



IMPROVING LIVES THROUGH THE ACCOUNTABILITY MECHANISM

ADB Accountability Mechanism
Annual Report 2016

IMPROVING LIVES THROUGH THE ACCOUNTABILITY MECHANISM

ADB Accountability Mechanism
Annual Report 2016



Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)

© 2017 Asian Development Bank
6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Tel +63 2 632 4444; Fax +63 2 636 2444
www.adb.org

Some rights reserved. Published in 2017.

ISBN 978-92-9257-841-1 (Print), 978-92-9257-842-8 (e-ISBN)
Publication Stock Number: TCS178828-2
DOI:<http://dx.doi.org/10.22617/TCS178828-2>

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned.

By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

This work is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)
<https://creativecommons.org/licenses/by/3.0/igo/>. By using the content of this publication, you agree to be bound by the terms of this license. For attribution, translations, adaptations, and permissions, please read the provisions and terms of use at <https://www.adb.org/terms-use#openaccess>

This CC license does not apply to non-ADB copyright materials in this publication. If the material is attributed to another source, please contact the copyright owner or publisher of that source for permission to reproduce it. ADB cannot be held liable for any claims that arise as a result of your use of the material.

Please contact pubsmarketing@adb.org if you have questions or comments with respect to content, or if you wish to obtain copyright permission for your intended use that does not fall within these terms, or for permission to use the ADB logo.

Notes:

In this publication, “\$” refers to US dollars.

Cover photo: Woman working in a vegetable field in Nepal, 2014

Photo credits: ADB Photo Library, ADB Office of the Compliance Review Panel, and ADB Office of the Special Project Facilitator, except where indicated.

Corrigenda to ADB publications may be found at <http://www.adb.org/publications/corrigenda>

CONTENTS

| | |
|--|----|
| Tables and Figures | iv |
| Abbreviations | v |
| Introduction | 1 |
| Compliance Review | 2 |
| Preface | 3 |
| Problem Solving | 17 |
| Preface | 18 |
| Joint Activities and Outreach | 31 |
| Complaint Receiving Officer | 39 |
| Accountability Mechanism Website Improvement | 40 |
| Board Compliance Review Committee | 41 |
| Compliance Review Panel Members | 41 |
| ADB Accountability Mechanism Team | 42 |

TABLES AND FIGURES

Tables

| | | |
|---|--|----|
| 1 | Expenses of the Compliance Review Panel, 2016 | 16 |
| 2 | Expenses of the Office of the Compliance Review Panel, 2016 | 16 |
| 3 | Expenses of the Office of the Special Project Facilitator, 2016 | 30 |
| 4 | Office of the Special Project Facilitator's Budget Utilization Details, 2016 | 30 |

Figures

| | | |
|---|--|----|
| 1 | 2016 Complaints at a Glance | 19 |
| 2 | Analytical Framework for the Development Impact, Benefits, and Costs | 29 |
| 3 | Accountability Mechanism Initiatives and Areas for Collaboration with Operations Departments | 32 |
| 4 | Total Number of Stakeholders Reached | 37 |
| 5 | Summary of Complaints | 39 |
| 6 | Annual Summary of Complaints received by the Complaint Receiving Officer | 39 |

ABBREVIATIONS

| | |
|--------|---|
| ADB | Asian Development Bank |
| ADB AM | ADB Accountability Mechanism |
| AiIB | Asian Infrastructure Investment Bank |
| CRO | complaint receiving officer |
| CRP | Compliance Review Panel |
| CSO | civil society organization |
| GRM | grievance redress mechanism |
| IAM | independent accountability mechanism |
| IFI | international financial institution |
| km | kilometer |
| MFF | multitranche financing facility |
| MOC | memorandum of cooperation |
| MW | megawatt |
| NGO | nongovernment organization |
| OCRP | Office of the Compliance Review Panel |
| OSPF | Office of the Special Project Facilitator |
| PRC | People's Republic of China |
| SPF | special project facilitator |
| TA | technical assistance |



A portion of the Tbilisi-Rustavi highway in the Ponichala District, Georgia.



INTRODUCTION

Community consultation for the complaint on Samoa:
Promoting Economic Use of Customary Land and Samoa
AgriBusiness Support Project.

The Accountability Mechanism of the Asian Development Bank (ADB) was set up to provide an independent and effective forum for people to voice their concerns—particularly by those adversely affected by ADB-assisted projects. Through this mechanism, people may seek solutions to their problems and/or request for a review of the alleged noncompliance by ADB with its operational policies and procedures that may have caused, or is likely to cause them, direct and material harm.

The ADB Accountability Mechanism (ADB AM) was designed to (i) increase the development effectiveness and quality of ADB projects; (ii) be responsive to the concerns of project-affected people and fair to all stakeholders; (iii) reflect the highest professional and technical standards in ADB staffing and operations; (iv) be as independent and transparent as possible; (v) be cost-effective and efficient; and (vi) complement the other mechanisms of supervision, audit, quality control, and evaluation.

The ADB AM has two functions. The problem-solving function—led by the special project facilitator (SPF)—responds to problems of the local people affected by ADB-assisted projects through a range of informal and flexible methods. The compliance review function—led by the Compliance Review Panel (CRP)—investigates alleged noncompliance by ADB with its operational policies and procedures that has caused, or is likely to cause, direct and material harm to project-affected people.

To provide an easily accessible single entry point for project-affected people, this two-pronged structure is supported by the complaint receiving officer (CRO) who will receive all complaints from people seeking access to the ADB AM.

This annual report covers both functions of the Accountability Mechanism, and the activities are reported in three sections. The first section summarizes the activities under the compliance review function; the second details the initiatives done by the OSPF; and the third covers joint activities, including that of the CRO.

COMPLIANCE REVIEW



The Compliance Review Panel during its field visit to the project site in Phnom Penh, April 2016.

PREFACE

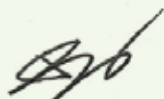
Integral to improving the lives of people in Asia and the Pacific and ensuring that its operations benefit project-affected people is the establishment of a mechanism in the Asian Development Bank (ADB) for addressing project-related complaints by affected people.

In 2016, the CRP acted on four complaints—two for the Georgia Sustainable Urban Transport Investment Program; and one for the Samoa: Promoting Economic Use of Customary Land and Samoa AgriBusiness Support Project; and one for the People’s Republic of China: Guangxi Southwestern Cities Development Project. Additionally, the CRP monitored the implementation progress of remedial actions for the (i) Cambodia: Greater Mekong Subregion Rehabilitation of the Railway Project, (ii) India: Mundra Ultra Mega Power Project, and (iii) Philippines: Visayas Base-Load Power Development Project. The CRP has also proactively engaged with ADB staff and consultants in its meetings, dialogues, and informal consultations for the projects it monitors. These efforts ensured not only a broader understanding of the rationale for a compliance review and a common understanding between the CRP and the project teams on the required actions for projects to be brought into compliance with ADB operational policies and procedures, but they also negated the notion that compliance review merely burdens project implementers.

To crystallize the experience and draw learnings from the implementation of the Accountability Mechanism Policy, OCRP led the preparation of the first Accountability Mechanism Learning Report which was published online in 2016. Coproduced with the Office of the Special Project Facilitator (OSPF); the Independent Evaluation Department, and the Sustainable Development and Climate Change Department, this Report documents lessons learned by each key stakeholder, including CRP, which can help improve the way ADB addresses complaints.

The CRP and OCRP jointly hosted with OSPF, the 13th Annual Meeting of Independent Accountability Mechanisms (IAMs) of international financial institution (IFIs), as well as a Civil Society Organization Forum in ADB in September 2016. These events aimed to build better partnerships among IAMs, and between IAMs and civil society organizations (CSOs) and nongovernment organizations (NGOs), which often directly work with project-affected people.

In the same light, the OCRP reached out to ADB staff, CSOs and/or NGOs, government staff, and private sector project partners to inform them of the role and function of compliance review and how each could cooperate to better the lives of project-affected persons. Outreach sessions by the OCRP, which included the OSPF in some countries, were conducted in Australia, Bangladesh, Bhutan, Indonesia, Kazakhstan, and Tajikistan. The OCRP met with all ADB operations department heads, and organized joint events with the Central and West Asia and the Private Sector Operations departments, to share lessons learned from compliance review cases and to support them in ensuring compliance with ADB’s operational policies and procedures in their projects. To support these activities, the OCRP is now working on producing guidebooks and training materials for various stakeholders.



Dingding Tang
Chair, Compliance Review Panel and concurrent head,
Office of the Compliance Review Panel



COMPLIANCE REVIEW

Members of the Compliance Review Panel discuss issues with project consultants and government representatives.

Request Number 2016/1 GEORGIA: SUSTAINABLE URBAN TRANSPORT INVESTMENT PROGRAM— TRANCHE 3

The project is part of an overall investment program of the Government of Georgia valued at \$1.1 billion to be implemented from 2010–2020. This investment program aims to improve the reach, quality, and continuity of urban transport in Georgia. Partial funding for the program was through the Asian Development Bank (ADB) loan using a multitranche financing facility (MFF) with a maximum financing amount of \$300 million. Initially conceived to be structured with three tranches, the investments to be funded under this MFF are expected to improve the transport system and infrastructure in urban areas in Georgia, specifically in Anaklia, Batumi, Kutaisi, Poti, Rustavi, and Tbilisi. The ADB Board of Directors (Board) approved Tranche 1 (\$85 million) of the MFF on 21 July 2010. Tranche 2 (\$64.89 million) was approved on 24 July 2012 and Tranche 4 (\$20 million) was approved on 25 August 2015.

LOAN NUMBER: 3063

Country: Georgia
Borrower: Government of Georgia
Approval date: 25 November 2013
Closing date: 31 December 2018
Complaint status: Eligible; Final compliance review report is now publicly available at <https://compliance.adb.org>
(Source: Project Data Sheet at <https://www.adb.org/projects/42414-043/main>)

The project is part of an overall investment program of the Government of Georgia valued at \$1.1 billion to be implemented during 2010–2020. Partial funding for this program was through an ADB loan using a multitranche financing facility (MFF) with a maximum financing amount of \$300 million. The subject of the complaint is Subproject 1: Tbilisi–Rustavi Urban Road Link, which is one of the two components of Tranche 3 of the MFF.

On 14 March 2016, a complaint was filed by at least 81 residents of a 9-storey building in 12 v/g, Rustavi Highway, Tbilisi, Georgia, who alleged that the proximity of the ADB-financed road will damage their residential building and negatively impact the quality of their daily lives due to noise, vibration, and air pollution. The complainants' building will not be traversed by the proposed road nor is it in the right-of-way, thus, they are not included in the resettlement plan for the project.

