

## PANEL'S RECOMMENDATION

### I. Recommendation

Based on the issues and findings set forth in this Report, the Inspection Panel recommends that:

(i) ADB discuss with the Government of Pakistan the possibility of extending the Project completion date and utilizing surplus loan proceeds to address the most significant of the remaining problems in the Project, as described in this Report. Assuming agreement with the Government on extension of the Project completion date and utilization of surplus loan proceeds, remedial actions for such problems are to be carried out in accordance with currently applicable ADB requirements, including full participation of the affected communities and their representatives, full compensation for any losses and restoration of livelihoods of communities and households that have been adversely affected, assessment of the environmental and social impacts of any new construction work or major changes in the water management regimes for the Project, and monitoring and evaluation by an independent entity acceptable to all parties;

(ii) ADB discuss with the Government of Pakistan arrangements to ensure long-term funding (i.e., for at least five years) for the implementation of a full Environmental Management Plan for the Project, following preparation of a full Environmental Impact Assessment of the Project, so that a long-term approach can be adopted and meaningful consultative and participatory processes carried out;

(iii) agreement between ADB and the Government on the matters described in items (i) and (ii) above, including any timetables, be captured and carried out as legally binding obligations upon the parties;

(iv) with respect to ongoing and future large-scale canal irrigation projects of ADB, ADB ensure that appropriate, reliable, transparent and participatory mechanisms are in place, so that the requirements under ADB's Policy on Involuntary Resettlement and Anticorruption Policy, specifically with regard to the following, can be carried out:

(a) adequate compensation for land acquisition on a land-for-land basis or, when not possible, on a cash compensation basis at levels that enable the affected households to buy land of equivalent value;

(b) any issues relating to corruption; and

(c) the borrowing country's carrying out of any resettlement in accordance with requirements under ADB's Policy on Involuntary Resettlement; and

(v) ADB ensure that (a) sufficient ADB human resources are available to ensure a satisfactory level of support for, and monitoring of, the implementation of any resettlement plans, environmental management plans or other measures required under ADB's safeguard policies; and (b) ADB staff are aware of their duties and obligations in the formulation, processing and implementation of ADB-assisted projects pursuant to ADB's operational policies and procedures.