



**ADB ACCOUNTABILITY MECHANISM
COMPLIANCE REVIEW PANEL**

CRP MONITORING PROGRESS REPORT

**TO THE BOARD OF DIRECTORS
ON IMPLEMENTATION OF REMEDIAL ACTIONS ON THE INSPECTION REQUEST**

**ON THE CHASHMA RIGHT BANK IRRIGATION PROJECT (STAGE III)
(ADB Loan No. 1146-PAK [SF])
IN THE
ISLAMIC REPUBLIC OF PAKISTAN**

17 March 2005

I. INTRODUCTION

1. On 19 August 2004, the ADB Board of Directors mandated the Compliance Review Panel (CRP) to monitor the implementation by ADB of the Board's decision on the request for inspection¹ on the Chashma Right Bank Irrigation Project (Stage III). This is a unique monitoring mandate for CRP as the monitoring does not arise from a request for compliance review under the ADB Accountability Mechanism. After 6 months, the CRP provides this report to the Board to give information on the progress of its monitoring in the implementation of the remedial actions. In accordance with paragraph 48 of the CRP's Operating Procedures, the CRP has finalized this report in consultation with the Board Compliance Review Committee.

II. ACTIONS TAKEN BY THE CRP

2. The CRP had meetings with the ADB President, the Board member representing Pakistan, other Board members, and Management and staff during the preparation of a draft terms of reference (TOR) for monitoring. The CRP was informed that the Vice President (Operations 1) is the focal point for Management for implementing the remedial actions, with the Director General, South Asia Department responsible for the day-to-day activities.

3. The CRP posted its draft TOR on the CRP website for comments and information by interested parties on 28 September 2004. The draft CRP TOR was in 2 main parts following the Inspection Panel's recommendation as approved by the Board; one with specific remedial actions relating to the Project, and the other with general remedial actions applying to all ADB-assisted projects. As there were no comments by interested parties to the draft TOR by the end of the deadline for comments, the TOR was finalized on 13 October 2004.² The CRP noted that ADB has not reached complete agreement with the Government of Pakistan (GOP) on the remedial actions specific to the Project in Annex 4 of the TOR.

4. Since October 2004, the CRP has met and communicated with various NGOs as well as other stakeholders from Pakistan, including the requesters who have disengaged themselves from their role as requesters in the inspection process.³ The CRP also had follow-up meetings and communications with the Vice President (Operations 1); the Director General, South Asia Department and staff; the Board member representing Pakistan; and other Board members.

¹ ADB Document R116-04 dated July 2004 – the Board Inspection Committee's Report and Recommendation to the Board on the Request for Inspection on the Chashma Project – is available at http://www.adb.org/documents/inspection/pak/chashma_irrigation/text.pdf. The Inspection Panel's recommendation is available at http://www.adb.org/documents/inspection/pak/chashma_irrigation/appendix2-panel-recommendations.pdf. The Inspection Panel's Report is available in the CRP Registry on the Chashma Project Monitoring at <http://www.compliance.adb.org>.

² Available at [http://www.compliance.adb.org/dir0035p.nsf/attachments/2004-CRP-Chashma_Monitoring-2.pdf/\\$FILE/2004-CRP-Chashma_Monitoring-2.pdf](http://www.compliance.adb.org/dir0035p.nsf/attachments/2004-CRP-Chashma_Monitoring-2.pdf/$FILE/2004-CRP-Chashma_Monitoring-2.pdf).

³ The CRP was informed by e-mail dated 12 October 2004 that the original inspection requesters had decided to disengage themselves from their role in the process, available at <http://www.compliance.adb.org/dir0035p.nsf/alldocs/JCMA-65J98T?OpenDocument>.

III. STATUS AND NEXT STEPS

5. Three ADB missions to Pakistan were fielded, in October and December 2004, and February 2005 to discuss with the GOP a comprehensive action plan to address outstanding problems. These were followed-up through correspondence with Government officials. Despite these efforts, a complete agreement on remedial actions has not been reached. Such an agreement could allow for an extension of the loan closing date and utilization of surplus loan proceeds to address the most significant of the remaining problems in the Project. In parallel with ongoing negotiations on the comprehensive action plan, loan closing date extension,⁴ and utilization of surplus loan proceeds, preparatory work has been progressing on the Environmental Management Plan and the Hill Torrent Management Plan. Government payment for acquired land under the Project is continuing.

6. The CRP has been informed that Management is paying serious attention to the implementation of the decision by the Board on the Project and is planning follow-up missions in early 2005. Vice President (Operations 1) is scheduled to lead one mission and will, in April 2005, provide the CRP with an update on the outcome. The CRP will, in cooperation with the GOP, seek to arrange a site visit to fulfill its monitoring mandate. Management will, also in April 2005, provide the CRP with a report on the progress of general remedial actions.

7. The CRP will regularly follow-up with Management and staff on the assurances given. The CRP will also provide the Board with an annual monitoring report in August 2005.

/S/ Augustinus Rumansara
Chair, Compliance Review Panel

⁴ As the loan closing date expired on 30 September 2004