Report No. 198052

The Inspection Panel

Report and Recommendation On a Request for Inspection

India

Amaravati Integrated Urban Development Program (P507508)

April 11, 2025

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A. Introduction

1. The Inspection Panel (the "Panel") of the World Bank (the "Bank")[1] received a Request for Inspection (the "Request") dated October 18, 2024, relating to the India: Amaravati Integrated Urban Development Program (P507508) (the "Program" or AIUDP), which the World Bank is co-financing with the Asian Development Bank (ADB).[2] The Request was signed by four individuals (the "Requesters") who asked the Panel to keep their identities confidential for fear of retaliation. While the Panel understood the Requesters have been raising their concerns about the Amaravati Capital City (the ACC) development with Bank Management ("Management"), the Panel informed Requesters that Panel procedures require Management to be provided an opportunity to address the Requesters' concerns vis-à-vis AIUDP, which was under preparation when the Request was submitted. On November 9, 2024, eight executive members of a farmers' federation in the Amaravati Capital Region confirmed in writing their support for the Request. Following a meeting with Management, the Requesters informed the Panel on November 12, 2024, that, in their view, Management did not respond adequately to their concerns.

2. The Request states that the Program is linked to the Amaravati Sustainable Infrastructure and Institutional Development Project (P159808) (ASIIDP), a previous Bank project related to the development of ACC. Preparations for ASIIDP started in 2017, but the Government of India (GOI) withdrew its application for financing in July 2019 and the project was halted before it was approved. The Request notes that ASIIDP was to be financed under Investment Project Financing (IPF) and had been classified as Category A for environmental and social impacts. The Request raises concerns that the Bank's use of the Program-for-Results (PforR) instrument for AIUDP lowers the environmental and social safeguard standards that will be applied. Furthermore, the Requesters fear that ASIIDP's legacy issues will be "*overlooked*" under the PforR financing – issues such as human rights violations, involuntary resettlement, displacement of local communities, an "*illegal*" land pooling scheme (LPS), and the intimidation and coercion of landowners. The Request also claims loss of livelihoods, food insecurity, and ongoing and future environmental and socio-economic harm. In addition, it alleges lack of meaningful consultation and disclosure of information, and poor labor standards and conditions for construction workers.

3. Regarding the halted ASIIDP, the Panel had received a first request for inspection in October 2016, which it did not register because it determined that the project was in the early stages of preparation and, therefore, no action or omission by Management could be plausibly

[1] For the purposes of this Report, the term "World Bank" or "Bank" refers to the International Bank for Reconstruction and Development (IBRD).
[2] The program financed by the Asian Development Bank (ADB) is titled, India: Amaravati Inclusive and Sustainable Capital City Development Program (58395-001).

linked to the harm alleged by the requesters.[3] It received a second request in May 2017, which the Panel registered and subsequently recommended to the Board of Executive Directors (the "Board") that it be investigated regarding allegations of harm and potential non-compliance with livelihood restoration requirements set out in the Bank's Involuntary Resettlement Policy (OP/BP 4.12).[4] The Panel deferred the recommendation to investigate on two separate occasions, as Management took actions designed to address the Requesters' concerns. The Panel's reports were updated and submitted to the Board accordingly.[5] The Panel submitted a third eligibility report in March 2019, in which it acknowledged the many positive steps Management had taken, but remained concerned about involuntary resettlement and reiterated its recommendation to the Board to investigate potential non-compliance with the Bank's livelihood restoration requirements.[6] However, following the GOI's withdrawal of its request for financing ASIIDP in July 2019, the Panel updated its third report with a recommendation not to investigate.[7]

4. On December 17, 2024, the Panel registered the Request on AIUDP, and Management submitted its response to the Request (the "Management Response" or the "Response") on February 10, 2025.[8] The ADB's Accountability Mechanism had received a similar complaint regarding the same Program on December 2, 2024, which was subsequently forwarded to the ADB's Compliance Review Panel (CRP) on January 14, 2025.[9] The Board approved the Panel's request to extend the deadline for submission of its Report and Recommendation on this case from March 11 to April 11, 2025, to align the Panel's eligibility phase with that of ADB's CRP. For reasons of efficiency, the Panel and CRP undertook a joint eligibility mission to India in March 2025 to conduct a field visit and meet stakeholders. The Panel based its decision on whether an investigation into the matters raised in the Request is warranted on its Resolution and the applicable Bank policy.

5. In accordance with the Resolution establishing the Panel, the purpose of this Report is to recommend to the Board whether an investigation into the matters alleged in the Request is warranted. Based on the assessment described below, the Panel does not recommend an investigation into the Bank's compliance with applicable provisions of World Bank Policy on PforR Financing as the Panel considers the Request premature. The Panel was made aware of harms suffered by persons and communities affected by the development of ACC. However, the Panel was not able to establish a plausible link between the harms and the AIUDP. The Panel recognizes that at the current, early stage of Program implementation, legacy issues as well as potential future risks are still being assessed including whether mitigation in place is sufficient or

[3] Inspection Panel, India: Proposed Amaravati Sustainable Capital City Development Project.
[4] Inspection Panel, Report and Recommendation on a Request for Inspection India: Proposed Amaravati Sustainable Capital City Development Project (P159808), September 27, 2017.
[5] Inspection Panel, India: Amaravati Sustainable Infrastructure and Institutional Development Project (P159808).
[6] Inspection Panel, Third Report and Recommendation on a Request for Inspection India: Proposed Amaravati Sustainable Capital City Development Project (P159808), March 29, 2019.
[7] Inspection Panel, Request for Inspection India: Proposed Amaravati Sustainable Capital City Development Project (P159808) Updated Third Report and Recommendation, July 16, 2019.
[8] On December 19, 2024, Bank Management ("Management") requested to the Board of Executive Directors (the "Board") a postponement of the deadline to submit its Response. The Board approved Management's request, and the deadline was postponed from January 24 to February 7, 2025. Management Response is dated February 7, 2025.
[9] The CRP's case page on the India: Amaravati Inclusive and Sustainable Capital City Development Program is available here.

should be further strengthened. Therefore, the Panel cannot determine whether and to what extent any harm related to the allegations of the Requesters can be linked to the Program.

6. The Panel's recommendation does not preclude the possibility of future claims regarding compliance and harm relating to the Program, and the Requesters retain their right to submit a new Request for Inspection if they believe the mitigation measures pursued to address identified legacy issues and potential future harms are not sufficient and may be linked to non-compliance of the Bank with the applicable Policy and Directive.

B. Description of the Program

7. The Bank's AIUDP contributes towards the Government of Andhra Pradesh's (GoAP) plan to develop Amaravati as a new capital city on a 217.23 square kilometer site in Guntur District following the decision to bifurcate the former state of Andhra Pradesh into the successor states of Andhra Pradesh (AP) and Telangana.[10] After public consultations, the final Master Plan for ACC development was notified in February 2016.[11] Program Appraisal Document (PAD) states that the Master Plan will be implemented in two phases projected to cost approximately US$ 6 billion.[12] Phase 1 has been estimated at approximately US$ 3.6 billion,[13] and is expected to be implemented over five years (2025-2029). It covers trunk infrastructure, housing, ancillary facilities, flood mitigation works, water supply works, and connectivity of services of some neighborhoods within ACC. Phase 2 is estimated to cost US$ 2.4 billion and will expand the trunk and neighborhood infrastructure to the remaining areas within ACC.[14]

8. The total cost of AIUDP and the equivalent ADB program is US$ 1.784 billion, with the International Bank for Reconstruction and Development (IBRD) and ADB each providing US$ 800 million and the GOI contributing the remaining US$ 184 million.[15] The Bank and ADB will disburse their funds based on the same Disbursement Linked Indicators and will assume an equal share of the Program expenditure.[16] The Implementing Agency is the Andhra Pradesh Capital Regional Development Authority (APCRDA).[17] The Amaravati Development Corporation Limited (ADCL) is responsible for implementation of the trunk infrastructure and flood mitigation works.[18]

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[10] Andhra Pradesh Reorganization Act of 2014 created two separate states: Telangana and the residual Andhra Pradesh. After bifurcation, the residual Andhra Pradesh announced the decision to build Amaravati as its new capital.
[11] The World Bank, International Bank for Reconstruction and Development Environmental and Social Systems Assessment for Proposed Loan in the Amount of US$800 Million Equivalent to India for the Amaravati Integrated Urban Development Program (P507508) (ESSA), November 25, 2024, p. 2, para. 7.
[12] The World Bank, International Bank for Reconstruction and Development Program Appraisal Document on a Proposed Loan in the Amount of JPY 121,972 Million (US$ 800 Million Equivalent) to India for the Amaravati Integrated Urban Development Program (P507508) (PAD), November 25, 2024, p. 5, para. 16.
[13] PAD, p. 6, para. 17.
[14] PAD, p. 6, para. 17.
[15] PAD, pp. ii and iii.
[16] The World Bank, Integrated Fiduciary Systems Assessment Amaravati Integrated Urban Development Program (P507508) (Program-For-Results) (IFSA), November 17, 2024, p. 14, para. 26 and p. 39, para. 122.
[17] PAD, p. ii.
[18] PAD, p. 11, para. 35.

9. The Board approved AIUDP on December 19, 2024, and the Program became effective on January 22, 2025. Its expected closing date is December 31, 2029.[19] The Program uses the PforR financing instrument, and supports priority interventions within Phase 1.[20] The Bank's Policy for PforR Financing requires that the Bank's assessments[21] be conducted to "*evaluate the relevant risks and the scope for improvement and managing such risks, including proposed institution strengthening activities to be undertaken before, if deemed appropriate, and during the PforR Program implementation*."[22] In the case of AIUDP, the integrated risk assessments, which included an Environmental and Social Systems Assessment (ESSA), identified several mitigation measures set out in the Program Action Plan (PAP), which is included in the PAD. According to the Bank's Directive on PforR Financing, the Borrower is responsible for meeting the contractual obligations, including the PAP.[23]

10. The Program Development Objective is "[t]*o strengthen the institutional framework and infrastructure planning and delivery for inclusive and sustainable urban growth in Amaravati.*"[24] It consists of the following three interrelated results areas (RAs).

- *RA1: Strengthened Governance and Financing Framework*. Establish an accountable and effective governance structure for Amaravati, including a medium-term, governance plan, professionally managed utilities for essential services, and a disaster risk management system. It includes enhancing the capacity of APCRDA and ADCL.
- *RA2: Inclusive Socioeconomic Growth and Community Development*. Drive strong economic growth, job skills improvement, and affordable housing through activities to strengthen APCRDA with policies to attract investments, provide targeted skill training, develop green, resilient, affordable housing policies, and improve citizen participation in community services.
- *RA3: Resilient Infrastructure and Sustainable Service Delivery*. Provide well-designed, green, and resilient infrastructure, including flood mitigation systems, water supply, waste management and utilities, and other neighborhood services. It includes well-designed streets, utilities, flood mitigation systems, and e-bus services to enhance livability aimed at reducing Amaravati's vulnerability to climate risks.[25]

C. Summary of the Request

11. This section summarizes the main concerns raised in the Request, which is attached to this Report as Annex 1.

[19] PAD, p. i.
[20] PAD, p. 4, para. 11, and p. 6, para. 18.
[21] The assessments include the PforR program's strategic relevance, technical soundness, expenditure analysis, economic rationale, results framework, fiduciary and environmental and social systems and risks. The Panel notes that for AIUDP, three assessments included (i) a Technical Assessment of the AIUDP; (ii) an Integrated Fiduciary Systems Assessment (IFSA) of APCRDA as well as the ADCL; and (iii) an ESSA.
[22] The World Bank, Bank Policy Program-for-Results Financing (PforR Policy), August 19, 2024, p. 3, para. 6.
[23] The World Bank, Bank Directive Program-for-Results Financing, March 8, 2022, p. 11, para. 38.
[24] PAD, p. 4, para. 13.
[25] PAD, pp. 6 and 7, paras. 19-21.

12. **Link to Previous Bank Project and Choice of Lending Instrument.** The Request claims the current Program – AIUDP – is linked to the previous Bank project – ASIIDP – which was halted in 2019. The Request states that the Panel had recommended an investigation in March 2019 on the Bank's potential non-compliance with livelihood restoration requirements set out in OP/BP 4.12.

13. The Request questions the Bank's use of PforR financing for AIUDP because ASIIDP had been classified as Category A for environmental and social impacts. The Request raises "*serious concerns*" about the use of PforR as the financing instrument for AIUDP, stating that it may overlook "*serious legacy issues*" such as "*human rights violations and involuntary resettlement and displacement of local communities*." The Request claims the PforR financing instrument risks (i) raising social tensions, (ii) isolating segments of ACC development from broader historical and social contexts, thereby failing to address related issues, (iii) exposing AIUDP to the charge that the Bank tolerates practices that lead to human rights violations, particularly against marginalized groups such as small landholders, agricultural workers, and migrants, and (iv) fostering the impression that AIUDP might create double standards for affected peoples and exploit vulnerable populations.

14. **Land Assembly, Resettlement, and Livelihoods.** The Request raises concerns regarding the instruments and the processes used to assemble the land needed for ACC development and their impact on livelihoods and food security.

15. *Land Assembly and Resettlement.* The Request alleges that Management did not take steps to avoid or minimize resettlement under the erstwhile ASIIDP. The Request also alleges that Management's response to concerns about involuntary resettlement states that affected individuals would have two options of participating in land pooling or having their land acquired involuntarily. The Request alleges that the "*prima facie illegal LPS way of acquiring lands from farmers constitutes their involuntary displacement.*" It alleges that, contrary to AIUDP's Program Information Document, neither a Resettlement Action Plan (RAP) nor a Resettlement Policy Framework (RPF) were prepared and adopted in accordance with the country's legal framework, adding that a resettlement plan and social impact assessment are required. Furthermore, the Request states that the High Court issued an order in March 2022 directing the Government to hand over developed plots of land to those who participated in land pooling, while at the same time the court order states land pooling is "*illegal*." The Request also states that Amaravati "*has not been notified as per the AP* [Andhra Pradesh] *State Reorganisation Act, 2014*" as the capital, claiming that "*the capital is liable to be shifted*" until there is an official notification.

16. *Loss of Livelihoods.* The Requesters claim that neither LPS nor land acquisition under the Land Acquisition, Rehabilitation and Resettlement Act No. 30 of 2013 ("LARR") provide benefits sufficient to restore Requesters' livelihoods or compensation adequate to purchase comparable replacement land. The Requesters fear those who had given up their land will lose both – land and livelihoods.

17. The Requesters claim LPS documentation does not specify when developed plots will be returned to those who agreed to land pooling and are concerned that annuity payments will end before plots are ultimately returned to LPS participants. The Requesters are also concerned that a

potential change in GoAP may jeopardize LPS and annuity payments since, according to the Request, LPS "*has no legal basis*." The Request alleges that most of the land pooled under LPS has yet to be registered, and that other benefits promised under LPS – e.g., loan waivers, loans for self-employment, free education, and job skills training – "*remain false promises.*"

18. *Food Insecurity.* The Request claims the Strategic Environmental and Social Assessment and Environmental and Social Management Framework (SESA-ESMF) developed for ASIIDP did not recognize multi-crop irrigation as the primary use of land in the Amaravati area, although the area consists of "*rare multi-crop irrigated land that produces 120 types of crops*." The Request states food insecurity in the region is materializing.

19. **Alleged Coercion and Intimidation.** The Request alleges that, while the Government has characterized LPS as voluntary, farmers have been "*intimidated and economically coerced*" into participating in the scheme. It claims Requesters and farmers will be "*forced to either pool their land under the LPS or their land will be acquired by the State under the Land Acquisition Act.*" The Request further alleges that farmers who had expressed opposition to LPS were intimidated and harassed, including by arson and the destruction of crops. The Request also claims "*mental harm*" from threats and harassment, and it alleges that the requesters who approached the Panel previously and "*voiceless farmers*" have experienced significant psychological stress.

20. **Environmental Concerns.** The Request states that in 2015, the National Green Tribunal (NGT) ordered a stay on ACC construction due to unresolved environmental concerns. It alleges that ACC development would affect the Kondaveeti Vagu[26] and its adjacent wetlands, that the SESA-ESMF prepared for ASIIDP did not adequately address this issue, and that APCRDA has not complied with national legislation designed to protect the wetlands.

21. The Request alleges that orders from the High Court and NGT continue to be ignored. According to the Request, to date APCRDA has not complied with NGT's order to set up Supervisory and Implementation Committees, tasking independent, outside experts to monitor activities and ensure compliance with environmental laws. The Request claims there is a second NGT order on floodplain conservation. The Request further alleges there are significant pressures on the flood banks of the Krishna River arising from increased construction and sand mining activities.

22. **Working Conditions.** The Request raises concerns that workers engaged in ACC construction activities are working in "*below par*" conditions that do not meet labor standards. It also provides media reports of underpaid migrant workers involved in construction.

23. **Meaningful Consultations and Disclosure of Information.** The Request claims "*mental harm*" due to continued inadequate access to information and consultation. It states the Bank team has conducted a few missions since August 2024 "*to assess the current situation*" as part of "*reactivating the project*," but the team has failed to carry out meaningful consultations with stakeholders who "*continue to raise concerns*." The Requesters allege that their formal request to the Bank to disclose its report on the "*Land Pooling Scheme* (*LPS) and human rights violations in the case of Amaravati*" has received no positive response to date. The Request adds that

[26] A *vagu* is a small stream or a natural channel where water flows.

consultation for ASIIDP was conducted in an "*intimidating atmosphere*" and that LPS was implemented without adequate public access to information or community consultation.

