



# ADB ACCOUNTABILITY MECHANISM

Annual Report 2012

Asian Development Bank



The logo of the Asian Development Bank (ADB), consisting of the letters 'ADB' in white serif font on a dark blue square background.

# **ADB Accountability Mechanism**

## **Annual Report 2012**

Asian Development Bank

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Note:

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ADB	Asian Development Bank
AusAID	Australian Government Overseas Aid Program
BCRC	Board Compliance Review Committee
CAREC	Central Asia Regional Economic Cooperation
CRO	complaint receiving officer
CRP	Compliance Review Panel
CSO	civil society organization
EIRP	Expanded Income Restoration Program
IAMs	Independent Accountability Mechanisms
ICWRMIP	Integrated Citarum Water Resources Management Investment Program
IFI	international financial institution
IRC	Interministerial Resettlement Committee
IRP	Income Restoration Program
KSPC	KEPCO-SPC Power Corporation
NGO	nongovernment organization
O&M	operation and maintenance
OCRCP	Office of the Compliance Review Panel
OSPF	Office of the Special Project Facilitator
PSOD	Private Sector Operations Department
RMT	regional management team
RP	resettlement plan
SPF	Special Project Facilitator
TOR	terms of reference
WTC	West Tarum Canal
WWTP	wastewater treatment plant



**The year 2012 marks another milestone in strengthening accountability in the Asian Development Bank (ADB). The review of the Accountability Mechanism policy by a Board–Management working group began in 2011 and was concluded in February 2012. The 2012 Accountability Mechanism policy became effective on 24 May 2012 and has resulted in clearer and closer collaboration between the functions of problem solving and compliance review.**

The policy now clearly defines the responsibilities of the Office of the Special Project Facilitator (OSPF) and those of the Compliance Review Panel (CRP), as well as the oversight function of the ADB Board of Directors (Board) on compliance review through the Board Compliance Review Committee (BCRC). In addition, it is now clear that, once project-affected persons have selected the problem-solving function, the compliance review function cannot start before an action plan is completed by OSPF and agreed upon with the affected persons. A key learning from the complaints received in 2012 is that working together on problem solving with affected persons and the government agencies involved can have tangible short- and long-term benefits.

The introduction of the complaint receiving officer (CRO) under the new policy has enabled rigorous screening of the complaints, separating those that fall under other offices in ADB, and those that fall within OSPF or the Office of the Compliance Review Panel (OCRCP). The Accountability Mechanism website is now jointly updated by OSPF and OCRCP. This collaboration applies to this Annual Report, which is a joint product of the two offices of the Mechanism.

To introduce the 2012 Accountability Mechanism policy, briefings for ADB staff and outreach missions were conducted jointly by OSPF and OCRCP in Mongolia, and by OCRCP (also on behalf of OSPF) in Australia, Canada, and the United States.

The succeeding pages of this annual report will testify that accountability has progressed a long way in ADB. The year 2012 led the ADB Accountability Mechanism to a more cohesive OSPF-OCRCP-CRP-BCRC relationship: easier access by project-affected persons through a single entry point, the CRO; and allowing affected persons to go directly to compliance review even if they have not gone through the consultation process. The Accountability Mechanism is expected to be more credible, efficient, and effective through increased independence by the CRP and greater oversight by the Board (through the BCRC) to improve ADB's development effectiveness for the people of Asia and the Pacific.

**Preben Nielsen**  
Special Project Facilitator

**Rusdian Lubis**  
Chair  
Compliance Review Panel  
and Head, Office of the  
Compliance Review Panel



## The Accountability Mechanism of the Asian Development Bank (ADB) allows persons affected by ADB-assisted projects to submit claims about harm resulting from those projects.

The Mechanism consists of problem solving through the Special Project Facilitator (SPF), and compliance review through the Compliance Review Panel (CRP). It affirms the problem-solving function of the private project sponsors, government executing and implementing agencies, and the ADB operations departments at the project level. Likewise, it promotes long term policy- and project-related recommendations to ensure that ADB projects are in compliance with ADB policies and are implemented to the benefit of the project-affected persons. It promotes responsiveness to the concerns of affected individuals and communities at the field level and empowers them to become active participants in the development process. Although the SPF and the CRP are parts of the same Accountability Mechanism, they function differently and independently.

ADB's Accountability Mechanism is guided by the principles of

- responsiveness to project-affected persons' concerns,
- fairness to all stakeholders,
- independence and transparency,
- cost effectiveness and efficiency, and
- complementing other ADB systems (including supervision, audit, and quality control).

The problem-solving function through the SPF promotes nonformal, flexible, and consensus-based approaches to finding solutions for all parties within a required time frame. The compliance review function investigates alleged noncompliance by ADB with its operational policies and procedures in any ADB-assisted project.

2012 was a transition year for the ADB Accountability Mechanism. The review of the Accountability Mechanism policy by a Board-Management working group began in 2011 and was concluded in February 2012. The new Accountability Mechanism became effective on 24 May 2012. The policy made the

Mechanism more participatory, credible, and effective, enabling complainants to go directly to compliance review, as there is now a single entry point for all complaints through the complaint receiving officer (CRO).

With the CRO in place as the dedicated single entry point for all complaints, the old sequential approach, in which complainants were required to begin with the consultation phase, has also ended. Complainants can now directly choose which function of the Mechanism will effectively address their issues.

Within the Mechanism, the CRO is tasked to receive, register, and promptly acknowledge complaints; provide information about the Mechanism to complainants; and ensure that complaints that are outside the scope of the Mechanism are properly forwarded to the appropriate ADB office.

Prior to the effectivity of the 2012 Accountability Mechanism, the Office of the Special Project Facilitator (OSPF) received two new complaints, both of which were deemed ineligible, as they did not address the problems first to the concerned operations department. Using a partnership approach, consensus-based actions led to satisfactory solutions to problems and closure of the two complaints in 2012, in Kazakhstan and Pakistan.

