



2018 LEARNING REPORT ON IMPLEMENTATION OF THE ACCOUNTABILITY MECHANISM POLICY

AUGUST 2019

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Note:

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On the cover: A consultation meeting for a complaint was held as part of an ADB mission in Nepal. Collaborative efforts help ADB avoid the recurrence of common problems, guide staff in improving project design and implementation, and enhance knowledge sharing and facilitate a culture change among all stakeholders—these make ADB’s Accountability Mechanism a positive tool for learning (photo by Ricky Barba).

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Acknowledgments

The 2012 Accountability Mechanism Policy (AMP) of the Asian Development Bank (ADB) mandates a triennial analysis of the lessons learned, particularly from managing complaints elevated to this “last resort” mechanism. The AMP further mandates that the 3-year analysis and report be a collaborative output by the Office of the Special Project Facilitator (OSPF) and Office of the Compliance Review Panel (OCRP) of the Accountability Mechanism together with the Independent Evaluation Department (IED) and the Sustainable Development and Climate Change Department (SDCC). This Joint Learning Report is the second triennial iteration of such a synthesis and covers the past 3 years, 2016–2018.

This report was prepared under the overall guidance of Warren Evans, special project facilitator, OSPF; supported by Sushma Kotagiri, senior facilitation specialist; Mary Jane David, senior public management officer (disaster risk management); Wilfredo Agliam, associate facilitation coordinator; Nitish Jha, international consultant; and Ma. Karen Serrano, national consultant.

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Abbreviations

ADB	–	Asian Development Bank
AfDB	–	African Development Bank
AIIB	–	Asian Infrastructure Investment Bank
AM	–	Accountability Mechanism
AMP	–	Accountability Mechanism Policy
CRO	–	complaint receiving officer
CRP	–	Compliance Review Panel
CSO	–	civil society organization
DMC	–	developing member country
EA	–	executing agency
EBRD	–	European Bank for Reconstruction and Development
EIB	–	European Investment Bank
FI	–	financial intermediary
GCF	–	Green Climate Fund
GRM	–	grievance redress mechanism
GRS	–	Grievance Redress Service
IA	–	implementing agency
IAM	–	Independent Accountability Mechanism
IBRD	–	International Bank for Reconstruction and Development
IDA	–	International Development Association
IDB	–	Inter-American Development Bank
IED	–	Independent Evaluation Department
IFC	–	International Finance Corporation
IFI	–	international financial institution
JLR	–	joint learning report
NGO	–	nongovernment organization
OCRCP	–	Office of the Compliance Review Panel
OD	–	operations department
OSPF	–	Office of the Special Project Facilitator
PCT	–	project complaint tracking
RM	–	resident mission
SDCC	–	Sustainable Development and Climate Change Department
SERD	–	Southeast Asia Department
SPF	–	special project facilitator
SPS	–	Safeguard Policy Statement



Executive Summary

The Asian Development Bank (ADB) Accountability Mechanism (AM) Policy, adopted in 2003 (replacing the Inspection Function established in 1995), established two mutually supportive but distinct functions—problem-solving and compliance review. The current AM Policy (AMP) was approved in 2012. Organically, the AM covers the Office of the Special Project Facilitator (OSPF), the Compliance Review Panel (CRP), and the Office of the Compliance Review Panel (OCRCP). The 2012 AMP requires a collaborative triennial analysis of lessons learned by OSPF and OCRCP, together with the Independent Evaluation Department and the Sustainable Development and Climate Change Department. This Joint Learning Report (JLR) is the second triennial iteration of such a synthesis under the AMP. The first JLR was prepared in 2016.

This JLR focuses on evidence-based lessons learned by ADB and comparator organizations from the complaints that were escalated to the AM. Further, it attempts to put into perspective the number, nature, and management of complaints from project-affected people dealt with by project-level grievance redress mechanisms (GRMs) and by operations departments (ODs). Complainants must attempt to resolve disputes with the OD before their complaints are eligible for problem-solving by OSPF or compliance review by the CRP.

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. Ten of the complaints requested compliance review, of which four were found eligible by the CRP, with three

complaints relating to two projects and one complaint to a technical assistance. Five complaints were deemed ineligible (one of which overlapped with an eligible complaint), and one was withdrawn. Twenty-nine of the complaints requested problem-solving. These included 20 projects in nine developing member countries (DMCs) with seven complaints relating to seven projects found eligible by the special project facilitator. The remaining 22 were found ineligible, of which 11 were ineligible because the complainants had not attempted to resolve issues with an OD as required by the AMP. Other reasons for ineligibility were harm not linked to the project or no material harm (four), complainants not directly affected by the project or not within project scope (three), complaints being dealt with or already dealt with by the compliance review process (two), no new evidence submitted (one), and OD and executing agency already addressing the issues (one).

There has been a disproportionate distribution of country sources of complaints. Of the 88 complaints, 64 came from four DMCs—Georgia (19), Sri Lanka (17), India (15), and Pakistan (13). 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 JLR analysis points to a number of possible reasons for the increased number of complaints over the last 3 years. 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%. The ADB AM trends in terms of increasing complaints, sectors generating complaints, and issues that are of most frequent concern to complainants are highly consistent with the experience of comparator international financial institutions (IFIs).

Other possible reasons for the increase in complaints to the AM may be attributed to (i) inadequacy or absence of project-level GRMs; (ii) increased awareness by project stakeholders and nongovernment organizations/civil society organizations of project-affected peoples' access to the AM as a result of AM outreach programs (including by other IFIs' AMs); and (iii) lack of adequate participation and meaningful consultation during project preparation and implementation.

Two of the issues that emerged repeatedly during this analysis are the need for improved safeguard risk screening and the effectivity of GRMs. As GRMs are a relatively new "tool," there is a need to improve

analytical work to capture good practices by GRMs and effective complaint-handling. In this context, two distinct conceptual approaches are proposed for further testing and development to improve (i) systematic review of relevant safeguards-related risks, and (ii) design of project-level GRMs.

The JLR review (i) concludes that the number of projects with complaints reaching the AM is a very small fraction of ADB's active portfolio, and (ii) demonstrates that numerous project-level complaints are being effectively managed by well-functioning project GRMs, and that most complaints elevated to ODS/resident missions are generally well-managed and therefore not elevated to the AM. Nevertheless, among stakeholders consulted and interviewed for the JLR, there was a strong consensus that ADB, in partnership with borrowers/clients, should (i) strengthen participation and meaningful consultation throughout the project cycle, (ii) improve complaint tracking systems and consider adopting an ADB-wide system for improved risk assessment and management, and (iii) substantially strengthen the capacity of key stakeholders to plan, implement, and manage well-functioning GRMs.



ADB is helping Mongolia upgrade basic infrastructure and services in “ger” or peri-urban areas of Ulaanbaatar, where majority of the capital city’s poor residents live (photo by OSPF).

3-year analysis and report be a collaborative output by OSPF and OCRP together with the Independent Evaluation Department (IED) and the Sustainable Development and Climate Change Department (SDCC). This recognizes that, while the function of each of these offices is distinct, they share an interest in improving and streamlining project planning and implementation to the extent that the ADB safeguard policy is complied with, complaints by project-affected people are minimized, and those that arise are dealt with fairly and expeditiously. This Joint Learning Report (JLR) is the second triennial iteration of such a synthesis under the AMP. The first JLR was prepared in 2016 and published in 2017.⁴

Accountability in a development project is integral to achieving the project's overall development goals. The AM's responsibility of oversight is one of its vital functions, as it reinforces the efforts and consistency of ADB's ODs to implement ADB's operational policies for safeguards and accountability. The AM is particularly supportive and complementary to the ADB safeguards in providing clarity on the expectations that ADB-assisted projects take the steps necessary throughout project planning and implementation to ensure that project-affected people are satisfied with the safeguard measures, or that their complaints are dealt with satisfactorily by the project GRM, or by the concerned ODs—including resident missions (RMs)—with the AM as a last resort.

This JLR focuses on evidence-based lessons learned by ADB and comparator organizations, primarily over the period 2016–2018, but also reviews other time periods for understanding trends in the number and types of complaints to the AM and for comparing ADB's AM experiences with those of other institutions. The objective of drawing lessons learned is to improve the understanding and ability of ADB and its clients to (i) avoid some complaints; and (ii) proactively deal with people's concerns to avoid the escalation of others to the AM, by promoting reasonable efforts by borrowers/clients and ODs to resolve them. In this regard, the report does not confine itself to lessons learned from

the AM but also benefits from lessons from complaints received by project-level GRMs. These two types of complaints are related but involve different approaches to dispute resolution and are governed by different policies. Complaints to the AM involve an independent recourse mechanism to address unresolved issues, while project-level complaint management is a project implementation modality to address issues as and when they arise. Prevention of escalation fundamentally means that project-level mechanisms are effective in handling complaints successfully at that level itself, with the combined capacity and efforts of, and empathy displayed by, various project stakeholders, including contractors, consultants, private sector clients, implementing agencies (IAs), executing agencies (EAs), RMs, and ODs.

The JLR draws on the following sources: (i) desktop research and analysis of relevant ADB documents and reports; (ii) country-specific cases; (iii) analysis of approved and active projects between 2000 and 2018; (iv) feedback received from OSPF and OCRP outreach and in-reach activities and training workshops; and (v) interviews with ADB staff, consultants, and stakeholders. The country case examples and lessons learned were drawn from OSPF and OCRP experiences in handling complaints to the AM over the past 3 years. Experts' observations and judgment were relied upon to derive practical lessons and recommendations for the JLR. There are limitations to the extent to which evidence-based lessons can be absolutely drawn. Given the relatively limited database and small number of actual AM cases generating lessons (though larger than in the first JLR), the lessons are indicative. For example, several of the eligible OSPF complaints generating lessons are concentrated in just four developing member countries (DMCs), and within these a few specific projects have generated a significant number of the total complaints. Given this reality, the study relies heavily on the valuable inputs of several ADB and other experts working on such cases (Section V). In the future, structured surveys of complainants engaged in the AM compliance review and problem-solving processes will further strengthen this knowledge base.

⁴ ADB. 2017. *2016 Learning Report on the Implementation of the Accountability Mechanism Policy*. Manila.

ADB's Network of Accountability

The ADB AM is composed of two functions—the problem-solving function, led by the SPF, and the compliance review function, led by the CRP. This two-pronged structure is supported by the CRO, who receives all complaints from people seeking access to the AM. The Safeguards Division within SDCC and the ODs are responsible to support clients/borrowers to see that those affected by ADB-assisted projects are safeguarded and that their problems, if any, are heard and resolved in a timely and effective manner.

As mandated by the ADB Safeguard Policy Statement (SPS) 2009 and the AMP 2012, project-related complaints flow in one direction, while efforts to resolve them flow, necessarily, in the opposite direction (Figure 1). Such problem-solving efforts are undertaken by ODs, SDCC, OSPF, and, to some extent, the CRP, through Management's remedial action plans to bring a

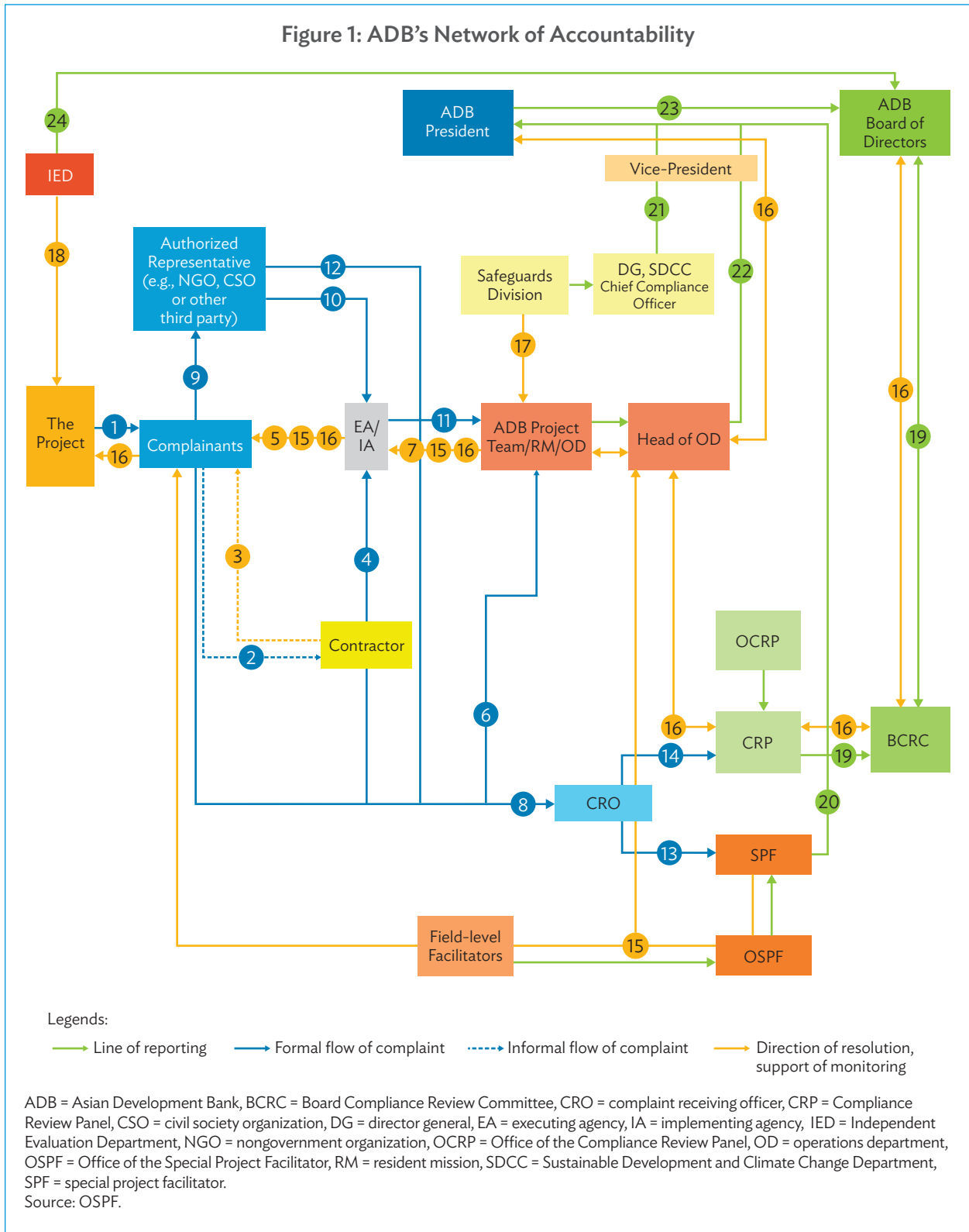
project into compliance with ADB operational policies. There are also efforts by IED, through its evaluations, to ensure that ADB's two major policies regarding safeguards and accountability, respectively, are followed. Therefore, project-related complaints that reach ADB are handled with a combination of efforts at resolution, support (or guidance), and monitoring (or scrutiny) by different offices within ADB. Countervailing lines of reporting that lead, directly or indirectly, to the ADB Board of Directors—with its ultimate oversight of ADB's process of complaint-handling—finally and logically seal this network of accountability.

