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The World Bank has an accountability problem

Bank fails to protect critics but safeguards its impunity
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by **Lauren Carasik** @LCarasik

In April members of impoverished fishing and farming communities near the Tata Mundra coal-fired power plant in Gujarat, India, filed a lawsuit in Washington, D.C., against the World Bank Group's private lending arm, the International Financial Corp. (IFC), which funded the project, seeking remedies for harms to their environment, livelihood and health. The IFC is asking the district court to dismiss the suit, claiming absolute immunity for harms caused by the project, which would leave the plaintiffs without an effective avenue of redress.

"The IFC's defense boils down to this: 'We are above the law,'" Rick Herz, the litigation coordinator for the human rights and environmental advocacy group EarthRights International, which represents the Gujarat farmers, said in a statement on July 13. "It argues that it is entitled to act with impunity, contrary to its own mission and accountable to no one, even though the risks were so obvious from the start and the IFC's failure to act [has been] so devastating for precisely the people the IFC is supposed to help and protect."

The World Bank's resistance to accountability undercuts its anti-poverty mission. Its latest insistence on insulating itself from liability follows recent damning revelations about the organization's failure to protect critics. On June 29 the International Consortium of Investigative Journalists published a leaked World Bank internal survey, which detailed a climate of intimidation at the bank, where nearly 60 percent of staffers said they could not report unethical behavior for fear of repercussions.

On June 22 Human Rights Watch (HRW) released a scathing report that denounced the bank for failing to ensure that critics of bank-funded projects can operate safely. HRW cited numerous examples of repression against human rights defenders, journalists and nongovernmental organizations in Cambodia, India, Uganda, Uzbekistan and other countries.

Speaking out against development projects can be deadly. Last year, Global Witness reported that at least 116 environmental defenders were killed around the world. The bank recognizes the importance of local inclusion to the success and sustainability of its development projects. Yet its policies fail to protect meaningful participation by affected communities. Critics, who often derive little benefit from bank-funded development schemes and may instead suffer grievous harm, have little voice in the projects and few avenues for effective recourse when they are harmed.

Typically, those aggrieved by development megaprojects are poor, marginalized and politically disempowered. That is precisely why they need protected space to organize and speak out against powerful actors that seek to squash their resistance. Last year the bank vowed to "explicitly consider … the voices of the poor." But its policies fall short of protecting critics of both specific projects and its development policies.

The failure to encourage and protect robust civic participation occurs against the backdrop of bank's refusal to adopt human rights standards, which undermines its mission and erodes its credibility as an anti-poverty organization. The organization's aversion to the language of human rights is premised on its founding documents.

If the World Bank truly wants to eradicate extreme poverty, it must give more than lip service to those it strives to help by recognizing enforceable and inalienable rights, not merely illusory ones.

"The bank's position is effectively a sleight of hand," the United Nations special rapporteur on extreme poverty and human rights, Philip Alston, said last year.

“They insist that their operations will be supportive of human rights but then add that this must be in a manner consistent with the bank’s articles of agreement, and they have interpreted the latter as preventing human rights being taken into account because they are inherently political.”

The bank’s notion of divisibility between poverty eradication and human rights is deeply flawed. Extreme inequality is not merely a function of market forces that develop according to a natural order. To the contrary, laws, institutions and policies that are inherently political and historical support inequality. Far from being apolitical, the bank has consistently pushed neoliberal policies on developing countries.

The U.S., in fact, acknowledges that its funding for the bank is meant to advance Washington’s economic and political objectives.

“Our investments in these institutions promote our strategic interests and international stability,” U.S. Treasury Secretary Jacob Lew said during a congressional hearing in March, defending U.S. funding for international financial institutions. “They help unlock the next generation of export markets for America’s businesses and workers while fostering private sector development and entrepreneurship.”

In response to previous mistakes, the World Bank Group has developed complaint mechanisms for conducting independent investigations. But the EarthRights lawsuit details how the IFC’s internal watchdog failed to ensure the organization’s compliance with its safeguards against harming local people or the environments that sustain them.

If the bank is serious about remedying these flaws, instead of waiting for complaints and then attempting to correct mistakes, it should be more proactive. Measures should include risk assessments that solicit local input, careful and consistent monitoring and an early warning system to identify projects that pose the greatest threat to communities. When issues arise, World Bank investigators must ensure the confidentiality of complainants throughout entire the process. And harmed communities must have meaningful remedies.

The bank has been shifting its resources toward private investments, nearly tripling its allocation to the IFC, from 13 percent in 2000 to 35 percent in 2013. The move heightens the risk to communities, since corporate accountability for human rights violations remains elusive. On June 18 the U.N. expert on the rights to freedom of peaceful assembly and association, Maina Kiai, said critics of projects run by transnational corporations, especially those involving natural resource extraction, are often imperiled by crackdowns.

“Governments are more receptive to corporations’ positions than the needs and concerns of affected communities,” he said, underscoring the need for a binding treaty on business and human rights. “Authorities endeavor to silence individuals and associations that express opposition to natural resource exploitation processes.”

Poverty is neither inevitable nor removed from the global economic order that supports it. If the World Bank truly wants to eradicate extreme poverty, it must give more than lip service to those it strives to help by recognizing enforceable and inalienable rights, not merely illusory ones. The bank has the capacity to democratize development by adopting human rights standards that explicitly enshrine dignity and self-determination. Respect for dissent should begin at the bank, which should ensure that employees can report official misconduct and other unethical practices without fear of repercussions and should extend robust protections to the people it aims to lift out of poverty. And when civic participation is suppressed or cannot ameliorate the harmful effects of development projects, the World Bank should be held to account.

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