

TATA Mundra

Abusing Power

“As fisherfolk in the area have not been considered as people affected by the Project, they have not been adequately consulted, potential impacts have not been identified, no baseline data has been collected, and no monitoring system has been established which would allow to assess impacts, especially a potential decline on fish catch.”

Compliance Review Panel of Asian Development Bank (March 2015)

“CAO finds that IFC's review of its client's E&S assessments was not “commensurate with...risk” in relation to fisher people seasonally resident on bunders as required by the Sustainability Policy. “

Compliance Advisor Ombudsman of International Finance Corporation (August 2013)





Tata Mundra Project (Coastal Gujarat Power Limited – CGPL - a subsidiary of Tata Power), is a 4,000 megawatt power plant developed on over 1250 hectares of land near the village Tunda-Wand, close to the port city of Mundra on the coast of Gulf of Kutch in Kutch district (India's largest district with an area of 45,652 km²) of Gujarat state. This is one of the first Ultra Mega Power Projects (UMPP) using 'supercritical steam' technology, claimed to be an energy-efficient coal-based thermal power plant.

A consortium of banks, including multilateral agencies and ExIm banks has invested in this USD 4.14 billion project. External Commercial Borrowing (ECB) includes the International Finance Corporation (IFC), the Asian Development Bank (ADB), the Export-Import Bank of Korea, Korea Export Insurance Corporation, and BNP Paribas. National financial institutions (NFIs) involved are State Bank of India, the India Infrastructure Finance Company Ltd.,

Housing and Urban Development Corporation Ltd., Oriental Bank of Commerce, Vijaya Bank, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Travancore, and State Bank of Indore.



The northern shore/coast of the Gulf of Kutch – where Mundra is located – has been witnessing large-scale industrialization in a little over the last decade. Adani Group's Special Economic Zone and India's largest private-sector port with coal terminals are located in this district. The same group is also building a huge 4,620 MW coal-based thermal power plant within the SEZ area, several units of which are already operational. In nearby Bhadreshwar, OPG Group is facing strong local resistance to their coal-fired thermal plant. Thus, in a little more than a decade, the once-thriving rural economy of fishing, salt-making, animal husbandry, agri/horticulture has been left to face up to impacts of pollution, changes in land-use, displacement, and denial of traditional rights.

CGPL was conceived with the tenet of taking care of huge electricity deficits in India by providing “cheap and reliable” electricity. It entered into Purchasing Power Agreement with five states of Gujarat, Maharashtra, Rajasthan, Haryana and Punjab to improve energy accessibility to rural and urban areas, while reducing subsidy burdens on state governments. The logic of locating such a huge coal-fired power plant in a rich, fragile and sensitive coastal zone of Kutch is the potential availability of high quality (low ash) and 'cheap steam coal' from Australia, Indonesia and South Africa. Coal for CGPL comes from Indonesia, and a price revision of coal exported out of Indonesia a couple of years back has made the Tata Plant at Mundra economically unviable.





ADB Compliance Review Panel Findings

Machimar Adhikar Sangharsh Sangathan (Association for the Struggle for Fishworkers' Rights) filed a complaint to CRP in October 2013. After a thorough investigation, the final audit report was published in March 2015.

CRP found several areas of noncompliance with ADB operational policies and procedures:

CRP noted failure to conduct adequate and comprehensive consultations with fisherfolk during initial project design phase and consider their views in assessing project impacts.

CRP found noncompliance with ADB operational policies and procedures for thermal and chemical pollution of wastewater discharged through its outfall channel leading to harm people fishing on foot.



CRP reported noncompliance with air pollution standards, and unless continued violations of prescribed air standards were not checked or brought into compliance, further harm would result.

CRP also found noncompliance with ADB operational procedures and resulting harm by not surveying and compensating people impacted by longer access routes to their traditional fishing grounds as plant premises now stood enclosed.

Management Response to the Draft Report

Management disagreed with CRP findings in relation to access restrictions to fishing grounds, and ambient air quality. It also was dismissive of CRP findings of fisherfolk not identified as project-affected community, inadequate identification of potential impacts, absence of baseline data and monitoring system to assess impacts, especially declining fish catch.

The colossal damage to people and environment

The Environmental and Social Impact Assessments filed by the company were deficient. The company also neglected identifying certain communities as project-affected.

The company failed to conduct a cumulative impact study, despite the presence of certain large-scale polluting industries in the vicinity.

The company failed to conduct adequate, meaningful, and informed consultations with the affected communities. This indispensable component was skipped.

The project violated its environmental clearance by destroying inland ecosystems. Large stretches of mangroves, dry-land forests, and biodiversity-rich creeks were destroyed for the construction of the inlet and outfall.

The project violated its environmental clearance by adopting a one-through cooling system. The project was permitted for a closed-cycle cooling system, but installed a cheaper, more environmentally destructive one-through cooling system.

