

Will We Finally See Accountability at the ADB?

Critical Analysis of the New Accountability Mechanism of the Asian Development Bank

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Introduction

The Board of Directors of the Asian Development Bank (ADB) approved its New Accountability Mechanism on May 29, 2003. This was the result of a long process to review the ADB's Inspection Function, which aimed to enhance the ADB's accountability by addressing the concerns of the people negatively affected by ADB-funded projects. At the same time, the new mechanism was established in response to strong voices from civil society in both the South and North calling for accountability and transparency in ADB funded projects.

This paper examines the background and the process of the review of the Inspection Function, and analyzes the new mechanism in the context of the struggles of affected people and efforts of civil society fighting against the ADB's problematic projects.

Origin of Inspection Mechanism

The origin of the Inspection mechanism is the controversial Narmada dam project in India. As a response to the global campaign against the Narmada project around the beginning of 1990, the World Bank, which was the main financier of this destructive project, decided to conduct an independent investigation of the project. The independent investigation team assessed the Narmada project and the World Bank's compliance with its own policies on environmental assessment and involuntary resettlement. The team reported that the dam would adversely impact the lives of the local communities and that the World Bank shared responsibility for such harm. This report led to the Board of Directors of the World Bank to pressure the Indian government, and as a result, India finally declared in 1993 that it would not ask for the outstanding disbursement of the loan for the Narmada project from the World Bank.

The Narmada case made clear that the Bank Management tended to avoid responsibility in ensuring that the Bank funded-projects met the international standards set forth in the Bank's safeguard policies. Some NGOs monitoring World Bank operations therefore proposed the establishment of a permanent independent body to receive complaints from affected people. U.S. Congress was also a strong proponent of this independent mechanism. In September 1993, the World Bank's Board approved the establishment of the Inspection Panel, which is an independent body to investigate the compliance of the World Bank to its policies based on requests from affected people.

The ADB, the little brother of the World Bank, became the third organization to establish an inspection mechanism called the 'Inspection Function' in 1995, after the Inter-American Development Bank (IDB) in 1994. However, both the ADB and the IDB adopted less independent systems compared to the World Bank. The stated objective of the current Inspection Function of the ADB is to enhance the transparency and accountability of the ADB by conducting investigations by independent experts on whether or not the ADB has complied with its operational policies and procedures.

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Why Are Inspection Mechanisms Important?

The importance of inspection mechanisms can be summarized as follows. First, inspection provides one of the few quasi-judicial mechanisms by which independent experts can check management staff of Multilateral Development Banks (MDBs). MDBs enjoy immunity from any legal jurisdiction under international law, which means that they are free from any legal action against them. However, it should be noted that most of the inspection bodies of MDBs report to the respective Boards of Directors and are thus not totally independent from the decision-making bodies of the institutions.

Secondly, inspection mechanisms are the only institutional ways for affected people to raise their concerns to MDBs. Before this mechanism, affected people had to rely on informal ways to influence decision-making in MDBs, including public campaigns and lobbying to MDBs, donor governments and the media. Though the importance of these tools has not diminished, inspection mechanisms provide avenues for affected people to access independent investigation bodies that are expected to provide impartial assessments on MDB's performances on policy compliance. They also provide ways for affected people to attract attention from decision-makers within MDBs.

Whether or not the inspection mechanisms provide solutions to the grievances of affected people is a difficult question. The experiences of the World Bank's Inspection Panel, which has received 27 claims since its establishment, demonstrate different impacts of the mechanism upon project implementation, local struggles and the policies and practices of the World Bank. Only two projects were canceled as a result of investigations by the Panel, while partial solutions or compensation for the problems were provided to some people in several cases. The Management of the World Bank has continuously tried to avoid the investigation and built coalitions with board members from developing countries. This tactic has been a big obstacle for the operation of the mechanism. In the case of the ADB, while 8 claims were filed, only 2 have been approved for inspection. Of these 2 cases, requesters' grievances have yet to be adequately addressed.

How does the ADB's Inspection Function work?

Before describing the complicated procedures of the Inspection Function, I would like to explain the primary actors and their roles in the inspection process, i.e. the requesters of the Inspection, Panel of Experts, the Board Inspection Committee and the ADB Board of Directors.

Requesters of the Inspection are, needless to say, those who initiate the inspection process by filing a claim. They are required to satisfy the eligibility criteria set by the ADB, which states that the requesters have to be 2 or more persons affected by an ADB-funded project, or their representatives. The Inspection Policy requires requesters to show that (1) the ADB has failed to comply with its own operational policies and procedures, (2) this failure led to material harm upon the requesters, and (3) requesters have already contacted ADB Management to ask for remedies to the problems. These legalistic requirements make the mechanism difficult for affected people to access.

