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Between Disruption and Legitimation of Development: A Critical Perspective on the Inspection Panel and a call for more radical thinking within the accountability community¹

Dustin Schäfer²

The essay explores the Inspection Panel's (the Panel) conflicting role of providing accountability for negatively affected people while facing political limitations. The Panel has proven its potential to disrupt harmful *development* practices. However, by reproducing “dev-speak” it also continuously contributes to legitimizing the same assumptions of “how to do *development*”, and thus to the continuation of harmful *development* practices. This ambivalent effect is inherent to the Panel because of its politically inhibited and depoliticized (i.e. technocratic) environment. To overcome this long-lasting and structural condition will require critical examination of the concept of *development* and the role it plays in accountability. Strategies to counter depoliticization - whether intended or not - have the potential to strengthen and revitalize the concept and practices of citizen-driven-accountability.

Accountability in a politically inhibited environment

A power-sensitive bureaucratic approach is applied to analyze the Panel's impact and its institutional environment. Using factors that influence *learning* within international organizations reveal that the conditions to trigger institutional *learning* in the World Bank (the Bank) can be described as politically inhibited.³ Moreover, institutional responses to the Panel are not considered voluntary *learning*. Despite this, complainants successfully used the process to temporarily overcome power imbalances and the Panel repeatedly triggered far-reaching institutional responses.⁴

The influencing factors are divided into an infrastructure bundle and a politics bundle. The infrastructure bundle contains those characteristics of an institution that are static at a given

¹ This essay is based on my dissertation titled “The Inspection Panel of the World Bank - Development Policy Practices between Disruption and Legitimation” which will be published in December 2023 at [transcript](#).

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³ Thorsten Benner, et al., *Internationale Bürokratien und Organisationslernen: Konturen einer Forschungsagenda* [‘International Bureaucracies and Organizational Learning: Outline of a Research Agenda’], 16(2), ZEITSCHRIFT FÜR INTERNATIONALE BEZIEHUNGEN, 219 (2009).

⁴ Among others: IP-Cases No. 7 (1996); 32/33/58 (2004); 47/48 (2007); 60 (2009); 98/120 (2014/2017); 100 (2015).

point in time of observation. These factors can also change, but with a certain path dependency.⁵ The politics bundle contains dynamic factors that map the agency of involved internal or external stakeholders and thus capture policy dynamics that influence *learning* processes.⁶ I will share some research findings on the Panel using the described approach.

The Panel is “politically inhibited” in contributing to institutional *learning*. The Panel represents a highly contested political space in which it operates as a mostly independent body. The independence of the Panel from management depends, among other factors, on its leadership. By this, I mean the ability of the Panel chair to establish a working relationship with management that allows the mandate to be fulfilled while keeping processes free from management interference.

Bureaucratic fights around the mandate and procedures of the Panel are focused on the early stages of the processes, not infrequently to avoid the registration of a complaint. This is of high relevance for the political oversight of the quality of WB operations, since the early phase of WB project cycles represents a blind spot in the accountability framework. The Independent Evaluation Group (IEG) stated that “there is no independent mechanism or data on operational quality”.⁷ Accordingly, not only is the quality of operations structurally neglected at the beginning of the projects, but the Panel is limited in its ability to point out problems at an early stage.

The Board is responsible for ensuring sufficient resources within the lending function; its oversight function is neither effective nor consistent. Project teams are less willing to cooperate and learn due to the existing incentive systems. Where the Panel repeatedly reveals that lack of resources causes negative impacts, the Board has a contradictory role. On the one hand, Management is requested to address non-compliance found by the Panel. On the other hand, it is the Board as representatives of WB shareholders that prioritizes low borrowing costs and thus structurally prevents proper due diligence, high quality at entry, and effective accountability processes. Moreover, the factual arguments produced by the Panel are not the most significant factor in the Board’s decision-making, which is largely influenced by (geo-) politics. The political bargaining power of major borrowers is reinforced by the mere possibility

⁵ Benner et al., *supra* note 3, at 222-224 (discussing formal structure, resources, standard operating procedures, incentive systems, and organizational culture).

