INDIA'S EXPERIENCE WITH INDEPENDENT ACCOUNTABILITY MECHANISMS: CASE STUDIES

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Index

Foreword

25 years of Inspection Panel has a special significance for India, having played a key role in its formation. As in the case of all safeguard and other policies, the independent accountability mechanisms (IAMs) of multilateral development banks are also a result of the valiant struggle fought by the communities affected of various projected financed by these institutions. Particularly the struggle led by Narmada Bachao Andolan since late '80s demanding a review of Sardar Sarovar (Narmada) dam for its social, environmental and economic costs leading to the formation of Independent Review (first time in World Bank's history) was a watershed moment in the history of struggles against international financial institutions.

Looking back the two and a half decades of India's experience of IAMs is a good occasion to see their effectiveness in serving as a genuine mechanism to address affected communities grievances and upholding and protecting their rights against might of state, corporations and powerful financial institutions.

The past years there have been nearly 900 projects approved by just three institutions – World Bank, International Finance Corporation and Asian Development Bank. The total number of complaints registered with respective IAMs during this period was 40. What was the result of each of these cases is another factor to look into. However, less than 5% of complaints cannot be because the projects were devoid of problems. Documentation of the impacts of various projects the past years prove it otherwise.

The onus of figuring out financing of one of these institutions in the project affecting them, understanding the contours of each of their policies and developing a comprehensive complaint within the parameters set is with the affected communities. These communities often never had an opportunity to know the financing of international institutions, never consulted before the project was approved and mostly far from the world of websites and English language. Thus, the design and structure of these IAMs are loaded against the ones, in whose name it is set up.

Experiences of cases where IAMs involved previously is yet another deterrent for people to approach them. Findings of IAMs in some cases raise the fundamental misses and violations in a particular project. Yet, IAMs do not have mandate to recommend actions and leave that to the management, whose omissions and commissions lead to the complaint, to suggest actions based on the findings. As in the case of Tata Mundra those action points developed by the management never address the fundamental problems of the project, doing so would discredit what they have done with the project right from its approval.

Never did the findings of the IAMs - sometimes lack of consultations, some other times erroneous social and environmental impact assessment, leading to wrong mitigation plans - led to holding of any staff or consultant accountable for not doing their job diligently resulting in, in most cases, irreversible damages to communities and environment.

This is a compilation of 6 prominent cases from India to different IAMs. Each one of them had different experiences and results. These are reminders to us that while these are tools for communities to highlight the violations of their rights, one needs to go beyond IAMs for holding international financial institutions accountable.

Joe Athialy
Centre for Financial Accountability

Sardar Sarovar (Narmada) Project

The Project

The Sardar Sarovar Dam and Power Project (SSDPP) was formalised under the aegis of Narmada Valley Development Plan, to harness the Narmada river system via a series of dams for irrigation, water supply and energy. The project comprised of, (i) the Sardar Sarovar Dam, (ii) a 1,200 megawatt (MW) riverbed powerhouse (RBPH), (iii) a 250 MW canal head powerhouse (CHPH), (iv) a canal system to irrigate 1.87 M ha in Gujarat and 70,000 ha in Rajasthan, and (v) a water supply system for about 30 million people in the drought-prone areas of Saurashtra and Kutch, which was to be implemented in various phases over a period of about 20 years. Phase I comprised: (i) the Sardar Sarovar Dam, (ii) the RBPH, (iii) the CHPH, (iv) the first 144 km of the main canal up to the Mahi River, and (v) a network of branch and distribution canals and drainage system to irrigate about 450,000 ha[1]. The SSDPP and the Water Delivery and Drainage Project were approved by the World Bank in March 1985 for $300 mn and were due to close in June 1995. The Ministry of Environment and Forests, Government of India gave conditional environmental clearance in 1987.

The project was prepared by the Narmada Planning Group (NPG) with assistance from the United Nations Development Program (UNDP) and the Bank. The Narmada Development Department, in charge of project implementation, prepared detailed designs and cost estimates for the major project structures. Appraisal took a lengthy 17 months (March 1983 to August 1984) and several World Bank missions. At no stage there were public consultations and affected communities remained ignorant about Bank's financing of the project until many years late. Negotiations took place in November 1984 and Board Presentation at the Bank in March 1985. The Credit became effective in January 1986, nine months after Board approval, but construction was delayed till July 1987, pending environmental clearance from India's Ministry of Environment and Forests (MOEF). The project implementation schedule was revised in December 1989 with irrigation and power generation expected to start in July 1995, after dam construction had reached 112.5 m. The dam, with its spillway gates, was then expected to be fully completed by January 1998.

From 1989, a grassroots movement, under the aegis of Narmada Bachao Andolan, supported by many national and international non-governmental organisations expressed grave concern regarding unsatisfactory arrangements for the resettlement and rehabilitation (R&R) of the project affected families (PAFs) displaced by the project as well as for the project's broad environmental implications.

The commissioning of the Independent review

After not conceding to the demand for a long time, despite a concerted struggle locally and internationally, the President of the Bank finally commissioned an independent review (IR) of the project in September 1991. The ensuing report in June 1992 was critical of the Bank's and

[1] Preface iii, Project Completion Report, Narmada River Development Gujarat Sardar Sarovar Dam And Power Project, 1995,

the Borrower's performance, especially concerning R&R and environmental planning. The IR pointed out that the Bank had not followed its guidelines, and recommended that the Bank withdraw[2] from the project rather than continue with the financing of its planned implementation.

Following a review mission by the Bank in July 1992, World Bank management endorsed most of the IR findings but considered that the most promising course of action would be to take advantage of Government of India (GOI) agreement to link progress of dam construction to associated R&R requirements.

In October 1993, Management presented for the Board's approval a GOI action plan, which would address the issues, raised in the IR. The Board endorsed the plan, which included a commitment by Management to suspend disbursements if the GOI failed to meet specific performance benchmarks by March 31, 1993. Having failed to meet the conditions to improve the social and environmental performance, as a face-saver, just a day before the deadline to meet the conditions set by the Bank, GOI requested the Bank to cancel the remaining Loan amount (US$181.5 million of US$200 million). The IDA Credit (US$133.3 million) had been fully utilised by September 1992[3].

At the same time, the Executive Director representing India reaffirmed GOI's continued commitment to complete the project and to meet agreed R&R and environmental standards, something which remains unfulfilled till date. The project implementation schedule, revised in 1989, was never met.

Concerns regarding the Project

The major grievances of the persons affected by the project were raised by people's movements, covering several aspects that were unjust in not only the involuntary displacement.