Under constant improvement, this network—by its very functioning—is meant to provide project-affected people the assurance that their voices will be heard, and their complaints received and handled appropriately. Box 1 provides the process description of ADB's Network of Accountability.

At the 52nd ADB Annual Meeting in Fiji, the draft of the 2018 Learning Report on Implementation of the Accountability Mechanism Policy was discussed among key stakeholders including nongovernment organizations (ADB Annual Meeting photo).



Figure 1: ADB's Network of Accountability



Box 1: Process Description of ADB's Network of Accountability

- A complaint arises [1].
- The complainant approaches the contractor informally [2], who may be able to resolve the complaint^a [3].
- Following a more formal process, the complainant contacts the borrower/client [4], which may then be able to resolve the complaint [5].
- If the complaint remains unresolved, the complainant contacts the Asian Development Bank (ADB) project team through the resident mission (RM) and/or operations department (OD) concerned [6], which then attempt to resolve the complaint [7].
- If the complaint still remains unresolved, the complainant can elevate it to ADB's Accountability Mechanism (AM), by approaching the complaint receiving officer (CRO) [8].
- Sometimes, instead of filing a complaint themselves, a complainant or group of complainants may authorize, in writing, a third party—who may be an individual from a nongovernment organization, civil society organization, or other entity—to file a complaint on their behalf [9].
- Following the grievance redress mechanism (GRM), this authorized third party contacts the borrower/client [10]; or, less typically, the RM or OD [11]; or, finally—but rarely—the CRO, if the previously contacted entities are unable to provide a resolution satisfactory to the complainant [12].
- After sufficient information is received for escalation to the AM, the CRO elicits the wishes of the complainant about which of the two functions of the AM they wish to engage, namely, problem-solving by the special project facilitator (SPF) [13] or compliance review by the Compliance Review Panel (CRP)^b [14].
- If the SPF deems a complaint eligible,^c it uses problem-solving through a process of engagement with all stakeholders, including the complainants, implementing and executing agencies, and ADB project team, sometimes engaging field-level facilitators to act as intermediaries in the process [15].
- If the CRP deems a complaint eligible,^c with authorization from the ADB Board of Directors, the CRP will investigate whether the complaint was triggered by ADB's failure to adhere to its operational policies and procedures during project planning or implementation. If the CRP concludes that ADB's noncompliance caused direct and material harm, Management will propose remedial actions to bring the project into compliance [16].
- As the policy division dealing with safeguards within ADB, the Safeguards Division of the Sustainable Development and Climate Change Department (SDCC), may monitor the functionality of the project GRM in the case in question, or even advise the RM or OD on a suitable course of action for the complaints it is handling, whether these have been escalated or not. Director General, SDCC, concurrently chief compliance officer, is responsible for advising Management and ODs on safeguard compliance and related operational procedures and guidelines [17].
- Meanwhile, the Independent Evaluation Department (IED) may sometimes carry out its independent scrutiny of the manner in which safeguards-related issues are/were handled and problems solved in any project, usually one that has been completed [18].
- The CRP, supported by the Office of the Compliance Review Panel (OCRCP), reports to the ADB Board of Directors, through the Board Compliance Review Committee [19].
- The SPF heads the Office of the Special Project Facilitator (OSPF) and reports to the President [20]. The Safeguards Division of SDCC [21] and heads of ODs [22] also report to the President, through their respective Vice-Presidents.
- In turn, the President [23] and IED [24] are accountable to the Board of Directors, which reports to the larger Board of Governors, of which it is a part.
- These lines of reporting close the circle of accountability with the Board of Directors' direct oversight of ADB's process of complaint-handling, including resolution, support, and monitoring or scrutiny.

^a This is usually the case with construction-related complaints, for which the contractor is directly responsible.

^b A resolution by OSPF that fails to satisfy the complainant or if the complainants still have concern about compliance issues after problem-solving, the complaint may then be sent to the CRP, but the reverse is not possible.

^c A complaint may be declared ineligible for several reasons, e.g., that the same issue is already being dealt with in the context of another complaint (in which case, the new complaint is usually subsumed within the older one); sufficient efforts have not been made to engage with the borrower/client or else the OD and RM in resolving the problem; the harm caused is not linked to noncompliance or else is not caused by an ADB-assisted project; there is either no evidence or, in the case of prior complaints declared ineligible, no new evidence; or it is outside the scope of the ADB-assisted project.

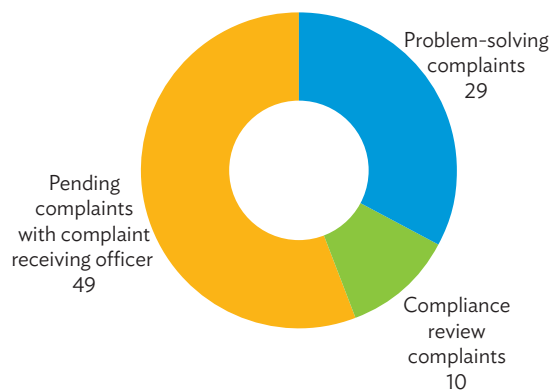
Source: Asian Development Bank.

Overview of Complaints Reaching the Accountability Mechanism

The AM is an independent forum, provided as the last resort within ADB, that project-affected people may approach once they have exhausted all other options for having their grievances dealt with, to their satisfaction, by local authorities, project personnel, and ADB's RMs and ODs. Complaints are described below as being "admissible" and "eligible/ineligible." Admissible complaints are those complaints that have met the minimum requirements for filing a complaint per para. 151 of the 2012 AMP, such as names of the complainants, whether the complainants want to keep their names confidential, choice of problem-solving or compliance review, description of direct and material harm, and efforts of complainants to address the problems first with the concerned OD. After the minimum amount of information is received, the CRO will forward that complaint to either the CRP or the SPF, depending on the choice of the complainants. An eligible complaint is one that has been forwarded to OSPF or the CRP and meets the eligibility criteria as defined in the 2012 AMP, focusing on the facts of the case. Thus, cases described as eligible or ineligible are subsets of admissible complaints.

There has been an increase in the number of complaints that have been elevated to the AM over the last 3 years. Figure 2 shows that, of 88 complaints received by the CRO in 2016–2018, 39 or 44% were found to have sufficient information to be escalated—to either the CRP or the SPF; of these 39 admissible complaints, nine or 23% are current and are actively being managed by OSPF or OCRP. The remaining 49 complaints are still with the CRO pending the CRO's request for additional information. Complaints pending with the CRO consist of those complaints that have not met the minimum requirements for filing a complaint per para. 151 of the AMP 2012. The CRO requests complainants for additional

Figure 2: Total Complaints Lodged with the Accountability Mechanism, 2016–2018



Source: OSPF and OCRP Complaints Statistics.

information if their complaints do not meet the minimum requirements for filing a complaint. A number of complainants do not revert to the CRO with the requested additional information. The kind of information that is lacking frequently relates to the description of the ADB-assisted project involved (name and location) and complainants' choice of function. Thus, their complaints remain pending with the CRO. One of the challenges faced in managing the AM process is that there is no designated timeline for a complainant to respond to such requests. Thus, many complaints remain in incomplete status; many of these are likely to never come back to ADB. This is not necessarily negative, as the fact that complaints are filed alerts the ODs to the possibility that there may be issues with a particular project.

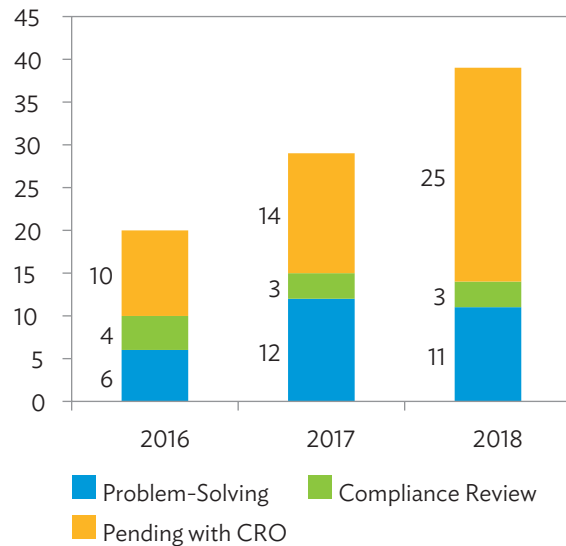
In 2018, the CRO undertook a survey of complainants to the AM received from January 2016 to September 2018 to find out how they learned about ADB's AM. Sixteen complainants responded, of which 10 had found information on the ADB website, two were

supported by nongovernment organizations (NGOs), and four were supported by the government or had learned about the AM through international meetings or from ADB project staff.

There was an increase in complaints to the AM each year of the study period—20 in 2016, 29 in 2017, and 39 in 2018 (Figure 3). Georgia had the largest number of complaints, with 19 coming from 5 projects (3 sovereign and 2 nonsovereign), then Sri Lanka with 17 complaints coming from 9 sovereign projects, India with 15 complaints coming from 13 projects (12 sovereign and 1 nonsovereign), Pakistan with 13 complaints coming from 9 sovereign projects, and the rest as shown in

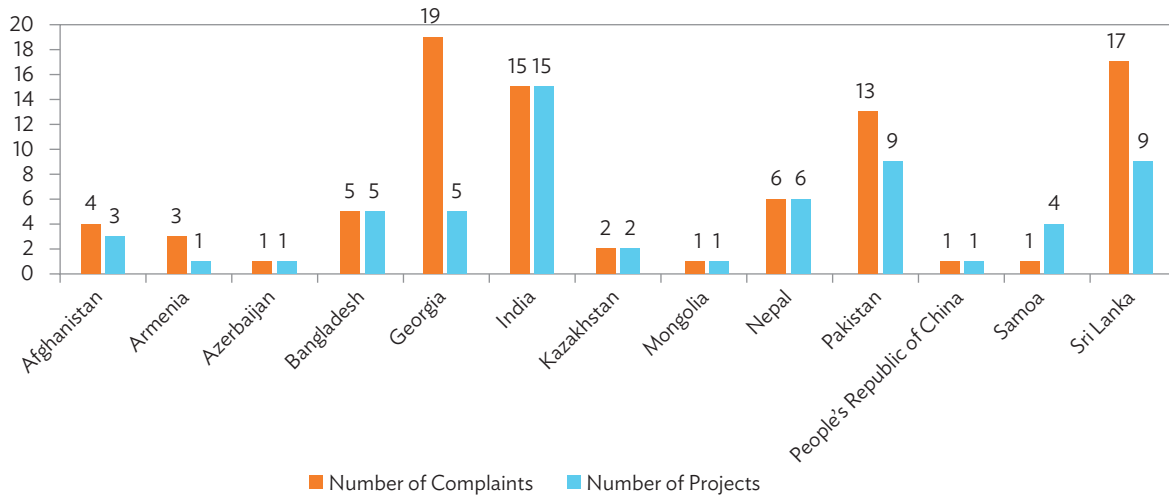
“There was an increase in complaints to the AM each year of the study period—20 in 2016, 29 in 2017, and 39 in 2018.”

