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國際學碩士學位論文

**The Stunted Global Accountability:
The Case of the World Bank Inspection Panel**

정체된 글로벌 책무성:
세계은행의 검열패널 사례연구

2014年 2月

서울대학교國際大學院
國際學科國際協力專攻

千 熙 源

**The Stunted Global Accountability:
The Case of the World Bank Inspection Panel**

A thesis by presented by

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Graduate Program in International Cooperation
for the degree of Masters of International Studies

February 2014

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Abstract

The Stunted Global Accountability:

The Case of the World Bank Inspection Panel

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This paper aims to evaluate the role of an external accountability mechanism like the World Bank Inspection Panel in enhancing accountability of the international institution. As the result of globalization, transnational issues have arisen and it has become impossible to ask certain countries to take responsibilities for those issues. With the establishment of international institutions such as the United Nations and the Bretton Woods Institutions, the concept of global governance and global accountability became hot topics.

The World Bank Inspection Panel is one of the earliest mechanisms established by an international institution with the sole intention to enhance

accountability of the institution. Thus, the purpose of this paper is to analyse the role of the World Bank Inspection Panel to evaluate its performance in enhancing accountability of the World Bank. In doing so, this paper analyses the structure and process of the Inspection Panel to find accountability deficit within the institution. At the same time, it examines 80 Requests received by the Panel from 1994 until 2012 to see the overall history of the Inspection Panel.

Based on the research, this paper presents two important implications. First, it argues that the internal accountability deficits in the structure and process of the Inspection Panel have constrained the World Bank from strengthening its external accountability. Secondly, it also argues that the World Bank is failing because of Path Dependence. In summary, this paper argues that the Inspection Panel fails to enhance the World Bank's accountability as the institution's external accountability mechanism due to lack of internal accountability and Path Dependence.

.....
Keywords: Global Accountability, the World Bank, the Inspection Panel, Global Governance, Path Dependence

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I. Introduction

1. Global Governance and Accountability

Globalisation is no longer a startling concept and is accustomed to the generations living in this globalised era. Especially since the end of the Second World War, globalisation proceeded at an amazing speed along with which individuals, communities in different societies and even states became increasingly interdependent. One can travel anywhere in the world within a day. People in New York can watch what is happening in Cairo, live at home. Not only have the volumes of trades but the numbers of regional and international treaties also considerably increased. Globalisation in this sense means that the network of communication and coalition has become extensive and boundless. Such phenomenon has also produced negative results. Atmospheric pollution, terrorism, drug smuggling, AIDS, and the global spread of economic crisis are only some of many examples of transnational problems caused by globalisation. The more troubling problem is that there is no 'global government' that can be in charge of dealing with these issues and take responsibilities. There is no 'global constitution' but 'global norms' which impose no legal obligation on states who are the main actors in the globe. Domestic constitutions and rules always predominate over international standards. Then who should take responsibilities to those issues prevailed across countries? To answer this question, the notion of 'global governance' has emerged.

Weiss defines global governance as "collective efforts to identify, understand,

or address worldwide problems that go beyond the capacities of individual states to solve.”¹In the absence of central global authority governing the globe, global governance simply refers to the interaction and interdependence between different states in order to solve transnational problems. As Keohane asserts, however, without an organised global government, interdependence would only lead to the states imposing costs on other states in solving the problems of their own.² It is hard to hold one entity to account for the issues caused by not a single state but a group of them – an example would be the case of air pollution. It is more so, especially for states without a powerful voice such as developing countries or the so-called third world countries. The actions taken by powerful countries often seem illegitimate to those who are adversely affected by them. For instance, there may be a case where a country builds an airport in a developing country in the name of development aid, and leaves without further actions – which could range from providing compensation for displaced local residents from the area to helping with training and skills. The aid-donor could be blamed for not being responsible enough for what they have started, but cannot be punished because being responsible is not a legal obligation.

For this reason, the concept of ‘accountability’ is a cause celebre. By acquiring accountability, entities can also gain legitimacy for their actions. The definition of accountability differs among scholars. This paper will adopt the definition

¹ Thomas George Weiss, *Thinking About Global Governance: Why people and ideas matter*, (New York: Routledge, 2011), 70.

² Robert O. Keohane, "Global Governance and Democratic Accountability," in *Taming globalization: frontiers of governance*, ed. David Held and Mathias Archibugi. (Cambridge, UK: Polity Press, 2003), 130.

used in the United Nations Development Programme's report in 2002, where Goetz and Jenkins defined accountability as "the capacity to demand someone engage in *reason-giving* to justify her behaviour, and/or the capacity to impose a penalty for poor performance."³ Simply speaking, for an entity to be accountable, it needs to be able to provide reasons for its action to justify it. If its activities are criticised for its poor performance, penalties such as sanctions can be imposed to prevent them from happening again. In this sense, accountability is somewhat different from responsibility. One may feel that he is responsible to help the poor. However he is not required to account for his action because he had no obligation to help the poor.⁴

Taking the necessity of accountability into consideration, there is a problem as in who should hold accountable for whom, especially at the global level. As discussed above, there is no global government or global constitution that demonstrates what all states ought to follow. Without a global government, no single state governs the world and therefore there is no one entity whom people can hold accountable for global issues. For example, in case of failure to clarify who is the agent of the project, the affected people cannot demand their rights without knowing who they should ask. Such situation is referred as an 'accountability gap.'⁵

³ Anne Marie Goetz and Rob Jenkins, "Voice, Accountability, and Human Development: The Emergence of a New Agenda," *Occasional Paper*, (background paper for the Human Development Report 2002, New York: United Nations Development Programme), 5, accessed October 25, 2013, http://hdr.undp.org/en/reports/global/hdr2002/papers/Goetz-Jenkins_2002.pdf.

⁴ *Ibid.*, 8.

⁵ Keohane, "Global Governance and Democratic Accountability," 142; Taekyoon Kim, "Contradictions of Global Accountability: The World Bank, Development NGOs, and Global Social Governance," *Journal of International and Area Studies* 18, no. 2 (2011): 26.

2. The World Bank and the Inspection Panel

International institutions are not exempt from being asked for accountability by the global society. One of the prominent examples of such institutions is the Bretton Woods system. At the end of the Second World War, with their victory ahead, the Allied powers gathered to discuss how to reconstruct the world economy in the post-war era. The meeting which took place in Bretton Woods rounded out the Bretton Woods system in 1947. In the process of settling the system, in order to promote brisk international trading environment and to bring protectionism to an end, the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the General Agreement on Tariffs and Trade (GATT) were set up.⁶ The IBRD and GATT are nowadays known as the World Bank and WTO respectively.

Among the three institutions of the Bretton Woods system, the World Bank (*hereinafter* the Bank) has a mechanism established for its accountability, the Inspection Panel (*hereinafter* the Panel). The Panel can be described as “an independent complaints mechanism for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank-funded project.”⁷ It was created by the Board of Executive Directors of the Bank (*hereinafter* the Board) in 1993 and started its operations in 1994 with the aim to provide people with an

⁶ John Rapley, “Development Theory in the Postwar Period,” in *Understanding development: theory and practice in the third world*, 2nded, (Boulder, Colo.: Lynne Rienner Publishers, Inc., 2002), 5-6.

⁷ "Panel Resources," Inspection Panel, accessed October 23, 2013, <http://go.worldbank.org/Z7KI8UTFZ0>.

independent channel to directly express their concerns and secure support. It is independent in a sense that its operations are not supervised by the Board. It is the first international mechanism established by an international organisation for accountability.⁸ However, what really makes it unique is the fact that it is established for the sole purpose of enhancing the organisation's accountability.⁹

A report published by the Panel demonstrates the background events of its birth.¹⁰ According to the report, its creation was led by the intense controversy surrounding the Bank and harsh criticism from both inside and outside the Bank. It was during the late 1980s and early 1990s that concerns of and protests by civil societies were widespread and communities affected by Bank-funded projects started questioning the Bank's poor performance in caring for social and environmental impacts. Non-governmental organizations (NGOs) and affected people had also struggled to improve management of the project and local condition. For example in 1986, Indian grassroots activists travelled all the way to Washington countless times to ask the Bank for a promise to improve the operational conditions of their projects.¹¹ Campaigns of that time demanded the Bank account for some Bank-funded projects, so-called 'development disasters,' that did harm especially to those poor and vulnerable

⁸ Inspection Panel, *Accountability at the World Bank: the Inspection Panel at 15 years*. (Washington D.C.: the World Bank, 2009), 94, accessed October 22, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/380793-1254158345788/InspectionPanel2009.pdf>.

⁹ Alexander Orakhelashvili, "The World Bank Inspection Panel in Context: Institutional aspects of the accountability of international organizations," *International Organizations Law Review* 2, issue 1 (2005): 77.

¹⁰ Inspection Panel, *Inspection Panel at 15 years*, 3-5.

¹¹ *Ibid.*, 98. According to Lori Udall, former Executive Director, 'Board seminar' was held at that time which resulted in the 'Morse Commission,' the founding model of the Inspection Panel.

people who had no power to protect their rights as well as livelihoods. This was followed by a rampant frustration about the Bank's closed door operation and its overlooking problems with the affected people.

Such issues were also at the heart of debate not only in developing countries but among the Bank's member states and within the Bank itself. The 'Sardar Sarovar Dam and Canal Projects' on the Narmada River in India, which forced 120,000 people to be resettled and major impacts on the environment, acted as a flashing point.¹² In response to increasing public outcry over the adverse impacts of the projects, the Board requested an independent review that revealed serious compliance failures of the Bank's policy commitments. The Bank then reviewed its internal operations and disclosed serious issues driven by a promotion incentive structure. With this background and as a solution, the Panel was established to promote "greater accountability, participation, and transparency at the World Bank."¹³

3. Literature Review and Research Question

Boissonde Chazournes denotes that the Bank opened the way to civil participation by creating the Panel.¹⁴ Most international institutions have their accountability mechanisms within the organisations to check if their own staff members are complying with the policies. The Bank also has departments and committees to oversee

¹² Ibid., 3.

¹³ Ibid., 4.

¹⁴ Laurence Boisson de Chazournes, "Compliance with Operational Standards," in *The Inspection Panel of the World Bank: A Different Complaints Procedure*, ed. Gudmundur Alfredsson and Rolf Ring, (The Hague: Kluwer Law International, 2001), 84.

its performance.¹⁵ The Panel, however, is the external accountability mechanism and holds accountable for those who are outside the Bank. As one of the positive effects, it has influenced other international institutions – especially international finance institutions – to establish similar sorts of accountability mechanisms.¹⁶ In spite of the Bank's determination to establish such a groundbreaking mechanism, there are numerous literatures containing negative points of view about its operations. They argue that the Panel may have helped to enhance accountability in some areas but the overall accountability of the Bank has not been reinforced. Their arguments are backed up by ample evidence.

Limited Participation of the Affected People

As the main purpose of the Panel is to provide an opportunity for the affected people to voice their opinions and concerns, the most fundamental problem raised by a number of literatures is the lack of accessibility and awareness of the Panel and therefore limited participation from the affected people. All information regarding Bank-funded projects and Requests are available on the Panel's website.¹⁷ However, not everyone has access to the internet and this is especially the case for those in developing

¹⁵ Philipp Dann, "Accountability In Development Aid Law: The World Bank, UNDP And Emerging Structures Of Transnational Oversight," *Archiv des Volkerrechts* 44, no. 4 (2006): 386-393. Dann introduces several bodies in the World Bank that performs internal accountability. For example, the Department of Institutional Integrity (INT) serves as a prosecutor's office within the Bank; Independent Evaluation Group (IEG) rates the Bank's operation programmes for its efficacy and efficiency; it even has "a secret channel (telephone hotline, email submission formula and postal address" for the whistle-blowing.

¹⁶ Inspection Panel, *Inspection Panel at 15 years*, 107.

¹⁷ One can have access to information regarding each project but the Request itself, Management's Response, the Panel's Eligibility Report and Recommendation for an investigation, and the Board's decisions at each phase of the inspection procedure.

countries where projects are usually operated. Lack of participation may be a result of the embedded complexity of the Panel's process for which the affected people need professional assistance.¹⁸ Therefore there are cases where NGOs file the Request on behalf of the affected community. The other reason why the Requesters may not or choose not to file a complaint is due to factors such as the risk of retaliation, time constraints, inability to directly link between problems and policies, reluctance to work in the Bank's own system, high costs, and many more.¹⁹ Even after the complaint is filed, participation in the Management-dominated inspection process is inevitably limited.²⁰

Doubts about the Panel's Independence

The critics often comment that the Panel, which is supposed to be 'the independent accountability mechanism,' is in fact not so independent from the Bank. The argument is that the idea of the Panel, as an interior party of the Bank, cannot be independent from the Bank.²¹ In other words, as a part of the World Bank, the Inspection Panel

¹⁸ Daniel D. Bradlow, "Private Complainants and International Organizations: A Comparative Study of the Independent Inspection Mechanisms in International Financial Institutions," *Georgetown Journal of International Law* 36, no. 2 (2005): 465-466.

¹⁹ Friends of the Earth International and International Accountability Project, *Strategic Guide: strategic tips for filing complaints with international financial institutions*, April 2004, accessed May 9, 2013, http://www.foei.org/en/resources/publications/economic-justice-resisting-neoliberalism/2000-2007/strategic_guide.pdf/view.

²⁰ Richard E. Bissell, "Institutional and Procedural Aspects of the Inspection Panel," in *The Inspection Panel of the World Bank: A Different Complaint Procedure*, ed. Gudmundur Alfredsson and Rolf Ring, (The Hague: Kluwer Law International, 2001), 125.

²¹ Alvaro Umaña, ed., *The World Bank Inspection Panel: The First Four Years (1994-1998)*, (Washington D.C.: the World Bank, 1998), 323, accessed November 5, 2013, http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000094946_99030406243220.

cannot help but act in the way that promotes the interest of the Bank to at least some extent.

The Bank argues that the structure and operations of the Panel safeguard its independence. For example, Shihata states that the Panel's functions are independent from the Bank's Management because it reports only to the Board. Also, for the Bank employees to become Panel members, they need a mandatory two-year lapse. Furthermore, members of the Panel are prohibited from working for the Bank when their term ends. Moreover, the Panel also includes NGOs participation as the evidence of its independence.²²

Morgan-Foster counter-argues with the fact that the Bank would have physically removed the Panel if it was truly an independent body.²³ By the same token, the Bank's Board has legitimate reason to interfere with the Panel process as the final decision maker of each phase throughout the inspection. Thus, although the Panel may be independent from Management, it is not a completely autonomous body as long as it cannot restrict the Board's interference.

Limited Scope of Panel's Mandate

Clark, Fox, and Treacle raise concern that the scope of the Panel's mandate is limited.²⁴

²² Ibrahim Shihata, *The World Bank Inspection Panel: In Practice* (2nd ed.) (2000): 206-207.

²³ Jason Morgan-Foster, "The Relationship of IMF Structural Adjustment Programs to Economic, Social, and Cultural Rights: The Argentine case revisited," *Michigan Journal of International Law* 24, issue 2 (2003): 641.

²⁴ Dana Clark, Jonathan Fox and Kay Treacle ed. *Demanding accountability: civil society claims and the World Bank Inspection Panel*. Lanham, Md.: Rowman& Littlefield Pub., 2003, 268.

