LESSONS LEARNED FROM COMPLIANCE REVIEWS OF THE ASIAN DEVELOPMENT BANK (2004–2020)

Rehabilitation of the Railway Project in the Kingdom of Cambodia
CAMBODIA RAILWAYS. The project involved the rehabilitation and rebuilding of the 642-kilometer railway connecting the port city of Sihanoukville and Poipet and reestablishment of a railway link with Thailand (ADB Photo Essay—Moving On to Better Lives in Cambodia).
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Rehabilitation of the Railway Project in the Kingdom of Cambodia
The Lessons Learned from Compliance Reviews at the Asian Development Bank (2004–2020) series endeavors to provide lessons and institutional knowledge for strengthening development effectiveness of ADB. The lessons shared through this series provide opportunities for improved project design and implementation, and a strengthened compliance review function. Should discrepancies arise between this document, and ADB operational policies, and the Accountability Mechanism Policies 2003 and 2012, the respective policies will prevail.

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Notes:
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Cover design by Noelito Francisco E. Trivino, Jr.

On the cover: The gear at the center symbolizes the Asian Development Bank’s Accountability Mechanism involving the compliance review of a project, from field visits and consultations to focus group discussions—all functioning toward a unified goal.
# TABLE OF CONTENTS

1. **KEY LESSONS**  5

2. **BACKGROUND**  7

3. **KEY COMPLIANCE REVIEW PROCESS SUCCESSES AND CHALLENGES**  9

4. **LESSONS LEARNED AND RECOMMENDATIONS**  10

**ABBREVIATIONS**  18

**ACKNOWLEDGMENTS**  18

**REFERENCES**  19
A LONG THE RAILWAY. The Cambodia Railways Project raised several concerns about resettlement of people living along the railway line (ADB Photo Essay–Moving On to Better Lives in Cambodia).

The Rehabilitation of the Railway Project in the Kingdom of Cambodia (Cambodia Railways Project) was the last project with assistance from the Asian Development Bank (ADB) that went through compliance review under the 2003 Accountability Mechanism (AM) Policy. The compliance review function of the 2003 AM Policy investigates alleged noncompliance by ADB with its operational policies and procedures that may have directly, materially, and adversely affected the complainants during the formulation, processing, or implementation of an ADB-assisted project.

This is the first in the Lessons Learned from Compliance Reviews series of publications prepared by the Office of the Compliance Review Panel (OCRP). The series examines the completed compliance reviews for eight ADB-assisted projects that were the subject of complaints to the Compliance Review Panel over the period of 2004–2020.

The Lessons Learned from Compliance Reviews series explores the challenges, gaps, and good practices in each project as highlighted through the compliance review process. The insights presented in this report were gathered through a comprehensive review of documents, as well as by means of a survey and interviews of complainants’ representatives, nongovernment organizations (NGOs), government, former and current ADB project staff from headquarters and resident missions, and former members of the Compliance Review Panel and staff of the OCRP. Though the Lessons Learned series is prepared by the OCRP, it does not reflect OCRP’s opinion unless so specified in each report.

This series provides practical insights for development practitioners, safeguard specialists, NGOs, civil society organizations, government personnel, project beneficiaries, and ADB Management and staff seeking to learn more about project design, implementation, and the process of compliance review. It aims to contribute to capacity development on project management and good institutional governance.

SNAPSHOT

| Project Title: Greater Mekong Subregion: Rehabilitation of the Railway Project in the Kingdom of Cambodia |
| Country of Implementation: Cambodia |
| ADB Financing: |
| Loan 2288: $42 million |
| Loan 2602: $42 million (Both from ADB’s concessional ordinary capital resources lending/Asian Development Fund) |
| Approval dates: 13 December 2006 (for Loan 2288); 15 December 2009 (for Loan 2602) |
| Loan Closing Dates: Loans 2288 and 2602 closed on 1 November 2016 |
| Project Impact Categorization: A for Involuntary Resettlement, B for Environment, C for Indigenous Peoples |

| Complaint |
| Date of request for compliance review: 28 August 2012 |
| Complaint Status: After 5 years of annual monitoring of the remedial action plan by the Compliance Review Panel (CRP), the complaint was closed in March 2020. |

The Rehabilitation of the Railway Project in the Kingdom of Cambodia included financing from the Government of Cambodia amounting to at least $20.3 million together with other cofinancing as follows: (i) $13.00 million from the OPEC Fund for International Development (ADB administered); (ii) $2.80 million from the Government of Malaysia; and (iii) $22.46 million from the Government of Australia.
1 KEY LESSONS

The compliance review of the Cambodia Railways Project generated several important lessons. This review also encountered various challenges and highlighted opportunities to improve project management and compliance review processes in the future. The following are the significant lessons learned:

1.1. Comprehensive baseline data is important.

Detailed fact-finding and consistent cross-verification of information guide the compliance review process and inform remedial action plans. It is thus important that ADB-assisted projects use baseline socioeconomic data at the project design stage. From a compliance review perspective, pre-project baseline data provides a foundation for subsequent analysis, findings, and recommendations. Baseline data can also strengthen the credibility of compliance reviews by providing a clear evidence base for the findings of the Compliance Review Panel (CRP). More information can be found in sections 4.2.2 and 4.5.3.