Figure 3: Breakdown of Complaints Lodged with the Accountability Mechanism, 2016–2018



CRO = complaint receiving officer.
Source: OSPF and OCRP Complaints Statistics.

Figure 4: Number of Complaints vs. Number of Projects, 2016–2018^a

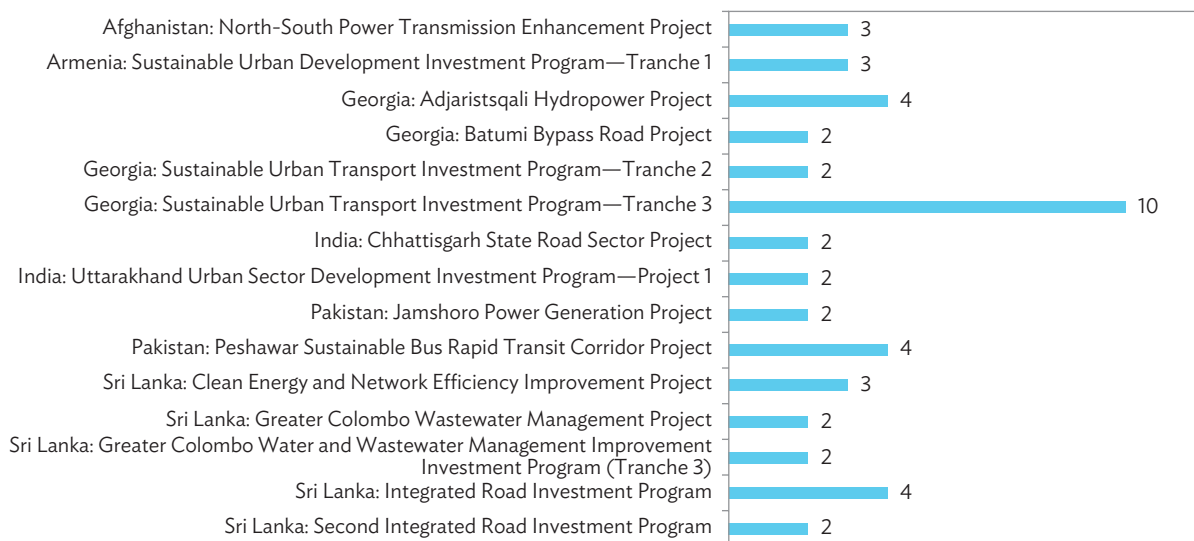


^a Figures include complaints pending with the complaint receiving officer.
Source: OSPF and OCRP Complaints Statistics.

Figure 4. The number of complaints per project over the study period shows that, except for Georgia, there are sometimes two or three complaints per project, but not more than one complaint for half of the projects (Figure 5).

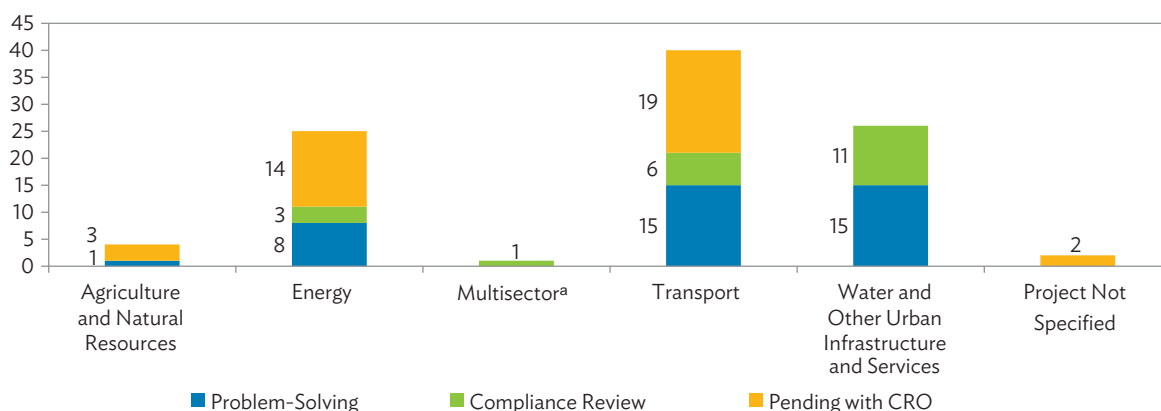
The transport sector generated the largest number of complaints at 40 on 20 projects, followed by the water and other urban infrastructure and services sector with 26 on 13 projects, and the energy sector with 25 on 19 projects (Figure 6).

Figure 5: Projects with More Than One Complaint, 2016–2018^a



^a Figures include complaints pending with the complaint receiving officer.
Source: OSPF and OCRP Complaints Statistics.

Figure 6: Total Complaints by Sector, 2016–2018



CRO = complaint receiving officer.

^a This complaint covers three different projects under public sector management and agriculture and natural resources sectors.

Source: OSPF and OCRP Complaints Statistics.

Resettlement, compensation, and land acquisition are the major issues raised by complainants, with a share total of 37%. This is followed by complaints on environment—27%; information, consultation, and participation—11%; and other issues as shown in the Table below.

The JLR further drilled down on the number of complaints received at the project level and that are elevated to the OD, usually through the RM. This helps to put perspective on the number of complaints escalated to the AM and to assess whether project-level GRMs are functioning. A small sampling of ADB-assisted projects that have a higher risk of complaints (transport, energy, and water and other urban infrastructure services) shows that large numbers of complaints are being managed at the project level, few are elevated to the OD (usually they are contained/managed at the RM level), and a very small number are elevated to the AM.

Box 2 is an example of a success case of a sector in a DMC that had serious problems with complaints on a range of issues but where, with the assistance of ADB, the sector turned around the grievance management process to result in a highly effective and successful process of early identification of issues and management of disputes and complaints. Described below are examples, based on interviews with project staff, that indicate the types and number of complaints that are received at the project level and then elevated to the OD. Only one complaint was elevated to the AM from these projects.

- A large-scale urban transport project in one DMC included requirements to prevent and redress community concerns and reduce environmental risks as an integral project component designed to assist the project to maximize social and environmental benefits. The project GRM received a total of 32 grievances, of which

Table: Issues of Admissible Complaints, 2016–2018

Issues ^a	Problem-Solving	Share (%)	Compliance Review	Share (%)	Number of Times Raised	Total
Resettlement, compensation, and land acquisition	25	38.5	6	33.3	31	37.3
Environment ^b	18	27.7	4	22.2	22	26.5
Information, consultation, and participation	5	7.7	4	22.2	9	10.8
Livelihood	7	10.8	0	0.0	7	8.4
Village infrastructure ^c	6	9.2	0	0.0	6	7.2
Community and social issues ^d	2	3.1	4	22.2	6	7.2
Others ^e	2	3.1	0	0.0	2	2.4
Total	65	100.0	18	100.0	83	100.0

^a A complaint may consist of various issues.

^b This includes those with issues pertaining to biodiversity conservation and sustainable management of natural resources, pollution prevention and abatement, occupational and community health and safety, and conservation of physical cultural resources.

^c This includes school reconstruction, road reconstruction and rehabilitation, bus stops, multipurpose hall, toilets and cowsheds, bridges, beaten tracks, cattle tracks, underpass for agricultural machinery, cattle passes, and distributary links.

^d This includes issues on gender, social uplift program, social impact assessment, insurance claims, customary land, and indigenous people.

^e This includes issues on electricity rates, grid network fee, power sector reform, procurement, loans and contract matters, project monitoring, etc.

Source: OSPF and OCRP Complaints Statistics.

Box 2: A Transport Sector Project Case Study

A transport sector project in one developing member country (DMC) of the Asian Development Bank (ADB) had experienced a number of delays, increases in costs, and political outcry as a result of the early mismanagement of the safeguard provisions and failure to effectively address grievances by the executing agency (EA). As a result, the EA sought support from ADB to build capacity within the various levels of project preparation and management responsibility within the government. Over a period of a few years, this has resulted in a tidal shift of the culture of the EA, which now focuses on early identification and management of complaints through a well-structured and supervised grievance redress mechanism (GRM). The objective of the system is to manage complaints at the grassroots level, recognizing that road construction and rehabilitation require the cooperation of thousands of villagers. The starting point was to improve the design process with a strong focus on engagement by the EA engineers and safeguard teams, as well as contractors, engaging in meaningful consultation with local communities. By doing this, the farmers and villagers were able to improved the project design. This has also achieved the first step of outreach and awareness building and has given a sense of ownership to the beneficiaries and the project-affected people. The contractor, project manager, environment officer, and social officer effectively coordinated with the villagers on environmental and social issues. Typically, the environment and social officers are relatively recent graduates and come from local villages.

In the particular case reviewed for this Joint Learning Report, the DMC road sector EA has established a four-tier public complaint mechanism and GRM. This hierarchy allows for complaints to be elevated to higher levels if the complainants are not satisfied with the proposed resolution:

- (a) site-level grievance resolution by contractors and consultants—at present about 3,000 such arrangements are operational;
- (b) village-level GRMs—1,294 active complaints are typically chaired by village headpersons and involve education and religious leaders;
- (c) subprovincial- or provincial-level GRMs—208 active complaints; and
- (d) EA-level (national) GRM.

Complaints can be filed through a mobile phone app. In addition, complaint boxes are provided at public locations where it is convenient for complainants to submit complaints.

One road project generated about 2,400 complaints—of these, all but 48 were resolved at different GRM levels and only 38 were elevated to the resident mission (RM)/operations department (OD). Only one of the 2,400 complaints was elevated to the AM and is still pending.

Another complaint management measure taken by the RM is to retain an independent consultant who responds to complaints that are elevated to the RM/OD. Within a very short period of time, usually 24 hours, the consultant interviews the complainants to determine the source of the complaint and the issues that need to be addressed. The consultant reports back to the RM project officer, and the RM project officer then refers the complaint to the EA for quick response and resolution by the GRM. The experience in the road sector in this particular DMC has resulted in an effort to extend the approach to other key development sectors to improve the handling of complaints across all sectors.

Source: Asian Development Bank.

“A large-scale urban transport project in one DMC included requirements to prevent and redress community concerns and reduce environmental risks as an integral project component designed to assist the project to maximize social and environmental benefits.”

27 were successfully resolved by the project safeguard team, 3 were rejected on the basis of lack of evidence, and 2 were elevated to the local court system. Most of the grievances related to construction prior to compensation, cutting trees by the contractor without prior notice and compensation, income losses of businesses along the corridor, dust and air pollution due to construction, and delays in payment of compensation.

- A power transmission project in a DMC generated about 1,200 complaints, most of which had to do with the land compensation payments and rerouting decisions of the alignment. Of these, only one complaint was raised to the RM, and all the complaints were effectively resolved by the project GRM.
- One ADB-assisted transport project in a DMC, after the EA dramatically strengthened the integration of environmental and social safeguards in project planning and implementation and established a highly effective GRM system

(Box 2), has generated more than 2,400 grievances by project-affected people. Most of the grievances have been resolved by GRMs at the site level. Only 38 have been elevated to the RM/OD. One of the grievances was sent to the AM in 2018 but had not been pursued by the complainants by the end of the year.

- A case study was undertaken jointly by OSPF and the Southeast Asia Department (SERD)/Viet Nam Resident Mission in 2017 to assess the effectiveness of GRMs for a major transport project in Viet Nam.⁵ This large-scale ADB-assisted project affected 2,304 households and generated 968 complaints—about half regarding resettlement issues and half regarding construction-related impact issues. The initial design of the GRM—two parallel processes for resettlement issues and construction issues—was adapted over the life of the project and was successful in addressing all the complaints such that none were elevated to the AM. Many factors were responsible for enabling the project authorities to deal with the vast number of complaints. Foremost among these was the aforementioned conception of a project GRM with a dual structure. Over the course of project implementation, a degree of flexibility and convergence was required in order to effectively deal with different types of complaints being handled by the same set of entities. This institutional substructure significantly improved the efficiency of grievance redress. The establishment of a network of institutions—from the Project Coordinating Committee at the national level to the provincial Special Task Force, which pulled together technical and legal expertise to solve problems, and the Field Office at the commune/ward level—ensured that the project stayed on track and that the grievances of affected persons were adequately resolved in a timely manner.

⁵ ADB. 2018. *Building Bridges: Lessons from Problem-Solving in Viet Nam*. Manila.

IV

Evolution of Complaint Tracking

In 2009, a project complaint tracking (PCT) system was developed by OSPF in collaboration with the Office of Information Systems and Technology and India Resident Mission.⁶ The PCT system is an internal tool meant to enable OD and RM staff to record and monitor the complaint-handling process, maintain up-to-date information on the status of a complaint, and make timely decisions on the complaint. The PCT system is meant to help ODs and RMs in their day-to-day problem-solving activities and to assist in complying with ADB's safeguards monitoring requirements including other operational policies and procedures. The PCT system is intended to be an efficient complaints log tool for all ADB-assisted projects that promotes transparency and ensures the delivery of quality services to ADB-assisted projects' beneficiaries.

