

International Accountability Mechanisms of Multilateral Development Banks: The Practice in Cambodia

Abstract

Through their public sector and private sector arms, multilateral development banks (MDBs) provide financial support to governments of less developed countries and private companies that operate in such countries under the heading of sustainable economic development. However, in addition to any positive development impacts, the banks' financing of large-scale development projects has contributed to adverse impacts on the environment such as deforestation and negative social impacts, such as forced eviction/displacement in poor countries. Meanwhile, civil societal actors often have no legal means or are not recognized to hold international financial institutions like MDBs accountable. Civil society groups demanded greater accountability from the development banks by pushing them to establish mechanisms through which affected people can file complaints and have them addressed. The banks responded to this call by establishing international accountability mechanisms (IAMs), which have been acknowledged to not only play a crucial role in promoting accountability at the banks, but also to promote good governance and contribute to the accountability of their member states and private clients. Today, however, the effectiveness of these mechanisms remains debatable and the powerful actors that are the subject of civil society' claims often fail to admit their faults and instead deny wrongdoing.

Civil society groups play a significant role in making sure that IAMs work. However, their ability and space to organize and mobilize are different depending on how civil and political rights are recognized by the host countries. Usually, accountability mechanisms are difficult to access in the countries where governments do not recognize their own people's rights and the legal space for CSOs and their possibilities for mobilization are limited. Nevertheless, the implications of the use of IAMs by CSOs in countries with weak governance have not been underexplored empirically, while theoretical explanations not always fully convincing.

This study aims to understand how civil society organizations hold Multilateral Development Banks and their borrowers accountable for misconducts via IAMs in a fragile state using four case studies in Cambodia. The study suggests that to increase the effectiveness of their access to IAMs, accountability demanding actors undertake preparation activities and apply accountability strategies to complement IAMs' redress processes. There is no consistency in outcomes of such processes even when the complaints are handled by the same accountability mechanism. This is mainly because the IAM itself is not the only factor influencing the redress process outcome. Beside IAM, there are other factors making such outcomes different including: capacity and profession of IAM staff or technical consultants, case characteristics; strategies for

accessing the IAM; characteristics of accountability demanding actors; characteristics of target actors; the political and operational culture within multilateral development banks; institutional structure of the political system within which CSOs are operating; and/or capacity of parties to the conflict to engage in the resolution process.