For example, the Panel can only investigate a case where there is clear evidence of violation of the Bank's policies. Paragraph 12 of the resolution which created the Inspection Panel states that:

[t]he affected party must demonstrate that its rights or interest have been or are likely to be directly affected by an action or omission of the Bank as a result of a failure of the Bank to follow its operational policies and procedures with respect to the design, appraisal and/or implementation of a project financed by the Bank (including situations where the Bank is alleged to have failed in its follow-up on the borrower's obligations under loan agreements with respect to such policies and procedures) provide in all cases that such failure has had, or threatens to have, a material adverse effect.²⁵

Simply speaking, by this paragraph, the Panel is not allowed to investigate cases where issues of violation or non-compliance of the Bank's policies and procedures are not raised.²⁶ This can generate problems when there is, for instance, a violation of human rights even with all the policies and procedures were in compliance. Therefore it becomes Requesters' job to look carefully into how alleged human rights

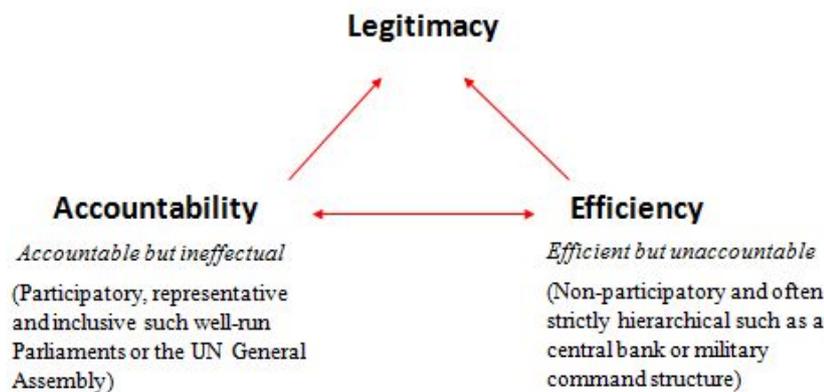
²⁵ International Bank for Reconstruction and Development / International Development Association, *The World Bank Inspection Panel* (Resolution No. IBRD 93-10 and Resolution No. IDA 93-6), 1993, accessed October 27, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/ResolutionMarch2005.pdf>.

²⁶ Alexander Orakhelashvili, "The World Bank Inspection Panel in Context," 79.

violations are caused by or related to the Bank's failure to satisfy its policies.²⁷

Overemphasis on Accountability

<Figure 1> Triangular Relations of Global Governance



Source: Taekyoon Kim, "Contradictions of Global Accountability: The World Bank, Development NGOs, and Global Social Governance," *Journal of International and Area Studies* 18, no. 2 (2011): 28.

All the above criticisms may have been resulted from the Bank's efficiency-driven operation. Kim emphasises the importance of examining the relations of global governance with three elements: accountability, efficiency, and legitimacy.²⁸ He explains that international institutions can strengthen the legitimacy by either enhancing efficiency or improving accountability. Nevertheless, there is a trade-off between the two elements and thus enhancing one of the elements does not guarantee

²⁷ Steven Herz and Anne Perrault, "Bringing Human Rights Claims to the World Bank Inspection Panel," Bank Information Center, accessed October 27, 2013, www.bicusa.org/en/Document.101841.pdf.

²⁸ Kim, "Contradictions of Global Accountability," 28-30.

strengthening of legitimacy. The relations of the three elements are shown in figure 1.

According to Kim, sole effort to enhance or overemphasis on accountability cannot strengthen the legitimacy of the Bank. However, the Panel is designed to enhance accountability and restore efficiency at the same time by resolving the Requesters' concerns through investigation and bringing the project back on the track.²⁹ Bradlow also notes that the Panel made a positive influence for the Bank's efficiency by providing the Bank's Management with objective and accurate information and therefore helping them to identify and correct problems of their projects.³⁰ However, Kim points out that the Bank needs to elaborate on improving its internal accountability as well so as for the accountability mechanism not to be abused by the Bank staff.³¹

With various literatures criticising the operation of the Panel, it cannot be said for sure that the Panel is working effectively and actually enhancing accountability of the Bank. Rather, it can be easily argued that the establishment of the mechanism itself is not enough to hold the Bank accountable to the people affected by the project as long as continuous reviews and reforms do not take place.

In searching for reasons for the limitation of the Panel, previous studies tended to focus on the operation of the Panel itself and not on the internal interactions between the Panel and the Bank in particular. Also, it was hard to find any study that

²⁹ Ibid.

³⁰ Bradlow, "Private Complainants and International Organizations," 556.

³¹ Kim, "Contradictions of Global Accountability," 29-30.

tried to follow the historical flow of the Inspection Panel but studies of single cases. In this regard, this paper came up with the following research questions: What are the constraints that prevent the Panel from enhancing the Bank's accountability? What is the reason for its failure? In answering these questions, this paper will examine the structure of the Panel and the Bank, and the inspection process of the Panel to study the relations between internal and external accountability of the institution. When explaining the reason for the Bank's failure, it will apply Path Dependence theory.

Chapter II of this paper will address analytical frameworks that will be used to analyse the performance of the Panel: internal and external accountability, historical institutionalism, and Path Dependence in particular. Chapter III will explain the structure and process of the Panel by which it will reveal internal constraints that prevent the Panel from strengthening the Bank's accountability. Chapter IV will contain three case studies: 'Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit' in 1994, 'Western Poverty Reduction Project' in 1999, and 'Integrated Coastal Zone Management and Clean-up Project' in 2007. The purpose of the case studies is to prove the Bank's Path Dependence and in turn to explain why the Panel is failing in enhancing the Bank's accountability. In Chapter V, the paper will briefly summarise the three cases and conclude that the lack of the Bank's internal accountability led to its external accountability, and the Bank's dependence on its path.

II. Analytical Framework and Methodology

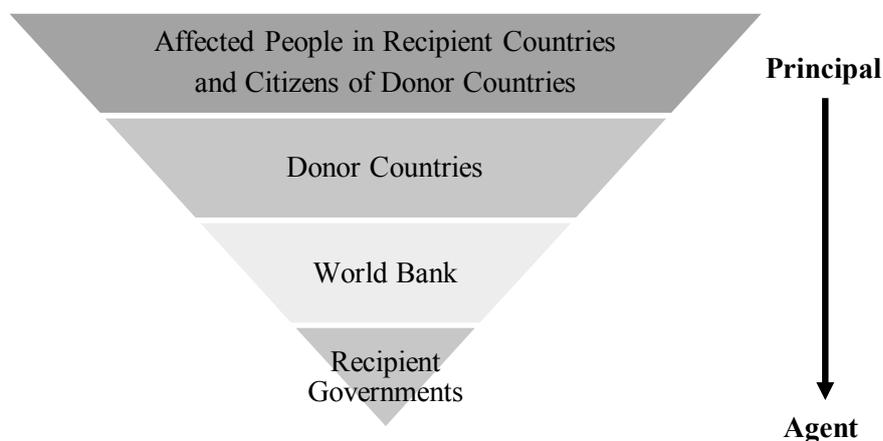
1. Assessing Accountability: Internal and External

As discussed earlier, international organisations need to be accountable for maintaining their legitimacy. Financial institutions like the World Bank are not exempt. According to Cronin and O'Regan, accountability plays a central role for the mechanism which regulates the aid relationship.³² To reduce the accountability gap, 'principal-agent theory,' as an original core of accountability, provides the way to distinguish who are rights-holders (those who hold a set of rights to do something) and who are duty-bearers (those who are responsible for protecting the rights of rights-holders). In principal-agent theory, a right-holder is referred to as a 'principal' and a duty-bearer as an 'agent.'

A simple example of the relation between principal and agent should be the election. In public institutions, 'principals' are the citizens who elect the president and other members of the office as their 'agents.' If the performance of the government is poor, principals have the right to make a claim against agent's performance and have the chance to change their representatives through elections in regular terms. In this context, the election works as a mechanism to keep the government accountable – the office gets a penalty when it cannot justify its activities and answer the citizens. Not only elections but taxes the citizens pay also make the government accountable to its citizens – the government has the obligation to answer how they use those taxes.

³² Donal Cronin and John O'Regan, *Accountability in Development Aid: Meeting Responsibilities, Measuring Performance*, a Research Report for Cómhlanh, April 2002, viii.

<Figure 2> Principal-Agent Relations of Accountability



Source: Compiled by the author.

Then, who are the principals and agents on the international or global level? For example, organisations such as the World Bank is funded by donor countries with the money collected from their citizens. In this context, the citizens become principals and the Bank is an agent. In the context of global governance, the relationship becomes more complex. Firstly, the citizens of donor countries are the principal for the World Bank as well as their governments as illustrated in the example above. Secondly, donor countries donate the money to the Bank, which makes those countries the principal this time. Thirdly, the Bank does not keep or use the money for its own sake but redistributes the money to recipient countries. In this case, the Bank becomes the principal and the recipient governments become agents. Lastly, the final target of the aid is the citizens of the recipient countries, who therefore have the right to question the Bank when the money is not used appropriately or when they are negatively

affected by the aid project. For this reason, the recipient governments are the agents and the affected people are always the principal. Figure 2 explains the whole picture of this principal-agent relationship. The relations of all actors are very complicated because there are ‘role reversals’³³, that is, all actors are playing dual roles except for citizens of both donor and recipient countries.

There are four elements of accountability that are core in global governance.³⁴ First, for principals to hold agents accountable with confidence, all information and data should be made available, accessible, and managed transparently. Second, agents need to be able to justify their decisions and to answer questions. Third, it is crucial that agents comply with the rules and policies, for which appropriate procedures of monitoring and outcome evaluation need be available. Lastly, a system in which the principal can impose sanctions for agents’ failures to comply is important for the possibility that agents act accordingly becomes higher. All these elements rely on each other. For example, to be able to justify one’s activities, one needs to be in compliance with the procedures and be transparent in doing so. If an entity misses out on one of these elements, it cannot be considered accountable.

Systematically, accountability can be analysed in different dimensions – internal and external, and horizontal and vertical. Internal accountability is when the principal and the agent are related to each other institutionally.³⁵ Examples of internal

³³ Edward Weisband and AlnoorEbrahim, ed., "Introduction: forging global accountability," in *Global accountabilities: participation, pluralism, and public ethics*, (Cambridge: Cambridge University Press, 2007), 6.

³⁴ *Ibid.*, 5. These elements are collected and selected by the authors from different sources.

³⁵ Keohane, “Global Governance and Democratic Accountability,” 141.

accountability can be found in international institutions as well as domestic governments. At the national level, check-and-balances between the president and ministries of the government keep the government accountable horizontally. Vertically, the government is held accountable through regular elections as explained in the relations between principal and agent. Taking the World Bank as an example, the Bank's internal and horizontal accountability relations would include the Board of Executive Directors, Management and the Inspection Panel.³⁶ Analysing its vertical accountability would also include the member countries of the Bank as well.

According to Keohane, there are two important factors when justifying principals to hold agents accountable internally; 'authorisation' and 'support.'³⁷ The concept of authorisation depicts that rights and obligations are conferred when a principal authorises an agent for an action. In this case, rights are given to the principal and the agent is given obligations. To apply this concept at the national level, it can be said that citizens (principals) authorise the president or members of Parliament (agents) to act on their behalf, for which the agents have obligations to be accountable. The concept of support implies that principals who provide supports to agents either financially or politically have rights to make a claim to hold the agents accountable. This can be interpreted as principals providing legitimacy and resources by exerting influence over agents which can eventually contribute to narrowing any accountability

³⁶ Although the Panel is established in order to secure the Bank's external accountability, when one talks about its internal accountability, the relations between the three bodies need to be taken into consideration.

³⁷ Keohane, "Global Governance and Democratic Accountability," 140-141; Richard Mulgan, "'Accountability': an Ever-Expanding Concept?" *Public Administration* 78, no. 3 (2000): 555.

gap. If these concepts are taken up to global level, member countries of international institutions, as the principal, authorise the institutions to act on behalf of the countries and financially support them.

For external accountability, by contrast to internal accountability, the principal and the agent need not be institutionally linked. It is defined by Keohane as “accountability to people outside the acting entity, whose lives are affected by it”³⁸ – that is, the general public who are affected people by activities performed by the acting entity. It is not about authorisation or supports any more, but about influence. An example to this concept is the local residents of developing countries who are affected by a development programme funded by the World Bank. It is highly likely that those local people have not authorised the World Bank any actions nor have they supported it. Keohane defines these people as ‘would-be principals,’ those who are “seeking to hold an agent accountable.”³⁹ Would-be principals include those who may be indirectly affected by such programmes.

By applying these internal and external elements of accountability at the international level, one can assess how an institution is performing in its accountability. Using the Bank as an example, its internal accountability needs to be assessed on whether the officers and staff are structured in a non-biased manner; whether participation is available to all stakeholders; and whether the member countries are able to hold the Bank accountable. Externally, the Bank can retain legitimacy only when the Bank is able to provide answers to the claims of the affected people.

³⁸ Keohane, “Global Governance and Democratic Accountability,” 141.

³⁹ Ibid., 140.

2. Historical Institutionalism and Path Dependence

Historical Institutionalism is a theory that studies the effects of institutions in shaping political strategies and therefore influencing political outcomes.⁴⁰ Institutions, defined by historical institutionalists, are procedures and routines, cultural norms, and conventions which are set in organisations – they can be both formal and informal.⁴¹ The key purpose of historical institutionalism is to analyse the process of institutional change in the context of history and in relation to certain choices.⁴² Historical institutionalists stress that decisions in the past constrain decisions in the future.⁴³ This is why, in order to fully understand a phenomenon at a particular point of time, it is necessary to analyse it in historical context as its name explicitly shows.

Historical institutionalists see institutions as persistent features that are hard to be changed. An easy example of this is the arrangement of letters on keyboard. When typewriters were manual, keyboard arrangement was designed to slow the speed of typing so that the typing arms do not entangle up. The so-called ‘QWERTY’

⁴⁰ Kathleen Thelen and Sven Steinmo, “Historical institutionalism in comparative politics,” in *Structuring Politics: historical institutionalism in comparative analysis*, ed. Sven Steinmo, Kathleen Ann Thelen, and Frank Longstreth. (Cambridge, England: Cambridge University Press, 1992), 7.

⁴¹ Peter A. Hall and Rosemary C. R. Taylor, “Political science and the three new institutionalisms.” *Political Studies* 44, no. 5 (1996): 938; Thelen and Steinmo, “Historical institutionalism,” 2-3; Douglass C. North, “Institutional Change: A Framework of Analysis,” in *Institutional change: theory and empirical findings*, ed. Sven-Erik Sjöstrand. (Cambridge, UK: Polity Press, 1993), 35.

⁴² Sven Stienmo, “Historical Institutionalism,” in *Approaches and methodologies in the social sciences: a pluralist perspective*, ed. Donatella Della Porta and Michael Keating, (Cambridge, New York: Cambridge University Press, 2008), 126.

⁴³ North, “Institutional Change,” 35-36. It needs to be taken into careful consideration because past decision affecting the future outcomes does not necessarily imply ‘causation.’ Also there may be various other affecting factors both internally and externally.

arrangement could have been rearranged into a more efficient system according to technological development. It was not easy, however, to just change the design to which consumers were familiar and accustomed. The QWERTY keyboards, despite of its explicit inefficiency, still remains and widely used until today. This clearly denotes that institutional change is relatively hard to achieve and often returns to the past. Such phenomenon can be explained as that 'the path is dependent' and is sometimes called the 'QWERTY effects.'⁴⁴

The concept of 'Path Dependence' is advanced by Paul David and Brian Arthur. As it is clearly shown from the example above, its main idea is that once a certain path is taken or becomes dependent, it becomes locked in as the actors persist with it despite its discovered inefficiency. It was originally used by economists in search for technological trajectories like the QWERTY effects.⁴⁵ Historical institutionalists adopted the method to explain the development and persistence of institutions. Path Dependence can be defined as relevance of causes that affect the outcomes of a sequence of future events.⁴⁶ It can also be described as a track or a path that an entity started to follow and which has very high costs to reverse.⁴⁷ Levi takes a tree with many different branches from the same trunk to explain that 'the

⁴⁴ Paul A. David, "Path Dependence: A Foundational Concept For Historical Social Science." *Cliometrica* 1, no. 2 (2007): 91.