1. Beginning with the objections to SSDP the primary contention was displacement of small farmers not receiving any resettlement and rehabilitation(R&R). Gathering momentum, the movement started pointing towards the serious environmental impacts that this entire network of dams and canal would have on the Narmada basin and the Gulf of Khambhat. The objections further criticised the underlying development model that this project symbolised[4]. The Bank in its legal documents for extending credit for this project put forth a number of guidelines to ensure appropriate R&R for displaced persons.

2. The project did not meet the needs of the tribal people whose land was to be inundated/ affected by the building of this canal since the 'ownership' of the project and the relevant appraisals that were necessary to be carried out were in the Banks opinion the responsibility of the Borrower i.e. Government of India[5].

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[2] Memorandum To The Executive Directors And The President, Project Completion Report, Narmada River Development Gujarat Sardar Sarovar Dam And Power Project, 1995,

[3] Ibid,

[4] Leaning from the Narmada, OED Precis Operations Evaluation Department, May 1995, pp 1

[5] Project Completion Report, Narmada River Development Gujarat Sardar Sarovar Dam And Power Project, 1995.

3. There was a breach of provisions of the Narmada Water Dispute Tribunal and Bank's legal agreements were evident by the lack of clear baseline information on the people to be affected; moreover, these people were not adequately consulted or informed of their resettlement options and rehabilitation packages.

4. The projects disregarded the environmental regulations of both India and the Bank. The environmental planning was at the most was piecemeal; "The 'pari passu' principal for doing environmental studies as construction proceeds undermines the prospect for achieving environmental protection."[6].

5. Major discrepancies in the hydrological data as utilised by the Independent Review later, and studies were done by consultants earlier to it both concluded that the project would not perform like it was planned. Stepwise increasing irrigation to the farmers, maintaining an adequate flow of the river downstream, encouraging farmers to still concentrate on monsoon crops and numerous environmental concerns related to the quantum of water collected and flowing down the course to the Gulf of Khambhat[7] all compound the evident lack of a proper environmental and social evaluation prior to the rollout of the project.

Intervention Of IAM | Process Of Engagement With Affected Communities

From 1989, many national and international non-governmental organizations expressed serious concern regarding unsatisfactory arrangements for the resettlement and rehabilitation (R&R) of the project affected families (PAFs) displaced by the project as well as for the project's broad environmental implications.

Because of the persistent demand by the affected population and their allies world-over, the Bank was forced to set up an Independent Review committee (Morse Committee). On 1 September 1991 the Independent Review of the Sardar Sarovar dam and irrigation projects in India commenced. They conferred with ministers and officials of the Government of India and of the Governments of Gujarat, Maharashtra, and Madhya Pradesh; met with non-government organizations and concerned citizens. The team of IR travelled throughout the Narmada valley, to villages and relocation sites, to the dam site, the upstream area, the command area, and downstream. They also visited Kachchh and other drought-prone areas of Gujarat. After a year-long investigation, the committee published its findings, which was highly critical of the World Bank, identifying failures over a range of resettlement and rehabilitation, and environmental matters. They recommended, "The wisest course would be for the Bank to step back from the projects and consider them afresh". However, the Bank reassured the government of India it would continue support if they met benchmarks for reform within a timeframe.

The conclusion that the IR reached was that "the Sardar Sarovar Projects as they stand are flawed, that resettlement and rehabilitation of all those displaced by the Projects is not possible under prevailing circumstances, and that the environmental impacts of the Projects

[6] Leaning from the Narmada, OED Precis Operations Evaluation Department, May 1995.
[7] Ibid, pp 4

have not been properly considered or adequately addressed. Moreover, they believe that the Bank shares responsibility with the borrower for the situation that has developed" [8].

The IR based their assessment on the Bank's Terms of Reference to consider all of the Bank's existing operational directives and guidelines, bearing in mind that the credit and loan agreements were approved in 1985. Under Bank policy at that time, resettlement and rehabilitation and environmental impact had to be appraised at the threshold of a project. Yet there was no proper appraisal made of the Sardar Sarovar Projects; no adequate appraisals of resettlement and rehabilitation, or of environmental impact, were made prior to approval. The Projects proceeded on the basis of an extremely limited understanding of both human and environmental impact, with inadequate plans in place and inadequate mitigative measures underway.

The resettlement policies for Sardar Sarovar, both those of the states and those of the Bank, were found to be based on the measures set out in the 1979 Tribunal award. However, the award was mainly to adjudicate an interstate dispute. Instead it was used to design policies that would meet the needs of the affected people of the Projects as a whole.

The R&R plans developed '*pari passu*' with construction of the dam did not concern itself with the people potentially affected by the canal and irrigation system, nor did it take into account the cultural attributes of the oustee population; in the award there is no discussion of tribal peoples, or of encroachers, or of the real meaning of 'landlessness'[9].

In 1985, when the credit and loan agreements were signed, no basis for designing, implementing, and assessing resettlement and rehabilitation was in place. The numbers of people to be affected were not known; the range of likely impacts had never been considered; the canal had been overlooked. Nor had there been any consultation with those at risk.

Outcomes

After the review mission was sent by the Bank in July 1992, subsequently the management endorsed most of the IR findings, but "considered that the most promising course of action would be to take advantage of Government of India (GOI) agreement to link progress of dam construction to associated R&R requirements"[10]. In October 1993, Management presented for the Board's approval a GOI action plan, which would address the issues, raised in the IR. The Board endorsed the plan, which included a commitment by Management to suspend disbursements if the GOI failed to meet specific performance benchmarks by March 31, 1993. The Bank still continued with its earlier model of interaction with the project, even when the IR stated that they believe that the Bank shares responsibility with the borrower for the situation that has developed. However, on March 29, 1993, GOI requested the Bank to cancel the remaining Loan amount (US$181.5 million of US$200 million) as a face-saving measure. The

[8] Sardar Sarovar Report Of The Independent Review, Bradford Morse & Thomas R. Berger, Sardar Sarovar - Report of the Independent Review (Ottawa: Resource Futures International, 1992), pp 1
[9] Ibid, pp 4
[10] Memorandum To The Executive Directors And The President,Project Completion Report, Narmada River Development Gujarat Sardar Sarovar Dam And Power Project, 1995,pp 1

IDA Credit (US$133.3 million) had been fully utilized by September 1992[11]. After 25 years Prime Minister Narendra Modi inaugurated the dam on September 17, 2017[12] with several thousand affected people still not rehabilitated.