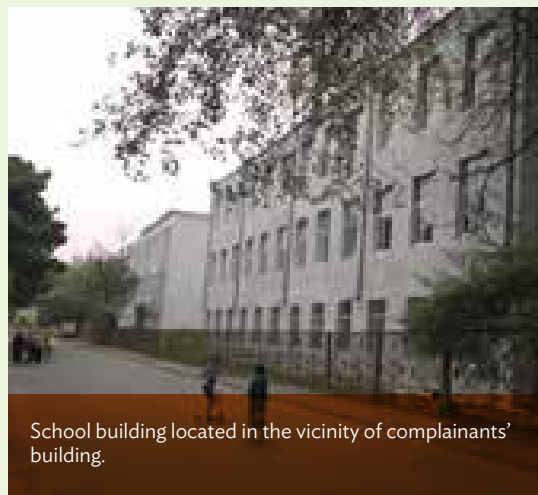
The project is under the Urban Development and Water Division of the Central and West Asia Department and implemented by the Municipal Development Fund of Georgia. The subject of the complaint is Subproject 1: Tbilisi–Rustavi Urban Road Link (section 2), which is one of the two components of Tranche 3. Upon project completion, this 6.8 kilometer (km) stretch of the road, referred in project documents as section 2 (km 4.0–10.8), will be part of the Rustavi–Tbilisi Urban Road Link, which will be of international standard “Category I” highway, with four lanes and with a general design that can accommodate vehicles with a speed of 120 km/hour.

The complaint, which was received by the Compliance Review Panel (CRP) on 14 March 2016, was filed by at least 81 residents of a 9-storey residential building—identified as 12 v/g, Rustavi Highway, Tbilisi, Georgia. The complainants argued that their building will only be 5–15 meters away from the highway. They are concerned that they will be negatively affected by the vibration during road construction and operation, which could further damage their already dilapidated residential building; and noise during construction and heavy traffic operation of the highway. The building is located in a poor neighborhood where buildings were constructed in the mid-1960s to house people with visual impairment and other disabilities. This building is in very poor condition as construction materials used were of poor quality and adequate maintenance work has not been done for many years. The complainants claimed that their building could be further damaged or could possibly even collapse as a result of vibrations during road construction and subsequent heavy traffic. In addition to the noise, they are concerned about their visual impairment and reduced light that could result from the planned construction of a 9-meter high noise barrier in front of their building. They also argued that vibration and noise could particularly affect the vision-impaired people living within the area. As the building of the complainants will not be directly traversed by the road or its right-of-way, people will not be resettled and, thus, they are not included in the resettlement plan.

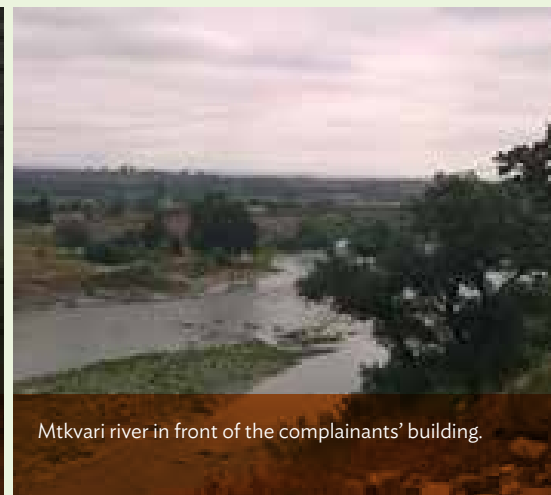
The complaint, however, was deemed eligible and upon the Board’s approval, the CRP started its compliance review of the project from June 2016 to October 2016. The draft CRP report on the compliance review was sent to the Government of Georgia, the ADB management, and the complainants for their review and/or comments before its finalization and submission to the Board on 13 February 2017.



Apartment building 12 v/g, rustavi highway at ponichala where the complainants live.



School building located in the vicinity of complainants' building.



Mtkvari river in front of the complainants' building.

**TECHNICAL ASSISTANCE NUMBERS:
4712, 7387, 8481; GRANT NUMBER: 0392**

Country: Samoa

TA grant recipient: Government of Samoa

Approval dates:

TA 4712—5 December 2005
TA 7387—23 November 2009
TA 8481—10 October 2013
Grant 0392—17 June 2014

Closing dates:

TA 4712—28 February 2009
TA 7387—30 September 2013
TA 8481—31 December 2017
Grant 0392—31 January 2022

Complaint status

Eligible, but the Board approved the Board Compliance Review Committee's recommendation that the Board should not authorize a compliance review at that time, in view of current indications, confirmed by the CRP, in para. 42 of the CRP report on eligibility, and that the Government of Samoa will propose legislative changes that would substantially remove material harm to the complainants.

Information on the complaint can be accessed at <https://lnadbg4.adb.org/dir0035p.nsf/alldocs/JABM-A983HD?OpenDocument>

Request Number 2016/2

SAMOA: PROMOTING THE ECONOMIC USE OF CUSTOMARY LAND AND SAMOA AGRIBUSINESS SUPPORT PROJECT

The complaint was about a series of technical assistance (TA) projects on promoting the economic use of customary land in Samoa; and a financial intermediation grant, the Samoa AgriBusiness Support Project. The complainants are four *matai* (village chiefs) and, as such, they are holders and managers of customary lands in Samoa. The four *matai* alleged that ADB failed to widely, adequately, and meaningfully consult with the affected customary landowners and stakeholders of these two cited projects when ADB closely collaborated with the government to develop and draft the customary land legislative and policy reform proposals.

Since 2006, the customary land legislative and policy reform proposals in Samoa have been partly developed and implemented through a series of ADB-funded TA projects. These include TA 4712, TA 738, and TA 8481 on promoting the economic use of customary land in Samoa; and Grant 0392: Samoa AgriBusiness Support Project, which is a financial intermediation grant. These

alleged to likely harm the complainants through the virtual alienation and economic exploitation of their customary lands.

Phase I of the project (TA 4712)—which was approved on 5 December 2005 and completed on 28 February 2009 using a total amount of \$293,992.17—established and supported a working group on the economic use of customary land with representatives from the Government of Samoa, the private sector, and the community, which submitted a report to the Cabinet recommending activities to promote the economic use of customary land. This TA project primarily assisted the government in implementing the Cabinet's decisions in approving the report.

Phase II of the project (TA 7387) paved the way for changes in the customary land leasing framework through the (i) national coordination of customary land stakeholders, (ii) capacity building to support customary land administration reforms, and (iii) effective community advocacy. Under TA 7387, the Customary Land Advisory Commission was established and operationalized, with its secretariat effectively coordinating and managing project implementation, while the use of a database of leasable land in Samoa was strengthened in the process. This project was approved on 23 November 2009 and was completed on 30 September 2013 utilizing \$481,963.62 for its activities.

Phase III (TA 8481), which is ongoing, has a total of \$550,000 earmarked by ADB for its activities. Outputs of Phase III will be the (i) establishment of an inclusive and consultative process for developing customary land policy; (ii) a Customary Land Security Bill; and (iii) a registration process to formalize landowning groups in Samoa. These are eventually geared toward the use of customary land as collateral, and the organization of customary landowners into legal entities in Samoa.

Grant 0392, with a project amount of \$5.0 million, aims to promote the commercializing and exporting of agricultural produce and processed products along agrovalue chains to stimulate agriculture's role in economic growth and poverty reduction in Samoa. This financial intermediation grant, which has selected private banks in Samoa as intermediaries, will provide business support services and financing to agribusinesses.

In determining eligibility, the CRP reviewed the following: (i) the complaint; (ii) the management's response to the complaint; (iii) the relevant documents, including materials submitted by both the complainants and the management; and (iv) interviewed (via teleconference) the complainants, relevant ADB staff, the counsel from the ADB Office of the General Counsel, staff from the Ministry of Finance of Samoa, staff from the Ministry of Natural Resources and Environment, a representative of the Samoan Farmers Association, a representative of the Samoa Umbrella for Non-Governmental Organisations, and a staff member from the Inclusive Development International (an international NGO assisting the complainants).

The CRP recognized that during eligibility determination, efforts are under way to prepare legislation, which if enacted by the Parliament of Samoa, would likely address much of the likely harm alleged by the complainants. However, in the absence of evidence that the proposed legislation has been passed into law, the CRP believes that the likely harm persists. The CRP finds prima facie evidence of noncompliance with the operational policies and procedures of ADB as described in its eligibility report, and prima facie evidence that this noncompliance with ADB's operational policies and procedures will likely cause direct and material harm to the complainants and to other affected people. Thus, the CRP recommended that the Board authorize a compliance review of the Samoa TA Phase II (TA 7387) and TA Phase III (TA 8481) projects. On the eligibility of the complaint, the Board Compliance Review Committee concluded as follows:

- (i) The Committee agreed with the CRP that there is evidence that ADB was not in compliance with its Public Communications Policy, notably Section L3 of the Operations Manual. Specifically, ADB did not ensure all affected sections of the community were fully consulted.
- (ii) On the issue of whether ADB's noncompliance has caused or is likely to cause direct and material harm, the Committee received detailed but conflicting opinions from the CRP and Office of the General Counsel of ADB. The Committee was unable to reach an agreed conclusion. (Please see section on Problem Solving [Samoa] for actions done under the problem-solving function such as the launch of the consultation and communication strategy, as well as government actions on the project after the CRP's eligibility determination.)

Request Number 2016/3

GEORGIA: SUSTAINABLE URBAN TRANSPORT INVESTMENT PROGRAM—TRANCHE 3

A second complaint on Section 2 of the above project was received by the CRP on 10 November 2016 from 72 residents of a 5-storey building at 16 a/b of Rustavi Highway, Tbilisi, Georgia. Residents argued that the closeness of their residence to the proposed road will significantly impact the structural integrity of their building and their quality of life, particularly those who are visually impaired or with other disabilities.

The CRP fielded a mission to check the eligibility of the complaint. An international expert assessed the likelihood whether vibration impacts will be so significant that damages could occur to the buildings and its residents. The eligibility report on this complaint is expected to be submitted to the Board by January 2017.



Annexes attached to the complainants' building.



The 9-storey residential building that complainants argued will only be 5–15 meters away from the highway to be constructed.

MONITORING THE IMPLEMENTATION OF REMEDIAL ACTIONS

In 2016, the CRP noted improvements in the situation of project-affected persons. This is due to the progress of implementation of remedial actions in projects that went through compliance review. These include a government project in Cambodia and private sector projects in India and the Philippines.

Greater Mekong Subregion Rehabilitation of the Railway in Cambodia Project

This project is about rehabilitating and restructuring the railway in Cambodia from Poipet near the Thailand–Cambodia border in the north to Sihanoukville in the south.

The compliance review resulted in recommendations for (i) additional compensation, (ii) improved resettlement facilities, (iii) livelihood restoration, and (iv) capacity building on resettlement implementation and grievance redress for the government. The CRP had a monitoring mission during 20–27 April 2016 to Cambodia to assess the progress of implementation of the Board-approved CRP recommendations and ADB management’s remedial actions. The mission visited the five resettlement sites and met with the (i) affected persons, (ii) requesters’ representatives, (iii) government officials, and (iv) staff of the ADB Cambodia Resident Mission.

