

THE WORLD BANK INSPECTION PANEL: ACCOUNTABILITY AND LEARNING

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Introduction

The Inspection Panel (the ‘Panel’) was formed at a pivotal point in the history of the World Bank. In addition to briefly describing the history and operations of the Panel, this paper focuses on the ways through which the Panel’s work has contributed to institutional learning within the World Bank.

In 1992, the Morse Commission published an independent review of World Bank actions in the controversial Sardar Sarovar Dam and Canal projects on the Narmada River in India and found that the World Bank had failed to comply with its internal safeguard policies, resulting in lasting damage to local communities and their environment¹. That same year, the United Nations Earth Summit affirmed the importance of citizen engagement in international development, further justifying the need for mechanisms to better connect citizens in project-affected communities and international institutions².

The World Bank’s Board of Executive Directors responded to these events by establishing the Inspection Panel, the first independent mech-

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¹ B. MORSE, T. R. BERGER, *Sardar Sarovar - Report of the Independent Review*, Ottawa, Resource Futures International, 1992, pp. 10-12.

² *Report of the United Nations Conference on Environment and Development: Rio Declaration on Environment and Development* (Conference Document, Rio de Janeiro, adopted June 14, 1992). See <http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm>.

anism created to hold an international financial institution (IFI) accountable to its policies and procedures in the design, appraisal, and implementation of its projects. Since the establishment of the Panel, over 15 other IFIs have adopted similar mechanisms, with a variety of structures and functions³. The September 1993 Board Resolution establishing the Panel applies to the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) organizations of the World Bank Group⁴. The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) have their own accountability mechanism, the Compliance Advisor Ombudsman, established in 1999.

The Inspection Panel is comprised of three Panel Members of different nationalities appointed by the Board for five-year non-renewable terms, and based on their ‘ability to deal thoroughly and fairly with the request brought to them, their integrity and their independence from World Bank Management’⁵. The Panel is supported by a small permanent Secretariat led by an Executive Secretary and including a team of operations and support personnel. The Panel also hires internationally recognized consultants to provide subject-specific expertise during investigations. Since its creation and until September 2017, the Panel has received 120 requests for inspection⁶. Of those, 89 have been registered and 34 investigated (Figure 1).

At the time of the Inspection Panel’s creation, the idea of a citizen-based accountability mechanism that would empower local people to seek independent review when suffering harms was uncommon within international institutions or international law. The World Bank is immune from legal action before national courts and thus project-affected people historically did not have an institutional channel to hold the

³ For more information regarding the functions of IAMS across international financial institutions, please see <http://independentaccountabilitymechanism.net/>.

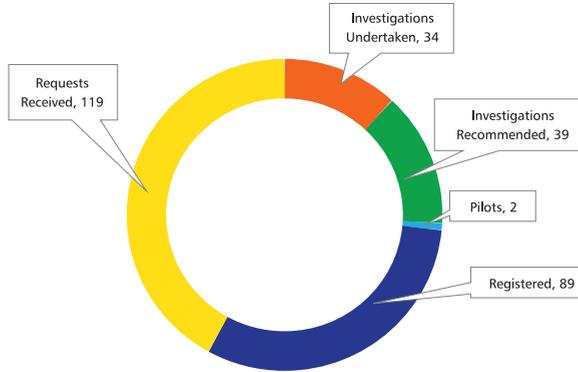
⁴ WORLD BANK, Resolution No. 93-10 IBRD (International Bank for Reconstruction and Development, 1993); Resolution No. 93-6 IDA (International Development Association, 1993); Resolution Establishing the World Bank Inspection Panel (22 September 1993).

⁵ WORLD BANK, Resolution No. 93-10 IBRD (International Bank for Reconstruction and Development, 1993).

⁶ Panel Cases, *The Inspection Panel*, accessed 14 June, 2017, http://ewebapps.worldbank.org/apps/ip/Pages/Panel_Cases.aspx.

World Bank accountable in adhering to its policies and procedures⁷. The establishment of the Panel filled this void.

Figure 1 – Case Processing History.



The Panel’s mandate stipulates that its role lies solely in ensuring the World Bank’s compliance with its own policies and procedures; thus, the Panel encourages World Bank compliance not as a ‘court of law,’ but rather as an independent and impartial fact-finding body which investigates complaints and reports its findings to the Board. Reports produced by the Panel trigger remedial actions by World Bank management. The Panel’s mandate does not give it the power to issue recommendations on management action plans, monitor projects post-investigation, or impose any remedial actions in response to policy violations⁸.

