The 2012 Accountability Mechanism (AM) Policy of the Asian Development Bank (ADB) mandates a triennial analysis of lessons learned, with a focus on the management of complaints elevated to this “last resort” mechanism, by the Office of the Special Project Facilitator and the Office of the Compliance Review Panel, together with the Independent Evaluation Department and the Sustainable Development and Climate Change Department. This report is the second triennial iteration of such a synthesis under the AM Policy. The first report was prepared in 2016.

This report attempts to put into perspective the number, nature, and management of complaints from project-affected people as dealt with by project-level grievance redress mechanisms and by operational departments. Over the study period (2016-2018), there was an increase in the number of complaints (88), compared with 2012–2015 (21), elevated to the AM. Of the 88 complaints, 39 were found to have sufficient information to be escalated for either compliance review or problem-solving. The remaining 49 complaints are still with the complaint receiving officer pending additional information. Several projects have generated more than one complaint. Resettlement, compensation, and land acquisition are the major issues raised in 37% of complaints; followed by environment at 27%; and information, consultation, and participation at 19%. Other complaint issues relate to loss of livelihoods, village infrastructure, and community and social issues.

The increased number and scale of ADB-assisted projects acquiring land that triggers involuntary resettlement affecting a large number of people is one likely cause of increased complaints. These include a number of large-scale transport, energy, and urban infrastructure projects. Indeed, the transport sector generated the largest number of complaints at 45%, followed by the energy sector at 28%, and the urban development sector at 18% which are highly consistent with the experience of comparator international financial institutions.

Common themes emerging from managing the complaints to the AM were improved risk identification and associated management/action plans during project preparation, strengthened capacity of executing agencies and others involved in project implementation, and strengthened GRMs. The report also finds that most complaints are effectively addressed by GRMs and that the number of projects with complaints reaching the AM is a small fraction of ADB’s active portfolio. Even a smaller percentage of the active portfolio has generated compliance reviews, which is comparable to the World Bank’s Inspection Panel. This is a clear indication that, in many cases, the GRM/consultation/participation processes are working at the project and country levels. The experiences and the lessons learned from these types of projects need to be better documented, and the experiences shared across ADB.

ADB’s Accountability Mechanism (AM) provides a forum where people adversely affected by ADB-assisted projects can voice and seek solutions to their problems and report alleged noncompliance with ADB’s operational policies and procedures. It consists of two separate but complementary functions: problem-solving function and compliance review function. The AM’s objective is to be accountable to people for ADB-assisted projects as a last resort mechanism.
Office of the Special Project Facilitator (OSPF) — Problem-Solving Function

**UPDATE ON COMPLAINTS**

The Office of the Special Project Facilitator (OSPF) received and assessed three complaints for problem-solving during Q3 2019. The complaint on Pakistan: Peshawar Sustainable Bus Rapid Transit Corridor was withdrawn by the Complainants because their concern on compensation payment had been addressed by the project team. The second complaint on Pakistan: MFF Power Transmission Enhancement Investment Program II – Tranche 3 was deemed ineligible because Complainants’ names do not appear as title holders and are not foreseen as people affected by the project. The complaint on People’s Republic of China: Air Quality Improvement in the Greater Beijing–Tianjin–Hebei Region—Shandong Clean Heating and Cooling Project was also deemed ineligible since ADB is no longer financing this component of the project.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Two business owners submitted the complaint about delay in compensation by the project.</td>
<td>Three Complainants alleged that the cooling towers will be built in densely populated areas causing</td>
<td>Three Complainants raised concerns on land acquisition by the project.</td>
</tr>
<tr>
<td>Approval Date: 23 November 2017</td>
<td>Approval Date: 13 December 2018</td>
<td>Approval Date: 28 June 2018</td>
</tr>
<tr>
<td>Source of Funding/Amount</td>
<td>Source of Funding/Amount</td>
<td>Source of Funding/Amount</td>
</tr>
<tr>
<td>Loan 3543: OCR - $335 million</td>
<td>Loan 3765: OCR - $399.91 million</td>
<td>Grant 0578: High level technology fund: $4 million</td>
</tr>
<tr>
<td>Loan 8336: Agence Francaise de Developpement - $150 million</td>
<td>TA9682: Clean Energy Fund under the Clean Energy Financing Partnership Facility - $750,000</td>
<td>L3677: OCR - $280 million</td>
</tr>
<tr>
<td>Loan: European Investment Bank - $75 million</td>
<td>Complaint received on 9 August 2019</td>
<td>Complaint received on 29 August 2019</td>
</tr>
<tr>
<td>Complaint received on 8 July 2019</td>
<td>Status: Ineligible (23 August 2019)</td>
<td>Status: Ineligible (25 September 2019)</td>
</tr>
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</table>

