

Chashma: A Case Study in Compliance¹

By Olivier Serrat and Maria Christina Dueñas

- Even good projects engender complaints.
- ADB's Accountability Mechanism provides an independent forum through which people claiming to be adversely affected by ADB-assisted projects can raise issues with ADB and request the review of a project's compliance with ADB's operational policies and procedures. The Accountability Mechanism consists of two separate but related functions, a consultation phase and a compliance review phase.
- The experience with the Chashma Right Bank Irrigation Project (Stage III) in Pakistan generated valuable advice on the conduct of compliance review.

ADB's Accountability Mechanism Policy

The Accountability Mechanism Policy of the Asian Development Bank, approved in 2003, offers a forum whereby people claiming to be adversely affected by ADB-assisted projects can raise issues with ADB and request the review of a project's compliance with ADB's operational policies and procedures. It replaces ADB's 1995 Inspection Function Policy.

The Accountability Mechanism has two separate phases—the consultation or problem-solving phase handled by ADB's Special Project Facilitator; and the compliance review carried out by an independent panel known as the Compliance Review Panel. This panel investigates whether any harm suffered, or that might be suffered, by intended beneficiaries is caused by ADB's non-compliance with its operational policies and procedures. If so, the panel recommends remedial actions to the Board of Directors of ADB. The panel also monitors implementation of Board-approved remedial actions and provides annual monitoring reports for a period of at least 5 years.

The Chashma Right Bank Irrigation Project (Stage III)

The Chashma Right Bank Irrigation Project (Stage III) was approved in December 1991. It was the third and final stage of a project designed to irrigate 230,000 hectares (in total in three stages) of semiarid land in the North-West Frontier and Punjab provinces of Pakistan by diverting water from the Indus River at the Chashma Barrage. Stage I and II were completed in 1986 and 1992, respectively, and work on Stage III commenced in September 1993.

In November 2002, a request from five nongovernment organizations representing people claiming to be affected by the third stage of the project was filed with the Board Inspection



Assembling the pipeline for the construction of drainage facilities

ADB photo library

Committee. The claimants posited that ADB had breached its operational policies and procedures in formulating and processing the project and that this had resulted in material adverse effects on Chashma inhabitants. The issues raised included project-induced flooding and involuntary resettlement; inadequate compensation for loss of land, other assets, and livelihoods; adverse impacts on traditional *rod kahi* farmers; and insufficient information for, consultation with, and participation of intended beneficiaries.

ADB's Response

The Inspection Panel began its investigations in 2003. It examined the request, ADB Management's response, and project-related documents. It also conducted personal interviews with individuals *au fait* with the project, i.e., present and former ADB staff, consultants, government officials, the Chairman of the Grievance Redress and Settlement Committee, the claimants, and villagers.

By August 2004, the Board had approved the Inspection Panel's recommendations and instructed the Compliance Review Panel to monitor the implementation of the said recommendations. These recommendations—numbering 16 remedial actions directly related to the project and two more general in nature—were designed to bring the project back into compliance and address concerns raised by the claimants, including providing domestic water supply for landless communities using ground and canal water; completing tail watercourses; improving access by local communities; and preparing an Environmental Management Plan. The recommendations became the basis of the panel's compliance monitoring.

After 5 years of monitoring, the panel concluded that ADB had substantially complied with the recommendations. Taking into account the limitations imposed by the security situation *in situ*, the panel recommended that no further monitoring was necessary.

¹ This Knowledge Showcase is based on a case study provided by ADB's Office of the Compliance Review Panel.

Learning from Experience

The panel considered that ADB's actions, including regular monitoring by the panel, contributed to bringing the project into compliance. Insights included:

Importance of Early Compliance: The most effective approach to compliance is for ADB Management to specifically address the implementation of ADB's environmental and social safeguards at the earliest stages of a project. The fact that inspection was carried out in the later phases of the third stage of the project made its return to full compliance difficult and costly. By then, much of the work had already been completed so the corrective measures recommended by the Inspection Panel were difficult to integrate into the overall project design, much more implement.

Monitoring of General Recommendations: To support the principle of compliance review, the panel may need to issue general recommendations for improving policy compliance and accountability. However, these recommendations should be directly related to compliance and not impinge upon standard project administration rules and procedures. The panel is to propose general recommendations to the Board only when they are warranted by the compliance review. Also, the panel may not necessarily monitor general policy recommendations as part of the annual monitoring.

Monitoring Project-Specific Recommendations: The Board also approved project-specific recommendations that the panel considered justified, though some were directed more at improving project implementation and administration than at

compliance. In the future, when the panel proposes project-specific recommendations, it will make a distinction between those directly related to policy compliance and those essentially about project administration.

Constraints of Limited Access and Disengagement of Claimants: The claimants disengaged from the inspection as early as March 2004. This was compounded in 2007 by the panel's inability to conduct visits to the project site for security reasons. The panel acknowledged that lack of access to the project site and lack of engagement by the claimants may have affected the depth of its monitoring.

Government Support for the Compliance Process: The panel noted that implementation of remedial actions to correct any issues of non-compliance in a project may entail additional time—and possibly additional costs. The panel assumes that the borrower may incur costs related to implementation of Board-approved recommendations. In the case of the third stage of the project, the panel commended the same for its productive engagement with ADB's operations department to implement the Board-approved recommendations.

Management Role in Monitoring: The successful monitoring achieved under the Project would not have been possible without the support and cooperation of ADB Management and staff, particularly staff from the ADB regional department concerned (i.e., the Central and West Asia Department). Future improvements could include the institutionalization of panel-ADB staff meetings at the beginning and end of a monitoring period to address expectations and priorities and to capture lessons.

For further information, contact

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Related Links:

- ADB Accountability Mechanism. Available: www.adb.org/documents/policies/adb_accountability_mechanism/default.asp
- Compliance Review Panel. Available: <http://compliance.adb.org/>
- Chashma Right Bank Irrigation III. Available: www.adb.org/projects/project.asp?id=24268
- Monitoring Reports – Chashma Right Bank Irrigation Project. Available: <http://compliance.adb.org/dir0035p.nsf/alldocs/rdia-7YY8H8?opendocument>

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