1.2. Understanding the country’s socioeconomic context is essential.

Social development projects such as this require the CRP to put evolving social and other dynamics into their wider context. Understanding the current country context as well as the local situation on the project site facilitates engagement and is also invaluable when conducting a compliance investigation. More information can be found in section 4.2.1.

Stronger and transparent stakeholder engagement builds trust and confidence in compliance review.

1.3. The framing of a management action plan with a contextualized lens is a must.

Understanding the country context comprehensively is required to ensure that the Management Action Plan (MAP) is needs-based and prevents post-resettlement marginalization of affected people, who were mostly poor and vulnerable in this case. In addition, this project’s impact was categorized as A for Involuntary Resettlement1 under ADB’s relevant safeguards policies, that were applicable at the time of the project design, which warranted detailed due diligence for resettlement matters. More information can be found in section 4.3.2.

1.4. Internal and external stakeholder engagement should be transparent and meaningful.

Stronger and transparent stakeholder engagement builds trust and confidence in compliance review. Participatory approaches to consultation, review, and monitoring also facilitate effective and practically implementable MAPs by taking into account the limitations and capacities on the ground. More information can be found in sections 4.2.3, 4.2.4, 4.2.5, and 4.4.1.

1.5. Systems for institutional knowledge management and a strategic communication plan are valuable.

Internal and external communication channels are especially important in complex, controversial, and long-term projects. The compliance review of the Cambodia Railways Project highlighted the need for the most relevant ADB staff to be designated as a focal point for communication with the external stakeholders guided by a comprehensive and strategic communication plan. It also emphasized the need for regular, updated, and consistent information exchange between the relevant ADB departments.

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1 “Involuntary Resettlement Category A: Significant—“Significant” means 200 or more people will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating). Category A projects require a full resettlement plan. Some of these projects may require a resettlement framework prior to the full resettlement plan.” ADB. 2006. Operational Manual. OM. F2/OP. p. 5. Manila.
and the CRP. The project also illustrated the potential value of strengthening institutional knowledge management through the development and maintenance of a clear documentation system for recording implementation processes and issues. Attention to institutional knowledge management systems not only minimizes the risks associated with human resources turnover but also builds transparency and trust. More information can be found in sections 4.4.3 and 4.5.5.

1.6. The assessment-based capacity development of project implementers is crucial.

This project highlighted the need for ADB to closely assess the implementing agency’s capacity to understand and implement ADB’s safeguard requirements. ADB’s project design process should incorporate capacity development provisions of the project stakeholders, as required. By effectively addressing capacity needs of the project implementers prior to and during the implementation of the project, ADB can ensure that implementing agencies are equipped to identify issues relating to safeguards and other matters and provide prompt solutions for such issues. More information can be found in section 4.5.2.
2 BACKGROUND

2.1. Brief Project Description
The Cambodia Railways Project was an important project of the Government of Cambodia to develop key “infrastructure and institutions that were either neglected or badly damaged during the past civil wars.” It involved the rehabilitation and rebuilding of the 642-kilometer railway connecting the port city of Sihanoukville and Poipet and reestablishment of a railway link with Thailand. The railway had been disused for a significant time, and people had moved in and settled in its right-of-way in the interim. The households living in the right of way are mostly poor and vulnerable people whose sources of livelihood were in the nearby cities of Sihanoukville, Phnom Penh, Pursat, Sisophon, Battambang, and Poipet.

ADB’s Southeast Asia Department (SERD) was the department responsible for the project. Implementation oversight responsibility lay with its Southeast Asia Transport Division at ADB headquarters.

2.1. Summary of the Complaint
In November 2011, 22 affected people in the five resettlement sites of Sihanoukville, Phnom Penh, Pursat, Battambang, and Poipet submitted a request for compliance review. The complainants explicitly sought to keep their identities confidential. David Pred and Eang Vuthy represented the complainants in their individual capacities. Pred is affiliated with Inclusive Development International (an international NGO operating in Cambodia), while Vuthy is with Equitable Cambodia (a local NGO based in Phnom Penh).

The complainants initially approached ADB’s Accountability Mechanism with a request for problem-solving through the submission of a complaint to the Office of the Special Project Facilitator. The complaint was declared eligible by the special project facilitator on 11 January 2012.

Subsequently, in August 2012, the CRP received a request for compliance review on the following issues:

(i) inadequate consultation and information dissemination about the resettlement plan, followed by inadequate grievance redress during implementation;

(ii) insufficient compensation for loss of property, income losses, and transition allowances;

(iii) distant location of three resettlement sites and inadequate basic services such as water, electricity, waste disposal, roads, health facilities, and schools, at all sites;

(iv) inadequate and much-delayed income restoration assistance;

(v) impoverishment and indebtedness of affected people from inadequate compensation and loss of income;

(vi) threat of unlawful land acquisition and expropriation in Samrong Estate, where a freight facility was to be constructed under the project; and

(vii) human rights guaranteed to the complainants by the Cambodian Constitution and laws, as well as under international treaties ratified by Cambodia.