In 2012, the Office of the Compliance Review Panel (OCRCP) received two requests for compliance review from Cambodia and Indonesia, both of which were deemed eligible and are discussed further under Problem Solving and Compliance Reviews. From June 2012, 13 complaints were sent to the CRO. Of these, eight were procurement-related and were forwarded to the appropriate office in ADB, and five were legitimate complaints; but only one complaint was formally endorsed

## The Accountability Mechanism

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## Problem Solving and Compliance Reviews

to the function of the Mechanism, as the rest were forwarded to the relevant operations departments for resolution. For the five legitimate complaints, the common issues raised included information, consultation, participation, and land acquisition. All complaints received

were filed directly by project-affected persons without any intervention, representation, or assistance from nongovernment organizations (NGOs), civil society organizations (CSOs), or other groups.

This section discusses ongoing complaints.

### Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project

ADB and the Government of Australia (through the Australian Government Overseas Aid Program [AusAID]) are working with the Royal Government of Cambodia and other aid partners to rehabilitate the national railway in Cambodia. The new railway will position Cambodia as a true subregional transport hub, creating new jobs and business opportunities. The project has been under way since 2010 but has been plagued with delays, mostly because of the need to move 4,164 families that live alongside the dilapidated railway tracks.

On 21 November 2011, OSPF received a complaint from project-affected households through an NGO regarding resettlement, compensation, indebtedness, public services at relocation sites, and the lack of information and consultation.<sup>1</sup>

OSPF determined the complaint to be eligible (under the former procedure) in January 2012 and began a problem-solving process with the affected households, government, ADB, and AusAID to address concerns. (See Appendix for another complaint received but deemed ineligible.)

<sup>1</sup> Details of the problem solving in this project are in <http://www.adb.org/site/accountability-mechanism/problem-solving-function/complaint-registry-region?region=southeast>

#### The Complaint

##### Relocation site-specific issues

The affected households at the relocation sites have acknowledged that the environment is better compared with their previous sites, although it can still be improved. While water and electricity connections are mostly available, the access roads are not usable throughout the year. Some people are concerned about flooding attributed to insufficient drainage. In some sites the distance to schools and health centers is now much farther.

##### Issues related to individual life situations

A number of households mentioned that they are indebted and have to pay high interest rates. They are afraid of losing their houses and land, which they used as collateral for the money lenders. They attribute their indebtedness to the low compensation rates they received from the project. The affected households are also afraid that they cannot pay off their loans due to their loss of income because of the move to the relocation site.

##### Issues along the railway tracks

Many households are hesitant to move to the relocation sites and have requested additional compensation. They have requested that the project explain how compensation will be calculated. They are also afraid of losing the income opportunities they have in the center of the city and are concerned about the restoration of their livelihoods.

##### Project-related information, consultations, and communication

The affected households would like to receive timely and appropriate information. In the relocation sites, for example, they would like to know more about the Income Restoration Program.



▲ Complainants' representative signing the agreed-upon course of action during the multistakeholder consultation workshop, August 2012.

A review and assessment of the concerns was conducted in January 2012 and led to a course of action to address them. The course of action was discussed and agreed upon in a multistakeholder workshop conducted by OSPF in Phnom Penh in August. The multistakeholder workshop included parties involved in the complaint: (i) representatives of the affected households; (ii) the Interministerial Resettlement Committee (IRC), Resettlement Department, and Ministry of Economy and Finance; (iii) AusAID; and (iv) ADB.

Four activities were identified in the course of action for all project sites: (i) capacity development for affected people on problem solving; (ii) one-on-one sessions to discuss and resolve individual concerns; (iii) assessment and development of a plan for addressing concerns related to infrastructure and services at the relocation sites; and (iv) planning for development activities, including the Income Restoration Program (IRP) of the Resettlement Department and the Expanded Income Restoration Program (EIRP) of ADB and AusAID. Activities in the course of action were implemented between September and October 2012.

### From Challenges to Results

Implementation started with capacity development on problem solving. A

1-day workshop was organized for all project stakeholders to understand problem solving, and how each party can play a part in resolving issues. The project also included time to explain the process of one-on-one sessions with the affected persons, detailing the procedure and rules for engagement.

The purpose of the one-on-one sessions was to resolve individual concerns of affected persons lodged in the complaint. Through mediation, OSPF facilitated a dialogue between affected persons and IRC, ADB, and AusAID. In cases where the complaint involved a disagreement on compensation, the Resettlement Department, ADB, and AusAID walked affected persons through their agreements/contracts. This helped the affected persons to understand the policy regarding compensation, and how their compensation was calculated based on the size and type of their home. In some instances, discrepancies were found in the contracts, which led to correcting them. In each session, an agreement was signed by the affected persons, IRC, and OSPF to underline the fact that the complaint had been resolved and that OSPF could close it.

Some complaints were made about the infrastructure and services provided at the relocation sites. Assessment workshops were organized to investigate these problems and resolve them through a multistakeholder process. In all

The purpose of the one-on-one sessions was to resolve individual concerns of affected persons lodged in the complaint.

This project is unprecedented in its scope, scale, and complexity. Problems inevitably arise during resettlement, but the key is to work to resolve them.

areas, affected households, the local government, IRC, and ADB have agreed that each will play its role in resolving the problems. For water-related problems, water users groups will be established to organize the community to collect and pay for water, while the local government and the project will assist in the construction of household connections. Payment for water use will be based on tariffs agreed to by the community. The water users groups will also be responsible for operation and maintenance (O&M) of the water system, and the collection of water fees from the households.

The ADB project was designed to include income restoration for relocated persons. The IRP run by the government is aiming to restore the incomes of people who are relocating. This program helps people to establish home businesses, including growing vegetables and raising livestock. The IRP has been expanded and is funded by AusAID to provide additional support to households relocating to a resettlement site. The EIRP will look at options for occupational skills training, based on the needs of local industry at each site, to help people find new job opportunities. Specific activities are being developed in close consultation with eligible households and vulnerable groups, such as families headed by women.