D. Summary of the Management Response

24. The section below summarizes the Management's Response to the Request which is attached to this Report as Annex 2.

25. Management states the Program – AIUDP – was "*only very recently approved*"[27] and considers the Request "*premature.*"[28] According to the Response, the Bank is confident that the concerns and allegations in the Request are "*sufficiently addressed through the Program design as well as the lessons learned from the earlier project that was prepared but dropped.*"[29] Management believes the Bank has correctly applied its policies and procedures applicable to the Program and has followed the policies and procedures applicable to the matters raised in the Request.[30] Management states that "*the Requesters' rights or interests have not been, nor will they be, directly or adversely affected*"[31] by the alleged failure of the Bank to implement its policies and procedures.[32]

26. **Link to Previous Bank Project and Choice of Lending Instrument.** The Response states that AIUDP is "*materially different in terms of scope, objectives, planned investment activities, and risks levels*"[33] from the previously proposed – but dropped – ASIIDP. It explains that ASIIDP was using the IPF instrument for a proposed US$ 300 million loan from the Bank and US$ 200 million co-financing from the Asian Infrastructure Investment Bank, and was primarily focused on select, discrete, infrastructure investments in Amaravati with some institutional support.[34] In contrast to this, the Response emphasizes that AIUDP involves US$ 1.6 billion in financing from the Bank and ADB.[35] It adds that AIUDP responds to a new GOI request received in August 2024,[36] which emphasizes "*a holistic and sustainable model of urban development, integrating institutions, infrastructure and inclusion.*"[37] Furthermore, this new Program adopts "*a more integrated approach and a much broader scope, emphasizing institutional and systems strengthening as a core element in mobilizing financing, as well as a central focus on inclusive socioeconomic development for current and future residents of the area.*"[38]

27. Management lists several developments and considerations that have contributed to some of the previously assessed environmental and social impacts and risks either not materializing or

[27] Management Response, p. 9, para. 23.
[28] Management Response, p. 9, para. 23.
[29] Management Response, p. 9, para. 20.
[30] Management Response, p. 16, para. 49.
[31] Management Response, p. 16, para. 49.
[32] Management Response, p. 16, para. 49.
[33] Management Response, p. 9, para. 22.
[34] Management Response, p. 18.
[35] Management Response, p. 10, para. 27.
[36] Management Response, p. 9, para. 24.
[37] Management Response, p. 10, para. 26.
[38] Management Response, p. 10, para. 26.

having been reduced since the ASIIDP was dropped.[39] These developments include significant progress addressing potential risks and impacts of the land assembly process, with less than two percent of the land required for Program implementation left to be assembled. In addition, Program-funded infrastructure work is "*largely of medium scale*" and will be "*confined within the development area*."[40] Management states the Program excludes activities that are judged to be likely to have "*significant adverse impacts*."[41] The Program has a "Substantial" risk rating, considering the objective, scope, and risk level, which was confirmed by the technical, fiduciary, and environmental and social assessments conducted as part of the Program preparation.[42] Management views the choice of the PforR instrument for AIUDP as "*fully consistent with the requirements for the PforR Policy*,"[43] based on the assessments conducted and the mitigation measures set out in the PAP agreed between the Bank and GoAP.[44]

28. Management states PforR operations "*have robust E&S* [environmental and social] *requirements*,"[45] assessed through an ESSA and addressed in the design and institutional arrangements which, in AIUDP's case, have been met appropriately.[46] According to Management, the environmental and social assessment criteria for PforR financing cover a range of risks that align with the objectives of the Bank's Environmental and Social Framework (ESF). These include avoiding social conflict and addressing the concerns of vulnerable groups, worker safety, community safety, managing impacts of land acquisition and restrictions on access, and critical natural habitats.[47] Management states the ESSA found that AIUDP and government systems broadly align with these criteria and that, based on the ESSA's findings and recommendations, it proposed gap-filling measures that are integrated in the PAP where appropriate.[48]

29. **Land Assembly, Resettlement, and Livelihoods.** *Land Assembly Instruments.* Management explains that the RPF the Government adopted in 2018 sets out the principles and mitigation measures applicable to assembling the land required for ACC development under all three land assembly methods: voluntary participation in LPS, negotiated settlement, and non-voluntary settlement under LARR.[49] It states the RPF was originally drafted during ASIIDP preparation "*in compliance with OP 4.12*."[50] According to Management, while the RPF or similar instruments are not specifically required under the PforR Policy, the RPF is being updated to include additional suggestion during expanded consultation, and to adjust the compensation matrix to current market rates and valuations in compliance with LARR.[51]

[39] Management Response, p. 11, para. 30.
[40] Management Response, p. 11, para. 30.
[41] Management Response, p. 11, para. 30.
[42] Management Response, p. 19.
[43] Management Response, p. 11, para. 30.
[44] Management Response, pp. 19 and 20.
[45] Management Response, p. 11, para. 31.
[46] Management Response, pp. 11 and 12, para. 31.
[47] Management Response, p. 12, para. 32.
[48] Management Response, p. 12, para. 32.
[49] Management Response, p. 12, para. 33.
[50] Management Response, p. 12, para. 33.
[51] Management Response, p. 13, para. 34.

30. The Response states APCRDA implemented land pooling at scale between 2015 and 2019, with all LPS farmers receiving Land Pooling Ownership Certificates (LPOCs) as proof of land title, and about 77 percent of the pooled land being formally registered.[52] It expects remaining registrations to be completed before end-March 2025.[53] The Response adds that, based on the ESSA and the mitigation measures agreed with GoAP, Management is of the view that the environmental and social risks associated with AIUDP are "*mitigable and do not pose an unprecedented significant adverse impact on the environment and/or affected people.*"[54]

31. According to Management, and as set out in the ESSA's PAP, three APCRDA-commissioned Social Audits will assess the implementation of the land assembly process for Amaravati. These Social Audits will be conducted, respectively, at the beginning (June 2025), mid-term, and end of the Program, and they will focus on the process, the impacts on landowners and the landless, and the effectiveness of mitigation measures – including those designed to address impacts on the livelihoods and socioeconomic status of agricultural laborers.[55] Management states Social Audit findings and recommendations will be addressed during Program implementation.[56]

32. *Loss of Livelihoods.* The Management Response states that the APCRDA Act governs the land pooled under LPS, and that the Government is legally obligated to provide returnable plots and annuities to landowners who have participated in LPS.[57] LPS participants are entitled to a combination of benefits including (a) returnable plots of an urban nature within the perimeter of the ACC, (b) annuities for 10 years (extended another five years), and (c) waivers for agricultural loans, skill training, access to interest-free loans for setting up enterprises, and access to educational, medical, and health benefits in designated facilities.[58] The Response recognizes that the transition from farming to urban living may pose challenges for some, and landowners have the option to sell their urban plots and purchase agricultural land elsewhere to continue farming.[59]

33. According to the Response, APCRDA put in place an "*all-round package of socioeconomic support measures*"[60] for 17,176 landless agricultural laborers with the aim of restoring or improving their livelihoods and that these measures remain in place as part of AIUDP and have been further strengthened.[61] The Response states these eligible workers will receive monthly pensions until 2029, as well as interest-free loans and other benefits, including skills training and access to employment opportunities under the Mahatma Gandhi National Rural Employment Guarantee Scheme.[62] Homeless laborers are provided housing under the "Economically Weaker Section" housing program.[63]

[52] Management Response, pp. 20 and 32.
[53] Management Response, p. 32.
[54] Management Response, p. 20.
[55] Management Response, p. 13, para. 35 and p. 23.
[56] Management Response, p. 33.
[57] Management Response, p. 33.
[58] Management Response, p. 6, para. 16.
[59] Management Response, p. 25.
[60] Management Response, p. 23.
[61] Management Response, p. 8, para. 19, and p. 23.
[62] Management Response, p. 23.
[63] Management Response, p. 23.

34. *Food Insecurity.* Management states that the transition to urban land "*does not significantly impact the production in the state.*"[64] Management explains that the transition from rural to urban land took place several years ago and that 98 percent of the land for the AIUDP has been assembled and left fallow.[65] It states that earlier analysis had shown that crops in the area were predominantly commercial and not used for daily human consumption.[66]

35. **Alleged Coercion and Intimidation.** Management confirms that it "*takes allegations of intimidation in its operations very seriously and is committed to fostering transparency and accountability in the Program's design.*"[67] According to Management, the ESSA acknowledges "*concerns about procedural fairness in the LPS*," [68] but it considers evidence of systemic issues to be lacking. [69] The Response states that during consultations conducted for Program preparation, farmers who joined as well as those who have not joined the LPS did not raise "*any systemic issues of coercion or intimidation to force the farmers to join the LPS, except for one group*." [70] Management notes that the process of participating in LPS requires landowners to provide their signatures and consent at six different times, and offers exit options for those who change their minds during the process.[71] The Response also states the Bank will actively monitor any issue of coercion during supervision and will engage with the authorities and affected parties if any such allegations arise. [72] Management recognizes that the level of trust in implementing agencies (APCRDA and ADCL) is "*uneven*" [73] and stresses the need for sustained efforts to enhance transparency.[74]

36. **Environmental Concerns.** The Response states there are no sensitive receptors nearby, and high-risk activities/investments will be excluded from the Program.[75] It explains that the Program's ESSA contains an updated assessment and measures to protect "*natural water resources such as water bodies and forests on hills.*"[76] It states the ESSA identified gaps and proposed actionable measures to enhance environmental and social risk management, including recommendations related to water bodies and the Krishna River.[77] According to Management, the ESSA underscores the need to enlarge water bodies to enhance ecological balance and improve flood resilience, and there are measures intended to preserve the ecological integrity of the riparian zones.[78] The Response also states that the Master Plan has designated 251 acres of forest on

[64] Management Response, p. 14, para. 40.
[65] Management Response, p. 14, para. 40.
[66] Management Response, p. 14, para. 40.
[67] Management Response, p. 13, para. 37.
[68] Management Response, p. 35.
[69] Management Response, p. 35.
[70] Management Response, p. 34.
[71] Management Response, p. 14, para. 38.
[72] Management Response, p. 14, para. 38.
[73] Management Response, p. 14, para. 39.
[74] Management Response, p. 14, para. 39.
[75] Management Response, p. 42.
[76] Management Response, p. 48.
[77] Management Response, p. 48.
[78] Management Response, p. 50.

Undavalli Hill as a protected area, with a designated buffer zone around the forest to prevent encroachment.[79]

37. According to Management, the concerns about the potential impact of ACC development on the Kondaveeti Vagu, and adjacent fields and wetlands are thoroughly addressed by the NGT order of November 17, 2017.[80] The Response states that, the order upheld the Environmental Clearance (EC), and issued directives, including APCRDA to implement a comprehensive flood management strategy to safeguard the natural course of the Kondaveeti Vagu and to adopt wetland conservation principles for adjacent fields, recognizing their ecological value.[81] Management states that, in order to comply with NGT's orders, APCRDA prepared a detailed flood management plan for the Kondaveeti Vagu and surrounding areas, and soil and water conservation measures in the upper catchment areas of the Kondaveeti Vagu.[82]

38. The Response also describes the flood management strategy and plan for Amaravati, which entails widening and deepening streams, constructing retention reservoirs, installing pumping stations to manage excess water, and strengthening existing bunds.[83] Furthermore, the Response states that, as required by NGT, APCRDA had engaged the National Geophysical Research Institute in 2019 to initiate a comprehensive hydrogeomorphology study, which will resume in collaboration with premier institutions to ensure optimal surface and subsurface water conservation.[84]

39. Management states the ESSA emphasizes that the Supervisory and Implementation Committees – which NGT ordered to be established – are key to maintaining environmental oversight, and the Bank will "*highlight this issue at higher levels of government as appropriate, if delays continue.*"[85] It also states that GoAP committed to ensuring compliance with the NGT order, and that APCRDA will ensure these Committees are reactivated and meet at least semiannually.[86]

40. According to Management, following an independent evaluation of the impact of sand mining in the Krishna River, NGT issued its final judgement on August 24, 2020, concluding that sand mining can continue under the supervision of the established Expert Committee.[87]

41. **Working Conditions.** According to Management, the allegations of and reports on sub-standard working conditions and their effects on employment refer to activities that took place in 2019 and are not connected to the Program.[88] Management explains that during the implementation of AIUDP, working conditions will be addressed in accordance with PforR ESSA Guidance, and labor welfare and worker safety are included in the PAP and the Program's legal

[79] Management Response, pp. 50 and 51.
[80] Management Response, p. 42.
[81] Management Response, pp. 42 and 43.
[82] Management Response, p. 43.
[83] Management Response, pp. 36 and 37.
[84] Management Response, pp. 37 and 38.
[85] Management Response, p. 36.
[86] Management Response, p. 36.
[87] Management Response, p. 37.
[88] Management Response, p. 15, para. 46.

agreements.[89] According to Management, labor issues are covered by the environmental and social Standard Operating Procedures (SOPs) that will be prepared within five months of Program Effectiveness.[90]

42. The Response states that several entities will oversee the implementation of labor standards for individual work contracts and the Program overall, including APCRDA's Environmental and Social Management Unit (ESMU), as well as Project and Program Management Consultants (PMC and PgMC, respectively) and a local, nongovernmental organization (NGO) that will be hired by June 2025.[91] Management states the Bank team will include environmental and social specialists and a gender-based violence specialist to support implementation of labor standards.[92]

43. **Meaningful Consultations and Disclosure of Information.** The Management Response states that "*extensive consultations*"[93] were carried out during Program preparation, and that the ESSA was "*widely consulted upon*."[94] It explains that after receiving GOI's request to engage on AIUDP, the Bank/ADB team has conducted 14 consultations with stakeholders since October 18, 2024.[95] According to the Response, 12 consultation meetings were undertaken between August and October 2024 as part of the ESSA preparation and involved more than 200 participants from diverse stakeholder groups, including LPS and non-LPS landowners, landless laborers, and villagers. The Response states that a multistakeholder consultation event was also held in November 2024 with more than 500 participants.[96] Management describes consultations held with stakeholders during the AIUDP preparation phase suggested there is "*broad stakeholder support for the urgent development of Amaravati*,"[97] particularly among farmers who have agreed to pool their land.[98]

44. Management states APCRDA has a dedicated communication unit, whose website provides updated, village-level information on LPS registration of plots, annuities and pensions, and other benefits.[99] In addition, Public Information Centers have been established at the 11 village-level Competent Authority Offices (CAOs) to share information and address land-related queries or issues.[100] The Response states Management "*has recognized the importance of strengthening access to information and* [the] *consultation process*,"[101] and of providing capacity-building initiatives to Program implementers to enhance their practices.[102]

[89] Management Response, p. 22.
[90] Management Response, p. 16, para. 47.
[91] Management Response, p. 16, para. 48.
[92] Management Response, p. 16, para. 48.
[93] Management Response, p. 14, para. 38.
[94] Management Response, p. 15, para. 44.
[95] Management Response, p. 25.
[96] Management Response, p. 45.
[97] Management Response, p. 22.
[98] Management Response, p. 22.
[99] Management Response, p. 15, para. 43.
[100] Management Response, p. 15, para. 43.
[101] Management Response, p. 15, para. 42.
[102] Management Response, p. 15, para. 42.

45. **Grievance Redress Mechanism.** According to Management, APCRDA has had a Grievance Redress Mechanism since 2014,[103] and "[r]*obust grievance redress mechanisms are currently in place at multiple levels*."[104] The Response states there are several avenues to submit and register grievances including a state-level single-window, online Public Grievance Redress Management System, a grievance submission feature on the APCRDA website, weekly public meetings held by the APCRDA's Additional Commissioner, and in-person meetings with APCRDA officials.[105] The Response adds that, by establishing a grievance audit and a feedback mechanism, APCRDA plans to strengthen the GRM system during Program implementation.[106]

E. Panel's Eligibility Assessment, Observations, and Review

46. The Panel's review is based on information presented in the Request, the Management Response, other documentary evidence received in-country, and information gathered in conversations with different stakeholders, especially during the Panel Team's visit to India.[107]

47. Panel Member Evelyn Dietsche, Senior Environmental Specialist Richard Wyness, Senior Social Development Specialist Kojo Bedu-Addo, and Investigations Officer Ayako Kubodera visited India March 10-17, 2025, to inform the Panel's eligibility assessment. During its visit, the Team met with officials of the Ministry of Finance and the World Bank staff in New Delhi, and those of GoAP, APCRDA, and ADCL in Vijayawada and Amaravati. The Panel also conducted field visits to the ACC area with APCRDA and ADCL officials. Meetings and field visits with the Requesters, other community members (the "community participants"), and civil society organizations were held in the ACC area and nearby locations. Except for the meetings held in New Delhi, all meetings and field visits were conducted jointly with a five-person team from ADB's CRP.[108] The Panel is grateful to all stakeholders for taking the time to share their views and perspectives. The Panel extends particular thanks to the World Bank India Country Office staff for their assistance with logistical arrangements, guidance, and protocols for the Team's visit.

48. The following sections cover the Panel's determination of the technical eligibility of the Request in accordance with the criteria set forth in the Panel Resolution (subsection E.1.), observations on other factors (subsection E.2.), and the Panel's review (subsection E.3.), which supports the Panel's recommendation (section F).[109]

E.1. Determination of Technical Eligibility

[103] Management Response, p. 15, para. 45.
[104] Management Response, p. 14, para. 38.
[105] Management Response, p. 15, para. 45.
[106] Management Response, p. 15, para. 45.
[107] While the Request for Inspection was ongoing, Ajay Achyutrao Deshpande joined the Panel on March 10, 2025. Due to earlier engagement with India's National Green Tribunal (NGT), he recused himself from the Panel's decision on this case, as it raised matters that were presented at the NGT.
[108] The CRP team included Panel Chairperson Ramanie Kunanayagam, Panel Members Vaideeswaran Sankaran and Inbal Djalovski, Advisor Mailene Radstake, and Consultant Harsha Fernando.
[109] The World Bank Accountability Mechanism, Resolution No. IBRD 2025-0001 (the "Resolution"), March 7, 2025, paras. 13-15 and 29.