The Morse Committee marked the first occasion in Bank history that it reviewed any of its projects in this manner. Narmada dam was the first case where the Bank was forced to withdraw. Organizations continued demanding accountability from the Bank, asking to make the independent committee a permanent institution. Finally, in 1993, the Board of Executive Directors conceded to the demand and set up the Inspection Panel.

[11] Ibid, pp 1

[12]https://economictimes.indiatimes.com/news/politics-and-nation/pm-narendra-modi-dedicates-sardar-sarovar-dam-on-river-narmada-to-the-nation/articleshow/60717518.cms

Tata Mundra Ultra Mega Power Project

The Project

In 2007, Coastal Gujarat Power Ltd (CGPL), a subsidiary of Tata Power, began development of a 4,150 MW coal-fired power plant near the port town of Mundra, in the Kutch district of Gujarat, India (the project). The plant is located approximately 3km from the Gulf of Kutch and uses seawater for cooling in a once-through system. The seawater is collected through an intake channel that is shared with a neighbouring equally gigantic coal powered generation facility, Adani Power Mundra. The seawater is released through a channel that extends approximately 4km from the boundary of the CGPL plant to the shoreline. At its widest point, the channel is approximately 300m across. A dredged channel continues approximately 2.3 km into the ocean. The project's total cost was estimated at US$ 4.14 billion, of which International Finance Corporation (IFC) has financed US$450 million in the form of a loan (IFC Project #25797) and Asian Development Bank (ADB) has financed US$ 450 million. Other external commercial borrowings include the Export-Import Bank of Korea, Korea Export Insurance Corporation and BNP Paribas. National financial institutions 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 & Jaipur, State Bank of Hyderabad, State Bank of Travancore and State Bank of Indore.

In June 2011, CAO received a complaint regarding IFC's investment in CGPL from Machimar Adhikar Sangharsh Sangathan (MASS), the Association for the Struggle for Fishworkers' Rights, representing fisher people living in the vicinity of the project (the complainants) affected by the project. More specifically, the complainants are identified as local fisherpeople belonging to the minority Wagher community of Muslims. The fisher people migrate often from distant home villages to bunder (fishing harbours) where they live during a fishing season of eight to nine months per year. Two of these bunders, Tragadi and Kotadi, are situated on the coast between CGPL's cooling water intake and outfall channels. Also, the complainants raised concerns that the E&S impact assessments carried out by CGPL had underestimated the importance of traditional hand and gill net fishing (known as *pagadiya* fishing) in nearby intertidal areas.[13]

Grievances/ Concerns:

The complaint raises issues related to the project's social and environmental impact on fishing communities, specifically: deterioration of water quality and fish populations, blocked access to fishing and drying sites, forced displacement of fishermen, community health impacts due to air emissions, and destruction of natural habitats, particularly mangroves. The complainants also believe the impacts to their fishing communities were not adequately identified and mitigated, and the cumulative impact of the project was not adequately assessed.

[13] Second Monitoring Report of IFC's Response to: CAO Audit of IFC Investment in Coastal Gujarat Power Limited, India, February 2, 2017, pp 5

In summary, the MASS complaint relates to:

1. The identification of the complainant fisher people as project-affected people
2. The environmental impacts of the plant on the Complainants and its effects on their livelihoods
3. Lack of compliance with national regulations in relation to the plant's once through cooling system
4. Aspects of the design of the power plant and assessment of alternatives, and
5. The adequacy of IFC's supervision of environmental and social (E&S) aspects of the project.

The intervention of the IAM

After initial attempts at negotiations which turned out to be utterly futile, the community demanded a compliance audit. The case was transferred to the compliance arm of CAO, CAO Compliance for appraisal and potential audit. The audit report of the CAO was published in 2013.

The Audit report went on to confirm the concerns made by the complainants. Key findings from the audit included:

1. The complainants, who are from a religious minority and occupy a socially marginal position given their migrant traditions, were not adequately considered at the time the project's E&S risks and impacts were considered and addressed.IFC had contributed to this situation to the extent that its review of CGPL's E&S assessments was not commensurate with project risk as required by its Sustainability Policy.
2. A lack of effective consultation with fishing communities early in the project cycle process resulted in missed opportunities to assess, avoid and reduce adverse potential adverse impacts of the project in accordance with the objectives of PS1.
3. IFC failed to ensure that its client correctly applied the requirements of the World Bank Group Thermal Power Guidelines (1998), to an airshed that should be classified as degraded.
4. Projections that the thermal plume from CGPL's outfall channel would extend a distance of kilometres into the shallow waters of the gulf and surrounding estuaries suggested inadequate mixing/cooling, with significant risks of ecological impact.
5. IFC did not take the steps necessary to ensure that the application of PS5 in relation to the complainants was properly assessed.
6. Cumulative nonlethal (but potentially harmful) effects of submarine noise, light, heat, and other aquatic disturbance from the project on the local marine environment were not adequately considered in the marine impact assessment process.
7. IFC was not in a position to demonstrate either that its client's monitoring is commensurate to risk (as required by PS1) or that its supervision allowed it to meet the stated purposes of supervision as set out in the ESRPs: namely, the development and retention of information needed to assess the status of E&S compliance.

8. Confidence among the IFC team in the client's E&S capacity and commitment, combined with a view that the project is performing well from an E&S perspective, have meant that IFC has not treated the complainants' concerns as compliance issues.

Management response:

The management response to the findings of IFC was dismissive in an eleven-page response written by Anita George and Willian Balmer, IFC's Asia-Pacific Director for Infrastructure and Natural Resources and Director for Environment and Social Governance. 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. Yet, his approval on the IFC response presented a severe diversion from his typical advocacy. With the decision, thousands of fishing and fishworker families continue to suffer from air pollution, contaminated water and destroyed marine resources that CAO found to be directly linked with the construction and operation of Tata coal plant. CAO found that this wide range of problems is attributed to IFC. Management instead of addressing the findings, stood by his IFC staff and their client, Coastal Gujarat Power Limited (CGPL), ignoring the plight of fishing communities adversely impacted by the deadly investment. The action plan that

Outcomes:

The remedial action plan was merely cosmetic and was rejected by communities who wanted the funding for the project to be stopped for non- compliance of IFC performance standards. As of 2018, the project is still under monitoring. In its second monitoring report published in 2015, CAO noted that "CAO remains concerned that the actions reported by IFC are not sufficient to address the findings of the audit. In particular, CAO considers that there is an outstanding need for a rapid, participatory and expressly remedial approach to assessing and addressing project impacts raised by the complainants. CAO will keep this audit open for monitoring." CAO planned to issue a follow-up monitoring report in relation to this audit no later than January 2018, which has still not come out.