In its capacity as an accountability mechanism, the Panel has contributed to institutional learning by highlighting the importance of Bank safeguard policies, engaging in discussions on policy implementation strategies, and learning from Panel case examples, which represent some of the Bank’s most complex projects. In some cases, complaints

⁷ See I. F. I. SHIHATA, *The World Bank Inspection Panel: In Practice*, Oxford, Oxford University Press, 2000; D. CLARK, J. FOX, K. TREAKLE, *Demanding Accountability: Civil-Society Claims and the World Bank Inspection Panel*, Rowman & Littlefield 2003; D. HUNTER, *Using the World Bank Inspection Panel to Defend the Interests of Project-Affected People*, in “Chicago Journal of International Law”, 2003, pp. 203-204.

⁸ Resolution Establishing the WORLD BANK INSPECTION PANEL.

that do not lead to investigations have also resulted in important institutional outcomes. Therefore, Panel cases highlighted in this publication are not the only examples of such learning opportunities.

1. *Emerging lessons series*

The Inspection Panel's investigations serve an important function in their ability to inform future World Bank programs and policies. In this way, the entire set of past investigations contributes to the World Bank's institutional learning by helping look beyond individual projects and identifying systemic changes to strengthen project oversight in high-risk environments. This practice can improve risk management at all project levels.

To strengthen its contribution to institutional learning, the Panel has recently published a series of Emerging Lessons reports⁹. These reports catalog the lessons the Panel has identified from the complex environmental and social cases it has investigated since its creation. The work of the Inspection Panel, and the emerging lessons that have resulted, underscore the intent of the report series: to build the institutional knowledge base at the World Bank, enhance accountability, foster better project results, and to ultimately contribute to the institution's mission of more effective development with shared prosperity for all.

2. *Methodology*

The Panel created the Emerging Lessons Series by analyzing a set of almost 25 years of cases and identifying four recurring issue areas: involuntary resettlement, indigenous peoples, environmental assessment, and consultation and disclosure. Of the Panel's 34 investigated cases, 21 involved involuntary resettlement¹⁰, 18 involved indigenous

⁹ See: INSPECTION PANEL, *Involuntary Resettlement*, Washington, World Bank, 2016; INSPECTION PANEL, *Indigenous Peoples*, Washington, World Bank, 2016; INSPECTION PANEL, *Environmental Assessment* (Washington, World Bank, 2017); INSPECTION PANEL, *Consultation*, Washington, World Bank, 2017.

¹⁰ INSPECTION PANEL, *Involuntary Resettlement*, cit., p. 2.

peoples¹¹, 29 involved environmental assessment¹², and 30 involved consultation and disclosure.

After identifying these four thematic issues and classifying its investigated cases accordingly, the Panel organized its findings based on principal features of the World Bank's safeguard policies. Discussions with internal and external stakeholders furthered a comprehensive examination of the cases, and internationally renowned experts on the issue areas and on World Bank safeguard policies peer-reviewed the publications. The publications were also widely distributed in several Panel outreach events.

The results of the Panel's four publications are summarized in the following four sections, which also include Panel-selected examples in a non-exhaustive manner, highlighting how these issues presented themselves in practice.

2.1 *Emerging Lessons and Impact on Institutional Learning*

2.1.1 *Involuntary Resettlement*

The frequency of resettlement-related complaints in the Panel's caseload confirms its potential to threaten the livelihoods, security, and material wellbeing of project-affected persons. The Panel has found that comprehensive risk assessment, meaningful consultation with displaced individuals, and the use of appropriate resettlement instruments during project preparation are essential elements of successful involuntary resettlement programs.

For example, when the Panel investigated the Uganda Private Power Generation Project, it found that the cancellation of a previous World Bank project in the same area had resulted in a number of displaced individuals not being included in the newer project's resettlement process¹³. This case highlighted an institutional need for stronger

¹¹ INSPECTION PANEL, *Indigenous Peoples*, cit., p. 3.

¹² INSPECTION PANEL, *Environmental Assessment*, cit., p. 3.

¹³ *Investigation Report, Uganda: Private Power Generation (Bujagali) Project* (Guarantee No. B0130-UG), *Inspection Panel*, last modified August 29, 2008, 188, [http://ewebapps.worldbank.org/apps/ip/PanelCases/44-Investigation%20Report%20\(English\).pdf](http://ewebapps.worldbank.org/apps/ip/PanelCases/44-Investigation%20Report%20(English).pdf).

policies towards legacy issues and resulted in the World Bank internally publishing new guidelines on addressing safeguards when the World Bank restarts its engagement in projects¹⁴.