The EIRP recently created two funds to further support households:

- The Community Development Fund offers loans to support livelihood activities and small businesses. For example, once people have been trained in animal rearing, they can ask for a loan to buy piglets to start pig farming.
- The Social Safety Net Fund offers grants to support vulnerable households in cases of crisis or emergency, for example, when a vulnerable family cannot bear the financial impact of a serious illness or accident themselves.

The management of these programs is handled by the relocated people themselves, through the establishment of self-help groups.

### From Problem Solving to Compliance Review

The responsibility for resettling people under the terms of the project loan lies with the Cambodian Government. This project is unprecedented in its scope, scale, and complexity. Problems inevitably arise during resettlement, but the key is to work to resolve them. This is what the Government of Cambodia, ADB, and AusAID are cooperating to do.

The Cambodian Government has worked hard to ensure that basic services (such as water and electricity) are available at all sites. In addition, the government is working on options for schools, community centers, and



▲ OSPF with ADB-Cambodia Resident Mission, AusAID, and IRC addressing infrastructure and services concerns at relocation sites.

health clinics to serve the relocated communities. ADB has worked closely with government officials to put a more responsive and effective grievance redress mechanism in place. A grievance register, established with project support, shows that progress has been made in responding to individual claims. Work is also being undertaken to address broader community concerns. These processes, while complex, are continuing to function well.

People who have moved have indicated that the new sites offer a safer and cleaner environment and a better future for their children.

While efforts were ongoing to address the concerns of affected households, more families filed a complaint with ADB's CRP on 28 August 2012, stating that they had suffered serious harm, including impoverishment, because of the project.

### The Project

It is a railway rehabilitation and reconstruction project in Cambodia, running from Poipet in the north to Sihanoukville in the south, which reestablishes a railway link to Thailand.

### Issues

While efforts were ongoing to address the concerns of affected households with the SPF, 22 persons authorized an NGO to file a complaint on their behalf with the CRP in August 2012.

They alleged that ADB had failed to comply with its operational policies and procedures on (i) Involuntary Resettlement, (ii) Safeguard Policy Statement, (iii) Incorporation of Social Dimensions into ADB Operations, (iv) Public Communications, (v) Gender and Development in ADB Operations, (vi) Processing Sovereign and Sovereign Guaranteed Loan proposals, (vii) Loan Covenants, and (viii) Promotion and Cooperation with NGOs.

### Status

The compliance review began in October 2012 and is ongoing.

## Kyrgyz Republic: CAREC Transport Corridor I (Bishkek–Torugart Road) Project 1

This highway project aims to improve transport between Bishkek and the boarder crossing with the People's Republic of China at the Torugart Pass, as part of the CAREC regional transport corridor. The loan, approved by ADB in 2008, is financing rehabilitation of a 39-kilometer (km) portion of the highway. As involuntary resettlement impacts were unexpected, construction works started in 2010. A request for compliance review was filed in May 2011 by five people in two villages bisected by the road, who claimed that their houses and shops had been demolished and trees removed without compensation and alleged that ADB did not comply with several of its policies. In July 2012, the CRP issued its final report, concluding that the harm suffered by the requesters was linked to ADB's noncompliance with its policies, particularly on Involuntary Resettlement and Public Communication.<sup>2</sup>

The CRP recommended that ADB continue to monitor any resettlement issues in this and future projects of the CAREC corridor; ensure compliance with both ADB policy and national regulations based on the framework adopted for this project; and conduct adequate due diligence on rural transport projects with the support of a resettlement specialist. While the board approved these recommendations, given that the RP had been completed in full and there were no outstanding issues, no specific action plan was needed from Management, and no further monitoring by the CRP was required. The CRP considers that the value added by the compliance review process in this project was significant. Not only did the involvement of the SPF and the CRP result in the redress of legitimate complaints, but it also generated additional benefits by contributing to the creation of a national

People who have moved have indicated that the new sites offer a safer and cleaner environment and a better future for their children.

The CRP considers that the value added by the compliance review process in this project was significant. Not only did the involvement of the SPF and the CRP result in the redress of legitimate complaints, but it also generated additional benefits by contributing to the creation of a national standard for land acquisition and compensation in future projects.

<sup>2</sup> Details on the compliance review of this project are in <http://compliance.adb.org/dir0035p.nsf/alldocs/RDIA-8HF7NJ?OpenDocument>

All stakeholders saw the need for dialogue to get to know each other better, understand the project, and discuss concerns.

standard for land acquisition and compensation in future projects. The CRP also believes that the compliance review process has facilitated ADB's leadership in supporting the governments of the Kyrgyz Republic and other CAREC member countries to develop their capacity regarding resettlement.

### The Project

It is a highway project between Bishkek and the border crossing with the People's Republic of China at the Torugart Pass as part of the CAREC regional transport corridor.

### Issues

- ADB did not conduct adequate due diligence by not identifying potential resettlement impacts during project preparation.
- ADB did not adequately supervise project implementation, as it was unaware of a project design change that caused the forced demolition of structures and trees.
- Upon learning about the complaints, ADB accepted a compensation solution that did not comply with the resettlement policy. ADB did not require a resettlement plan (RP) to identify all affected households and provide compensation for lost assets and support for income restoration.
- ADB did not respond in a timely manner to requests for information from civil society and did not ensure that project-affected people received timely information on construction schedules and impacts.
- ADB acted diligently in working with the government on the preparation and implementation of an RP that was compliant with ADB policy and local regulations.

### Status

As the RP had been completed in full and there were no outstanding issues, no specific action plan and monitoring was needed.

