



INTERNAL

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Annual Report of the Board Compliance Review Committee 2021

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
AMP	–	Accountability Mechanism Policy
BCRC	–	Board Compliance Review Committee
COVID-19	–	coronavirus disease
CRP	–	Compliance Review Panel
EBRD	–	European Bank for Reconstruction and Development
OCRCP	–	Office of the Compliance Review Panel
TOR	–	terms of reference

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I. INTRODUCTION

1. The Accountability Mechanism of the Asian Development Bank (ADB) was introduced in 2003 to replace the Inspection Function. The Accountability Mechanism was designed to address harm to people and the environment resulting from ADB operations and ensure adherence to ADB's operational policies and procedures.

2. These purposes also enhance ADB's development effectiveness and project quality. Project-affected people can voice their grievances, seek redress, and ensure that ADB complies with its operational policies and procedures. Beginning in 2010, a joint Board–Management working group reviewed the experience with the Accountability Mechanism and proposed improvements, resulting in the Accountability Mechanism Policy 2012 (AMP).¹

3. ADB's Accountability Mechanism has two mutually supportive functions: problem-solving and compliance review. The special project facilitator, supported by the Office of the Special Project Facilitator, is responsible for problem-solving and reports directly to the President. Compliance review is handled by the Compliance Review Panel (CRP), which reports directly to the Board and is supported by the Office of the Compliance Review Panel (OCRP). ADB was the first multilateral development bank to create an accountability mechanism with the dual functions of problem-solving and compliance review, and the AMP cited this structure as a key strength.

4. The Board Compliance Review Committee (BCRC) serves as the focal point for the CRP's interaction with the Board and facilitates dialogue on ADB's Accountability Mechanism.

5. The BCRC's terms of reference are embedded in the AMP, primarily in para. 134. The BCRC's duties include clearing the CRP's proposed terms of reference for each compliance review, reviewing the CRP's draft compliance review reports, reviewing the CRP's draft reports on monitoring implementation of remedial actions approved by the Board because of a compliance review, and reviewing and endorsing the combined CRP and OCRP annual work plan and budget (Appendix 1).

6. The BCRC consists of six members, four of whom must be regional members (including at least three from borrowing countries) and two nonregional members. The BCRC's membership in 2021 is in the table.

Board Compliance Review Committee Members in 2021

Designation	Name
Chair	Roger Fischer
Vice-Chair	Yu-Peng Tseng (named vice-chair in 2021 following new rules of procedure for Board committees requiring each Board committee to have a vice-chair)
Members	Paul Dominguez (until 30 June 2021)
	Jin Lu (until 30 June 2021)
	Yuemin Li-Misra (until 15 July 2021)
	Xia Lyu (until 30 June 2021, served the remainder of Jin Lu's term)
	John Hurley
	Alberto Cerdan
	San Thida
	Md. Azizul Alam

Source: Asian Development Bank.

¹ ADB. 2012. [Accountability Mechanism Policy 2012](#). Manila.

II. ACTIVITIES OF THE BOARD COMPLIANCE REVIEW COMMITTEE

7. The BCRC held four meetings in 2021: on 18 March, 14 June, 18 August, and 11 November.

A. Georgia North–South Corridor (Kvesheti–Kobi) Road Project

8. At its 18 March meeting, the BCRC unanimously recommended that the Board authorize a compliance review for a complaint related to the North–South Corridor (Kvesheti–Kobi) Road Project in Georgia.² Following the BCRC’s recommendation, the Board authorized the compliance review on 21 April 2021.

9. The project—which includes constructing bypass and access roads, establishing a visitor’s center, and building the capacity of Georgia’s Roads Department—was cofinanced with the European Bank for Reconstruction and Development (EBRD), which also received a parallel complaint followed up by the EBRD’s accountability mechanism. Following the procedures outlined in the AMP, the CRP found the complaint eligible for compliance review.