Involuntary resettlement-based Panel cases have also contributed to institutional learning surrounding the scope of application of the World Bank's Involuntary Resettlement Policy Framework (RPF). The Panel's investigation on the Albania Integrated Coastal Zone Management and Clean-Up Project, in which a World Bank project resulted in local home demolitions, caused the institution to acknowledge a lack of clarity in the application of the RPF to land-use planning projects. The World Bank issued two guidance documents for staff: A land-use planning policy clarification, and a guidance note that clarified risks intrinsic to land-use planning, the application of safeguards during project implementation, and recommended actions during project supervision¹⁵.

In the long term, livelihood restoration coupled with transitional support and development assistance can better displaced persons' living standards. Panel investigations show that a comprehensive, realistic understanding of the risks and costs of resettlement are necessary to maintain or improve the living standards of communities involuntarily displaced by World Bank projects.

2.1.2 *Indigenous Peoples*

The approximately 370 million self-identified indigenous peoples worldwide are among the world's most vulnerable and disadvantaged groups¹⁶. To protect indigenous peoples' livelihoods, the Panel has found that Indigenous Peoples Plans require appropriate identification of indigenous peoples, holistic impact assessments, and the implementation of free, prior, and informed consultations.

¹⁴ THE WORLD BANK, *News Release: World Bank Board Discusses Investigation by the Independent Inspection Panel of Power Project in Uganda*, December 12, 2008, accessed June 13, 2017, <http://ewebapps.worldbank.org/apps/ip/PanelCases/44-Press%20Release.pdf>.

¹⁵ INSPECTION PANEL, *Involuntary Resettlement*, cit., pp. 28-29.

¹⁶ THE WORLD BANK, *Indigenous Peoples Overview*, Washington, World Bank, 2016, p. 1.

This became apparent during the Panel’s investigation of the Kenya Electricity Expansion Project, which financed the construction of a geothermal plant and required the relocation of four Maasai Villages. Because the project did not consider pastoralists under its Indigenous Peoples policy, and the project materials were not made available in the indigenous Maa language, the Maasai were not properly identified or offered the protections afforded under the policy¹⁷. The case illuminated the importance of both identifying and accommodating native languages and traditions in projects involving indigenous peoples, which may have avoided or mitigated the harms to the Maasai.

Panel cases also show that World Bank projects involving indigenous peoples require respect for communities’ customary rights and the securing of culturally compatible benefits. For example, in its investigation of two forestry operations in the Democratic Republic of the Congo (DRC), the Panel noted that active logging operations both materially harmed and collided with the customary use of the forest by the local indigenous peoples, the Pygmies¹⁸. The Panel’s findings led to the recognition of the Pygmies as indigenous peoples by both the Government of the DRC and the World Bank, demonstrating a way in which Panel investigations can inform the adjustment of World Bank practices¹⁹.

2.1.3 *Environmental Assessment*

The World Bank’s policy on Environmental Assessment (EA) integrates environmental, human health and safety, and social project components to holistically assess a project’s impact²⁰. In practice, Panel

¹⁷ *Investigation Report: Kenya Electricity Expansion Project (P103037), Inspection Panel*, last modified July 2, 2015, p. 48-49, <http://ewebapps.worldbank.org/apps/ip/PanelCases/97-Inspection%20Panel%20Investigation%20Report.pdf>.

¹⁸ *Investigation Report, Democratic Republic of Congo: Transitional support for Economic Recovery Grant (TSERO) (IDA Grant No. H 1920-DRC) and Emergency Economic and Social Reunification Project (EESRSP) (Credit No. 3824-DRC and Grant No. H 064-DRC), Inspection Panel*, last modified August 31, 2007, 129-130, [http://ewebapps.worldbank.org/apps/ip/PanelCases/37-Investigation%20Report%20\(English\).pdf](http://ewebapps.worldbank.org/apps/ip/PanelCases/37-Investigation%20Report%20(English).pdf).

¹⁹ INSPECTION PANEL, *Indigenous Peoples*, cit..

²⁰ THE WORLD BANK, *OP 4.01 – Environmental Assessment*, last modified January,

cases have found that EAs must fully consider future environmental effects as well as the intersection of social and environmental project concerns.

For example, in the South Africa Eskom Investment Support Project, which financed construction of a coal-fired power plant, the Panel found that although local air quality had been assessed as part of the EA, due consideration should have been given to the impact of associated future projects in the area—such as an increase in the use of coal mines—in determining mitigation measures for the project²¹.