OSPF fielded missions in July and September 2019 to Lahore, Pakistan, for review and assessment of the first complaint on the Pakistan: MFF Power Transmission Enhancement Investment Program II – Tranche 3. OSPF and the project team continue to establish a middle ground that will enable the executing agency, National Transmission and Dispatch Company (NTDC), and Complainants to have a meaningful dialogue.
**Office of the Special Project Facilitator (OSPF) — Problem-Solving Function**

OSPF also fielded a monitoring mission in September 2019 to Ulaanbaatar, Mongolia for two complaints on the **Mongolia: Ulaanbaatar Urban Services and Ger Areas Development Investment Program – Tranche 1**. Additional compensation to all affected households including transitional allowance has been paid. The only issue pending is the allocation of replacement land for 74 non-title holder Complainants. An agreement outlining various options on replacement land was signed by the Mayor’s office following the OSPF mission. OSPF continues to work closely with the East Asia Department/Mongolia Resident Mission project team to support the negotiations with each individual Complainant.

**OPERATIONAL SUPPORT AND ADVISORY SERVICES**

**TA9598: Capacity Building for Grievance Redress and Dispute Resolution During Project Implementation**

In recognition of the need to strengthen the capacity of ADB project staff and implementing agencies in handling complaints at the project level, OSPF continues to conduct demand-driven capacity building and training workshops on problem-solving and grievance redress mechanisms (GRM). In the third quarter, capacity building on problem-solving tools for ADB-assisted projects and GRMs under TA9598 were conducted in Bhutan, Bangladesh, and Uzbekistan with 99 participants, representing 53 implementing agencies. OSPF has also completed GRM case studies in four countries to generate knowledge products that will document GRM experiences and identify important lessons on problem-solving that are useful for future ADB-assisted projects.
Office of the Compliance Review Panel (OCRP) — Compliance Review Function

ACTIVITIES OF THE COMPLIANCE REVIEW PANEL

Request for compliance review of India: Accelerating Infrastructure Investment Facility in India - Tranche 1

A request for compliance review was forwarded by ADB’s Complaint Receiving Officer (CRO) to the Compliance Review Panel (CRP) in respect of ADB Loan No. 3048: Accelerating Infrastructure Investment Facility (AIIF) in India - Tranche 1 on 24 July 2019. (Project details are at https://www.adb.org/projects/47083-002/main#project-pds) The four-laning of the Kiratpur to Ner Chowk Expressway was one of 19 sub-projects under Tranche 1 of AIIF multitranche financing facility, which was approved by ADB in October 2013 and closed on 25 January 2017.

The complaint was submitted by Apolinar Tolentino, Regional Representative Building and Wood Workers’ International (BWI) Asia and Pacific (based in Malaysia) and ii) Rayyan Hassan Executive Director NGO Forum on ADB (based in the Philippines) for 116 named persons who were former workers of contractors or subcontractors tasked with implementing elements of the Kiratpur to Ner Chowk Expressway project. The complaint form sets out the direct and material harm alleged to have been caused by the ADB project to the complainants, alleging in effect that some or all of complainants were directly harmed through: the non-payment of wages; absence of employment appointment letters; lack of social security coverage; lack of specific facilities for women workers; overtime violations and forced weekend work; and sub-standard occupational health and safety measures and poor onsite first aid facilities.

Following the steps in the Accountability Mechanism Policy (AMP) (Asian Development Bank (ADB) 2012. Accountability Mechanism Policy. Manila and ADB. 2012. Operations Manual Section on Accountability Mechanism (OM section L1), issued on 24 May 2012. Manila), the CRP carried out an initial assessment and concluded the eligibility assessment of the complaint through review of the complaint, including its appendixes, and related project documents; ADB Management’s response and teleconference with complainants, as well as meetings with the complainants’ representatives.