On the other hand, the affected community has been pushed to an edge. They continue to suffer the impacts of the project with a severe blow to their livelihood as marine life continues to be impacted.

Another complaint with CAO

In April 2016, CAO received a complaint filed by local residents of Tragadi village raising concerns about the outfall channel connected to the Tata Mundra project. The complaint raises concerns about the impacts of the channel on the environment and local fishermen's livelihoods, including limited access to water resources, coastal erosion, and damage to fish stocks and natural habitats. The complainants also raise issues regarding the use of security forces and their interaction with local populations, as well as unfulfilled social and environmental commitments. The complaint was accepted and is under the process of a compliance audit.

Current Situation

After seven years of the filing of the complaint, affected people are still standing at the first step where even the basic studies on the impact of the projects have been completed. In February 2006, Tata Power had won a bid for the project, quoting a price of Rs 2.26 per unit of electricity generated. The project was to run on coal imported from Indonesia, but in 2010, the Indonesian government decreed that coal exports could be done only at prices linked to international rates. Tata Power approached the Supreme Court to allow them for higher tariffs under the Power Purchase Agreement with the Government. The Supreme Court rejected this. Coastal Gujarat Power Ltd, is staring at a loss of Rs 47,500 crore (USD6.98 billion) over the 25-year power purchase agreement period of the project.

With SC effectively rejecting the compensatory tariff, Tatas proposed the State Electricity Boards take over 51% of the equity for one rupee but, since they will now own the plant, they pay Mundra the 40 paise (0.40 rupees) compensatory tariff. Coastal Gujarat Power Ltd, is staring at a loss of Rs 47,500 crore (USD 6.98 billion) over the 25-year power purchase agreement period of the project as of now.[14]

The Project's accumulated losses as on March 31, 2017 were Rs 6,457 crore (USD 948 million) against a paid-up equity of Rs 6,083 crore(USD 894 million). Its outstanding long-term loan is Rs10,159 crore (USD1.49 billion).

The project has jeopardized the livelihood of thousand of fishworkers for whom the fishing shore has become inaccessible. The fish catch has drastically gone down due to the impact on the marine environment. The hot water released by the outfall channel has increased the water temperature impacting the marine life. The independent fact-finding study "the Real Cost of Power"[15], documents the loss of fish caught in two harbours over a period of three years (2009-2012). This is also the time when the project construction had started.

Apart from this, the project would have never been constructed had heavy subsidies not been provided by the government. From land acquisition to getting environmental clearances to the sale of power, the government has been responsible for support activities even before the awarding of the project. This was when the financial viability of the project was being questioned from the very beginning due to the unstable price of imported coal. Now, that the project is operational and the project is running in losses the company wants the government to bail them out by either through compensatory tariff (which was rejected by the Supreme Court) of by proposing the government to take over 51% equity for rupee one and then pay compensatory tariff to the company as owners of the project.

Currently, the affected fishermen are awaiting the hearing in the US Supreme Court (in October 2018) where they have challenged the immunity enjoyed of IFC even when they are responsible for the destruction of the right to life and livelihood of thousands of fisherfolk in Gujarat.

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[14] https://www.thehindubusinessline.com/companies/tata-power-offers-to-sell-51-of-mundra-plant-for-1/article9732822.ece
[15] http://www.bankinformationcenter.org/wp-content/uploads/2012/07/Real+Cost+of+Power.pdf

Vishnugad Pipalkoti Hydro Electric Power Project

The Project

The Vishnugad Pipalkoti Hydro Electric Project (VPHEP) is a 444 Megawatt (MW) run-of-the-river hydro generation project on the Alaknanda River, which is a tributary of the Ganges. VPHEP is an environmental category 'A' project financed through an IBRD (World Bank) loan in the amount of $648 million.

According to the Project Appraisal Document (PAD), the "major features of the VPHEP project infrastructure are a 65-meter-high diversion dam; a 13.4-km headrace tunnel; an underground powerhouse; and a 3-km tailrace tunnel that will return the diverted water to the Alaknanda River. The major project infrastructure will be located on the right bank of the Alaknanda River (opposite National Highway 58) in Chamoli District of Uttarakhand. The loan was approved by the Board of Directors on June 30, 2011 and was expected to close on December 31, 2017, but based on the latest monitoring report the construction of the project will be completed in June 2019. About 0.25% of the loan had been disbursed at the time the Request for Inspection was received by the Panel.[16]

Grievances / concerns

In 2012 a request for investigation was filed with the Inspection panel by the local communities. Their complaint describes many different aspects, including damage to houses, agricultural lands and forests, fear of loss of aquatic biodiversity, loss of benefits from the river such as sand, fish and drinking water, increased risk of landslides and earthquakes, and a fear for increased global warming through deforestation and methane gas emission. Also, the complainants were concerned about decreased freedom of local women, due to a large number of incoming construction workers. As the Alaknanda is a tributary to the religiously significant Ganga River, they worried about the loss of spiritual and cultural values of the river too. After the Inspection Panel had visited the project site, the complainants provided the Panel with supplementary information. They had received death threats and experienced strong pressure from the police for protesting against the project.

What was the intervention of IAM

The Inspection Panel investigation found that the Bank is broadly in compliance with its policies and procedures on VPHEP, and identifies two areas additional measures which will be required to achieve full compliance. These were broadly;

- **Assessment of the Risk of Potential Water Loss:** The Panel found that adequate baseline studies to document village water sources along the tunnel alignment routes had been conducted and that the Project developer THDC India had also committed to provide

[16] Notice Of Registration Request For Inspection India: Vishnugad Pipalkoti Hydro Electric Project (Ibrd Loan No. 8078-in), August 3, 2012, Pp 1-2

alternative water sources in the event that an existing water source is lost. However, the Panel found that the Bank did not adequately detail the mitigation measures that could be operationalized if a water source dried up as a consequence of project construction.

Proposed Action: The Bank would continue to ensure that existing water sources are regularly monitored and that appropriate arrangement for alternative water are available should any of the current sources dry up as a consequence of project activities.