More recently, the Panel’s investigation of the Uganda Transport Sector Development Project demonstrated the importance of comprehensive environmental assessments that include social impacts. The project financed the construction of a 66-km road, yet the contractor only submitted a draft EA almost a year after construction began. Although the EA identified some potential adverse impacts from the expected influx of labor into the project area, the lack of proper risk assessment and mitigation materialized in the sexual abuse of minors, the spread of sexually transmitted diseases, and several workplace and road accidents, some resulting in fatalities²². The Panel’s investigation findings also outlined the need to ensure borrower capacity; the weak institutional governance of the project led to dereliction of responsibilities and contributed to the harm caused to affected communities²³.

While this case illustrated the importance of ensuring comprehensive implementation of environmental and social safeguards, it also highlighted a significant moment for institutional learning. In response to the Panel’s investigation, the World Bank issued a guidance note on managing labor-influx risks and created a Gender-Based Violence Task

1999, <https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0822f7384.pdf>.

²¹ INSPECTION PANEL, *Investigation Report, South Africa: Eskom Investment Support Project (IBRD Loan No. 78620-ZA)*, last modified November 21, 2011, xiii, [http://ewebapps.worldbank.org/apps/ip/PanelCases/65-Investigation%20Report%20\(English\).pdf](http://ewebapps.worldbank.org/apps/ip/PanelCases/65-Investigation%20Report%20(English).pdf).

²² INSPECTION PANEL, *Investigation Report, Republic of Uganda: Transport Sector Development Project – Additional Financing (P121097)*, last modified August 4, 2016, <http://ewebapps.worldbank.org/apps/ip/PanelCases/98-Inspection%20Panel%20Investigation%20Report.pdf>.

²³ INSPECTION PANEL, *Investigation Report, Republic of Uganda: Transport Sector Development Project – Additional Financing (P121097)*, cit., p. 11.

Force (GBV) designed to develop recommendations on how to prevent and respond to GBV in World Bank projects²⁴.

2.1.4 Consultation and Disclosure

Panel cases confirm that continuous consultation and community participation throughout project planning and implementation is a necessary component of a project's success. Specifically, Panel investigations have noted that consultations must be tailored to the needs of stakeholders, ensuring formats account for culture, gender, and inter-generational dimensions while providing a safe environment free of coercion, intimidation, and discrimination²⁵.

The Panel's investigation of the Nigeria/Ghana African Gas Pipeline Project, which required involuntary resettlement, shed light on the potential pitfalls of inadequate consultation. The project's Resettlement Action Plan had not been disclosed in the area with the highest concentration of displaced persons, and its translation into Yoruba became available only two years after the last resettlement compensation was received. As a result, communities could not access the materials they required to make meaningful, informed choices on livelihood restoration and compensation²⁶.

Holding culturally appropriate and timely consultations gains especial importance in the case of indigenous peoples, whose traditional authority structures must be respected in the process of consultation. In the Papua New Guinea Smallholder Agriculture Project, documentation made no reference to consultation with specific indigenous peoples communities or their leaders, despite the fact that Papua New Guineans identify themselves first and foremost in terms of their ethnic group²⁷. This

²⁴ THE WORLD BANK, *Managing the Risks of Adverse Impacts on Communities from Temporary Project Induced Labor Influx*, last modified December 1, 2016, <http://pubdocs.worldbank.org/en/497851495202591233/Managing-Risk-of-Adverse-impact-from-project-labor-influx.pdf>.

²⁵ INSPECTION PANEL, *Consultation and Disclosure: Emerging Lesson Series draft*.

²⁶ INSPECTION PANEL, *Investigation Report - Ghana: West African Gas Pipeline Project (IDA Guarantee No. B-006-0-GH)*, last modified April 25, 2008, [http://ewebapps.worldbank.org/apps/ip/PanelCases/40-Investigation%20Report%20\(English\).pdf](http://ewebapps.worldbank.org/apps/ip/PanelCases/40-Investigation%20Report%20(English).pdf).

²⁷ INSPECTION PANEL, *Investigation Report – Independent State of Papua New Guinea:*

lack of response to the communities' feedback proves that consultation that goes beyond information sharing to foster two-way communication is critical for long-term project sustainability.

Keeping these findings in mind, Panel investigations related to the consultation process have encouraged improvements in World Bank policy. For example, the World Bank adjusted its Arabic translation guidelines after the Panel's registration of a complaint from Yemen, including a thorough revamping of the Arabic project websites as well as the doubling of resources for the Arabic Translation Unit²⁸.

