus more modest project would be dismissed as too small and inadequate.” Cited in Patti Waldmeier and Mark Suzman, “World Bank ‘Fails to Learn from Past Mistakes,’” *Financial Times*, 14 December 1997. According to Robert Picciotto, director of the Bank’s Operations Evaluation Department, the 1998 Annual Review of Development Effectiveness shows continued improvement, and

OED's concerns led President Wolfensohn to create the Quality Assurance Group in the first place (personal communication with the author, 13 April 1999).

68. Robert Picciotto of OED argued that the pressure to lend within the Bank has decreased significantly in recent years, but this staff quote suggests that the *perception* may live on.

69. Interviewed in confidence by the author, World Bank, Washington, D.C., May 1999.

70. Picciotto interview. The Inspection Panel's focus on operational managers coincided with the backlash against it. In the case of its finding on the Singrauli case in India, the panel reportedly found "the violations were even worse than initially thought and were primarily attributable to intense pressure from the bank's own senior regional managers to accelerate the loan approval process," according to Mark Suzman, "World Bank Accuses Itself of 'Serious Violations,'" *Financial Times*, 7 January 1998.

71. Myrna Alexander, "Conversion of Remaining ODs," World Bank Operations Policy internal memo, 15 March 1996 (emphasis added).

72. Hunter interview.

73. As reported in *Folha de São Paulo*, 10 July 1999, p. 3 (translation by the author).

74. Reportedly, the French government views the Inspection Panel as a U.S. creation and therefore opposes it on principle. France also lacks a powerful civil society Bank reform campaign, in contrast to England, Germany, Scandinavia, Switzerland, and the Netherlands.

75. Recall the "two-tier" model of U.S. policy influence at the World Bank proposed in Upton, "Formulating U.S. Policy Toward the World Bank."

76. As the *New York Times* editorialized, "Approving this loan may violate the bank's own guidelines for assessing the social and environmental impacts of its projects" (23 June 1999). See also David Sanger, "China to Get World Bank Loans Despite U.S. Objections," *New York Times*, 25 June 1999; "Tibetan Tinderbox," *The Economist*, 19 June 1999.

77. See Michael Phillips, "The World Bank May Curb Power of Its Watchdog," *Wall Street Journal*, 12 January 1999, p. A2.

78. I draw this last section and Figure 1 from Fox and Brown, "Assessing the Impact of NGO Advocacy Coalitions," pp. 498, 536-538.

79. For example, most key U.S. environmental activists who led the campaign to reform the World Bank through their leverage over U.S. congressional aid debates were located in the small, usually low-profile and low-priority international policy departments of large membership organizations whose concerns are overwhelmingly domestic (e.g., National Wildlife Federation, Environmental Defense Fund, Sierra Club). This is not a coincidence; the large membership bases of these organizations were their main source of leverage in Congress. On the Southern end of these coalitions, roots are critical because the "authenticity" of the local partners in the advocacy coalitions provides critical media credibility and a response to the frequent backlash charges of "green imperialism" from the Bank and nation-states.

80. For comparative case analysis of local/transnational distances and accountability within transnational advocacy networks dealing with the World Bank, see L. David Brown and Jonathan A. Fox, "Accountability Within Transnational Coalitions," in Fox and Brown, *The Struggle for Accountability*. On the related concepts of intersectoral social capital and bridging organizations, see L. David Brown, "Bridging Organizations and Sustainable Development," *Human Relations* 44, no. 8 (1991): 807-831; L. David Brown and Darcy Ashman, "Participation,

Social Capital and Intersectoral Problem-Solving," *World Development* 24, no. 9 (1996); Fox and Gershman, "Investing in Social Capital."

81. For example, the German government's decision to oppose Nepal's Arun III Dam was a critical turning point in the campaign against it. The original base of the German campaign was small, but it managed to establish a high degree of credibility with national media and to mobilize the usually apolitical trekkers' associations and German-Nepal Friendship Societies (Heffa Schuecking, of the NGO Urgewald, and Bruce Rich, Environmental Defense Fund, interviewed by the author, Washington, D.C., October 1995).

82. Analysis of the power relations between the World Bank and the Mexican state reveals that the partnership bolsters the Finance Ministry and its leverage over the rest of the state and civil society. See Jonathan A. Fox, "Los flujos y re-flujos de préstamos sociales y ambientales del Banco Mundial en México," in Alejandro Alvarez et al., eds., *Las Nuevas Fronteras del Siglo XXI: Dimensiones Culturales, Políticas y Socioeconómicas de las Relaciones México-Estados Unidos* (Mexico City: National Autonomous University of Mexico, forthcoming).

83. This may be one reason civil society critics of structural adjustment have had so little influence; either possible alternative macropolicy advocates within the Bank are too weak to be viable pro-change partners, external critics have not pursued strategies that could bolster insider sympathizers, or both.

84. For conceptual discussion and case analysis of state-society synergy, see Peter Evans, ed., thematic section, *World Development* 24, no. 6 (June 1996): 1032-1033, also published as Evans, ed., *State-Society Synergy: Government and Social Capital in Development* (Berkeley: Research Series/International and Area Studies, University of California at Berkeley, 1997).