49. The Panel considers that the Request does not meet one of the six technical eligibility criteria set out in its Resolution.[110] Technical eligibility is based on verifiable facts which relate to the allegations in the Request. The Panel notes that confirmation of technical eligibility in no way implies any judgment of the substance of the claims made in the Request.

- Criterion (a): "*The affected party consists of any two or more persons with common interests or concerns and who are in the borrower's territory*." The Request was signed by four individuals, and the Team met the Requesters and community members who claimed to be affected by the Program. The Panel therefore considers this criterion met.

- Criterion (b): "*The Request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the Requester*." The Panel acknowledges the serious concerns Requesters raised. The Panel was also made aware of harm, landowners and other affected persons with whom it met have experienced as a result of the ACC development. These harms relate to the land assembly process and associated negative impacts on livelihoods linked to the changes in state government priorities and delayed implementation of the Master Plan which occurred between 2019 and 2024. These legacy issues occurred before Management considered – and the Board approved – the Program. The Panel notes that the Program is still in the process of assessing impacts related to legacy issues as well as potential future risks in accordance with the rationale of the PforR financing instrument and the applicable PforR Policy and Directive. The Panel does not consider this criterion met, because it cannot determine whether and to what extent any harm related to the allegations of the Requesters can be linked to the Program as required by paragraph 13 of the Resolution.

- Criterion (c): "*The Request does assert that its subject matter has been brought to Management's attention and that, in the Requesters' view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures*." The Panel understood the Requesters had been raising their concerns about the ACC development with Management, and reviewed correspondence. At the time of the Request submission, the Panel indicated to the Requesters that Management should be provided an opportunity to address their concerns vis-à-vis AIUDP, which was being prepared. Following correspondence and a meeting with Management, the Requesters informed the Panel that, in their view, Management did not adequately address their concerns. The Panel considers this criterion met.

- Criterion (d): "*The matter is not related to procurement*." The claims do not raise issues of procurement and thus this criterion is met.

- Criterion (e): "*For projects approved by the Executive Directors before the date of this Resolution* [September 8, 2020], *the related loan has not been closed or substantially disbursed or for projects approved by the Executive Directors on or after the date of this Resolution fifteen months have not yet passed from the date the related loan has been*

[110] The Resolution, paras. 13-15 and 29.

closed." At the time of receipt of the Request, the Program was at the preparation stage. Therefore, this criterion is met.

- Criterion (f): "*The Panel has not previously made a recommendation on the subject matter or, if it has, that the Request does assert that there is new evidence or circumstances not known at the time of the prior Request*." The Panel considers this criterion met as the Panel has not previously considered the subject matter of the Request under AIUDP. The two requests that the Panel received in October 2016 and May 2017 pertained to ASIIDP.

E.2. Panel Observations Relevant to its Recommendation

50. In making its recommendation to the Board and consistent with its Operating Procedures, the Panel considers:

- whether there is a plausible, causal link between the harm alleged in the Request and the Program,
- whether the alleged harm and possible Bank non-compliance with its operational policies and procedures may be of a serious character, and
- whether Management has dealt appropriately with the issues, as per the Management Response, or has acknowledged non-compliance and presented a statement of remedial actions that address the Requesters' concerns.

51. The Panel provides its preliminary observations on the alleged and potential harm and compliance below, noting that in doing so, it is making no definitive assessment of the Bank's compliance with its policies and procedures or any adverse material effects this may have caused.

52. The Panel observes that the Request raises three main areas of concern: (i) a link to the previous ASIIDP and its choice of lending instrument, (ii) the land assembly process, associated resettlement, and effects on livelihoods, which are legacy issues, and (iii) environmental concerns that pose potential future risks. As the Request refers to ACC development which commenced in 2014, a brief review of the background and context is warranted. The Panel observed that the issues raised by the Requesters and community participants related largely to the land assembling process that commenced in 2014 and the implementation of the Master Plan in the early years of ACC development. These Requesters and community participants also raise the question of how environmental impacts and, in particular, the risk of flooding would be managed by GoAP as it proceeds with the ACC development. The Panel observed that the alleged harm and uncertainties regarding involuntary resettlement and livelihoods restoration are also linked to the changes in state government priorities that occurred between 2019 and 2024. Based on these three overarching observations, this section first provides the background and context of the Program and then presents the Panel's findings and observations on the specific issues that the Panel discussed with all stakeholders during its visit to India.

53. **Background and Context.** The bifurcation of the state of Andhra Pradesh in 2014 led to the decision to build a new capital city between the cities of Vijayawada and Guntur and to develop a Master Plan for ACC. The Panel notes that the Master Plan sets out how a predominately

agricultural area of around 217 square kilometers[111] would be rapidly transformed into a metropolitan state capital city and regional growth hub. According to the ESSA, around 64 square kilometers (15,807.91 acres) of this area comprised government and extended habitation land, while around 154 square kilometers (37,941.58 acres) would need to be assembled from private landowners.[112]

54. According to a presentation made by APCRDA to the Panel, GoAP enacted the APCRDA Act 2014 to establish this authority and enable it to oversee a land assembly process, urban planning, and development of infrastructure within the ACC region. In addition, ADCL was set up to lead and deliver the construction of trunk infrastructure and flood mitigation works. APCRDA has assembled land using three instruments: (i) land pooling under LPS, (ii) land acquisition as per the LARR, and (iii) negotiated settlement, which – according to APCRDA – only applies to land needed for urban infrastructure developed within demarcated village settlements.

55. The PAD states that GoAP commenced land assembly in 2014, using LPS as the dominant method.[113] According to the ESSA, by September 2024 28,740 farmers had "*voluntarily contributed*"[114] around 139 square kilometers (approximately 34,396.87 acres) of land under LPS, comprising about 91 percent of the total land targeted by LPS.[115] According to the PAD, Phase 1 of ACC development comprises about 92 square kilometers of land, with 98 percent of this area already assembled through LPS.[116] The ESSA states most of this land had been assembled between 2015 and 2017.[117] Management states AIUDP and the ADB program is about 25 percent of the total area required for the development of Amaravati.[118] According to APCRDA's presentation, only about 1.38 percent (about 0.71 square kilometers, 175.84 acres) of the land required for the Bank's and the ADB program remains to be pooled or, if necessary, to be acquired under LARR.

56. APCRDA informed the Panel that, under LPS, participating landowners are entitled to a reconstituted plot[119] of developed land 25 percent - 30 percent of the acreage they provided to the scheme. They explained that the value of these plots – having access to essential urban infrastructure (roads, water, electricity) – would exceed that of the agricultural land the landowners had provided. From conversations held and documents reviewed, the Panel understands that, upon assuming ownership of the reconstituted plots, landowners would have the option of using them in accordance with the urban planning set out in the Master Plan or selling them. The Panel notes, however, taking possession of the reconstituted plots is contingent on the progress of ACC development. As set out in the respective legislation, LPS rules specify the many steps of the scheme – from notifying the land pooling areas to issuing Land Pooling Ownership Certificates (LPOC). As part of this process, participating landowners must furnish APCRDA with irrevocable, general powers of attorney, effective until they receive their reconstituted plots. As part of the LPS

[111] PAD, p. 2, para. 5.
[112] ESSA, p. 20, para. 81.
[113] PAD, pp. 2 and 3, para. 8.
[114] ESSA, p. 2, para. 8.
[115] ESSA, p. 20, para. 81.
[116] PAD, p. 6, para. 17.
[117] ESSA, p. 20, para. 81.
[118] Management Response, p. 42.
[119] In this Report, "reconstituted plots", "developed plots", and "returnable plots" are used interchangeably.

arrangements, these landowners have been offered annuities for 10 years, with 10 percent annual increases, as well as other benefits. In 2024, these annuity payments were extended by a further five years.

57. Several stakeholders with whom the Panel spoke explained that the implementation of ACC development in accordance with the Master Plan was disrupted between 2019 and 2024 when a change in the state government brought a change in priorities and resulted in the repeal of the APCRDA Act. The Panel learned that this affected the value of land, leading many LPS-participating landowners to file cases in the High Court of Andhra Pradesh, which ruled that ACC development must proceed as set out in the Master Plan. The Panel understands that following the change in state government in 2024, the APCRDA Act was reinstated and ACC development resumed. The Panel observed from its engagement with the community participants that these changes not only delayed implementation of the Master Plan. The Panel observed that they also instilled uncertainty, eroded the trust placed in GoAP to deliver the ACC, and undermined the basis on which many landowners had participated in LPS. The Panel also observed that these changes confirmed the doubts of those who were suspicious about LPS fulfilling its promises.

58. The ESSA shows that most pooled land has come from small landowners: about 46 percent (approximately 25,400 farmers) owned less than one acre, and a further 48 percent (about 7,860 farmers) owned between one and five acres.[120] The Panel observes that, from a socio-economic perspective, this underscores the magnitude of the transformation from a rural and agrarian setting to a metropolitan and regional growth hub. Furthermore, the Panel notes the erstwhile agrarian setting employing tenant farmers and landless, agricultural laborers and artisans, and that these constituencies have also been – or will likely be – affected by ACC development. Involuntary resettlement and impacts on their livelihoods are also raised as concerns in the Request.

59. **Link to Previous Bank Project and Choice of Lending Instrument.** The Request raises "*serious concerns*" relating to the use of PforR as the Program's financing instrument. The Requesters allege AIUDP may risk overlooking "*serious legacy issues*" such as "*human rights violations and involuntary resettlement and displacement of local communities*." The Request states there is a "*clear interconnection*" between ASIIDP, which was classified as Category A for potential environmental and social impacts, and AIUDP. The Request claims Bank may overlook potential environmental and social violations by choosing PforR financing instrument because "[r]*elying on the country's existing systems does not ensure the protection of individuals or the environment*."

60. Based on the meetings held, the Panel observed that Requesters and community participants associate many of the issues they raised in the current Request with the halted ASIIDP and earlier technical assistance that they believe the Bank provided to LPS. They also linked these issues to legal cases filed against GoAP. While some of those with whom the Panel met had detailed knowledge of cases, others drew on information reported in the local media. The Panel also observed that Requesters were unclear about the differences in the approach and the environmental and social commitments applicable to AIUDP compared to those applicable to the ASIIDP. The Panel noted that Requesters and community members lacked information about how PforR programs are implemented and that, as part of its adaptive risk management approach, the

[120] ESSA, p. 20, para. 81, Table 4.

Program is still assessing impacts related to legacy issues and potential future risks of the ACC development.

61. During the eligibility visit, Management emphasized to the Panel that AIUDP differs materially from ASIIDP, which focused on project financing for discrete infrastructure investments relating to ACC development. Management explained the Government's preference for the PforR financing instrument, and that Management determined it was appropriate for the Program because AIUDP is focused on strengthening systems and building institutional capacity – managing environmental and social risks through activities such as enhancing the capacity of E&S specialists and conducting further assessments to better understand legacy risks as well as potential future risks, including Social Audits and additional studies on flood risks and management. Management stated that Amaravati's staged development allows for adaptations as further risks may be identified during implementation.

62. *Assessments and Social Audits.* During the Panel's eligibility visit, Management stressed to the Panel that the ESSA identified gaps in current systems and resources and led to mitigation measures included in the PAP which have been agreed with the Borrower. Management confirmed that, as per the rationale of the PforR financing instrument, strengthening the environmental and social risk management systems and respective capacities of the Program's implementing parties remain works-in-progress and respective milestones are included in the PAP, which is annexed to the PAD.[121]

63. The Panel notes that both APCRDA and Management stated that the PAP included conducting Social Audits of the land assembly process and the livelihood impacts on – and the mitigation measures targeted at – landowners, landless, and other Program-affected persons. Management stated that the first of the three Social Audits included in the PAP is due by June 2025. APCRDA informed the Panel that they are committed to monitoring social risks continuously and have contracted the Tata Institute of Social Sciences in Hyderabad to deliver this work. APCRDA and Management told the Panel that the first of these Social Audits would take a retrospective look at some of the challenges associated with LPS and that it is expected to make relevant recommendations to mitigate any salient impacts it may identify. Management assured the Panel that APCRDA will be required to implement the findings and recommendations of the Social Audits. They added that the imminent appointment of an NGO to support implementation will help sustain this effort, and that a skills survey is being conducted to inform livelihood restoration actions.

64. The Panel notes that in preparing the PforR for approval and evaluating relevant risks and scope for improvements, Management has drawn on environmental and social assessments and documents prepared for ASIIDP. Management explained to the Panel that these studies and documents are being updated as part of Program implementation as set out in the PAP.

65. *E&S Management System.* During the field visit Management and APCRDA described to the Panel the systems they have put in place to manage and mitigate the environmental and social risks of the Program. Management informed the Panel that the Program will continuously support the strengthening of core government systems and capabilities to ensure that environmental and

[121] PAD, pp. 22-25.

social requirements are systemically addressed, and the expected Program outcomes and impacts are achieved.

66. APCRDA informed the Panel that they have established an ESMU responsible for a broad range of issues – including safeguards, compliance management, monitoring, stakeholder management, social development, land and resettlement, landscape and forests, occupational health and safety (OHS), and redress of grievances. APRCDA provided updates on the recruitment of E&S specialists stating it had recently recruited 31 of the 33 staff earmarked for the Unit. APCRDA shared with the Panel that additional environmental and social specialists will be available to the Program through the experts appointed by the PgMC and PMC to monitor implementation.

67. APCRDA explained how they are improving risk mitigation by introducing SOPs while enhancing contractor management arrangements. This has included drafting clauses on environmental and social management and standards for contractor bidding documents. The ESMU will also be responsible for reporting on environmental and social impact management and performance, OHS management, and monthly updates to Bank Management on the land assembly process, including involuntary land acquisition, and grievances.

68. **Land Assembly, Resettlement, and Livelihoods.** During its field mission, the Panel met and spoke with some 200 community participants from approximately 15 villages who claimed they were affected by the land assembly process. The Panel notes that some said they own land, while others said they used assigned land[122] to sustain their livelihoods, and/or live in and around the area earmarked for Phase 1 of ACC development. The Panel also noted that most landowners with whom it spoke owned fewer than five acres. Except for very few persons, the Panel was unable to speak first-hand with landless agricultural laborers directly affected by LPS but heard about their situations from Requesters and other community and CSO participants. The Panel also spoke with vulnerable landless persons, some of whom said they had been working as agricultural laborers.

69. *Land Pooling and Involuntary Displacement.* The Request alleges that LPS prima facie is "*illegal*" and constitutes "*involuntary displacement*," notwithstanding that the authorities characterized the scheme as voluntary. The Requesters and community participants in meetings with the Panel said in their view the choice for landowners was to opt for LPS or face land acquisition, which in essence made the entire land assembly process involuntary. Some landowners with whom the Panel met said they are hesitant to contribute their land to LPS, but feel they have no alternative. They said that, although they were told their participation in LPS remains "*voluntary*," they believe their land will eventually be acquired under LARR. Some Requesters expressed frustration that they may not be able to enjoy the benefits of the reconstituted plots that they received, because their only real option – due to building regulations, the size of reconstituted plots, and financial constraints – will be to sell to property developers. Some Requesters and community participants told the Panel that, rather than participating in LPS and

[122] Assigned land is government land assigned to specific land users, such as beneficiaries from poor and/or more vulnerable groups including Scheduled Tribes/Castes, or to former government employees in return for services rendered, e.g. former servicemen.

waiting to receive the promised developed plots, they would prefer to have their land acquired under LARR, provided they are fairly and adequately compensated.

70. Several CSOs with whom the Panel met stated that when LPS commenced in 2014, landowners and other affected persons received little time or information to grasp fully what this scheme was about. They added it was difficult for people to understand and gain clarity on the legal framework underpinning LPS, and many chose to participate without knowing how LPS and LARR compare, the latter still new and poorly understood at the time.

71. Management and APCRDA informed the Panel that the APCRDA Act of 2014 established a legal structure for land acquisition, urban planning, and infrastructure development within the Amaravati Capital Region. APCRDA added that the Act introduced the concept of LPS as a voluntary alternative to traditional land acquisition. During the Panel visit, APCRDA and Management told the Panel that most of the land required for the Program had already been pooled before the Bank reengaged under AIUDP. APCRDA showed the Panel a detailed table of the approximate 12,800 acres of land required to deliver the Program; it showed that only some 176 acres of land remain to be assembled for the Program's specific work packages. APCRDA officials told the Panel they are working on assembling the remaining acreage, stating that acquiring this land using LARR would be "*a last resort.*"

72. The Panel observed that Program documents present LPS as an option landowners can choose to contribute their land to ACC development. APCRDA's presentation to the Panel conveyed the same message, adding that landowners have several opportunities to exit the LPS process should they wish to do so. APCRDA officials also stressed that there is no end date for landowners to participate in LPS. At the same time, Management and APCRDA emphasized that if landowners do not opt to participate in LPS, their land would eventually be acquired under LARR. APCRDA added that in some few cases where land has not yet been assembled, those landowners might be able to keep their land if APCRDA decides it is no longer needed for ACC development.