Based on lessons learned from operation of the system, as well as the technical challenges of the system that had arisen previously, OSPF launched a simplified, though upgraded version of the system in November 2013. The workflow employed by this new version of the tracking system is notably more straightforward and intuitive than that of the original version.

The Central and West Asia Department uses the PCT system at the regional level, while the South Asia Department has developed its own cloud-based safeguards complaints tracking system, which is rooted in the PCT. The East Asia Department, Pacific Department, and Private Sector Operations Department do not use the PCT but track complaints through the safeguards monitoring reports and during review missions. Some SERD

RMs—Viet Nam Resident Mission, the Indonesia Resident Mission, and the Cambodia Resident Mission—are now using the PCT. The PCT is also an important and useful system for ODs, because under the AMP, ODs are also required to report on the results of resolution of ineligible complaints forwarded to them by the CRP or the SPF.



⁶ Initially, India Resident Mission developed a complaint monitoring process to record and keep track of complaints they receive on ADB-assisted projects.

It is very difficult to make a comparison of ODs in terms of the number and types of complaints received at the project level, since there is no common tracking system in ADB. A common system could assist Management in gaining a better understanding of the performance of GRMs and other project-level dispute resolution mechanisms, facilitating early identification of risks by raising red flags when a project reaches a threshold number of complaints—particularly if the chief compliance officer is linked into the system—and strengthening understanding of what issues are stimulating complaints and what measures are effectively avoiding complaints.

“It is very difficult to make a comparison of ODs in terms of the number and types of complaints received at the project level, since there is no common tracking system in ADB.”

A knowledge sharing session on the PCT hosted by Central and West Asia Department (photo by OSPF).



V

Improving Complaint Management at the Project Level: Perspectives of Key Stakeholders

In the preparation of this JLR, several individuals⁷ and teams were interviewed to better understand the types of challenges faced by different stakeholders involved in complaint management. The purpose of the interviews was to get the perspectives of key players such as country directors, team leaders responsible for project preparation, project staff responsible for implementation/supervision, safeguard staff, and the OSPF facilitators who participated in dispute resolution on the ground after a complaint was lodged with the AM. Feedback covered both AM complaint experience as well as project-level complaint management. Additional information was gleaned from workshops and training sessions, which provided perspectives of borrower/client staff and consultants involved in project implementation. A shortcoming in the analysis is the lack of structured feedback from complainants that have been engaged in dispute resolution or the CRP through the AM. This gap is being filled through an ongoing technical assistance on GRM capacity development. A separate evaluation of these critical stakeholders' views and experiences will be an important addition to the accumulating lessons being learned from the AM.

Such feedback from different stakeholders helped in understanding the institutional and other issues that influence the identification of risks of complaints, the effectiveness of implementation of safeguard measures, and compliance and accountability. Some key questions relate to how such institutional issues generate complaints, or support or inhibit their resolution, and whether there are patterns or commonalities among such institutional issues. What specific knowledge can be derived from the views of concerned staff and other stakeholders to help improve the effectiveness of safeguard measures

and compliance with relevant ADB policies? Such understanding should help ADB to further strengthen staff capacity to assess and identify at the earliest date possible the risks of projects that may generate complaints, to improve the institutional responses to such risks, and then to deal effectively with complaints.

The interviews focused on the following questions:

- a. Could complaints at the project-level as well as those elevated to the AM be avoided by strengthening project preparation through the following?
 - improved assessment of borrower/client capacity and willingness to respond with “sensitivity” (but this involves the risk of abusive/antagonistic, etc. behavior),
 - improved design of GRMs,
 - improved assessment of capacity for effective GRMs, and/or
 - improved monitoring/oversight plans for RMs/ODs during implementation if borrower/client or GRM capacity is seen as a risk.
- b. Could complaints be avoided by strengthened project implementation through the following?
 - capacity development for the borrower/client,
 - capacity development for the GRM,
 - improved environmental monitoring by the borrower/client,
 - improved social monitoring by the borrower/client,
 - improved complaint tracking system by the GRM and borrower/client, and/or
 - strengthened oversight by the RM/OD.

⁷ Complainants across three countries that were part of the problem-solving process.

Country directors and deputy country directors shared their insights on how ADB might improve the process of early identification of risks/problems that lead to complaints and ensure that measures are implemented to avoid and, if necessary, address such risks/problems. Some of the key points they made follow:

- Understand the client and establish clear and effective communication as intermediaries between the borrower/client and the people.
- Courses of action should always be country specific.
- ADB should develop a risk-rating methodology tailored to fit individual DMCs.
- Project leaders and team members should recognize and be prepared for conditions to change in a DMC, often stimulating changes in attitudes and expectations of stakeholders and sometimes resulting in the need for adjustments in project scope, design, and implementation.
- Not everyone is an expert in the implementation of ADB's safeguards and GRM processes. Asymmetric information among project players may seem scary, and some governments have weak capacity. Consequently, there is a need to focus on sustainability in terms of maintaining a

strong pool of capacitated staff/experts, because those being trained often leave their positions.

- There is a challenge for national officers, project leaders, and implementers who previously worked in the EA/IA or who are close to the EA/IA.
- There should always be an established relationship and meaningful discussion with the government, whose attitude toward the project could be a potential hurdle in any phase of project implementation if not addressed properly. This is particularly true for new EAs and private sector clients that have little prior engagement with ADB.

Team leaders and other project staff emphasized the following:

- When a complaint arises, there is a need to have an intensive, yet balanced discussion with third parties or the borrower/client, and not just focusing on in-depth consultation with the concerned OD, to have a better perspective in solving the complaint and making an informed decision.
- All stakeholders should be listened to, avoiding too much emphasis or priority on the complainants.
- To avoid frustration by parties when complaints are not immediately acted upon, it is suggested

OSPF consultation with complainants from Samoa during the review and assessment of the complaint lodged for problem-solving in 2014. The complaint was closed in September 2018 (photo by OSPF).



CRP visiting construction of a part of the road project in Georgia with project and implementing agency staff (photo by CRP/OCR).



to have representatives on-site to address the irregular frequencies of project visits, given the remoteness and poor access to communication in some ADB-assisted project sites.

- ADB should have a clear position on managing complaints when a parallel court case is underway. Guidance is needed in case of conflicting decisions between ADB and the local law/court.
 - In some countries or localities, project-related issues can easily be politicized.
 - ADB policies should be reviewed to make them more realistic, specifically on environmental quality standards.
 - The AMP should be reviewed, particularly in the filing of complaints wherein only two signatories are required. At times, people may try to misuse ADB's AM.
 - Similarly, eligibility criteria should also be reviewed to improve understanding of how complaints are given levels of importance.
 - Increased awareness is needed by the borrower/client of ADB's AM. Some RM staff find it difficult to explain the entirety of the AM process and how it could be linked and incorporated in project-related meetings and thus should be highlighted as an important aspect at the project processing stage.
 - There is a need to strengthen the identification of active civil society organizations (CSOs) and NGOs involved in the complaint and in the project in general and to work with them.
 - Identify the agency landscape of the project and determine other agencies that may also be linked with the project.
 - RM and other operational staff would benefit from additional hands-on training on complaint-handling processes.
- Safeguard specialists** emphasized a number of the points listed above. In addition, they highlighted the following:
- As projects become more complex and integrated, it is suggested to allocate more resources for safeguards and resettlement, especially in projects in urban areas.
 - Well-functioning GRMs are needed that will raise a red flag when a risk is anticipated due to a threshold number or rapid increase in number of complaints rather than waiting until monitoring reports are available.
 - The GRM is considered as a mandatory risk management approach in private sector projects and is not simply a company decision.
 - Reset the norm in the country, as the borrower/client is passing much of the responsibility to consultants and more project supervision is passed on to ADB staff. It is best to give more sense of ownership and project accountability to the borrower/client.
 - As the government is the focal institution in sovereign project implementation, it should also be given full responsibility to address the grievances of project-affected people. ADB should serve only as their development and finance partner and provide oversight during project implementation.
 - It is best that the communities can feel that ADB representatives/staff from both ADB headquarters and the team members from the RM are continuously present in the mission to make them feel that the issues talked about are still given importance and are considered as the project proceeds.
 - Safeguard issues should be prioritized or front-loaded in the project preparation and implementation stages, and teams adequately staffed, consultants mobilized on schedule, etc. in order that affected persons are consulted and given an opportunity to participate in a timely manner and are informed about the AM.
 - There is a need to update environmental impact assessments/initial environmental examinations following the detailed design.
 - Projects with resettlement impacts and involving Indigenous Peoples and NGOs are quite sensitive, can be politically influenced, and may have the most number of risks and complaints. Such risks should be identified at the screening phase of project preparation to determine the risks and should have more in-depth work.



OSPF capacity-building on grievance redress mechanism and problem-solving tools in Indonesia (photo by OSPF).

- The GRM is the frontline and entry point for the beneficiaries to speak. Their capacity to engage and be part of a constructive dialogue is important. Through an effective GRM, people can question in real time, listen to each other, and learn from and with ADB. The GRM serves as a joint platform for peer learning and a mechanism for resolving cases collectively across agencies. Hence, in-country workshops and consultations are important to develop a common language on an ADB-assisted project.

A number of workshops, training, and outreach programs during the last 3 years have generated the following key relevant observations from **borrowers/clients** and **consultants** engaged in project implementation:

- Institutional capacities and mechanisms suffer from the absence of environmental and social trained staff in project implementation teams, poor coordination and communication among stakeholders and with the complainants, non-integration of environmental and social departments in the organizational hierarchy, and

“Through an effective GRM, people can question in real time, listen to each other, and learn from and with ADB.”

- lack of environmental and social trained staff of the contractor and supervision consultant.
- For on-site implementation and monitoring, lack of resources (vehicles, monitoring equipment, etc.) and management support was the main issue. Additionally, the supervision consultant may not conduct adequate, frequent site visits and may not provide training to its safeguard staff.
- The costs of environmental and social measures should be better integrated in project contracts so that contractors do not have excuses for not allocating adequate budget and well-trained staff to implement safeguard measures.
- Training of borrower/client and project management unit staff including contractors on safeguard-related issues will reduce risks of noncompliance and complaints.

- Draft land acquisition and resettlement plans are prepared based on direct field observations and often lack project engineering design; project maps; coordinated, detailed measurement surveys; and coordination among the various entities involved in project implementation. In some cases, social assessments also lack a clear understanding of the actual field situation, a census of affected people, and an inventory of losses.
- Changes in project plans such as alignments during project implementation generate unanticipated impacts, resulting in complaints and cost overruns.
- In some cases, the civil works start before completing the compensation payment, and there are gaps in the monitoring report content and delayed actions on the observations and recommendations.
- ADB should consider conducting more periodic capacity-building workshops on compliance with safeguards and handling complaints for the borrower/client staff.

Based on the number of outreach activities and meetings with **affected persons** and **NGOs/CSOs**

that OCRP/OSPF conducted during the last 3 years, the following are key observations:

- ADB's AM works well, and complainants have faith in ADB's AM to seek redress.
- Affected persons want ADB's support in ensuring their protection when they complain and would like to see some guidelines issued by ADB on protection of stakeholders. These should be covenanted to provide more teeth to this issue.
- NGOs/CSOs have also been asking for a separate policy on human rights, and on core labor standards, so that the rights of affected people and worker's rights (of those who work with the contractor in particular) are protected by the policy.
- The AMP should be covenanted in ADB-assisted projects, and its mechanisms should be explained thoroughly to the borrowers during loan inception missions.

The ADB AM relies heavily on **national facilitation experts**, particularly for facilitation and mediation for problem-solving for complaints found eligible

OCRP outreach in Tashkent, Uzbekistan (photo by OCRP).



by the SPF. The views of these experts were also sought in terms of how to improve all aspects of avoiding and managing complaints from their perspective. Some of the key recommendations include the following:

- Earlier action needs to be taken on securing official/formal approvals by the borrower/client for key elements of agreed-upon actions, particularly relating to the steps leading to and including valuation and compensation. Thus, OSPF and the RM should organize/convene a meeting at the highest required level to agree on any needed advance actions on approval. Similarly, early consensus of key government stakeholders that have an action or sign-off role in implementing the agreement should be secured.
- There is a need for clear definition of the role of participating CSOs/NGOs, particularly if they are representing affected persons. What kind of role should they play in the problem-solving process, and how much authority will be given to the CSOs/NGOs?
- Ensure a clear understanding of the roles and responsibilities of each participating agency in the problem-solving process and that there are focal persons to ensure effective communications through the process.
- Be aware of the risks in order to be prepared for threatening situations, if any, along the process, recognizing that even though facilitators are neutral, they are sometimes perceived as taking sides in very emotional situations that can trigger unexpected behaviors.
- Establish and maintain an effective system of documentation. This is a timely and critical task and may require additional support.
- Recognize that there are some challenges that are outside of ADB or AM/facilitator control and may cause increased complaints or at least frustration of complainants and that must be dealt with. Examples that have recently been experienced include:
 - changes in high-level government officials, resulting in repetition and delays; and
 - unplanned audit by government authorities to verify the previously agreed-upon compensation for complainants.