⁴⁵ Kathleen Thelen, "Historical Institutionalism In Comparative Politics," *Annual Review of Political Science* 2, no. 1 (1999): 384.

⁴⁶ William H. Sewell, "Three Temporalities: Toward an Eventful Sociology," in *The Historic Turn in the Human Sciences*, ed. Terrance J. McDonald, (Ann Arbor: University of Michigan Press., 1996), 262-263.

⁴⁷ Margaret Levi, "A Model, a Method, and a Map: Rational Choice in Comparative and Historical Analysis," in *Comparative Politics: Rationality, Culture, and Structure*, ed. Mark I. Lichbach and Alan S. Zuckerman, (Cambridge: Cambridge University Press, 1997), 28.

entrenchments of certain institutional arrangements obstruct an easy reversal of the initial choice' even with several other choice points.⁴⁸ According to the historical institutionalists, institutions are considered socially constructed in the sense that they are shaped by shared norms and perception within a society. This can lead to the conclusion that a newly created or a redesigned institution is supposedly not so much different from existing ones because of social and cultural constraints.⁴⁹

To explain Path Dependence of an institution, historical institutionalists look for 'critical junctures.'⁵⁰ In historical institutionalism, the founding cause for institutional change is a critical juncture generated by external factors. According to Capoccia and Kelemen, critical junctures are defined as "*relatively* short period of time during which there is a *substantially* heightened probability that agents' choices will affect the outcome of interest."⁵¹ In other words, critical junctures are short phases during which the choices of the actors will have a greater impact on the outcome at a later time – greater compared to before or after the period. Historical Institutionalists put emphasis on Path Dependence and unexpected and unintended outcomes when explaining institutional development.⁵² Mahoney explains that when a contingent decision is made at a critical juncture, it becomes much more difficult to go back to the

⁴⁸ Ibid.

⁴⁹ Thelen, "Historical Institutionalism In Comparative Politics," 386; Stephen D. Krasner, "Sovereignty: An Institutional Perspective," *Comparative Political Studies* 21, no. 1 (1988): 67.

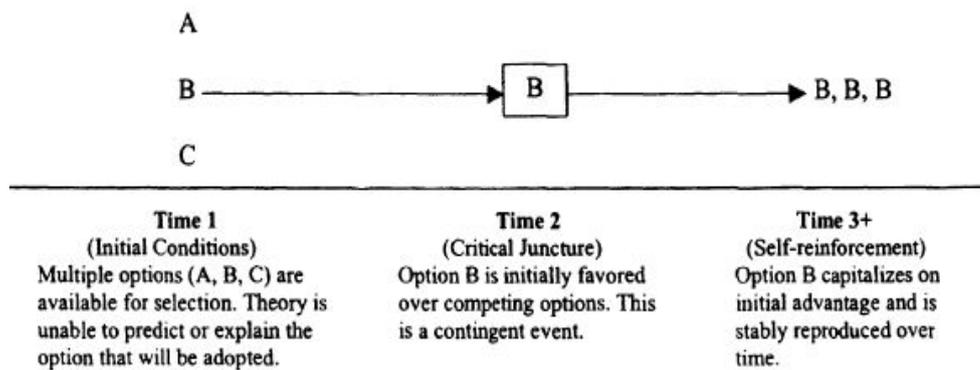
⁵⁰ Hall and Taylor, "Political Science and the Three New Institutionalisms," 942. Different scholars use different terms for 'critical juncture' such as turning point, choice point, crisis, external shock, and unsettled time.

⁵¹ Giovanni Capoccia and R. Daniel Kelemen, "The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism," *World Politics* 59, no. 3 (2007): 348.

⁵² Hall and Taylor, "Political Science and the Three New Institutionalisms," 938.

initial point and this is why those junctures are ‘critical.’⁵³ As illustrated in figure 3, at the initial point, there are several alternatives. When the actor chooses one option in a contingency described as the critical juncture, the chosen option is only reinforced, making the other option uncompetitive.

<Figure 3> Illustration of Contingency in Self-reinforcing Sequence



Source: Mahoney, James. “Path Dependence in Historical Sociology.” *Theory and Society* 29, no. 4 (2000): 514.

When explaining the cause of Path Dependence, the idea of ‘increasing returns’ is often used. The basic concept of increasing returns is that by taking the current activity, the relative benefits increase more than when other possible options are chosen and it increases even more with each move down the same path⁵⁴ – the

⁵³ James Mahoney, “Path Dependence in Historical Sociology,” *Theory and Society* 29, no. 4 (2000): 513.

⁵⁴ Paul Pierson, “Increasing Returns, Path Dependence, and the Study of Politics,” *American Political Science Review* 94, no. 2 (2000): 252.

returns increase.⁵⁵ This is why the choices made during the critical juncture bring about a path that is dependent on the previous choice and that constrains choice of alternatives in the future.⁵⁶ According to Pierson, there are four characteristics of increasing returns: unpredictability, inflexibility, nonergodicity, and potential path inefficiency.⁵⁷ Each and every characteristic supports the idea that an outcome of an earlier event cannot be predicted; it becomes harder to reverse at the later stage of the path; accidental events also have an effect in future choice; and the outcome, in the long run, may generate lower pay-offs. All these points claim that every cause and effect, separated in time, has to be taken into consideration.

3. Hypotheses and Methodology

This paper will use internal and external accountability framework and the pattern of Path Dependence to test following hypothesis: 1) deficit in the Bank's internal accountability results in deficit in its external accountability; 2) the Bank is dependent on its path – that is, it is still focused on efficiency rather than accountability.

In testing the hypothesis, this paper will look into the Panel's internal structure and inspection process in order to examine the internal relations between the Board of Executive Directors, Management, and the Panel.

In order to prove the Panel's dependency on its path, this paper will analyse

⁵⁵ 'Increasing returns,' in this sense, is also called in different terms such as 'positive feedback' or 'self-reinforcing' process.

⁵⁶ Capoccia and Kelemen, "The Study of Critical Junctures," 348.

⁵⁷ Pierson, "Increasing Returns, Path Dependence, and the Study of Politics," 253.

all the cases received by the Panel. When selecting cases to analyse, it chose the cases which have completed inspection process for an impartial comparison. The cases range from the first Request received by the Panel in 1994 to Request number 80 in April 2012. Using these 80 cases, this paper will examine the pattern of Path Dependence. Three selected cases are used for the case studies.

Throughout the research, this paper will make use of the abundant primary sources from the Bank and Panel's website ranging from project descriptions to the Panel and Management's reports which will make the research authentic.

III. Structure and Process of the Inspection Panel

1. Structure of the Inspection Panel

To have a better understanding about an institution, it is crucial that one understands its structure and how it operates. Major units that constitute the World Bank Group as a whole are the Board of Governors, the Board of Directors, and Management. The Panel is an external accountability mechanism of the Bank. The members of the Board of Governors are appointed by each member state of the Bank. In fact, they are usually composed of each country's "minister of finance, governor of its central bank, or a senior official of similar rank."⁵⁸

The Board of Directors is composed of the Bank's president and 25 Executive Directors. The president, who serves five-year renewable term, is selected by the 25

⁵⁸ "Boards of Governors," The World Bank, accessed October 21, 2013, <http://www.worldbank.org/en/about/leadership/governors>.

Executive Directors. He chairs the Board meetings and is responsible for overall management. The Executive Directors are elected through biannual regular elections at the Annual Meetings. As for voting powers, the Bank uses ‘weighted system of voting’ in which “[e]ach member receives votes consisting of share votes (one vote for each share of the Bank’s capital stock held by the member) plus basic votes (calculated so that the sum of all basic votes is equal to 5.55 percent of the sum of basic votes and share votes for all members).”⁵⁹ Five of the Executive Directors are appointed by the top five countries with the largest amount of shares in the Bank – the United States, Japan, Germany, France and the United Kingdom. Especially, the U.S. accounts for roughly 15 percent of total voting power, the largest among the 188 member states.⁶⁰ The next most influential countries, China, Russia, and Saudi Arabia, elect their own Executive Directors and the rest are elected by the other member of the Bank. Therefore there is a plenty of room for those member states to exercise substantive amount of power in demanding accountability to international organisations like the Bank.

The Panel, a complaint mechanism for individuals and communities of the Bank-funded project areas, is structured to safeguard its independence from the Bank Management.⁶¹ The Board of Executive Directors, Management and the members of

⁵⁹ “Boards of Directors,” The World Bank, last modified August 29, 2013, accessed October 21, 2013, <http://go.worldbank.org/VKVDQDUC10>.

⁶⁰ Appendix 1 is derived from *the World Bank Report 2013* for total number of votes shared among top five donor countries and the percentages.

⁶¹ "About Us," Inspection Panel, accessed October 23, 2013, <http://go.worldbank.org/Z7KI8UTFZ0>; Inspection Panel. *Inspection Panel Annual Report 2011 – 2012*, 2012, accessed October 26, 2013,

the Panel are the three main participants of the Inspection Process. It holds Management in check by investigating their operations at project sites and reports the findings directly to the Board.

Three members of the Panel are appointed by the Board to serve for a five-year non-renewable term after which they are never to work for the Bank again. Selected members should have the ability to deal with the Requests thoroughly and fairly, have integrity, be independent from Management, and have knowledge and be exposed to issues on development and conditions in recipient countries. Only the Board can decide on the removal of Panel members. The Panel has a permanent Secretariat, appointed by the Bank's President after consulting with the Board, and hired experts. The Secretariat is composed of an Executive Secretary, a Deputy Executive Secretary, and operational and support staff. Its role is to provide support in operational and administrative affairs for the Chairperson and members of the Panel and to assist the Panel with the inspection process, investigations, and answering to potential Requesters. It also includes organising and taking a part in outreach activities and events such as seminars, dispersing Panel-related information, providing the Panel members with general research and logistical support. Experts who are put into fact-finding researches and investigations should be independent and internationally-recognised. They work for the Panel to ensure its objectivity and professionalism in assessment of issues.

Looking at the big picture, it is evident how much the powerful member

http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/TheInspectionPanel_AnnualReportFY12_web_version.pdf

countries such as the U.S. can exert its power as the largest shareholders of the Bank. The Board represents the member countries and their interests and concerns.⁶² They have the authority to elect and remove the president who has always been a U.S. citizen nominated by his own country.⁶³ The Board also has the authority to choose members of the Panel. This is ensured by the Bank's weighted voting system which is the result of nature of capitalism.

2. Inspection Procedure

It cannot be denied that the structure of the Bank has certain impact on the process of the inspection. This paper will first explain the general process and procedure of the inspection and move on to the impact of the relations of the three major participants of the process – the Board, Management, and the Panel – to examine how their relations affect the inspection process.

Requesters of the complaints do not need to be an organisation or a specialist in law. According to the Panel's guideline on how to file a Request, any two or more people who are from the country where Bank-financed project is in progress and whose rights or interests have, either directly or indirectly, been adversely affected by the project can file a Request to the Panel.⁶⁴ It should be noted that they do not need to

⁶² Information about the Board can be found on the World Bank Group website; <http://www.worldbank.org/>.

⁶³ "Executive Directors," The World Bank, accessed October 20, <http://go.worldbank.org/RRBDU3PQQ0>; "Past Presidents," The World Bank, accessed October 20, 2013, <http://www.worldbank.org/en/about/archives/history/past-president>.

⁶⁴ "How to File a Request for Inspection," Inspection Panel, accessed October 27, 2013, <http://go.worldbank.org/SWMCVT8FE0>.

‘have been affected’ but those who believe that their rights and interests are ‘likely to be affected’ can also file a claim. However, as mentioned earlier, Requesters should be able to provide clear evidence that those adverse impacts are resulted from the Bank having violated its own policies and procedures. Although they do not need to specify which policies and procedures are violated,⁶⁵ if the Panel finds that the problems raised in the Request are not related to Bank’s policies, the Request will be considered ineligible and will not proceed for further investigation. They also need to prove, in writing, their residential status in the project area and the result of discussion with the Bank’s Management prior to filing a Request.⁶⁶ Requests can be submitted by both affected individuals or communities and a representative organisation outside the country where the project is undergoing when there is no local representative available, or in circumstances where no local residents or communities can file a Request.

As shown in figure 4, the process of the Panel is largely divided into two phases – the Eligibility Phase and the Investigation Phase. Once the Panel receives a Request, it determines if the Request is outside its mandate – if yes, the Request is archived. If not, the Panel registers it and sends the notice of registration to the Requesters as well as Management and lets the Board know. Management is to submit

⁶⁵ According to the 1999 Clarification to the Panel Resolution, the Requesters only need to provide explanation in substance that a violation of the Bank’s policies and procedures has brought or likely to bring an adverse impact on them. *1999 Clarification of the Board’s Second Review of the Inspection Panel*, para. 9.b., April 20, 1999, accessed November 1, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/1999ClarificationoftheBoard.pdf>.

⁶⁶ Detailed criteria on the Requesters can be found on the Inspection Panel website, available at <http://go.worldbank.org/SWMCVT8FE0>. Those Requests that do not meet the mandate of the Panel are exempt from registration. The Panel Secretariat is available for the Requesters to assist them in making a Request.

<Figure 4> Inspection Panel Process⁶⁷



Source: <http://go.worldbank.org/RVKY8KICP0>

its response to the Request within 21 working days providing evidence for 1) its compliance of the Bank policies and procedures raised in the Request, 2) its failures to comply and intention to fix it, 3) potential failures of the borrower or other external factors, or 3) failures of both Bank's compliance and the borrower or other external factors.

⁶⁷ See Appendix 2 for the full and detailed procedure of the Inspection Panel Process. It is also available at <http://go.worldbank.org/RVKY8KICP0>.

When the response is submitted, the Panel evaluates Management Response while deciding if the Request and the Requesters are eligible. Its agreeing or disagreeing with Management's Response solely depends on the Panel. When necessary, the Panel may visit the project site for a fact-finding research after which it issues the Eligibility Report within 21 working days. The Report is to determine whether the technical eligibility criteria set forth in the 1999 Clarification to the Panel Resolution have been met by the Requesters.⁶⁸ It also contains the Panel's recommendation on whether or not the Request needs an investigation.

When all eligibility criteria are found to be met, the Panel recommends a further investigation. Sometimes the Panel postpones the recommendation and allows rooms for the problems to be solved between the Requesters and Management. On the basis of the Report, the Board does or does not authorise an investigation. The Board's decision is based on no-objection and is final. On this stage, the Panel makes every document from the beginning of the process available to the public.

When the Board authorises an investigation on the project, the Investigation Phase commences. For an investigation, a team of investigators is needed. The Chairperson appoints a leader inspector and the Panel initiates headquarters work. Experts and consultants in the concerned field as well as official and unofficial documents related to the project are selected and collected. Then the fact-finding is conducted in the project area to research the alleged violations and meet with project-

⁶⁸ The resolution is available at <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/1999ClarificationoftheBoard.pdf>. The technical criteria are described in paragraph 9.

affected people and the Requester(s). The team of inspectors meet various groups of people from whom they can learn about the Request precisely. This on-site research can take as long as several months or more, depending on the complexity of cases. The field research is accompanied by desk research which focuses on the written documents to learn about the history of the project and the local contexts. With so collected facts, the Panel writes an Investigation Report and submits it to the Board, Management, and the President. The Investigation Report includes collected and analysed data from the field and desk research, main findings, and conclusions on the alleged noncompliance. In response to and based on the Investigation Report, Management submits its recommendations (the Action Plans) to bring the project back into compliance with the Bank's policies and procedures within six weeks.