⁶ *Id.* (discussing policy dynamic factors including leadership, external political pressure and bureaucratic politics).

⁷ World Bank, 2019, *Knowledge Flow and Collaboration under the World Bank’s New Operating Model*, Independent Evaluation Group (Washington, DC: World Bank), 24 [hereinafter 2019 IEG Report].

that they may forego WB loans in the future. Greater opposition accompanies the handling of a Panel complaint, and the Panel is ultimately less effective in the major borrowers' states. Incentives, criticized for decades, continue to perpetuate an organizational culture that obstructs citizen-driven-accountability. The phase of "hostile managers"⁸ continues to characterize the organizational culture in the Panel's institutional environment. Any effort to promote institutional *learning* is affected by the incentive system with the result that "lending pressure crowds out learning".⁹ The pursuit of increasing lending limits the potential for stronger accountability structures. However, the Panel has the potential to change its own conditions temporarily from a state of "politically-inhibited" to a state of "politics-driven".

One project in which all these factors came into play is the Uganda Transport Sector Development Project (TSDP) and the related 98 complaint filed with the Panel. The TSDP was financed through two loans from IDA; the 98 Panel complaint relates to the additional financing of US \$75 million in 2011, which was aimed at upgrading and rehabilitating a 66 km road between Kamwenge and Fort Portal in western Uganda. The complaint received political attention because of the extent and severity of negative impacts caused by gender-based violence. Moreover, the complaint process represents both an example of the structural weaknesses in the World Bank's accountability system and at the same time serves as an example of how a complaint process can act as a starting point for remedy.

The Panel was "politically-inhibited" until the registration of the complaint could no longer be averted. The facts on the ground were clear, and the potential for political scandal was known. Only with registration, and thus the fact that local impacts would be made public through a Panel investigation report, did the reputational risk to the Bank become clear. The Bank took the allegations seriously, which led to an increase in the importance of the leadership. Through its reporting, the Panel brought the focus of media, political and institutional attention on management. The IEG confirms that high visibility of management associated with crises or shocks is one reason the Bank responds more quickly and effectively in a situation of crisis.¹⁰ Crises of varying scope can arise due to the transparency and visibility that the Panel process creates. These crises can overcome political limitations. With the registration of the case, the state changed to "infrastructure-driven". From this point on, the increasing influence of

⁸ Benjamin Sovacool, *Monitoring The Moneylenders: Institutional Accountability And Environmental Governance at The World Bank's Inspection Panel*, 4(4) EXTRACTIVE INDUSTRIES AND SOCIETY, 902 (2017).

⁹ World Bank, 2014, *Learning and Results in World Bank Operation: How the Bank Learns*, Independent Evaluation Group (Washington, DC: World Bank), 18.

¹⁰ 2019 IEG Report, *supra* note 7, at xvi.

infrastructural factors favor the role of the Panel over bureaucratic resistance. The institutional reactions on the part of the World Bank can be interpreted as an attempt to limit reputational damage. The Panel investigation report helped to maintain the state and take extra measures beyond the project level. We can rate the explanatory power of external political pressure as high, which is consistent with the finding that decision-making by the Board is not solely fact-based, but also motivated by political considerations.

In the interplay between external political pressure, leadership and bureaucratic politics, the existing potential of the complaint procedure can temporarily overcome institutional and bureaucratic resistance, as well as obstructive incentives. If this succeeds, a politics-driven state temporarily fosters institutional responses. As political pressure for legitimacy increases, the Panel's procedures become more important and put it in a stronger position. The legitimizing function that the Panel performs to deal with complaints brings us to the role of the *development* discourse.