Former Vice-President (Operations 2) Stephen Groff welcomed participants at the inception workshop of the OSPF TA9598, approved in 2018. Cadre of mediation and facilitation experts established in developing member countries is one of the outputs of the technical assistance (photo by OSPF).



VI

How Does ADB Compare with Other International Financial Institutions?

The World Bank (the International Bank for Reconstruction and Development [IBRD] and the International Development Association [IDA]) was the first multilateral development bank to adopt a formal accountability mechanism—the Inspection Panel in 1993. It is an independent complaints mechanism for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank-funded project. The private sector arms of the World Bank Group—the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency—established the Compliance Advisor Ombudsman in 1999. The Compliance Advisor Ombudsman reports directly to the President of the World Bank Group, while the Inspection Panel reports to the Board. Other multilateral development banks followed suit. The Inter-American Development Bank (IDB) created its Independent Inspection Mechanism in 1994, replaced in 2010 by the Independent Consultation and Investigation Mechanism, revised in 2014 and amended in 2015. It reports to the respective Boards of the IDB Group. ADB adopted an Inspection Function in 1995, replaced by the AM in 2003 and revised in 2012, with the CRP reporting to the Board and the SPF reporting to the President. The European Bank for Reconstruction and Development (EBRD) created the Independent Recourse Mechanism in 2003, replaced by the Independent Project Accountability Mechanism in 2014, being updated in 2019, and reporting to the Board. The African Development Bank (AfDB) created an Independent Review Mechanism, entrusted to a Compliance Review and Mediation Unit, in 2004, amended in 2010 and 2015, and reporting to the Board of Directors for complaints on approved projects and to the President for complaints relating to projects under consideration for financing. The European Investment Bank (EIB) approved a Complaints Policy in 2008, replaced by the Complaints Mechanism

Policy in February 2010 and updated in 2018, with the Head of the EIB Complaints Mechanism as the Principal of the EIB Group Complaints Mechanism under the auspices of the independent Inspector General. The Green Climate Fund (GCF) approved its Independent Redress Mechanism in 2013, updated its mandate in 2017, and approved its procedures and guidelines in February 2019 and reports to the Board of Directors. The Asian Infrastructure Investment Bank (AIIB) approved a Project-Affected People Mechanism in December 2018, reporting to the Board of Directors through the Managing Director of the Complaint-resolution, Evaluation and Integrity Unit. Except for the World Bank’s Inspection Panel, all these accountability mechanisms have a problem-solving function comparable to ADB’s OSPF. The World Bank established a Grievance Redress Service (GRS) which reports to the Vice President for Operations Policy and Country Services in 2015.

Both OCRP/CRP and OSPF represent ADB in the Independent Accountability Mechanisms (IAM) Network, established in 2003. This network membership includes accountability mechanisms from similar international and bilateral development finance organizations and provides an opportunity to exchange ideas and lessons learned and to support each other’s efforts for capacity development and outreach. Good practices are documented and shared among network members. Some key issues of common concern are confidentiality status of the complainants, repository-building of various documents, and standardization of processes and procedures, including templates for cofinanced projects. A key feature of the IAM Network is its frequent consultation with civil society. OCRP/CRP is collaborating within the network on good practices on a number of issues such as (i) remedial action, (ii) outreach, (iii) IAMs and commercial institutions, and (iv) collaboration under cofinanced projects.



The ADB Accountability Mechanism hosted in Manila the 13th Annual Meeting of the Independent Accountability Mechanisms Network in 2016 (photo by OSPF).

Several IAM Network members have recently undertaken policy and procedural reviews of their accountability mechanisms. EIB updated its accountability mechanism policy in November 2018, adopting a simplified procedure in the complaint receiving process and establishing a clear separation of roles and responsibilities between the compliance review and mediation functions within an established time frame. EBRD Management recently submitted its revised Independent Project Accountability Mechanism Policy for Board approval in April 2019—proposing substantial changes including, among others, reporting to the EBRD Board rather than Management; development of a separate internal department for the Independent Project Accountability Mechanism alone (as it currently sits within the Management structure); and introduction of in-house complaint processing (with the tasks of compliance review and problem-solving undertaken by Independent Project Accountability Mechanism staff instead of external consultants). The GCF Independent Redress Mechanism procedures and guidelines were approved in February 2019. Similarly, AIIB approved its Project-Affected People Mechanism in December 2018, which became effective 31 March 2019.

An interesting observation on the recent and proposed policy changes and new policies is the shift away from having an independent compliance review panel in IDB, IFC, EBRD, EIB, GCF, and AIIB. Only ADB, AfDB, and the World Bank continue to utilize panels for compliance review. Most of the accountability mechanisms—AfDB, AIIB, EBRD, GCF, IDB, and IBRD/IDA—have a single accountability office

reporting to their boards of directors, unlike that of ADB, which has two separate offices for problem-solving and compliance review. Further, some accountability mechanism policies, namely those of GCF, AIIB, EIB, IDB and EBRD, require consideration of a review and update at least every 5 years and AfDB every 4 years.

A key issue that has emerged in the recent past is the challenge faced by accountability mechanisms when complaints are filed on cofinanced projects. This has been a challenge for ADB on very few complaints; but it is a potentially serious challenge, given the increased level of cofinancing of large infrastructure projects. There are substantial differences in the approaches to both problem-solving and compliance review of the accountability mechanisms of different financing organizations. Obviously, there is limited capacity of complainants to deal with multiple sets of policies and procedures. IAM Network members continue to discuss potential approaches to overcome these challenges, for example by undertaking reviews of complaints to accountability mechanisms with joint consultants; information sharing; cost sharing; and harmonizing the terminology, procedures, and findings of the complaint review. Most recently, the IAM Network established a working group on collaboration between accountability mechanisms dealing with parallel complaints. The working group's report surveyed and analyzed data on where collaboration has been most useful and recommended the adoption of a streamlined working arrangement coupled with a detailed case management plan to be developed for each set of parallel complaints.

VII

Complaints Experience of Other International Financial Institutions

In the past 15 years, ADB's AM has received 99 admissible complaints,⁸ of which 80 went to OSPF and 19 went to the CRP. Of the 80 complaints that went to OSPF, 23 or 29% were found eligible for problem-solving, and 57 or 71% were ineligible. The CRP, on the other hand, found 11 or 58% of the 19 complaints eligible for compliance review, while seven or 37% were ineligible and one was withdrawn.⁹

The experiences of the accountability mechanisms of ADB's key comparator IFIs can be summarized as follows:

- Over the 25 years since the World Bank's Inspection Panel was established, the panel has received 130 complaints, of which 41 were found eligible for investigation and 55 were ineligible.¹⁰
- The AfDB's Independent Review Mechanism has received 17 requests since its establishment in 2004 and found 6 eligible for problem-solving and 5 eligible for compliance review.¹¹
- Since 2010, the EBRD's Project Complaint Mechanism has received 44 complaints, of which 10 were eligible for problem-solving, 27 were eligible for compliance review, and 7 were found ineligible for either problem-solving or compliance review.¹²
- Of the various complaints received by EIB under its Complaints Mechanism since 2008, 209 or

“In the past 15 years, ADB's AM has received 99 admissible complaints, of which 80 went to OSPF and 19 went to the CRP.”

34% have been on environmental and social impacts of financed projects. Sixty-one percent of these environmental complaints have been closed, 32% are under admissibility assessment, while 7% are under investigation/mediation/consultation.¹³

- The Compliance Advisor Ombudsman of the International Finance Corporation/Multilateral Investment Guarantee Agency has registered 178 cases since its establishment in 1999. Of these, 88 or 49% went to the Ombudsman, 68 or 38% went for compliance review, and 22 or 12% underwent both procedures.¹⁴
- Of the 49 cases registered under the IDB's Independent Consultation and Investigation Mechanism since 2010, 21 were eligible for consultation and 9 were eligible for compliance review, while 2 cases are currently undergoing compliance review eligibility determination.¹⁵

⁸ ADB's Accountability Mechanism website at <http://www.adb.org/site/accountability-mechanism/main>.

⁹ Complainants were satisfied with the response from ADB and the EA. Email sent to the CRO on 16 November 2018.

¹⁰ World Bank's Inspection Panel website at <http://www.inspectionpanel.org/>

¹¹ African Development Bank's Independent Review Mechanism website at <http://www.afdb.org/en/about-us/structure/independent-review-mechanism-irm/>

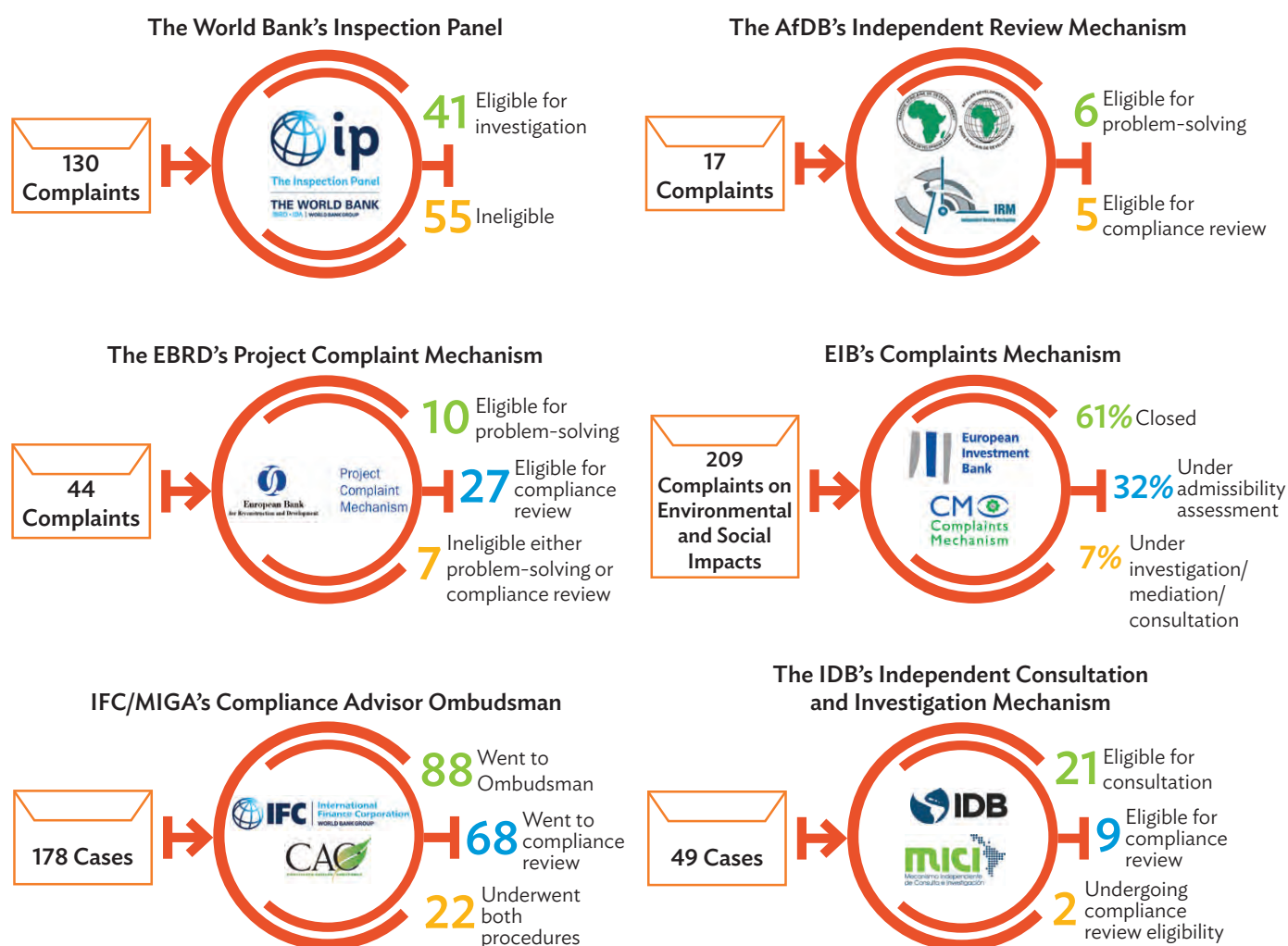
¹² European Bank for Reconstruction and Development's Project Complaint Mechanism website at <http://www.ebrd.com/pages/project/pcm.shtml>

¹³ European Investment Bank's Complaints Mechanism website at <https://www.eib.org/en/about/accountability/complaints/index.htm>

¹⁴ International Finance Corporation and Multilateral Investment Guarantee Agency's Compliance Advisor Ombudsman website at <http://www.cao-ombudsman.org/>

¹⁵ Inter-American Development Bank's Independent Consultation and Investigation Mechanism website at <https://www.iadb.org/en/mici/home>

Figure 7: Complaints Experience of Other International Financial Institutions



AfDB = African Development Bank, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, IDB = Inter-American Development Bank, IFC/MIGA = International Finance Corporation/Multilateral Investment Guarantee Agency.
Source: Respective IFI's Website.

