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ABSTRACT

In June 2003, the Equator Principles (EP) were launched by ten international commercial banks. The EP were designed as a set of voluntary environmental and social (E&S) risk management guidelines for project finance. Whilst lauded as a "revolutionary" initiative by the financial sector, the Principles were not *as* optimistically received by some non-governmental organisations (NGOs), largely due to what they perceived as the inability of the EP to adequately address all of their financial sector accountability demands. By June 2008, there were 60 adopting Equator Principles Financial Institutions (EPFIs) and the EP had become the "standard" for more responsible project finance. To *active* EPFIs, the EP were now an "accepted" aspect of their daily operations, changing the manner in which they financed and managed project finance arrangements. Yet, to NGOs, the need for more "concrete" evidence of the positive impacts of EP implementation persisted.

This research seeks to evidence, understand and explain this EP institutionalisation process between 2003 and 2008 and its effects on EPFI social accountability over this period. It investigates *why and how* the EP emerged and evolved to become a "taken-for-granted" (institutionalised) aspect of EPFI (commercial bank) project finance activities, and whether this enabled and/or constrained their social accountability between 2003 and 2008. A qualitative methodological approach is adopted, incorporating a case study involving (participant) observation, extensive documentary analysis and 29 semi-structured interviews with 31 key EP stakeholders in the field. The case material is interpreted and theoretically framed through the use of the concepts of accountability and legitimacy, and the application of the Dillard et al. (2004) framework on institutionalisation. This results in a highly detailed narrative that "illuminates" the EP institutionalisation process and shows how it enabled, rather than constrained, EPFI social accountability between 2003 and 2008. Consequently, unique theoretical and empirical contributions are made to the extant literature.