Limited Accountability risks depoliticizing and legitimizing harmful practices

On the discursive level, Ferguson (2003) points out that the two meanings of *development* are often confused. On the one hand, *development* is understood as a “process of transition or transformation toward a modern, capitalist, industrial economy” and, on the other hand, as the “reduction or amelioration of poverty and material want”.¹¹ This double meaning makes it possible to legitimize failure in achieving one of the two objectives by referring to the other meaning. Ferguson (2003) argues that the integration and structuring of critique are integral to *development* discourse, legitimizing the continuation of *development* interventions despite their repeated failures:

*“In ‘development,’ ... ‘problems’ and ‘calls for reform’ are necessary to the functioning of the machine. Pointing out errors and suggesting improvements is an integral part of the process of justifying and legitimating ‘development’ interventions. Such an activity may indeed have some beneficial or mitigating effects, but it does not change the fundamental character of those interventions”.*¹²

The Panel process, with its extensive reports, contributes to and is interwoven with the *development* discourse. By allowing complainants to participate in the reporting process, albeit to a very limited extent, the Panel helps to legitimize both the data collected and the overall

¹¹ JAMES FERGUSON, *THE ANTI-POLITICS MACHINE: DEVELOPMENT, DEPOLITICIZATION, AND BUREAUCRATIC POWER IN LESOTHO* 15 (University of Minnesota Press, 1994).

¹² *Id.*, at 285.

process. The unequal involvement between complainants and management inherent in the Panel process gives management a recurring opportunity to render the identified problems as technical, and keeps the World Bank in control of outcomes. Due to the technicalization¹³ of the problems and the role of management to solve the identified problems, it does not seem surprising that the only proposals that are formulated are those that fall under the control, or within the business, of the Bank. Management is repeatedly legitimized as a problem solver through the production of the management action plans. Despite the potential for politicizing practices, the Panel process as currently designed thus facilitates the legitimization of harmful *development* practices. The Panel process serves the characteristic argumentative structure of *development* discourse: “We’ve recognized the problem (1) and we know the solution (2) and we’re working on it (3) and we’re making progress (4)”.¹⁴

The TSDP can serve as an example again: The TSDP aimed to build the capacity to implement the project in the relevant implementing agency. The lack of capacity, in turn, was identified by the Panel investigation as a cause of negative impacts. Management responded by proposing the creation of more capacity. Accordingly, lack of capacity acts as a justification for poor implementation by the borrower, and as a legitimization for additional lending for the lending institution. Despite the fact that the Panel identified that the project was not ready for implementation, the investigation served as the starting point for a discussion on additional loans.¹⁵ It seems to be the case that “the only ‘advice’ that is in question here is advice about how to ‘do development’ better. There is a ready ear for criticisms of ‘bad development projects,’ so long as these are followed up with calls for more ‘good development projects’”.¹⁶

The legitimizing effect of the *development* discourse, which is interwoven with the accountability discourse, can also be demonstrated by the example of *the greater common good*.¹⁷ Management has frequently criticized the Panel as causing risk aversion in the Bank’s operations. Risk aversion in this context means that certain project types were temporarily or

¹³ MARIEKE LOUIS, & LUCILE MAERTENS, WHY INTERNATIONAL ORGANIZATIONS HATE POLITICS. 142, 147 (Routledge, 2021).

¹⁴ ARAM ZIAI, DEVELOPMENT DISCOURSE AND GLOBAL HISTORY. FROM COLONIALISM TO THE SUSTAINABLE DEVELOPMENT GOALS, 199-200 (Routledge, 2016).

¹⁵ Inspection Panel, *Transport Sector Development Project – Additional Financing* (P121097), Investigation Report 98 (2016).

¹⁶ JAMES FERGUSON, *supra* note 11, at 284-85.

¹⁷ Arundhati Roy, *The Greater Common Good*. FRONTLINE (Cover Essay), June 04 1999, Vol. 16, Issue 11, <https://web.cecs.pdx.edu/~sheard/course/Design&Society/Readings/Narmada/greatercommongood.pdf>; TANIA MURRAY LI, THE WILL TO IMPROVE: GOVERNMENTALITY, DEVELOPMENT, AND THE PRACTICE OF POLITICS (Duke University Press, 2007); ARAM ZIAI, *supra* note 14.