The CRP submitted to the ADB Board of Directors its eligibility report on 25 September 2019 where the CRP deems the complaint ineligible for compliance review. The CRP has based this conclusion on paragraph 142 (iv) of the AMP which states, “Complaints will be excluded if they are: (iv) about an ADB-assisted project for which 2 or more years have passed since the loan or grant closing date.”
Office of the Compliance Review Panel (OCRP) — Compliance Review Function

ACTIVITIES OF THE COMPLIANCE REVIEW PANEL


In preparation for its second annual monitoring report, the CRP conducted a mission in Tbilisi, Georgia from 10-12 September 2019 and where it met separately with (i) government representatives of Georgia, particularly the executing agency (i.e., the Municipal Development Fund of Georgia-MDF), including its project consultants and contractors; (ii) representatives of all three groups of complainants; and (iii) ADB project team including relevant staff from the ADB Georgia Resident Mission. The CRP also visited the project site visit to have a first-hand observation of the situation thereat.

The request for compliance review refers to sub-project 1: Tbilisi-Rustavi Urban Road Link (section 2) of the Project which involves the modernization of an existing and the construction of a new road from Ponichala to Rustavi. The complainants claim that the road construction and operation will adversely impact their physical environment and quality of life because of noise; vibration during construction and operation; and air pollution due to the road construction and very large volume of vehicles which will pass their building when the new road becomes operational. The CRP found ADB out of compliance with its operational policies and procedures in six aspects: (i) noise impacts, (ii) vibration impact, (iii) impacts on vulnerable groups, (iv) impacts on water and river ecology, (v) consultations, and (vi) environment categorization of the project.

To bring the project back into compliance, the Remedial Action Plan was submitted by ADB Management to the Board of Directors on 7 June 2017 and a corrigendum to the action plan on 29 June 2017. The second CRP annual monitoring report on this project will be submitted to the BCRC by third week of October 2019.

“Development Projects and Accountability”— Independent Accountability Mechanisms and Civil Societies in South Asia, Dhaka, 26 and 27 September 2019

OCRP co-organized a two-day workshop in Dhaka titled “Development Projects and Accountability”—Independent Accountability Mechanisms and Civil Societies in South Asia with the Inspection Panel of the World Bank; Complaint Advisor Ombudsman of the International Finance Corporation (IFC); Independent Redress Mechanism of the Green Climate Fund (GCF); Social and Environmental Compliance Unit of the United Nations Development Programme (UNDP) and other five civil society organizations. A total of 39 persons attended coming from five (5) South Asian countries, including 28 international and regional CSOs and NGOs. The three main objectives of the event were to:

- enable the Independent Accountability Mechanisms (IAMs) to broaden their contact with CSOs/NGOs in the region (and especially with local organizations and communities who are among potentially affected populations);
- allow CSOs/NGOs to become better acquainted with the IAMs and the dispute resolution and compliance services they provide; and
- provide the IAMs and CSOs/NGOs with an opportunity to exchange views on past engagement, as well as on broader accountability issues related to public and private sector development projects in the region.
Office of the Compliance Review Panel (OCRP) — Compliance Review Function

ACTIVITIES OF THE COMPLIANCE REVIEW PANEL

Outreach at Bishkek, Kyrgyz Republic (15 and 16 July 2019)

OCRP conducted on 15 and 16 July 2019 an outreach to explain about the ADB’s compliance review process under the Accountability Mechanism Policy, with around 50 participants coming from the government, KYRM, and civil society attended the sessions. Candice McDeigan, Country Director, KYRM made opening remarks at both the sessions.

OCRP also informed the participants on OCRP’s knowledge products, namely, the four guidebooks tailored for (i) government officials, (ii) ADB staff and Management, (iii) private sector clients, and (iv) NGOs/CSOs and the affected persons which explain in detail the compliance review process and the role of each stakeholder at every step. Another resource shared with the participants is the Sourcebook on the Compliance Review Function which provides background and knowledge on these processes with case studies. These knowledge products are available online at the ADB website.

Meeting with CAREC Institute, Urumqi, 17 July 2019

OCRP met with the Central Asia Regional Economic Cooperation (CAREC) Institute staff in Urumqi and made a presentation on the ADB’s Accountability Mechanism Policy, to explain to them ADB’s compliance review process so that similar efforts can be made by the banks from the region which are lending for Central Asia Regional Economic Cooperation Program.
Office of the Compliance Review Panel (OCRP) — Compliance Review Function

ACTIVITIES OF THE COMPLIANCE REVIEW PANEL

Meeting with PRC Financial Intermediaries (FIs) on 19 July 2019 for the discussions on the National Accountability Mechanism Framework (AMF)

Under the ongoing TA 9718: Developing an Accountability Mechanism Framework for Financial Intermediaries (FIs) funded by the PRC Regional Cooperation and Poverty Reduction Fund, OCRP, with its TA consultants, prepared a draft regional accountability mechanism framework for FIs. This regional framework is now being tailored for FIs in the PRC, named as the National Accountability Mechanism Framework.

