

Open letter to World Bank President Dr. Kim from civil society groups opposing World Bank rejection of CAO findings on Tata Coal Plant, endorsed by 68 organisations from 28 countries. Excerpts:

Dear President Kim,

As concerned World Bank stakeholders and contributing taxpayers to our respective government's official aid through the Bank, we are disturbed by your clearance of IFC response to the CAO report on the Tata Mundra coal power project. In solidarity with the Indian fishing communities, we demand an explanation why you rejected the CAO findings on IFC's policy violations in funding the Tata Mundra coal power plant. What actions will you take to mitigate the adverse impacts and end your financing of the deadly coal project?

Your decision means thousands of fishing and fishworker families will continue suffering from air pollution, contaminated water, and destroyed marine resources that CAO found to be directly linked with the construction and operation of the Tata coal plant. This decision contradicts your decades of public health advocacy and speeches on moving the Bank away from funding fossil fuels.

The CAO found massive shortfalls at the IFC, showing that the mechanisms to uncover such issues are working. However, while the Tata Mundra project provided an opportunity to prove your commitment to learning from these failures, your clearance of the IFC response continues the lack of public accountability within the IFC.

Civil society around the world demand you hold the IFC accountable by taking hard but appropriate actions to address the CAO findings, starting with the development of a remedial action plan and the withdrawal of IFC financing from the Tata Mundra coal project.

View the letter and endorsements here:
sc.org/mundra-letter

Over Hundred Indian Organisations Demand World Bank Withdrawal from Tata Mundra

Over a hundred prominent Indian organisations expressed shock over World Bank President Dr. Jim Kim's inaction on the audit report on Tata Mundra Power Project in Gujarat, condemned it and demanded International Finance Corporation's (IFC) withdrawal from the project. Excerpts:

Dear President Dr. Jim Yong Kim,

Your endorsing IFC's response is a cruel shock to the numerous fishing families affected by the project, who hoped for a better response to the findings based on your expertise in public health, and firm and resolute words to address climate change. Your endorsement of IFC's response to CAO findings and thus letting IFC and the company continue the violations merits nothing less than condemnation.

By your decision to keep your eyes closed to the damning findings of CAO, you are complicit in the human rights violations, livelihood loss, impacts of air pollution, water contamination, and perilous marine ecological disaster in the wake of the IFC-funded project.

Your decision reconfirms that the Bank does not care about accountability, does not care about people and the environment. WBG's compliance mechanisms like CAO and Inspection Panel are increasingly becoming a farce, while the Bank continues aiding projects – whether hydro projects or coal projects, infrastructure development, or meddling with our policies and legal system.

The CAO findings warrant nothing less than IFC's withdrawal from the project. We will continue our struggles against the Bank, its policies and its blatant disrespect of human rights. We will strengthen the struggle of MASS and would challenge you and your Bank at every possible avenue.

View the letter and endorsements: <http://tinyurl.com/p9k9bag>

Links:

<http://masskutch.blogspot.com/>

<http://tinyurl.com/o4fbhbz>

<http://tinyurl.com/kvpuckq>

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TATA Mundra

Destroying the Lives!

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 in the coast of Gulf of Kutch in Kutch district (India's largest district with an area of 45,652 sqkm) of Gujarat state. This is one of the first Ultra Mega Power Projects (UMPP) using 'supercritical steam' technology, which is claimed to be an energy-efficient coal-based thermal power plant.

As in the case of other UMPPs, this project proposal was also initially nurtured by the government-owned Power Finance Corporation of India, and then through a competitive bidding process Tata Power took this over by quoting the lowest power tariff of INR 2.26 per kWh.

This 4,000 MW UMPP consists of five units of 800 MW each and is projected to cost around USD 4.14 billion. A consortium of Banks including multilateral agencies and Exim Banks have invested in this project. External Commercial Borrowing (ECB) includes the International Finance Corporation (IFC), the Export-Import Bank of Korea, Korea Export Insurance Corporation, the Asian Development Bank (ADB), 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 seen large-scale industrialization in over little more than the last decade. There is a very large

Special Economic Zone (SEZ) created by the Adani Group, as well as the largest private sector port with coal terminals and other facilities by the same industrial house. 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. Other polluting industries like metal forging have also come up and other coal power plants are being proposed and pursued. The OPG group is also preparing to set up a large coal-based power plant in nearby Bhadreswar, which is also facing strong resistance from local population. Thus, in little more than a decade or so, this largely rural but thriving local economy – fishing, salt-making, animal husbandry, agriculture and horticulture being the four primary economic activities – has been subjected to huge amounts of pollution, land-use change, displacements, denial of traditional rights, and other impacts.