10. The BCRC emphasized that the recommendation did not prejudice whether ADB’s actions have been in compliance with relevant safeguards, policies, and procedures and noted with appreciation that the Georgian authorities remained open to resolving any issues connected with the complaint.

11. The CRP has proceeded on its compliance review in close coordination with the EBRD’s Independent Project Accountability Mechanism. At its 11 November meeting, the CRP chair updated BCRC members on a scaled-down mission to Georgia attended by a part-time CRP member, the cultural heritage consultant, and members of the EBRD’s Independent Project Accountability Mechanism. Headquarters-based staff from the OCRP and CRP members also attended many of the mission meetings and site visits virtually.

12. The CRP fielded another mission with all CRP members and the OCRP advisor to Georgia in November and is expected to circulate a draft report on the compliance review to the BCRC in the first quarter of 2022.

B. Georgia Sustainable Urban Transport Investment Program (Tranche 3)

13. During 2021, the BCRC received regular updates on the CRP’s continued monitoring of the remedial actions for the Sustainable Urban Transport Investment Program (Tranche 3) in Georgia.³ The program aimed to develop an efficient, affordable, and environmentally sustainable transport system as part of Georgia’s southeast route, focusing on improving the transport services between Rustavi and Tbilisi.

14. As of 2021, several remedial actions remained to be completed, including finishing restorative works along the river, removing construction materials, planting trees, and informing affected persons about the project’s closure. However, the multitranche financing facility had closed on 18 July 2020, and work on the project had been significantly impacted by the coronavirus disease (COVID-19) pandemic. The inability to conduct site visits also delayed the

² ADB. [Georgia: North–South Corridor \(Kvesheti–Kobi\) Road Project](#).

³ ADB. [Georgia: Sustainable Urban Transport Investment Program–Tranche 3](#).

CRP from issuing its third monitoring report. These challenges notwithstanding, the Government of Georgia had continued to address the remaining remedial actions in 2021 using its own funds.

15. In the 11 November BCRC meeting, the CRP chair informed the BCRC that during the scaled-down October mission to Georgia, a part-time CRP member met with the project's executing agency, the Municipal Development Fund. The CRP fielded another mission to Georgia in November and intended to submit its third monitoring report to the BCRC in December 2021.⁴

16. In the 11 November BCRC meeting, the BCRC chair remarked that the Sustainable Urban Transport Investment Program (Tranche 3) represented a good example of continuity on remedial actions from ADB staff and ADB's borrowing partners.

C. Visayas Base Load Power Development Project

17. In 2021, the BCRC was updated on the CRP's continued monitoring of the remedial actions related to the 2011 complaint on the Visayas Base Load Power Development Project—a 200-megawatt coal-fired power plant in Naga City, Cebu, Philippines.⁵ The loan was approved in December 2009 and fully paid in April 2017, but ADB remained engaged with the project through technical assistance on air quality management.⁶

18. The final remedial action was preparing an action plan based on the findings and recommendations of the technical assistance. The action plan will be presented to the Airshed Governing Board of Cebu City in the second quarter of 2022 by the Region 7 Environmental Management Bureau of the Department of Environment and Natural Resources.

19. The BCRC asked the CRP to inform the BCRC in writing when the final remedial action had been completed to its satisfaction, at which point the BCRC would consider the compliance review completed.

III. COMPLIANCE REVIEW PANEL AND OFFICE OF THE COMPLIANCE REVIEW PANEL BUDGET AND WORK PLAN

20. The BCRC endorsed the 2022 proposed budget and work plan for the CRP and the OCRP and the revised budget for 2021.

21. The 2022 work plan assumed eligibility determination of two new complaints and one full compliance review of a new complaint, as well as ongoing work on the North–South Corridor (Kvesheti–Kobi) Road Project compliance review. In addition, the work plan included a wide range of knowledge management, outreach, and administrative activities.