The Board Inspection Committee (BIC) is a sub-committee of the ADB Board of Directors, and oversees the whole inspection process and makes recommendations to the Board. The BIC has a critical role in the inspection process, including (1) making recommendations to the Board on whether or not an inspection should be conducted, (2) selecting Panel members from the Roster of Experts after the Board authorizes an inspection, (3) preparing the TOR and timeframe for the inspection, and (4) making recommendations to the Board on any remedial measures based on the Panel's report and the Management response to the report. The Board of Directors approves the recommendations submitted by

the BIC. Thus, the Board is the final decision-making body to decide what actions should be taken on the project concerned.

The Panel of Experts is a team of 3 persons that conducts the actual investigation of the project concerned and reviews ADB Management's compliance to policies and procedures. The members of the Panel are selected by the BIC from the Roster of Experts, and the Panel's activities are determined according to the Terms of Reference (TOR) also prepared by the BIC. Upon completion of the investigation, the Panel prepares a report of their findings and recommendations regarding remedial measures, and submits the report to the Board.

The existence and importance of the BIC is one of the major differences between the ADB's Inspection Function and the World Bank's Inspection Panel. The BIC undermines the independence of the Panel by recommending another set of remedial measures after the Panel's report. Furthermore, members of the BIC may have conflicts of interest when the BIC receives claims regarding countries they represent as Board members.

The inspection process is lengthy. Requesters are required to send a complaint to ADB Management, and Management responds to the complaint within 45 days. If requesters are not satisfied with the Management response, they send an official request for inspection to the BIC. Then the BIC forwards the request to Management and Management is allowed 30 days to respond to the request. Within 14 days of Management response, the BIC recommends whether or not to authorize the inspection to the Board, and the Board makes the decision on authorization of inspection within 21 days. Thus, 110 days are consumed just to decide whether or not the ADB will conduct the inspection under the Inspection Function.

After the inspection is authorized by the Board, the BIC selects 3 panel members from the Roster of Experts, and prepares the TOR and timeframe for the inspection. The actual investigation is conducted by the Panel according to the TOR and timeframe prepared by the BIC. After the Panel completes the investigation on policy compliance and submits the report on its findings to the BIC, including any remedial changes in the scope or implementation of the project, Management is again given 30 days to respond to the Panel's report. Within 14 days of receiving Management Response, the BIC submits the final recommendations to the Board based on the Panel report and the Management response. It is then up to the Board to make the final decision on the BIC's recommendations within 21 days.

The following sections will describe how this long process has worked (or not worked), in the context of the Samut Prakarn Inspection case, and how this process will change with the new mechanism.

Accountability Down the Drain: the First Inspection Case of Samut Prakarn Wastewater Management Project

Because of the complex process and uncertain consequences, relatively few requests have been filed to the ADB Inspection Function. So far, the Samut Prakarn Wastewater Management Project in Thailand is the only case that has gone through the entire Inspection Function process. All other requests for inspection have been dismissed as 'ineligible' except for the request on Chashma Right Bank Irrigation Project-Stage III, for which the Board of Directors decided to conduct inspection in April 2003 but delayed the commencement of the actual investigation until the second half of 2003.

The Samut Prakarn Wastewater Management Project has been the most controversial ADB-funded project for the past 3 years, and it has been the target of local villagers' protests and international campaigns calling for the ADB's accountability.

The project has been subject to much criticism regarding environmental and social

impacts, corruption, lack of public participation and lack of environmental impact assessment. Local people especially fear that the wastewater from the treatment facility will damage the fisheries, especially the mussel farming, upon which the livelihoods of most people living in adjacent areas depend.

Local people have been struggling against the project since late 1998, half a year since the beginning of the construction of the project. In 2000, NGOs, farmers associations, trade unions and other civil society organizations in Thailand jointly organized a large protest at the ADB annual meeting held in Chiang Mai, Thailand. The ADB faced more than 3,000 people protesting against them chanting, "ADB get out of Thailand." Two hundred people from Klong Dan, where the Samut Prakarn project is, also joined the rally and other events. After this event, Samut Prakarn became the most notorious ADB project. International NGOs also started to campaign against the project targeting the ADB and the Japan Bank for International Cooperation, claiming that these Banks should be accountable to the people affected by the projects they fund. Details of the people's struggle against the project are described in another chapter.