## Indonesia: Integrated Citarum Water Resources Management Investment Program – Project 1

The Citarum is one of the longest rivers in Java, Indonesia. Located in

the province of West Java, the basin extends over an area of 13,000 square kilometers and provides homes and livelihoods for more than 10 million people. It supplies about 80% of metropolitan Jakarta's water needs and irrigates more than 240,000 hectares of rice and other crops.

The Integrated Citarum Water Resources Management Investment Program (ICWRMIP) includes a range of interventions across the water sector that relate to water and land management necessary to pursue the introduction of integrated water resources management in the Citarum River basin. Part of the ICWRMIP's first phase was to rehabilitate the West Tarum Canal (WTC), an artificial waterway that diverts Citarum water for industrial use and for the drinking water supply of Jakarta. The rehabilitation was expected to displace close to 900 households at the time.

On 4 January 2011, OSPF received a complaint through an NGO from project-affected households along the WTC that had been evicted without receiving compensation.<sup>3</sup> As per OSPF's procedure, after determining the complaint to be eligible, a review and assessment was carried out. The assessment revealed that the settlers along the WTC had been evicted because of their illegal status on the embankment of the canal. The local government clarified that the evictions took place before the approval of the project RP, because it had to enforce regulations on spatial planning, building permits, and cleanliness. However, the local government did acknowledge that the evicted people needed to be verified against the affected households included in the RP. All stakeholders saw the need for dialogue to get to know each other better, understand the project, and discuss concerns.

OSPF proposed and held three workshops for (i) discussion of community representation in the OSPF process; (ii) the government and ADB to share information on each other's policies, procedures, laws, and regulations; and (iii)

<sup>3</sup> See footnote 1.

individual sessions for stakeholders to better understand ADB's Policy on Involuntary Resettlement; and a multistakeholder consultation aimed at agreeing on the course of action to address concerns. The course of action included steps for (i) the involvement of affected households in consultations regarding the project, (ii) the process of information sharing, and (iii) the future flow of communication between the affected households and the resettlement team during updating and implementation of the RP.

Implementation of the course of action, which began in July 2011, resulted in the development of a tracer methodology to find persons earlier evicted by the local government. Although these evictions were not related to the project, evictees were included in the project RP and were therefore entitled to compensation. Affected households were also assisted in procuring identity cards, which would help them in the resettlement process. Information sharing regarding the project was slowly improving, and affected households were updated on the revision of the project RP.

In October 2011, the complainants withdrew from the OSPF process, citing their frustration and disappointment in not having received any compensation despite all the consultations undertaken.

### The Project

It is an integrated water resources management project, the first phase of which was to rehabilitate the West Tarum Canal (WTC), an artificial waterway that diverts Citarum water for industrial use and for drinking water supply of Jakarta. It is funded under a multitranches financing facility.

### Issues

Three affected persons filed a request for compliance review in January 2012 through the NGO, Aliansi Rakyat untuk Citarum or People's Alliance for Citarum. The requesters claimed that ADB failed to follow its operational policies and procedures on Involuntary Resettlement, Public Communications, and the consultation process in the Environment Policy.

### Status

A draft report has been prepared by the CRP, which will be provided to Management and requesters in January 2013 for comments and will be finalized for submission to the Board in February 2013.<sup>4</sup>

<sup>4</sup> As of the preparation of this annual report, the Board discussed the final report for the Citarum case on 12 March 2013 and approved the CRP recommendations. SERD is preparing an action plan to implement the recommendations.

**At the end of every problem solving or compliance review, OSPF or the CRP, respectively, recommends remedial action to resolve complaints or noncompliance with ADB policies and procedures. The government and ADB implement the recommendations, while OSPF or the CRP monitors the progress of implementation within the prescribed monitoring period.**

**This section looks at three projects that are currently implementing remedial actions.**

### Kazakhstan: CAREC Transport Corridor I Investment Program

Roads are a key element of Kazakhstan's transport system.

They play an important role in providing access to rural areas and in facilitating transit traffic and in-country mobility. The Government of Kazakhstan's Western Europe–Western PRC Corridor (the Corridor) Development Program intends to

Implementation of the course of action, which began in July 2011, resulted in the development of a tracer methodology to find persons earlier evicted by the local government.

**Monitoring of Recommendations and Lessons Learned**

All stakeholders interviewed (affected households, government and related agencies, NGOs, technical experts and consultants, and ADB resident mission project staff) were willing to participate in meetings or other forums to address issues and solve problems.

remove these constraints to improve the road sections in the Kazakhstan territory of the Central Asia Regional Economic Cooperation (CAREC) Transport Corridor. The Corridor Development Program will improve the existing road and will construct bypasses and new alignments to make the Corridor suitable for international traffic.

The project will reconstruct 125 kilometers of highway sections between Taraz and Korday in Zhambyl Oblast, and will improve the road O&M system. This will contribute to sustaining economic development and increasing domestic and international trade growth within Kazakhstan and between Kazakhstan and its trading partners.

OSPF received a complaint in 2009 from Janaturmis, a village included in the second tranche of the project.<sup>5</sup> (See Appendix for another complaint that was deemed ineligible.) The review and assessment identified the following issues/needs of the complainants:

- maintaining easy access to grazing pastures for livestock,

- ensuring adequate and safe passage of agricultural equipment from one side of the road to the other,
- maintaining an adequate means for water to flow from the south side to the north side of the road,
- accessing the highway in both directions for their cars and agricultural equipment,
- obtaining timely and accurate information about the project overall (e.g., construction schedule, construction-related employment opportunities, design details), and
- making the road safe for all users.

There was broad acknowledgment that the complaint contained legitimate issues for discussion. All stakeholders interviewed (affected households, government and related agencies, NGOs, technical experts and consultants, and ADB resident mission project staff) were willing to participate in meetings or other forums to address issues and solve problems. With this, OSPF concluded that the complainants' issues could be resolved through a consultation process.