2.3. Compliance Review Process and Results
Once the CRP had determined that the complaint was eligible for compliance review, it conducted its investigation through the following:

(i) a desk review of documents;

(ii) interviews with ADB Management and staff at ADB headquarters;

(iii) meetings in Phnom Penh with ADB staff at the resident mission (RM), with the Ministry of Public Works and Transport (MPWT) and Inter-Ministerial Resettlement Committee (IRC) officials, and with the project consultants;

(iv) meetings with consultants of MPWT and IRC and other agencies;

(v) meetings with the complainants, their representatives, and other affected people; and

(vi) upon clearance by the government, a site visit to four of the five resettlement sites (Sihanoukville, Phnom Penh, Battambang, and Poipet) was also conducted from 19 to 28 October 2013.

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After 13 months of investigation, the CRP sent its draft report to the complainants and ADB Management for comments. In its final report submitted to the ADB Board of Directors in January 2014, the CRP concluded that there was direct and material harm suffered by the complainants which included inadequate compensation for loss of property and income, transition allowances, income restoration, and inadequate facilities at the resettlement sites, and that these factors (causing harm) were directly related to ADB’s noncompliance with its operational policies and procedures on (i) Involuntary Resettlement, (ii) Public Communications, and (iii) Incorporation of Social Dimensions into ADB Operations.

On 31 January 2014, the ADB Board of Directors approved a set of recommendations based on the original CRP recommendations. These Board-approved recommendations, with their implementation status, are set out in Table 1.

Following the adoption of the Board-approved recommendations, ADB Management conducted a series of dialogues with the Government of Cambodia to develop the MAP to address the Board-approved recommendations. Management submitted the action plan in April 2014.

The CRP monitored the implementation of the MAP annually, as mandated by the 2003 AM Policy. It is important to note that under the 2003 AM Policy, the CRP-proposed recommendations were approved by the Board, and based on those recommendations, the Management prepared its action plan. There was no formal mechanism for the Board or the CRP to review and “approve” or “endorse” the MAP. In the Cambodia Railways Project, the MAP reasonably responded to the Board-approved recommendations. With this background and as one of the survey respondents pointed out, CRP monitoring missions based their assessment on their original recommendations, while the government counterparts did their best to respond to the requirements of ADB MAP. Hence, the CRP’s monitoring often pointed out gaps in implementation of the Board-approved recommendations.

In its fifth and final monitoring report published in March 2020, the CRP considered four of the six recommendations “Implemented” and recommendations (v) and (vi) closed. The CRP added that while it did not have evidence that recommendation (v) had been fully implemented, further assessment would be difficult as the Cambodia Railways Project had closed. In the case of recommendation (vi), the CRP noted that this had been partially implemented as reported in the previous monitoring report. However, the CRP considered that data gathered in the fifth monitoring period did not indicate that outstanding loans taken out by affected people could be attributed directly to debt incurred to construct houses equivalent to the affected people’s pre-resettlement homes.

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Implementation Status as of Cambodia Railways Project’s 5th Monitoring Report (20 March 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Establish a compensation deficit payment scheme</td>
<td>Implemented</td>
</tr>
<tr>
<td>(ii) Improve facilities at resettlement sites</td>
<td>Implemented</td>
</tr>
<tr>
<td>(iii) Develop an appropriate program to build capacity for resettlement in the IRC, to be reflected in a time-bound and verifiable action plan</td>
<td>Implemented and brought into compliance</td>
</tr>
<tr>
<td>(iv) Implement the expanded income restoration program in a sustained and sustainable manner</td>
<td>Implemented</td>
</tr>
<tr>
<td>(v) Improve the functioning of the grievance redress mechanism, to be reflected in a time-bound and verifiable action plan</td>
<td>Recommendation closed</td>
</tr>
<tr>
<td>(vi) Establish a debt workout scheme to help highly indebted families repay their accumulated debts through a dedicated credit line and debt workout facility</td>
<td>Recommendation closed</td>
</tr>
</tbody>
</table>

IRC = Inter-Ministerial Resettlement Committee.


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Table 2 summarizes significant successes, gaps, and challenges faced during the compliance review of the Cambodia Railways Project, as identified by the survey respondents. Each point is further discussed in section 4.