**LOAN NUMBER: 2288 AND 2602;
GRANT NUMBER: 0187 (SUPPLEMENTARY)**

Country: Cambodia

Borrower: Government of Cambodia

Approval date: 10 January 2007 (for 2288); 15 December 2009 (for 2602)

Closing date: 2288: 31 December 2015; 2602: 31 December 2015; Grant 0187: 31 March 2015

Complaint status: Monitoring of remedial actions (Year 2)

CRP Recommendations

1. Establish a compensation deficit payment scheme.
2. Improve facilities at the resettlement sites.
3. Improve the functioning of the grievance redress mechanism, to be reflected in a time-bound and verifiable action plan.
4. Develop an appropriate program to build capacity for resettlement in the Interministerial Resettlement Committee, to be reflected in a time-bound and verifiable action plan.
5. Establish a debt workout scheme to help highly indebted families repay their accumulated debts through a dedicated credit line and a debt workout facility.
6. Implement the expanded income restoration program in a sustained and sustainable manner.



Members of the Compliance Review Panel interview the project-affected people.

Overall, the CRP noted partial compliance with five of its six recommendations and full compliance with Recommendation No. 4, which is to develop an appropriate program to build capacity for resettlement in the Interministerial Resettlement Committee to be reflected in a time-bound and verifiable action plan. Although there are still substantial measures to be completed to bring this project into compliance with ADB policies and procedures, the CRP noted significant progress.

The details of how resettled persons previously living along the Cambodia railway changed after a compliance review by the CRP in its Second Monitoring Report for the Implementation of Remedial Actions for the Cambodia Railway Project are found at [https://lnadbg4.adb.org/dir0035p.nsf/attachments/CAM-2ndMonitoringReport-For%20Web.pdf/\\$FILE/CAM-2ndMonitoringReport-For%20Web.pdf](https://lnadbg4.adb.org/dir0035p.nsf/attachments/CAM-2ndMonitoringReport-For%20Web.pdf/$FILE/CAM-2ndMonitoringReport-For%20Web.pdf)

India: Mundra Ultra Mega Power Project

The project is for the construction, operation, and maintenance of a 4,000 megawatt (MW) coal-fired power plant on a build-own-operate basis, using supercritical technology near Tunda and Wand villages in Mundra Taluka, Kutch District, Gujarat. It is one of the ultra mega power projects in India that will supply power to the states of Gujarat, Maharashtra, Punjab, Haryana, and Rajasthan. The project is also one of the first private sector-led generators in India to apply supercritical technology, which is expected to be more environment friendly than conventional subcritical generating units.

LOAN NUMBER: 2419

Country: India
Borrower: Coastal Gujarat Power
Approval date: 17 April 2008
Closing date: 30 June 2015
Complaint status: Monitoring of remedial actions (Year 1)

Management's Action Plan

These actions are geared toward achieving compliance with ADB operational policies and procedures, mainly on environment and involuntary resettlement. The plan includes studies and preparatory actions to address the recommendations of the CRP on (i) disclosure of information and consultation, (ii) thermal discharge from the plant's outflow channel and impact on the livelihood of the fisherfolk, (iii) sludge, (iv) access restrictions, and (v) ambient air quality.

Details of the action plan are at [http://compliance.adb.org/dir0035p.nsf/attachments/R44-15%20\(as%20posted%203%20July%202015\).pdf/\\$FILE/R44-15%20\(as%20posted%203%20July%202015\).pdf](http://compliance.adb.org/dir0035p.nsf/attachments/R44-15%20(as%20posted%203%20July%202015).pdf/$FILE/R44-15%20(as%20posted%203%20July%202015).pdf)



TATA Mundra Ultra Mega Power Project.



Tragadi bander, Mundra.

The complaint was filed by a representative of affected migrant fisherfolk, a farmer, and a fish trader. The CRP conducted a compliance review. The Board considered the compliance report in March 2015. The CRP concluded that ADB failed to fully comply with its policies on (i) environmental considerations in ADB operations; (ii) public communications; (iii) involuntary resettlement and incorporation of social dimensions in ADB operations when ADB failed to advise the private sector borrower—Coastal Gujarat Power—to fully identify all persons to be affected by the project; (iv) ADB failed to disclose and adequately consult affected persons; and (v) to comprehensively assess the impacts of plant operation on air quality, marine life, and the livelihood of foot fishers near the power plant. A key concern was the failure to consult with project-affected persons and to completely identify the impacts resulting from the construction of an open cooling water system.

ADB Management submitted to the Board its remedial action plan in June 2015, which included the conduct of studies on environmental and livelihood impacts to help determine the number and magnitude of impact of the plant operation on affected persons, and to formulate specific and targeted actions to address the needs and prevent harm to affected persons.

The CRP observed significant progress in the first year of implementation of the remedial action plan and that ADB management was actively engaged and supportive of Coastal Gujarat Power in implementing the required actions and in conducting some of the studies. Notable were the (i) preparation and implementation of the Livelihood Improvement Plan for the 24 identified *pagadiyas* (foot fishers); (ii) continuing efforts to assess whether additional *pagadiyas* are impacted and, therefore, need to be assisted; (iii) undertaking of additional disclosure and consultation measures; (iv) access road to *tragadi bander* (village) is well maintained and also air quality monitoring; and (v) water, health care, and educational services being provided to *tragadi bander* and other activities initiated by Coastal Gujarat Power under its corporate social responsibility program at the vicinity of the plant.

Details on how the activities in the remedial action plan help improve the lives of fisherfolk at the vicinity of the Mundra Ultra Mega Power Plant are found at [https://lnadbg4.adb.org/dir0035p.nsf/attachments/Mundra-1stMonitoring-IN356-16-ForWeb.pdf/\\$FILE/Mundra-1stMonitoring-IN356-16-ForWeb.pdf](https://lnadbg4.adb.org/dir0035p.nsf/attachments/Mundra-1stMonitoring-IN356-16-ForWeb.pdf/$FILE/Mundra-1stMonitoring-IN356-16-ForWeb.pdf)

PHILIPPINES: VISAYAS BASE-LOAD POWER DEVELOPMENT PROJECT

LOAN NUMBER: 2612

Country: Philippines

Borrower: KEPCO SPC Power Corporation

Approval date: 11 December 2009

Closing date: 27 December 2013

Complaint status: Monitoring of remedial actions (Year 4)

CRP Recommendations

1. Undertake a comprehensive air dispersion modeling study that includes the key pollution sources in the project's area of influence and validate its predictions with actual air emissions and ambient air quality monitoring data. Develop an action plan based on recommendations from the modeling study and emphasize the potential for continuous monitoring and recording of air emissions and ambient air quality.
2. Undertake a comprehensive study on ash utilization at cement plants and the ready-to-mix concrete plant and implement plant-specific recommendations and environmental management plans. In addition, prepare and implement these environmental management plans for the existing ash ponds and historical ash disposal sites.
3. Expand or complement the existing multipartite monitoring team to ensure the representation of all communities directly affected, and for all appropriate NGOs to facilitate transparent and inclusive communication and grievance redress.
4. Implement a community outreach program focusing on preventing negative health impacts from air, water, and noise pollution and potentially negative impacts from exposure to unprotected coal ash deposits.

Source: [http://www.compliance.adb.org/dir0035p.nsf/attachments/PHI%20FINAL%20REPORT%20FINAL%20APPROVED%20BY%20BOD.pdf/\\$FILE/PHI%20FINAL%20REPORT%20FINAL%20APPROVED%20BY%20BOD.pdf](http://www.compliance.adb.org/dir0035p.nsf/attachments/PHI%20FINAL%20REPORT%20FINAL%20APPROVED%20BY%20BOD.pdf/$FILE/PHI%20FINAL%20REPORT%20FINAL%20APPROVED%20BY%20BOD.pdf)

This project involves the construction and operation of a 200 MW coal-fired power plant in Naga City, Cebu Province, Philippines using circulating fluidized bed combustion boilers that were expected to generate relatively low levels of nitrogen oxides and sulfur dioxide. The project aims to address power shortage in the Visayas region and provide base-load power to the grid. It was designed to support economic growth in the Visayas region by increasing the availability of reliable and competitively priced power to meet the growing demand of consumers without adding the financial burden on the government; reduce electricity costs by increasing competition and efficiency through private sector investment; and be a model for future private sector investments in greenfield, environment-friendly, coal-fired power generation under the new regulatory regime for meeting the country's future energy needs. The compliance review was triggered by a request filed in May 2011 by a local NGO on behalf of several affected persons. In its review, the CRP found noncompliance with ADB's environment policy and operational procedure.

The CRP sent to the Board its fourth annual monitoring report in August 2016 after a 2-day site visit at Naga City, Cebu in July 2016. Remedial actions in recommendations 1 and 4 remain outstanding as the air dispersion modeling study has not yet been validated



by actual ambient air quality monitoring data. The result of the ambient air quality monitoring using the two units of equipment that were installed in August 2016 may only be analyzed in February or March 2017, and CRP is expecting the report by April 2017 at the earliest. Based on that report, airshed management scenario options will be generated, taking into consideration ambient air quality standards applicable, and public health considerations. Management has to ensure that all remedial actions should have been completed by August 2017 at the latest. Over the years, the CRP noted positive improvements and increased efforts by the ADB management and the KEPCO SPC Power Corporation plant staff in implementing the remedial actions, and their collaborative stance in dealing with locally affected persons, NGOs and/or civil society organizations (CSOs), and other project partners.

Clearly, the 4 years of CRP monitoring of remedial actions increased the project's information dissemination, public participation, and consultation on the plant's environmental performance. Likewise, it had somehow increased the level of comfort of affected persons, which the local environment authority, the plant operator, and the ADB project team have been closely watching and ensuring—so that the plant operation of the KEPCO SPC Power Corporation does no harm to the people and their environment.

The specifics on how the CRP monitoring and ADB management's actions—after compliance review of the project—brought about greater collaboration among the affected persons, local environment authorities, and the plant operators are presented at [https://lnadbg4.adb.org/dir0035p.nsf/attachments/Visayas-4thMonitoringReport-IN308-16-ForWeb.pdf/\\$FILE/Visayas-4thMonitoringReport-IN308-16-ForWeb.pdf](https://lnadbg4.adb.org/dir0035p.nsf/attachments/Visayas-4thMonitoringReport-IN308-16-ForWeb.pdf/$FILE/Visayas-4thMonitoringReport-IN308-16-ForWeb.pdf)



Two sites in front of the city hall of Naga city (left) and inside the Naga city sports complex at the vicinity of the track oval (right) where the air quality monitoring equipment will be installed.

