

Dated: 25 February 2003

Mr. Stephen Sedgwick,  
Chairperson of the Board Inspection Committee,  
Asian Development Bank,  
Manila.

**Subject: The Chashma Inspection Request**

Enclosed with this letter is the Second Supplement to the Chashma Inspection Request filed on November 25, 2002.

We consider that the GRSC and the compliance review are two separate and different issues. This is also clear from the emerging direction of the on-going inspection review process. Management promotion of the GRSC is simply an effort to distort the issues at hand, as the GRSC does not address the issues of accountability and policy compliance of the ADB Management. In the Requesters view, the GRSC is an effort to block their demand for policy compliance and accountability. If Management views on the GRSC prevail, it would definitely lead to weakening the policy compliance and accountability mechanisms in future.

We strongly believe that the ADB Management did not comply with the relevant Bank's policies and procedures. We have already provided the analysis of specific nature and points of policy breaches and subsequent material harm to local communities. Most vivid example of policy breaches is the non-compliance with the Bank's Policy on Supplementary Financing. An additional reason for emphasizing the violation of this particular policy is the already available judgement of the Board Inspection Committee (BIC) with regard to the Samut Prakarn Inspection Request. Nonetheless, only an inspection i.e. compliance review will reveal the full extent to which the Bank's policies and procedures were not complied in the case of CRBIP.

The Inspection Function is a forum for project affectees to appeal to an independent body regarding the ADB's compliance with its own policies and procedures so that the institution is made accountable to stakeholders. The rationale of the Inspection Function is to improve accountability, transparency and quality of ADB's operations. The CRBIP case is clearly an instance where this accountability is needed.

Despite the fact that the Requesters consider the GRSC and the compliance review and accountability two separate and different issues, they are filing their assessment of the GRSC and its potential effectiveness in future so that the BIC could be informed of our objections on this flawed mechanism and process.

With the best regards,

Mushtaq Gadi

(On the behalf on the Requesters).