- **Resettlement and Livelihood Restoration:** Some 265 families will be relocated as a consequence of land acquisition for VPHEP; of these, 242 (or 92 per cent) are families from the village of Haat that voluntarily chose to move. The Panel noted that resettlement and rehabilitation efforts for these families were underway and almost half of the eligible families had already received their R&R assistance (at the time of writing their report). It also highlighted the need for ongoing attention to the restoration of livelihoods for the resettled community of Haat village. On Hatsari, a hamlet of eight households, the Panel recognized the developer's ongoing efforts to reach a settlement with the affected families, including by redesigning project infrastructure to minimize the limited construction impacts on the residents of Hatsari. The Panel, however, was of the opinion that the Resettlement Action Plan prepared did not adequately assess the situation at Hatsari, given the fact that, unlike other resettled families, most of them do not own land elsewhere. The Panel recognizes, the Bank's concern for the Hatsari issue to date and the fact that negotiations are still continuing to bring closure for the only habitation that has yet to reach a settlement with the project developer on resettlement.

  Proposed Action: THDC has offered several options to the affected households of Hatsari. The Bank will continue to monitor the relocation options that the Hatsari community selects and ensure that these are implemented as planned.

Other Issues for World Bank Attention:

- ***Transmission Lines.*** The Panel noted that project documents did not address the proposed 30 km transmission line which will evacuate power from the Project to the Kuwari Pass pooling station, and also the wider proposed power transmission system in the area.

  Proposed Action: The evacuation lines will be needed only when VPHEP is operational and the Bank will work with the developer THDC India Ltd as well as with the national transmission utility POWERGRID and other relevant stakeholders to ensure that its impacts are adequately studied and addressed.

- ***Slurry Disposal.*** The Panel was of the opinion that the use of the TBM will result in the excavation debris emerging in the form of 'slurry' as opposed to the 'muck' generated by conventional excavation methods.

Proposed Action: THDC and the civil works contractor will analyze the composition of the slurry and take appropriate measures to ensure that no slurry from the TBM operation flows into the river.

World Bank Management will continue to monitor the implementation of the Management Action Plan. Management will also continue to support the ongoing negotiations between THDC and the village of Hatsari, and to the best of its ability, seek a satisfactory conclusion on the issue of compensation for resettlement and livelihood restoration.

Impact on Community

As for the affected community, they have been unsatisfied with the report as it identifies only two issues of non-compliance. On ground, communities are still fighting the impacts of the project. "A team from the World Bank had to face the ire of the project affected people who circled the team at a hotel in Pipalkoti in 2015. Nearly a 100 affected people braved the inclement weather to circle the officials who had been in the area since July 3 without the knowledge of the villagers. According to Vimal Bhai of Matu Jansangathan, following the protest, World Bank staff asked the protesters to sit and talk inside the hotel"[17].

In a report by Human Rights Watch, 'At your own risk: Reprisal against Critics of World Bank Group Projects', "When community members filed the World Bank Inspection Panel complaint, all but one of the complainants asked that the Inspection Panel keep their identities confidential for fear of reprisals. Some community members told Human Rights Watch that THDC staff had issued thinly-veiled threats to dissuade them from filing their complaint to the Inspection Panel……Threats continued throughout the Inspection Panel's investigation visit in April-May 2013. THDC employees and contractors brazenly followed the Panel during their investigation. On one occasion, approximately 35-50 people who community members recognized as THDC staff and contractors confronted a community member during the Inspection Panel's visit."

[17] https://www.dailypioneer.com/STATE-EDITIONS/dehradun/hydro-project-in-chamoli-worries-local-residents.html

India Infrastructure Fund (GMR Kamalanga Energy Ltd)

The Project

The IFC-supported Financial Intermediary (FI) India Infrastructure Fund (IIF) is based in Mumbai and makes equity investments in infrastructure projects solely in India. The size of the Fund is approximately US$927 million and IFC's equity investment in the fund is $50 million. The IIF is managed by the Infrastructure Development and Finance Company Limited (IDFC)'s Project Equity Company, a wholly owned subsidiary of IDFC. IFC classifies its investments in IDFC and the Fund as financial intermediary (FI) investments.

One of IIF's portfolio investments is GMR Kamalanga Energy Ltd (GKEL), a part of the GMR Group. Kamalanga Energy is a special purpose vehicle that was set up by GMR Energy Limited to develop and operate a 1400 MW coal-based power plant near Kamalanga village in Dhenkanal, a district of Odisha state. The plant is surrounded by nine communities located in Dhenkanal District: Kamalanga (a big village with seven hamlets including Kamalanga, Durgapur, Bhagamunda, Maniabeda, Achalkot, Kaliataila, and Barashahi); Mangalpur (a village with the two hamlets Mangalpur and Manpur); Senapathi Berena and Bhaghabatpur.

Grievances/ Concerns

In April 2011, Odisha Chas Parivesh Surekhsa Parishad (Odisha Agriculture and Environmental Protection Council), a local organization, together with the Delhi Forum, a Delhi-based advocacy and research organization, filed a complaint with the CAO on behalf of people affected by the project. The complaint voices a series of concerns about the project's impacts on local people and the environment, including that local communities are not being involved in decisions that affect them, that there were irregularities in the land acquisition process, that villagers suffered from police misconduct, and that neither information about potential environmental and social risks and impacts of the project, nor IFC's financing role was disclosed[18]. In brief the concerns that were submitted in the complaint included improper public consultation, forced acquisition of land, low award as compensation for land; diversion of irrigated double crop land, acquisition of land in excess of approved extent, filing of false cases on affected people, poor R&R plan, non-employment of local people in the project, rights of people were not recognised as per the Forest Rights Act 2006, acquisition of land without proper consent from gram sabhas.

Also, on environmental concerns, the project is sited in a critically polluted area; false information in the EIA report; EIA consultant implicated in a bribery case; violation of environmental clearance, diversion of irrigational canals and negative impacts on ground and surface water table. The complaint further raised more general concerns about how IFC handles investments in financial intermediaries, what environmental and social policies govern those investments, and a lack of transparency around IFC's investments in the sector.

[18] Conclusion report, pp 1

After a series of interviews, meetings, group discussions, review of the documentation and several trips to meet with the stakeholders which they met with the complainants, the sponsor, the IFC project team, a relevant government official from the Land & Revenue Department, and additional stakeholders, including local Civil Society Organizations (CSOs) and Non-Governmental Organizations (NGOs). The purpose of CAO's assessment was to clarify the issues and concerns raised by the complainants, to gather information on how other stakeholders see the situation, and to confirm whether the complainants and the company were willing to engage in a dispute resolution process between September 2012 to March 2013.

Over the course of the CAO Assessment, the complainants, community representatives, and the company affirmed their commitment to engage in a dispute resolution process convened by CAO to address the issues raised in the complaint. However, this did not go too far as the negotiations fell apart. The time is taken in between the process played a negative role in building tension and conflict between the affected community members.