<table>
<thead>
<tr>
<th>Compliance Review Process Successes</th>
<th>Compliance Review Process Gaps and Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive and thorough investigation of all the complaints. <em>More information can be found in section 4.2.4.</em></td>
<td>Lack of field mission at the eligibility stage. <em>More information can be found in section 4.1.1.</em></td>
</tr>
<tr>
<td>Development of recommendation on remedial action despite lack of baseline data. <em>More information can be found in sections 4.2.2 and 4.5.3.</em></td>
<td>Need for a contextualized approach in conducting the compliance review. <em>More information can be found in section 4.2.1.</em></td>
</tr>
<tr>
<td>Effective use of a contextualized lens in the framing of MAP. <em>More information can be found in section 4.3.2.</em></td>
<td>Lack of socioeconomic baseline data on affected people. <em>More information can be found in sections 4.2.2 and 4.5.3.</em></td>
</tr>
<tr>
<td>Management’s initiative to form an oversight committee for coordinated monitoring of MAP implementation leading to better results. <em>More information can be found in section 4.4.2.</em></td>
<td>Inconsistent vetting and/or validation of information. <em>More information can be found in section 4.2.3.</em></td>
</tr>
<tr>
<td></td>
<td>Inadequate understanding of ADB business processes and implementation policies when recommending remedial actions. <em>More information can be found in section 4.3.1.</em></td>
</tr>
<tr>
<td></td>
<td>Inadequate transparent and meaningful engagements with internal and external stakeholders. <em>More information can be found in sections 4.2.5 and 4.4.1.</em></td>
</tr>
<tr>
<td></td>
<td>Limited knowledge repository for valuable institutional memory. <em>More information can be found in section 4.4.3.</em></td>
</tr>
<tr>
<td></td>
<td>Inadequate and intermittent supervision of regular ADB staff on the project. <em>More information can be found in section 4.5.1.</em></td>
</tr>
<tr>
<td></td>
<td>Lack of capacity needs assessment of implementing agencies. <em>More information can be found in section 4.5.2.</em></td>
</tr>
<tr>
<td></td>
<td>Need to improve Grievance Redress Mechanism in terms of effectiveness and accessibility. <em>More information can be found in section 4.5.4.</em></td>
</tr>
<tr>
<td></td>
<td>Need for improved knowledge management through systematic documentation and development of strategic communication plan. <em>More information can be found in section 4.5.5.</em></td>
</tr>
</tbody>
</table>


Source: Based on the comprehensive analysis of ADB Compliance Review reports and harvesting of lessons learned through interviews and survey responses for the Lessons Learned from Compliance Reviews of the Asian Development Bank (2004–2020) report for Rehabilitation of the Railway Project in the Kingdom of Cambodia.
4 LESSONS LEARNED AND RECOMMENDATIONS

The compliance review process of ADB’s Accountability Mechanism follows steps which fall under the following broad categories: (i) Eligibility Determination, (ii) Compliance Review (Fact-Finding) (iii) Remedial Action Plan/Management Action Plan, and (iv) Monitoring.4 This section identifies lessons at each stage of the compliance review process, and highlights their implications to ADB’s processes of project design and implementation, and contribution to future compliance reviews.

4.1. Eligibility Determination

4.1.1 Field missions at the eligibility stage are beneficial.

Under the 2003 AM Policy, eligibility of the complaint is determined5 by the CRP based on evidence of probable direct and material harm affecting the complainants as a result of an act or omission by ADB in the course of formulation, processing, or implementation of the ADB-assisted project. While the eligibility determination can be made through review of complaint, accompanying evidence, ADB project-related documents, and other relevant documents, CRP can also benefit from undertaking an eligibility mission in the relevant country. At the eligibility stage, interaction with complainants, government, ADB resident mission staff, and other in-country relevant stakeholders can help the CRP in assessing how the subsequent compliance review fact-finding process should be planned and what necessary factors should be considered.

In this project, the CRP missed an opportunity to build rapport with the government by not joining the associate secretary of the OCRP in the eligibility mission. Eligibility mission by the CRP would have clarified that the CRP is an independent fact-finding body of the ADB Board of Directors, and that it is solely concerned with ADB’s compliance with its operational policies and procedures rather than the borrower’s compliance. Strengthened stakeholder engagement at the start of the compliance review process can lead to greater stakeholder ownership of the process.

4.2. Compliance Review

4.2.1 Understanding the country context is essential.

Like the implementation of development projects, the compliance review process also requires an understanding of the country context. At a macro level, the CRP had to consider a variety of external situations that might affect the subsequent compliance review process and implementation of the MAP. For instance, when the complaint was filed, the Government of Cambodia had already severed relations with another major multilateral development bank due to a similar complaint and hence there was a foreseeable risk of ADB’s strained relationship with the government.

In addition, it is important to consider comprehensive information on the emerging country situation, sociopolitical dynamics affecting the review process and the project, as well as key participants including affected people and NGOs. No two compliance reviews are the same. Acquiring a broad-based understanding of a country-specific situation from the earliest stage of the compliance review process is critical in forging a collaborative and trust-based relationship between the CRP and other concerned parties. It further facilitates planning of meaningful consultations and site visits.

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4 This project followed the compliance review steps under the 2003 Accountability Mechanism Policy that did not include monitoring as one of the steps but included it as a separate stage. In comparison, the 2012 Accountability Mechanism Policy provides 10 compliance review steps that includes monitoring as one of the steps.
5 Eligibility Determination is Steps 1 to 3 of the Compliance Review Process in the 2012 Accountability Mechanism Policy.
6 Compliance Review is Steps 4 to 7 of the Compliance Review Process in the 2012 Accountability Mechanism Policy.
4.2.2 Comprehensive baseline data is important.
A clear challenge of the compliance review for the Cambodia Railways Project was the absence of comprehensive socioeconomic baseline data which could have helped the CRP to further validate complaints, assess compliance, and come up with more specific recommendations. Detailed baseline data and adequate risk assessment, including socioeconomic conditions and other relevant factors, can also guide the CRP in recommending actions that are evidence-based and practical for both the government and ADB. Without it, the CRP had difficulty establishing how, and whether inadequate resettlement compensation had contributed to affected people’s indebtedness. The lack of clear baseline data also made it difficult subsequently for the operations department to enlist the cooperation of the government in implementing some of the remedial activities in the MAP. The Board-approved recommendations on income restoration and debt recovery planning were also not very well received by the operations department. Comprehensive household baseline data on income and debt would have enabled the CRP to arrive at findings and recommendations without relying on inference.

