I. Complaint and issues:
• Director of Panah Papua/Representative of Complainants sent a complaint to ADB on 12 July 2022.
• Complainants want the North Shore Housing Program contractor (NSH Contractor) to pay the balance for the 670 m3 of timber owned by Aisnak Indigenous community.

II. Actions taken to address the problems or issues:
• OSPF conducted an initial assessment through document review, virtual meeting with PSPM and PSTS, and reportedly met with complainants.
• On 9 August 2022 the complaint was deemed ineligible for Accountability Mechanism problem solving process as the issues must be brought first to the operational department, i.e., Private Sector Operations Department's (PSOD) attention.
• As neither ADB nor BP has a direct contractual relation with the NSH Contractor, ADB communicated with BP to contact the local government to help resolve the issues between the complainants and the NSH Contractor.
• An ADB Safeguards Review Mission visited Tangguh between 15-24 February 2023. The Mission requested BP to arrange a meeting with the local government and the NSH Contractor to verify whether and how issues were resolved. The in-person meeting took place on 20 February 2023.

III. Decision or agreement by parties concerned:
• During the 20 February 2023 meeting, the local government clarified that it plays a role as a mediator to resolve the business-to-business issues between complainant and contractor. The complainant, reportedly visited the local government thrice in October 2022 while, on separate occasions, NSH Contractor also met with the local Government.
• The NSH Contractor reportedly visited Aisnak and met with the Complainant on 27 January 2023, resulting in the Complainant eventually issued a Letter of Admission, confirming that the complaint through Panah Papua NGO involving the NSH Contractor has been resolved.
• In a phone conversation witnessed by ADB, the Complainant apologized to the NSH Contractor for the misunderstanding and inconvenience, reiterating that there are no outstanding issues on unpaid timber by NSH Contractor and that, as discussed during the call, the timber damaged by flood were written off as a loss by both the owner and the contractor. The Complainant also verbally agreed that the report made by NGO Panah Papua should be withdrawn. The conversation was in local language and detailed notes was prepared in English by ADB.
• The NSH Contractor forwarded ADB a copy of the Letter of Statement and receipt of timber payment.

IV. Results and lessons learned:
• The issues between the Complainant and the NSH Contractor were resolved.
• Upon ADB’s request, the NSH Contractor will timely inform ADB of any updates.
• ADB’s private sector operations deal with complex supply-chain issues, which may implicate ADB by association. It is always challenging for ADB to have control over the
business activities of a third party with which neither ADB nor ADB’s client has a contractual relation. Since the NSH Contractor only has a contractual relation with the local government, ADB has to rely on BP, which in turn relies on the local government to help resolve the issues. A risk assessment of the involvement of a third party in any ADB-supported project is necessary.

Jocelyn Erlinda S. Munsayac
ADB Complaint Focal
Principal Safeguards Specialist
Private Sector Operations Department, ADB

4 April 2023