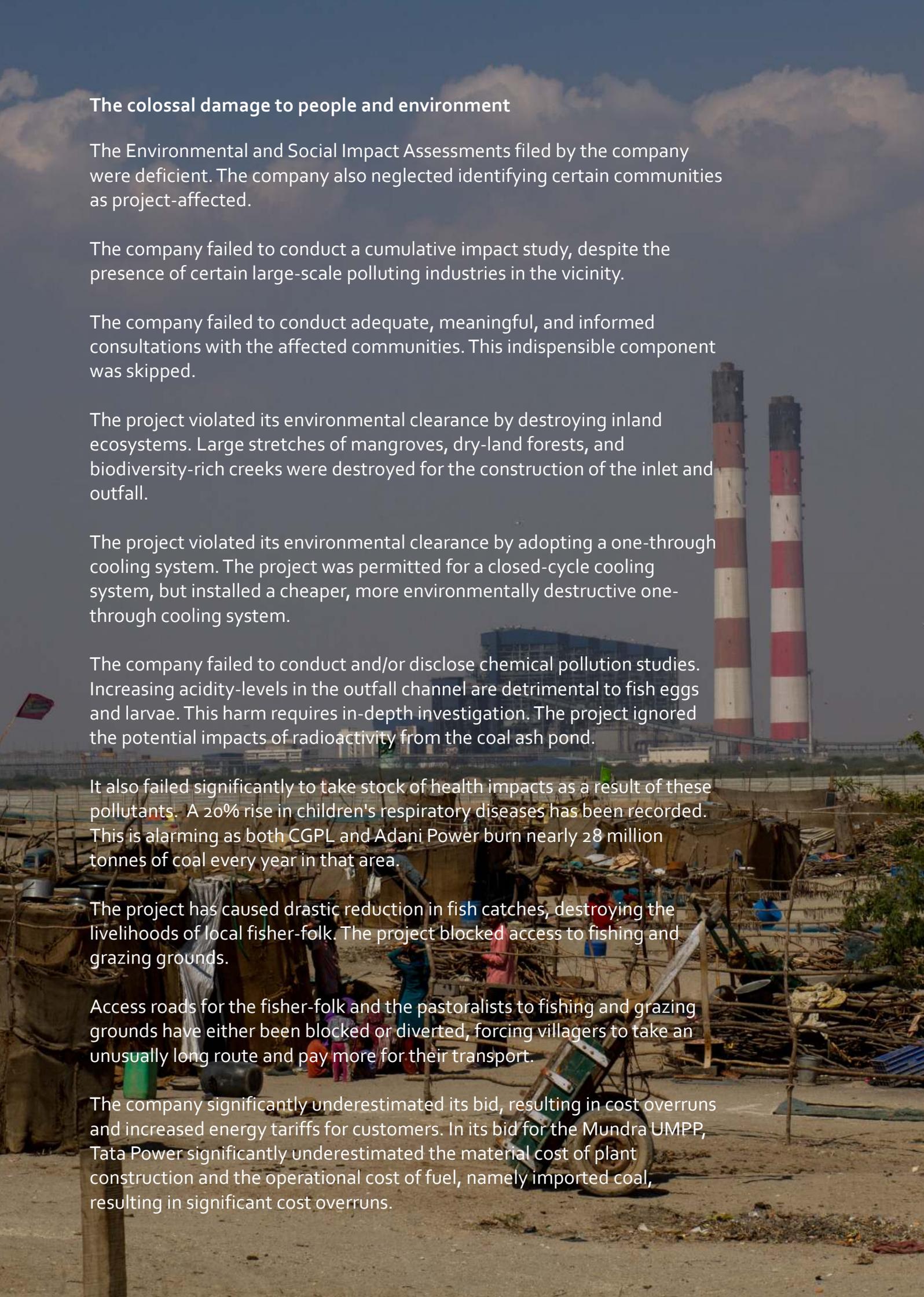
The company failed to conduct and/or disclose chemical pollution studies. Increasing acidity-levels in the outfall channel are detrimental to fish eggs and larvae. This harm requires in-depth investigation. The project ignored the potential impacts of radioactivity from the coal ash pond.

It also failed significantly to take stock of health impacts as a result of these pollutants. A 20% rise in children's respiratory diseases has been recorded. This is alarming as both CGPL and Adani Power burn nearly 28 million tonnes of coal every year in that area.

The project has caused drastic reduction in fish catches, destroying the livelihoods of local fisher-folk. The project blocked access to fishing and grazing grounds.

Access roads for the fisher-folk and the pastoralists to fishing and grazing grounds have either been blocked or diverted, forcing villagers to take an unusually long route and pay more for their transport.

The company significantly underestimated its bid, resulting in cost overruns and increased energy tariffs for customers. In its bid for the Mundra UMPP, Tata Power significantly underestimated the material cost of plant construction and the operational cost of fuel, namely imported coal, resulting in significant cost overruns.



Findings of IFC's Compliance Advisor Ombudsman

Communities lodged a complaint with the Compliance Advisor Ombudsman (CAO) in June 2011. After a two-year process, CAO published their findings in October 2013.