Remedial interventions relating to income restoration and debt reduction could have also been more targeted had the project implementers possessed more information. Data at a household level on the skills and knowledge of affected persons and their training needs, linked to assessment of available income-generating opportunities near the resettlement sites may have resulted in more targeted remedial measures.

Despite these barriers, the CRP was able to provide recommendations that took account of the socioeconomic conditions of affected people through its investigation and consultation during site visits.

4.2.3 Consistent validation and/or vetting of information is essential.
It was pointed out in the survey responses of ADB operations related stakeholders that in a complicated and controversial compliance review process, the CRP would have benefited from cross-verification of information and data through different approaches and methods. For example, in the review of the Cambodia Railways Project, the data collected by ADB and/or the government on indebtedness of affected people could have been verified using scientific methods and other alternative ways, such as confirmatory discussions and voting by the representatives of the affected people to ascertain if indebtedness was project-induced or not.

*LIFE ALONG THE RAILWAY.* Houses were built and people settled along the railway line while it was deserted (photo by the CRP).
Verified information also builds credibility of the compliance review process and confidence of the stakeholders in the findings of the CRP. As prescribed by the 2003 AM Policy, the CRP provided an opportunity for ADB Management, and the complainants, through their representatives, to comment on its draft compliance review report. This consultative process has proven to be an important feature that enhances the CRP’s legitimacy as an accountability mechanism.

4.2.4 Compliance review investigation should be well-planned, inclusive, and objective.

The CRP, in coordination with the OCRP and the concerned resident mission, can plan the investigation process and missions systematically. In addition, to ensure inclusivity and objectivity of the process, the CRP can build the confidence of stakeholders through a feedback cycle during the investigation process. The survey results indicated the good practice suggestions as provided in Table 3.

4.2.5 Internal and external stakeholder engagement should be transparent and meaningful.

Transparent and meaningful engagement of both external and internal stakeholders positively contributes to a more effective compliance review and monitoring of the remedial actions. In external engagements, the CRP’s understanding of the realities on the ground can be enriched through interviews with a broader range of affected people and with representation from vulnerable groups such as the elderly, youth, and women.

Organizing kick-off and wrap-up meetings with government, ADB staff from relevant operations departments, the complainants, and NGOs facilitate the stakeholders understanding of the purpose and methodology of the investigation and as a result, build trust in the compliance review process. As the resident mission is more informed of the country context, project implementation challenges and dynamics of the issues raised in the complaint, its active support in the investigation would have enriched the CRP’s findings and recommendations. Stronger cooperation between operations department, OCRP/CRP, and the resident mission and the independence of the CRP is invaluable in enabling effective compliance review.

<table>
<thead>
<tr>
<th>Table 3: TIP BOX—Suggested Good Practices for Accountability Mechanism/Compliance Review Implementers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-review</strong></td>
</tr>
<tr>
<td>Prior to fielding the mission, discuss the general parameters of the investigation/information gathering with the government and operations department, including resident missions.</td>
</tr>
<tr>
<td><strong>Actual review</strong></td>
</tr>
<tr>
<td>In interviews, focus group discussions, and/or consultations, use a quick look or map to discuss the activity’s main objective, process, and how the findings/results will be used.</td>
</tr>
<tr>
<td>Spend considerable time gathering information, listening to diverging viewpoints, and counter checking data/information from various sources particularly on politically sensitive issues.</td>
</tr>
<tr>
<td>Adopt a “facilitator” mindset through a neutral and open approach while conducting meetings, interviews or consultations to avoid any perception of blame or lack of impartiality.</td>
</tr>
<tr>
<td><strong>Post-review</strong></td>
</tr>
</tbody>
</table>

CRP = Compliance Review Panel.

Source: Based on the comprehensive analysis of ADB Compliance Review reports and harvesting of lessons learned through interviews and survey responses for Lessons Learned from Compliance Reviews to the Asian Development Bank (2004–2020) report for Rehabilitation of the Railway Project in the Kingdom of Cambodia.
4.3. Management Action Plan

4.3.1 A thorough understanding of ADB business processes and implementation policies is useful when recommending remedial actions.

ADB’s 2003 AM Policy mandated the CRP to draft recommendations for bringing the project back to compliance. As per the survey responses of the ADB operations related stakeholders, the CRP faced challenges in understanding practical nuances of the actual project implementation. In such situations, the CRP can benefit from understanding ADB operations, procedures, and relationship with external partners from the OCRP and the operations department.

In the 2012 AM Policy, it is ADB Management that is mandated to draft the Remedial Action Plan (RAP), in consultation with the CRP. Nonetheless, if CRP is to provide constructive input to the RAP, an understanding of ADB’s business processes, in so far as they relate to the implementation of ADB’s operational policies and procedures, remains indispensable.