OSPF facilitated three multiparty, collaborative consultations, which resulted in agreements on (i) the location of an underpass as per design, (ii) an additional underpass, (iii) the construction of

<sup>5</sup> Details of the problem solving in this project are in <http://www.adb.org/site/accountability-mechanism/problem-solving-function/complaint-registry-region?region=central-west>



▲ OSPF consultant facilitating a lessons learned session with complainants in Janaturmis.

a dirt approach road for agricultural machinery south of the new road alignment, (iv) retaining the location of the culverts, and (v) sharing information about the project.

Monitoring of activities took place throughout 2010 and 2011. Activities seemed to be progressing well and on time. Small issues that arose out of insufficient information were solved quickly through telephone calls and discussions between the contractor and the affected households. In 2012, OSPF conducted a final visit to the project site to verify all construction works and to assess the OSPF process with stakeholders.

Affected households expressed their appreciation of the OSPF process, as it assisted them in understanding how problem solving works. Their relationships with the implementing agency and the local government had improved, as lines of communication were open and the affected households were empowered to meet with local officials to discuss issues. During the implementation of solutions, the affected households were consulted and were able to share their ideas on possible technical solutions. It was evident that the OSPF process helped to facilitate communication among all stakeholders, which led to improved consultation and participation of affected households in the project.

The implementing agency was very responsive to the needs of the affected households and worked closely with them to resolve issues. All infrastructure works (passages to ensure adequate and safe movement of animals and agricultural equipment from one side of the road to the other, construction of a well to maintain adequate water flow from the south side to the north side of the road, and an approach road to access the highway in both directions for cars and agricultural equipment) were completed. The implementation agency has set up a community liaison office with the purpose of giving timely and accurate information about the overall project and responding to future complaints from affected persons.

In October 2012, OSPF closed the complaint, as all remedial actions had been implemented, and affected households were satisfied with the outcomes.

### **Pakistan: Southern Punjab Basic Urban Services Project**

OSPF received a complaint about the Southern Punjab Basic Urban Services Project in Pakistan in February 2009.<sup>6</sup> The complaint raised concerns about the location and design of the wastewater treatment plant (WWTP), safe environment, land acquisition, compensation, livelihood, and information sharing and consultations. The complainants wanted the site of the WWTP moved so it would not affect their land. The compensation rate for the land to be acquired was announced and paid to some landowners, but later, on appeal, the rate was increased threefold. With the announcement of the revision, complainants who had been awarded the lower amount felt their compensation should be adjusted to the new level.

OSPF found the complaint eligible and conducted a review and assessment, which proposed a course of action based on the stakeholders' suggestions.

Suggested activities in the course of action included disseminating information in a transparent and appropriate way to make sure that all affected persons understood the advantages and disadvantages of the WWTP, its impact on them and on the other citizens of Multan, the technical design, and reasons for the site selection. A separate session on environmental concerns was proposed including a visit to a completed WWTP. Furthermore, an independent external party was recommended to monitor the compensation process and report to OSPF.

In the first consultation, all parties agreed to revise, approve, and implement the RP on issues related

Affected households expressed their appreciation of the OSPF process, as it assisted them in understanding how problem solving works.

OSPF found the complaint eligible and conducted a review and assessment, which proposed a course of action based on the stakeholders' suggestions.

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<sup>6</sup> See footnote 5.

The results of a satisfaction survey fielded by OSPF indicate that complainants appreciated OSPF's help during the early stages of the consultation process but were not satisfied with the subsequent lack of progress in relocating the project and making payments.

to land acquisition, compensation, and livelihoods, and to have a separate consultation on the project's environmental issues. The first consultation, however, failed to agree on the location and design of the WWTP. The complainants maintained that the plant would contaminate the groundwater and affect their health. The plant's design, they claimed, would also attract birds and pose hazards to a nearby airport.

OSPF started planning the environmental session but could not pursue it in 2009 because of security concerns in Pakistan. Meanwhile, ADB closed the loan at the end of 2009 without construction of the WWTP, while holding open the possibility of including the plant in a new financing package. OSPF finally convened the session on environmental issues in 2010 and led a visit by the complainants to a WWTP of similar design in Faisalabad. The session and plant visit produced a mixed reaction among the complainants, who were still not convinced of the benign impact of the WWTP and also reiterated their concerns about compensation.

Compensation hinged on implementation of the revised RP, but during 2010 and the first half of 2011, progress was slowed by a protracted RP revision and approval process. By this time ADB had closed the loan, and the project had become a purely government undertaking, except for the implementation of the RP in accordance with ADB's safeguard requirements. Although the government intended to proceed with the WWTP, it had still not been constructed, and the possibility of ADB funding it under a different loan remained uncertain. During another consultation organized by OSPF, all stakeholders agreed that compensation payments would continue and that the project would look into issues of small land parcels and flooding. Since the government was closing down the project, no funding allocation was available for this purpose.

Finally, in mid-2011, further compensation payments were made,

## The Project

The Southern Punjab Basic Urban Services Project in Pakistan aimed at (i) improving water supply, sanitation, solid waste management, and roads in low-income communities in 21 project towns; and (ii) strengthening the institutional capacities of devolved local municipal bodies.

## The Complaint

The complaint came from Suraj Mani—one of the project towns in Southern Punjab. A total of 55 affected persons raised concerns about environmental issues, loss of land, the resettlement plan, the suitability of the location, and the design of the wastewater treatment plant.

## The Executing and Implementing Agencies

The Local Government and Community Development Department of the Government of Punjab was the executing agency. The implementing agencies are the tehsil municipal agencies of the towns involved.

and in December 2011, outstanding payments were finally made to complainants who had been included under the higher award. The remaining complainants, who had been included in the first award, refused to accept the lower payment and filed an application in civil court for revision of the compensation payment to the level of the second award. The matter is still pending in court.

The results of a satisfaction survey fielded by OSPF indicate that complainants appreciated OSPF's help during the early stages of the consultation process but were not satisfied with the subsequent lack of progress in relocating the project and making payments. OSPF closed the complaint, and a final report was issued in May 2012.