Intervention of IAM

Since the Ombudsman process did not go anywhere and the affected community and the company both asked for a compliance audit of the project. The audit report came out in October 2015, four years after the complaint was filed. This investigation was conducted in accordance with the CAO Operational Guidelines (2013), with input from two expert panelists.

CAO primarily made non-compliance findings in relation to:

(a) IFC's pre-investment E&S due diligence. CAO in its report noted that "More than five years since making its first disbursement for the Kamalanga project and four years since receiving a complaint regarding these issues, IFC has only recently been able to reach a view as to the Kamalanga project's E&S performance." While noting some progress in addressing environmental, health and safety issues, IFC's most recent supervision documentation concludes that key concerns regarding the impacts of the project, as raised by the complainants, have not been addressed in accordance with the Performance Standards.

(b) the structure that was developed for the management of E&S risk around the investment: CAO found that the agreements that governed IFC's investment in the Fund provided IFC with inadequate leverage should E&S issues arise post disbursement. IFC had limited ability to ensure compliance with its E&S requirements in relation to a high-risk portfolio of projects.

CAO also found that other E&S requirements envisaged when IFC's investment in the Fund was approved were not incorporated into the agreements that governed the investment. These included: (a) the requirement that the Fund should have a Performance standard (PS) compliant Social and Environmental Management System (SEMS) before IFC committed to the investment; and (b) the requirement that the Fund present an independent E&S audit of new

and existing projects at least once a year. CAO also found that a number of E&S risk mitigation measures, as outlined in guidance available to IFC staff at the time, were not included in the agreements that governed IFC's investment in the Fund.

More generally, CAO noted that the combination of an E&S review that was limited in scope and depth, and an investment that was expected to generate a significant number of large infrastructure projects in India, made this a particularly risky investment from an E&S perspective. Given this level of risk, CAO finds that the agreements that governed IFC's investment in the Fund did not support IFC's stated objective of ensuring that the "projects it finances are operated in accordance with the requirements of the Performance Standards"

(c) IFC's supervision of the investment: CAO found that IFC's supervision of its investment in the Fund was inadequate which it attributed to a number of factors. Firstly, disbursement of the Fund in March 2008 without ensuring that the Fund had a Performance Standard compliant SEMS in place. Secondly, though IFC conducted a review of the Fund's E&S due diligence in relation to the Kamalanga project, CAO found that the review of IIF's W&S due diligence was insufficient to establish a reasonable expectation that the Project would meet the requirements of the Performance Standards. Thirdly, early supervision provided insufficient evidence for IFC to be assured that the Fund was operating the SEMS as envisaged. Fourthly, having reached the conclusion that the Fund's E&S performance was unsatisfactory in October 2010, IFC was unable either to work with the client to bring it back into compliance or exercise remedies as required by its Sustainability Policy. Lastly, IFC's management response to the E&S issues identified by staff in relation to this investment has been inadequate. IFC staff's concerns regarding the Fund's E&S performance were serious and well documented. In November 2010, IFC E&S staff informed IFC management that there were broad and significant gaps in the Fund's approach to the implementation of the Performance Standards.

On disclosure policy, CAO noted that they were concerned by the complainant's assertions regarding a lack of publicly available E&S information about the Kamalanga project. CAO also noted, IFC did not assure itself that the IIF, had established a grievance mechanism about which potentially affected communities were informed as required by Performance Standard 1. In this context, CAO found IFC did not adequately supervise the Fund's compliance with the disclosure requirements under the Performance Standards, either in relation to its own operations or those of the Kamalanga project.

CAO Monitoring

In accordance with its Operational Guidelines, CAO has kept compliance investigation open and is monitoring IFC's response to its findings. The management stated that they would continue to support IIF in its efforts to improve its own E&S performance and the performance of its investee companies, including GKEL.

Current situation

Despite, the compliance review report being out in 2015, as of August 2018 no monitoring report is out. One of the reasons being that CAO is not being permitted by the government to visit the affected area, which is an essential part of the monitoring process. Though the life of the people affected did not change much with the engagement with the CAO and they still continue to suffer the impacts of the project but, in the process, there were major policy shifts that IFC underwent. One of the foremost shifts since then has been in its disclosure policy regarding the Sub-projects in FI investments. IFC's appraisal now includes a formal review of the top exposures of the FI's portfolio to determine its exposure to high-risk sectors. For sub-projects where the Performance Standards apply, this screening includes processes for identifying and managing risks related to distributional impacts on different groups, including gender aspects and any potentially vulnerable groups. IFC is also being more selective in pursuing higher-risk funds, including sector funds. This was also the first ever FI complaint to the CAO, setting a precedent that even FI complaints can be accepted with CAO if its established that it's FI subproject.

Allain Duhangan Hydro Power Project

The Project

The Allain Duhangan project is a 192 MW run-of-river hydroelectric power plant, with an associated transmission line, built on the Allain and Duhangan tributaries of the Beas River near Manali, Kullu District in the state of Himachal Pradesh in India. The project Sponsor is Malana Power Company Limited (MPCL) which is 100% owned by LNJ Bhilwara (LNJ) Group. LNJ and Statkraft Norfund Power Invest AS (SNP) from Norway have concluded a shareholder agreement whereby SNP will take a 49% interest in MPCL. The project company (borrower) is called Allain Duhangan Hydro Power Limited (AD Hydro) and was formed to construct, operate and maintain the power plant. MPCL will hold 90% of the equity in AD Hydro and IFC will hold 10%.

Total project costs are estimated at US$192 million, of which IFC will invest up to Rs1,840 million (approximately US$40 million) in the form of an A loan, which is a loan for IFC's own account, and up to US$7 million in a C loan, which is equity and/or quasi-equity for IFC. The estimated construction period was 48 months from financial closure. It is a Category A project, due to significant environmental and social impacts, according to IFC's Environmental and Social Review Procedure. The Board approved the project on 12th October 2004[19].

Grievance/ concerns

Given the fact that the project has direct and indirect social and environmental impacts, the grievances majorly fell into four broad categories[20]. The issues raised by local communities against the project were:

On the 1st October 2004 a complaint was filed with CAO from 63 people likely to be impacted by the development of the Allain Duhangan Project in the Indian Himalayas. The complaint raises concerns related to:

i. Disruption of village water supplies as a result of the Duhangan river diversion, as well as religious and cultural objections to the 'drying up' of the river; and

ii. The inadequacy of the project Environmental and Social Impact Assessment (ESIA) in considering the legitimate concerns of villagers. Complainants are also concerned that the draft ESIA documents – of August 2003, December 2003 and subsequent updates – do not provide a sufficient basis for informed consultation on key impacts of the project. In particular, people perceive the ESIA process to be flawed because it appears that the project will proceed regardless of what the findings of the ESIA are. In part, this concern is fuelled by recognition by the project developer that certain aspects of the ESIA are incomplete and a number of studies are currently ongoing.