The decision to file an inspection request was not made easily. Some local groups in Thailand were skeptical about the effectiveness of this mechanism. In the end, however, local people decided to use the Inspection Function as a way to make the ADB accountable, and demanded the ADB suspend its loan for the project. It was very obvious that the project was not in compliance with ADB policies because an environmental impact assessment for the project was never conducted. The ADB Board authorized the inspection on July 20, 2001, which marked the first authorization in the history of the Inspection Function.

The inspection process of the Samut Prakarn project was filled with disappointments. First of all, the Panel could not enter Thailand to visit the project site. Under the Inspection Policy, 'no-objection' from the government is a prerequisite for the Panel's site visit. When asked by the BIC, the Thai government put many conditions on the site visit, including that the ADB should bear all responsibility for any damages caused by the site visit. The Panel considered that they could not conduct interviews with the stakeholders in a fair manner under such conditions, and decided not to go to Thailand. As a result, the requesters lost the opportunity to present their views to the Panel, and the Panel had to finish their investigation without ever meeting with requesters. The Panel also complained that they had no way to communicate with outside stakeholders, and they had difficulties in accessing relevant documents and interviewing ADB staff.

Despite these obstacles, the Panel report revealed that the ADB had violated 7 policies in the course of approving the Samut Prakarn Project. The violated policies included policies on supplemental financing for cost overrun, operational missions, environmental considerations, involuntary resettlement, social dimensions, governance, and benefit monitoring and evaluation. The Panel recommended that the ADB should admit these violations and that the ADB should negotiate with the Klong Dan community regarding the damages, remedies and the local community's participation in the management and operation of the plant. The Panel denied, however, the requesters' demand to suspend disbursement for the project.

Although the Management Response to the Panel's report denied every policy violation, the BIC agreed with most of the conclusions of the Panel, but failed to recommend that the Board actually admit to the policy violations. The Board approved the BIC's recommendations on March 25, 2002, without admitting to policy violations, and instructed Management to make semi-annual reports regarding the implementation of the BIC's recommendations.

The ADB has not however, taken any proactive action to build trust with the Klong Dan community to this day. The ADB continued to disburse the loan for the project while

substantially ignoring the major issues local people raised. Thus the accountability of the ADB to the people affected by its project was not fulfilled even though the Panel's findings made clear that the ADB had violated its own policies and procedures in the Samut Prakarn Project.

The fact that ADB had violated its own policies on environmental and social impacts may have somehow affected the Thai government's decision-making. One month after the final decision of the Board, Prime Minister Thaksin Shinawatra visited Klong Dan and met with the community, which led to a series of the studies by the Environment Ministry. As a result of strong criticism in Thailand from local people, media, senators and academics, the Thai Government announced the suspension of the project's construction in February 2003. This was a remarkable event in the histories of both civil society's struggle in Thailand and of international campaigns against the ADB.

Review Process of the Inspection Function

During the inspection of the Samut Prakarn project, many stakeholders recognized the serious need for revising the inspection policy. The review of the policy began in December 2001, and took almost one and half years to complete. It is worth noting that the review of the Inspection Function was the most transparent and participatory policy-making process in the ADB's history. At the same time, it involved political conflicts among the stakeholders, none of whom were satisfied with the results of the review.

In the beginning of the review, international NGOs played a leading role. The ADB employed two environmental lawyers from NGOs who had extensive experience working on the World Bank Inspection Panel. In March 2002, 11 NGOs submitted recommendations for the inspection policy and its revision process.

The ADB disclosed a total of 3 drafts of the new policy, and organized 10 public consultations in both developing countries and donor countries, where the first and second drafts were extensively discussed. NGOs organized preparatory strategy meetings for these consultations, and as a result, NGO's proposals articulating the need for a permanent and independent panel and accessible procedures gained broad support at these consultations.

After initial success of the NGO campaign calling for an independent and strong accountability mechanism, ADB staff and governments of developing countries started to resist such a mechanism. At the Phnom Penh consultation in August, the Management attempted to influence the views of developing countries by passing a memo written by senior staff. This incident became a scandal and infuriated the donor government and NGOs.

After a round of external consultations, the debate internalized within the ADB, and civil society had to wait for the result of these secret negotiations until February 2003, half a year after the second draft was disclosed. The subsequent 'working paper' (the third draft) proposed to establish both a problem-solving body and an independent panel to review policy compliance. NGOs again submitted comments on the working paper claiming that the sequential model proposed in the working paper, which requires a case to first go through part of the problem-solving phase before reaching the compliance review process, would undermine the effectiveness of the mechanism and the requesters' right to demand the ADB's accountability.