OUTREACH ACTIVITIES: OFFICE OF THE COMPLIANCE REVIEW PANEL

External

The head of OCRP had a dialogue with the Kazakhstan Resident Mission staff on compliance review on 15 March in Astana. This was dovetailed with another outreach mission to Tajikistan during 17–19 March 2016, where he was joined by the advisor of OCRP in briefing representatives from the government, NGOs, and Tajikistan Resident Mission staff. A visit to two ADB projects—the CAREC Corridor 3 and 5 projects in Vose–Khovaling and Dushanbe–Kurgonteppa and CAREC Corridor 3—were undertaken. This mission was found useful specifically by ADB staff, who were able to differentiate more clearly the problem-solving and compliance review functions of the ADB Accountability Mechanism.



Briefing for staff of the Central and West Asia Department staff.



Briefing for the staff of the Private Sector Operations Department.

Internal

For the operations departments to gain better understanding of the compliance review processes and the ADB AM in general, OCRP jointly organized informal dialogues with the Private Sector Operations Department on 9 March 2016 and the Central and West Asia Department on 15 July 2016. More than 100 ADB staff at the headquarters benefited from the exchange of knowledge



Briefing of the Kazakhstan Resident Mission staff on Accountability Mechanism, March 2016 at ADB Kazakhstan Resident Mission Office.



and learning between the CRP and the staff who were involved in projects that went through compliance review. In its presentation, the CRP underscored the operationally relevant learnings from the India Mundra Ultra Mega Power and the Cambodia Railway Rehabilitation projects. These include the (i) importance of baseline data for benefit monitoring, (ii) adequate scoping of social and environmental impacts, (iii) inevitability of consultation and participation of affected persons, and (iv) doing things right at the start to avoid costly remedial actions and bottlenecks during project implementation.

Small-Scale Technical Assistance on Strengthening Policy Compliance Awareness for Good Governance and Development Effectiveness

This small-scale technical assistance was approved on 6 December 2016, in the amount of \$220,000, to prepare guide booklets and information brochure. These materials included case studies—for project stakeholders, ADB staff, borrowers, and project-affected persons—on compliance review, and the conduct of regional validation workshops in five developing member countries, with the participation of representatives from the government, ADB staff at the ADB headquarters and resident missions, executing and implementing agencies, and NGOs and/or CSOs. The recruitment process for consultants is ongoing, and they are expected to be mobilized in late April and/or early May 2017.

Case Studies by the Intern

Dripta Nag was the first OCRP intern in 2016. Under the direction of the OCRP advisor and chair of the CRP, she prepared eight case studies of projects that went through compliance review and highlighted the lessons and value addition of going through the process. These will form part of the basic materials when other information materials or tools for future trainings, seminars, or outreach on compliance review are developed.



Caption: OCRP's Intern Dripta Nag delivered a presentation on the case studies, ADB Headquarters, November 2016.

FINANCIAL REPORTING

In 2016, OCRP and the CRP spent a total of \$1,441,600. Of this amount, OCRP accounted for \$578,217, while expenses incurred by the CRP accounted for \$863,383. Briefly, these expenses were mainly for the (i) eligibility determination of three complaints; (ii) a compliance review; (iii) monitoring of remedial actions for three projects; (iv) outreach activities, including networking meetings with other international organizations such as Asian Infrastructure Investment Bank (AIIB) and International Association for Impact Assessment; and (v) hosting of the IAM meeting in ADB Headquarters.

Table 1: Expenses of the Compliance Review Panel, 2016

| CRP Budget Item | 2016 Budget | Expense (\$) |
|---|----------------|----------------|
| Salaries and benefits and other professional fees | 864,000 | 823,306 |
| Business Travel | 35,000 | 40,077 |
| Total | 899,000 | 863,383 |

CRP = Compliance Review Panel.

Note: Professional fees of part-time CRP members include travel expenses.

Source: ADB Budget and Management Services Division.

Table 2: Expenses of the Office of the Compliance Review Panel, 2016

| OCRP Budget Item | 2016 Budget | Expense (\$) |
|-------------------------|----------------|----------------|
| Salaries and benefits | 475,500 | 428,051 |
| Staff consultants | 57,000 | 78,191 |
| Business travel | 192,500 | 59,576 |
| Representation | 7,000 | 7,378 |
| Administrative expenses | 29,000 | 5,021 |
| Total | 761,000 | 578,217 |

Source: ADB Budget and Management Services Division.

PROBLEM SOLVING



A facilitated group discussion with participants at the grievance redress mechanism orientation in Kawkareik District, Myanmar.

PREFACE

OSPF Team at the 2016 Annual MDG Awards with the ADB Managing Director General Juan Miranda.

Over the last 50 years, the Asian Development Bank (ADB) has helped transform Asia and the Pacific by improving the lives of people for a better future. The Office of the Special Project Facilitator (OSPF) shares the same vision. In 2003, ADB pioneered “problem solving” as an integral part of development financing and accountability. This was a vital step in broadening the ADB Accountability Mechanism (ADB AM)—by being “accountable to people” so that local communities can participate in the development process. I am proud of our history and am committed to encourage “problem solving” as an integral part of ADB culture. Together with the OSPF team, it gives me a great pleasure to present the 2016 Annual Report, which summarizes our activities.

In 2016, the OSPF received six complaints—from Pakistan (1), Georgia (4), and India (1) (see Figure 1). One complaint from Georgia was eligible. Besides our primary mandate of problem solving, we provide support and advice in problem prevention—which is not as well known. This year we have been deliberating how problem-solving activities can be integrated in operations with the ADB staff and management. A problem-solving guide to support ADB staff and other stakeholders has been developed. The office has provided advice, as well as country-specific training for Bangladesh, Fiji, and Nepal so that issues are resolved quickly and comprehensively. We also assisted in establishing a grievance redress mechanism in Myanmar, and improved existing ones in Nepal and Georgia.

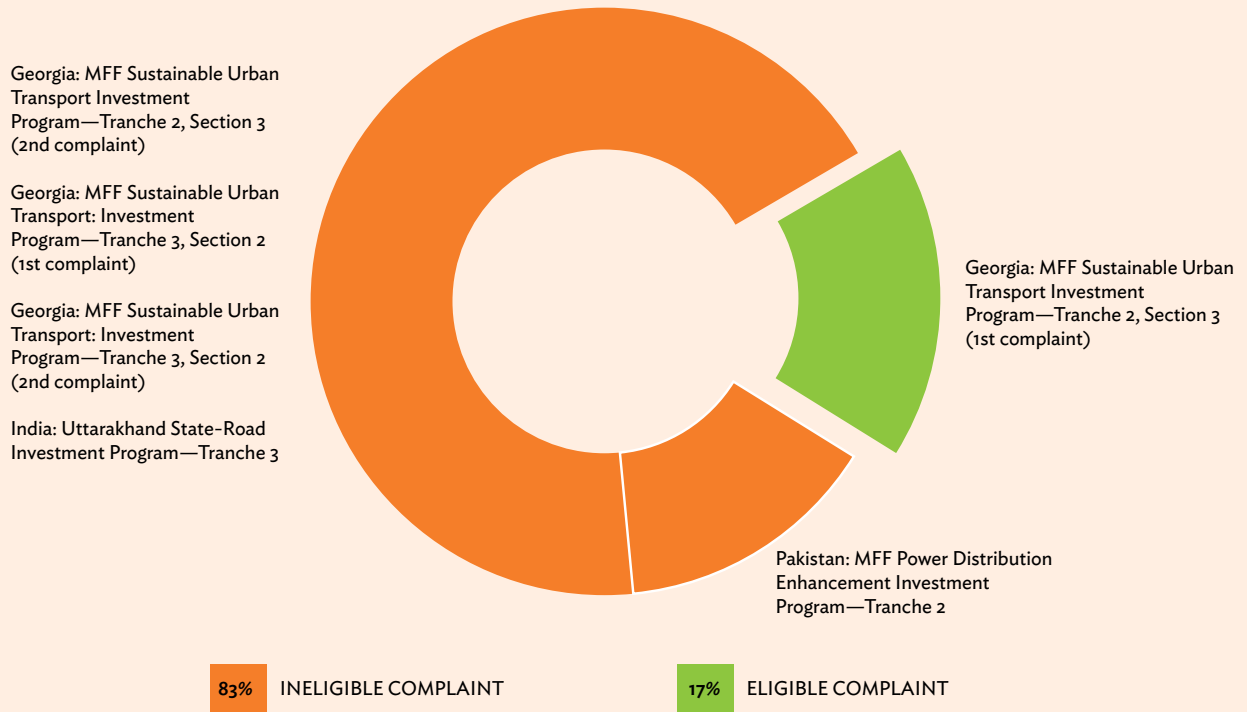
Together with the Office of the Compliance Review Panel (OCRP), the OSPF continued outreach activities in Australia, Bangladesh, Bhutan, Germany, Indonesia, Japan, and the Philippines. We also participated at the ADB annual meeting in Frankfurt; conducted joint workshop with the Asian Investment Infrastructure Bank in Beijing; attended the International Association for Impact Assessment meeting in Nagoya, Japan; and joined the discussion on the cooperation and collaboration with the Green Climate Fund, Japan International Cooperation Agency, Japan Bank of International Cooperation, and others. ADB AM also hosted the Open Forum with NGOs and the Independent Accountability Mechanisms (IAMs) annual meeting in Manila. We also drafted a methodology to measure OSPF development impacts, benefits, and costs, which is the first of its kind among multilateral development banks.

In the coming years, the OSPF will demonstrate that complaint should be viewed as a “gift,” a way to “do better”. Resolving problems reduces potential negative impacts and enhances development outcomes that eventually improve lives. Working together can generate changes and achieve tangible outcomes. I thank you for your support to OSPF activities. We count and look forward to our ongoing partnership for proactive solving problems in the coming year.



Jitendra Shah
Special Project Facilitator

Figure 1: 2016 Complaints at a Glance



Source: ADB Office of the Special Project Facilitator.

CASES IN 2016

GEORGIA

The key to ADB's support to Georgia is developing an efficient and sustainable transport system in line with its vision of making the nation an international gateway. ADB is financing improvements to international and secondary roads that can bring benefits to the population and businesses of Georgia. ADB is also assisting in linking the international roads to local regional centers through selected secondary road improvements.

In 2016, OSPF received four complaints on the Multitranche Financing Facility Georgia: Sustainable Urban Transport Investment Program—Tranches 2 and 3. The investment program aims to improve the urban transport system and infrastructure in urban areas and comprises two subprojects: (i) section 2 of the international standard Tbilisi–Rustavi Urban Road Link, and (ii) phase 2 of the Anaklia Coastal Improvement. The \$73 million investments aim to improve the urban environment, strengthen economic and tourism development, and regional integration.

Tranche 2 focuses on improving sections of the Tbilisi–Rustavi Urban Road Link and the Mtskheta Bridge for which two complaints were received. Tranche 3, on the other hand, will construct a 6.8 kilometer (km) section of the Tbilisi–Rustavi Urban Road Link and undertake the second phase of the Anaklia Coastal Improvement, where two complaints were received.



A portion of the Tbilisi–Rustavi highway in the Ponichala District, Georgia.