73. *Resettlement Safeguards.* Reiterating that no RPF or RAP has been prepared, Requesters emphasized to the Panel that there were no legal provisions for developing a RPF or a RAP for the resettlement caused by LPS and that, therefore, displacement impacts would not be managed. In their meeting with the Panel, CSOs echoed this concern and told the Panel that no social impact assessment had been carried out for LPS, land acquisition, or negotiated settlement.

74. APCRDA told the Panel that an updated RPF was recently prepared and disclosed on its website. APCRDA explained that the RPF covers all three land assembly instruments, their respective institutional arrangements and implementation mechanisms, and the livelihood restoration assistance afforded landless laborers. APCRDA added that individual RAPs will be prepared for the different work packages delivered for ACC development, and that these will apply to affected persons regardless of the land assembly tool used.

75. In its meeting with the Panel, Management also emphasized the importance of these safeguard instruments and stressed that APCRDA was required to update the RPF and develop work package-specific RAPs. Management confirmed it had received the updated RPF and was

reviewing it. The Panel notes that draft RAPs for trunk infrastructure works, flood protection works and works related to the Amaravati Government Complex (AGC) were being developed and disclosed at the time of its visit. Furthermore, the Panel observed that the Requesters and community participants it met lacked the most recent information on the safeguard documents, including the updated RPF and RAPs.

76. *Concerns about Reconstituted Plots.* Requesters and community participants told the Panel they were harmed by limitations imposed on their right to sell land. They related instances where landowners were allegedly unable to transfer their rights to reconstituted plots because APCRDA would not issue them the required No Objection Certificates (NOCs). Some landowners and prospective land pooling participants said there were delays in receiving reconstituted plots or that plots were not allocated where recipients expected them. One person described engaging frequently with APCRDA village CAO Deputy Collectors who said his reconstituted plot would not be near his village, as this area was earmarked for "*parks or touristic purposes*"; rather, the plot would be in a more remote location, where the landowner had no relatives. Some landowners who signed up for LPS expressed frustration that they could not obtain loans for educational or other purposes, because commercial banks did not accept as collateral the paperwork they had received for agreeing to pool their land. Many added that land ownership is an important asset that they share with their extended families.

77. During the eligibility mission, ACPRDA informed the Panel that under LPS, "*farmers are allotted 66,372 returnable plots*." APCRDA officials said they have made "*significant progress*" with the registration of returnable plots since October 2024 and are currently working to register 11,000 additional plots. The Panel visited a village-level CAO in Mandadam with APCRDA officials. According to APCRDA, there are now 11 such offices in villages in the ACC area, ten of which were established since September 2024. The CAOs provide services for land assembly instruments for landowners and community members. The CAO team in Mandadam described how they are following up with LPS participants to complete the registration of their plots and deal with unresolved issues. At the Mandadam CAO, the Panel spoke with two LPS participants registering their reconstituted plots, who expressed satisfaction with the process. Almost all community participants who participated in the LPS confirmed to the Panel that they have been receiving their annuity payments since 2014, and it had recently been extended for another five years.

78. *Village Demarcations.* Several landowners voiced grievances about apparent changes made to the demarcation of village settlements. They said that when ACC development began, existing village settlements were excluded from the land assembly process and that this convinced many landowners to surrender land to the LPS which lay outside of the village boundaries. They told the Panel that they are now finding villages had not been properly demarcated and, in some places, land thought to lie within village demarcations has been earmarked for acquisition under the LARR. Several community participants alleged they feel discriminated against, because they had been led to believe land within village demarcations would be protected and, if it were to be needed for the ACC, respective landowners would be offered the option of negotiated settlement. They also alleged GoAP was ignoring a ruling of the Supreme Court of India on zonal planning being the prerogative of local municipalities and districts and not that of the state government.

79. *Benefits Other Than Reconstituted Plots and Annuities.* Some concerns were raised about the other benefits promised under the LPS, which have not been received, such as education and health benefits, and skills development. Some older community participants commented that the skills development activities promised are only suitable for younger people.

80. *Landless Tenant Farmers and Agricultural Laborers.* During the Panel's review of this case the issue of impacts on landless, agricultural laborers and other vulnerable groups and their livelihoods was noted from the previous Panel case on ASIIDP and its potential relevance for AIUDP. During the field visit the Panel heard about the livelihood concerns of landless agricultural laborers from Requesters and other community and CSO participants. According to the CSO participants, many tenant farmers and agricultural laborers have left the area due to the massive LPS land acquisition that had begun in 2014, and some of them are now performing "*menial jobs*" in the Amaravati area.

81. The Panel also heard concerns from the CSO participants about the implementation of the various socio-economic programs in the early years, which they said had been interrupted by the state government changes. The Requesters and some CSO participants raised concerns in principle about the feasibility of transforming an agrarian economy into a metropolitan capital "*modeled on Singapore*." They were concerned about how landless tenant farmers, laborers, and Schedule Caste/Schedule Tribes could adapt and make the transition to urban livelihoods.

82. APCRDA told the Panel that the 2015 baseline study had identified about 21,600 landless persons, and that former agricultural laborers are getting livelihood assistance. APCRDA officials said landless laborers have been receiving INR 2,500 monthly as pension, which has been doubled for the next five years. They stated some 3,000 people have benefited from skill development and capacity building measures. They also said that former landless, agricultural laborers have found new employment, for example with a university in ACC area that caters to more than 20,000 students.

83. The Panel observed that APCRDA and Management considered the economic displacement of landless, agricultural farmers an important issue, emphasizing in their meetings with the Panel that the planned Social Audits will be key to identifying and addressing risks associated with these and other vulnerable groups. Management informed the Panel that the Social Audits to be conducted will focus on the livelihood impacts of the approximately 17,000 landless, agricultural laborers affected by LPS. The Social Audit would also serve to understand the capacity building and skills development required for restoring livelihoods. APCRDA explained to the Panel Team that a skills training program will be implemented based on the results of a skills census, and that baseline demographic and socio-economic data will be collected from April 2025 to update the 2015 household survey data.

84. *Housing for Vulnerable Groups.* The Panel met with about 20 landless and vulnerable women who, showing their respective identity cards, stated they formally qualified for GoAP's "Economically Weaker Section" housing program. Unrelated to the LPS, they claimed that around 2015 they had been promised housing in a specific ACC area, and they showed the Panel relevant documents. They told the Panel that, these pledges notwithstanding, landowners from this area who had contributed land to LPS filed court cases to annul these promises. The women claimed

that in mid-2024 they were informed that they were no longer entitled to the housing they thought had been allocated to them. They alleged that the authorities do not want vulnerable persons like themselves living in the center of the capital city.

85. APCDRA told the Panel that five percent of the land area earmarked for ACC development is allocated to housing for "Economically Weaker Section." APCRDA officials showed the Panel Team social housing as an example of how it supports vulnerable people. The Panel learned that this particular estate houses families who had been without permanent homes, in flats registered as a matter of principle, in the names of female heads-of-household. The Panel met with some of the residents and saw their flats and amenities. APCRDA explained that the families acquired these flats with subsidized, 20-year mortgage loans, and that utilities are provided gratis. The Panel also met a village facilitator who said she was in regular touch with the local APCDRA office on issues that concerned the estate. The Panel was told that a resident association would be set up to manage the estate.

86. *Lack of Trust.* The Panel observed that many of the concerns and disappointments expressed by the community participants with whom the Panel met were associated with the land pooling activities that took place between 2014 and 2019. The Panel observed there was a marked lack of confidence in the land assembly process prompted by changes in government priorities experienced since ACC development was first announced in 2014. The Panel noted that these changes left landowners and the wider community with great uncertainty about whether the capital city would eventually be developed. The community participants explained that they doubted the reliability of the LPS benefits and wondered whether LPS returns were "*illusionary*."

87. The Panel notes that the LPS implementation challenges were the result of a historical backlog related to the interruption of the program between 2019 and 2024. The Panel noted that both APCRDA and Management were adopting more proactive measures to tackle these issues but also noted that this would take time and effort. The Panel notes that many landowners acknowledged the need for a new capital and indicated that they were not against the construction of Amaravati, provided it is done in a manner that does not cause serious social and environmental harm.

88. *Food Insecurity.* The Request raises concerns about food insecurity in the Amaravati region, which it claims has very fertile land that produces many types of crops. The LPS farmers with whom the Panel met during its field visit arranged by the APCRDA said they had grown approximately 200 types of crops on the land they had contributed to LPS. They told the Panel Team that there has been no food shortage in their area. CSO participants raised concerns about safeguarding food security, emphasizing the high agricultural value of the land earmarked for ACC development. The Panel Team notes that APCRDA, Management, and other community participants raised no specific concerns regarding food insecurity. Management stated that the transition from rural to urban land had commenced several years ago and has not significantly affected food production in Andhra Pradesh. It added that the crops grown in the area were not used for subsistence.

89. **Alleged Coercion and Intimidation.** The Panel heard from community participants that since mid-2024, they have received constant telephone calls or house visits from the Deputy

Collectors and officials and have felt increased pressure to participate in LPS or to register their reconstituted plots – which they perceive as "*coercion*." Some community participants claimed the Deputy Collectors told them if they did not participate in LPS, they will be "*losers*," "*receive less compensation*," or "*would need to depart the village*." One participant alleged to have been told if he did not "*surrender the land, the land will be taken away under land acquisition*." The Panel understands from APCRDA officials that they are taking proactive measures to tackle a backlog in reaching out to landholders who have pooled – or are expected to pool – their land.

90. The Panel heard about previous threats from the authorities allegedly faced by individuals who raised concerns about LPS and ACC development, and who tried to inform landowners about the details of the land assembly instruments and process. Requesters told the Panel that some community members who participated in LPS decided not to meet with or speak to the Panel during its visit, fearing potential retaliation if seen with the Panel.

91. Management informed the Panel that, when it held its Program preparation consultations in the Amaravati area between August and November 2024, participants mentioned no allegations of coercion in relation to LPS. Management also said that the Program provided various channels to raise grievances, including about any alleged coercion or intimidation. It stated that "*redundancies*" were explicitly built into these channels to give Program-affected persons different options for voicing issues. Management also stated that the Social Audits will assess how cases of intimidation and reprisals can be addressed, if such were to arise.

92. **Environmental Concerns.** The Requesters allege three main environmental concerns: (i) APCRDA is not complying with NGT orders to set up Supervisory and Implementation Committees to monitor compliance with environmental protection laws, (ii) the absence of a flood management strategy for ACC, and (iii) concerns about damage to the flood banks of the Krishna River caused by sand mining activities.

93. *NGT orders.* During its meeting with the Panel, APCRDA officials confirmed to the Panel that both a Supervisory Committee and an Implementation Committee are now in place to monitor compliance with environmental laws as per the NGT order. The Panel was informed that the Implementation Committee had most recently met in January 2025, and the Supervisory Committee is planning to convene its first meeting in March 2025. The Panel notes that NGT recognizes the importance of safeguarding the natural course of the river systems and directed APCRDA to implement a comprehensive flood management strategy. This is also reflected in the results areas set out in the PAD. APCRDA informed the Panel that the EC for the city development issued by the authorities in 2015 has been upheld by NGT. They added that the EC will expire in 2026 and the ESMU is actively engaging with the environmental regulator to work on an extension.

94. *Flood Management.* During the Panel's visit, the Requesters emphasized their concerns about the impact city development would have on the severity of flooding. The Requesters explained to the Panel that flooding is a natural and seasonal occurrence in the ACC development area, with severe flood events happening every three or four years. They showed the Panel photos and videos of the most recent severe flooding event in September 2024. The Panel made site visits with the Requesters to the areas which the Requesters said were affected by this flood. They also showed the Panel the Kondaveeti Vagu and Palu Vagu stream systems as well as other sites that

they emphasized were critical for the drainage of floodwaters into the Krishna River and essential for flood mitigation in the Amaravati region. They expressed serious concern that these important river systems would not be properly considered by the ACC development. The Requesters expressed frustration that they were not consulted on flood protection measures and were receiving no information on the plans to mitigate flooding in the area.

95. During the eligibility visit, APCRDA described the detailed flood management strategy developed for ACC, following comprehensive studies conducted by international consulting firms. They added that a flood management plan has been submitted to the two committees, established as per the NGT's orders, as well as to an additional expert committee established by GoAP.

96. APCRDA told the Panel that the current flood protection plan for the city is designed to manage a 1-in-100-year rainfall event. It added that the plan is under further evaluation with the protection measures in the current design undergoing remodeling to consider floods beyond a 1-in-100-year rainfall event. APCRDA took the Panel to the pump station in the village of Undavalli, where they explained the rationale behind of this infrastructure as part of the flood management strategy.

97. In its presentation, ADCL provided frequency analysis results for Krishna River performed for 100, 200 and 500-year return periods. ADCL told the Panel that protection measures will extend beyond the Program area and ACC boundary to mitigate main flood sources in the wider flood catchment area. ADCL also said the natural course of the Kondaveeti Vagu, Palu Vagu, and other streams will be restored, adding that during the planned widening of these channels a green buffer zone of up to 30 meters will be maintained to prevent encroachment and conserve the adjacent wetlands. APCRDA confirmed to the Panel that no development activities will be implemented beyond the existing bund and that buffer zone includes the floodplain of the Krishna River.

98. APCRDA officials informed the Panel that a flood disaster management operational plan will be prepared as committed to under the PAP, along with a flood monitoring system. They said they have initiated contact with India's National Disaster Management Authority for support in preparing disaster management plans for the city, including flood management. APCRDA also told the Panel that, to support and inform further design of the flood protection measures for city development, invitations to tender have been issued for hydro-geomorphological studies, aquifer geometry, and palaeoflood analysis.

99. *Sand Mining*. In relation to Requesters' concerns that increased construction and sand mining activities are putting pressure on the flood banks of the Krishna River, APCRDA informed the Panel that sand mining activities were unrelated to the Program, but part of the legally approved and routine dredging. According to APCRDA, the dredged sand is deposited on the riverbanks, collected, and trucked away for sale by third parties. APCRDA said it has no management responsibilities or control over the sand mining on the banks of the Krishna River.

100. **Working Conditions.** The Request raised concerns that workers engaged in city construction activities have been doing so in conditions that do not meet labor standards. During the eligibility visit, the Panel did not meet with construction workers engaged in the Program-

related activities, as construction funded by the Program has not yet begun. However, the Panel discussed these concerns with Management, APCRDA, and ADCL.

101. The Panel notes that labor welfare and worker safety are included in the PAP. Management emphasized that measures to address risks to workers will form part of the system strengthening for the Program, including close oversight and inspection of work fronts to ensure application of labor standards and the protection of labor welfare. Management added that they will support training and the implementation of labor standards.

102. APCRDA informed the Panel that labor standards, OHS standards, and contractor workforce accommodation requirements, have been established. It added that, to assure contractor compliance with requirements and continuous oversight, the ESMU contains a dedicated OHS team with labor and OHS specialists at the PgMC and each PMC, and each contractor must hire a dedicated OHS officer to support OHS risk management at the site level. This insertion of all relevant OHS requirements in contractor clauses was reiterated by ADCL, which is responsible for the procurement and management of contractors undertaking construction activities. ADCL mentioned that relevant OHS requirements were included in its current round of contracting proposals and that the PgMC and PMC will focus on this as part of the assurance process.

103. **Meaningful Consultations and Disclosure of Information.** The Request alleges there was inadequate access to information and consultations. The Requesters added that in 2024 the Bank organized a few meetings for the new Program. Management told the Panel it conducted consultations in the Program area between August and November 2024 during Program development, and that these consultations are ongoing. Management added that improving how the implementing agencies consult, communicate, and disclose information is a key part of the Program's efforts to strengthen their institutional capacity. When approximately 50 community participants from 12 villages were asked by the Panel about these Program consultations, none were aware of them.

104. APCRDA informed the Panel about the establishment of a Communication Unit as part of its efforts to improve consultation and engagement with stakeholders. The Panel learned that Communication Officers are being placed in each of the 11 established CAO offices. During the Panel's visit to the CAO in Mandadam with APCRDA, it met with a recently appointed Communication Officer who said that, now that they were on the frontline, they are taking a proactive approach to informing stakeholders about APCRDA's activities and programs. He added that they utilize various methods to reach out to communities, including text messages, calls, WhatsApp, and other social media platforms, as well as household visits. The Panel observed that this vigorous outreach effort was, however, not universally welcomed. Several community participants said they felt pressured by the authorities' efforts to convince them to register their plots or contribute more land to LPS.

105. **Grievance Redress Mechanism.** Management informed the Panel that the Program has various channels from which the Program-affected peoples can choose to raise grievances – at the state, APCRDA Commissioner, and village levels, as well as through the digital grievance case system. APCRDA officials described three types of GRM – the state-level GRM helpline, APCRDA's digital GRM portal, and the weekly, in-person grievance day conducted by APCRDA.

APCRDA officials demonstrated its online portal. The Panel noted that the questions on the portal were in English and Telugu, but the drop-down answer options were in English. APCRDA officials assured the Panel that grievances are being resolved; its target for resolving a grievance is 15 days, and it has redoubled its efforts to tackle the backlog. According to the APCRDA's presentation, it had received 1,621 grievances, 94 percent of which were resolved.

106. Most of the community participants who told the Panel about their concerns – including about LPS and land assembly instruments, their implementation, and flood mitigation works – said they have raised these concerns and grievances previously in-person with CAO officials or senior APCRDA officials. Almost all the community members with whom the Panel met were unaware of the online GRM portal or did not know how to use it.