The World Bank's Inspection Panel does not have a problem-solving function, but in 2015, the World Bank established the GRS within its operations. In 2016, the GRS received 45 complaints and in 2017 it received 74 complaints pertaining to environmental and social safeguard issues. While the 2018 report has not yet been released, based on personal communications with GRS staff, it appears that the

number of complaints on environmental and social issues received in 2018 more than doubled from 2017. Complaints to GRS and OSPF have some similarities in that both have received complaints primarily from transport, urban and water, and energy sector operations. A large proportion of complaints are at least a result of dissatisfaction with land acquisition, compensation, and resettlement.

VIII

Looking Forward

The genesis of the complaints that have been elevated to the AM over the last 3 years varies in many ways. Many of the cases have emerged because of objections by the complainants to the valuation of properties and assets. Other complainants have lost their livelihoods, while some complaints are related to environmental impacts of projects. In virtually all cases, the complaints have alleged inadequate consultation and participation. This was

also one of the findings in a thematic evaluation study of ADB's safeguard implementation experience conducted by IED in 2016. The IED study indicated that ADB policy principles on meaningful consultation, disclosure, and GRM were not clearly understood by project-affected people.¹⁶

Many of the complaints to the AM emerged during project implementation, and some have tended to

¹⁶ ADB. 2016. *Real-Time Evaluation of ADB's Safeguard Implementation Experience Based on Selected Case Studies*. Manila.

OSPF consultation with complainants on a project from Sri Lanka (photo by OSPF).



“ A key lesson from these projects/programs is the need for operations staff, often national officers responsible for implementation, to provide very clear guidance and training/capacity development to the borrower/client on the requirements for compliance with ADB policies during implementation. ”

fester because, by the time the complaint reaches the AM, the problem has become a source of frustration and irritation for the complainant. Some of these complaints might have been avoided if there had been a more rigorous assessment of the risks relating to the capacity/commitment of the EA to comply with the provisions in the loan agreement relating to resettlement/compensation as well as environmental safeguards. For cases that went through compliance review, complaints could have been avoided had there been a comprehensive identification, assessment, and mitigation of impacts, whether social or environmental. In most of the AM cases over the last 3 years, the GRMs were not functioning well or were absent.

In other cases, dispute resolution is difficult because the borrower/client/EA/ contractor and complainant have very different descriptions of the conditions during construction and the resulting impacts. Improved monitoring during construction by the responsible authorities would have improved this situation and probably avoided the problem by better management of the construction/contractor. In some cases, the GRM was not sufficiently operational at an early stage to address the issues.

It is clear that in some cases, local politics have influenced complainants to elevate complaints to the AM, and in some of those cases, concerned ADB staff and EAs may have discounted the complaint because of its political underpinnings. However, regardless of politics, it is clear that there was legitimacy to some of these complaints. Early and more direct engagement might have reduced the scale and complexity of some complaints.

Many complaints have arisen from geographically dispersed infrastructure projects (transmission lines, roads, and urban projects in particular) that are planned only at the prefeasibility-level design stage when approved by ADB. Challenges emerge when projected alignments and locations change during detailed design, and when environmental and social assessment/planning is expected to be a factor in determining final alignments/locations; but this is often difficult to oversee by ADB supervising units, particularly for perceived lower-risk projects. A number of risks emerge when designs are changed and/or changes in scope are made. Under such circumstances there is an elevated need for timely and sufficient due diligence, particularly adequate meaningful consultations, and soundness in the methodology for identification of affected people, given time constraints. Similarly, there is a need to fully discuss and agree on environmental management plan implementation and monitoring costs.

A key lesson from these projects/programs is the need for operations staff, often national officers responsible for implementation, to provide very clear guidance and training/capacity development to the borrower/client on the requirements for compliance with ADB policies during implementation. Experience from compliance review cases has shown that ADB ODs may need to give greater importance to (i) advising borrowers/clients on compliance with operational policies, particularly the SPS; and (ii) project supervision and monitoring. In several cases, if the borrower/client would have done a better job of assessing the impacts and consulting with the community after the proposed alignment/route was finalized, then some of the complaints to the AM may



CRP mission visited the village near the Nenskra Hydropower Project in Georgia (photo by CRP/OCR).

have been avoided. In some cases, it may be better to have an independent facilitator available to assist the national officers and other ADB staff responsible for project implementation when a dispute arises to better understand the issues and assist in early resolution.

Common themes emerging from managing the complaints to the AM were improved risk identification and associated management/action plans during project preparation, strengthened GRMs, strengthened capacity of EAs and others involved in project implementation, strengthened complaint tracking and response systems, and strengthened capacity and resources of ADB teams responsible for project supervision. In this regard, the messages from ADB staff interviewed and the lessons from the AM cases over the last 3 years both point toward the same types of actions required.

Conceptually, ADB is well positioned to take quick action on several of these issues. OCRP, OSPF, SDCC, and all of the ODs have scaled-up efforts to build capacity internally and among EAs and other key stakeholders, and to increase the awareness of potentially project-affected communities. In 2018 alone, at the request of ODs to conduct capacity development initiatives on GRM and problem-solving, OSPF facilitated 10 workshops with a total of more than 300 participants across 100 EAs/IAs including ADB RM staff and project consultants across seven DMCs. Workshops focused on the critical elements of GRM and the OSPF-developed problem-solving tool called RESOLVE.¹⁷ The capacity-building initiative aimed to raise project implementers' sensitivity and skill in handling complaints in a systematic and proactive manner. It also raised the importance of collaborative and group decision-making processes

¹⁷ RESOLVE stands for Review and Expound, Solicit, Observe, analyze options, improve, and Evaluate.

in resolving issues. Recognizing the importance of improving the effectiveness of project GRMs based on OSPF problem-solving case work and the demand for training programs on GRM and problem-solving tools, OSPF initiated technical assistance for Capacity-Building for Grievance Redress and Dispute Resolution During Project Implementation, approved in September 2018 and for implementation until August 2020.¹⁸ Indirectly, through the annual monitoring of remedial actions, the CRP has also capacitated private sector borrowers in addressing grievances at their level through its dialogues/meetings with private sector clients during monitoring visits. Box 3 summarizes OCRP's outreach activities.

The functionality of a GRM is among the institutional causes/factors determining the effectiveness and efficiency with which complaints are resolved. One may surmise that complaints resolved at the project level indicate a functional GRM that records, tracks, and resolves complaints at an early stage. Conversely, complaints escalated to the AM may suggest the need for more engagement of the project stakeholders, upfront consultation, and information disclosure to affected people as well as strengthening of the GRM.

While it is difficult to assess the functionality of project GRMs based solely on secondary data, those interviewed generally concurred that many project GRMs are superficial or nominal—existing

“The functionality of a GRM is among the institutional causes/factors determining the effectiveness and efficiency with which complaints are resolved.”

on paper but not yet operationalized—and often not integrated into locally recognized systems of judicial or administrative recourse. Further, the capacity of the GRM to remedy a specific complaint should also be clarified. For instance, in a railroad rehabilitation project that had a complaint filed with the CRP, complaints at the commune- or municipal-level GRMs cannot address issues on compensation payment, as that is within the scope of the national GRM. In that particular case, commune- or municipal-level GRMs may be counted upon only to address grievances relating to community services at the resettlement sites and other related local administrative matters.

A case study by OSPF and SERD/Viet Nam Resident Mission on a large-scale transport sector project GRM in 2017–2018 highlights several relevant lessons.¹⁹ Fundamentally, it recommends that ADB staff and project authorities view any project GRM not as a single entity but rather as an entire system of enablers that includes various institutions, instruments, methods, processes, and core values through which a resolution to a grievance is sought and provided, and that may use both formal and informal channels for such resolution. Doing this systematically will allow the strengthening of enablers and resolution of constraints at the project design and planning stage itself, thus ensuring that the project GRM is a means for better governance.

Further ADB/borrowers/clients should, among other recommendations (i) consider the prevailing institutional context and consult project owners and affected communities to create a GRM that is flexible yet easy enough for the most vulnerable among the affected households to understand and utilize; (ii) institute a complaints database as part of the GRM at the project inception stage, and allocate sufficient personnel and funds for its operation; (iii) include a sizeable contingency for dealing with unanticipated events and handling complaints; (iv) provide training about GRMs and complaint-handling; (v) allocate adequate resources to engage experienced project

¹⁸ ADB. 2018. *Technical Assistance for Capacity-Building for Grievance Redress and Dispute Resolution During Project Implementation*. Manila.

¹⁹ Footnote 5.

Box 3: OCRP Outreach to Improve Awareness and Understanding of the Accountability Mechanism

As part of its objective to spread knowledge and awareness of the compliance review process, the Office of the Compliance Review Panel (OCRP) has been conducting, separately and jointly, outreach and in-reach programs for various stakeholders, along with the Office of the Special Project Facilitator (OSPF). On one occasion, OCRP also joined the World Bank's Inspection Panel and the Compliance Advisor Ombudsman of the International Finance Corporation and Multilateral Investment Guarantee Agency in an outreach for nongovernment and civil society organizations in Bangkok in May 2017. Some of these outreach activities were combined with training for various stakeholders, utilizing guidebooks developed under a technical assistance (TA) to help stakeholders understand the compliance review process and their role at every stage.



OCRP workshop to raise awareness among financial intermediaries in the People's Republic of China in 2018 (photo by OCRP).

All these efforts in terms of outreach, in-reach, production of knowledge products, and collaboration with the Independent Accountability Mechanisms Network and with other international financial institutions (IFIs) have raised awareness among various stakeholders to proactively address the concerns of affected people before they are raised to the ADB Accountability Mechanism. This is expected to improve the quality and effectiveness of projects that ADB finances, to improve impacts and help affected people, as well as to promote transparency and the engagement of stakeholders in compliance review practice.

From some of the outreach programs, the need became evident to raise awareness among financial intermediaries (FIs), partly in response to the expected increase in ADB lending to FIs. This resulted in OCRP organizing three workshops—two in the People's Republic of China and one in India in 2018. The workshops were attended by about 250 participants, among them senior resource speakers from other IFIs as well as international nongovernment organizations and FIs; and senior country representatives from ADB. Based on the feedback and knowledge gained from the various representatives during the workshops, a knowledge product on good practices on safeguards compliance, supervision, and accountability for FIs has been finalized and will be published in 2019.

Further, as an outcome of the workshops, OCRP processed a second TA, that was funded by the People's Republic of China Poverty Reduction and Regional Cooperation Fund, to produce a framework on accountability mechanisms for FIs to improve knowledge on actions to be taken when confronted by complaints from affected people. The framework may then be tailored by participating FIs to their needs and country situation. This will not only enhance compliance but will improve the development effectiveness of projects, especially those that will be cofinanced by ADB.

Another major output of OCRP's outreach, based on suggestions from stakeholders, particularly affected people and nongovernment organizations, has been the *Guidelines for the Protection of Key Stakeholders During Accountability Mechanism Process*, in consultation with OSPF and the Office of the General Counsel. This is published online in the Accountability Mechanism website. These guidelines provide guidance to the Compliance Review Panel/OCRP, OSPF, and the complaint receiving officer in making best efforts to protect confidential information; in safekeeping the identity of complainants, as requested; and in dealing with other stakeholders to avoid reprisals from any party, during all stages of the accountability mechanism process.

Source: Asian Development Bank.

implementation consultants to help the project owner coordinate the GRM and also provide training to contractors on GRM matters; (vi) set up a multidisciplinary task force that brings together expertise from multiple technical and professional fields to help the IA and consultant resolve complaints faster and more efficiently; (vii) establish an overarching forum to resolve complex cases that can be addressed effectively only at a higher level; (viii) set up a field/site office to enable better access if affected persons are spread over a large area and are far away from the project authorities; (ix) adopt multiple, creative, and locally accepted approaches in the processes of information disclosure and consultation about the project and the related GRM process; (x) minimize response time for complaint processing and provide adequate information and notice to affected persons in advance of any potentially harmful or damaging activities, including reporting any ongoing delays in decision-making to affected persons; and, not least, (xi) through training and awareness, actively foster positive values that make for a smoother process of grievance redress among all stakeholders.

The 2016 IED evaluation of safeguard implementation discussed problems with GRMs from 12 case studies. The analysis led to the following recommendation: “239. (4) Determine whether (a) the disclosure arrangements for involuntary resettlement plans, and (b) the definition and functioning of grievance redress mechanisms deserve more attention and take appropriate actions. Rigorous assessment of GRMs regarding accessibility, transparency, fairness, and protection in projects is needed. Local, pre-existing grievance facilities may form the basis of the GRM providing they offer to meet the key criteria of access and fair process to all affected people, including women, without fear of retribution. An internal review of all aspects of GRMs by ADB may be helpful to clarify to staff what counts as effective disclosure of resettlement plans and what counts as a minimally acceptable GRM. The disclosure of resettlement plans and related information on safeguard plans including government and third-party monitoring reports, will be picked up again in the SPS effectiveness evaluation, as will the functioning of GRMs.”