## Philippines: Visayas Base-Load Power Project

The project aims to provide electricity to an economically promising growth area through the construction and



▲ 200-megawatt power plant site in Naga City, Cebu.

operation of a 200-megawatt coal-fired power plant on 100,000 square meters of land in the barangay (district) of Coron, Naga City, Cebu Province. The plant will use circulating fluidized bed boiler technology. ADB has provided a direct loan of \$100 million, without government guarantee, to KEPCO-SPC Power Corporation (KSPC) in the Philippines. On 25 May 2011, project-affected persons requested a compliance review through an NGO and an engineer. The requesters alleged that emissions of gases that cause respiratory illnesses; coal spillage during transport, which exposes them to hazardous and toxic metallic elements; coal ash seepage and contamination of marine life, would adversely impact their health and physical environment. A report on the compliance review was submitted to the Board in March 2012. The CRP concluded that there was noncompliance with ADB policies on environment, public communications, and inclusion of social dimensions in ADB operations; and partial compliance with the Energy Policy.

Subsequent to the Board approval of the CRP's recommendation, an action plan by the Private Sector Operations Department (PSOD) was prepared in June 2012. PSOD has already submitted to CRP two quarterly reports highlighting the following positive developments:

- Expected approval of technical assistance for air quality

monitoring, meteorological data collection, and an air dispersion modeling study by January 2013;

- Development of an ash management plan by KSPC in line with the project's Environmental Management Plan; and
- KSPC medical missions to project affected communities to help address the potential of air pollution.

Subject to verification by the CRP of these reports, the implementation of the CRP recommendations is contributing to the mitigation of the environment and social impacts of this project. The implementation of the action plan should ensure that adverse environment and social impacts on the communities surrounding the plant are effectively monitored and that the mechanisms for mitigation are improved. The compliance review also raised the awareness of all project stakeholders of the environmental impact monitoring requirements, including ADB, the Philippine government, and the private project sponsor. For affected communities in the area, it is expected that the Accountability Mechanism process is making the project and its operation more transparent and providing a mechanism for consultation and grievance redress.<sup>7</sup>

<sup>7</sup> Details of the compliance review of this project are in <http://compliance.adb.org/dir0035p.nsf/alldocs/RDIA-8HF6GG?OpenDocument>

The CRP concluded that there was noncompliance with ADB policies on environment, public communications, and inclusion of social dimensions in ADB operations; and partial compliance with the Energy Policy.

## The Project

This is an ADB-funded private sector project to construct and operate a 200-megawatt coal-fired power plant in Cebu, Philippines that will use circulating fluidized bed boiler technology.

## Issues

The requesters claimed that environmental hazards such as emission of gases, coal spillage, coal ash seepage, and contamination of marine life would adversely impact their health and physical environment.

## Status

The CRP concluded that there was noncompliance with ADB policies on environment, public communications, and inclusion of social dimensions in ADB operations; and partial compliance with the Energy Policy. An action plan was prepared based on the CRP's recommendations, and PSOD has been submitting to CRP quarterly monitoring reports on the implementation of the plan.

## Outreach and Information Sharing



▲ Accountability Mechanism outreach held in Ulaanbaatar, Mongolia on 4–5 June 2012 with participants from government executing agencies, NGOs, CSOs, and ADB Mongolia Resident Mission.

**The responsibilities of OSPF and OCRP include outreach to ADB developing member and donor countries through joint missions as well as generic advice to ADB operations departments/resident missions and briefings to new staff during their induction. OSPF and OCRP also jointly produce publications to describe the revised Accountability Mechanism.**

Following the launch of the new Accountability Mechanism in May 2012, OSPF and OCRP conducted briefings on the new Mechanism in key DMCs and donor countries. Internal briefings were also held for all ADB operations departments and resident missions. This program will be completed before the 2013 ADB Annual Meeting.

## Developing Member Countries

OSPF and OCRP visited Mongolia on 3–6 June 2012 to conduct briefings on the new Mechanism for NGOs and executing agency staff, and to hold a press conference with local media. The resident mission, led by its country director, actively participated in all the sessions and in a field trip to a district outside



▲ ADB Accountability Mechanism Presentation to NGOs at ADB's North America Representative Office, 4 December 2012.

the capital, where road and public facility development was taking place according to a comprehensive development plan.

## Donors

On 21 November 2012, a briefing on the Mechanism was held by OCRP (on behalf of OSPF as well) at the ADB Pacific Liaison and Coordination Office for ADB staff; and on 22 November 2012, another briefing was given to NGOs and international organizations in Sydney.

On 4–5 December 2012, OCRP (on behalf of OSPF as well) conducted meetings and briefings on the ADB Accountability Mechanism in the United States with (i) the ADB North America Representative Office; (ii) three representatives from the US Agency for International Development; (iii) students and staff from George Washington University; (iv) Washington-based NGOs; and (v) representatives from the US Appropriations Committee, House Financial Services, and Senate Foreign Relations Committee. On 6 December 2012, OCRP went to Canada and met with representatives from the Canadian International Development Agency and other Canadian government agencies.

## Independent Accountability Mechanisms (IAMs) 9th Annual Meeting

On 25–28 September 2012, ADB with four representatives (from OSPF and OCRP-CRP) participated in the 9th Annual Meeting of the IAMs, which gathered about 50 participants from international financial institutions (IFIs) in Europe, North America, South America, the Caribbean, Africa, and Asia. This meeting, hosted by the European Investment Bank's Complaints Mechanism and the European Ombudsman, focused on accountability mechanisms and human rights.

The objectives of the main conference were to

- identify current accountability trends;
- exchange views on substantive and technical operationalization of respective mandates and strategies;
- contribute to supporting institutional capacity development for the community of practice;
- identify good practices and knowledge;
- share experiences, lessons learned, and challenges; and
- explore the possibility of greater harmonization.