CGPL have entered into power purchase agreements with five state governments – Gujarat, Rajasthan, Haryana, Maharashtra, and Punjab – to sell the power generated. This UMPP was one of sixteen similar projects planned across India, supposedly to take care of the large electricity shortage in the country, and to provide "cheap and reliable" electricity. The coal is imported from Indonesia. A price revision of Indonesian coal couple of years back made Tata Mundra economically non-viable. The project is asking the government to revise the tariff.

Despite the project being economically non-viable, socially and environmentally disastrous, the company is planning to expand the project by adding 1600 MW.



Lapses & Impacts

1. The Environmental and Social Impact Assessments filed by the company were deficient. The company failed to account for significant social, economic, and environmental damages caused by the project in its EIA and SIA, and even neglected to identify certain communities as project affected.

2. The company failed to conduct a cumulative impact study. The project, sited in the vicinity of several other large-scale polluting industries, will have significant cumulative impacts on the local population and environment, yet no cumulative impact assessment has been performed.

3. The company failed to conduct and/or disclose chemical pollution studies. A fact-finding team confirmed high chemical content and increasing acidity in the outlet water from the project, which is detrimental to fish eggs and larvae.

4. The company failed to conduct adequate, meaningful, and informed consultations with the affected communities. Nor did it share key information about the impacts and mitigation plans.

5. Violating the environmental clearance, large stretches of mangroves, dry-land forests, and biodiversity-rich creeks were destroyed for the construction of the inlet and outfall channels and other associated activities of the project.

6. 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.

7. 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, and resulting in considerable delay for women returning from the markets after selling fish.

8. The project has caused drastic reduction in fish catches, destroying the

livelihoods of local fisher-folk. Available fish-catch data indicate considerable reduction in fish catch in the past years since Tata Mundra is fully operational, along with the adjacent Adani power plant.



9. The project failed to thoroughly examine or adequately address the health and environmental impacts of ash contamination from the project. The project is contaminating drying fish, salt, and animal fodder in the area, causing significant health concerns. Salt contamination has been demonstrated to cause an increase of diseases and abnormal abortions in cattle. Further, heavy metals contained in toxic coal ash—such as cadmium, lead, selenium, and mercury—are known to bio-accumulate in animal and human bodies.

10. The project ignored the potential impacts of radioactivity from the coal ash pond. None of the impact assessments have addressed this.

11. 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. With the project only one-fifth completed, the company is already seeking to be released from its negotiated Power Purchase Agreement with five states, asking for an increase of the agreed-upon electricity tariff by 35% for average individual consumers.

12. Children records higher respiratory ailments: There is a roughly 20% increase in children's respiratory diseases in the past two years. The question of adverse health impacts due to both huge amounts of coal dust from CGPL and fly-ash from CGPL (& Adani power), is a critical one, as these two together are bringing in and burning nearly 28 million tons of coal every year in that small area.

The local organisation of affected communities, Machimar Adhikar Sangharsh Sangathan (MASS – Association for the Struggle for Fishworkers' Rights) 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 the 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 confirmed that that IFC committed major shortcomings in fulfilling requirements to manage impacts on airshed and the marine environment. Specifically, the investigation found that IFC did not ensure that its client correctly applied the 1998 WB guidelines for thermal power that restrict a net increase on emissions of particulates or sulfur dioxide within the airshed. On marine environment, CAO found the IFC to have no robust baseline data on project impacts to marine resources, which constrained it from monitoring marine impacts.

CAO also found that IFC has not assured itself that the plant's seawater cooling system complied with applicable IFC Environmental, Health and Safety (EHS) Guidelines. This

compliance failure risks that thermal plume from the project's outfall channel will extend into shallow waters and estuaries that pose significant ecological risks on marine resources.

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

CAO concluded that IFC's review and adoption of its client's reports are not robust to ensure the Performance Standards and supervision requirements are met.

IFC's response and President Kim's inaction

IFC dismissed CAO findings. 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.