Two-Storey Building Apartments

Under tranche 3, complaints on the upgrading of an existing road and construction of a road from Ponichalato Rustavi were received. The project passes through housing and industrial areas, and will generate significant displacement impacts.

The first case under tranche 3 was filed by residents of a two-storey apartment building that will be demolished due to road construction. Complainants alleged that they were offered inadequate compensation to buy replacement residential apartments in a location where community and amenities, as experienced in their current location, can be preserved or replicated. Also, in calculating the compensation, the project did not take into account the land and communal property claimed to be owned by the residents of the building, such as communal bathrooms and corridors.

The residents of the two-storey building are considered different from the mainstream population. Their current unique living circumstances and their social dependency on each other will make their relocation difficult. Recreating their living conditions and living patterns will be challenging for this community. Therefore, helping the community secure replacement apartments should be a priority, including efforts that recognize their special circumstances and vulnerability.

Through dialogue and negotiation, the government agreed to the OSPF recommendations to offer an additional allowance to the residents in recognition of their special circumstances. In addition, the project also agreed to (i) assist the residents in finding new apartments, (ii) engage a communication specialist to develop and implement a project's communication strategy to better inform affected

Used Cars Dealerships

In two other complaints, the Office of the Special Project Facilitator has been working with the ADB operations department to address concerns. Both cases refer to the direct access to their business (or lack of it) due to the construction of the highway.

ADB operations department is now working to ensure better visibility and access to the businesses by providing road signs.

The government will also coordinate with the traffic police to disallow parking on deceleration lanes for better safety when entering the businesses. ADB will conduct further studies to see if direct access can be provided from the highway.



The two-storey apartment building of the complainants.

people of the project impacts, (iii) improve the project's grievance redress mechanism (GRM) to address community concerns, and (iv) build capacity in problem-solving and communication activities for the project staff.

The residents, however, declined to accept the additional allowance offered. They claimed it is inadequate, despite investigation by the OSPF of market rates and current prices for apartment buildings. While negotiations on additional compensation have ended, OSPF is still working with the communities to secure replacement apartments and to implement the other recommendations to support them. The government has since developed procedures for the project's GRM, along with training that will help make their complaint handling more efficient and effective.



Inside the two-storey apartment building of the complainants during the OSPF's review and assessment mission.

EARLY ACTION: KEY TO PROBLEM SOLVING

PAKISTAN

In this project, ADB will support the efforts of the Government of Pakistan to improve power distribution systems and address capacity shortfalls. The complaint raised was on the impact of the transmission lines being set up right across their properties, which caused electrocution incidents. As a result, the operations department agreed to revise the complete route of the towers to meet the minimum horizontal clearance requirement. Though the problem-solving process was not pursued, complainants expressed their appreciation for the efforts when they learned that the transmission tower will be relocated to a safer distance.



MFF Power Distribution Enhancement Investment Program—Tranche 2: Transmission lines initially set up right across properties caused electrocution and other safety issues; the area after towers' routes were changed.
(Photo credit: Complainants)

“The act of exposing and according prominence to a specific issue can lead to action even if full problem solving process is not pursued.”

– SPECIAL PROJECT FACILITATOR

INDIA

The complaint was about the construction of the road along the 9.57 km Gularbhoj–Gadarpur section of Udham Singh Nagar in Uttarakhand, which has been repeatedly delayed causing dust pollution, health problems, and accidents on the road. The complaint was forwarded to the operations department to mitigate the problem and/or employ actions to reduce health and safety concerns. The operations department will strengthen civil works supervision and monitoring to ensure the satisfactory completion of works and to improve its problem-solving procedures in the field. Through the operations department, the contractor has been mobilized and people have received immediate relief.



Uttarakhand State–Road Investment Program—Tranche 3: Road construction delays caused dust pollution, health problems, and accidents; the road after OSPF's call for immediate remedial action.
(Photo credit: Complainants)

SAMOA

Since 2014, OSPF has been working on a complaint on the ADB TA—Promoting the Economic Use of Customary Land, and the grant for the AgriBusiness Support Project.¹ The projects aim to assist the government’s efforts to encourage growth and jobs in Samoa by supporting greater investment through the use of leased customary land. Concerns, however, were raised about the lack of meaningful consultation and the alienation of customary lands that could occur under the projects.

Through multistakeholder dialogues, ADB made resources available in July 2015 the amount of \$50,000 for the engagement of a consultant to develop a consultation and communication strategy.² The strategy contains an overarching communications campaign to launch the strategy and the means for communicating and consulting communities on specific policy and legislative reform proposals.

Together with the government and ADB, the complainants were involved in the interview process for the selection of the consultant, which was guided by a selection criteria and process document developed by the stakeholders, with facilitation from OSPF. The government, represented by the Ministry of Natural Resources and Environment, established a legal working group to prepare the legal aspects of leasing land.

The consultation and communications strategy was launched in October 2016, with media coverage from TV and newspapers. The Prime Minister of Samoa also launched the policy paper on the economic use of customary land in a public event in October 2016. The Prime Minister confirmed that there will be no alienation of customary land. The current legislation, in place since 1965, allows the leasing of land and requires full, prior, and informed consent of landowners to such leases. The government’s principles that guide land reform also make clear that customary landowners have the right to approve or disallow the lease of customary land as a security for loans. They also have the power to approve or disallow the assignment of any lease. Wider public consultations will continue in early 2017.

Despite OSPF efforts to resolve project concerns, the complainants filed for compliance review in June 2016, alleging ADB violations of its policy on public communications.



A view of the east coast of Upolu, one of Samoa’s popular tourist destinations due to its white sandy beach.

¹ TA project phases I, II, and III. Project Nos. 37234, 41173-01, and 46512.

² Memo requesting an increase in TA amount, extend the closing date, and change in the TA’s implementation scope and arrangements—for TA 8481 SAM: Promoting Economic Use of Customary Land—dated July 2017 and approved in August 2017.

HELPING DEVELOP PROJECT GRIEVANCE REDRESS MECHANISMS

Apart from its core mandate to handle complaints, OSPF is also tasked to provide generic support and advice to ADB's operations departments in their problem-prevention and problem-solving activities.

MYANMAR

The Office of the Special Project Facilitator has been working closely with the Southeast Asia Regional Department's Transport Division and the Myanmar Resident Mission in developing a grievance redress mechanism (GRM) for the ADB-assisted Eindu-Kawkareik Road Improvement project. Stakeholder consultation and engagement in Myanmar are complex as people's rights to speak freely or assemble peacefully had been forcefully suppressed for several decades. Thus, to effectively manage the community's feedback, concerns, or grievances, it is vital to employ a process that allows communities a chance to have a two-way dialogue regarding projects. A grievance mechanism can enhance outcomes by giving people the feeling of satisfaction, that their voices are being heard, and that the issues they raised were subject to formal consideration by the project.

Several consultations were organized with the government, CSOs, and project-affected communities to raise their awareness on the need for a GRM, and to seek inputs into the design of the mechanism. These consultations led to the drafting of the GRM, which was approved by the government in August 2016. The GRM will be established in two districts and will comprise village-, district-, and state-level grievance committees to be represented by all stakeholders. More than 95 members, representing district-level government departments, village administrators, and elders have been selected for the committees. Brochures explaining the GRM, procedures, and manuals on the grievance mechanism have been published.

OSPF will be conducting a training of trainers to ensure long-term support for all GRM committee members. Training for the GRM committee members on the procedures and skills required for complaint handling will be conducted in February 2017. A formal launch of the GRM will follow in March 2017.



Orientation on the grievance redress mechanism for village-, district-, and state-level representatives in Hpa-An district (right) and in Kawkareik district (left) in Myanmar.

NEPAL



Community members in Myagdi District during the review and assessment mission of OSPF in January 2015.

As a result of problem solving undertaken by OSPF in 2015 of a complaint from the Myagdi district on the Decentralized Rural Infrastructure and Livelihood Improvement Project, capacity building on grievance redress mechanisms (GRM) for all nine districts of the project was implemented. This was undertaken upon the request of ADB's South Asia Regional Department. The complaint revealed that while a GRM was established and functioning in Myagdi, records of the grievances lodged, action taken, and feedback to the affected people were not well documented. This training for all GRM committee members was implemented to review the GRM design and procedures and develop members' skills in problem solving.



Training on the grievance redress mechanism in Nepal.

After the successful implementation of the initial training, a second set was organized for 20 GRM members from nine districts. The GRM for the Decentralized Rural Infrastructure and Livelihood Improvement Project was used as a live example during the training. This was the first training for all participants on the GRMs. While many of them are represented in committees at various levels (village, district, and central), they have never been exposed to such capacity development. Understanding the mandate of the GRM, its structure, staffing, and visibility requirements helped participants understand their roles and responsibilities better. In most GRMs, no directives or procedures were provided for members, thus, making their roles and responsibilities unclear. As a follow up to these trainings, in collaboration with the South Asia Department and Nepal Resident Mission, OSPF will continue to assist GRM committee members in developing their procedures and protocols.



Participants actively participate in a group discussion during the training on the grievance redress mechanism in Nepal.

CAPACITY BUILDING ON PROBLEM SOLVING

To support enhanced problem solving, OSPF developed a guide to support ADB operations staff and stakeholders. The *Problem Solving Guidebook for ADB-Assisted Projects* (Guidebook) uses a simple, step-by-step approach to problem solving and presents activities, tools, case scenarios, and practical tips to enhance skills, knowledge, and practice in risk mitigation and problem solving. The guidebook also builds on OSPF's experiences and lessons in past cases.

FIJI

The first training for ADB staff and their government counterparts in Fiji was conducted by OSPF in February 2016. The training guided 40 participants through each stage of the problem-solving process. Participants were able to apply the tools and techniques to their own project challenges and other case studies presented by OSPF. Participants learned a method that will help them resolve problems in a participatory manner. Another training was scheduled in January 2017 for all ADB-assisted projects in Samoa.

“ I believe that our learnings from the training—both theoretical and practical exercises— will greatly help us in resolving the problems encountered in the projects.”

– SAMOAN TRAINING PARTICIPANT



Training in Suva, Fiji from 2–5 February 2016.

NEPAL

Based on the case handled for the Decentralized Rural Infrastructure and Livelihood Project in Nepal, the South Asia Department requested training on problem solving for all the project staff. Attended by 27 participants, the training guided the staff through each stage of problem solving. Working groups helped participants study cases they are currently dealing with, analyze the issues, and identify actions that could resolve the problems. As a follow up, the South Asia Department has suggested that OSPF continue such training for all ADB-assisted projects in Nepal.

“Training is useful to resolve problems... it was designed in a practical manner...”

—NEPALI TRAINING PARTICIPANT



Training in Nepalgunj, Nepal from 22–23 June 2016.