Two separate conceptual approaches to systematically review relevant risks and design GRMs have been developed for this JLR. The proposed conceptual approaches utilize templates relating to these issues; the templates are derived from an analytical understanding of complaints escalated to the AM between 2016 and 2018. In both of them, different parameters—of social and environmental risk, and project GRM functionality, respectively—are isolated, and corresponding measures specified. The recommendations from the Viet Nam case study, the IED analysis, and other assessments of GRMs as described in this report formed central considerations when devising the two templates to evaluate a project’s social and environmental sustainability as shown in Boxes 4 and 5.

The first template is a conceptual approach using a simple matrix for risk assessment that may enable the determination of the social and environmental risk of a given project prior to its implementation (Box 4). The concept will be tested and further developed by applying it to AM cases and through collaboration with SDCC on a broader sample size.

The second concept developed for the JLR is an approach to systematically evaluate the functionality and robustness of a project’s GRM (Box 5). Once complaints have arisen, the factors that either enable or hinder effective problem-solving can also be categorized in a manner similar to one in which factors giving rise to complaints are classified. The conceptual Project GRM Assessment Matrix is suited to a field study where data collection is detailed and is informed by the very objective of assessing the GRM’s functionality. Going by responses obtained, therefore, there seems to be a vital need to adapt and use a template of this kind for in-depth analysis of GRMs to reach a more generalizable conclusion regarding their role in making projects more effective. This concept is being tested and will be further developed under the ongoing work on GRMs by SDCC and OSPF.

The functionality assessment of GRMs should ideally be carried out before implementation begins.

Box 4: Conceptual Approach to Systematic Project Social and Environmental Risk Assessment

This concept is intended to enable comparison among projects to determine their relative level of risk of complaints, and, therefore, allocation of funds and personnel to projects deemed relatively riskier. The matrix categorizes different factors that may give rise to complaints (“parameters”), with each described in a manner that allows its corresponding risk to be assessed (“measures”). The overall categories can be identified as (i) Legal-/Policy-related, (ii) Institutional/Organizational, (iii) Project-related, (iv) Country-related, (v) Financial, (vi) Sociocultural/Behavioral, and (vii) Political. Categories and parameters are not meant to be mutually exclusive, as a complaint may well have more than one risk factor, and, therefore, more than one cause.

A complaint may be classified in more than one way because it may be a consequence of multiple factors. The reason for complaints arising may not be just project implementation per se but other, extraneous factors. Hence, it is important for the project team to consider various behavioral, political, and other factors while conducting a comprehensive stakeholder analysis at the project preparation stage itself. Doing such a situation analysis may reveal hidden factors and players. For example, for a recent urban development project, there was a sense that some of the complaints were politically motivated. However, such motivation was found to be a secondary or proximate cause, with the core or principal cause being a social or financial one.

For analytical reasons, the type of complaint and nature of causes leading to it need to be differentiated. A complaint should ideally be classified as a single type to enable resolution by the concerned authority, but without making such classifications too absolute or rigid. The matrix includes several parameters and can be adapted to different country and sector contexts.

Category	No.	Factor/Parameter	Measure
Legal-/Policy-related	1	National framework for social and environmental protection	Do effective policies and laws for social and environmental safeguards exist at the national level, and are these translated into specific regulations and measures?
	2	Provincial framework for social and environmental protection	Do effective policies and laws for social and environmental safeguards exist at the provincial or state level, and are these translated into specific regulations and measures?
Institutional/Organizational	3	Resettlement agency (local/provincial)	Is there adequate and capacitated staffing to deal with the case load for IR and other safeguards?
	4	NGO presence	Is there an active NGO/watchdog agency presence in the country in question?
Project-related	5	Safeguard category of the project	How many of ADB’s safeguard categories (IR, environment, and/or Indigenous Peoples) are triggered by the project, and to what (category of) risk?
	6	Project GRM	Is the project GRM comprehensive and functional; and does it integrate local procedures for grievance redress?
	7	Nature of project	What is the project’s scale and complexity, including the number of project components?
	8	Project sector	Is the project in a particular sector that has had more complaints escalated to the AM in the previous 3 years, relative to other sectors?

continued on next page

Box 4 continued

Category	No.	Factor/Parameter	Measure
	9	Staffing for safeguards at provincial/executing agency, local/ implementing agency, and project levels	At all levels, what are the availability/deployment, awareness, and capacity of project-related staff?
Country	10	Total complaints escalated to the AM	Is the project in a country that ranks highly in terms of number of complaints escalated to the AM in the previous 3 years (prior to the implementation of the project in question)?
	11	Average number of complaints escalated to the AM for any project	Is the project in a country that has a high average number of complaints escalated to the AM, for any project(s) in the previous 3 years (prior to implementation of the project in question)?
Financial	12	Willingness to pay project operating costs	For certain kinds of infrastructure projects, is there prior acceptance on the part of project beneficiaries (affected and otherwise) to pay for long-term operation and maintenance costs?
	13	Source and availability of project funds and contingencies	At all levels, is there adequate funding for safeguards implementation and monitoring available from the ADB loan funds or counterpart funds? Moreover, are sufficient contingency funds available for unanticipated requirements, again provided from the ADB loan funds or counterpart funds?
Social/ Behavioral	14	Receptiveness of the project management office/project implementation unit/GRM-related agencies, which are in charge of receiving, recording, and/or resolving complaints	Are the staff responsible for receiving and handling complaints sensitive to the concerns of complainants and proactive in resolving their complaints?
	15	Literacy and awareness	What is the degree of literacy and level of awareness among project-affected people, urban or rural?
	16	Democratic values vs. likelihood of intimidation of genuine complainants	Is there a conducive environment for complaints; are complaints allowed to be expressed in the country in question? Does the country give its citizens the right to information, and to freedom of assembly and expression, and actively protect these constitutional rights and freedoms?
Political	17	Political stability and travel conditions	What is the degree of political stability in and near the project area, and will it affect any aspect of the project planning or implementation, including travel for supervision?

ADB = Asian Development Bank, AM = Accountability Mechanism, GRM = grievance redress mechanism, IR = involuntary resettlement, NGO = nongovernment organization.

Source: Asian Development Bank.

An assessment of either high project risk or, indeed, low GRM functionality should signal the need for additional requirements such as personnel and financial resources, or the strengthening of policies

and mechanisms to offset the perceived risk, or indeed any other measures to fill gaps observed in the GRM. Typically, the higher the project risk assessed, the more functional the project's GRM should be.

Box 5: Conceptual Functionality Assessment of Project Grievance Redress Mechanisms

A project GRM is a “combination of institutions, instruments, methods, and processes by which resolution of a grievance is sought and provided.” In a project, depending on the number of safeguards triggered, the composite GRM may have a dual or triple structure, with a degree of overlap of the GRMs for each separate safeguard. Although these are kept distinct in project safeguard documents—depending on whether they pertain to involuntary resettlement, the environment, or Indigenous Peoples—complainants may see only a single GRM instead of multiple ones. Moreover, causes of complaints may be several, requiring a separation of immediate and secondary/proximate causes. GRMs may include informal channels as well as the formal ones specified in the project information booklets. A GRM should be designed to suit the social and organizational context, using local institutions that are comprehensible to the project-affected people. GRMs need to be operationalized and institutionalized—operationalized in the sense of being implemented in all projects, and institutionalized in terms of adapting a standard GRM framework and incorporating a complaints registry.

Category	No.	Factor/Parameter	Measure
Institutions/ Regulations and Organizations	1	National policy & legal framework for grievance redress	Exists, is favorable/conducive to grievance redress, and mandates grievance redress for project-affected people through specific regulations and measures
	2	Provincial policy & legal framework for grievance redress	Exists, is favorable/conducive to grievance redress, and mandates grievance redress for project-affected people through specific regulations and measures
	3	Special Task Force, comprising borrower/client staff and experts from various relevant local agencies, such as resettlement, environment, justice	Exists and is active, with regular meetings and resolution of complaints
	4	Resettlement Compensation Committee	Committee exists, staffed adequately (relative to case load) with capable/ trained personnel
	5	Project implementation consultants	Carefully vetted and selected; proactive in managing all aspects of project implementation and keeping open lines of communication with ADB staff, project implementation authorities, as well as project-affected people
	6	Special-focus welfare agencies or mass organizations	Exist and are actively involved in helping resolve complaints or keeping channels of communication open with project-affected people, who may sometimes be their members
	7	Field offices	Field office exists with officers of the provincial resettlement/environment agency located closer to the project area, with trained staff to receive and handle complaints
	8	Project Coordination Committee, i.e., supervisory consortium with top-level representation from borrower/client, relevant government agencies, ADB Resident Mission Director, etc.	Exists and meets periodically, especially to handle complaints of relatively greater severity

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Box 5 continued

Category	No.	Factor/Parameter	Measure
Instruments/ Specific Tools	9	Income Restoration Program	A steering committee exists and manages the functioning of different working groups under it in order to provide the requisite training
	10	Contingency technical assistance funding	Adequate funds available for unanticipated requirements, e.g., mobilization of experts to carry out emergency surveys
	11	Unified compensation rate	Applied to persons affected by projects only subsequently incorporated into project in question
	12	Escrow account	Exists for resettlement compensation for land under disputed/unclear ownership
Methods/ Specific Approaches	13	GRM design (in partnership with borrower/client)	Careful design of GRM by ADB in partnership with borrower/client during the planning stage
	14	GRM supervision (in partnership with borrower/client)	Close monitoring of GRM process (e.g., through monthly reports from borrower/client and quarterly field visits) by ADB staff
	15	LAR budgeting	Realistic budgeting of LAR, financed by the loan itself (instead of by counterpart funds)
	16	Flexible approach to problem-solving (in partnership with borrower/client)	Allowing complainants to register construction- or resettlement-related complaints with the other's GRM, with coordination led by borrower/client
	17	Preferential treatment of specific marginalized groups (in partnership with borrower/client)	Procedures in place for fast-tracking/preferential compensation rates for female heads of households/single mothers, persons with disabilities, and other marginalized groups, with a sensitized borrower/client
Processes/ Specific Activities	18	Livelihood rehabilitation programs	Counselling, training, and other assistance with livelihood rehabilitation
	19	Day-to-day supervision of contractor	Project implementation consultant's oversight of contractor's attempts to resolve complaints lodged with the latter
Core Values/ Intrinsic Ideals	20	Sense of project ownership	Sincere commitment to conflict resolution/problem-solving among borrower/client and ADB project staff
	21	Other positive values held by all stakeholders	For instance, empathy and a willingness to cooperate in grievance redress

ADB = Asian Development Bank, GRM = grievance redress mechanism, LAR = land acquisition resettlement.
Source: Asian Development Bank.

IX

Summary and Conclusions

While there has been an increase in complaints to the AM over the last 3 years (2016–2018) compared with 2012–2015, the number of projects with complaints reaching the AM is a very small proportion of the total number of projects in the ADB portfolio.²¹ Further, by reviewing a number of project-level GRM experiences, it is clear that the number of complaints to the AM is a small fraction of the total complaints received by project-level GRMs. Thus, the vast majority of complaints by people affected by ADB-assisted projects do not escalate to the AM but are dealt with at the project level. Based on discussions with individuals engaged in resolving complaints at the project level, an increase in the number of complaints received by project-level GRMs is neither good nor bad—it is simply a normal part of the realities of project implementation, and such complaints can be expected to happen even in projects where safeguards are properly implemented (Box 2 on page 10 provides a good illustration of this).

During the 2016–2018 JLR period, OCRP and OSPF combined received 39 admissible complaints from project-affected people, relating to 25 investment projects and one capacity development TA grant program and coming from 11 DMCs. These complaints can be further broken down as follows:

Compliance Review. Ten of the complaints requested compliance review. These included:

- six projects and a TA program²² in five DMCs. Of these,
 - » four complaints, with three complaints relating to two projects and one complaint on the TA, were found eligible by the CRP;

- » five complaints were deemed ineligible (one of which overlapped with an eligible complaint); and one was withdrawn.
- The safeguard categories for the six projects included two with Environment Category A and four with Environment Category B, three with Involuntary Resettlement Category A and three with Involuntary Resettlement Category B, and two with Indigenous People Category B.