The final decision goes back to the Board who meets to discuss further actions for which they have three options. First, they may simply approve Management's Action Plan (MAP). Second, they may ask Management to elaborate more on planning the MAP to bring the project back to compliance. In some cases, in addition to the MAP, they may require Management to report back regularly with its progress on implementation. At this stage, they may ask the Panel to find out if the MAP appropriately involves the Requesters and the affected people for consultations. Even after the MAP is approved, they may ask the Panel to monitor the implementation. Third, they may disagree with the MAP and decide to cancel the Project by withdrawing the Bank's funds. There have been only two cases so far where the Board decided to cancel the Project: 'Arun III Proposed Hydroelectric Project and

Restructuring of IDA Credit’ in Nepal, the very first case of the Panel, and ‘Western Poverty Reduction Project’ in China. Once the Board’s decision is made, all reports, recommendations, and decision by the Board become open to the public.

3. Triangular Relations: the Board, Management, Panel

The entangled relations among the Board, Management and the Panel are crucial in analysing the internal accountability of the Panel. As it was illustrated in the inspection process, the Panel reports to the Board on the problem that was raised in a claim by Requesters. In response to this, Management also submits its own report, prepared on the basis of the Panel’s investigation report, to show their Action Plans to keep the project going. In this sense, the accountability mechanism of the Bank can be presupposed as that the Panel represents ‘accountability’ while Management is symbolised as the Bank’s ‘efficiency.’ Again, the final decision is on the Board to be made. The Board may either approve or reject Management’s Action Plans. In this sense, the Board is in the position of choosing between enhancing accountability and efficiency. To assess the Bank and the Panel’s internal accountability, therefore, it is essential to study the inter-relations and interactions of the three main actors of the inspection process.

The role of the Board, as described in ‘The Structure of the Inspection Panel,’ involves representing the Bank’s member countries and representing their interests and concerns. The Board members are either appointed or elected by the member countries. The Board then selects the President who also serves as the Chairman of the Board and

approves his contract with the power to remove him from the office. This makes it not too much to say that the Board of Executive Directors is an instrument of the member countries to express their interest and exercise power. It is true especially for those countries that have the most voting powers such as the U.S. Philipp Dann also raises this concern when he says, “[even though] it is the Board of Executive Directors, the representation of member states in the Bank, which appoints the Bank’s president[,] high-income states and especially the U.S. exert a much stronger influence and hold organizations almost unilaterally accountable [. . .] by determining who is president of the World Bank.”⁶⁹ This has generated criticisms as in the case of ‘Western Poverty Reduction Project.’ This case will be dealt in details in the following chapter.

The whole point of the existence of the Panel is not just to provide a channel for the affected people to express their voices. Rather, it is to be able to hear the voices and to provide answers to the concerns in a manner that fixes the situation, in other words, be accountable. However, the process of the Panel itself has several aspects which attribute to the failure to enhance the Bank’s accountability. First of all, the opportunities to express their voices are unfair between the Requesters and Management. When the Requesters file the Requests, their role in the process is over. Although the Panel interviews and consults with them during the investigation, it is hard even to reach the stage of consultation because the Requests can be rejected at any one of the four stages during the Eligibility Phase. First, the Request can be rejected to be registered. Second, it may be found ineligible. Third, even though it is found to be

⁶⁹ Dann, "Accountability In Development Aid Law," 388.

eligible, the Panel may not recommend an investigation. Fourth, even with the Panel's recommendation, the Board may not authorise an investigation.

The other aspect which contributes to the unfairness of the process is that, in contrast to the Requesters, Management has two chances to defend themselves and express their arguments: once during the Eligibility Phase and again in the Investigation Phase after the Panel's investigation report. When Management submits its response and recommendations (MAP), the rest of the process depends solely on the Board. Neither the Requesters nor the Panel have a chance to refute Management's claims. Where there have been successful resolution between Management and the Requesters, it may not become a big deal. However, the MAPs may not always be the best solution to the Requesters' concerns. Besides, once an investigation is conducted regarding any case, the Requesters cannot file another Request for the same matter. This means that, once the Board approves the MAP, regardless of its validity and fairness, there is no way that the Requesters can make claims. These factors put Management in the position of advantage as in the process of the Panel.

Table 1 shows how many Requests have been approved and rejected at each stage.⁷⁰ It can be argued that the larger the percentage is both at each stage and overall, the more accountable the Bank. In compliance with the Panel's process, the Panel proceeds with Eligibility Report only after receiving a response from Management. Depending on each case, a case may be formally registered but can be exempt from the eligibility phase because of its ineligibility found at this stage. This is why the numbers

⁷⁰ As explained earlier, only those cases that have completed inspection process are analysed.

<Table 1>Records of Requests (as of April 2012)

	Requested/ Recommended	Approval	Rejected	% of Approval (at each phase)	% of Approval (overall)
Registration	80	71	9	89	89
Eligibility	-	55	11	77	69
Investigation	34	29	5	85	36
Final Decision	29	4	25	14	5

Source: "Panel Resources." Inspection Panel. <http://go.worldbank.org/6OB0MLOJ20> (accessed October 23, 2013). Compiled by author.

of cases that are ‘approved to be eligible (55)’ and those that are found ‘ineligible (11)’ do not add up to the number of registered cases (71). At the eligibility phase, the Panel decides whether the Request and Requesters are eligible in accordance with the eligibility criteria set forth in paragraphs of the Resolution. Even if the Request and Requesters are found technically eligible according to the criteria, the Panel may not recommend an investigation due, for example, to the Requesters’ satisfaction with Management’s revised Action Plan. This explains the discordance between the numbers of ‘eligible Requests (55)’ and Requests that are ‘recommended for an investigation (34).’ As reviewed in the earlier section, the Board makes the final decision on the basis of the Inspection Report prepared by the Panel and Management’s Recommendations at the very last stage. Therefore there is no de facto rejection by the Board. ‘25’ under the ‘rejected’ column means the Board decided to approve the

MAP.⁷¹

MAP can be recommended prior to the investigation in response to the Request at the earlier stage. It can also be recommended after the investigation based on the Panel's findings. In this sense, when the Board decides to approve the MAP, it can be regarded that the Board's decision was in favour of Management. The reason why this paper classifies this as 'rejected' is, as mentioned earlier, because Management gets several chances to revise their proposals and still pursue their goals in implementing their plans. Even if the plans are revised so as to reflect Requesters' concerns and the Panel's findings, there is always the possibility that the primary interest of Requesters may not have been fully reflected.

The four 'accepted' cases are somewhat distinguished from the 25 'rejected' cases. The four cases are 'Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit' in Nepal (1994), 'Western Poverty Reduction Project' in China (1999), 'National Drainage Program Project' in Pakistan (2004), and 'Integrated Coastal Zone Management and Clean-up Project' in Albania (2007). For the first two cases, after the Panel's investigation, the Board decided to withdraw all the Bank financing from the projects in spite of Management's revised version of Action Plans. It was not the case for the latter two. The Board approved the MAP for both of cases.⁷² However, the Panel played a significant role in these cases. When Management submitted its responses to the Requests, it argued that the project was in compliance with the Bank's

⁷¹ These cases are described as 'partial approval' in the table in Appendix 3.

⁷² The National Drainage Program Project closed in December 2004 and the Integrated Coastal Zone Management and Clean-up Project is still active.

policies and procedures. After the Panel's investigation and discovery of evidences of non-compliance, Management accepted the fact that it was not following the policies and revised their Action Plans. In these cases, the Board required Management to submit progress reports in implementing the plans.

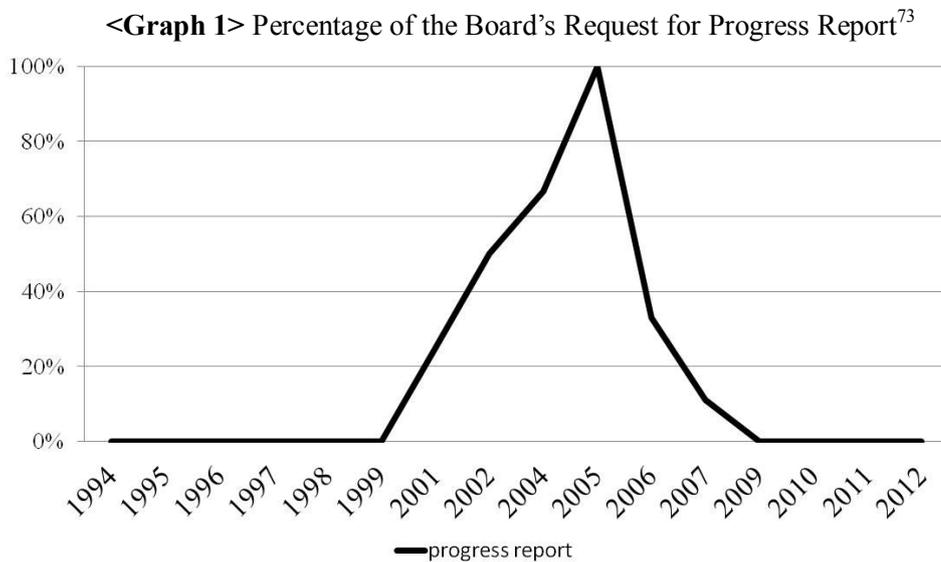
As shown in the table, however, it is notable that only four Requests out of 80 (5%) have gone through full investigation and got approved by the Board. The rest of the Requests were not even registered, found ineligible, not recommended for an investigation, or only partially approved. When only 5% of the Requests have been fully investigated and approved, it is likely that the Panel is not operating effectively as an accountability mechanism to enhance the Bank's legitimacy. Rather, it can be said that Management still is exercising superior influence over the Panel process. If the Requesters only get a single opportunity to make a claim upon which their livelihood is depending, and get rejected at each phase for different reasons, their participation is surely limited. When the Panel exists to provide a direct channel for the affected people, without their full participation, its existence cannot be legitimised.

IV. Is the Inspection Panel Dependent on Its Path?

1. Finding the Critical Juncture

As discussed above, three options have been taken as the Board's final decisions: 1) to disagree with Management's recommendation and decide to cancel the Project, 2) to approve the MAP, and 3) to approve MAP but also require for (regular) progress

reports on the implementation of the MAP and ask the Panel to monitor the progress or consult with Management in doing so – this is referred to as partial approval. The Board approving the MAP can be regarded as Management domination in the process. However, with the Panel’s monitoring through the progress of implementation of the Action Plans, it can be supposed there is higher probability that the Bank has reflected the Requesters’ concerns and therefore enhanced the Bank’s accountability. In this sense, this paper has analysed how many ‘partial approvals’ required progress reports and the Bank’s consultation. The result is as shown in graph 1 below.



Source: Inspection Panel. Compiled by author.

What does this graph imply? It is notable that the percentage suddenly rises during the 2000s and falls again and such fact seems perfect to argue for the Bank’s

⁷³ Some years are omitted either when the Panel did not recommend investigation (2000, 2003) or when there was no Request received (2008).

path dependence. To prove this, the paper selected the years 1994, 1999 and 2007 as the years of critical junctures. The creation of the Panel in 1994 itself was a big change in the history of not only the Bank but in the international society as well. The first case received in the year was cancelled. 1999 was the year when the Bank decided to withdraw financing from the ‘Western Poverty Reduction Project’ in China. 2007 could be another critical juncture after which there is no more partial approval. The selected case in this year is the ‘Integrated Coastal Zone Management and Clean-up Project’ in Albania, the last case where Management was required to submit progress reports.

This paper will explain general overview of each critical juncture and examine their attribution to changes that had taken place. All the information regarding the report by the Panel and Management are retrieved from the Bank and the Panel websites and annual reports. The three projects will be described in chronological order.

2. Case Studies

Case 1: ‘Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit’ in Nepal (1994)

The ‘Arun III Proposed Hydroelectric Project (*hereinafter* the ‘Arun III Project’)’ of Nepal took place in 1994, the year that the Panel was established. Some consider the Project a test case in that it showed the world that a Request from individuals could actually lead a project to the cancellation.⁷⁴ However, with the establishment of the

⁷⁴ Jonathan Fox, “Introduction: Framing the Inspection Panel,” in *Demanding Accountability: Civil-Society Claims and the World Bank Inspection Panel*, ed. Dana Clark, Jonathan Fox, and

Bank's accountability mechanism, it surely has significant meaning in the Panel's history. This case is also one of the cases which the Panel selects as one of the successful examples that improved the lives of the affected people.⁷⁵

The Project

The 'Arun III project' was proposed by the government of Nepal with an aim to provide the people with a source of income through selling surplus power to India and thereby boosting the national economy. Designed to benefit primarily the Department of Roads, Ministry of Works and Transport of Nepal, and the Nepal Electricity Authority as the secondary beneficiary, it was the largest project ever to be implemented in Nepal. The project site is situated in the Eastern Nepal. The components of the project included a 122 kilometres of access road to the dam through the Arun Valley, construction of a 201 megawatt run-of-river hydroelectric power scheme (first stage of a 402 megawatt scheme) that included a 68 metre dam in the Sankhuwa-Sava District, and 122 kilometres of transmission lines from the district to Duhabi.

The project was proposed to be financed by several agencies such as Asian Development Bank, Kreditanstalt für Wiederaufbau (KfW) - a German investment Bank, and other countries such as France, Finland, and Sweden. The Bank was also to partly finance the project. The total cost of the project was US\$1082.3 million for the

Kay Treacle, (Lanham, Md.: Rowman & Littlefield Pub., 2003), xix.

⁷⁵ Inspection Panel, *Accountability at the World Bank: The Inspection Panel 10 Years On*. (Washington DC: the World Bank, 2003), 50, accessed November 1, 2013, http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/TenYear8_07.pdf.

first stage of the 402 megawatt scheme⁷⁶ and the IDA was to provide US\$140.7 million worth of development credit as well as US\$32.8 million for the construction of a route that cut across the valley.⁷⁷

The Request

The Request was filed by a group of local residents of the project site and two NGOs in Kathmandu, the Arun Concerned Group and the International Institute for Human Rights, Environment, and Development (INHURED). Their main claim was focused on their future and possible resettlement. They argued that such a large project as proposed could not be sustainable in the economies with the size of Nepal's⁷⁸ and suggested projects of less expensive and smaller scale as alternatives. They also argued that the Bank violated its own policies regarding disclosure of information related to the project. According to the Requesters, the Bank's risk analysis was also faulty because it did not take the possibility of a natural catastrophe into account when assessing the risk of the project nor did it recognise the need for a bilateral agreement, considering selling the surplus energy to India, as a legal basis which could reduce economic risks. The Requesters also raised concerns that pertained to the unsuitable compensation plan for the indigenous people as a result of the construction of the

⁷⁶ *Request for Inspection*, October 24, 1994, 1, accessed October 5, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/ARUNRequest.pdf>.

⁷⁷ *Investigation Report*, June 21, 1995, 5, accessed October 5 2013, http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/Investigation_Report_62195.pdf.

⁷⁸ Inspection Panel, *The Inspection Panel 10 Years On*, 51. The Inspection Panel's report states that the estimated cost of the project was about the equivalent size to Nepal's annual government budget.

access road to the dam and possible resettlement.