22. For 2022, the CRP proposed a combined OCRP and CRP budget of \$724,500, representing an increase of 44.8% from the original 2021 budget. The increase reflected the possible resumption of business travel, the hiring of consultants, and higher administrative expenses.

⁴ The report, prepared in December 2021, was submitted to the BCRC on 13 January after fact checking from the Central and West Asia Department. This report was also circulated to the Board and all other stakeholders as per the AMP.

⁵ ADB. [Philippines: Visayas Base-Load Power Development Project](#).

⁶ ADB. [Philippines: Air Quality Management for the Visayas Base-Load Power Development Project](#).

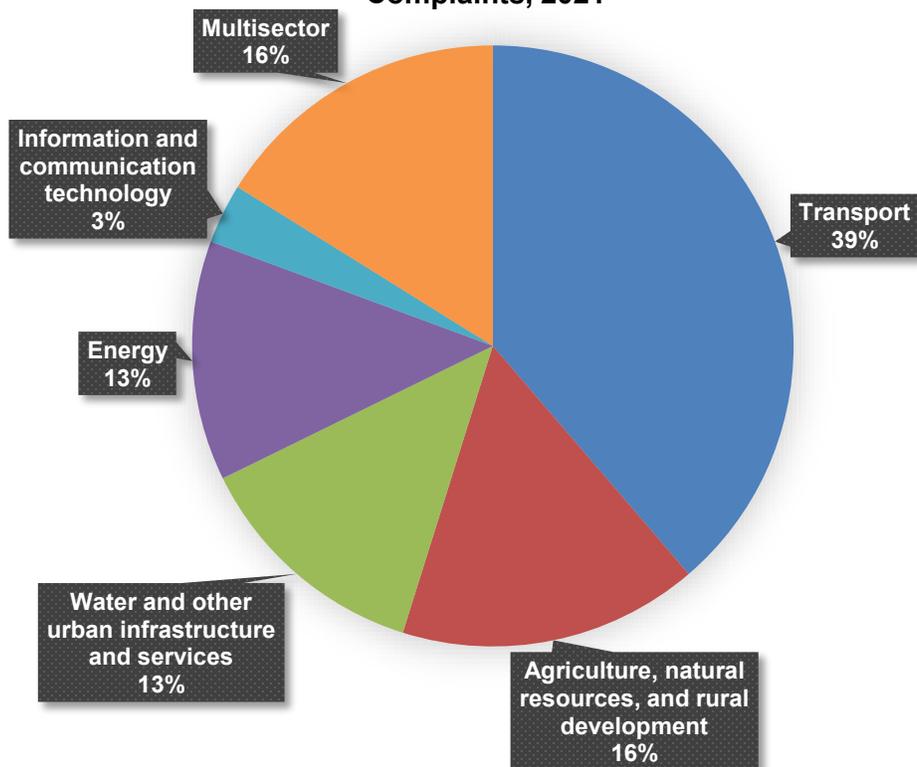
23. For 2021, the CRP presented a revised combined OCRP and CRP budget of \$470,500, down 6% from the original 2021 budget.

24. In light of the continuing COVID-19 pandemic, the BCRC recommended that the budget be presented in a longer-term context to distinguish between the structural drivers of the OCRP's and/or CRP's work and the temporary effects of the pandemic. The BCRC also reiterated that the CRP should receive budget flexibility to deal with a potential rise in compliance review cases when the pandemic receded.

IV. COMPLAINT RECEIVING OFFICER UPDATES

25. In its 18 August and 11 November meetings, the BCRC received updates from the complaint receiving officer. As of 31 October 2021, the complaint receiving officer had processed 31 Accountability Mechanism-related complaints, three of which had been forwarded from 2020. The highest number of complaints came from the transport sector and the regions of South Asia and Central and West Asia (Figures 1 and 2), consistent with the sector and regional complaint distribution from 2017 to 2020. This complaint breakdown vis-a-vis ADB's sovereign portfolio distribution for the same period suggests at least a partial correlation between the high number of complaints in the transport sector and the two regions and their large portfolio of ADB sovereign projects.