E.3. The Panel's Review

107. The Panel appreciates the detailed discussions it held with the officials of the Governments of India and Andhra Pradesh, and the Program Implementing Agencies, Bank Management, Requesters, and community participants. The Panel acknowledges the importance of developing the capital city for Andhra Pradesh. The Panel appreciates Management's responses to the issues raised in the Request, and the additional details provided in-country. The Panel recognizes the serious concerns and issues that Requesters and community members raised and shared with it. It appreciates the thorough and constructive discussions it held with them, and the trust they have placed in the Panel's process. The Panel has also valued the additional information and site-specific explanations it received during meetings and field visits, and the documents it was shown.

108. The Panel observed that the issues Requesters and community participants raised were of a historical nature and related largely to the land assembly process which started in 2014 and the implementation of the Master Plan in the early years of ACC development. Furthermore, the Panel observed that the alleged harm and the uncertainties voiced regarding involuntary resettlement and livelihoods restoration are also linked to changes in state government priorities that occurred between 2019 and 2024. The Panel observed a marked lack of trust among Requesters and community participants in the land assembly process and ACC development due to said priority changes, pending legal challenges, and the delayed implementation of the Master Plan. The Panel observed that the Requesters, the CSOs, and some of the community members with whom it met, associate the current Program with the Bank's earlier engagement with ACC development. It observed that the Requesters believe the Panel's 2019 recommendation to the Board to investigate ASIIDP for the specific subject of livelihood restoration remains valid, although the Bank's Policy on PforR financing applies to AIUDP.

109. The Panel recognizes that the Requesters and the community participants with whom it met are concerned about how ACC development will move forward with the co-funding provided by the Bank and ADB. The Panel observed that the landowners it met are concerned about how the remaining land required will be assembled and what means the authorities will use to achieve their land assembly targets. The Panel notes that for the mostly small landowners who have agreed to pool land under LPS, many questions remain about the benefits they expect to receive, and if and how they will be able to monetize and/or use the reconstituted plots they have been promised. The Panel noted that many landowners with whom it spoke acknowledged the need for a new

capital city for the state of Andhra Pradesh and were not against the construction of Amaravati, provided it does not cause serious social and environmental harm. The Panel also noted that the transformation from a rural agrarian setting into the envisaged metropolitan, regional growth hub for the state of Andhra Pradesh poses a formidable, socio-economic challenge for the authorities, the communities involved, and for the individuals whose lives will be remade. The Panel observes that in this process, the least heard voices have been those of tenant farmers, agricultural laborers, artisans, and other vulnerable groups.

110. In addition, the Panel observed the Requesters to be seriously concerned about how GoAP, APCDRA, and ADCL are addressing the risk of flooding and how they will manage this and other environmental concerns which they associate with ACC development. The Panel observed that some of the concerns Requesters and community participants raised may have been due to inadequate access to updated information on planned infrastructure, and the specific and cumulative social and environmental flood mitigation plans associated with overall ACC development. The Panel noted that APCRDA efforts are underway to be more responsive to stakeholder issues and concerns, with the recently established CAOs serving as points of contact for stakeholders at the community level.

111. While the Panel was made aware of harms suffered by persons and communities affected by the development of ACC, the Panel was not able to establish a plausible link between these harms, as well as the potential harms raised in the Request, and the AIUDP. The Panel noted that at this early stage of the Program Management and APCRDA are still in the process of assessing legacy issues and potential future risks in accordance with the rationale of the PforR financing instrument and the applicable PforR Policy and Directive. Therefore, the Panel cannot determine whether and to what extent any harm related to the allegations of the Requesters can be linked to the Program.

112. The Panel notes that the rationale of the PforR financing instrument, set out in the PforR Policy and Directive, differs materially from the Investment Project Financing on which ASIIDP was to have been based. The Panel recognizes that the key objective of PforR financing is to strengthen systems and build the institutional capacity of the Borrower and its implementing agencies, including to help them manage environmental and social risks in a systematic and comprehensive manner. The Panel notes the Program's adaptive risk management approach involves conducting further assessments and updating studies on legacy issues and potential future risks alongside Program implementation.

113. The Panel observed that in the integrated, risk assessments – comprised of technical assessment, fiduciary systems assessment, and the environmental and social systems assessment – it conducted, Management acknowledges the Program's many environmental and social risks. The Panel notes that the PAP has laid out respective actions to further assess the legacy issues and capture potential future risks that may be identified and manage them through the adaptive risk management approach that underpins the PforR financing instrument.

114. The Panel observed that the Program has already stimulated rapid development of systems and resources within APCRDA and ADCL for the entire ACC development. The Panel also noted that both are in the process of updating several technical assessments which informed the due

diligence conducted for the Program, including on flood mitigation. The Panel recognizes that these efforts have resulted in the development of building blocks for implementing an effective environmental and social management system and that the Program's adaptive risk management approach is designed to continuously strengthen systems and capacity to mitigate risks as they are identified. The Panel notes that this approach seeks to ensure that environmental and social requirements are addressed in a systematic manner.

115. The Panel also recognizes the acknowledgement of Management and the Implementing Agencies that more work is required to comprehend fully the legacy issues, and to ensure that all risks are identified and addressed. The Panel notes that Management added that the Social Audits will retrospectively consider land-related and livelihood concerns that will provide relevant findings and recommendations, which APCRDA will be required to implement. Actions resulting from these recommendations will help strengthen the systems.

F. Panel Recommendation

116. Based on the above considerations, the Panel does not recommend an investigation of whether the Bank has complied with the applicable provisions of the World Bank Policy and Directive on Program-for-Results Financing with respect to the allegations contained in the Request for Inspection as the Panel considers the Request premature. The Panel recognizes that at the current, early stage of Program implementation, legacy issues and potential future risks are still being assessed including whether mitigation in place is sufficient and should be further strengthened. Therefore, the Panel cannot determine whether and to what extent any harm related to the allegations of the Requesters can be linked to the Program. If the Board of Executive Directors concurs with this recommendation the Panel will advise Requesters and Management accordingly.

117. The Panel's recommendation does not preclude the possibility of future claims regarding compliance and harm relating to the Program, and the Requesters retain their right to submit a new Request for Inspection if they believe the mitigation measures pursued to address identified legacy issues and potential future harms are not sufficient and may be linked to non-compliance of the Bank with the applicable Policy and Directive.

Annex 1

Request for Inspection
(Redacted)

Via Electronic Mail

18 October 2024

The Chairperson, the Inspection Panel
and
The Executive Secretary, the Inspection Panel
World Bank
1818 H Street NW, MSN 10-1007
Washington, DC 20433
USA
Email: ipanel@worldbank.org

Subject: URGENT REQUEST to reassess the sovereign loan process for the *Amaravati Capital City Development Program* (Operation ID: P507508) by using Program-for-Results Financing (PforR) as Financing Instrument with an estimated approval date of 30 January 2025 based on the previously dropped *Amaravati Sustainable Infrastructure and Institutional Development Project* (Project ID: P159808), violating several World Bank policies, completely undermining the objections that were raised, and the potential impact of this project on the credibility of the World Bank.

Dear Mr Mark Goldsmith,

1. We noticed a new project linked with **Amaravati Capital City**, in the name of "**Amaravati Capital City Development Program**" with **Project ID P507508** - https://projects.worldbank.org/en/projects-operations/project-detail/P507508. We have also noticed in the notes that "*Total project cost includes funding from World Bank and non-bank sources in US$ millions. Active and Closed projects show current commitments.* ***Proposed (pipeline) and dropped projects*** *show the forecast amount. The commitment amount for projects in the pipeline is indicative and may be modified during the project preparation.*". The new proposed project is linked to the previously dropped ***Amaravati Sustainable Infrastructure and Institutional Development Project*** **(Project ID: P159808) (ASIIDP)**.

2. The *Amaravati Sustainable Infrastructure and Institutional Development Project* (Project ID: P159808) has a legacy since its origination in 2017. On 29 March 2019, the Inspection Panel submitted its Third Report and Recommendation on this project to the Board of Executive Directors of the World Bank. In paragraph 78 of its Report, the Panel recommended "*carrying out an investigation into the alleged issues of harm and related potential non-compliance with livelihood restoration requirements of the Bank's Involuntary Resettlement Policy (OP/BP 4.12).*"

3. On 22 April 2019, a Board discussion of the Panel's Third Report and Recommendation was requested. This Board meeting was scheduled to take place on 23 July 2019. The Project was planned to be submitted for Board approval thereafter. But on 15 July 2019, Management informed the Board that the Bank had been formally notified by the Government of India that it withdrew its request for financing of the Project through the IBRD loan of USD 300 million. This was notified by the Panel on 16 July 2019.

4. Now, there is a clear interconnection between the proposed (pipeline) Project ID P507508 and the dropped project with Project ID: P159808 that the Government and the World Bank are reactivating the new project based on the documentation that was finalized back in 2019 to receive the sovereign loan. This is following a high-level meeting between the Government and the World Bank in the week of 07 October 2024. By connecting these dots, we now understand the reason why, the status of "Amaravati Sustainable Infrastructure and Institutional Development Project" https://projects.worldbank.org/en/projects-operations/project-detail/P159808 shows as "Dropped", but "Last update date" is showing as 15 August 2024.

5. Why the World Bank is using Program-for-Results Financing (PforR/P4R) as a Financing Instrument for Amaravati Capital City Development Program (Operation ID: P507508) when the proposed project is classified as category A as it has significant involuntary resettlement impacts which are referred in Page 6 of Concept PID (P507508? Why this urgency to have this approved within 30 January 2025? When the World Bank cannot move forward directly with the project "Amaravati Sustainable Infrastructure and Institutional Development Project (Project ID: P159808)", which is Category A, how "Amaravati Capital City Development Program (Project ID P507508)" can be done indirectly through P4R/PforR financing modality? This completely undermines the transparency on the part of the World Bank, and it gives us the feeling that the Bank is willfully trying to favor the Government by sweeping its own Social and Environmental Safeguards (SES), Environmental and Social Framework (ESF), Environmental Social Standards (ESS) under the carpet for a project that was Category A. All these, including human rights, concerns that came up before the Inspection Panel in the earlier avatar of the project.

6. As per the policy underlying P4R, a project with serious environmental and social risks ought not to have been used for P4R modality for financing. Refer to the policy framework for P4R that prohibits financing Amaravati project in any shape that the World Bank put forward to its board for approval. (https://thedocs.worldbank.org/en/doc/100b8a625834bdb25526e4a05391927a-0290012023/original/Policy-PforR.pdf). Also, we understand that P4R projects are not exempt from the Inspection Panel's oversight, nor are they exempt from strict scrutiny by the Panel from the environmental and social risk appraisal. The Bank should know that the prima facie illegal LPS way of acquiring lands from farmers constitutes their involuntary displacement, compounded by the flip-flop decisions of the successive governments over the last 6-7 years on the location of the capital city.

7. In addition to the project causing involuntary displacement of farmers, it has caused irreparable loss and trauma to tenants on agricultural lands, agricultural workers dependent on the agricultural lands, and artisans dependent on agriculture. Since the Inspection Panel last reviewed the project, there have been instances of construction workers engaged in Amaravati working under conditions below par compared to the labor standards (https://ruralindiaonline.org/en/articles/mega-capital-city-underpaid-migrant-workers/ - *Mega capital city, underpaid migrant workers: Most of the construction labourers at Andhra Pradesh's upcoming mega capital city Amaravati are migrants from several states who work long hours for months away from home, earning modest daily wages*) as referred to in one of the requester's letters of 22 August 2024. This violates ESS2 Labor and Working Conditions (https://thedocs.worldbank.org/en/doc/837721522762050108-

0290022018/original/ESFFramework.pdf). Apart from this, environmental laws in India have been drastically watered down, particularly over the past 10 years. Choosing to go for P4R as a Financing Instrument, despite being fully aware of India's inadequate social and environmental standards, effectively enables the Bank to overlook potential violations. Relying on the country's existing systems does not ensure the protection of individuals or the environment. Following are a few stories related to that:

- https://scroll.in/article/1063068/a-decade-under-modi-environmental-protections-diluted-cheetah-project-falters
- https://www.article-14.com/post/govt-dilutes-environmental-safeguards-by-making-them-simpler
- https://esgindia.org/new/esg-opinion/fundamental-dilution-of-environmental-laws-and-jurisprudence-of-india-proposed/https://esgindia.org/new/esg-opinion/fundamental-dilution-of-environmental-laws-and-jurisprudence-of-india-proposed/
- https://www.impriindia.com/insights/environment-assessment-policy-report/#:~:text=Dilution%20of%20the%20EIA,2006)%20to%20weaken%20the%20law.&text=With%20over%2020%20lakh%20objections,looming%20threat%20to%20our%20surroundings
- https://www.indiaspend.com/how-govt-push-for-ease-of-doing-business-is-compromising-environment-regulation/#:~:text=New%20Delhi%3A%20The%20ruling%20National,reports%20and%20plans%20from%202014
- https://www.downtoearth.org.in/governance/the-environmental-cost-of-making-business-easy-59001

8. These recent developments completely undermined the objections that were raised, the Inspection Panel's decision to carry out an investigation, and several procedural violations of the World Bank to date.

9. As a result of serious noncompliance with the World Bank's operational policies and procedures, including OP/BP 4.01 and OP/BP 4.12, the requesters who approached the Inspection Panel have experienced, and are likely to continue to experience harm, but for the entire state of Andhra Pradesh. This is clear with the change in governments from 2019 to date.

10. On behalf of the requesters who approached the Inspection Panel, voiceless farmers, and people, one of us has placed a formal request to the Internal Documents Unit as well seeking Geoffrey Payne report on Land Pooling Scheme (LPS) and human rights violations in the case of Amaravati. But no positive response to date. Procrastination is a method of silencing those who continue to raise their concerns, which is against the principle of inclusion. Non-disclosure of Geoffrey Payne report violates the Bank's norm of functioning in a transparent manner.

11. Even assuming that the Bank would rely on Geoffrey Payne report for its internal deliberations, in our view, the findings from that report could not be ignored by the Inspection Panel and the Bank's management in proceeding further with loan assistance for Amaravati project now being reactivated.

12. The requesters who approached the Inspection Panel have approached Bank management several times and raised their concerns until 2019. But Management has failed to take

steps to resolve those concerns to date. World Bank sent a few missions to Amaravati since August 2024 as part of reactivating the project based on earlier documents supported with superficial consultations to assess the current situation. But they have completely failed to do inclusive and meaningful consultations, with the wider stakeholders who continue to raise their concerns. There is clear evidence of whom they have met and the sort of consultations that were organized in the field.

I. Serious concerns over the use of Program-for-Results (P4R) programming tool

Following are several arguments against the use of the P4R (Program-for-Results) programming tool by the World Bank in the context of the Amaravati project:

13. **Legacy Concerns:** The P4R approach may overlook serious legacy issues associated with the Amaravati project, which is Category A, including human rights violations and involuntary resettlement and displacement of local communities. By treating the project as a new initiative, the Bank risks ignoring its own charter and the historical context of the project acknowledging its inadequacy to take care of the potential impacts.

14. **Ignoring Broader Context:** The P4R financing may isolate segments of the Amaravati project from the broader context of its historical and social implications. This could lead to a failure to address the interconnected issues that arise from the project, ultimately undermining its effectiveness. Additionally, there are concerns that less stringent requirements on the Bank's side regarding environmental and social accountability may not be matched by adequate accountability measures at the country level as environmental and labor standards have heavily been diluted over the past decade.

15. **Endorsement of Human Rights Violations:** Utilizing P4R could be interpreted as the Bank endorsing practices that lead to human rights violations, particularly against marginalized groups such as small landholders, agricultural workers, and migrants. This undermines the Bank's commitment to social justice and equity.

16. **Dual Standards:** The implementation of P4R may create a dual standard for affected persons, where some groups receive different treatment than others. This inconsistency can be seen as a form of injustice and could lead to perceptions of exploitation under the guise of development.

17. **Exploitation in the Name of Development:** Critics argue that the P4R approach may facilitate the exploitation of vulnerable populations in the name of development. This raises ethical concerns about the true nature of the Bank's involvement and its impact on local communities.

18. **Lack of Accountability:** There is a concern that the P4R framework may not provide adequate mechanisms for accountability, since the Inspection Panel has historically endorsed the legitimacy of the complaints related to similar issues. This could leave affected communities without recourse for justice.

19. **Inadequate Compensation:** The potential for inadequate compensation for displaced individuals and communities raises significant concerns. If the P4R approach leads to insufficient financial support for those affected, it could exacerbate existing inequalities and hardships.

20. **Political Pressure:** There is a concern that the Bank may be succumbing to political pressure to finance the Amaravati project without adequately addressing the associated risks and legacy issues. This could compromise the integrity of the Bank's operations and its commitment to sustainable development.

21. **Potential for Social Conflict:** The P4R approach may exacerbate existing social tensions, particularly when there is a clear polarization of political parties with their divergent views on the capital city - Amaravati Vs. Vishakhapatnam. If the needs and rights of vulnerable groups are not adequately considered, it could lead to increased social unrest and conflict, especially for those who gave up their lands under LPS.

22. **Misalignment with Development Goals:** Finally, the use of P4R in this context may misalign with the World Bank's stated development goals, particularly those related to poverty alleviation, social equity, and environmental sustainability. If the approach does not genuinely promote these goals, it could undermine the Bank's credibility and effectiveness in India.

23. It was stated that the "proposed World Bank-supported Program, as part of Phase I, will focus only on areas that have been pooled already so that involuntary land acquisition will be minimal, and the requirement is assessed to be less than one percent of total land area" – although a majority of the land that was pooled under LPS is yet to be registered. There is no existing "Resettlement Action Plans/ Resettlement Policy Framework (RAPs/RPF)" prepared and the statement "adopted by the government in accordance with country's legal framework" is not correct. A resettlement plan, including an assessment of social impacts is required.