BANGLADESH

Participants found the structured approach of problem solving useful not only in resolving project-related problems but also in confronting daily office- and life-related issues. Their problem-solving approach is ad hoc and does not follow a structure or thinking process. Going through the approach and the tools used in the training made them realize the importance of becoming more inclusive and getting critical stakeholders' participation in project activities.

“The workshop has enriched us and this type of training will help solve problems arising in development projects.”

—BANGLADESHI TRAINING PARTICIPANT



Over 100 participated in three different sessions for ADB staff (left photo), executing and implementing agencies (right photo), and NGOs working in ADB-assisted projects.

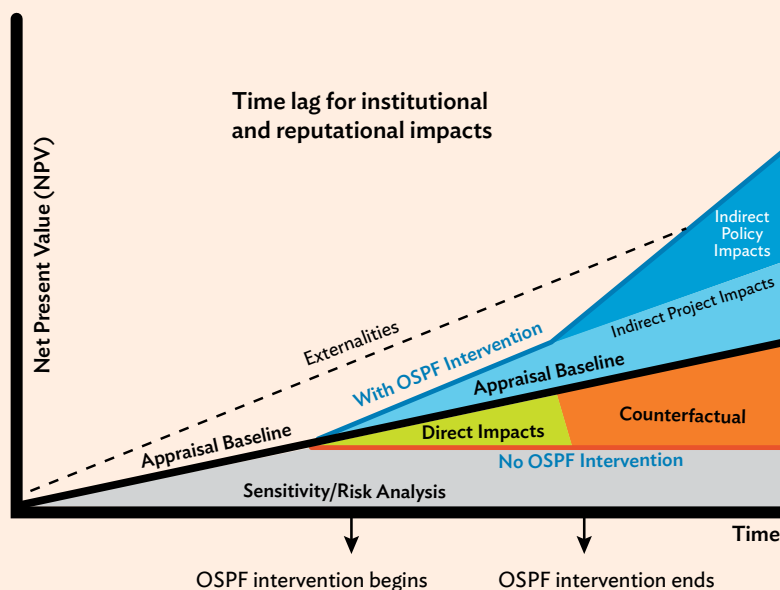
COST AND BENEFIT ANALYTICAL FRAMEWORK

A review of eligible as well as ineligible cases and discussion with all stakeholder shows that the OSPF has had positive development impact. OSPF has contributed to better outcomes through resolved complaints, improved compensation, betterment of communities, and enhanced capacity. Though the process of complaint and problem solving may be somewhat uncomfortable, it does help stakeholders to work and communicate better with each other for improved results. In 2016, OSPF carried out a study to develop a conceptual framework and supporting methodologies to evaluate the development impacts (direct and indirect), benefits, and costs of OSPF. The draft conceptual framework will hopefully lead to an objective discussion on how to analyze, monitor, and assess OSPF's problem-solving efforts and how these can be improved in the future. ADB is the first international financial institution (IFI) to develop such a framework, which has the following components:

- (i) **Project impacts analysis.** Involves the review of underlying causes of complaints and how to quantify OSPF impacts, where possible.
- (ii) **Indirect policy impacts analysis.** Examines the impact of OSPF in addressing program gaps and creating institutional mechanisms to mitigate and prevent future complaints.

The draft Analytical Framework (see Figure 2) compares the impact of OSPF to (i) anticipated benefits identified during appraisal, (ii) OSPF's role in facilitating project recovery due to complaint, and (iii) potential longer-term impacts of OSPF interventions. The difference between the appraisal baseline and post-OSPF intervention represents the net benefits or impacts. Project and indirect policy impacts that cannot be quantified can be evaluated qualitatively. The testing, refining, and finalizing of the framework is planned for 2017. Going forward, OSPF will compile costs data and the time frame of its interventions, as well as pre- and post-baselines. This will aid OSPF in the post-assessment of cases it handles and help improve its problem-solving process. These can also be used in culling lessons and strategies to prevent or mitigate future complaints.

Figure 2: Analytical Framework for the Development Impact, Benefits, and Costs



ADB = Asian Development Bank, OSPF = Office of the Special Project Facilitator.
 Note: Impacts are exaggerated for visual effect.

FINANCIAL REPORTING

Expenses of the Office of the Special Project Facilitator in 2016

Excluding staff salaries and benefits, OSPF spent a total of \$228,946 in 2016. This is about 68% of the total budget allocated at \$343,700. As Table 3 shows, much of the expenditures were for business travel at \$113,859 (78%) and staff consultants services at \$103,374 (57%). For administrative expenditures, \$7,160 (179%) were spent for translation and interpretation services while \$4,552 (60%) were spent for the CSO Forum event. Table 4 presents additional details on the OSPF budget relative to its complaint-related expenses and other major activities for 2016.

Table 3. Expenses of the Office of the Special Project Facilitator, 2016

| No. | Accounts | 2016 Budget | Actual Expense |
|-----|------------------------------|------------------|----------------|
| 1 | Business Travel | 146,000 | 113,859 |
| 2 | Staff Consultants | 182,100 | 103,374 |
| 3 | Representation | 7,600 | 4,552 |
| 4 | Administrative Expenses: | | |
| | Translation Services | 4,000 | 7,160 |
| | Directly Engaged Contractors | 4,000 | 0 |
| 5 | Salaries | 518,100 | 517,858 |
| 6 | Benefits | 218,200 | 164,370 |
| | Total | 1,080,000 | 911,173 |

Source: ADB. 2016. BPBM 2016 Budget Utilization Report as of 31 December 2016. Manila.

Table 4. Office of the Special Project Facilitator's Budget Utilization Details, 2016

| No. | Activities | Staff Travel | Consultants | Translation Services | Total |
|-----|--|----------------|----------------|----------------------|----------------|
| 1 | Processing Complaints | 21,635 | 45,802 | 3,046 | 70,483 |
| 2 | Generic Advice Mandate (Training on Problem Solving and Grievance Redress Mechanism) | 50,809 | 49,572 | 4,114 | 104,495 |
| 3 | Outreach | 41,415 | | | 41,415 |
| 4 | Others | | 8,000 | | 8,000 |
| | Total | 113,859 | 103,374 | 7,160 | 224,393 |

Source: ADB Office of the Special Project Facilitator.



JOINT ACTIVITIES AND OUTREACH



Joint Activities of the Office of the Compliance Review Panel and the Office of the Special Project Facilitator

Learning Report

As required by the Accountability Mechanism Policy, the joint Learning Report of OCRP, OSPF, Independent Evaluation Department, and the Sustainable Development and Climate Change Department of ADB was prepared starting 2015 and published online on 20 September 2016.

This Learning Report distilled ADB's experience, insights, and lessons from the implementation of the ADB Accountability Mechanism (ADB AM) as a tool to strengthen development impact and deliver tangible and lasting benefits to project-affected persons. It assessed how far the ADB AM has been able to engage stakeholders—including staff, borrowers, project-affected persons, and civil society—in promoting accountability to project-affected persons across ADB operations.

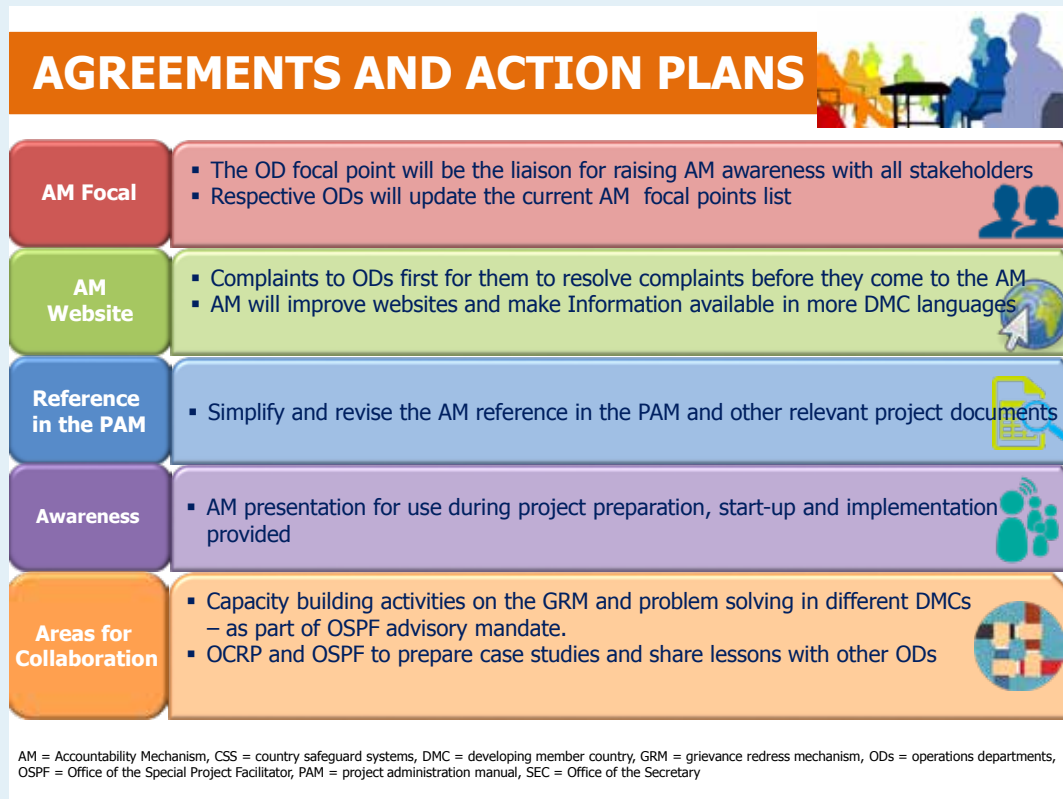
Aside from proving that the ADB AM works, the Learning Report highlighted the need for awareness building among the staff and borrowers and/or project partners; and making information available and more accessible for NGOs, CSOs, and project-affected persons. It emphasized the importance of consultation at every stage of the project cycle. It made the ADB AM team focus on the implementation of the policy for better outcomes, primarily by actively working with the ADB operations departments before complaints are lodged. With ADB AM facilitating the direct linkage between NGOs and CSOs, the Learning Report was able to feature the healthy partnership among NGOs and CSOs—which is one way of improving the lives of project-affected persons.

The Learning Report can be accessed at <https://www.adb.org/sites/default/files/institutional-document/193411/am-learning-report-2016.pdf>

Coordination with ADB Operations Departments

The ADB AM policy recognizes the importance of the operations departments in problem solving and compliance with ADB's operational policies and procedures as they are on the front line. During 2016, ADB AM held discussions with the staff and management team of each of the six operations departments and agreed on the following initiatives and areas for collaboration (Figure 3).