Regarding the diminution of poverty which was one of the goals of the project, the Requesters stated that the project would only aggravate it due to government commitment to investment was too high for it to afford. Consequentially the government of Nepal, they argued, would need to crowd out investments in education, health, nutrition, and family planning which were primary concerns for Nepalese people for poverty reduction.⁷⁹

The Inspection Process

As for the Requester's claims, Management adhered to the position that the Bank's policies and procedures were in compliance with in the design and appraisal of the project. The Panel reviewed both Management's Response and the Request and based on the documents, concluded that the case was worth investigating. In the Eligibility Report, the Panel approved the eligibility of the Request and the Requesters and recommended that an investigation be conducted for issues related to indigenous peoples, environment assessment, and involuntary resettlement. As for the information disclosure policy and provision of alternative economic analysis, the Panel concluded that an investigation was unwarranted. The Board approved its recommendation for an investigation on February 2, 1995.

While the Panel members were reviewing the documents, Management revisited the field and reported a revised version of its Action Plan to the Panel. The

⁷⁹ *Request for Inspection*, October 24, 1994, 8.

Panel also conducted the field research partly in order to assess the ground situation and partly to determine adequacy of Management's remedial Action Plan. It met with not only the Bank staff and the Requesters but also with representatives of the donor countries and NGOs.

The Panel's Investigation Report was submitted on June 21, 1995. As for environmental aspects, the Panel raised some serious concerns. The route through the dam was originally aligning the hills but was redesigned to cut across the valley. Many local residents and officials argued that the economic benefit would have been much higher if the project stuck with the original plan but Management adhered to the revised design. There was no analysis initiated about the two routes. Other concerns included not conducting an environmental assessment of the route before project appraisal and inadequate use of local labour. The Panel acknowledged Management's efforts in its Action Plan to bring the project back into compliance. However, it also raised concerns that the Plan could either become a successful model or cause a serious problem if badly implemented.

Regarding indigenous peoples, the focus of the study was whether the residents of the valley applied to the criteria of the Bank's policies (Operational Directive 4.30 on Involuntary Resettlement⁸⁰). In following the OD, the Bank had a difficulty in defining who were a 'resettled' or 'displaced' person and which families were 'seriously affected' or 'displaced.' It was directly linked to the issue of equivalent

⁸⁰ The OD 4.30 is available at http://www.ifc.org/wps/wcm/connect/322d9d80488559f584b4d66a6515bb18/OD430_InvoluntaryResettlement.pdf?MOD=AJPERES.

compensation for those affected people. The Panel, after consulting with people from the valley, concluded that they could be identified as indigenous peoples according to the OD 4.20 on Indigenous Peoples.⁸¹ Accordingly, it noted that Management's proposal would appropriately bring the project to compliance with OD 4.20 if implemented with continuous monitoring and supervision.

Such problem was caused because OD 4.30 was issued only after the agreement on the project was reached. Thus, the Bank observed that the project did not fit into OD 4.30 and dismissed the applicability. However, the Panel stressed the Bank's obligation to ensure the borrower to provide adequate compensation to the affected peoples. In this sense, it agreed with the Requesters that the resettlement issue had been neglected and that the compensation system was inadequate. Management included these issues in its remedial Action Plan.

In conclusion, the Panel was generally satisfied with Management's revised proposal but still raised concerns for several issues with insufficient attention. It also expressed its concern on project and its importance in respect to the country's economic size and institutional framework.

The then-incoming president of the Bank, James D. Wolfensohn, decided for an independent review of the project to be conducted before making a final decision. A group conducted a separate research and reported to the President. After reviewing the report and the Panel's Investigation Report, the President decided to stop financing for

⁸¹ The OD 4.20 is available at http://www.ifc.org/wps/wcm/connect/835cc50048855270ab94fb6a6515bb18/OD420_IndigenousPeoples.pdf?MOD=AJPERES.

the project and prevent further cost overrun and potential risks.

Attribution to the Bank's accountability

Bissell, as one of the Panel members at that time, explains the internal process of that time within the Bank and the Panel which shows internal flaws of the Bank.⁸² Being the first ever claim received by the Panel, the Nepal' case brought about conflicting responses. The general counsel initially argued that the claim was ineligible. In accordance with the resolution that created the Panel, Management requested the Panel to consult with the general counsel about the issue.⁸³ So the Panel did seek for advice. However, Bissell notes that the Panel remained persistent to their own decisions especially about eligibility.⁸⁴ The Panel did not take the advice of the counsel but concluded that the Request and the Requesters met technical criteria to be eligible. Management, anxiously trying to prevent the investigation, arranged a meeting with the Board members excluding the Panel and insisted that they could resolve the problems. However, the Board realised that essential parts of the project were missing, and "reluctantly agreed to authorize the [P]anel to conduct an investigation in the field on three [out of the six requested by the Requesters] of the safeguard policies."⁸⁵ Even before the investigation started, Management asked the Board to delay the

⁸² Richard E. Bissell, "The Arun III Hydroelectric Project, Nepal," in *Demanding Accountability: Civil-society Claims and the World Bank Inspection Panel*, ed. Dana Clark, Jonathan Fox, and KayTreakle (Lanham, MD.: Rowman& Littlefield Pub., 2003), 33-37.

⁸³ Paragraph 15 of the Resolution states that "[t]he Panel shall seek the advice of the Bank's Legal Department on matters related to the Bank's rights and obligations with respect to the request under consideration.

⁸⁴ Bissell, "The Arun III Project," 34.

⁸⁵ *Ibid.*

investigation and allow them time to redesign the project. The Panel could only conduct the investigation once Management's remedial plan was submitted. Reviewing the Panel's Investigation Report, opinions among the Bank staff were split into two and generated major debate within the Bank regarding the approval of financing. The Board was caught in a dilemma because the accountability mechanism it created required the Board to make the final decision. Sensing the hesitance, Management once again provided the Board with information favourable to itself. Such unacceptable event got out to the NGOs and led to protests. When James Wolfensohn became the president and decided the termination of the project, the Board could be "relieved of their unwanted role in decision making."⁸⁶

Case 2: 'Western Poverty Reduction Project' in China (1999)

The 'Western Poverty Reduction Project,' also widely known as the 'Qinghai Project,' is introduced by the Panel as "one of the most controversial projects ever handled by the World Bank."⁸⁷ This is the second of the four cases where the Bank successfully enhanced its accountability.

The Project

According to the Bank, the project succeeded five other projects initiated by the Chinese government.⁸⁸ The aim of the project was to reduce absolute poverty in Gansu

⁸⁶ Ibid., 35.

⁸⁷ Inspection Panel, *The Inspection Panel 10 Years On*, 69

⁸⁸ Ibid.

and Qinghai Provinces and Inner Mongolia Autonomous Region, the villages in which are remote and inaccessible, by increasing the income level and productivity in both agricultural and other activities, and to raise the residents' living standards by improving rural infrastructure. The estimated number of people who were to be assisted was 1.7 million. The project was composed of eight components such as development of land and household, improvement of infrastructure, support of replacement of farmers, construction of education and health facilities and so on.⁸⁹

Among the three provinces of the project area, the Request focused on the Qinghai province, located in western China.⁹⁰ The population of five million in Qinghai is mainly composed of Han, Tibetan, Mongolian and other minority ethnic groups. The purported beneficiaries from the Qinghai Project were 57,775 poor farmers of eastern Qinghai living on the hillsides. They supported their livings by high-altitude rain-fed agriculture. As a part of the project, these farmers were to be voluntarily resettled to Dulan County in Haixi Prefecture, a Mongol and Tibetan Autonomous Prefecture of Qinghai Province with 4,000 residents.⁹¹ Resettlement was involved because the hillsides of eastern Qinghai, where the farmers had lived on, were eroding due to pressure from high population of 1.3 million and could no longer

⁸⁹ The eight components are 1) land and household development by providing improved agricultural and livestock technology packages; developing forests; and upgrading agricultural and livestock support services; 2) improve irrigation and land by building a new and renovating an existing dam, and constructing irrigation and drainage systems; 3) improve rural roads, build drinking water supply facilities and extend electric power lines; 4) provide credit to establish non-state owned and household-based rural enterprises; 5) organise and place on a voluntary basis surplus rural labourers in off-farm employment; 6) support voluntary placement of some of the absolute poor living in mountains and local herders and farmers; 7) construct and upgrade basis education and health facilities; and 8) fund institution building and project management.

⁹⁰ Appendix 4 shows the map of these 'move-out' villages.

⁹¹ Appendix 5 provides the map of the 'move-in' area.

sustain them. Both the resettled farmers and those staying were to be provided direct benefits such as rights to use arable land with support in skills in the move-in area for the resettled and enabling the area to better support the remaining.

The project also included other components such as renovation of an existing dam, construction a new dam, building two canals to and from the new dam to be used in Dulan County for some 26,500 hectares of land. The project's total cost was US\$312 million, and the Bank was planned to contribute US\$160 million of which US\$40 million was earmarked for the Qinghai component.

The Request

The outset of the civil movement was on April 27, 1999, when “the London-based Tibet Information Network (TIN) broke the news”⁹² about the Qinghai Project. The article by TIN argued that the relocation of the people would only increase the Chinese population in the move-in area, which would then lead to making Tibetans and Mongolians even more marginal and that it would do bad to those Tibetans' viability of civilisation, identity and land.⁹³ On April 30 of the same year, there was a demonstration in front of the Bank headquarters with hundreds of people holding signs that read “Save Tibet” and “World Bank Kills Culture.”⁹⁴Increasing external criticism

⁹² Dana Clark and Kay Treakle, “The China Western Poverty Reduction Project,” *Demanding Accountability: civil-society claims and the World Bank Inspection Panel* (Lanham, Md.: Rowman& Littlefield Pub., 2003), 243.

⁹³ “TIN Special Report: Development and Population Transfer in Qinghai,” April 27, 1999, quoted in Inspection Panel, *The Inspection Panel 10 Years On*, 71. The original source is not available.

⁹⁴ Inspection Panel, *The Inspection Panel 10 Years On*, 69.

finally resulted in dialogues between the Bank and TIN. The Bank distributed a description and list of project activities. A team of the Bank Management members visited Qinghai and conducted an assessment. The Chinese government also agreed to refine some components of the project.

Despite the Bank's efforts to reform, the Request for an inspection was received at the Panel on June 18, 1999. The Request was filed by an NGO called the International Campaign for Tibet (ICT) on behalf of the residents of the project area who feared to speak against the Chinese government.⁹⁵ The ICT is a U.S. based NGO advocating the rights of the people of Tibet. Out of the policies and procedures raised in the Request,⁹⁶ the main claim of the ICT was that the project "would affect the lives and livelihoods of Tibetan and Mongolian ethnic peoples"⁹⁷ in the move-in area. According to the ICT, through resettlement of the new migrants who are neither Tibetans nor Mongolians, 4,000 local people in the traditionally Tibetan area would be directly and adversely affected socially and environmentally and the entire country would also be indirectly affected by a serious risk of escalation of ethnic tension and resource conflicts. In addition, the classification of the project, that needed less scrutiny of environmental evaluation, was also brought into question. They also mentioned the Bank's failure to transparently disclosing the information about the

⁹⁵ Paragraph 12 of the Resolution that created the Panel specifies that the Requests can be received from "another representative (which is not local) in the exceptional cases where the party submitting the Request contends that appropriate representation is not locally available."

⁹⁶ Policies and procedures raised in Request are disclosure of operational information (BP 17.50), involuntary resettlement (OP 4.30), environmental assessment (OP 4.01), indigenous people (OP 4.20), pest management (OP 4.09), safety of dams (OP 4.37 and BP 4.37), retroactive financing (OP 12.10), and investment lending (OP 10.00).

⁹⁷ Inspection Panel, *Report and Recommendation*.

project such as environmental assessment and resettlement Action Plan.

Six days after the Request, the financing of the project was approved by the Board under the condition “that no work be done and no funds be disbursed for the US\$40 million Qinghai component of the project until the Board decides on the results of any review by the independent Inspection Panel.”⁹⁸ Documents were amended to include the condition and agreed to implement changes when necessary if any issues arise from the Panel process.

The Inspection Process

According to the inspection process, Management is to respond to the Request within 21 working days from the registration date. To make the long story short, it concluded that the staff members followed required steps and complied with the Bank’s policies and procedures in project design and appraisal. Regarding the issues of indigenous people, it acknowledged the allegation but asserted that political issues are beyond the Bank’s capacity to address. It concluded that it could have considered the possibility of alleged issues in advance but it does not imply that Management violated the Bank policies regarding indigenous people. In regard to the categorisation of the project, Management responded that categorising the project was more of a judgment that had nothing to do with compliance with the policy. It also claimed its compliance with disclosure as well but ‘good practice guidance’⁹⁹ which is not a policy requirement

⁹⁸ Inspection Panel, *The Inspection Panel 10 Years On*, 72.

⁹⁹ Good Practice Guidance is the guidance provided to staff through an internal Operational Memorandum which states that “*task teams should... provide the [Environmental Assessment]*

could have been followed for better performance.

Upon examining the Request, Requester, and Management's Response, the Panel decided that the Request is eligible for an inspection on August 18, 1999.¹⁰⁰ On September 9, 1999, the Board approved the Panel's recommendation for an inspection.¹⁰¹

The investigation by the Panel took seven months. A selected team of senior consultants conducted interviews with project related Bank staff and consultants and experts of concerned fields not related to the project. A team of three Panel members¹⁰² and three specialists outside the Panel visited Beijing to communicate with the Chinese government officials and local residents of both move-in and move-out areas. On April 28, 2000, the Panel reported to the Board that Management has violated some provisions of the Bank policies.¹⁰³

The Panel expressed its concern on the inconsistency with application of policies. Bank staff members all had different ideas on how to apply the Bank policies causing inconsistency over the implementation of the project. Regarding the

reports to the InfoShop before the appraisal mission departs." Management Response, *China Western Poverty Reduction Project (Credit No 3255-CHA and Loan No 4501-CHA)*, July 19, 1999, accessed May 25, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/ChinaWesternManagementResponse.pdf>.

¹⁰⁰ Inspection Panel, *Report and Recommendation on Request for Inspection*, August 18, 1999, accessed May 25, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/ChinaReportandRecommendation.pdf>.

¹⁰¹ Inspection Panel, *The Inspection Panel 10 Years On*, 72.

¹⁰² Two Panel members and the Panel's executive secretary. Inspection Panel, *10 Years On*, 73.

¹⁰³ Inspection Panel, *Investigation Report*, April 28, 1999, accessed May 25, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/CHINA-InvestigationReport.pdf>.

environmental assessment, the Panel expressed four concerns in specific. First, it noticed that the time frames of the project were not properly placed resulting in failure to distinguish short-term and long-term effects on the environment. Second, the term 'project area' is not clearly defined so Management's assessment did not cover all affected people and areas. Third, the survey about resettlement conducted by Management was inappropriate in a sense that the confidentiality was not maintained. The questionnaires in fact asked for the respondents' names which could have caused serious problems for the Tibetans in the move-in area. Fourth, project alternatives were not provided so that it was impossible to judge if the proposed project was the best option in regard to compliance with Bank policies.

The Panel went on to comment on the categorisation of the project. It argued that the project should have been categorised as Category A, where more meticulous environmental assessment is required, because the project involves eight sub-projects among the total of twelve types of project enlisted under Category A. Issues regarding the safety of dam were found to be in compliance with the Bank's policies but the Panel paid attention to the seismicity in the project area. Management was found violating the policies as to pest management and lack of research on natural habitats lost.