24. Adopting the P4R approach to somehow push through part-financing of the Amaravati project to please the Indian government, pretending as if the Bank is unaware of the issues raised by the Inspection Panel in 2018, in an ostrich-like manner would attract the Doctrine of Colourable Legislation, which implies that the Bank would be trying to do something indirectly, what it cannot do directly, violating its own Charter, its core policy and values. In short, by ignoring the legacy issues that included concerns about involuntary displacement of people, human rights violations, etc., the Bank would be deliberately infringing its avowed principles, which, in our view, would raise serious questions about the Bank's credibility as a genuine development financing institution. We strongly feel that by adopting the P4R approach to finance bits and pieces of the Amaravati project, the Bank has deliberately chosen to sweep under the carpet its earlier knowledge of the human trauma that characterized the LPS way of acquiring lands and find a dubious way to condone the human rights violations inherent in the *Amaravati Sustainable Infrastructure and Institutional Development Project (Project ID: P159808)*, which it now proposes to finance segments.

25. Apart from these, the document "Panel_Observations_P4R_Nov_2011" (https://www.inspectionpanel.org/sites/ip-ms8.extcc.com/files/documents/Panel_Observations_P4R_Nov_2011.pdf) presents the Inspection Panel's observations regarding the use of World Bank's P4R lending instrument. It emphasizes the importance of mutual accountability between the Bank and borrowing countries, aligning with the principles outlined in the 2005 Paris Declaration on Aid Effectiveness. The Panel raised concerns about the **clarity of accountability mechanisms for affected communities**, the Bank's role in **supervision**, and the

adequacy of **safeguards to prevent harm from funded activities**. The Bank Policy clearly says "*P4R Program funds are used appropriately and that environmental and social impacts are adequately addressed by such P4R Program*", https://thedocs.worldbank.org/en/doc/100b8a625834bdb25526e4a05391927a-0290012023/original/Policy-PforR.pdf. The legacy in the case of Amaravati clearly violates the scope of use of this programming tool.

26. **In summary**, the arguments against the use of the P4R programming tool in the Amaravati project center around concerns of human rights violations, involuntary resettlement, inadequate accountability, dual standards for affected populations, and the potential for exacerbating social conflicts, all of which challenge the integrity and objectives of the World Bank's mission.

II. Current status of Amaravati

27. As per Section 5(1) of the AP Reorganisation Act, 2014, Hyderabad was designated as the common capital for both Andhra Pradesh and Telangana states for a period not exceeding 10 years from 02 June 2014 until 01 June 2024. Currently, the state of Andhra Pradesh doesn't have a capital city. The Government of Andhra Pradesh must pass a resolution in the assembly and send it to the central government to be processed in the Parliament. Therefore, to date, Amaravati has not been notified as per the AP State Reorganisation Act, 2014 as the capital. **Until it is officially notified, the capital is liable to be shifted**, as was done by the previous government of Andhra Pradesh. In such a case, those who have given up their lands under pressure will lose their land and livelihoods. The returns assured were illusionary and irrevocable loss/damage for the farmers. It would be ironic if the Bank ignores this legal infirmity in the location of the capital city of the State, proceeds with considering loan assistance for the Amaravati project and, at a later date, a new government decides to shift the capital city once again.

28. The Master Plan aimed to transform the area from a primarily rural, agricultural area into a modern mega-city. To execute this vision, the government created a Land Pooling Scheme (LPS). The benefits under the LPS are differentiated based on land type -owners of Jareebu lands (i.e., fertile lands that can be cultivated throughout the year) receive larger benefits than those who own dry lands.[1] Benefits also are differentiated for owners of assigned lands, who also are members of Scheduled Castes and Scheduled Tribes.[2] Agricultural laborers and landless families are also eligible for a ten-year annuity. The LPS promises other benefits for participating farmers and others residing in the region, including loan waivers, loans for self-employment, free education and health care, old age homes, subsidized cafeterias, employment, and job skills training.[3] Further, "Social

[1] The revised RPF provides additional details on the full schedule of benefits on page 42.

[2] *Id*.

[3] "In addition to above entitlements, the farmers who have joined or those registered for pensions can access to the following additional benefits. a) Loan Waiver: One-time agricultural loan waiver of up to INR 150,000 is available to all farmers who have outstanding agricultural loans. b) Loans for self-employment: Interest free loan of up to INR 2,500,000 is available to all poor families for setting up any self-employment avengers (below INR. 60,000 and 75,000 annual income in rural or urban areas respectively). c) Education and Health: Free education and health facilities are available to all those residing as on 8th December, 2014. d) Old age homes will be established to take care of aged of above 65 years; e) Subsidised canteens: To provide food at very subsidised

Development" for assurances by the Andhra Pradesh Capital Region Development Authority (APCRDA). **None of these are being implemented currently and remain false promises**.

29. The Land Pooling Scheme also promises to reserve 10% of the land pooled for parks, playgrounds, gardens, and other spaces in the new city; 30% for roads and utility services; 5% for social infrastructure (schools, health, and community services); and **5% for affordable housing for the poor**. This has been contested recently in the High Court of Andhra Pradesh and **remains a false promise** - refer to the High Court judgment - [redacted]

Implementation of the Land Pooling Scheme:

30. The Land Pooling Scheme regulations entered into force on 1 January 2015, and the scheme is managed by the APCRDA. Although the government characterizes the scheme as voluntary, many farmers were intimidated and economically coerced into pooling their land. Tactics included setting short deadlines for participation in the LPS, which were subsequently and repeatedly extended; threats to acquire the land under the regulations of the Land Acquisition Act of 2013, which would provide compensation far below the actual market value of the farmers' land; and threats to provide the ten-year annuity only to those farmers who signed up for the LPS before 01 May 2015. This is mentioned in the Public Interest Litigation (PIL) filed by the farmers who gave up their lands under the LPS [redacted]. In this PDF, refer to pages 56 until 69, which state there is a blatant violation of the will of the people and false promises were made by the Government of Andhra Pradesh in pooling the land under LPS. **Developed plots have not been handed over to date to those who participated in LPS** and this **remains a false promise**. There is a High Court order on 03 March 2022 that directs the government to handover LPS plots to those who handed over their lands, refer to [redacted]. This High Court order also stated land pooling to be illegal. **Unless all these orders are complied with, this sovereign loan from the World Bank must be considered as loaning to an illegal activity**.

31. Farmers who expressed opposition to the LPS were also intimidated and harassed. In December 2014, banana plantations were set on fire in six villages in which the majority of residents opposed land pooling.[4] Since then, there have been additional instances of fires and destruction of crops on land owned by farmers who have refused to participate in the LPS.[5] Many of these incidents are detailed in an article published in Economic & Political Weekly, Vol Li No 17, on 23 April 2016, titled "Making of Amaravati - A

rates f) Wage Employment. Social Development wing is exploring possibilities to engage the farmers under LPS throughout 365 days a year per family under MGNREGA unlike the actual 100 working days per year. g) Establishment of skill development institution to provide training with stipend to enhance the skills of cultivating tenants, agricultural labourers and other needy persons." Revised RPF, p. 42.

[4] *See, e.g.*, http://epaper.newindianexpress.com/c/13764387 and http://www.newindianexpress.com/states/andhra-pradesh/2016/oct/07/crda-officials-deny-testing-farmers-again-1525759.html

[5] http://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/revenue-officials-raze-ryots-plantation-by-mistake/article7969048.ece http://epaper.newindianexpress.com/c/13764387

Landscape of Speculation and intimidation" [redacted]

32. The Government of Andhra Pradesh and APCRDA failed to respond to the objections submitted by farmers who refused to participate under LPS. Refer to [redacted] summarizing the objections on LPS. Concerns also have been raised about the impact of the LPS on marginalized groups, including the Scheduled Castes, the Dalit, agricultural laborers, and landless families. Refer to [redacted] for more details.

Continued ignorance of the High Court (HC) and National Green Tribunal (NGT) orders:

33. To date, APCRDA has not complied with the NGT order in which it is required to set up two committees with outside experts (Supervisory and Advisory) - a Supervisory Committee (SC) and an Implementation Committee (IC) to ensure that the norms of conservation of environment as statutorily laid down in the law of the land are fully complied with. There is a second NGT order on floodplain conservation. These committees shall be set up with independent experts from outside the government as members. The SC was required to exercise oversight on policy issues, while the IC was required to review its implementation. The IC was required to report periodically to the NGT. To date, neither the SC nor the IC has been set up.
    i. significant pressure is on the floodbanks of Krishna river for sand mining because of increased construction activities. A few concerned citizens filed a case before the NGT and the latter pronounced a judgement on 04 April 2019.
    ii. *"comprehensive study on hydrogeomorphology of the area with a view to effectively plan water retention ponds/reservoirs, storm water drains and their interconnectivity, so as to optimize water conservation, both surface and subsurface"* – has not been conducted till date.

III. The ASIIDP Project *(assuming that the same documentation as finalized in 2019 remains the same)*

34. ASIIDP aims "to build sustainable urban services and capacity of urban institutions for the development of Amaravati capital city."[6] The project is classified as Category A, and will involve three components: Component 1 supports basic urban and pro-poor infrastructure, which consists of the construction of city roads and utility corridors, as well as village infrastructure development; Component 2 will finance sustainable urban investments, consisting of flood mitigation for the "Kondaveeti *Vagu*" water canal, a sewerage system, and a solid waste management system; and Component 3 provides technical assistance for "efficient urban governance and sustainable service delivery." The Andhra Pradesh Capital Region Development Authority (APCRDA) is the implementing agency for the Project.

[6] PID/ISDS, p. 7.

35. The PID/ISDS describes the Land Pooling Scheme as a "voluntary" scheme[7] that "seeks to avoid any major displacement; consequently, about 25 existing villages within the 217 sq.km would remain within the capital city and gradually get integrated into the urban fabric of the new Capital city."[8] According to this document, 90% of the land required for developing the city has already been pooled,[9] and the LPS is "substantially completed."[10] The PID/ISDS states that OP/BP 4.12 applies to all land used for the ASIIDP, including land already acquired through the Land Pooling Scheme. Because the LPS is "substantially completed," due diligence will consist of "an independent implementation assessment of LPS Scheme to assess its implementation outcomes to date, hear the reactions of those who have participated in LPS and identify measures required to strengthen its implementation process during the remaining implementation period as applicable to sub-projects."[11]

IV. Harms to the Requesters who approached the Inspection Panel and voiceless farmers

36. *Mental harm due to continued inadequate access to information and consultation, as well as threats and harassment*: The coercion and intimidation involved in the land pooling process, combined with a lack of adequate access to information and consultation, has caused significant psychological stress for the requesters who approached the Inspection Panel and voiceless farmers. Further, the intimidating atmosphere around the consultation "workshop" for the proposed ASIIDP, as well as the instances in which individuals purporting to represent the World Bank have approached the requesters who approached the Inspection Panel, voiceless farmers, and members of their family, also has caused psychological stress. The requesters who approached the Inspection Panel and voiceless people fear that this harm will continue under the ASIIDP project.

37. *Loss of livelihood:* As a result of the ASIIDP, the requesters who approached the Inspection Panel and voiceless farmers will be forced to either pool their land under the LPS or their land will be acquired by the State under the Land Acquisition Act. They fear that either option will result in the loss of their livelihoods. If the requesters who approached the Inspection Panel and voiceless farmers join the Land Pooling Scheme, the LPS does not provide adequate benefits to restore the Requesters' livelihoods, nor does it provide adequate legal guarantees to ensure that promised benefits will be delivered. Since 2015, all the promises remain false. LPS documents do not specify a period of time within which pooled land must be returned to LPS participants as developed plots.[12] Further, the government has estimated that the Amaravati Capital City Project will take 35 to 40 years to complete,[13] while the government announced the extension of the annuity from a ten-year period to fifteen-year period, but there is no legal binding on this announcement to date to LPS participants, agricultural laborers, and

[7] PID/ISDS, p. 11.
[8] PID/ISDS, p. 4.
[9] PID/ISDS, p. 4.
[10] PID/ISDS, p. 12.
[11] PID/ISDS, p. 12
[12] *See* Form 9.14, included in the draft SESA-ESMF.
[13] The SESA-ESMF that the CRDA submitted to the World Bank states that "Amaravati Capital City Development Project consists of multiple projects in three phases over a plan period of 35 years." SESA-ESMF, p. 7.

landless families. This is not being delivered as promised on time. Thus, there is a gap between when the annuity ends and when land is actually transferred back to participants. Furthermore, all these assumptions are based on the current Government ruling Andhra Pradesh. In case of any change in the government during 2029 elections, there is a risk that these assumptions will not be realized, because the LPS has no legal basis.

38. If the State acquires the land under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Re-Settlement Act, 2013, #30 of 2013 ("LA Act") from those who are continuing to resist participate in LPS, they also will not receive compensation sufficient to restore their livelihoods or to purchase comparable replacement land. Under the LA Act, the State is obligated to compensate landowners based on the market price of the land.[14] However, the land values in the registration offices have not been revised for the past few years. As a result, the registration value of the land and the land in 25 villages across three *mandals* is far lower than the market value. For example, after the CRDA issued an acquisition notification for land through newspaper publication on 22 July 2016 and through a notice on 8 September 2016, the authorities awarded a market price of INR 1.603 million per acre of land on 12 April 2017. However, the current market value is INR 40 million per acre.

39. *Food insecurity*: Amaravati consists of rare multi-crop irrigated land that produces 120 types of crops, and several concerns were raised on ASIIDP as it will create food insecurity in the region – which is in fact happening. The potential for food insecurity as a result of the Amaravati capital city project was noted in the 2014 *Report of the Expert Committee appointed by the Ministry of Home Affairs, Union of India to Study the Alternatives for a New Capital for the State of Andhra Pradesh*,[15] and the SESA-ESMF does not recognize that the primary use of the land in Amaravati is multi-crop irrigated land. Further, Andhra Pradesh has not complied with national legislation aimed at guaranteeing food security.[16]

40. *Environmental harms*: Component 2 of the ASIIDP will affect the river Kondaveeti *Vagu*, and the fields adjacent to the riverbed are wetlands. However, the SESA-ESMF does not adequately address issues of wetlands, and APCRDA has not complied with national legislation designed to protect the wetlands, [redacted] In 2015, the National Green Tribunal also issued an order that put a stay on construction in Amaravati due to unresolved environmental concerns, [redacted]

[14] LA Act 2013, Chapter 4, Section 26 clearly states to consider whichever is higher among "1. Basic registration value as per books, or 2. Average sale price from 50% highest transactions, or 3. Highest Registered transaction value in the nearest vicinity". But RPF, p. 43, states "Average sale price shall be by taking 50% of highest registration values for similar lands that took place 3 years before cutoff date. Cut-off date is the 1st notification under LA i.e. 11(1)".

[15] Available at http://www.cprindia.org/research/reports/report-expert-committee-new-capital-andhra-pradesh

[16] To ensure the food security of each region of India, Section 10 of the 2013 LA Act requires the State government to set a district-wise limit for the minimum extent of agricultural land and the minimum extent of multi-cropped irrigated land, so that the land proposed to be acquired does not surpass those limits. However, the CRDA and the Government of Andhra Pradesh have not undertaken any study in this direction and not identified such limits.

V. Noncompliance with the World Bank Policies

41. There is evidence that the potential harms above are a result of Bank management's failure to comply with the requirements of OP/BP 4.12 and OP/BP 4.01. These instances of noncompliance include, but are not limited to:

OP/BP 4.12:

42. *Failure to require a resettlement plan*. Bank management has used a Resettlement Policy Framework, rather than a full Resettlement Plan, for the ASIIDP. However, Bank documents suggest that the zone of impact of subprojects, and their siting alignments, can be determined. A detailed Master Plan and Infrastructure Master Plan are available for the city,[17] and according to Bank documents, "[a]ll physical interventions related to these components will be situated on identified land parcels / stretches within the 217 sq.km. of Amravati city."[18] The PID/ISDS identifies specific sets of roads and associated infrastructure for Component 1 of the ASIIDP, [19] and Component 2 will support flood mitigation for the Kondaveeti *Vagu* water canal, a sewerage system, and a solid waste management system.

43. *Failure to ensure meaningful consultation*. A single consultation "workshop" on both the draft RPF and the draft SESA-ESMF, combined with the intimidating presence of police forces and an unclear and short fifteen-day time frame for the submission of written comments, does not constitute a meaningful consultation process under OP 4.12. When several farmers raised concerns about the consultation process with Bank management, management responded that the process was "conducted in a free and fair manner, except for a brief stoppage wherein a section of farmers who are supportive of land pooling scheme tried to interrupt a speaker from criticizing land pooling related impacts. But the situation was quickly brought under control and the speaker was allowed to complete his response." Refer to [redacted] A new version of the RPF and the SESA-ESMF were posted on the Bank's website then and specified that each document has been "revised pursuant to public consultation workshop."

44. *Failure to accurately assess the nature and magnitude of project-related displacement*[20] *and to adequately ensure that use of land previously acquired through the LPS complies with OP 4.12*. The PID/ISDS states that the "Land Pooling Scheme (LPS) is substantially

[17] Available at https://crda.ap.gov.in/APCRDA/Userinterface/HTML/masterplansNew.htm

[18] ISDS, section D., para. 1.

[19] Component 1 of the ASIIDP will support "the first set of high priority city roads within this network--this includes construction of 107 Km of sub-arterial roads and 6 Km of main arterial roads, along with utility ducts for water, sewerage, drains and other utilities such as communications, telecom and power etc. in the Capital city area for providing connectivity to the key land parcels." Component 1 of the ASIIDP also will support "upgrading of infrastructure in the 25 villages noted above (water, sewerage, village roads, drains and connectivity to trunk infrastructure, etc.), and seamlessly integrating them into the trunk infrastructure of Amaravati city." PID/ISDS, page 8.

