PART – X: Complaints Handling And Anti-Corruption Strategy

1. BPN will ensure that project implementation and use of funds are free of corruption through: mechanisms incorporated in project design; strengthening internal controls, and enhancing the release of information about all aspects of project implementation. Internal controls will be strengthened by adopting general safeguards for procurement and financial management. In addition, the following specific mitigation measures will be undertaken: (i) enhanced disclosure provisions; (ii) prevention of forgery, fraud and collusion through the standardization of procurement and financial management processes and documents; (iii) development and monitoring of service standards for the issuance of land titles; (iv) partnership with the Civil Society for the Community-Driven Adjudication (CDA) and independent oversight and feedback; (v) robust complaint handling mechanisms with sanctions in place for corruption, collusion, and nepotism; and (vi) financial accountability through strengthened internal controls on project implementation and payment validation.

2. Mitigation measures

The standard measures to improve procurement and financial management are provided in Part VII and VIII of this document. The specific mitigation measures which would be utilized to reduce corruption are presented below.

3. Enhanced Disclosure Provisions. To facilitate external review in general, BPN will pursue an enhanced disclosure policy. It will:

- Make publicly available financial audit reports and the mid-term review of components implemented by BPN;
- Make publicly available all annual procurement plans and schedules;
- Make publicly available all bidding documents upon requests;
- Make publicly available all short lists of consultants and, in cases of pre-qualification, lists of pre-qualified contractors and suppliers;
- Disclose to all bidders and parties submitting proposals for specific contracts, promptly after the notification of award to the successful bidder/consultant, the summary of the evaluation report;
- Allow representatives of the end-users of the goods or works being procured to attend the public bid openings;
- Make available a list of all contracts awarded in the three months preceding the date of such request in respect of a project, including the name of the contractor/consultant, the contract amount, the number of bidders/makers of proposals, and the procurement method followed and the purpose of the contract.

The project will hold meetings, open to the general public for:

- launching each new project cycle, to popularize the project concepts, explain objectives, detail scope and obtain direct feedback prior to implementation;
• progress reporting, at least once, mid-way through the implementation of each cycle;
• handover/accountability at the end of each implementation cycle.

These meetings will be held at province level and kabupaten level. Consultants and contractors must attend these meetings as presenters. Invitations to these meetings should be provided to the local CSO/NGO forums at least one month beforehand.

The Multi-donor office in Banda Aceh houses an Information Center. The project will prepare spare copies of relevant public information materials, progress reports and audit reports for display and dissemination at this Center.

4. Prevention of Forgery, Fraud and Collusion through Standardization. The largest expenditure category under the project would be “Title Development Costs”, including costs of surveying, transport costs and allowances of adjudicators, and land recording and titling. These activities will be systematically replicated at various locations and are, therefore, amenable to standardization. Some of the standard procedures the project would consider are:

• Agreement on the standard wording of advertisements (no changes to be allowed in general provisions during implementation except for provisions specific to a particular procurement).
• Agreement on the list of newspapers, with nation-wide circulation, in which specific advertisements will be placed. The idea is to advertise in national newspapers systematically, removing geographic and other restrictions, permitting greater competition among suppliers.
• Agreement on all standard bidding and contract documents (including for NCB, NS), and request for proposals (for consultancy services), including an agreement that no further changes can be made in the documents without the Bank’s prior approval.

5. Service Standards Development and Monitoring. For the land-related services BPN land offices continue to provide, service standards will be developed and BPN’s performance of these service standards will be monitored. The monitoring of service standards will assist to reduce opportunities for corruption because of greater transparency and greater comparability across locations. BPN agrees to send the surveying and adjudication teams no later than 30 days after the completion of the Community Driven Adjudication, and issue the land titles after 90 days. Also, as part of the public notification process, the list of landowners in each community will be made publicly available. This will list all people who would receive titles, permitting the beneficiaries to find out the status of their application for a title (subject to any privacy consideration).

6. Costs for Land Titles. Since MoF is to exempt tsunami-affected victims from all fees and taxes, all services provided to the beneficiaries will be done free-of-charge. This will be monitored throughout the project.
7. **Civil Society Oversight and Feedback.** Because procurement of goods and services is vulnerable to corrupt practices, procurement committees in BPN for project related activities will include a representative of BRR and an external (non-governmental) member. In addition, for systematic land titling where 70 percent of project expenditure is planned, civil society oversight and feedback will be maintained through the adjudication teams (AT).

Space will be made available for CSO/NGO representation to join project supervision missions. The CSO/NGO representation will be approved by at least one of the acknowledged CSO/NGO forums based in Aceh province, and be asked to report back to them.

A short, routine updates will be required for the project. These updates will be available from the Information Center and distributed as photocopies and by email.

The team will hold routine meetings with related agencies and civil society organizations in order to explain project progress.

Civil society oversight and feedback will be especially important for the strong groups in society (including TNI and GAM) from pressuring weaker members from society from giving up land.

8. **Complaints Handling Mechanisms and Use of Sanctions.** In the project management structure, a sub-unit within the PMU, will deal with all compliance issues. This sub-unit will ensure that all complaints are recorded and results of the investigations maintained for review. This sub-unit will deal with all complaints related to LMPDP and the RALAS projects. It will establish a reasonable time for dealing with complaints and seek explanations when delays are unreasonable. Anonymous complaints will be treated in the same way as those that can be traced, and in all cases the sources will be kept strictly confidential. It will maintain a hot line and a postal address to make it easier to make complaints. When appropriate, the sub-unit will refer cases to the internal auditor, BPKP (state auditor) or to the Police. If a case is not resolved to the satisfaction of the Bank, it will be reviewed by BPKP who might refer it then for further review by the Office of the Attorney General. The project will engage independent entities annually to undertake technical reviews and identification of lessons learned, monitor service standards of land offices, and report misconduct of adjudication teams.

It is foreseen that a joint complaints handling system for MDTFANS projects. The project-based system will feed into the larger system, and get information from the larger system thus helping ensure greater objectivity in the recording, referral and tracking of complaints handling.

The project management will open their accounts to any special inspections and audits as agreed between the MDTFANS/donor team and relevant agencies, such as the BPK, BPKP and KPK (Anti-corruption Commission). Results of inspections may be made
public. Periodically the Information Center will issue statements concerning progress of audits, investigations and follow-up, including details of any sanctions.

9. **Financial Accountability through Strengthened Internal Controls on Project Implementation and Payment Validation.** Financial accountability for project expenditure will be enhanced by incorporating strengthened internal control procedures, in particular for documenting completion of project activities and validation of payments. In order to help reduce risks of fraud and collusion, existing internal control procedures for each kind of activity, project expenditure and corresponding payment validation procedures will be strengthened based on the following principles:

(a) Payments to Adjudications teams will be supported by an evidence of number of titles issued by each teams.

(b) For technical assistance, workshop and training activities, the unit receiving training will be required to certify satisfactory completion before training expenses are fully paid to the external provider. Direct evidence of training imparted, details of participants and expenses documentations for travel incurred will be required before payments to contractors or vendors are authorized (details are included in the Financial Management Manual).

(c) Documentary trails required for completion of project activities and claims for expenditure will be specified.

Appropriate training, certification and supervision will be required for key officials (in procurement, administration, financial management and disbursement). Similar training will also be extended to civil society organizations that wish to monitor projects.

The Project staff will endeavor to harmonize the efforts above with those of other, and ensure that feedback from communities and civil society reaches the attention of decision makers in government in a timely fashion.