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[19] Assessment Report, Complaint regarding Allain Duhangan Hydropower Project, Himachal Pradesh, India, March 23, 2004, CAO, IFC/MIGA, pp 3

[20] Ibid pp 5

iii. The project is proceeding without the prior consent of the community in the form of an up-to-date No Objection Certificate (NOC) from Jagatsuk which is the larger of the two impacted villages.

iv. Compliance mechanisms that have been established are not credible, providing communities with no adequate means of redress.

CAO intervention

Based on the complaint, the CAO team undertook field assessments in November 2004 and March 2005. Interviews with community members highlighted their grave concerns about how the diversion in the river increased their vulnerability with respect to village water supplies. They remained anxious and apprehensive about whether the company would keep to its promises: they feared that the commitments made in the EIA would not be kept once the project had been approved by the IFC Board. The CAO mediated an initial agreement between the complainants and the sponsor[21]. This agreement identified action items in relation to:

1. Water: The sponsor agreed to establish contingency supplies of water to protect the villagers' access to water, as well as reevaluate and publish new studies on current and projected demand for water from the Jagatsuk communities over the 40 years projected life of the project to assure users of their adequacy. ·
2. EIA commitments: The sponsor agreed to develop an implementation plan with the participation of the villagers, to be used as the basis for sharing information on progress and enabling local communities to verify the implementation of promises and commitments made. These included issues such as security, labour conditions, watershed management and deforestation.
3. Community investments: The sponsor agreed to develop a participatory process under which community funds would be made available for broad societal benefits.

During the winter of 2005, the CAO received further complaints suggesting that the agreements had broken down and that the sponsor had not met its obligations. After receiving more complaints in early 2006, the CAO returned to the field in July and subsequently in the winter of 2006.

During the field visits of 2006, the CAO found that the sponsor had responded to some, but not all, of its commitments. Construction was underway. The sponsor had created a number of local temporary business opportunities for a few like road building, transportation et and had drawn a proportion of the project staff from local communities.

The community was divided, with entrepreneurs and youth generally in favour of the project, while farmers and traditional leaders whose livelihood was lost were working through the courts and media to oppose it.

[21] Allain Duhangan Hydro Power Project, India Complaint Conclusion Report, March 2008, pp 1

There were still periodic work stoppages. The local government, through the Deputy Commissioner (DC), had stepped into a more active role by implementing a Local Area Development Authority (LADA). This required the sponsor to submit its earmarked community contributions to the LADA committee, comprising representatives of the Panchayat, the sponsor, and local government. There was, however, no implementation plan for EIA commitments. The CAO met with all key stakeholders and facilitated additional agreements between divergent community leaders and, subsequently, between these leaders and the sponsor.

CAO Monitoring and closing of the case

CAO undertook to monitor more than six months of reports and also received periodic supervision reports from IFC, which concluded in March 2008. The CAO Conclusion Report, completed in March 2008, highlighted the material improvements that have resulted from some practical solutions being implemented. Water supplies have been protected, additional supplies piped into the village, and irrigation channels repaired. These changes have been verified through field visits. Additional water studies were released – both as a result of the CAO intervention and a court order and are available publicly and on the CAO's website. Issues related to safety and labour conditions were addressed and verified through enhanced supervision by IFC.

Together with the CAO, the sponsor prepared commitments register of its obligations under the EIA. The sponsor agreed to meet publicly with the community on a monthly basis to allow participatory verification and discussion on progress with respect to commitments made at the outset of the project planning process. The commitments register is also disclosed to the public on the CAO's website.

Not all issues of complainants were resolved. Some local leaders continued to challenge the company through the courts. After a period of 6 months, based on the commitments register and periodic supervision reports from IFC, the CAO accepted that the sponsor had met its obligations under agreements with the CAO. By February 2008, the CAO had received no further complaints relating to the project, and the case was concluded. The complaint was closed in March 2008.

Mumbai Urban Transport Project - Phase 1 (MUTP-1)

The Project

The MUTP was initiated to address the transport problems in Mumbai. In Mumbai, the responsibilities for the general direction of urban development and urban transport lie with the Government of Maharashtra (GoM) through the Mumbai Metropolitan Region Development Authority (MMRDA). The Project consists of three components: improvement of Mumbai's rail transport system, improvement and extension of the road-based transport system, and resettlement and rehabilitation of affected persons. The Bank Board approved the World Bank Credit for the USD 945 million for MUTP on June 18, 2002. The Mumbai Railway Vikas Corporation (MRVC); Municipal Corporation of Greater Mumbai (MCGM); Bombay Electricity and Suburban Transport Corporation (BEST); Maharashtra State Roads Development Corporation (MSRDC); Traffic Police of Mumbai; and MMRDA, on behalf of the Government of the State of Maharashtra (GoM) and the Borrower, the Government of India (GoI), were implementing the project.

The MUTP is a major infrastructure project that entailed resettlement of over 120,000 people, with commensurate risks. The Bank held the Project Concept review in 1999, after spending many years in dialogue with the Borrower. The Project Objectives were the development of the MUTP to facilitate urban economic growth and improve the quality of life of the citizens of Mumbai by developing an efficient and sustainable urban transport system, including effective institutions, to meet the needs of users in the Mumbai Metropolitan Region (MMR).[22]

Grievances/ concerns

On April 28, 2004, the Inspection Panel received the first Request for Inspection (First Request) related to the MUTP from members of the United Shop Owners Association (USOA). The Requesters are small shop owners whose commercial premises are located in the Kismat Nagar area, Kurla West, in the city of Mumbai. Management submitted its Response to the First Request on May 27, 2004.

The Panel received a second Request for Inspection (Second Request) on June 24, 2004, which related to the same Project. This Second Request was submitted by three organizations located in the city of Mumbai – the Hanuman Welfare Society, the Gazi Nagar Sudhar Samiti and the Jai Hanuman Rahiwasi Sewa Sangh – on their own behalf and on behalf of about 350 residents living in the area known as Gazi Nagar in the Kurla West District of Mumbai.