Figure 3: Accountability Mechanism Initiatives and Areas for Collaboration with Operations Departments



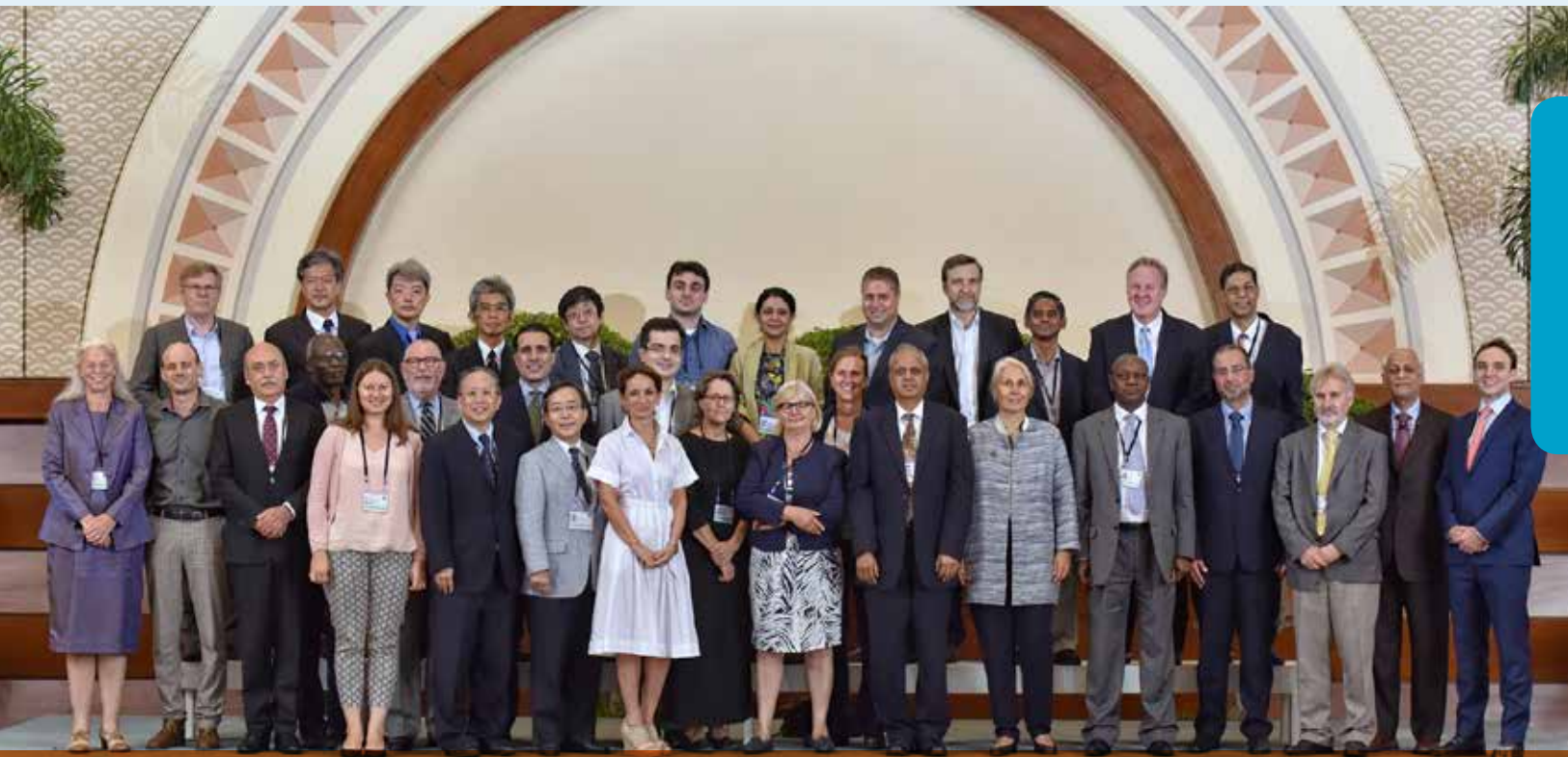
Source: ADB Office of the Special Project Facilitator.

Meeting of Independent Accountability Mechanisms in Manila

The ADB Accountability Mechanism hosted the 13th Annual Meeting of Independent Accountability Mechanisms (IAMs) of international financial institutions (IFIs) at the ADB headquarters on 7–8 September 2016. The meeting was attended by some 30 officials from 12 IAMs of IFIs such as the World Bank, International Finance Corporation, European Investment Bank, European Bank for Reconstruction and Development, African Development Bank, Inter-American Development Bank, and ADB; and observers from the Asian Infrastructure Investment Bank (AIIB), Japan International Cooperation Agency (JICA), and New Development Bank. Among the issues discussed concerned the (i) sustainability of IAMs, (ii) improved visibility of their work, (iii) review of safeguard functions and their implications to the IAMs, (iv) better training on problem solving, and (v) formulation of remedial actions.



President Takehiko Nakao delivered the opening remarks at the 13th IAMs Meeting



Participants to the 13th independent accountability mechanisms annual meeting held at ADB Headquarters, Manila, September 2016.



Pov Sim (middle), a community leader from villages affected by the ADB railway project in Cambodia, sharing his experience.

“Rather than NGO coming into play, we want an accountability mechanism process where community themselves are able to meaningfully participate, in the entire process.”

—ATTY. AARON PEDROSA, FREEDOM FROM DEBT COALITION, CEBU, PHILIPPINES

CSO Forum and 13th IAM Annual Meeting “Experiences, Reflections, and Reaching the Last Mile” Civil Society Organizations Open Forum, 6 September 2016, ADB, Manila, Philippines

ADB President Takehiko Nakao led the opening session in this forum, reiterating the importance of collaboration and partnership with CSOs. He noted the vital role of CSOs not only as intermediaries in pointing out areas not working well but also as partners in helping communities and agencies seek redress when problems arise. The Independent Accountability Mechanisms (IAMs) were also recognized for their strength in helping raise awareness, conducting meaningful and inclusive consultations, and facilitating problem-solving processes.

Attended by more than 100 participants, the forum served as a platform for sharing experiences, for reflecting on CSOs’ role in assisting communities, and for exploring options to make IAMs work better. The CSO event kicked off the IAMs 13th Annual Meeting, which was developed at the request of some IFIs to improve their CSO engagements.

The summary proceedings of the forum is available at <http://independentaccountabilitymechanism.net>. OSPF has also produced three videos on the event with participants’

views on the forum and CSOs importance in IAMs work. The videos can be viewed at <http://independentaccountabilitymechanism.net/>.

The Accountability Mechanism at the 49th ADB Annual Meeting

The ADB Accountability Mechanism organized an institutional event on 4 May 2016 during the ADB Annual Meeting in Frankfurt, Germany. The event was attended by some 80 participants, mostly from NGOs and CSOs. The event showcased the lessons learned in implementing the Accountability Mechanism Policy since 2004, with the discussion facilitated by panelists and the ADB AM team. The topic attracted a lively exchange of ideas among the participants, particularly on consultation,



Panelists during the institutional event on ADB’s Accountability Mechanism held during the ADB Annual Meeting in Frankfurt, Germany on 4 May 2016



Special project facilitator Jitendra Shah making his presentation at the 36th Annual Conference of the International Association for Impact Assessment, May 2016, Tokyo, Japan.

capacity to resolve conflicts, NGO and CSO recognition and participation, grievance redress, development effectiveness, and accountability mechanism as a last resort.

For more information see <https://www.adb.org/sites/default/files/publication/189919/adb-am-2016-highlights.pdf>

Networking with other Independent Accountability Mechanisms

As part of networking with other IFIs on accountability to project-affected persons, the ADB AM team had consultation meetings with the Japan International Cooperation Agency (JICA) and the Japan Bank for International Cooperation (JBIC). ADB AM also participated in an event with other independent accountability mechanisms (IAMs) during the annual meeting of the International Association for Impact Assessment in Japan in May 2016. The team conducted a workshop at the AIIB in Beijing, while a preliminary discussion on a possible cooperation between the ADB AM team and the Independent Recourse Mechanism of the Green Climate Fund was held in December 2016.



OCRP and OSPF participated in an event with other independent accountability mechanisms during the annual meeting of the International Association for Impact Assessment in Japan, May 2016.



OCRP and OSPF's consultation meeting with representatives from the Japan International Cooperation Agency and the Japan Bank for International Cooperation, May 2016, Tokyo, Japan.

Collaboration with Other Institutions on Accountability Mechanisms

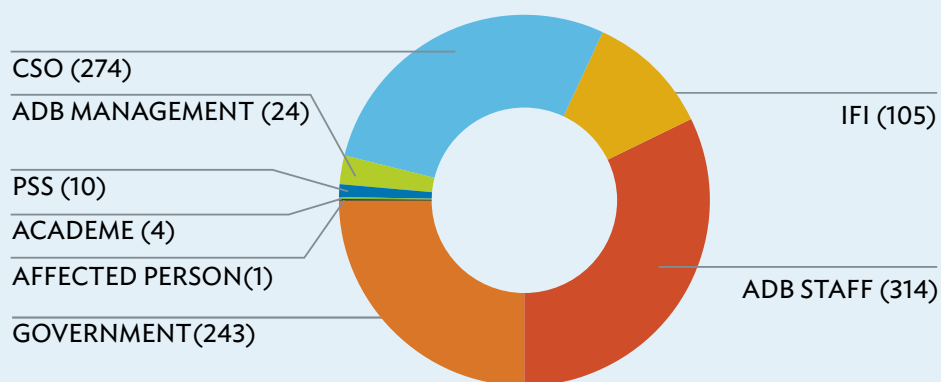
The ADB AM team also visited the People's Republic of China and met with AIIB officers on 13 December 2016 for consultation, and at the same time provided outreach on ADB-AM to AIIB staff. AIIB and ADB will finalize a memorandum of agreement for a way forward on dealing with complaints in cofinanced projects. ADB is also assisting AIIB to be part of the multilateral development bank consultative group, and is providing advice to AIIB on the establishment of its own project complaint mechanism.

The Accountability Mechanism Policy requires the OSPF and OPCR to undertake outreach activities to achieve a positive culture change. The ADB AM staff have been proactively reaching out to internal and external stakeholders, explaining about the Accountability Mechanism policy, its objectives, and intent. Building stakeholders’ understanding of the Accountability Mechanism is central in our outreach activities. In 2016, we intensified our efforts to share lessons and usefulness of the Accountability Mechanism among ADB staff, its management, and representatives from borrowers, CSOs, NGOs, and the private sector. We also hosted the annual IAM meetings in Manila to discuss our collaborations with other financial institutions, as reported separately. This year, we conducted over 19 outreach sessions in 11 countries and more than 10 internal briefings and/or meetings with ADB staff and management. In total, around 975 stakeholders participated in these outreach activities (Figure 4).