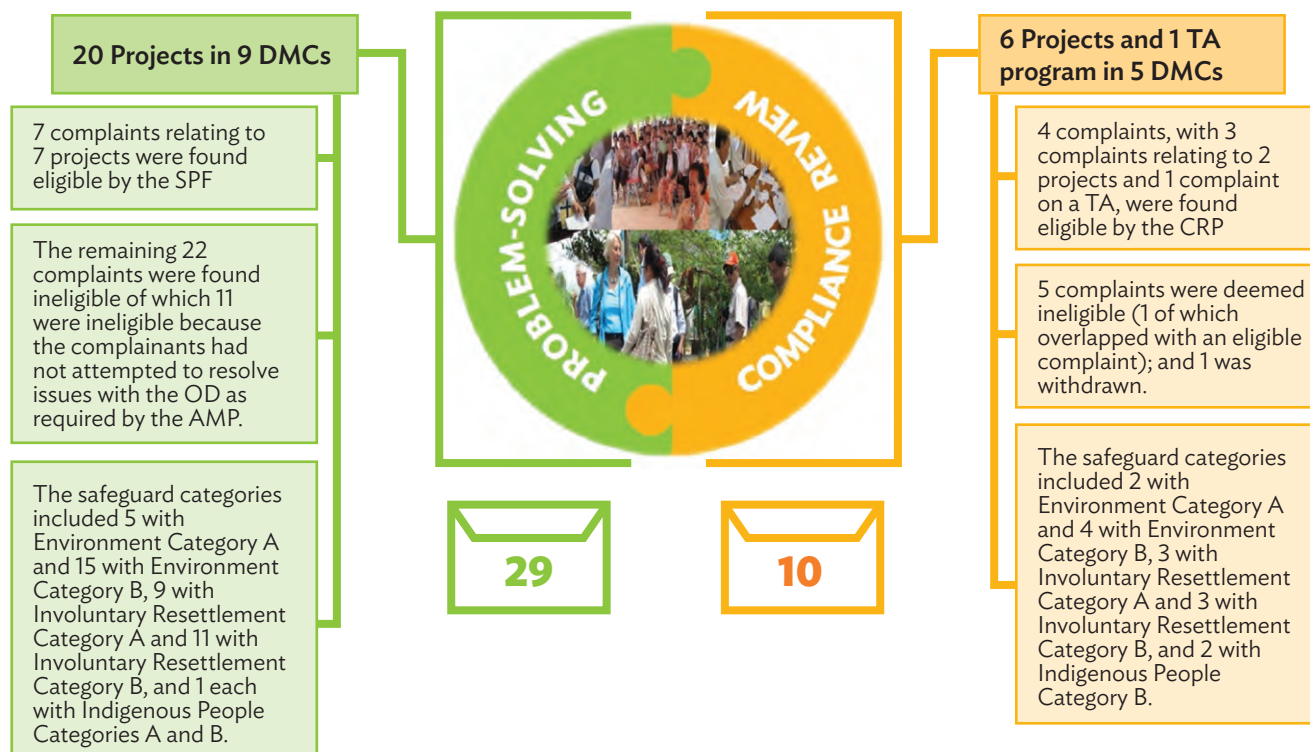
Problem-Solving. Twenty-nine of the complaints requested problem-solving. These included:

- 20 projects in nine DMCs. Of these,
 - » seven complaints relating to seven projects were found eligible by the SPF;
 - » the remaining 22 complaints were found ineligible of which 11 were ineligible because the complainants had not attempted to resolve issues with the OD as required by the AMP. Other reasons for ineligibility were harm not linked to the project or no material harm (four), complainants not directly affected by the project or not within project scope (three), complaints being dealt with or already dealt with by the compliance review process (two), no new evidence submitted (one), and OD and EA already addressing the issues (one).
- The safeguard categories for the 20 projects included 5 with Environment Category A and 15 with Environment Category B, 9 with Involuntary Resettlement Category A and 11 with Involuntary Resettlement Category B, and 1 each with Indigenous People Categories A and B.

²¹ ADB active portfolio averaged 987 projects in 2016–2018, with 841 projects in 2016, 881 in 2017, and 1,238 in 2018.

²² Complaint related to three phases/components of a TA program. It was processed as a single complaint.

Figure 8: Admissible Complaints to ADB's Accountability Mechanism, 2016–2018



AMP = Accountability Mechanism Policy, CRP = compliance review panel, DMC = developing member country, OD = operations department, SPF = special project facilitator, TA = technical assistance.

Source: Asian Development Bank.

49 complaints are still with the CRO pending receipt of additional information. To reiterate, one of the challenges faced in managing the AM process is that there is no designated timeline for complainants to respond to the CRO's requests for additional information. Thus, a large number of complaints remain with incomplete status—many of these are likely to never come back to ADB. The positive aspect of the situation is that ODs are alerted to the possibility that a project has issues with project-affected people so that the OD can encourage the borrower/client to address the issue before it worsens.

There has been a disproportionate distribution of sources of complaints by country: Of the 88

complaints submitted to the CRO over the last 3 years, 64 came from four DMCs—Georgia (19), Sri Lanka (17), India (15), and Pakistan (13). This is not indicative of the number of ADB-assisted projects with complaints, since several separate complaints were filed on some projects. It should be recognized that there are probably some countries where complaints have not been elevated to the AM level (or perhaps even to the OD level), not necessarily because complaints are being avoided or being managed effectively at the project level but rather because cultural and other differences among DMCs and communities within a DMC may inhibit the expression of dissatisfaction with project designs or implementation and the effects on local communities.

“The three most frequently cited reasons why complaints are filed are: (i) resettlement, compensation, and land acquisition (37% of complaints); (ii) environment (27%); and (iii) information, consultation, and participation (11%).”

In strengthening its own risk management approach, ADB needs to take this into account so that in those DMCs and at subnational levels where it is considered that for cultural or other reasons complaints have not been elevated to the AM, but the portfolio and the knowledge about the capacity of borrowers/clients indicates that there are likely to be communities and households adversely affected by ADB-assisted projects, then there should be a special focus on whether or not the consultation/participation and GRMs are indeed being implemented in accordance with ADB policy.

The three most frequently cited reasons why complaints are filed are: (i) resettlement, compensation, and land acquisition (37% of complaints); (ii) environment (27%); and (iii) information, consultation, and participation (11%). The ADB AM trends in terms of increasing complaints, sectors generating complaints, and issues that are of most frequent concern to complainants (resettlement, land acquisition, compensation) from 2016 to 2018 are highly consistent with the experience of comparator IFIs.

Whether it was the main cause for a complaint or not, practically every complainant to OSPF expressed dissatisfaction with project-level participation and/or consultation during project preparation and implementation. IED analyses and CRP experience reinforce this finding. This indicates that it would be worthwhile for ADB to invest in additional

analytical work on the most effective approaches to participation and consultation for project-affected people, recognizing that there is often a lack of clarity at the time of project approval on who is affected and that changes in scope or design often result in changes in affected people. At a minimum, as supported by the interviews with ADB staff and others involved in project preparation and implementation, there is a need for additional investments in capacity development for consultation/participation. Based on a recent assessment of lessons learned from the CRP, work on improving consultation and participation should be complemented by improvements in establishing sound and reliable baseline data prior to project initiation and in improved disclosure of data and information as per ADB policy.

It is not possible at this time to define exactly why there was an increase in complaints to the AM during the study period, but there are a number of likely reasons. It is probably partly a result of the increase in the number and scale of ADB-assisted projects that require land acquisition/resettlement/compensation. These projects tend to be large-scale infrastructure investments including transport, urban development, and energy transmission lines. Indeed, the transport sector has generated the largest number of complaints at 45%, followed by the energy sector at 28% and the urban sector at 18%. The ADB portfolio, while maintaining a relatively consistent percentage of Category A's for environment, resettlement, and/or Indigenous Peoples, shows a substantial increase in the level of lending for these kinds of projects, indicating larger geographic scale and therefore more project-affected people. Most of the complaints currently being managed by OSPF and OCRP are for projects that were approved in 2012–2014, a period of substantial increases in lending volumes for large infrastructure.

Some other explanations for the increase may be (i) failure to actually implement safeguards properly, which goes far beyond the kinds of issues that even a well-functioning GRM can possibly rectify; (ii) failure to properly address complaints through GRMs; (iii) failure of GRMs to receive complaints

because they are not accessible or do not actually exist; and (iv) inadequate complaint-handling by ODs and lack of a systematic tracking system to ensure that complaints are handled in a timely fashion. The outreach programs of ADB's AM and counterpart IFI accountability mechanisms have certainly increased the awareness of many borrowers/clients as well as NGOs/CSOs.

It can also be surmised that technology significantly contributed to the increase in complaints. Access to the internet, websites, and use of smartphones have resulted in easy access to information on ADB-assisted projects and ADB's AM itself. In the internet age, complainants can easily search ADB in a web browser (e.g., Google) and find a link to the AM, which may be easier and more convenient than finding a link to their respective project-level GRMs. Complaints are generally emailed to the CRO, and communication with complainants has relied heavily on internet/Wi-Fi access using various mobile applications. Complainants use smartphones to film activities to support their complaints and have sent the recordings to OSPF.

Future improved monitoring and evaluation of complaints to the AM should assess the extent to which each of these various factors may be relevant. Of particular interest is how to reduce the proportion of complaints that should have been directed to GRMs and/or ODs but are instead erroneously directed to the AM. Increased awareness raising among borrowers/clients of the AM requirements and of the right of project-affected people to access the AM would improve this current dilemma.

Some of the key challenges to the AM functions experienced during the last 3 years are related to such issues as accessibility by project-affected people; predictability in terms of time span of process, recommendations, and time frame for implementation of courses of action; and enhancing the effectiveness of the AM in redressing the concerns of complainants. To effectively integrate AM lessons into ADB's operations, future work programs of OCRP and OSPF should focus on collaboration with other concerned ADB departments. Continued collaboration with

counterpart accountability mechanisms, including participation in the IAM Network, will enhance such efforts through learning from the experiences of other organizations.

The JLR review indicates that investment in the capacity, by both ADB and EAs, to improve reduction of risks and management of risks of complaints through better consultation and participation, information systems, and GRMs results in the improved management of even very large numbers of complaints at the project level, and minimizes the number of complaints elevated to the RMs, ADB headquarters, ODs, and the AM. This reality is recognized by the ODs and has resulted in a substantial increase in demand for support (i) to enable potentially project-affected people to understand what their options are in terms of approaching concerned authorities regarding complaints about impacts of projects on them; and (ii) for training/capacity-building for ADB staff, particularly those involved in project implementation, with greatest emphasis on building the capacity of EAs and their agents involved in project implementation.

There is no clear linkage of a complaint and a project's safeguard categorization, thus not being a sufficient parameter to identify risks of complaints. ODs have taken a range of steps to better understand and identify risks and to manage the risks of complaints—in particular the practice of tracking complaints at the project level and by the RM and OD. Some of the systems being applied appear to work fairly well in terms of early identification of risks, but there is a clear lack of consistency across the ODs about how such risks are identified, tracked, and managed, and therefore inconsistency in the early identification of risks that should be elevated to different levels in the ADB hierarchy. One of the suggested actions resulting from this review is an improved risk identification, tracking, and management system that is consistent across ADB.

Review of the complaints by project-affected people from ADB-assisted projects demonstrates the need for improved participation/consultation of

project-affected people in a timely and meaningful way. An improved tracking system can help to identify where such participation/consultation might be lacking as a result of being aware of the number of complaints being raised at the project level, thus triggering the likelihood of issues regarding consultation/participation that should be addressed by the borrower/client, perhaps with the encouragement and support of the OD.

Analysis and interviews with concerned ADB staff and others show a range of understanding, capability, and priority for timely establishment of effective GRMs. Some conceptual suggestions are provided in this JLR for improving GRMs. As a relatively new “tool,” there is a need to improve capturing and sharing lessons from existing GRMs so that over the next 3-year period ADB can become a leader among peer organizations in refining the design and implementation of GRMs to be highly effective in addressing complaints.

With the trend in the ADB lending portfolio toward more large-scale infrastructure projects in which resettlement/land acquisition/compensation and some unavoidable environmental impacts will be essential elements, there will likely be an increase in the number of complaints that are lodged by project-affected people. Particularly, given the stage of preliminary design of projects when many ADB loans are approved²³ it is likely that there will be an increase in the number of potentially affected people that will not be reached by participation and consultation at an early stage in project preparation. Thus, ADB should not be surprised by a growing number of complaints over the coming years; but it can undertake measures discussed in this report to better understand and manage the risks of these complaints and maximize their avoidance.

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It is important to recognize that the number of problem projects is often affected by issues that are outside the control of ADB, such as political changes in decisions at the local and national levels. Certainly, there is a range of borrower/client capacity across the region, so the risks are not even across all projects, sectors, or countries. Planning and implementing programs to improve the capacity to reduce the risks of adversely affecting people in projects should take this into account.

The number of projects generating complaints to the AM level continues to be a very small percentage—about 3%—of total active ADB-assisted projects. 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.

²³ The 2017 ADB Development Effectiveness Review indicates that project readiness and full designs before Board approval of loans are increasing, with 9 of 40 projects having full designs at Board discussion. This is a relatively small proportion and does not change the reality that many projects and subprojects that have project-affected people experience design changes during implementation (including alignments and sites) that result in changes/additions in project-affected people.

2018 Learning Report on Implementation of the Accountability Mechanism Policy

This report reviews the implementation of the Accountability Mechanism Policy of the Asian Development Bank (ADB) during the period 2016–2018. ADB’s 2012 Accountability Mechanism Policy mandates a triennial analysis of lessons learned, with a focus on the management of complaints elevated to this “last resort” mechanism. Following the first analysis published 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 (GRMs) and by operational departments. It finds that most complaints are effectively addressed by GRMs and that the number of projects with complaints reaching the Accountability Mechanism is a small fraction of ADB’s active portfolio. The recommendations are aimed at improving the future implementation of the policy.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