3. *Additional improvements to enhance learning*

In addition to the Emerging Lessons publications, internal Panel learning exercises and case reflections have resulted in adjustments to the Panel's procedures that promote broader engagement with both the institution and external stakeholders. In 2011, the Panel began the process of updating its Operating Procedures (OPS) that were originally issued in 1994. Stakeholders, including civil society, past requesters, World Bank Management, and the Board of Executive Directors provided feedback through an extensive consultation process that culminated in the release of the new OPS in 2014. The consultation process allowed the Panel to identify gaps in its original procedures to improve its functions as an accountability mechanism and provide relevant lessons to the institution. For the first time, the updated procedures specifically describe ways that outputs from the Panel process contribute to institutional learning, which include strengthening the relationship between the Panel and the World Bank as an institution²⁹.

Smallholder Agriculture Development Project (IDA Credit No. 4374-PNG), last modified September 19, 2011, [http://ewebapps.worldbank.org/apps/ip/PanelCases/62-Investigation%20Report%20\(English\).pdf](http://ewebapps.worldbank.org/apps/ip/PanelCases/62-Investigation%20Report%20(English).pdf).

²⁸ INSPECTION PANEL, *Final Report and Recommendation – Yemen: Institutional Reform Development Policy Grant (Grant No. H336-YEM)*, last modified September 8, 2010, [http://ewebapps.worldbank.org/apps/ip/PanelCases/57-Final%20Eligibility%20Report%20\(English\).pdf](http://ewebapps.worldbank.org/apps/ip/PanelCases/57-Final%20Eligibility%20Report%20(English).pdf).

²⁹ INSPECTION PANEL, *The Inspection Panel at the World Bank: Operating Procedures*, last modified April 2014, p. 4, <http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/2014%20Updated%20Operating%20Procedures.pdf>.

The 2014 OPS define the Panel’s ability to provide independent assessments of the Bank’s application of key operational policies and procedures through its eligibility and investigation reports; Annual Reports to the Board; presentations to the Board’s Committee on Development Effectiveness; and meetings with Bank Management and relevant stakeholders. These actions, along with the Emerging Lessons series detailed in this paper can promote dialogue between the Panel and the World Bank and strengthen lessons for the benefit of development broadly.

Conclusions

In the 25 years since its inception, the Panel has made positive contributions to the World Bank as it strives to improve protections for people and their environment. The lessons learned from the Panel’s investigations contributed to broadened accountability adjustments both in the operation of the Panel as an IAM and in the World Bank’s project preparation and implementation activities. Panel cases directly influence learning at the World Bank and lead to tangible outcomes, including new guidelines and clarifications related to the application of policies and increased capacity building on social safeguards. These changes help achieve better development outcomes and provide redress to project-affected people.

Looking forward, the World Bank recently published the new Environmental and Social Framework (ESF) after a review of its safeguard policies. The ten Environmental and Social Standards (ESS) embodied in the ESF will replace the institution’s current safeguard policies and reflect a modernized approach to protections for people and the environment³⁰. This new ESF reflects many of the lessons the Panel has learned through its cases, including its new standard on Labor and Working Conditions (ESS 2) and the non-discrimination language spread throughout the framework. The Panel’s role in the implementa-

³⁰ The WORLD BANK, *World Bank Board Approves New Environmental and Social Framework*, August 4, 2016, accessed July 26, 2017, <http://www.worldbank.org/en/news/press-release/2016/08/04/world-bank-board-approves-new-environmental-and-social-framework>.

tion of the new ESF will be instrumental in shaping the way these new policy areas are interpreted in practice.

Through its work as an accountability mechanism, the Panel continues to channel lessons to the World Bank. By enhancing institutional learning, the Panel further contributes to the Bank's work to achieve its twin goals: eliminating extreme poverty and boosting shared prosperity.

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Riassunto - L'*Inspection Panel* della Banca Mondiale è stato il primo meccanismo indipendente (IAM) finalizzato a ricevere denunce da parte di persone che lamentavano un

danno derivante dalla potenziale mancanza di sostegno alle politiche e alle procedure delle istituzioni finanziarie internazionali. Dal 1993 il *Panel* ha trattato denunce riguardanti i pro-

getti della Banca Mondiale su richiesta delle comunità interessate e ha contribuito a porre rimedio ai relativi danni. L'articolo descrive dettagliatamente questi risultati, con particolare riguardo all' "apprendimento istituzionale", soffermandosi inoltre sulla collana *Emerging Lessons Series* del Panel stesso, una serie di pubblicazioni recenti che riassumono le esperienze derivanti da casi relativi

a: reinsediamento involontario, popolazioni indigene, valutazione ambientale, consultazione e divulgazione. L'articolo si conclude con una discussione dei recenti miglioramenti apportati all'attività del *Panel*, sottolineando il suo ruolo nel promuovere comportamenti responsabili attraverso le procedure operative adottate e il successivo "apprendimento istituzionale".