[20] "The TT summarizes in the Project Concept Note (PCN) and the Project Information Document (PID) available information on the nature and magnitude of displacement and the resettlement instrument to be used." BP 4.12, para 4.

completed."[21] However, as described above, the LPS is not "substantially completed," to date and the legal steps necessary to complete the process have not yet occurred. This inaccurate assessment has led to the incorrect Bank determination that a "due diligence" approach consisting of "an independent implementation assessment of LPS Scheme to assess its implementation outcomes to date, hear the reactions of those who have participated in LPS and identify measures required to strengthen its implementation process during the remaining implementation period as applicable to sub-projects" is the appropriate method to evaluate the LPS.[22] This approach is not adequate to assess the compliance of the LPS with OP 4.12. Further, the Bank has not taken steps to ensure that this "independent implementation assessment" is being conducted independently, nor has it established an independent advisory panel on resettlement for the ASIIDP, as recommended under OP 4.12 for projects that are highly risky or contentious.[23]

45. *Inconsistency with the objectives of OP 4.12*: Bank management has not taken steps to avoid or minimize involuntary resettlement,[24] and has instead responded to concerns about involuntary resettlement by stating that individuals affected by the ASIIDP have two options: "you may opt to participate in the Land Pooling Scheme (LPS) or under Land Acquisition (LA)." The compensation and the limited annuities for the transition period provided by both the LPS and the LA Act do not "provid[e] sufficient investment resources to enable the persons displaced by the project to share in project benefits."[25] Lastly, the Bank's due diligence approach to the LPS does not incorporate measures to restore the livelihoods of landowners, assignees, agricultural laborers, and vulnerable groups who the LPS already has affected, and who will only receive annuities for ten years under the rules of the LPS.[26]

OP/BP 4.01:

46. *Failure to ensure meaningful consultation*: As a result of the lack of a meaningful consultation process, those who continue to resist giving up their lands under LPS, those who are constantly raising their concerns were not incorporated into the revised SESA-ESMF for the project, and continue to face the potential harms described in Section IV.

Compliance of the draft revised SESA-ESMF and RPF with OP 4.12 and OP 4.01:

47. *Proposed compensation does not cover replacement cost*. The revised RPF sets an amount of compensation that does not meet OP 4.12's standard of replacement cost. As described, the RPF's process for the valuation of land to be acquired is based on values that have not been revised for a few years. Specifically, the market value should be multiplied by at least a factor of two, and 80% of the land to be paid at market value and as per the first schedule, and return 20% of the developed land in par with the offer under LPS.[27]

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[21] PID/ISDS, p. 12

[22] PID/ISDS, p. 12

[23] "For projects that are highly risky or contentious, or that involve significant and complex resettlement activities, the borrower should normally engage an advisory panel of independent, internationally recognized resettlement specialists to advise on all aspects of the project relevant to the resettlement activities." OP 4.12, note 23.

[24] OP 4.12, para. 2(a).

[25] OP 4.12, para. 2(b).

[26] OP 4.12, para. 2(c)

[27] Following the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, #30 of 2013, all the four schedules are interlinked. As per first schedule, the land owners

48. *Lack of analysis of project alternatives*: The SESA-ESMF states only that there will be an analysis of project alternatives for future sub-projects, rather than an analysis of alternatives to the Amaravati Capital City project. In this regard, there is a detailed report produced in 2014 by an expert that proposes alternative designs for the city, including the decentralization of governance by locating government offices at regional centers.[28]

49. *Inadequate identification of environmental issues*:[29] The revised SESA-ESMF states that "the ecological profile consists of agricultural areas, wetlands/water bodies (irrigation ponds and rivulets), rocky outcrops and riparian/riverine zone along the River Krishna. There are no ecologically sensitive areas present in the Amaravati Capital City area. However, the study identified the following 'hotspots': wetlands, rocky outcrops, and, riparian zone of River Krishna."[30] However, the SESA-ESMF does not include the recommendations made in the main EIA-EMP for Amaravati, which makes a number of recommendations related to water bodies, wetlands, and the River Krishna, refer to [redacted]

VI. Prior interactions with Management

50. The requesters who approached the Inspection Panel and voiceless farmers have informed the APCRDA, World Bank management, and the World Bank GRS about their concerns through a series of emails and meetings. Following the invitation of CRDA, a few farmers attended the "Public Consultation Workshop" to express their objections to SESA-ESMF and the draft RPF. However, the revised drafts that were posted on the World Bank's website,[31] which specified that they had been "revised pursuant to Public Consultation Workshop," did not address the genuine concerns being raised to date by a large number of farmers. The World Bank also has not taken any action to address these concerns to date, including the objections on SESA-ESMF and RPF, refer to [redacted]

VII. Requested Measures

51. We firmly believe that there is a serious cause for concern to prohibit the World Bank from using Program-for-Results Financing (PforR/P4R) as a financing instrument in the case of Amaravati Capital City Development Program (Operation ID: P507508) considering its legacy issues as explained in the above sections.

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will be compensated market price and solatium for the area of land. In addition to the compensations under first schedule, the second schedule #3 i.e. offer for the developed land "In case the land is acquired for urbanisation purposes, twenty per cent. of the developed land will be reserved and offered to land owning project affected families, in proportion to the area of their land acquired and at a price equal to the cost of acquisition and the cost of development: Provided that in case the land owning project affected family wishes to avail of this offer an equivalent amount will be deducted from the land acquisition compensation package payable to it.".

[28] *Available at* http://www.cprindia.org/sites/default/files/policy-briefs/ExpertCommittee_CapitalAP_Final.pdf

[29] BP 4.01, para. 3

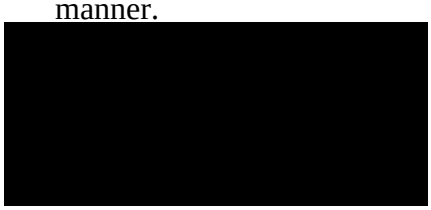
[30] SESA-ESMF, p. 29.

[31] http://documents.worldbank.org/curated/en/650051486971245674/pdf/SFG3009-EA-P159808-Box402887B-PUBLIC-Disclosed-2-10-2017.pdf and http://documents.worldbank.org/curated/en/956761486979973088/pdf/SFG3020-RP-P159808-Box402887B-PUBLIC-Disclosed-2-10-2017.pdf

52. Assess whether it is possible for the Bank to implement either Amaravati Capital City Development Program (Operation ID: P507508) or the ASIIDP in accordance with its policies and in the manner stated in the PID/ISDS. There is an urgent need for the World Bank Management and Inspection Panel to open an investigation to address these concerns as alluded to by the Inspection panel in its report, ensure compliance with Bank policies, and avoid further harm.

53. There is a need for the Inspection Panel to conduct an investigation into the policy violations under previous ASIIDP and now ACCDP being routed through P4R modality following the serious concern that were raised above and find that World Bank management must take steps to rectify these violations and resolve Requesters' concerns. Such steps would include, but are not limited to:

- Delay the World Bank's process of appraisal and convene a panel of independent experts to oversee the ACCDP and the documentation developed under ASIIDP is now being used for ACCDP and ensure that it is implemented in accordance with World Bank policies and procedures.
- Revise the Bank's approach to conducting due diligence on the LPS. The Bank should approve terms of reference for a truly independent analysis of the LPS that identifies steps needed to remedy past noncompliance with OP 4.12 and ensure future compliance with OP 4.12., including legal guarantees for participants in the LPS.
- Ensure that the process of land acquisition complies with World Bank policies and with national legislation and ensure that the final environmental and social documentation for the project incorporates the concerns as mentioned above in earlier sections.
- Ensure that future consultation processes are conducted in a free, fair, and meaningful manner.



[redacted]
18 October 2024

[redacted]
18 October 2024

[redacted]
18 October 2024

[redacted]
18 October 2024

ANNEX 1: Additional References

- Videos [redacted] shows the concerns from farmers on the Amaravati Project.
- Coercion tactics of the Government - https://www.epw.in/journal/2019/20/special-articles/amaravati-making-disaster-capital-andhra-pradesh.html
- Speculation's Spatial Terms: Imminence and Inevitability in Amaravati https://www.tandfonline.com/doi/full/10.1080/13264826.2022.2089185#abstract
- Amaravati, an Example of Flawed Urban [redacted]
- Amaravati 360: Farmers rail against AP's land pooling scheme; By:Swati Sanyal Tarafdar: [redacted]

Annex 2

Management Response

MANAGEMENT RESPONSE TO REQUEST FOR INSPECTION PANEL REVIEW OF THE INDIA: AMARAVATI INTEGRATED URBAN DEVELOPMENT PROGRAM (P507508)

Management has reviewed the Request for Inspection of the India: Amaravati Integrated Urban Development Program (P507508), received by the Inspection Panel on October 18, 2024 and registered on December 17, 2024 (RQ24/07). Management has prepared the following response.

February 7, 2025

CONTENTS

Annex

ABBREVIATIONS AND ACRONYMS

ACR	Amaravati Capital Region
ADB	Asian Development Bank
ADCL	Amaravati Development Corporation Limited
AGC	Amaravati Government Complex
AIUDP	Amaravati Integrated Urban Development Program
AP	Andhra Pradesh
APCRDA	Andhra Pradesh Capital Region Development Authority
ASIIDP	Amaravati Sustainable Infrastructure and Institutional Development Project (dropped)
CAO	Competent Authority Office
CPF	Country Partnership Framework
CRI	Corporate Results Indicator
DLI	Disbursement-Linked Indicators
DMP	Detailed Master Plan
E&S	Environment and Social
EIA	Environmental Impact Assessment
EMP	Environment Management Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESMU	Environmental and Social Management Unit
ESSA	Environmental and Social Systems Assessment
GBV	Gender-Based Violence
G.O.	Government Order
GoAP	Government of Andhra Pradesh
GoI	Government of India
GRM	Grievance Redress Mechanism
GRS	Grievance Redress System
IBRD	International Bank for Reconstruction and Development
ICT	Information & Communication Technology
IFC	International Finance Corporation
IFSA	Integrated Fiduciary Systems Assessment
IPF	Investment Project Financing
IPN	Inspection Panel
ISDS	Integrated Safeguards Data Sheet
Km	Kilometer
LARR	Land Acquisition, Rehabilitation and Resettlement
LPOC	Land Pooling Ownership Certificate
LPS	Land Pooling Scheme
MIGA	Multilateral Investment Guarantee Agency
MGNREGS/A	Mahatma Gandhi National Rural Employment Guarantee Scheme/Act
NGO	Nongovernmental Organization
NGT	National Green Tribunal
OHS	Occupational Health and Safety
OP	Operational Policy
PAP	Program Action Plan
PforR	Program-for-Results
PgMC	Program Management Consultants

PMC	Project Management Consultant
RAs	Results Areas
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SCD	Systematic Country Diagnostic
SESA-ESMF	Strategic Environmental and Social Assessment-Environmental and Social Management Framework
SIA	Social Impact Assessment
SOPs	Standard Operating Procedures
TA	Technical Assessment

Currency Unit (Indian Rupee, INR or Rs)
(as of February 7, 2025)

US$1.00 = Rs 86.58
Rs 1 = US$ 0.0115

EXECUTIVE SUMMARY

i. ***Management understands the concerns of the Requesters regarding the development of Amaravati City and has carefully reviewed them.*** The Bank is confident that the concerns and allegations raised by the Requesters that are related to implementation of the Program are sufficiently addressed through the Program design as well as the lessons learned from the earlier project that was prepared but dropped. The Bank is committed to ensuring that the Amaravati Integrated Urban Development Program (AIUDP) is implemented in compliance with the applicable Bank policy requirements.

ii. ***Management also observes that the Request for Inspection primarily references a prior project — the Amaravati Sustainable Infrastructure and Institutional Development Project (ASIIDP; P159808) — that was ultimately dropped, before consideration by the Board.*** Many of the Requesters' ***concerns*** pertain to that dropped ASIIDP, including the assessments, instruments, and Bank policies that were applicable to the ASIIDP. The Request also appears to believe that the AIUDP would mirror the design and scope of the previously discontinued ASIIDP, which is incorrect, as discussed in more detail below.

iii. ***There are material differences between the AIUDP and the previously proposed and dropped ASIIDP.*** While both operations were designed to contribute to the broad objective of supporting the development of Amaravati, they are materially different in terms of scope, objectives, planned investment activities, and risk levels, which also reflects the choice of a different lending instrument (PforR) for the AIUDP.

iv. ***The recently approved AIUDP responds to a new request by the Government of India (GoI) in August 2024 to support the development of Amaravati.*** The envisioned integrated and sustainable planning and development supported under the AIUDP would serve as a model for planned urbanization that can be replicated and offer a sustainable solution to India's rapid urbanization. The GoI requested financial and technical support from the Bank and the ADB to bring in international experience for this effort.

v. ***The AIUDP aims to strengthen capacity, systems, and institutions to effectively develop and manage Amaravati, prioritizing outcomes that promote inclusivity, resilience, and sustainability.*** This is reflected in the indicators against which Program funds are to be disbursed. The main outcomes pursued in the AIUDP include:

- Strengthened and accountable institutions;
- Access to finance through improved financial management and cost recovery mechanisms;
- Resilient infrastructure and service delivery for priority areas using life cycle approach;
- Environmentally sustainable, socially inclusive development;

- Job creation and inclusive economic growth;
- A well-connected Amaravati; and
- Improved living standards for residents of Amaravati.

vi. ***The AIUDP emphasizes a holistic and sustainable model of urban development, integrating institutions, infrastructure and inclusion.*** In contrast, the previously dropped ASIIDP was primarily focused on financing selected infrastructure investments in Amaravati, which has been partially completed to date. The new Program adopts a more integrated approach and a much broader scope, emphasizing institutional and systems strengthening as a core element in mobilizing financing, as well as a central focus on inclusive socioeconomic development for current and future residents of the area.

vii. ***The AIUDP entails US$1.6 billion in financing from the World Bank and the ADB***. In contrast, the earlier dropped project involved a proposed US$300 million loan from the World Bank using the IPF instrument, with co-financing of US$200 million from the Asian Infrastructure Investment Bank. Considering the scope of the AIUDP and based on a review of appropriate instruments for achieving the stated objectives, the PforR instrument was adopted as the most suitable choice. The PforR instrument leverages Bank financing to influence and strengthen broader government systems and program implementation, whereas the Bank's IPF instrument finances discrete investments.

E&S Risk Management

viii. ***The Request for Inspection questions the suitability of using PforR as a financing instrument for the AIUDP, mainly because the Request does not appear to take into account the above-described differences between the two operations.*** In Management's view the choice of the PforR instrument for the AIUDP is fully consistent with the requirements of the PforR Policy. With the passage of time since the ASIIDP investment project was dropped, some of the previously assessed environmental and social (E&S) impacts and risks have not materialized or have been reduced due to the developments and considerations discussed below.

ix. ***PforR operations have robust E&S requirements that are assessed through an Environmental and Social Systems Assessment (ESSA) and addressed in design and institutional arrangements.*** They have been met appropriately in the case of the AIUDP. The management of the Program's E&S risks and benefit sharing have been mainstreamed into the core governance systems of the two implementing agencies for the AIUDP, the Andhra Pradesh Capital Region Development Authority (APCRDA) and the Amaravati Development Corporation, Limited (ADCL).

x. ***The E&S assessment criteria for PforR address a range of risks in a manner that is aligned with the objectives of the Bank's Environmental and Social Framework (ESF).*** These include assessing risks and impacts to inform sustainable design, avoiding social conflict and addressing the concerns of vulnerable groups, worker

safety, community safety, managing impacts of land acquisition and restrictions on access, critical natural habitats, Indigenous Peoples' rights, and cultural resources. In the case of Amaravati, the ESSA found that the proposed Program and government systems are broadly aligned with these criteria and it recommended gap-filling measures based on these findings, which were integrated into a Program Action Plan (PAP).

xi. ***As set forth in the PAP laid out in the Program's ESSA, three Social Audits will be conducted – at the beginning, mid-term and end of the Program, by a reputed independent entity as agreed with the Bank.*** These audits will assess the implementation of the land assembly process for Amaravati, focusing on the process, the impacts on landowners and the landless, and the effectiveness of the mitigation measures that have been put in place, including those measures designed to address the livelihood impacts on agricultural laborers. Findings and recommendations from the audits will be addressed during Program implementation and reported in Program reports.

Alleged Incidents of Coercion

xii. ***Management takes allegations of intimidation in its operations very seriously and is committed to fostering transparency and accountability in the Program's design.*** There is no compulsion to join the Land Pooling Scheme (LPS) and farmers who do not wish to participate can choose one of the other two options as per the Resettlement Policy Framework (RPF). Some farmers decided not to participate in the LPS and were free to do so.

xiii. Management notes that extensive consultations carried out during Program preparation, both with the farmers who joined the LPS and with those who have not joined, have not raised any systemic issue of coercion or intimidation to force the farmers to join the LPS. In addition, robust grievance redressal mechanisms are currently in place at multiple levels to address any such issue, and these will be further strengthened under the Program. The Bank will also actively monitor any issue of coercion during supervision and will engage with the authorities and affected parties to address it, should any such allegations arise.

Alleged Food Insecurity

xiv. ***The Request incorrectly alleges that the development of Amaravati city would affect agricultural production, which could lead to food insecurity.*** The transition of the land from rural to urban took place several years ago and 98 percent of the land for the AIUDP has been assembled and left fallow. Based on analysis undertaken at the time of the transition, crops in the area were predominantly commercial, and not used for daily human consumption. Additionally, the land to be used for Amaravati City amounts to 0.027 percent of the total area under cultivation in AP and 0.077 percent of paddy-sown area. Thus, the transition to urban land does not significantly impact the production of food in the state.