About 30 representatives from several large banks, international NGOs, China Banking and Insurance Regulatory Commission (CBIRC) and the Ministry of Ecology and the Environment (MEE) participated in the presentation and discussions.

Completion Report for Regional Technical Assistance 9289: Strengthening Policy Compliance Awareness for Good Governance and Development Effectiveness

OCRP recently completed its completion report for TA 9289 which was proposed to develop relevant information and awareness-raising materials on the compliance review function of ADB’s Accountability Mechanism to improve the understanding of key project stakeholders on compliance review as ADB’s internal governance tool and platform to redress noncompliance with ADB’s operational policies and procedures. While the outcome of the TA which is enhanced collaboration between project partners in compliance review cases can only be demonstrated when a case comes to the CRP, even at this point, there is growing awareness, particularly among government partners on the constructive and positive role of compliance review in ADB projects as the materials have been used in at least eight (8) outreach seminars in ADB developing member countries from third quarter of 2018.

Joint In-Reach Activities in ADB HQ

On 16 September 2019, Munawar Alam, Advisor, OCRP was invited as a resource person on the ADB Accountability Mechanism during the training program on Environmental and Social Safeguards in ADB Operations (Introductory Course). Jointly with OSPF, OCRP also provided briefings on the Accountability Mechanism during the Induction Program on 6 September where about 50 new ADB staff attended.
Office of the Compliance Review Panel (OCRP) — Compliance Review Function

UPCOMING ACTIVITIES OF OCRP

OCRP Mission to Beijing, 11 October 2019

OCRP Head and Chair, CRP Dingding Tang will be on a one-day mission to Beijing on 11 October for a (i) consultation meeting with the President of the Energy Foundation China Dr. Zou Ji, and Dr. Zhang Jianyu, Vice President and Chief Representative of US Environmental Defense Fund (EDF), and (ii) Chief Representative of World Resources Institute-China Dr. Fang Li, to seek the cooperation with them as the following action on the demonstration of developed Accountability Mechanism Framework (AMF) for selected Financial Intermediaries (FIs) in the PRC. AMF for FIs was developed by OCRP under the TA funded by PRC Fund (TA 9718: Developing an Accountability Mechanism Framework for Financial Intermediaries). D. Tang will also deliver a lecture in Tsinghua University on ADB’s Accountability Mechanism practice, which is part of the knowledge sharing program of ADB and Tsinghua University.

Wrap-up Workshop for Development of Environmental and Social Compliance and Accountability Mechanism Framework for Financial Intermediaries, 29 October 2019, ADB Headquarters

OCRP is organizing the Wrap-up Workshop for Development of Environmental and Social Safeguard Compliance and Accountability Mechanism Framework (AMF) for Financial Intermediaries (FIs) on 29 October 2019 at ADB Headquarters, Manila. This one-day workshop will present and discuss the draft national and institutional accountability mechanism frameworks from the Peoples’ Republic of China (PRC), India and Indonesia with the view of enhancing these outputs. Through focused discussion which will be attended by about 30 participants from government regulatory agencies and financial intermediaries in the PRC, India and Indonesia, as well as selected ADB staff, the workshop aims to learn from the experience of these selected ADB developing member countries in the preparation of their AMFs; enrich these draft AMFs; and identify next steps in their AMF development processes.

Knowledge Products Produced under TA 9289 and TA 9466

The knowledge products under the Technical Assistance on Strengthening Policy Compliance Awareness for Good Governance and Development Effectiveness (TA 9289) are now accessible at https://www.adb.org/site/accountability-mechanism/publications.

These include four guidebooks, a sourcebook, and a brochure on the compliance review function.

The Knowledge Note: Strengthening Accountability Mechanisms in Financial Intermediaries to Support Environmental and Social Sustainability of Subprojects was prepared under an ADB technical assistance (TA 9466-REG: Strengthening Compliance Review and Accountability to Project Affected Persons of Financial Intermediaries), supported by the People’s Republic of China Poverty Reduction and Regional Cooperation Fund. This note provides a background on challenges faced by financial intermediaries on environmental and social safeguards compliance, and key elements for an effective accountability mechanism framework for financial intermediaries.