4.3.2 The framing of a management action plan with a contextualized lens is a must.

In this case, while the CRP provided recommendations as part of its final compliance review report, the MAP (which was based on the CRP’s recommendations as approved by the Board) was prepared by the operations department. The actual implementation of the remedial actions was mainly done by the Government of Cambodia. However, ADB assisted the government consistently and closely in implementing the MAP. In such a situation, seamless collaboration among the CRP, operations department, and government is a prerequisite for ensuring that (i) the CRP’s recommendations are understood by the operations department and the government and adequately translated into activities on the ground; and (ii) implementation challenges are clearly discussed with the CRP by the operations department and the government especially when the remedial actions had to be customized to the needs and specifications of five resettlement sites.

ADB’s assistance in implementing the MAP included the provision of a technical assistance, TA 8810: Strengthening Resettlement and Income Restoration Implementation. This TA supported implementation of the following actions:

(i) developing strategies to improve the functioning of the Grievance Redress Mechanism, (ii) developing strategies to build institutional and staff capacity of the IRC, (iii) implementing the Expanded Income Restoration Program (EIRP), and (iv) increasing the capacity of resettled communities to manage the critical infrastructure of their communities. At the end of the CRP’s 5-year monitoring period, it was notable that ADB had been able to creatively address the needs of affected people at individual, household, and community levels. Interventions at the resettlement sites were targeted at several levels:

(i) individual (e.g., skills training such as driving, haircutting, vocational placement strategy program);

(ii) households (e.g., hog and poultry raising, mushroom culture at home); and

(iii) community groups (e.g., financial planning for self-help groups, maintenance of community facilities, as well as sourcing of funds and partnering with local entities).

The objective of all these interventions was to create conditions in which project-initiated community initiatives and household incomes were sustainable after the Cambodia Railways Project had come to an end.

Notwithstanding the above, a few survey responses indicated that it would still have been more efficient and effective had ADB consulted affected people during the formulation of the MAP. At an early stage, it would have been easier to design the MAP based on the expressed needs of the affected people. The implementation of TA 8810 took longer than initially anticipated as adaptive changes were made to the implementation arrangement to respond to the evolving needs of affected people in relation to livelihood restoration. This flexible approach may also have served to enhance the sustainability of the interventions as it enabled affected people themselves to develop strong ownership of the implementation process and outcomes of the MAP.

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7 Steps 8 to 9 of the Compliance Review Process. ADB’s 2003 Accountability Mechanism Policy refers to it as “Management Action Plan”, while the 2012 Accountability Mechanism Policy refers to it as “Remedial Action Plan" To be prepared by the Management.

An example highlighting the practical challenges faced in the Cambodia Railways Project is the preparation of robust debt recovery and income generation programs. While affected people clearly incurred debts and faced significant income generation issues at the resettlement sites, the recovery program mandated by the Board-approved recommendations should ideally have been guided by comprehensive analysis of the triggers and driving forces behind affected people’s debts, and of the alternative income generation solutions available to them. If this analysis had been in place when the MAP was being developed, the resulting remedial actions would have been more targeted and evidence-based.

The Compliance Review Report of the CRP indicated that protecting the rights of the most vulnerable should be adopted in the framing of the MAP to address age and gender-related vulnerabilities and resulting socioeconomic concerns. This approach also resonates well with ADB’s safeguards and policies that provide protection of basic rights of involuntarily resettled people.

The CRP’s emphasis on addressing the living conditions of resettled affected people presented practical implementation challenges. The provision of additional services at the resettlement sites (services that were nonexistent at the original sites) was perceived by the Cambodian government as an overreach by the CRP, as indicated by a few survey respondents. At times, there were gaps between the requirements of ADB’s resettlement policies and the existing resettlement policies of the government. In hindsight, the process points to the value of designing future ADB projects, such as this one, that applies comprehensive understanding of livelihood and service needs at resettlement sites.

The TA-financed livelihood restoration interventions mandated by the Board-approved recommendations were implemented by an NGO specializing in community-based development interventions that considered the needs of the affected people and their community as basis for designing and implementing customized activities and later conducted constant follow ups/visitations in the communities. Community facilitators were assigned to each of the five resettlement sites and an overall community leader oversaw these community facilitators. In this process, the project team’s willingness to learn from the failures of previous interventions was also witnessed. Despite all of the abovementioned good steps and supervision, it was not easy for the project officer to supervise the six national community facilitators/leaders and the international specialist from ADB headquarters. In two instances, misuse of funds from one of the activities under the EIRP was reported, and the revolving fund that was established for income generation program was not sustainable despite trying to reinforce the self-help groups established at the relocation sites.

A few resulting lessons from the framing of MAP include:

(i) The development of a context-specific MAP requires that wide-ranging, credible, and in-depth data and information form the basis for needs-based remedial actions.
(ii) The design of the MAP should keep a level of flexibility to ensure that needs-based solutions are provided to affected people as the resettlement process evolves. The MAP must include a recognition that the needs of one resettlement site may differ from another depending on existing factors and that affected people themselves have varying support needs.
(iii) In complicated and large-scale projects that also lack baseline data and information, a phased MAP may be considered to include:
   a. **Phase 1**—Conduct of baseline studies that collect initial information and data on matters such as socioeconomic situation of the affected people, issues relating to each relocation site, national policies on provision of services, and limitations under ADB operational policies.
   b. **Phase 2**—Propose a clear, needs-based, well-reasoned Management Action Plan.