Figure 1: Sector Distribution of Accountability Mechanism-Related Complaints, 2021

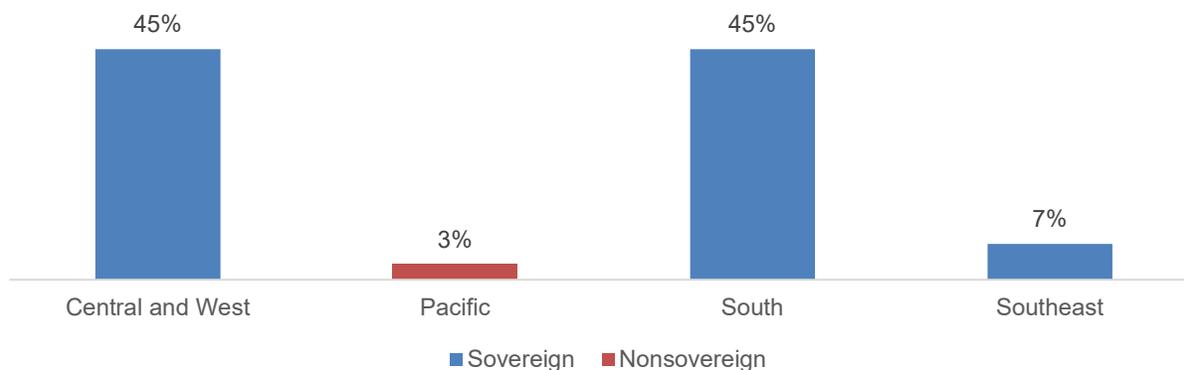


Notes:

1. The complaint receiving officer processed 31 Accountability Mechanism-related complaints in 2021, three of which were forwarded from 2020.
2. Data as of 31 October 2021.

Source: Asian Development Bank.

Figure 2: Region and Financing Operation of Accountability Mechanism-Related Complaints, 2021

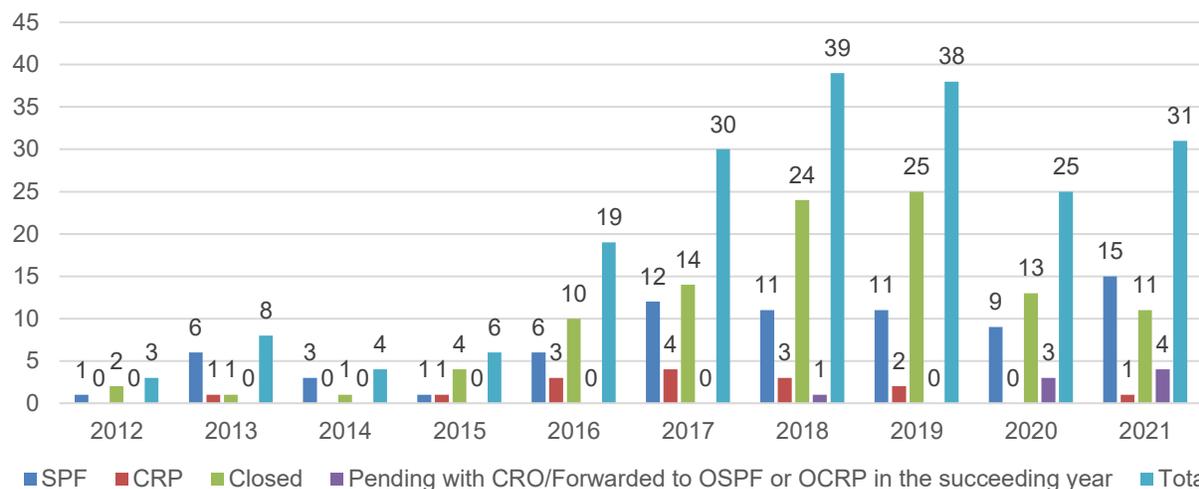


Notes:

1. The complaint receiving officer processed 31 Accountability Mechanism-related complaints in 2021, three of which were forwarded from 2020.
2. Data as of 31 October 2021.