permanently no longer implemented because they appeared too risky. The risk described here is the World Bank's reputation in case of failure and public outcry resulting from a Panel investigation, not necessarily aversion to the risk faced by affected communities or the environment. Management thus considers risk aversion as a negative consequence of the Inspection Panel's work. However, risk aversion can only be viewed as primarily negative if one either attributes a positive effect to the affected projects that are avoided, or if one contrasts the negative consequences with positive effects and assumes their sacrifice is for the *greater common good*. Robert Wade's (2011) analysis of the World Bank during the implementation of the Sardar Sarovar Dam in India entails vivid examples of these legitimation strategies. Then Vice President David Hopper considered impacts through displacement peripheral to the project, repeatedly saying, "You can't make omelets without breaking eggs".¹⁸ Addressing the negative impact of lack of water supply to those living downstream from the Sardar Sarovar Dam, one project staff member responded, "We are bringing drinking water to x hundred villages in Gujarat that have never had reliable supplies before".¹⁹ The negative impacts of downstream people are thus legitimized by the promised access to water "to x hundred villages in Gujarat." In preparation for *development* interventions, the need to transform and modernize a particular sector in order to achieve certain economic metrics is cited as the basis for achieving poverty reduction, which legitimizes the impoverishment of others. This results in a circular discursive argument:

*"It allows countless interventions with often highly dubious aims and effects to be launched in the name of the common good while being supported or even conducted by people who would otherwise not subscribe to these aims and effects. And it allows institutions like the World Bank to co-opt critical approaches and initiatives by claiming that they are pursuing the same goal as the institution itself – development."*²⁰

Development as a goal, with all its different meanings and contradictions, seems to represent a discursive intersection. Institutional risk aversion makes it hard to find "bankable" projects for task team leaders.

This could explain why those who are in the business of identifying projects consider risk aversion as something bad. Based on the countless cases of harmful projects and the fact, that neither practices nor power imbalances have changed much, activists and post-development

¹⁸ Robert Hunter Wade, *Muddy Waters: Inside the World Bank as it Struggled with the Narmada Project*, 46(40), ECONOMIC AND POLITICAL WEEKLY, 48 (2011).

¹⁹ *Id.*, at 46-47.

²⁰ ARAM ZIAI, *supra* note 14, at 66 (emphasis in original).

thinkers have criticized development practices and the concept for decades²¹ and suggested that the concept as such be abandoned.²²

Inspection Panel members seem to be positioned in between these two groups. On the one hand, they are not directly exposed to institutional incentives as task team leaders are. Moreover, Panel members themselves repeatedly reveal the structural problems of current development practices. On the other hand, they still consider the very same lending practices as a legitimate intervention; and consequently, restrictions on lending such as risk aversion, as an obstacle to achieving *development*. This is where the development discourse harmonizes contradictions in development practices and objectives, removes politics from political causes, and thus legitimizes its continuation.

Because of its limited mandate, the Panel's proposed solutions remain entangled in development discourse. For the most part, the Panel can only argue technically and on a case-by-case basis, calling on management to seek more expertise in the future, to better anticipate problems, and to better oversee projects. It is not uncommon for the Inspection Panel's identification of a lack of capacity to serve as legitimation for the World Bank to plan new interventions. In this skeptical reading, we can conceptualize the Panel complaint process as an institutionalized form of depoliticization in which the *development* discourse provides the logic to legitimize the continuation of *development* practices even if they have failed.

Critical examination of the interweaving of development and accountability

The pervasive and widespread *belief in development* not only functions as a discursive intersection between all groups of actors, but also harmonizes existing conflicting goals by increasing the willingness to compromise, thus contributing to the continuation of existing practices. This raises a specific responsibility for all those who ascribe to themselves the objective of strengthening citizen-driven accountability. Strengthening citizen-driven accountability from within the institutions requires power-sensitive thinking which reflects on dominant practices, structures, methods, concepts, and discourses. Beyond that, accountability experts must have the will and ability to address power imbalances.

²¹ Esteva Gustavo (1985): *Development: Metaphor, Myth, Threat*. *Development: Seeds of Change* 3, 78–79; THE POST-DEVELOPMENT READER, (Majid Rahnema & Victoria Bawtree eds., 1997); Roy, *supra* note 17; Ferguson, *supra* note 11; Li, *supra* note 17.