CAO validated major MASS complaints. It found that IFC committed serious supervision failures and significant policy breaches.

CAO confirmed that IFC did not adequately consider in its risk assessments seasonally resident fishing community and religious minority population to be affected by the project, which excluded them from the application of land acquisition standard, biodiversity conservation and other relevant policies to protect them.

CAO further pointed that IFC committed major shortcomings in fulfilling requirements to manage impacts on airshed and marine environment. Specifically, the investigation found that IFC did not ensure that its client correctly applied the 1998 WB guidelines for thermal power that restricted a net increase on emissions of particulates or sulfur dioxide within the airshed. On marine environment, CAO found the IFC did not have a robust baseline data on project impacts to marine resources, which constrained it from monitoring marine impacts.

CAO also found that IFC had not assured itself of plant's seawater cooling system in compliance with applicable IFC Environmental, Health and Safety (EHS) Guidelines. This failure aggravated risks to estuaries by the thermal plume from outfall channel.

CAO also confirmed the failure of IFC to conduct an adequate cumulative impact assessment. CAO stressed that IFC should have advised its client that environmental and social risks emerging from project's proximity and relationship with Mundra Port and Special Economic Zone should have been assessed by a third party, with mitigation measures developed.

In a Monitoring Report published by the CAO one year after their audit on January 14 2015, CAO concluded that actions reported by IFC were not sufficient enough to address the findings of the audit. CAO suggested a need for rapid, participatory and expressly remedial approaches to assessing and addressing projects impacts raised by the complainants. CAO noted that such measures were not well developed in IFC's reporting, which focuses on the commissioning of technical studies as well as corporate social responsibility measures implemented by the client, CGPL.

IFC's response and President Kim's inaction

IFC dismissed CAO findings in the audit. Essentially, they rejected expert findings, defended their project decision and their client and issued no remedial action. After a month of silence, World Bank President Kim cleared management response.

CAO found that wide range of problem of air pollution, contaminated water and destroyed marine resources is attributed to IFC. Kim, instead of addressing the findings, stood by his IFC staff and their client, CGPL, ignoring the plight of fishing communities adversely impacted by the deadly investment.

IFC's response to the Monitoring Report once again failed to address the key points raised by the Report, thus indicating a non-serious commitment to addressing the plight of the community direly threatened of their livelihood and exposure to deteriorating health risks.

IFC Sued in US Court on Tata Mundra

In a first of its kind case from India, the CGPL Project-affected fishing communities and farmers from and around Mundra in Kutch district and represented by EarthRights International (ERI) filed a suit against the International Finance Corporation (IFC), the private-lending arm of the World Bank Group, which has funded the CGPL. The plaintiffs allege a direct correlation by IFC's funding to their loss of livelihoods and contaminating their water and land. The complaint filed in the Federal Court in Washington DC in April 2015 clearly underlines how these affected communities have had to face up to hardships and adversities living in the shadow of the plant. Be it declining fish catch due to thermal plume through the outfall channel, coal ash deposits on fish kept out for drying, on salt pans and on horticultural products, or the compounding impacts of these on health, especially the children and the elderly, the plaintiffs unanimously allege that IFC's goals of reducing extreme poverty have only exacerbated for them.

Despite unprecedented and irreversible impacts of the Project categorized under 'A' (implying by the IFC themselves, monitoring, supervising or enforcing stern adherence to its operational guidelines, IFC has shown leniency to the point of apathy. When Compliance Advisor Ombudsman (CAO), accountability mechanism within the IFC, published its scathing audit report on how the IFC failed in its binding conditions for the loan in October 2013, IFC was only dismissive of the findings. When the Monitoring Report was put forth by the CAO earlier this year, IFC's response was anything but elusive. The suit was filed at a time when the ground realities had become too damaging, and the plaintiffs finally having to seek compensation for harm to property and economic livelihoods, and ask the Court order the IFC to enforce the provisions of the loan agreement, thus protecting the local communities and environments from any future harm.

From the very beginning, IFC had identified “improper mitigation or insufficient community engagement” as having the potential to trigger “unacceptable environmental impacts” and despite this foresight by the IFC itself, the steps taken towards mitigation were found wanting, in gross violations of internal policies and standards. IFC blatantly supported its decision to fund the client, CGPL, when damages to the rich, fragile and sensitive ecosystem could very well have been mitigated if only compensatory, remedial and preventive measures were to be considered in all its seriousness. But, nothing of the sort crossed the mind during the time when the Project was getting constructed full steam, and ever since when damages are irreversible.





Resources:

Machimar Adhikar Sangharsh Sangathan: <http://masskutch.blogspot.in>

Centre for Financial Accountability: <http://www.cenfa.org/tata-mundra-ultra-mega-project/>

CRP Report: <http://goo.gl/N6e6hQ>

CAO Audit Report (2013): <http://goo.gl/Gwbmhg>

CAO Monitoring Report (2015): <http://goo.gl/Tb6Sbt>

Case against IFC for their financing Tata Mundra: <https://goo.gl/R6unCX>



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