Source: Asian Development Bank.

Figure 3: Accountability Mechanism-Related Complaints Processed and Forwarded by the Complaint Receiving Officer, 2012–2021



CRO = complaint receiving officer, CRP = Compliance Review Panel, OCRP = Office of the Compliance Review Panel, OSPF = Office of the Special Project Facilitator, SPF = special project facilitator.

Notes:

1. For 2019, the CRO received 37 Accountability Mechanism-related complaints. The total of 38 complaints for 2019 includes the complaint received in 2018 (Nepal: Regional Urban Development Project), which was forwarded in 2019. For 2021, the CRO received 28 complaints as of 31 October. The total of 31 complaints for 2021 includes 3 complaints received in 2020 (Georgia: North-South Corridor [Kvesheti-Kobi] Road Project; Pakistan: Punjab Intermediate Cities Improvement Investment Project; and Pakistan: Jalalpur Irrigation Project) but forwarded in 2021.
2. Data as of 31 October 2021.

Source: Asian Development Bank.

26. Accountability Mechanism-related complaints decreased in 2020 amid the pandemic. The 2021 numbers suggested a partial recovery, although complaints had not returned to pre-pandemic levels (Figure 3).

V. CHAIR'S ASSESSMENT

27. Together with the CRP, the special project facilitator, and ADB Management, the BCRC has made sure that ADB's Accountability Mechanism continues to operate as a fair, robust, and flexible instrument that is open and responsive to project-affected people, enhances ADB's compliance with its operational policies and procedures, accommodates different project situations, and facilitates problem-solving and grievance remedy. Performance on all these counts contribute to ADB's credibility as a transparent, accessible, and responsible institution. In 2021, the BCRC particularly gave guidance on:

- (i) Understanding the impact of the pandemic on the functioning of the Accountability Mechanism at different stages as well as introducing practical work-arounds to mitigate it. Special care was taken for measures to preserve easy access to the Accountability Mechanism for project-affected people.
- (ii) Awareness-building and dialogue with borrowers as well as ADB Management and staff to improve their understanding of the Accountability Mechanism and its potential to increase project effectiveness and prevent noncompliance and harm.
- (iii) Outreach to the general public to enable an informed debate on the value the Accountability Mechanism adds and on how it works.

VI. RECOMMENDATION TO THE BOARD

28. The BCRC recommends that the Board approve the public disclosure of this annual report.

TERMS OF REFERENCE OF THE BOARD COMPLIANCE REVIEW COMMITTEE

1. The terms of reference (TOR) for the Board Compliance Review Committee (BCRC) of the Asian Development Bank are embedded in the Accountability Mechanism Policy 2012, primarily in para. 134:¹

The BCRC will (i) clear the CRP's proposed TOR for compliance review before they are released by the CRP; (ii) review the CRP's draft compliance review reports; (iii) review the CRP's draft reports on monitoring implementation of remedial actions approved by the Board as a result of a compliance review before the CRP finalizes them; (iv) decide and adjust the CRP monitoring time frames; (v) review and endorse the combined CRP and OCRP annual work plan and budget; (vi) search for CRP members in consultation with the President; (vii) provide written feedback to all CRP members on their performance; (viii) in case of a borrowing country's rejection of a CRP site visit, dialogue with Management on the reasons for the borrowing country's refusal; and (ix) serve as the focal point for the CRP's communication and dialogue with the Board on the Accountability Mechanism.

¹ ADB. 2012. [Accountability Mechanism Policy 2012](#). Manila.