This publication was formed by data collected from three workshops held in June 2018 at Beijing and Xiamen, People’s Republic of China; and in October 2018 in New Delhi, India. In Beijing, the workshop was organized in partnership with the China Banking and Insurance Regulatory Commission (CBIRC), China Banking Association (CBA), Ministry of Ecology and Environment, and United Nations Environment Program. In Xiamen, the workshop was organized in partnership with CBIRC, CBA, Ministry of Finance, and National Accounting Institute, Xiamen. In New Delhi, the Department of Economic Affairs supported the workshop.
Office of the Compliance Review Panel (OCRP) — Compliance Review Function

UPCOMING ACTIVITIES OF OCRP

Upcoming Dialogue between the CRP and ADB Management, and the Board Compliance Review Committee

In view of the upcoming change in leadership of the CRP and share project-specific lessons to Management and Board Compliance Review Committee (BCRC) in a more structured manner, a dialogue meeting between OSPF and the CRP and ADB Management will be held, as well as a meeting with the CRP and the BCRC in November 2019.

Internship Program at OCRP

An intern, Rachel Ting Zhi Lim, has started working with OCRP since 12 August 2019 for about 2.5 months. She is reviewing the legal aspects of safeguards compliance, particularly related to environment and law, and is studying cases that have been brought to the courts by affected persons or their representatives on projects funded by the MDBs, private sector banks and financial intermediaries, and implications of those on the workings of the MDBs and financial intermediaries. She would complete her desk study by end of October 2019.
Updates from the Complaint Receiving Officer (CRO)

As of 30 September 2019, the CRO received 46 complaints, 33 of which are AM-related, and ten of which were forwarded as follows:

9 complaints on the following projects were forwarded to the SPF:

- **India**: Karnataka State Highways Improvement III Project, Project No. 42513-014 (Feb 19)
- **Papua New Guinea**: Bridge Replacement for Improved Rural Access Sector Project, Project No. 43200-024 (Feb 28)
- **Pakistan**: Pehur High Level Canal Extension Project (formerly Khyber Pakhtunkhwa Water Resources Project), Project No. 47024-004 (Mar 13)
- **Mongolia**: Ulaanbaatar Urban Services and Ger Areas Development Investment Program - Tranche 1, Project No. 45007-004 (Mar 29)
- **Sri Lanka**: Northern Province Sustainable Fisheries Development Project, Project No. 49325-002 (April 4)
- **Pakistan**: MFF Power Transmission Enhancement Investment Program II Tranche 3, Project No. 48078-005 (June 20)
- **Pakistan**: Peshawar Sustainable Bus Rapid Transit Corridor Project, Project No. 48289-002 (July 8)
- **China**: Air Quality Improvement in the Greater Beijing–Tianjin–Hebei Region—Shandong Clean Heating and Cooling Project, Project No. 51418-001 (August 9)
- **Pakistan**: MFF Power Transmission Enhancement Investment Program II Tranche 3, Project No. 48078-005 (August 29)

1 complaint received in 2018 (October 16) on the following project was forwarded to the SPF in 2019:

- **Nepal**: Regional Urban Development Project, Project No. 47252-002 (Feb 21)

1 complaint on the following project was forwarded to the OCRP:

- **India**: Accelerating Infrastructure Investment Facility in India, Project No. 47083-001 (July 24)

Figure 1: AM-Related Complaints Processed and Forwarded by the CRO to the SPF or CRP

Note: For 2019, there are 33 AM-related complaints as of 30 September. The total of 34 complaints in the graph above includes the complaint received in 2018 (October 16 on Nepal: Regional Urban Development Project, Project No. 47252-002 but forwarded in 2019 (February 21).
Updates from the Complaint Receiving Officer (CRO)

As of 30 September 2019, the 9 complaints forwarded to the SPF, 1 complaint forwarded to the OCRP, 21 complaints closed for failure to comply with the minimum requirements under the AMP 2012, and the 2 complaints pending with the CRO, in terms of sector, 15 are in transport, 12 in energy, three in agriculture, natural resources, and rural development, two in water and other urban infrastructure and services and one in finance (see Figure 2), and in terms of location, 10 are from Central and West Asia, three from the Pacific Asia, six from East Asia, and 14 from South Asia (see Figure 3). The 33 complaints (forwarded to SPF (9); forwarded to OCRP (1); closed (21); and pending with the CRO (2)) exclude the complaints received by the CRO which were not AM-related. These complaints have been forwarded by the CRO to the relevant ADB department / office.