Finally, the Board of Directors approved the new policy called the 'ADB Accountability Mechanism' at the end of May 2003. The new policy is a compromise between NGOs and donor governments on the one hand, and ADB senior staff and governments of developing countries on the other. Although there are a number of improvements in the new policy, several severe shortcomings also exist. Both positive and negative aspects of the policy are described below.

Stakeholders of the Accountability Mechanism

Following is an explanation of the various stakeholders' perspectives on the Accountability Mechanism, based on their reactions to the inspection of the Samut Prakarn Project and the subsequent review of the Inspection Policy.

ADB Management and Staff: ADB Management and staff have been major obstacles in the inspection process. ADB staff have a strong incentive to lend more money to their clients, the developing member countries, and do not want to admit to the problems caused by their funding. In each inspection case, ADB staff have tried all means to derail the inspection process. In the Samut Prakarn case, the Management Response to the inspection request denied every policy violation allegation, and claimed that there was no need for the inspection. There was a rumor that the Thai government's 'objection' to the site visit was suggested by ADB staff. After the Panel revealed that the ADB had failed to comply with a number of policies, the Management again responded that they believed there had been no policy violations, though the BIC's report to the Board had largely agreed with the Panel's conclusion. In the case of the Chashma Right Bank Irrigation Project, Management claimed that an Inspection should not be conducted because it would undermine the on-going efforts to solve the problems through the 'Grievance Redress and Settlement Committee.' ADB staff have tried to avoid inspection by pressuring the Pakistani government to establish this committee, though the process of its establishment, including the TOR and selection of members, was far from satisfactory for the requesters. These are some of the examples of how ADB Management has tried to avoid taking responsibility for the harm caused by ADB projects.

Developing Member Countries' Governments and their EDs: In many cases, Developing Member Countries' (DMCs) governments are the owners of the projects subject to protest by local people, and naturally they do not want these voices to be heard by the ADB. They also tend to be under the mistaken impression that the inspection is to investigate faults of DMCs. It is said that the Thai government opposed the site visit by the Panel in the Samut Prakarn inspection because it feared that the Panel would investigate the Thai government's, instead of the ADB's conduct.

In the process of the policy review, DMCs strongly opposed the introduction of a problem-solving mechanism, claiming that the mechanism would undermine the sovereignty of the DMCs. They also strongly opposed the free site visit by the Panel, and demanded that site visits should be conducted only with the consent of the governments. These DMCs opinions have been incorporated in the new policy to certain degree.

Donor Governments and their EDs: Donor governments have been the major proponents of the independent inspection panel. They are concerned that their contributions to the ADB should be used in effective ways, without causing local and international protest. In some countries, NGOs monitoring the ADB had successfully convinced the donor governments to support their proposals.

NGOs and People's Organizations: There are different perspectives on the ADB's inspection mechanism among civil society organizations. International NGOs working on the ADB's accountability have been the main actors pressuring the ADB to establish a more independent and effective mechanism, because it is almost the only institutional mechanism within the ADB where affected people can have their grievances addressed. NGOs in developing countries are more skeptical of the effectiveness of the mechanism. They are concerned how actual solutions to the local people will (or will not) be implemented through this mechanism. Other local NGOs and people's organizations see it as one strategy in the campaigns to gain the attention of decision-makers in the ADB and donor governments. Although the degree of expectation varies, there is a consensus among NGOs that an effective and accessible inspection mechanism will be a useful tool to demand the ADB's

accountability.

Whose Problems to be Solved? --- the function of the 'consultation phase'

The ADB newly introduced a 'problem-solving' function in the ADB Accountability Mechanism, which will be performed by the 'Special Project Facilitator (SPF)' during the 'consultation phase.' The SPF is separated from the Panel, and the position is for one person with a small secretariat. The role of the SPF is to conduct the consultation phase of the Accountability Mechanism "to respond to specific problems of locally affected people in ADB-assisted projects through a range of informal and flexible methods." The SPF is appointed by and reports to the President of the ADB. Thus, the SPF is fundamentally the tool of Management, and the Board does not have significant influence on the process during the consultation phase.

It is welcomed that the ADB recognizes its own role in problem solving for ADB-funded projects. While the compliance review by the Panel will only look at the problems caused by ADB's violations of its policies and procedures, the SPF will broaden the scope to problems not related to issues of policy compliance.