Regarding indigenous peoples, the Panel points to Management's ambiguous definition of 'indigenous peoples.' For example, the Hui, Mongol, Tibetan, Tu, and Salar are culturally different minority groups which had been lumped together by Management. This could be related to the Requester's most crucial concern, cultural

dilution due to a huge resettlement of Han Chinese. The Panel took several statistic figures into consideration that provided evidence that the status of the Mongolian and Tibetan Autonomous Haixi Prefecture would be adversely affected by the resettlement.¹⁰⁴ The Panel also raised questions about insufficient and inadequate compensation for the resettled. Concerning disclosure of information, it concluded that Management failed to provide information in a timely manner which could have contributed to improvement of the project.

In response to the Panel's findings, Management submitted the follow up report to the Board. In the report, Management accepted the Panel's criticism that more efforts should have been made for confidentiality, involvement of affected people, environmental assessment, and preparing information. In addition, Management made further changes in their project proposal.

Despite Management's refinements to the project, the Board decided that the project be cancelled. Chinese government decided to fund the project by themselves and changed the name to the 'Gansu and Inner Mongolia Poverty Reduction Project.' The Bank appraises that the project was successful illustrating leading to the Bank's enhanced accountability. The Panel's involvement in the Bank's project made influence – although indirectly – on the establishment of the Quality Assurance Group of the Bank.¹⁰⁵ Overall, it can be said that the Panel gave rise to more thorough application of the policies.

¹⁰⁴ The figures can be found in: Inspection Panel, *The Inspection Panel 10 Years On*, 77.

¹⁰⁵ Inspection Panel, *The Inspection Panel 10 Years On*, 79.

Attribution to the Bank's accountability

Has the Qinghai case contributed to the enlargement of accountability of the Bank as argued by the Panel and the Bank?¹⁰⁶ Their logic behind considering the case successful is that the Bank maintained its accountability for the affected people by cancelling the project which harmed their livelihoods by violating its own policies. However, this paper focuses on whether or not this really implies enhanced accountability.

In fact, the Qinghai case is analysed and criticised in numerous papers. Wade sees the Bank as an instrument used by the U.S. to maintain its hegemony over the global issues giving the Bank's structure as the evidence.¹⁰⁷ The weighted system or so-called one-dollar-one-vote system of the Bank supports his argument. As the biggest donor to the Bank, the U.S. exerts the most influential voting power over the composition of the Bank. This provides the U.S. with more possibility to appoint and elect a U.S. citizen for the top positions, which will eventually lead to U.S. control over the decisions made at the Bank. The Qinghai case is one of the examples he used to explain the U.S. influence over the Bank. He asserts that the Requester, the ICT, played a pivotal role for the US to politicise the situation through rampant campaigns.¹⁰⁸

Kim also points out three negative impacts the cancellation contributed to: excessive money and time spent for the investigation, moral hazard widening gaps

¹⁰⁶ Ibid., 69-79.

¹⁰⁷ Robert H. Wade, "US Hegemony and the World Bank: The Fight over People and Ideas," *Review of International Political Economy* 9, no. 2 (2002): 201-229.

¹⁰⁸ Robert H. Wade, "Accountability Gone Wrong: The World Bank, Non-governmental Organisations and the US Government in a Fight over China." *New Political Economy* 14, no. 1 (2009): 25-48.

between the first and the third world, and power politics that played a pivotal role throughout the process.¹⁰⁹ His main argument on the Qinghai case is that by attempting to enhance accountability, the Bank has diminished its efficiency by large amount thereby entailed decrease in its legitimacy.

Clark and Treakle also mention internal crisis that resulted from the Qinghai Project.¹¹⁰ It is also related to the power politics between the China, the largest borrower, and the U.S., the largest donor of the Bank. Even before the claim was filed by the ICT, there was tense debate on whether to proceed with the project in China. Management of the Bank got the EAP region and the central Environment Department to assure that there was no violation of the Bank's policies and procedures and continued to insist its compliance. Some members of the Board and even the U.S. Congress and European parliaments contacted the President to stop the financing. Even though the Bank cancelled the project at last as described above, the Chinese government scaled down the project and continued with resettlement of Tibetans. The long term effect of the continuance of the project has to be watched, but it surely demonstrates the Bank's lack of ability of becoming fully accountable to the affected people.

¹⁰⁹ Kim, "Contradictions of Global Accountability," 36-37.

¹¹⁰ Clark and Treakle, "The China Western Poverty Reduction Project," 221-222.

Case 3: ‘Integrated Coastal Zone Management and Clean-Up Project’ in Albania (2007)

The ‘Integrated Coastal Zone Management and Clean-Up Project (*hereinafter* ICZMCP)’ in Albania is the fourth and the last case so far that went through full investigation by the Panel under the authorisation of the Board. Unlike the Qinghai case, this project is not cancelled but suspended for further improvement to be made by Management.

The Project

Although it is still a lower middle income country, Albania has achieved expressive economic progress since its regime transition from a communist to a market-based economy with agriculture as the most important sector. Tourism in Albania amounts to 10% of its GDP which is expected to increase in the future. However, poor strategies with regard to spatial planning, infrastructure, and lack of related education are still the problems faced by Albanian tourism industry.

In this regard, the main objective of the project was to assist Albanian government for sustainable development of tourism in the southern coast of the country, improvement of environmental conditions of the area and thereby enhancing the quality of life, and protection and reinvigoration of the unique heritage of the community. The geographical scope of the project covered from Llogora Pass to the Greek border, including a polluted industrial area, Porto Romano, to be cleaned up. It was to be done “by improving critical public environmental infrastructure and

municipal services, remediating and containing pollution hazards from a former chemical plant in Porto Romano near Durres, improving community infrastructure and enhancing architectural and cultural resources.”¹¹¹ The project consisted of four components which involved enhancing the Albanian authorities’ resource management skills, infrastructure building, cleaning up of Porto Romano,¹¹² and management and monitoring of the project. The project also included financing for the construction of a solid waste landfill and a passenger terminal in Saranda Port, investments in southern coastal villages, and preservation of environmental and cultural heritage in Butrint National Park.¹¹³

The project was implemented by several ministries of Albania – Ministry of Territorial Adjustment and Tourism (MoTAT), the Ministry of Environment, the Ministry of Transport and telecommunications, the Ministry of Culture, Youth and Sports – as well as other municipalities and communes not only at the central but also regional and local levels as well.

As for financing, the total cost for the project was US\$38.56 million with the committed amount of US\$17.5 million from the Bank. The project was divided into

¹¹¹ “Integrated Coastal Zone Management & Clean-Up Project (APL #1),” World Bank, accessed November 7, 2013, <http://www.worldbank.org/projects/P086807/integrated-coastal-zone-management-clean-up-project-apl-1?lang=en&tab=overview>.

¹¹² The former chemical plant of Porto Romano was considered as one of the most seriously contaminated areas in the Balkans. Inspection Panel, *Report and Recommendation on Requests for Inspection*, October 17, 2007, accessed November 6, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/albaniaCoastal-eligibility-clean.pdf>.

¹¹³ “Integrated Coastal Zone Management and Clean-up Project in Albania,” *Balkanforum Balkanblog.org*, last modified February 10, 2009, accessed November 6, 2013, <http://balkanblog.org/2009/02/10/integrated-coastal-zone-management-and-clean-up-project-in-albania/>.

two phases for the duration of seven years in total. The first phase would be financed by five different entities: the Albanian government, the European Union CARDS Program, the Government of the Netherlands (for Port Romano), Austrian government (solid waste management), and beneficiaries.

The Request

Two separate Requests were received by the Panel regarding the project. The first Request was filed on July 30, 2007, by the local representatives composed of a number of families in a community of Jale, a small residential village with 60 people in 10 families and a part of the village of Vuno, Himara.¹¹⁴ The second Request was filed one month later on August 13, 2007, by Petrit Levendi who submitted the Request on behalf of the Association of Tourist Operators (CTO) of Vlora, and some other affected residents of Vlora and Treport Beach, Narta Lagoon Coastal Strip and Bisht Porothe, which are in the northern part of the Bay of Vlora.

The first Request was concerned on the sub-project of ICZMCP, the ‘Southern Coastal Development Plan (*hereinafter* SCDP).’ The Requesters asserted that their residences were either totally or partially demolished by the Construction Police of the Municipality of Vlora, in accordance with the Bank’s ‘SCDP.’ Their claim was that the Requesters possessed no building permits. However, the Requesters stated that almost all construction in coastal areas did not possess these permits due to lack of an urban planning. What they found ridiculous was that the government owned resort and other

¹¹⁴ A map of the project area is available in Appendix 6.

houses without building permits were left intact. In 2006, “a law on the legalization, urbanization and integration of buildings without permits”¹¹⁵ was passed that allowed the residents of Jale to apply for and obtain building permits. So the Requesters did and received confirmation.

On April 3, 2007, while still waiting for the next step of the legalisation process, the Requesters were notified of the news that their houses were decided to be demolished by the Construction police. They only learned about the project at that time through the media. Despite their complaint with the Ministry of Public Works, Transport and Telecommunication (*hereinafter* MPWTT) that was supervising the demolition, their houses were demolished two weeks later during which a resident was injured.

The Requesters claimed that the Bank’s project resulted in the displacement of families, violation of human rights, inhumane actions, and lack of transparency and insufficient information provided regarding the project. In addition, they also stated that Bank Management’s failure to comply with its policy to oversee the project led to full destruction of the village of Jale. Management is also alleged to have failed to ensure the commitment of Albanian government was appropriately met.¹¹⁶ According

¹¹⁵ *Request for Inspection: Albania Integrated Coastal Zone Management and Clean-Up Project (first)*, July 25, 2007, 3, accessed November 7, 2013, http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/Request_for_Inspection_1.pdf.

¹¹⁶ Specific list of the Bank’s policies and procedures alleged to have been violated are: Poverty Reduction (OP 1.00), Project Supervision (OP 13.05), Monitoring and Evaluation (OP 13.60). *Request for Inspection: Albania Integrated Coastal Zone Management and Clean-Up Project (first)*, 2007, 9-10.

to the Requesters, the project also violated domestic laws of Albania.¹¹⁷

The Requesters of the second Requesters are from the other part of the Albania. The main point of their complaint was ICZMCP's artificial division of the region which excluded the northern part of Albania from the project. The Requesters argued that this was "discriminatory, simply unnatural and fundamentally harmful to [their] economic and interests."¹¹⁸ They Requested the Bank to extend the project to cover the entire area of the Vlora Bay.

The Inspection Process

Management Response to the first and second Requests was received on September 17, 2007. As for the second Request, Management explained that the project in the southern coastline of Albania is only the first phase of a pilot program. It noted that, depending on the outcome of the first phase, the project would expand to include the northern part of Albania at the second phase.

Regarding the first Request, it emphasised that the demolition was not a part of the Bank's project and, therefore, the Bank had not violated its policies. It stressed that the demolition was a program independently carried out by the Albanian government, pursuant to Albanian national law, therefore was not related to the Bank's Project. It also argued that the Bank only provided the Construction Police with

¹¹⁷ *Request for Inspection: Albania Integrated Coastal Zone Management and Clean-Up Project (first)*, 2007, 6.

¹¹⁸ *Request for Inspection: Albania Integrated Coastal Zone Management and Clean-Up Project (second)*, August 5, 2007, 2, accessed November 7, 2013, http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/Request_for_Inspection_2.pdf.

technical assistance but denied their relationship as an implementing partner for the Project. It also stated that there had been an investigation and review of potential impacts of the project at the design stage.

Upon reviewing two Requests for inspection and Management Response, the Panel submitted the Eligibility Report to the Board on October 17, 2007. Based on its visit to Albania from September 21 to 25, 2007 and meeting with interested parties of the project, the Panel concluded that the first Request and Requesters met eligibility criteria and therefore recommended an investigation. It noted conflicting facts and understanding of issues in the Request and Management Response as the bottom line.

In respect to the second Request, the Panel noted that some of the signatories were also involved in the Request related to other Bank's project in Albania in the same year – Albania Power Sector Generation and Restructuring Project – for which the Board approved the Panel's recommendation on investigation. In this regard, the Panel decided not to recommend an investigation because the investigation on the other project would be enough to cover the Requesters' concerns in the second Request.¹¹⁹

The Panel's recommendation for an investigation concerning the first Request was approved by the Board on November 1, 2007.

The Panel's investigation was designed into two parts. First, it researched relevant records and documents regarding the project and interviewed Bank staff in Washington. The latter part was fact-finding in Albania during which the Panel met

¹¹⁹ *Report and Recommendation on Requests for Inspection*, October 17, 2007, 14, accessed November 7, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/albaniaCoastal-eligibility-clean.pdf>.

with interested parties – Requesters, government officials, project officials, and on-site Bank staff. The investigation report by the Panel was submitted on November 24, 2008.

Regarding Management’s assertion that the demolition was not linked to the purpose of the Bank’s project, the Panel clarified that there was a positive evidence for a linkage between the project and the demolitions¹²⁰ which could then be concluded as a clear violation of Bank policy on Involuntary Resettlement.¹²¹ Furthermore, it found out a crucial flaw in Management’s report regarding its relation with the project. The report stated that the Bank recommended the government not to proceed with further demolitions unless its recommendations were properly reviewed. Management’s argument was that “the Government has adopted a Resettlement Policy Framework that reflects the “*core principles*” of the Policy and Albanian laws on land expropriation”¹²² and therefore application of OP/BP 4.12 was not needed in this case. However such agreement with Albanian government to postpone demolitions was found non-existent and untrue. In this respect, the Panel concluded that the Management not only failed to comply with the Bank’s policies and procedures but also left the Bank’s reputation at risk.

In response to the Panel’s investigation report, on January 9, 2009, Management submitted to the Board its Action Plan in which it acknowledged errors

¹²⁰ Project records from the Project Coordination Unit showed that the demolitions were supported both materially and technically by the Bank, which was not described in the Management Response.

¹²¹ *Investigation Report*, November 24, 2008, 31-38, accessed November 7, 2013, http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/Coastal_Full_Report_11_24_FINAL.pdf.

¹²² *Ibid.*, 43.

from the project preparation stage to supervision and in its response to the Request. While listing lessons learned, its Action Plan contained factors such as assistance to the vulnerable, thorough review of the Requesters' claim, and finance for legal services as Requested by the Requesters.

At the Board meeting, it was acknowledged that the Bank's performance was appalling in operating the project in Albania. It was agreed that the project remain suspended until a decision whether to cancel the entire financing to the project or to redesign the project was made.

Attribution to the Bank's accountability

One of the most controversial issues in this case was whether there is a link between the Bank's project and demolitions in Jale. In its response to the Request, Management argued that "the demolitions were neither a result of nor linked to the implementation of the ICZMCP. Bank funds were not utilized for the demolitions."¹²³

The Panel, in its Investigation Report, however, stated that it was "surprised with Management's determination that there is *"no linkage"* between [the Government of Albania] demolition program and the objectives of the Project as provided in paragraph 4 of OP 4.12" and declared that "the kind of encroachment removal that the [Government of Albania] intends to carry out in the area covered by the Bank assisted

¹²³ *Bank Management Response to the Request for Inspection Panel Review of the Albania: Integrated Coastal Zone Management and Clean-up Project (IDA Credit No. 4083-ALB)*, September 17, 2007, 17, accessed November 26, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/AlbaniaICZMCPManagementResponseFinal.pdf>.

Project clearly falls within the three categories stated in paragraph 4 of OP/BP 4.12, Bank Policy on Involuntary Resettlement.”¹²⁴ Its argument was backed up by the fact that the Project Coordination Unit (PCU) in Albania sent a letter to Albanian government authorities, signed by the Coordinator and attached with aerial photos of the Project area. In the responding letter to the PCU, the Construction Police stated that necessary procedures for demolitions were administered and decisions were made.