The resident mission, led by its country director, actively participated in all the sessions and in a field trip to a district outside the capital, where road and public facility development was taking place according to a comprehensive development plan.



▲ 9th Annual Meeting of international financial institutions' independent accountability mechanisms, Luxembourg, 25 September 2012.

OSPF-OCRP learned from the inputs of experts on accountability and human rights; shared views with their counterparts from other IAMs on the implementation of accountability mechanisms; and met and interacted with some of the more than 200 NGOs that participated during one of the briefings.

During the meetings, OSPF-OCRP learned from the inputs of experts on accountability and human rights; shared views with their counterparts from other IAMs on the implementation of accountability mechanisms; and met and interacted with some of the more than 200 NGOs that participated during one of the briefings.

Issues discussed included (i) addressing human rights violations and environmental issues; (ii) addressing new types of lending modalities and new modes of communication; and (iii) reaching an agreement on joint IFI investigation when an essential condition is that the scope of the investigation is defined by the standards of the IFI with the higher standards.

### Briefings in ADB Headquarters

Beginning in June 2012, OSPF and OCRP jointly briefed ADB staff from all operations departments in headquarters on the Mechanism (see

box). Link-ups with their respective resident missions via video conference were done where feasible.

### Accountability Mechanism In-reach to Operations Departments in ADB Headquarters in 2012

Department	Remarks
Central and West Asia Department	Presentation to each division held on 16 October, 30 October, and 15 January 2013
East Asia Department	Presentation to the RMT held on 10 September
Pacific Department	Presentation to the RMT held on 15 October
Private Sector Operations Department	Department-wide briefing held on 19 October
Regional and Sustainable Development Department	Department-wide briefing held on 16 October
South Asia Urban Development and Water Division	Division-wide briefing held on 29 October

South Asia Department	Presentation to the RMT held on 6 September
Southeast Asia Department	Department-wide briefing held on 18 September

RMT = regional management team

## Publications

### Accountability Mechanism Information Packet

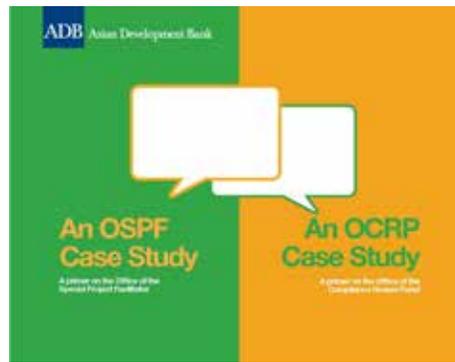
As required by the 2012 Accountability Mechanism Policy, OCRP and OSPF developed a basic information packet for complainants and/or project-affected persons. The information packet is composed of the following four simple, clear, informative, and succinct brochures highlighting the different processes and remedies available under the two functions.

### Accountability Mechanism Summary



The Accountability Mechanism Summary describes the two functions including relevant information that project-affected persons and/or complainants will need in filing a complaint. The complete steps and procedures followed by the CRO (when receiving complaints), OSPF, and OCRP are also included. The summary was developed with NGOs, governments, and ADB staff in mind.

### Accountability Mechanism Brochure



This brochure illustrates the choice affected persons have in resolving their issues through problem solving or compliance review. It highlights the differences between the two functions, indicating that OSPF is intended to address problems on the ground and facilitate their resolution, while the compliance review function is to review ADB's compliance with its operational policies and procedures. After reading the brochure, complainants should be able to determine whether to file their complaints with OSPF or the CRP.

Using a real case that went through both OSPF and OCRP, the two brochures describe and illustrate what each function has to offer and explain what is "in" each of the functions for the complainants.

### An OSPF Case Study: A Primer on the Office of the Special Project Facilitator

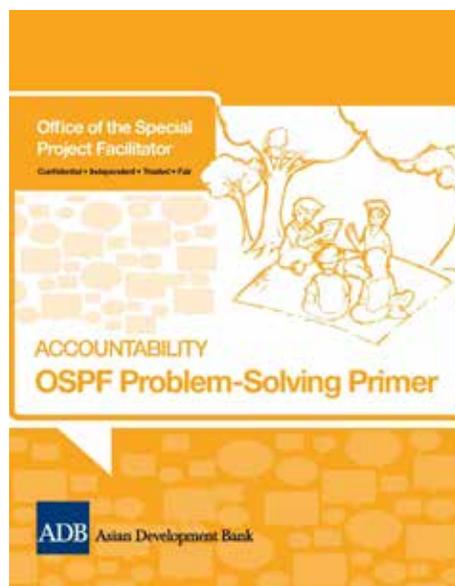
### An OCRP Case Study: A Primer on the Office of the Compliance Review Panel



Using a real case that went through both OSPF and OCRP, the two brochures describe and illustrate what each function has to offer and explain what is "in" each of the functions for the complainants.

Stories from real cases also illustrate the kinds of complaints OSPF receives and the ways it works with everyone involved to find a solution.

### Office of the Special Project Facilitator: Problem-Solving Primer



The Primer describes how OSPF works, how complainants can avail of OSPF's services, and the step-by-step procedure OSPF follows once a complaint is declared eligible. The Primer provides complainants and their representatives, CSOs, ADB staff, government agencies, and the private sector with an understanding of what OSPF problem solving means in practical terms. Stories from real cases also illustrate the kinds of complaints OSPF receives and the ways it works with everyone involved to find a solution.

### Accountability Mechanism Policy 2012

This publication documents the review of the 2003 Accountability Mechanism policy and the changes or improvements made in the revised Policy that ADB approved on 24 February 2012. It includes changes to allow people adversely affected by ADB-supported projects to seek more effective remedies to their complaints. This publication is now also available in Chinese, Khmer, Lao, Russian, Sinhala, Thai, and Vietnamese.