On November 29, 2004, the Panel received another Request for Inspection (the "Third Request"), related to the Project, and submitted by the Bharathi Nagar Association on their behalf and on behalf of the residents living in the area known as Bharathi Nagar in Mumbai4. Shortly after, on December 23, 2004, the Panel received a "Fourth Request" for Inspection,

[22] Bank Management Response To Request For Inspection Panel Review Of The India – Mumbai Urban Transport Project, 05/27/2004, Pp 3

submitted by the organization Ekta Wyapari Jan Seva Sangh, acting on its own behalf and on behalf of residents and shopkeepers of the area of Bandrekar Wadi, Bhavbani Chowk in the Jogeshwari district of Mumbai. Fifty-eight members of the organization living in the area signed the Request.

The Panel recommended a joint processing of the complaints for reasons of economy and efficiency, which was approved by the Board.

1. Complaints related to Resettlement Sites
   Under the Project, the persons submitting the first three Requests are to be moved to a resettlement site called Mankhurd. The Requesters object on economic and environmental grounds to being removed to this site, arguing that it is unsuitable and too far away (nearly 15 km) from their current location. They claim that if they are relocated there, they will suffer irreparable damage to their well-established businesses. Instead, they ask to be relocated to alternative sites available near their present location. The Requesters also complain about the environmental conditions of the resettlement site in Mankhurd and allege that the location is amongst the most polluted areas in Mumbai. They report that it is located near Mumbai's main municipal dump, from which they fear the spread of diseases. They add that many huge open drains pass through this area, which carries the city's waste, including blood, excreta and wastes from animals butchered at the nearby abattoir as well as drainage water, and causes bad odours. The Requesters also fear that the drains carry radioactive wastewater from the nearby Bhabha Atomic Research Centre (BARC) and that the BARC might pose other risks to them. The Requesters further argue that chemical factories and refineries in the area could cause serious and enduring health and environmental hazards. The Fourth Request also alleges that thousands of trees have been cut unlawfully in the JVLR road component of the Project and that these have not been replaced or replanted.

2. Complaints Related to Housing and Living Conditions
   The Requesters claim that the design and construction of the buildings at the proposed resettlement site are of very bad quality and that they are hazardous and likely to cause health and social problems. They further claim that the people to be resettled will not be able to afford the maintenance charges of the new high-rise buildings.

3. Complaints Related to Income and Living Standard Restoration
   The Requesters assert that the Project’s resettlement component fails to provide income restoration, which will cause significant harm to them. The Requesters indicate that the proposed relocation would cause them to lose their current customers and thus their businesses, cause their supporting networks and kin to disperse, and result in a very significant loss of income. The shopkeepers express strong concerns about the effects on their businesses and income of Project decisions regarding relocation sites and the size and setting of the replacement commercial areas.

4. Complaints Related to Access to Information, Consultation and Grievance Redress Procedures
   The Requesters also assert that they were never consulted or given an opportunity to participate at any stage of project planning or R&R planning and that their attempts to raise their concerns and grievances were not successful. According to them, the authorities and the Bank have failed to address their grievances. They claim that the Bank failed to disclose information to them and that the Project-related Public Information Centers (PICs) have not been working properly. They also express concerns regarding Bank supervision.

Intervention of IAM

The findings of the Inspection Panel were a clear indictment of the World Bank and MMRDA for not fulfilling the promises made to MUTP affected people. The Panel found out that the appraisal regarding the actual magnitude of the displaced population was incorrect and incomplete, there was inadequate supervision of resettlement operations, and the Environmental Assessment was incomplete. The implementation of the Rehabilitation was entrusted to NGOs, that had insufficient institutional capacity and knowledge and also the surveys of the affected population and income of the affected people did not provide reliable baseline data. The inspection panel, in its report, included the components of environmental assessment, involuntary resettlement, economic evaluation of investment operations, project supervision, project appraisal, rehabilitation of affected shopkeepers, quality of baseline data, post-resettlement activities, grievance process and so on. Following is a brief of the findings of the panel on these components

On Environmental Assessment: Shopkeepers were not consulted regarding alternatives to resettlement sites, necessary Environmental Impact Assessment was not done even after the initiation of the project, necessary documentation to recognize environmental impacts was not available, ambient social and environmental conditions for resettlement were not considered.

On Involuntary Resettlement: There was a concern about inadequacy in main implementation responsibilities from the state government and municipal agencies to the NGOs. There were discrepancies in the surveys regarding the estimated number of commercial units, affected population and immovable assets. Project affected People and shopkeepers were not consulted about resettlement sites or alternative resettlement sites. There was a lack of information disclosure by MUTP. Post resettlement failed to address income and living standards restoration. Sewerage and Water connections were not proper, waste management was not there.

On Investment Lending: Identification to Board Presentation: the project appraisal document (PAD) was found to be incomplete and incorrect regarding the actual magnitude of displacement.

On the economic evaluation of investment operations: As the PAD was incomplete it failed insufficient analysis of resettlement and impoverishment risks.

On Project Supervision: There was inadequate supervision of resettlement, estimated no. of commercial units to be constructed was lesser, problems of shopkeepers were not identified and there was a failure to address income restoration.

On Project Appraisal: Since the PAD was incomplete and incorrect there could not be a proper project appraisal and there was an insufficient analysis of risk regarding resettlement.

Mostly, the panel found that the issues and concerns of shopkeepers were not taken into account and post-resettlement activities were not proper. People were not given a choice for alternative sites and certain places were facing environmental problems to

Intervention:

The Management in its response acknowledged the above shortcomings and prepared an Action Plan to improve the quality and outcome of R&R implementation. The Action Plan was included in the Management Report and Recommendation submitted to the Board and it was discussed and approved by the Executive Directors. The Action Plan focused on implementation issues, including the resettlement procedures for shopkeepers with medium to large-size shops, restoration of incomes, post-resettlement services, baseline data, grievance redress mechanisms, and the quality of supervision. The World Bank subsequently suspended funding to the roads and resettlement components of the project in 2006, and an Action Plan was prepared by World Bank Management to address the concerns and issues raised by the Panel. The Third Progress Report on Implementation of the Action Plan, completed in 2009, indicates that a number of steps have been taken including building schools at the resettlement sites, and improving the water supply

Several steps were taken to improve the quality of the R&R process, including finalization and disclosure of the implementation manual, improved database management, the disclosure of updated baseline surveys and Resettlement Information Plans prior to relocation. In addition, further steps included regular implementation reporting, distribution of identity cards among the project affected persons (PAPs), the establishment of procedures for relocating affected religious/community structures through negotiations, streamlining of the grievance redress committees, strengthening of the post-resettlement support to PAPs and the reconstitution of an Independent Monitoring Panel. Management submitted six progress reports on the implementation of the Action Plan to the Board.[10] The final report submitted in 2013, confirmed that the measures listed in the Action Plan were mostly carried out.

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