Although the problem-solving function may be useful for affected people to a certain extent, there are many concerns regarding the consultation phase, as explained below.

Independence of the SPF: NGOs have demanded that the SPF should be independent from Management and should report to the Board instead of the ADB President. The independence of the SPF is essential in the consultation phase because trust by the parties concerned, including the borrower and affected people, is essential in seeking a satisfactory resolution to a dispute. It is disappointing that the SPF will be appointed by the President of the ADB. Furthermore, the new policy also allows current ADB staff to be the SPF. It is unlikely that an internally selected person would ever be seen as independent and trustworthy by project-affected people.

Relationship between the SPF and the Panel: It is regrettable that the new Accountability Mechanism requires the requesters to file their complaints first to the SPF, and then to wait for at least 84 days before filing a request for compliance review. This means that even if the requesters are already exhausted from engaging in fruitless dialogues with Management to the degree that they feel only the independent Panel can address their problems, they still need to file their complaints first to the SPF and wait nearly two months. This step is redundant and a waste of time and energy for both the requesters and the SPF. Most importantly, this sequential model overlooks the affected people's rights to demand the accountability of the ADB.

ADB's ability to solve problems: The fundamental question of the new consultation phase is the ADB's ability to solve the problems of affected people in a fair and impartial manner. The new policy states, "the consultation phase is designed ultimately to improve and strengthen the internal problem-solving functions of the operations departments." Many experiences of engagement with ADB Management suggest, however, that the ADB has always taken the side of the governments of borrowing countries, and is reluctant to solve problems. Management tends to ignore the existence of the problems to avoid taking responsibility. Poor capacity of the ADB in problem solving has again been demonstrated in the case of Chashma Right Bank Irrigation Project-Stage III, as described in another chapter. It is not clear how the SPF will overcome this 'no problem' attitude of the ADB.

Major Improvements

Although some issues remain to be addressed, there are a number of improvements

in the policy. In particular, the new mechanism has become far more accessible to affected people, even compared to the World Bank Inspection Panel.

Independent and Permanent Panel: A permanent Panel called the Compliance Review Panel will be established. Assuming requesters can endure the consultation phase, this will allow the requesters to consult with the Panel and be given necessary assistance for filing claims. It is also expected that the Panel can build institutional learning regarding policies and institutional problems of the ADB.

Citation of Policy Violations: The new policy does not require requesters for the compliance review to cite the policy violations that led to material harm. Because the ADB has many policies and all of them are written in English, the previous requirement was a major burden and obstacle to the affected people. Under the new policy, requesters will be asked to explain (1) how they are, or are likely to be, affected materially and adversely, and (2) that this material harm is, or will be, caused by the ADB-assisted project. Now it is the Panel's role to decide which policies and/or procedures are violated in the project of concern.

Reduced Management Response: The Inspection Function was extremely lengthy and allowed many meaningless refutations from Management. Under the new policy, Management will be allowed to submit their response only once when the Panel delivers a draft report, and it will save the time and energy of the Panel and Management.

Language: The new policy will allow both the claim to the SPF and the request for compliance review to be submitted in any official or national language of the ADB's developing member countries.

Anonymity: Requesters can ask to keep their identity confidential under the new policy.

Requesters' Comment on Panel's Draft Report: Requesters will be given the opportunity to comment on the draft report of the Panel. They may thus have a certain degree of influence on the Panel's final report.

Monitoring of the Remedies: The Panel will monitor the implementation of any remedial actions approved by the Board as a result of compliance review. This will help its compliance review to be more beneficial to local people affected by the project. In many inspection cases of the World Bank, implementation of the Board decisions have been left to the Management, and the effectiveness of these decisions were severely undermined by the reluctance of Management and borrowing governments to follow the decisions.

Private Sector Operations: The private sector operations of the ADB are covered by the new mechanism, which were not included in the Inspection Function.

Toothless New Policy

Compared to what NGOs were advocating, the new policy lacks measures to ensure the impartial investigation and adequate solutions to problems.

Site Visit: Among the most controversial aspects of the policy revision were site visits. The old policy required confirming the 'non-objection' position of the government in order for the Panel to conduct a site visit. The experience of the Samut Prakarn case clearly showed that this process must be abolished if fair and impartial investigations are to be ensured. NGOs proposed that this condition be eliminated, and that there should be a clause in every loan agreement between the ADB and borrowing governments to allow the Panel to conduct site visits. In the process of the review, developing member countries of the ADB strongly opposed changing this part of the policy, saying that allowing free site visits by the Panel would infringe upon the sovereignty of a country. The new policy did not change this condition for the site visit and says, "the policy should assume the good faith cooperation of all parties in the compliance review," which leaves room for governments to resist site visits. This compromise will certainly affect the effectiveness and independence of the Panel's

investigations.