4.4. Monitoring of Management Action Plan Implementation

4.4.1 Monitoring should be inclusive and collaborative.

In its monitoring of remedial actions, the CRP should (i) conduct a desk review of the semiannual report on the implementation of the MAP and related project supervision documents; (ii) visit project and resettlement sites; and (iii) meet with relevant operations department staff, government, project consultants, and complainants, their representatives, and other affected people. To gather a more vivid picture on the
timeliness of MAP implementation and effectiveness of interventions, monitoring should provide opportunities for the CRP to gather, and consider the full range of views expressed by relevant project stakeholders.

For the first 3 years of monitoring of the Cambodia Railways Project, the CRP met with the IRC, Cambodia Resident Mission (CARM) staff, the complainants and their representatives, and other affected persons at the resettlement site. During the 4th monitoring year, as the project was already closed, the CRP met only with CARM staff and ADB consultants. For the 5th monitoring report, the CRP did not have the chance to visit Cambodia.

A survey respondent from the operations department indicated that the CRP could have gathered more information had it conducted all monitoring missions like in its initial 3 years. Consultation with a larger group of affected people, during the final 2 monitoring years of the CRP, would have yielded more insights and information on MAP implementation, particularly on indebtedness, effectiveness of the grievance redress mechanism, and socioeconomic situation of affected people after resettlement.

All stakeholders, including the government, can also provide feedback and suggestions on how best to achieve the objectives of the monitoring mission. As previously discussed, it is the borrower (with support from ADB) which largely implements remedial actions. Hence, there is a need to understand the borrower’s objectives, activities, and views during CRP’s monitoring missions. This also highlights the important role the operations department should play in fostering a relationship with the borrower and government as a partner in development, and to establish an understanding of the part compliance review plays in ensuring that a project fulfills the aims of national development. This point has been addressed in the 2012 AM Policy with a more collaborative role of the operations department in the conduct of a compliance review.

4.4.2 ADB’s coordinated oversight of management action plan implementation is efficient.

The CRP’s monitoring of the MAP implementation was facilitated through the establishment of the Project Oversight Committee (POC). The POC, headed by the relevant vice-president for operations, including representatives from SERD, Office of the General Counsel, Department of External Relations (now Department of Communications), the Regional and Sustainable Development Department (now Sustainable Development and Climate Change Department), and the CARM regularly met to monitor implementation progress of the MAP and guide the project team on next steps.

The POC periodically advised on various matters but, most importantly, on consultations with NGOs, affected people, government and other stakeholders, disclosure of information per ADB policies, discussion on ADB’s and government’s progress on implementation of MAP, and consistency of information provided to all stakeholders. Each quarterly monitoring report prepared by SERD was discussed and analyzed by POC before finalizing. The progress of each action was thoroughly discussed and evaluated in POC meetings. SERD was conscious of the fact that the CRP’s monitoring reports rely on these quarterly reports. POC, together with the Department of External Relations also developed a communication plan and appointed the CARM Country director as lead communicator.

4.4.3 A knowledge repository for consistent institutional memory is valuable.

For the operations department, a significant challenge during monitoring was limited institutional memory and continuity due to change and transfer of staff involved at different stages of the compliance review process. Knowledge loss due to turnover of personnel/consultants can be managed through systematic and regular documentation of processes. Putting systems in place to achieve this would help the CRP in gathering information during the compliance review and monitoring of implementation of remedial actions, and also facilitate knowledge transfer to succeeding staff, management, and consultants. To this end, it is important for operations department to document (e.g., in back-to-office reports or notes-to-file or emails or database) issues in the implementation of the MAP as well as how those were addressed.

4.5. Institutional Lessons for ADB

Since CRP published its final compliance review report for the Cambodia Railways Project, a few institutional adjustments have been adopted by ADB, partly based on the lessons cited in the CRP’s report and the reflections of the operations department in the conduct of a compliance review.
4.5.1 The adequate and continuous project supervision of ADB staff is essential.

Another lesson highlighted in this project is to identify issues in a timely manner and for its prompt resolution, close supervision of the project implementation is required by ADB staff with lesser reliance on consultants. As per the information from the surveys, ADB needs to think of practical ways to ensure closer and continuous involvement of its staff, not only during the project design, but also during implementation on the ground and in monitoring safeguards related matters. It also builds and strengthens institutional capacity and memory that can significantly reduce likelihood of complaints and contribute in making the problem-solving process much more efficient. Deeper involvement of ADB staff in-country and on the ground not only ensures that consultants are following ADB policies and requirements but also help the government in understanding and implementing ADB’s safeguard policies effectively.

4.5.2 The capacity needs assessment of the implementing agencies is crucial.

In the Cambodia Railways Project, the implementing agency, Ministry of Public Works and Transport (MPWT), assigned the resettlement component of the railways project to a newly formed Inter–Ministerial Resettlement Committee (IRC) which later became the General Department of Resettlement. These details should have been discussed by ADB with the government and suitable mechanisms should have been put in place at the project planning stage.