²² ARAM ZIAI, *supra* note 14, at 59-69.

Accountability experts should consider and be vocal about the fact that neither *development* policy nor accountability practices are apolitical. Overcoming inequalities, poverty, or oppression requires more than just technical solutions. Every intervention operates in a local context, with a history riddled with different and conflicting actor interests and power constellations. Consequently, all interventions enter, intentionally or not, into existing political dynamics.²³ Recognizing this can also mean deciding to not intervene, because “it is not correct usage to apply the term ‘development’ to the process of knocking down one thing and building something else in its place. Calling such initiatives ‘development’ conceals the fact that they are human choices, that is, activities that human beings are *free not to do*”.²⁴

In their reporting, accountability experts also need to question the claim to the universality of *development*. Political problems need political solutions. In this process, accountability experts should consciously disrupt dominant discourses that structure or channelize demands for reform. This will open up space for more emancipative approaches to deal with system-immanent conflicts of goals. The political will to take the risks involved can be the starting point to take political responsibility for accountability policy practices and their (non-) intended effects.

Development as a concept and discourse has played a decisive role in harmonizing different approaches and goals by experts in the field. Accountability as a concept and practice has been fought and undermined from the very beginning, all the way through to today. This tension lies in the very nature of accountability mechanisms, and it is hard to imagine how it could be different. Management, the President, legal counsel, and the board have a conflict of interest, and their perspectives are affected by strong incentive systems that prioritize lending over anything else. Thus, we also need to be honest about the fact that accountability processes and their institutional embedding are not designed to provide a fair process.

Accountability experts must stop reproducing the myth that *development* will help as soon as planning is applied accordingly. It seems to be more realistic and worthwhile to campaign for truly independent accountability systems that can work in hostile environments and interrupt harmful practices, instead of assuming that one day, the political environment will change and accountability and *learning* will be part of the organizational culture. Therefore, bureaucratic fights must be acknowledged and considered in the design of accountability mechanisms. As

²³ See generally JAMES FERGUSON, *supra* note 11.

²⁴ C. DOUGLAS LUMMIS, *RADICAL DEMOCRACY* 63 (Cornell University Press, 1996) (emphasis in original).

argued above, we must not ignore the legitimizing logic of the *development* discourse. Everyone supporting citizen-driven-accountability must counteract the power-stabilizing effects of their practices. Concrete starting points for reflecting on our day-to-day practices include acknowledging depoliticizing logic, recognizing harmful practices, questioning expertise, and addressing conflicts of interest, injustices, and power imbalances. The emancipatory potential of the Inspection Panel is both a curse and a blessing. The complaint processes go against the claim of international financial institutions of being non-political, by revealing political responsibilities. Complaints processes thus inevitably generate resistance, as they highlight the structural contradictions of current development policy. If the resistance to this disappears completely one day, we should be worried.

Conclusion

This essay argues that institutional and political factors limit the Inspection Panel's work. This condition is a path dependency that has existed in varying degrees since the Panel's inception. The Panel thus represents an institutionally and politically contested space in which its mandate and the processes must be repeatedly re-established. The limitations of accountability practice at the Panel and other IAMs serve to maintain current power relations and legitimize harmful practices. Dismantling the *development* discourse and its effects could help the field overcome constraints in the future.

The Panel has undoubtedly elicited far-reaching institutional responses, but we can and must do better to prevent *development*-induced and legitimized violence. The crises of our time are moving too fast for us to continue to be satisfied with tiny policy steps that are often followed by pushbacks. It is important to remember the idea, promise and ambition of citizen-driven-accountability, and to prevent its practices from becoming mere management tools. Accountability experts work in a field that has emerged in response to arguably one of the most influential protest movements within the global political economy, the Narmada Bachao Andolan. We still owe it to this movement. As accountability experts, it is our responsibility to push the boundaries of what we can demand and what we can do in the spirit of citizen-driven-accountability.