Notwithstanding, Management insisted that “the demolitions in Jale were not authorized by the World Bank”¹²⁵ in its Report and Recommendation in response to the Panel’s Investigation Report. Moreover, it argued that there were notifications of demolitions to the residents, which leaves the Construction Police with no responsibility for their loss. In other words, Management adhered to its initial position when neither the Panel nor the Requesters were given additional opportunity to refute the argument or provide clear evidence that proves their stance.

Such instance is the result of the inspection process that is biased towards Management. Management could maintain its dominance throughout the process because there is deficit in the Bank’s internal accountability mechanism that provides both sides with fair opportunities to express their concerns and defend their arguments. Although Albania’s case was completed in the way that the Board required Management to submit follow-up progress reports, it was unsuccessful in fully reflecting the Requesters’ interests.

¹²⁴ Inspection Panel. *Investigation Report*, 2008, 71.

¹²⁵ *Management Response*, July 19, 1999, 13, accessed May 25, 2013, <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/ChinaWesternManagementResponse.pdf>.

V. Conclusion

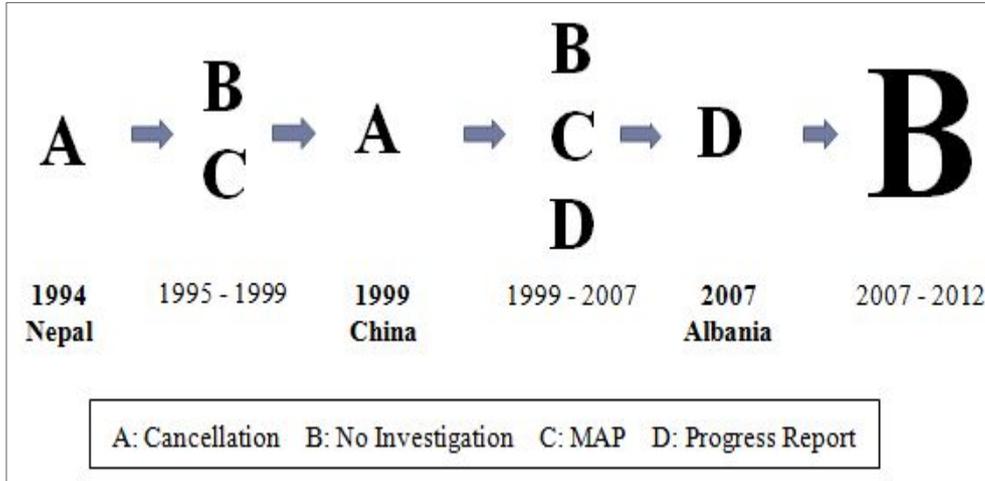
1. Internal and external accountability of the Bank

To summarise the above three cases, in contrast to their reputation as ‘success cases,’ they did not in fact contribute to enhancing the Bank’s accountability. Analysis of the three cases in the Panel’s history shows the reasons behind the official scene that contributed to the decisions made. In Nepal’s case, obvious evidence of power relations and abuse of the process of the mechanism existed as explained by Bissell. In China’s case, on the other hand, external powers such as the U.S. played a pivotal role in decision making process. The Bank decided to stop financing for both of these cases. In contrast to the first two cases, the Albania’s case was preceded as planned by Management with its dominant influence over the Panel’s process and by the Board’s approval of Management’s Action Plans. These facts show that it is this lack of internal accountability that led to deficit in the Bank’s external accountability.

2. Is the Bank dependent on its path?

The Panel was created in response to the criticism on its focus on efficiency with no accountability. If the Bank is dependent on its path, it means that it is still biased towards efficiency even with such outstanding accountability mechanism. This paper looked into three cases that worked as critical junctures to examine the Bank’s path dependence. The result was as shown in Figure 5.

<Figure 5> The World Bank's Path Dependence



Source: Compiled by author

As explained above, the Bank's focus on efficiency and accountability is measured with the options the Board takes throughout the inspection phase. At large, the Bank has been taking four options: (A) cancelling the project, (B) not investigating, (C) approving the MAP, and (D) requiring Management to submit Progress Reports. The first case of the Inspection Panel was cancelled and showed the world that its accountability mechanism works in a way that it enhances the organisation's accountability. However, it was in fact the result of power struggles within the Bank and was not for the Bank's commitment to accountability. Consequentially, for the next cases during 1995 and 1999, cases were either not investigated into or preceded as Management recommended. In 1999, the Bank cancelled another project; but it was also the result of power politics. This case brought about intense attention internationally that pressured the Bank to react. During 1999 and 2007, the Bank adhered to options B and C. In addition, for the first time in 2001, the Board required

Management to submit Progress Reports while implementing the project as the MAP. This showed the Bank's effort to enhance its accountability as shown in graph 1. However, Albania's case in 2007 that showed Management's dominance even with Progress Reports discouraged the expectation. Since then, the Bank has not conducted any investigations.

As it is evident from Figure 5, even though the Bank showed incidents where accountability was enhanced, the option B (no investigation) and C (approval of the MAP) were implicitly prominent. Not only did the three cases not actually increase the Bank's accountability, but also these inherent options worked as a stepping stone for the Bank to stick to efficiency-focused operation. At last, it can be also argued that the Panel never was operated in the manner that it was originally established for in the first place.

3. Limitation and Further Research

There is a limitation of using historical institutionalism and path dependence. This paper analysed 80 cases whose inspection process had been completed. There are 11 ongoing processes and the Inspection Panel will receive more Requests in the future. This paper only looks into what happened in the past and it does not necessarily apply to what will happen in the future.

Another limitation is that external accountability deficit may be considered inevitable where there is lack of internal accountability. Yet there is a case where there is no internal accountability mechanism but an external one. Asian Development Bank

(ADB) is one example of such case. Having no internal accountability mechanism means that there is no set institution that guarantees the organisation's internal accountability. However, if its external accountability mechanism operates in the way that it enhances the organisation's accountability, correlation between internal and external accountability may be irrelevant. This is an area that is worth further research therefore will not be discussed in depth in this paper.

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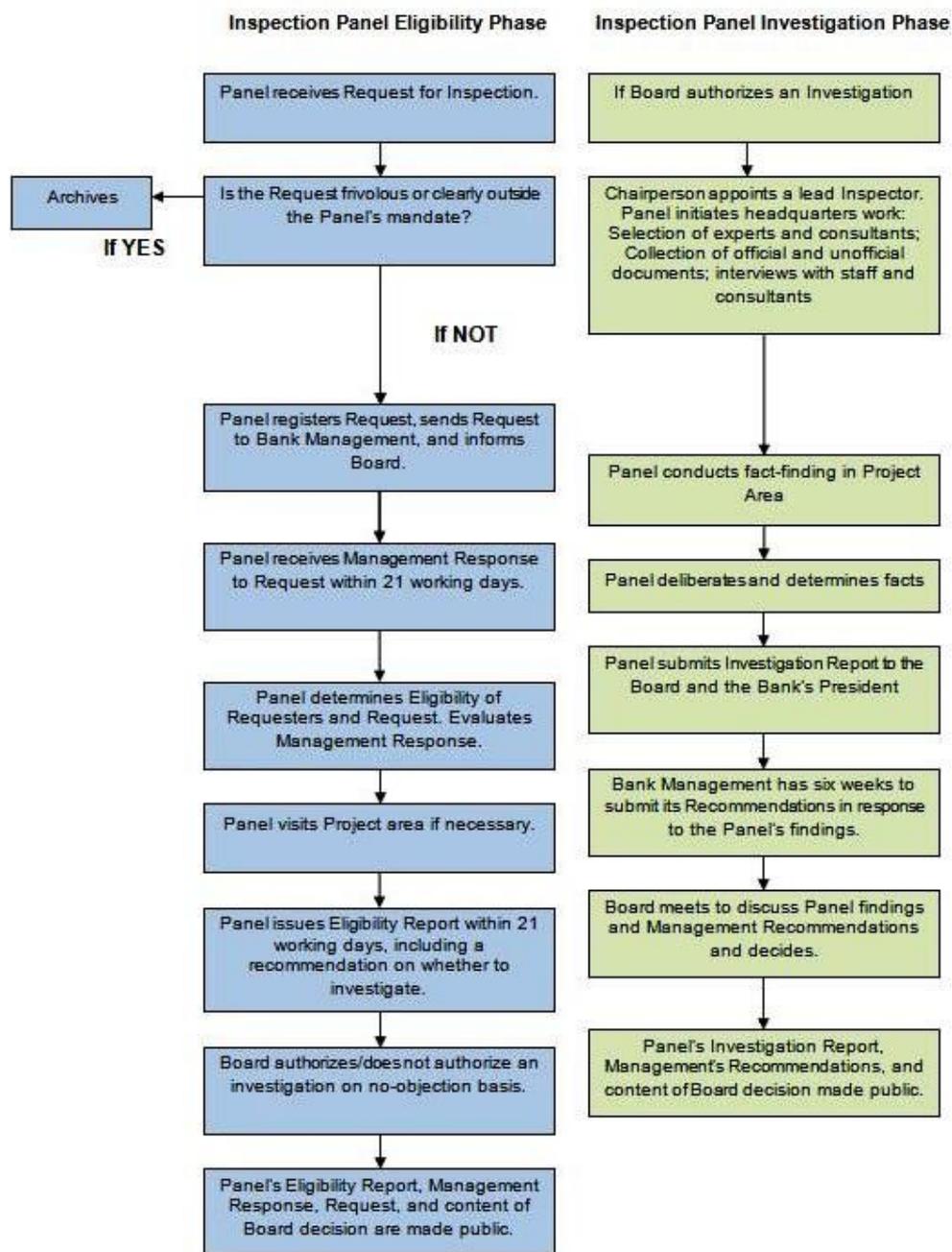
Appendix

[Appendix 1] Voting Power of member countries of the World Bank (June 30, 2013)

Country	Total votes	% of total
United States	297,459	15.22
Japan	166,022	8.49
Germany	88,053	4.51
United Kingdom	78,572	4.02
France	78,572	4.02

Source: World Bank. "Organizational Information." Annual Report 2013.
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[Appendix 2] The Inspection Panel process



Source: "Panel Process." Inspection Panel. <http://go.worldbank.org/RVKY8KICP0> (accessed October 25, 2013).

[Appendix 3] Analysis and Summary of Cases

Year	Project (Country)	Final Status	Reasons
1994	1. Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit	Financing for the project withdrawn	The Bank stopped financing for the project
1995	2. Compensation for Expropriation and Extension of IDA Credits to Ethiopia	Not registered	The request was found ineligible due to failure to link between alleged harms and the Bank's omissions
	3. Power IV Project	Found ineligible	The Bank found in compliance with IDA articles agreement
	4. Rondônia Natural Resources Management Project	Recommendation for an investigation not approved by the Board	The Board decided that an investigation is not needed but asked the Panel to review the implementation progress
	5. Financing of Hydroelectric Dams in the BioBio River	Not registered	Outside the Panel's mandate
1996	6. Jute Sector Adjustment Credit Project	Found ineligible	The Board required Management's Progress Report
	7. Yacyretá Hydroelectric Project	Recommendation for an investigation not approved by the Board	The Board asked the Panel to review the Action Plan agreed between the borrower and the Bank
	8. Juamuna Multipurpose Bridge Project	Investigation not recommended by the Panel	Further review would serve no useful purpose
1997	9. Itaparica Resettlement and Irrigation Project	Recommendation for an investigation not approved by the Board	The Board approved the borrower's action plan and request for continued Bank

			supervision
	10. NTPC Power Generation Project (1)	Partially approved	The Board approved Management's Action Plan and restricted the investigation to a Desk Study
1998	11. Ecodevelopment Project	Recommendation for an investigation not approved by the Board	The Board requested Management to work with the borrowers and report back to it
	12. Phase 1B of Lesotho Highlands Water Project (1)	Found ineligible	The Panel found no prima facie evidence linking the claim to the project
	13. Lagos Drainage and Sanitation Project	Investigation not recommended by the Panel	The Panel found most of the operation policies were followed
	14. Land Reform Poverty Alleviation Project (1)	Found ineligible	The Panel found no evidence of harm since conditions improved after the Request was filed
1999	15. Highlands Water Project (2)	Found ineligible	The Panel found no direct link between the Bank's actions with the alleged harm
	16. Western Poverty Reduction Project (China)	Financing request withdrawn	The Board's disagreement with Management's proposal
	17. Special Structural Adjustment Loan (Argentina)	Investigation not recommended by the Panel	Problem solved between Management and Requesters
	18. Land Reform Poverty Alleviation Project (2) (Brazil)	Found ineligible	Requesters failed to discuss with Management prior to filing the Request

	19. Lake Victoria Environmental Management Project (Kenya)	Partially approved	Management's recommendations approved by the Board
	20. Mining Development and Environmental Control Technical Assistance Project (Ecuador)	Partially approved	Management's Action Plan approved by the Board
2000	21. NTPC Power Generation Project (2) (India)	Not registered	Request filed after the project was closed
2001	22. Petroleum Development and Pipeline Project, Management of the Petroleum Economy Project, and Petroleum Sector Management Capacity Building Project (Chad)	Partially approved	Management's Action Plan
	23. Coal Sector Mitigation Project and Coal Sector Rehabilitation Project (India)	Partially approved	Board decided continuance of the project and requested Management's progress report to be monitored by the Panel
	24. Third power Project, Fourth Power Project, and proposed Bujagali Hydropower Project (Uganda)	Partially approved	Management's Action Plan approved by the Board
	25. Governance Promotion Adjustment Loan (Papua New Guinea)	Found ineligible	Panel concluded that alleged harms were not caused by the Bank's failure
2002	26. Reform Project for the Water and Telecommunication Sectors, SEGBA V Power Distribution Project (Yacyretá) (Paraguay/Argentina)	Partially approved	Management's recommendations and progress report to be consulted with the Panel

	27. Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Building Project (Cameroon)	Partially approved	Management's report and recommendations and Action Plan
2003	28. Manila Second Sewerage Project (MSSP) (Philippines)	Found ineligible	Requesters failed to discuss with Management prior to filing the Request
	29. Petroleum Development and Pipeline Project (Cameroon)	Not registered	Request did not meet eligibility criteria
2004	30. Indigenous and Community Biodiversity Project (COINBIO) (Mexico)	Investigation not recommended by the Panel	Panel could not take a position and its decision deferred
	31. Cartagena Water Supply, Sewerage and Environmental Management Project (Columbia)	Partially approved	Management's Action Plan and progress report by agreement with the Panel
	32. Mumbai Urban Transport Project (1) (India)	Partially approved	Management's Action Plan and progress report to be consulted with the Panel
	33. Mumbai Urban Transport Project (2) (India)		
	34. National Drainage Program Project (Pakistan)	Partially approved	Management's Action Plan and progress report required
	35. Public Works and Employment Creation Project (Burundi)	Not registered	Request related to procurement, therefore outside the Panel's mandate
2005	36. Forest Concession Management and Control Pilot Project (Cambodia)	Partially approved	Management's Action Plan and progress report required
	37. Transitional Support for Economic Recovery Credit and Emergency Economic	Partially approved	Management recommended to submit progress report

	and Social Reunification Support Project (Congo)		
2006	38. Land Administration Project (Honduras)	Partially approved	Management's Action Plan and progress report to be consulted with the Panel
	39. Mine Closure and Social Mitigation Project (Romania)	Investigation not recommended by the Panel	Problem solved between Management and Requesters
	40. West African Gas Pipeline Project (Nigeria)	Partially approved	Management's Action Plan and progress report to be consulted with the Panel
	41. Paraná Biodiversity Project (Brazil)	Investigation not recommended by the Panel	A number of actions taken place to address the Requesters' concerns
	42. Santa Fe Road Infrastructure Project and Provincial Road Infrastructure Project (1) (Argentina)	Found ineligible	Requesters failed to discuss with Management prior to filing the Request
	43. Santa Fe Road Infrastructure Project and Provincial Road Infrastructure Project (2) (Argentina)		
2007	44. Private Power Generation Project (Uganda)	Partially approved	Management's report
	45. Uttaranchal Decentralized Watershed Development Project (India)	Found ineligible	Dialogue between Management and Requesters, therefore the Panel did not take a position
	46. Power Sector Generation and Restructuring Project (Albania)	Partially approved	Management's Action Plan