Suspension of Loan Disbursement: Another major issue of contention was the suspension of loan disbursement. The requesters of the Samut Prakarn case seriously questioned why the ADB did not suspend the loan disbursement when it became obvious that the ADB violated its own policies during the project. During the inspection policy review process, NGOs demanded that the Panel should be empowered to recommend the suspension of loans even when the inspection is in progress, because some cases may require immediate attention to address problems of affected communities. In the Samut Prakarn case, more than 90% of the project construction was completed when the inspection was over; it became too late to change the project design thus undermining the effectiveness of the Panel's recommendations.

The new policy, however, still does not say anything about loan disbursement. The new policy only states that after the investigation, the Panel will make recommendations including any remedial changes in the scope or implementation of the project.

Further Steps to Prevent the Negative Impacts of ADB Projects

Though there are a number of improvements in the new Accountability Mechanism, the mechanism itself will not be enough to prevent negative impacts caused by the ADB-funded projects. Further steps must be taken to enhance the social and environmental performance of the ADB, including the transparent implementation of the mechanism, addressing the shortcomings of the mechanism, institutional reforms of the ADB, and strong and effective monitoring from civil society.

Transparent Implementation of the new mechanism: While the review of the Inspection Policy was conducted in a transparent manner, the effectiveness and reliability of the mechanism rest on how the Accountability Mechanism will be implemented. NGOs have suggested that the new mechanism should have a committee or a forum consisting of representatives of each sector to enhance communication with external stakeholders, but this proposal was not incorporated into the new policy. There is still room, however, for NGOs and peoples organizations to influence the implementation of the policy, including the selection of the Panel/SPF and establishment of the operating procedures for both phases. The ADB should ensure that these processes are as transparent and participatory as the policy review process was. In particular, the SPF should be selected by and work in consultation with civil society organizations, because the institutional arrangement of the SPF (i.e. s/he is appointed by and reports to the President) will not ensure the independence and credibility of the SPF.

Leadership of the President: Even if the new mechanism is an improvement over the previous mechanism or similar mechanisms in other IFIs, the implementation is left to the ADB and external stakeholders, and the leadership of the President is one of the keys for the successful implementation of the mechanism. Traditionally ADB Presidents have been reluctant to strongly lead the institution, and have seen their role as a mediator in the culture of consensus-based decision-making in this 'Asian' organization. In the Samut Prakarn inspection case, the president failed to exercise his leadership when the Thai government objected to the Panel's site visit and Board opinion split between the South and the North.

Responsible organizations need leaders who hear the people's voices and guide their institutions. The ADB president is playing a key role as the chief executive of ADB Management and the chair of the Board of Directors. The newly introduced consultation phase requires a more active role of the president, as it is the president who makes decisions on the remedial measures recommended by the SPF. Lack of means of enforcement in the new mechanism, i.e., suspension of loan disbursement, can also be addressed if the President exercises his leadership in making decisions to suspend loans in cases which require urgent

actions to be taken.

Educating ADB Staff: It is ADB staff that actually design, appraise and implement the ADB loan projects. Even if the Panel/SPF is independent and recommends solutions that people demands, the implementation of these recommendations is in ADB staffs' hands. Educating and training ADB staff regarding the negative impacts caused by ADB loans and the importance of accountability will help make operations of the Accountability Mechanism more effective. The staff should also be given incentives to avoid negative impacts from the projects they fund.

Strengthening Civil Society: As described in the beginning of this article, the inspection mechanism was established as a result of civil society's struggles against destructive projects funded by international financial institutions. It is also true for the ADB. NGOs and people's organizations have made tremendous efforts in both inspection cases and in the review of the inspection policy. The new mechanism is the result of this strong effort to establish the accountability of the ADB and bring justice to affected communities. The case of Samut Prakarn showed that local people, local NGOs and international NGOs can work together against giant organizations like the ADB.

Critical flaws remain in the Accountability Mechanism that carry the potential to undermine the entire process, i.e. the right of governments to reject site visits and the lack of measures to stop loan disbursements. Without persistent and active monitoring, both of projects in the pipeline and those already under way, we will continue to see disasters caused by the ADB. While civil society has had some success in bringing about this new Accountability Mechanism, it may also be up to civil society to make sure that it works.