### Website

The Accountability Mechanism website is found at <http://www.adb.org/site/accountability-mechanism/main>

## Resources

### Budgetary Information

OSPF used a total of \$295,074 in 2012. Of this amount, \$224,400 went for complaint-related expenses; \$9,793 for outreach; and \$60,881 for the development of the new Accountability Mechanism packet and engagement of the CRO.

In 2012, OCRP and the CRP incurred a total of \$463,083.23 in operating and administrative expenses. OCRP spent \$100,055.48, while the CRP spent

\$363,027.75, which included the two part-time members' professional fees. The expenses were for the conduct of a site visit for the compliance review of the CAREC Transport Corridor I (Bishkek–Torugart Road) Project 1—Grant No. 0123-KGZ (Kyrgyz project); the finalization of the reports on compliance review for the Kyrgyz project and the Visayas Power Base-Load Project—Loan No. 2612-PHI; OCRP consultation visits and CRP investigation and drafting of the compliance review report

for the Integrated Citarum Water Resources Management Investment Program—Project 1— Loan Nos. 2500 and 2501 (SF)-INO; conduct of the eligibility mission and initiation of investigation for the Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project—Loan 2288 and Loan 2602/Grant 0187 (Supplementary); participation in

the meeting of the IAMs of IFIs in Luxembourg and Brussels; roll out of the 2012 Accountability Mechanism Policy in Australia, Canada, Mongolia, and the United States; translation and editorial work; communication; consulting services; administrative expenses; and printing of publications on the new policy.

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**The new Accountability Mechanism became effective in May 2012. It is anticipated that changes to the policy, including direct access for affected people to the compliance review process, will enhance the effectiveness and transparency of the Mechanism, shorten the process, and lead to quicker resolution of complaints. To date, no complaint has been submitted directly for compliance review; thus it is too early to report on the impact of this change in the policy.**

## Looking Forward

The policy has reinforced both the role of operations departments in ensuring that safeguard policy requirements are met, and their role in ensuring the efficient operation of the Accountability Mechanism during problem solving and compliance review.

a great extent on improving the awareness among affected people of its existence and operation. The challenge for OSPF and OCRP will be to increase awareness, given the resources available.

The new policy has streamlined the organizational structure of the Accountability Mechanism and significantly reduced its staffing costs. However, the effectiveness of the new policy will depend to

In the future, efforts will also focus on ascertaining the benefits and the direct and indirect costs associated with the filing of complaints by the project-affected people, the borrowers, and ADB for each case and provide other relevant information and analysis.

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## Ineligible Complaints

### Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project

OSPF received a second complaint on the above project on 13 April 2012. Three residents from Poipet Village raised concerns related to resettlement, compensation, information, and consultation. After discussion with the Cambodia Resident Mission resettlement specialist and a joint mission to meet the three complainants, OSPF determined the complaint to be not eligible, because the complainants had not made good faith efforts to solve their problems

with the operations department. The operations department is currently handling the complaint through the project grievance mechanism.

## Appendix

### India: Kerala Sustainable Urban Development Project

This is the first complaint OSPF received under the 2012 Accountability Mechanism Policy. The complaint, received on 4 September 2012, was filed by 53 residents from Kerala, India. It alleged that the new wastewater drainage being constructed in Panampilly Nagar has fundamental flaws and that current deviations are against the

preapproved plan. The complainants also cited other direct and material harm like environmental damage and health problems, social damage, and potential loss of assets and quality of life, caused by the project.

After a desktop review of all project documents, and interviews with the operations department and the complainants' representative, OSPF found that the complainants did not make significant attempts to solve the problems with the operations department and therefore did not meet the eligibility criteria of the problem-solving function. The complainants and project staff are trying to resolve the problems on their own. They have been informed that

they can come back to OSPF if their complaints are not resolved within a certain time frame.

### Kazakhstan: CAREC Transport Corridor I Investment Program

This third complaint on the Zhambyl Oblast section of the CAREC Transport Corridor I Investment Program was received in late December 2011. The complaint concerns the construction of a borrow pit by contractors, which allegedly has prevented complainants from receiving the water they need to irrigate their crops. OSPF declared the complaint ineligible, as the complainants had not made an effort to solve their problem with the operations department.

## OCRP and OSPF Staff



**Foreground:** Grace San Agustin, OSPF Executive Assistant; Jennifer Francis, OSPF Senior Facilitation Specialist  
**Second Row:** Jojo Miranda, OCRP Associate Compliance Review Officer; Lea Robidillo, OSPF Consultation Officer; Rusdian Lubis, CRP Chair and concurrently Head, OCRP; Julie Villanueva, OCRP Senior Compliance Review Assistant  
**Third Row:** Preben Nielsen, OSPF Special Project Facilitator; Geoffrey Crooks, OCRP Principal Compliance Coordination Specialist; Ronald Tabulog, Complaint Receiving Officer

## Compliance Review Panel Members



Rusdian Lubis, Chair (from 13 April 2009 to 12 April 2014)



Anne Deruyttere, Panel Member (from 21 July 2008 to 20 July 2013)



Lalanath De Silva, Panel Member (from 1 October 2012 to 30 September 2017)



Antonio La Viña, Panel Member (from 1 June 2007 to 1 June 2012)

## **ADB Accountability Mechanism**

Annual Report 2012

After a full-scale review of the Accountability Mechanism that was concluded in February 2012, the new Accountability Mechanism became effective on 24 May 2012. It has resulted in clearer and closer collaboration between the functions of problem solving—handled by the Office of the Special Project Facilitator (OSPF)—and those of compliance review by the Compliance Review Panel. The policy now clearly defines the responsibilities of OSPF and those of the Office of the Compliance Review Panel (OCRCP) as well as the oversight function of the Board on compliance review. The newly created position of the complaint receiving officer is a single entry point for complaints and directs them to OSPF, OCRCP, or other offices in ADB. These changes make the Mechanism more credible, efficient, and effective in addressing the concerns of people affected by ADB projects.

## **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 substantially reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than \$2 a day, with 828 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 member countries, 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.

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