These briefings lead to the following observations:

- Awareness raising and capacity development is a continuous process and needs to be expanded.
- ADB policies of awarding compensation at replacement value for land acquisition, compensation for structures to nontitleholders (squatters), and restoration of livelihoods of the affected persons are not always in line with the local laws and policies and hence becomes difficult for executing agencies to implement and leads to conflict.
- AM policy allows for a period of 2 years after the project closes for submitting complaint which some executing agencies find difficult to follow for both financial and logistical reasons.
- ADB needs to prepare a more robust project with better design and implementation arrangements (appropriate baseline data and inventory of losses, and detailed social and environmental surveys) to avoid or quickly resolve conflicts that may arise.
- ADB staff need to assist implementing agencies and executing agencies in complying with ADB’s operational policies and procedures.
- IAM members are interested in collaborating to learn and avoid duplication of work.
- Meaningful consultation is necessary for affected people to buy into the project.
- OSPF’s Problem Solving trainings are welcome by staff as well as executing agencies, implementing agencies, and CSOs.

Figure 4: Total Number of Stakeholders Reached



ADB = Asian Development Bank, CSO = civil society organization, IFI = international financial institution, PSS = private sector sponsor.

Source: ADB Office of the Special Project Facilitator.

2016 External Accountability Mechanism Briefings

| | | | | |
|--|---|---|---|--|
| 15 MAR Astana, Kazakhstan | 17-19 MAR Dushanbe, Tajikistan | 19-20 APRIL United Nation's Asia Regional Forum on Business and Human Rights | 16 MAY Tokyo, Japan | 20-21 JULY Dhaka, Bangladesh |
| 25-27 JULY Thimphu, Bhutan | 03 AUG International Labour Organization Visit | 31 AUG-2 SEPT Forum on Safeguards for Energy Sector Executing Agencies in Pakistan | 06 SEP IAMs Open Forum with NGOs and CSOs, ADB headquarters, Manila | 3 & 5 OCT OXFAM Visit |
| 06 OCT Briefing for African Development Bank Officials | 18 NOV Sydney, Australia | 21-22 NOVEMBER Jakarta, Indonesia | 22-24 NOV Forum on Safeguards for Energy Sector Executing Agencies in Pakistan | 12-13 DEC Beijing, People's Republic of China |

2016 Internal Accountability Mechanism Briefings

| | | | | |
|---|---|---|---|---|
| 19 JAN Capacity Building Program for Executing Agencies and Implementing Agencies on Successful Project Design and Implementation | 29 APR Induction Program for New Staff | 24 MAY Introductory Course- Environmental and Social Safeguards in ADB Operations (Module 1) | 24 JUN Induction Program for New Staff | 26 AUG Induction Program for New Staff |
|---|---|---|---|---|

2016 Internal Accountability Mechanism Briefings

| | | | | |
|---|---|--|---|---|
| 11 NOV Induction Program for New Staff | 09 DEC Induction Program for New Staff | 2-5 MAY AM Institutional Event: 49th ADB Annual Meeting, Frankfurt, Germany (ADB AM institutional event on 4 May 2016) | 11-14 MAY 36th International Association for Impact Assessment Annual Conference, Nagoya, Japan (ADB AM presentation on 11 May 2016) | 7-8 SEPT IAM Annual Meeting, Manila, Philippines (Host) |
|---|---|--|---|---|

OUTREACH AND INFORMATION DISSEMINATION

Outreach

The special project facilitator and the head of OCRP jointly did an outreach activity and met with NGO representatives in Australia on 18 November 2016. This was done back-to-back with outreach sessions for the government, NGOs, and the staff of the Indonesia Resident Mission in Indonesia on 21–22 November 2016.

In-reach

OCRP and OSPF held in-reach activities in November 2016 and met with all operations department heads to seek collaboration in implementing the Accountability Mechanism Policy, and to take up tasks that operations departments need to do upfront. The ADB AM team also briefed ADB staff at the headquarters during the regular induction program of the Budget, Personnel, and Management Systems Department for new staff on these dates: 11 November and 9 December 2016.



ADB Accountability Mechanism outreach in Jakarta, November 2016.



ADB Accountability Mechanism outreach in Sydney, Australia, November 2016.

Memorandum of Cooperation with the Green Climate Fund

A preliminary discussion was held on 1 December 2016 among the personnel of the OCRP, OSPF, and the Independent Recourse Mechanism of the Green Climate Fund, on a proposed memorandum of cooperation (MOC) for treating complaints on common and at the same time provided outreach on ADB AM to AIIB staff. projects submitted to both or either mechanisms. ADB is one of the institutions accredited by the fund that can access funds for project financing. Once the Accreditation Master Agreement between the ADB and the Green Climate Fund is finalized, the MOC can subsequently be finalized following the main agreement.

COMPLAINT RECEIVING OFFICER

Preserving and developing the traditional cloth weaving and introducing it to tourists is a part of the Greater Mekong Subregion Sustainable Tourism Development Project in Viet Nam funded by ADB.

In 2016, the complaint receiving officer (CRO) received 41 complaints (Figure 5), a 51% increase from the past year (Figure 6). Of the 41 complaints, the CRO forwarded six to the SPF, and four to the CRP:

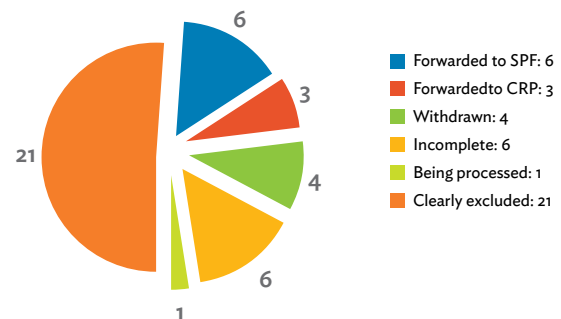
- SPF—Georgia Loan Nos. 2879-2880 (2 complaints), Georgia Loan No. 3063 (2 complaints), Pakistan Loan No. 2727, and India Loan No. 3040.
- CRP—Georgia Loan Nos. 3063 (2 complaints), Samoa TA Nos. 4712, 7387, and 8481, and Grant No. 0392, and the People’s Republic of China Loan No. 2657.

Four complaints were withdrawn prior to completion so that the problem can be first addressed by operations departments.

Six complaints, filed by individuals who disengaged, lacked information about the complainants, choice of function, confidentiality, and efforts with operations departments. Four of such complaints additionally lacked the supposed representative’s authorization, while two complaints also lacked a description that matches an ADB project.

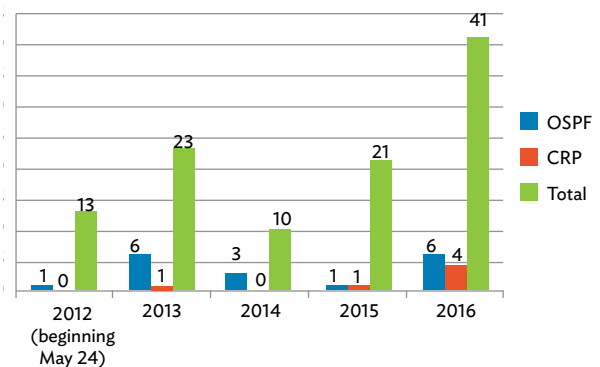
The remaining 21 complaints were about excluded matters: procurement (12) and corruption, employment, and non-ADB project concerns (9).

Figure 5: Summary of Complaints



Source: ADB. Complaint Receiving Officer’s Complaints Registry. <https://www.adb.org/site/accountability-mechanism/complaints-receiving-officer/complaints-registry>

Figure 6: Annual Summary of Complaints Received by the Complaint Receiving Officer



Source: ADB. Complaint Receiving Officer’s Complaints Registry. <https://www.adb.org/site/accountability-mechanism/complaints-receiving-officer/complaints-registry>

ACCOUNTABILITY MECHANISM WEBSITE IMPROVEMENT

Farmers belonging to a water users group in Indonesia having a meeting.

The ADB AM website (<https://www.adb.org/accountability-mechanism>) has been improved, in response to internal and external feedback.

The right side of the main web page now shows a link to the Filing a Complaint page—a single easily navigable page containing information about how to file complaints (where to file, who can file, what to say, and exclusions). The web page, including the downloadable complaint form and complaint letter template, will be translated into other languages.

The main web page also shows links to the ADB AM Policy, including its 12 translations:

- [Bahasa](#),
- [Chinese 中文](#),
- [Hindi हिन्दी](#),
- [Khmer](#),
- [Lao](#),
- [Nepali नेपाली](#),
- [Russian Русский](#),
- [Sinhala සිංහල](#),
- [Tamil தமிழ்](#),
- [Thai ภาษาไทย](#),
- [Urdu اُردو](#), and
- [Vietnamese Tiếng Việt](#).

Additional translations will be available soon.



Accountability Mechanism Newsletter

Like us on Facebook

IAMnet: Independent Accountability Mechanisms Network

FILING COMPLAINT

The complaint must be addressed to the Complaint Receiving Officer (CRO).

For information on the 2012 Accountability Mechanism (AM) Policy, please refer to the following materials, which are available in various languages:

- [Accountability Mechanism Policy](#)
- [Accountability Mechanism Summary](#)
- [Case Study Brochure](#)
- [OSPF Case Study](#)
- [OCRP Case Study](#)

BOARD COMPLIANCE REVIEW COMMITTEE



Mario Sander, Chair
(1 July 2015 to present)



David Murchison, Member
(1 July 2015 to present)



Rokiah Badar, Member
(16 July 2015 to present)



Mario di Maio, Member
(29 January 2016 to present)



Gaudencio Hernandez, Jr., Member
(1 July 2015 to 15 November 2016)



Paul Dominguez, Member
(16 November 2016 to present)



Kshatrapati Shivaji, Member
(7 December 2016 to present)



Umesh Kumar, Member
(1 July 2015 to 30 June 2016)

COMPLIANCE REVIEW PANEL MEMBERS



Dingding Tang
Chair, CRP



Arntraud Hartman
Member, CRP



Lalanath De Silva
Member, CRP
(1 October 2012–31 October 2016)

ADB ACCOUNTABILITY MECHANISM TEAM



First Row (left to right): Dae Rubinos, Complaint Receiving Officer; Jojo Miranda, OCRP Compliance Review Officer; Jennifer Francis, OSPF Principal Facilitation Specialist; Julie Villanueva, OCRP Associate Compliance Review Coordinator; Lea Robidillo, OSPF Consultation Officer.
Second Row (left to right): Willie Agliam, OSPF Associate Facilitation Coordinator; Jitu Shah, OSPF special project facilitator; Munawar Alam, OCRP Advisor; Dingding Tang, Chair, CRP and concurrently Head, OCRP.

Improving Lives Through the Accountability Mechanism

ADB Accountability Mechanism Annual Report 2016

This 2016 Annual Report of the Asian Development Bank Accountability Mechanism presents the year's activities and accomplishments of its two key functions. Its problem-solving function responded to problems of people affected by ADB-assisted projects—through a range of informal and flexible methods. Its compliance review function investigated alleged noncompliance by ADB with its policies and procedures that caused, or likely to cause, direct and material harm. Find out how the ADB Accountability Mechanism has responded to these compliance issues and concerns.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to a large share of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



ASIAN DEVELOPMENT BANK

6 ADB Avenue, Mandaluyong City

1550 Metro Manila, Philippines

www.adb.org