A newly formed body might conceivably have capacity constraints in understanding and implementing ADB's Involuntary Resettlement Policy (now incorporated in the Safeguard Policy Statement 2009). As emphasized in this project, issues that were crucial to effectiveness of the implementing agency of the Involuntary Resettlement Policy included (i) operational details pertaining to inventory of losses; (ii) definition of replacement cost and market value; (iii) accurate calculation and timely payment of compensation and other allowances; (iv) selection of resettlement sites, adequacy of facilities at resettlement sites; and (v) provision for inflation over time among others.

Unfortunately, ADB did not conduct an assessment of the capacity–building needs of its project partner at the project planning stage. This was a major omission. If this had been addressed at early stages through provision of expert support, trainings, and other capacity–building interventions, the Cambodia Railways Project might not have resulted in noncompliance with ADB’s resettlement policy.

4.5.3 It is important to have comprehensive baseline data and conduct proper profiling and/or assessment of affected people.

Robust and detailed socioeconomic baseline data gathering, and comprehensive profiling of affected people should be conducted at the project planning stage. Pre–resettlement information on income, debts, assets, household demographics, household type, and physical environment, including accessible community facilities provides important data points for subsequent comparison through post–resettlement data collection. The compliance review process pointed to the value of data on resettlement costs and other needs based on factors including (i) livelihood restoration at the resettlement sites, including community infrastructure and social support systems (e.g., schools, markets, or clinics); and (ii) income generation and debt recovery. Such data collection can be invaluable in assisting project partners and the CRP to assess whether the project improved the living conditions of affected people who were resettled.

4.5.4. The grievance redress mechanism system should be effective and accessible.

To guide the grievance redress mechanism (GRM) system, ADB’s Safeguard Policy Statement provides that borrowers must establish a grievance redress mechanism, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to all segments of the affected people. The establishment of an effective GRM at an early stage in the project would have avoided many issues that later arose, and, in turn, might have reduced the likelihood of compliance review.

An effective GRM needs to ensure that

(i) the composition of the GRM is inclusive and gender–diverse, like representation from the community/NGOs, village/community representatives, etc.;
(ii) issues and grievances are brought to resolution efficiently and effectively;
(iii) the responsible government departments/units have the understanding and capacity to handle grievances; and
(iv) the relevant government departments/units have the requisite authority to provide remedies while resolving grievances, especially if the village or community level of government units are handling the GRM.

In complex and large-scale projects, it may be useful in the future for ADB to consider appointing other representatives, etc.;
an independent expert or safeguards specialist to monitor and review the implementation of project-level grievance redress mechanism.

4.5.5 Knowledge management with a documentation repository and communication plan is valuable. Complex and long-term projects are likely to witness significant turnover of both staff and consultants at ADB and in-country. Such projects highlight the value of robust record-keeping and knowledge management systems. Projects need to have, throughout their lives, an easily accessible data management system covering planning, processing, implementation, monitoring, and dispute resolution stages of the project life cycle.

Similarly, projects of this complexity with large-scale resettlement can benefit from the development of a strategic communication plan covering both internal and external communications which is implemented throughout the project cycle. ADB can map out stakeholder-specific key messages and key information for the general public to provide clarity and credence not only to the compliance review but to the implementation of the entire project as well. The Cambodia Railways Project also highlighted that it is more efficient for one designated internal spokesperson to handle all external communication. Such a spokesperson can provide briefings, statements, and updates consistent with the key messages approved in the strategic communications plan.

In addition, communication among ADB departments and the CRP should be direct and clear to ensure that everyone involved are updated on the progress of the compliance review. Such efficient information sharing can assist the institution in identifying project risks and address issues collaboratively. Cohesive internal and external communication leads to a common understanding of project issues, problem-solving approach, and focused response.
ABBREVIATIONS

ADB – Asian Development Bank
AM – Accountability Mechanism
CARM – Cambodia Resident Mission
CRP – Compliance Review Panel
EIRP – expanded income restoration program
GRM – grievance redress mechanism
IRC – Inter-Ministerial Resettlement Committee
MAP – Management Action Plan
MPWT – Ministry of Public Works and Transport
NGO – nongovernment organization
OCRP – Office of the Compliance Review Panel
POC – Project Oversight Committee
RAP – Remedial Action Plan
SERD – Southeast Asia Department
TA – technical assistance

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REFERENCES


Lessons Learned from Compliance Reviews to the Asian Development Bank (2004–2020)
Rehabilitation of the Railway Project in the Kingdom of Cambodia

Lessons Learned from Compliance Reviews of the Asian Development Bank 2004–2020 is a series of publications prepared by the Office of the Compliance Review Panel. It examines compliance reviews for eight projects with Asian Development Bank assistance that were the subjects of complaints to the Compliance Review Panel in 2004–2020. The first of the series focuses on the Rehabilitation of the Railway Project in the Kingdom of Cambodia that was subject to compliance review under the 2003 Accountability Mechanism Policy. It highlights the importance of understanding the context along with a stronger and transparent stakeholder engagement that build trust and confidence in the compliance review.

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