	47. Integrated Coastal Zone Management and Clean-Up Project (1) (Albania)	Partially approved	The Board approved Management Action Plan that suggested suspension of the project until agreement was made and required progress report
	48. Integrated Coastal Zone Management and Clean-Up Project (2) (Albania)	Investigation not recommended by the Panel	Panel considered that the Request would be covered by actions to the previous Request (no. 46)
	49. Second Urban Environment Sanitation Project (Ghana)	Partially approved	The Board approved Management Action Plan
	50. Urban Development Project and Douala Infrastructure Development Project (Cameroon)	Not registered	Request filed after the loan was closed
	51. Santa Fe Road Infrastructure Project and Provincial Road Infrastructure Project (3) (Argentina)	Partially approved	The Board approved Management Action Plan
	52. Bogotá Urban Services Project (Columbia)	Found ineligible	Requesters failed to discuss with Management prior to filing the Request
2009	53. Land Administration Project (1) (Panama)	Partially approved	Management Action Plan approved by the Board
	54. Private Sector Development and Competitiveness Project (1) (Congo)	Investigation not recommended by the Panel	Efforts by Management acknowledged
	55. Private Sector Development and Competitiveness Project (2)		

	(Congo)		
	56. Land Administration Project (2) (Panama)	Partially approved	Management Action Plan approved by the Board
	57. Institutional Reform Development Policy Financing (Yemen)	Investigation not recommended by the Panel	Requesters satisfied with Management's Action Plan
	58. Mumbai Urban Transport Project (3) (India)	Process stopped by the Panel	Requesters satisfied with Management's resolution
	59. Export Development Project (Kenya)	Not registered	Project closed prior to receipt of Request
	60. Land Management and Administration Project (Cambodia)	Partially approved	Management's Action Plan approved by the Board
	61. Lima Urban Transport Project (Peru)	Partially approved	Management's Action Plan
	62. Smallholder Agriculture Development Project (Papua New Guinea)	Partially approved	Agreed Action Plan would bring the project into compliance
	63. Private Sector Development and Competitiveness Project (3) (Congo)	Investigation not recommended by the Panel	Efforts by Management acknowledged
	64. Tax Administration Reform Project (Pakistan)	Investigation not recommended by the Panel	Management's provision of supplement to the Bank Management
2010	65. Eskom Investment Support Project (South Africa)	Partially approved	The Board's recognition in South Africa's capacity and role in the project implementation
	66. South-West Roads: Western Europe-Western China International Transit Corridor (CAREC-1b & 6b)	Investigation not recommended by the Panel	Satisfactory resolution of the matters between Requesters and Management

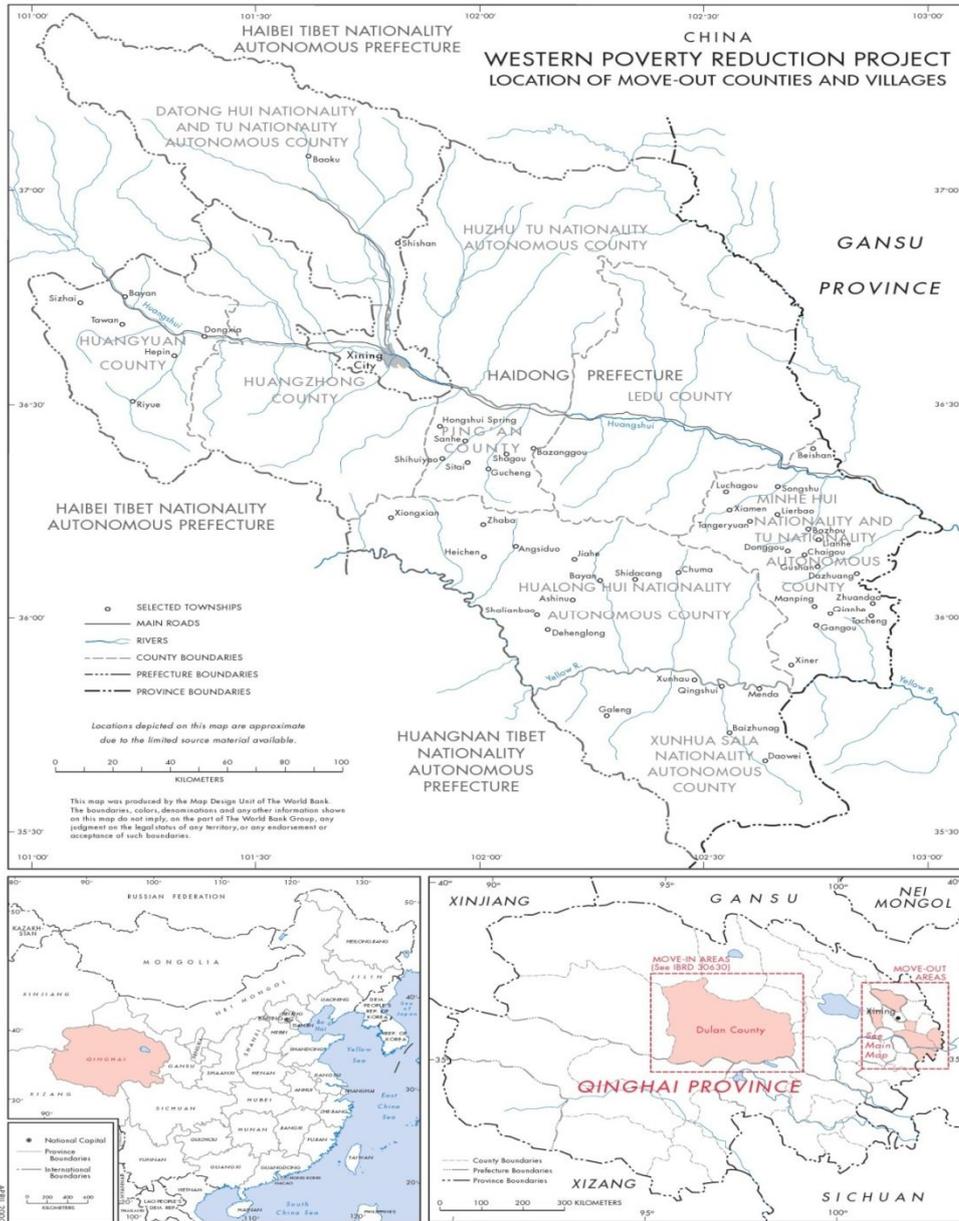
	(Kazakstan)		
	67. Quilleco Hydropower Project (Chile)	Investigation not recommended by the Panel	Management's recommendation approved by the Board
	68. Third Employment, Entrepreneurship and Human Capital Development Policy Loan (Poland)	Not registered	No nexus found between the operation and the claim
	69. Development Forestry Sector Management Project (Liberia)	Investigation not recommended by the Panel	Management's Action Plan accepted by Requesters
	70. Energy Loss Reduction Project (Rogun HPP, Tajikistan) (Uzbekistan)	Found ineligible	The Panel acknowledged the Bank's intention to comply with policies
	71. Greater Beirut Water Supply Project (Lebanon)	Investigation not recommended by the Panel	Important steps were being taken to address the Requesters' concern by Management
	72. Madhya Pradesh Water Sector Restructuring Project (1) (India)	Investigation not recommended by the Panel	Government agencies' attempts to address the problem, Requester's claim on issues that are not part of the Bank-funded project
2011	73. Second Norte Grande Water Infrastructure Project (Argentina)	Found ineligible	No evidence that alleged harm would result from the Bank-funded project
	74. South-West Roads: Western Europe-Western China International Transit Corridor (CAREC-1b & 6b) (2) (Kazakhstan)	Investigation not recommended by the Panel	Concerns resolved between Requesters and Management
	75. Madhya Pradesh Water Sector Restructuring Project (2) (India)	Investigation not recommended by the Panel	Government agencies' attempts to address the problem, Requester's

			claim on issues that are not part of the Bank-funded project
	76. Red Sea - Dead Sea Water Conveyance Study Program (West Bank/Gaza)	Investigation not recommended by the Panel	Actions being taken by Management
	77. Santa Fe Infrastructure and Provincial Road Infrastructure (4) (Argentina)	Not registered	Disbursements of the loan exceeded 95%
2012	78. Kosovo Power Project (Kosovo)	Investigation not recommended by the Panel	No relevant Bank activities or decisions found
	79. Energy Sector Recovery Project (Kenya)	Investigation not recommended by the Panel	Concerns outside the purview of the Panel, Management's recommendations to address the concerns
	80. Improving Rural Livelihoods through Carbon Sequestration Project (India)	Investigation not recommended by the Panel	No evidence of non-compliance of policies found

Source: Inspection Panel

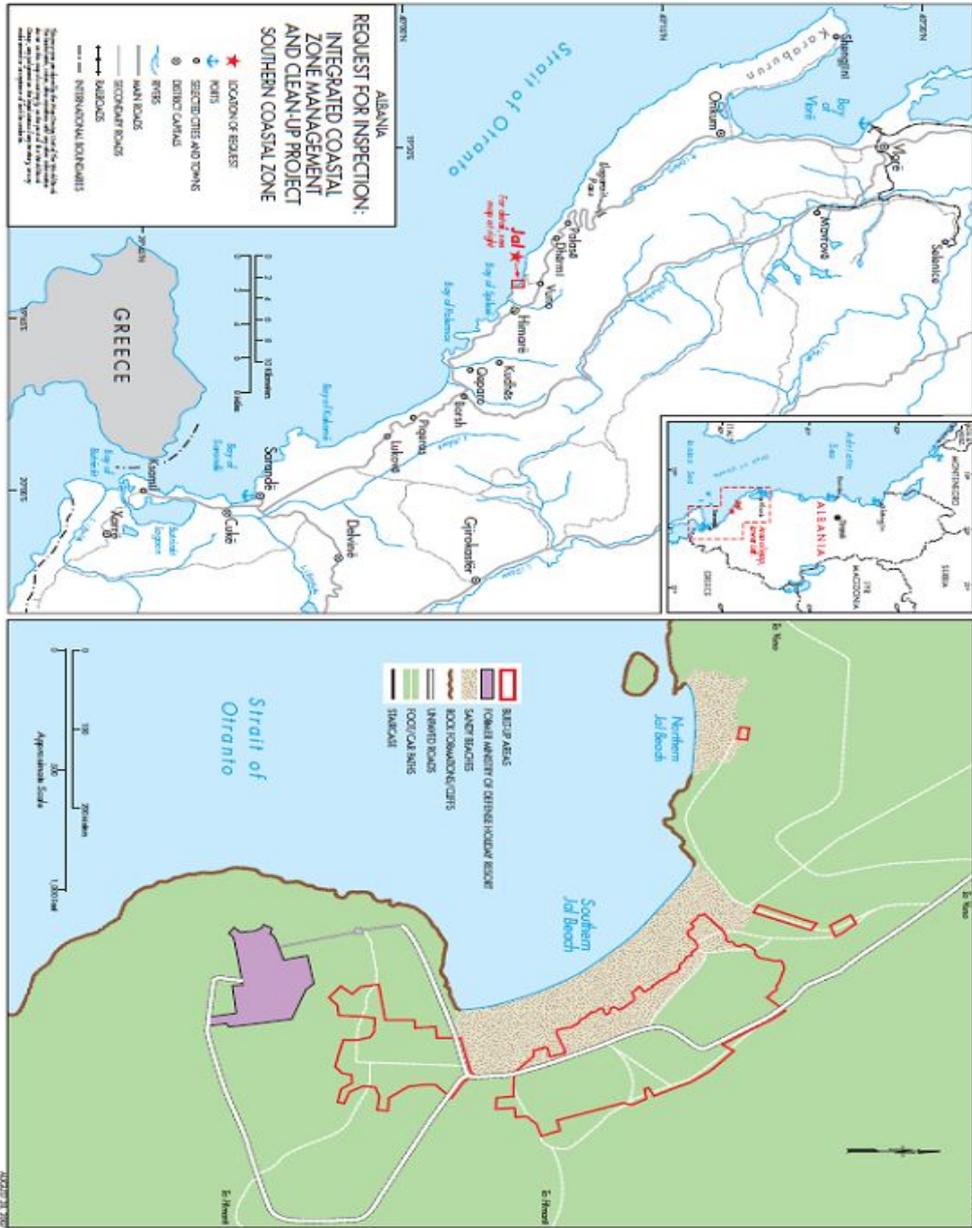
Note: Cases are analysed only up to where the inspection process is completed.

[Appendix 4] Location of move-out counties and villages for the ‘Western Poverty Reduction Project’



Source: Inspection Panel. “Western Poverty Reduction Project.”
<http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,contentMDK:22515626~pagePK:64129751~piPK:64128378~theSitePK:380794,00.html>.

[Appendix 6] Map of southern coastal zone for the ‘Integrated Coastal Zone Management and Clean-Up Project’



Source: Inspection Panel. “Integrated Coastal Zone Management and Clean-Up Project.”
<http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/MAP-Alb35656.pdf>.

Abstract in Korean

정체된 글로벌 책무성: 세계은행의 검열패널 사례 연구

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본 논문은 외적 책무성을 강화하기 위한 기제인 세계은행의 검열패널(World Bank Inspection Panel)이 제대로 작동하고 있는지 살펴보고자 하는 목적으로 연구되었다. 세계화가 진행되면서 초국경적 문제들이 발생하기 시작했고 이에 따라서 특정 국가에게 책임을 묻는 것이 불가능해졌다. 이러한 문제들에 대응하기 위하여 국제연합(United Nations) 및 브레튼우즈 체제(Bretton Woods System) 등의 국제기구들이 설립되면서 글로벌 거버넌스(global governance) 및 글로벌 책무성(global accountability) 등이 중요한 개념으로 대두되었다.

특히 세계은행의 검열패널은 국제기구가 오직 책무성을 높이기 위한 목적으로 세운 최초의 기제로서 큰 의미를 지닌다. 따라서 본 논문은 세계은행 검열패널의 역할을 분석하여 외적 책무성 기제로서 세계은행의 책무성

강화 여부를 평가한다. 이를 위해 검열패널의 구조와 검열 절차의 분석을 통해 내적 책무성을 살펴보고 1994 년부터 2004 년까지의 검열패널을 받은 총 80 여개의 Request 를 분석하여 전체적인 역사를 살펴본다.

이를 토대로 본 논문에서는 크게 두 가지 함의를 제시한다. 먼저, 검열패널의 구조와 검열 절차의 내적 책무성 문제가 외적 책무성 문제로 이어짐으로써 세계은행의 책무성을 강화하는데 기여하지 못한다고 주장한다. 또한 세계은행의 책무성은 경로 의존성 때문에 강화되지 못하고 있다. 결론적으로 본 논문은 세계은행의 외적 책무성 강화를 위해 설립된 검열패널이 결국 내적 책무성의 부족과 경로 의존성으로 인하여 세계은행의 책무성을 강화시키지 못한다고 주장한다.

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주요어: 글로벌 책무성, 세계은행, 검열패널, 글로벌 거버넌스, 경로 의존성

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