Consultations and Disclosure of Information

xv. ***Management has recognized the importance of strengthening access to information and consultation processes.*** To address this, capacity-building initiatives are being provided to Program implementers to enhance their practices.

xvi. ***The APCRDA website provides updated information down to village level, including on the LPS; registration of plots; annuities and pensions; and other benefits being provided.*** Apart from the APCRDA office, Public Information Centers (PICs) have been established at the 11 Competent Authority Offices (CAOs) at the village level, with dedicated personnel for sharing information and addressing any land-related query or issues. In addition, APCRDA has set up a dedicated communication unit to ensure engagement with various stakeholders and communities and to share regular updates on Program-related matters.

xvii. ***The ESSA was widely consulted upon.*** APCRDA and ADCL will prepare additional sub-project-specific E&S instruments – Environmental Impact Assessments (EIAs) and Resettlement Action Plans (RAPs) – under the Program, based on applicable systems, following due process, including consultations with affected people and beneficiary groups.

xviii. The claims made in the Request in this regard appear to refer to consultations for the dropped ASIIDP and not for the AIUDP, for which several consultations were held subsequently.

Working Conditions

xix. ***The allegations and reports of substandard working conditions raised in the Request refer to activities that took place in 2019 and which are not connected to current Bank financing.***

xx. ***Working conditions during implementation of the AIUDP will be addressed per the applicable Bank policy for the Program.*** Labor welfare and worker safety are included in the PAP and Program legal agreements, including steps to strengthen the Borrower's system. The Program includes many measures to monitor and enhance labor inspection and address risks to and impacts on worker livelihoods through systemic actions.

Livelihood Measures for Agricultural Laborers

xxi. ***To address the livelihood needs of agricultural laborers who have been affected by the conversion of land from agricultural uses to urban uses, APCRDA has put in place several measures.*** Since 2014, eligible agricultural laborers (currently numbering 17,176 persons) have been provided with pensions, originally for 10 years but now extended by an additional five years to 2029. These laborers have been provided access to skills training, employment opportunities, interest-free loans, and food, health and education benefits. Homeless laborers are also being provided with housing under the "Economically Weaker Section" housing program.

About 5,000 houses have been constructed out of a planned 10,000 and handed over already.

Conclusion

xxii. ***Management notes that the AIUDP was only very recently approved and considers the Request for Inspection to be premature.*** The Program's design includes Social Audits that will examine many of the concerns outlined in the Request. At this early stage, a review by the Inspection Panel would, in Management's view, bypass and duplicate the mechanisms already established within the Program to assess whether the management of past land acquisition and its impact on livelihoods aligns with Bank policy requirements.

xxiii. ***Management believes that the Bank has correctly applied its policies and procedures applicable to the AIUDP. In Management's view, the Bank has followed the policies and procedures applicable to the matters raised by the Request. Management notes that the Request mainly raises complaints pertaining to the discontinued ASIIDP and which are not relevant for the AIUDP. As a result, Management believes that the Requesters' rights or interests have not been, nor will they be, directly or adversely affected by the alleged failure of the Bank to implement its policies and procedures.***

I. INTRODUCTION

1. On December 17, 2024, the Inspection Panel registered a Request for Inspection, IPN Request RQ24/07 (hereafter referred to as "the Request"), concerning the India: Amaravati Integrated Urban Development Program (P507508) financed by the International Bank for Reconstruction and Development (IBRD, or "the Bank").

2. ***Structure of the Text.*** The document contains the following sections: Following this Section I, Introduction, Section II describes the Request; Section III provides background information on the Project; Section IV discusses special issues, including previous Bank engagement and the land pooling scheme under the Program; and Section V contains Management's response. Annex 1 presents the Requesters' claims, together with Management's detailed responses.

II. THE REQUEST

3. The Request for Inspection was submitted by four individuals from Andhra Pradesh (hereafter referred to as the "Requesters"). The Request makes note of an Annex containing the following:

(a) Videos REDACTED show the concerns from farmers on the Amaravati Project.

(b) Coercion tactics of the Government - https://www.epw.in/journal/2019/20/special- articles/amaravati-making-disaster-capital-andhra-pradesh.html

(c) Speculation's Spatial Terms: Imminence and Inevitability in Amaravati https://www.tandfonline.com/doi/full/10.1080/13264826.2022.2089185#abstract

(d) Amaravati, an Example of Flawed Urban REDACTED.

(e) Amaravati 360: Farmers rail against AP's land pooling scheme; By: Swati Sanyal Tarafdar: REDACTED.

No further materials were received by Management in support of the Request.

III. PROGRAM BACKGROUND

The Program

4. The Government of Andhra Pradesh (GoAP) seeks to develop Amaravati as its new capital and a growth hub for the region. After the state of Andhra Pradesh (AP) bifurcated (AP Reorganization Act, 2014), the new state of Telangana retained the previous capital city of Hyderabad, which had accounted for a third of the economy and 55 percent of AP's revenue. The GoAP aims to build Amaravati as the new state capital on an area of around 217 square kilometers (km). Development of Amaravati offers a chance to proceed with an orderly and phased expansion of the rapidly growing region, supported by a network of complementary cities that will generate jobs and opportunities for residents, attract migrants, and ensure long-term growth.

5. Developing Amaravati as a resilient city is vital to ensuring sustainable, low-carbon and climate-resilient development for the entire capital region. The economic activities of the region are frequently disrupted by extreme climate events. It is highly vulnerable to flooding and extreme heat, which pose threats to infrastructure, water security, public health, and economic activities. This highlights the urgent need for an urban development model that supports growth while adapting to climate vulnerabilities. Amaravati will integrate green spaces, compact mixed-use designs, efficient water management, and renewable energy systems to foster resilience and long-term sustainability, with positive spillover to the rest of the metropolitan region.

6. The Perspective Plan for the Amaravati Capital Region (ACR) (Vision 2050) established the development vision for Amaravati, which was further elaborated in the Detailed Master Plan (DMP) that adopted global lessons learned for a more climate-resilient, viable, inclusive, and sustainable urban transformation. The Perspective Plan lays out the future urban system in the ACR and emphasizes Amaravati's role as a new growth hub for the region. The DMP is grounded in sustainable planning practices and focuses on job creation, investment, quality housing, environmental conservation, flood and climate resilience, and cultural revitalization.

7. The overall approach adopted by the GoAP for the Amaravati development program[1] calls for systematic support from development partners, bringing in global technical knowledge to help the GoAP achieve its vision. It requires building strong institutional, socioeconomic, and infrastructure foundations for the efficient long-term development of Amaravati, enabling a sustainable first phase of development and ensuring that results are achieved across a broad spectrum of complementary dimensions. A results-based financing instrument is deemed most appropriate to support the GoAP in this development program because it shifts the focus from specific investments to a broader engagement, emphasizing the strengthening of institutional foundations for

[1] Note that in this document, the AIUDP, also referred to as "the Program," is the operation being supported by the World Bank PforR and should not be confused with references to the overall program of the GoAP mentioned in this paragraph.

sustainable and inclusive urban development. The World Bank will use its Program-for-Results, or PforR and the Asian Development Bank (ADB) its Results-Based Lending.

8. The World Bank envisions supporting the integrated development of Amaravati through a long-term programmatic engagement with three stages of operations over the next 10 years. It seeks to steadily promote integrated institutional, socioeconomic, and infrastructural development to ensure that Amaravati becomes a livable and resilient city and helps drive economic development and job creation in the entire metropolitan region.

9. The above approach will allow for incremental progress, starting with this Program, which acts as a foundation and a catalyst, focused on establishing foundational governance frameworks to manage services and attract private investments, developing critical infrastructure in selected areas, and building systems and capabilities for inclusive socioeconomic development. The next stage will foster momentum by expanding urban services, strengthening core institutions established in the first stage, and leveraging private investments and capital markets to foster economic growth and job creation. The third stage will focus on full urban and regional integration and enhancement of Amaravati's regional and national competitiveness. During the implementation of the Program, the World Bank, the ADB, and the GoAP will continuously monitor progress, follow up on evolution of priorities and financing needs, and further develop actionable plans to solidify their long-term transformational engagement.

Program Development Objectives

10. The development objective of the Amaravati Integrated Urban Development Program (AIUDP) [2] for India is to strengthen the institutional framework and infrastructure planning and delivery for inclusive and sustainable urban growth in Amaravati. To achieve its long-term development objectives, the GoAP aims to put in place city governance, a financing framework and service delivery institutions; implement green and resilient urban infrastructure; deliver reliable urban services; attract private investments; and strengthen socioeconomic support programs to enhance the jobs skills and economic opportunities for existing and future residents of Amaravati. Together with the ADB financing, this PforR will support selected priority interventions within the GoAP's overall program.

11. The following indicators will be used to measure Program achievement:

1) Institutional mechanisms for green and resilient service delivery established (Yes/No);
2) Private capital financing mobilized (US$ millions) (Corporate Results Indicator (CRI));
3) Beneficiaries employed (number) (disaggregated by gender) (CRI);
4) People benefiting from climate resilient infrastructure (number) (disaggregated by gender) (CRI);

[2] Initially named *Amaravati Capital City Development Program*

5) Direct users that benefit from improved access to sustainable transport infrastructure and services (number) (disaggregated by gender) (CRI); and
6) People with safely managed water and sanitation (number) (disaggregated by gender) (CRI).

Results Areas

12. ***The AIUDP will support selected priority interventions within the Government's program.*** Specifically, it supports all key activities on institutional strengthening, sustainable financing, skills training and investment promotion under the Government's program; green and resilient housing apartments in the Amaravati Government Complex (AGC), a network of trunk infrastructure and flood mitigation works, and connectivity to transport and public services in selected Land Pooling Scheme (LPS) neighborhoods. These activities are grouped under three interrelated Results Areas (RAs) as follows:

- ***RA1: Strengthened Governance and Financing Framework.*** Establishing an accountable and effective city governance structure that will evolve as Amaravati transitions from early construction phase to a fully functioning city, through: (a) the adoption of a medium-term governance and institutional plan for the ACR and Amaravati and for the delivery of urban services; (b) the approval of a proposal for the legal structure of Amaravati city government by a competent authority; (c) the establishment of professionally managed utilities or ring-fenced departments within Amaravati city government to deliver water, sanitation and drainage services, including maintenance and management of related infrastructure, delivery of services to residents and businesses, ability to set cost recovery tariffs over time, and collection of user charges; (d) the establishment of a Unified Metropolitan Transport Authority to cover the ACR, responsible for, *inter alia*, coordinated planning and implementation of transportation plans, policies, projects and measures; ensuring effective public transport systems are in place; and directing funds to implement such plans; (e) the establishment of a disaster risk management and flood monitoring system to collect and analyze data, and identify, mitigate, and manage risks related to natural disasters and climate change with a mandate to, *inter alia*, issue regulations and provide infrastructure and nature-based solutions in coordination with other local and state agencies; (f) the establishment of mechanisms for sustainable financing of infrastructure and public services in the medium term by leveraging land-based financing and mobilizing market-based funding based on taxes and tariffs enabled through said governance framework; and (g) the strengthening of institutional capacity of the Andhra Pradesh Capital Regional Development Authority (APCRDA) and the Amaravati Development Corporation Ltd. (ADCL), particularly in the areas of environment, social, procurement and contract management and asset management.

- ***RA2: Inclusive Socioeconomic Growth and Community Development.*** Driving strong economic growth, improving job skills and placements for residents, increasing access to affordable housing, and encouraging citizen participation in city development to ensure the long-term vibrancy of Amaravati and the broader ACR, by: (a) enabling APCRDA to attract anchor investors, businesses and other

private investments to generate economic activities and job opportunities; (b) providing targeted skill training to existing and incoming residents in priority economic sectors, with a focus on women, youth and lower income groups, to improve their access to better and higher-paid jobs; (c) developing, adopting and operationalizing policies and programs to increase access to green and resilient affordable housing; (d) providing government housing apartment buildings in the AGC; and (e) strengthening systems and mechanisms to improve citizen participation in neighborhood planning, community development, and the operation and maintenance of community services in all neighborhoods, especially for women, youth, and vulnerable groups.

- ***RA3: Resilient Infrastructure and Sustainable Service Delivery.*** Providing green and resilient trunk infrastructure, flood mitigation infrastructure, water supply works, bus terminals and integrated neighborhood infrastructure and services for LPS Zones 1, 2, 3, 5B, 5D and 6, to ensure improved livability and resilience of the residents, including: (a) well-designed and resilient streets that include safe space for non-motorized transport modes, utilities for water supply, stormwater drainage, water reuse, wastewater treatment, power, information and communication technology, and solid waste management; (b) well-designed and functioning flood mitigation systems that include nature-based solutions to improve resilience and reduce vulnerability of Amaravati to climate risks; and (c) e-bus services and ancillary infrastructure.

IV. SPECIAL ISSUES

Previous Bank Engagement and Request for Inspection

13. The Government of India (GoI) requested the World Bank's support to develop Amaravati in 2016, but preparation of the project was discontinued in 2019 due to a change in Borrower priorities. In 2017, while the project was being prepared, some landowners from the proposed Amaravati area filed a complaint with the Inspection Panel, alleging harm from the proposed project's LPS and related activities, citing risks to livelihood restoration and food security, as well as inadequate consultation and compensation. Upon receiving the Request, the Inspection Panel conducted multiple site visits and meetings with stakeholders but deferred its recommendation regarding an investigation to allow the Bank and the GoAP to assess and address the Requesters' concerns as part of project preparation. A series of actions to strengthen project design were agreed, including further in-depth assessments and strengthening of consultation and grievance mechanisms and livelihood support measures for landless farmers.

14. In its report to the Board in March 2019, while recognizing the positive steps adopted by the GoAP, the Inspection Panel recommended an investigation to assess the project's compliance with the livelihood restoration requirements of Operational Policy (OP) 4.12. In July 2019, the Bank was formally notified that the GoI had withdrawn its request for financing for the planned Amaravati project. As a result of the GoI withdrawal of the planned project, the Panel did not undertake an investigation. The current proposed Program's design incorporates lessons from the earlier project proposal, as well as mitigation measures to address anticipated environmental and social (E&S) risks.

Background on the LPS

15. An innovative feature of the development of Amaravati has been the use of an LPS as a method of assembling the needed land (see Box 1 below). Through the LPS, 34,390 acres of land were acquired voluntarily from farmers for development, starting in 2014. The LPS represents a shift away from the conventional land acquisition process, as it allows landowners to remain in their habitations and continue holding land parcels of increased value, preserving their social ties and psychological attachment to a place. In essence, participants in the LPS share directly in the benefits of a project, rather than being displaced and compensated in order to make way for it.

16. In return for contributing their land, landowners participating in the LPS are entitled to a combination of benefits that include: (a) returnable plots of urban nature within the Amaravati City perimeter; (b) annuity payments for 10 years (now extended for another five years); and (c) other benefits including waiver of agricultural loans, skill training, access to interest-free loans for setting up enterprises, and educational and medical and health benefits in designated facilities. The returnable urban plots are allotted in and around the same village where landowners have given up their agricultural lands under LPS. Landowners were entitled to choose the type of returnable plot they wished to receive from a broad menu of residential and commercial land plot options.

Box 1. Land Pooling

As cities grow and urbanize, assembling land for planned urban development is a challenge for local authorities, who need to ensure an environmentally, socially and financially sustainable way to provide adequate infrastructure and basic services, and to guarantee livability for all urban residents. As urban areas expand and the value of land increases, international experience shows that the challenges of limiting displacement of vulnerable populations, and of ensuring inclusive urban development, become increasingly acute. Indian policy makers have struggled to devise regulations to ease the acquisition of land for the vast amounts of infrastructure and housing the country needs, while avoiding the disruption and displacement that has accompanied land acquisition in the past.

In response to these challenges, Land Pooling (LP) has been used as an innovative approach to minimizing resettlement and maximizing benefits for those whose land is acquired, and there has been a renewed interest among urban planners and governments in India and around the world to implement LP.

Definition. LP (or land readjustment) is a land management instrument that involves consolidating individual land parcels into a larger plot, providing it with infrastructure and planning its land use and development. A portion of the reconstituted, serviced land is returned to the original owners. Although the readjusted plots returned to each original landowner may be smaller and of a different size and shape, the overall value of such plots is expected to be higher than at the onset, resulting from factors including: (i) access to services; (ii) requalification of land use (from rural to urban for example); and (iii) proximity to area development.

Benefits. Land pooling is often favored over direct land acquisition because it avoids displacement, fosters inclusion through voluntary participation, and encourages cooperation between landowners and project implementers as landowners retain their claim on the land. It is also cost-effective for borrowers because governments do not directly finance the purchase of rights-of-way or compensate resettled residents. Land pooling unlocks financing for infrastructure and public services through the gains from higher land values and the rezoning of land to residential/commercial use. Where used appropriately, LP is a means to manage city expansion and to minimize ad hoc sprawl on urban fringes. Typically, the resulting land assembled through LP is of higher density and better serviced (with properly sized roads, better connectivity, amenities and basic services) than the earlier individual land parcels.

Global experience. The use of LP as an instrument for land assembly has seen widespread success globally, including in countries such as Japan and South Korea, as well as in India. Example of successful LP schemes recently implemented in Asia include:

- *Gujarat, India.* Gujarat has effectively used its town planning scheme as a land assembly tool for almost a century. The first such scheme was implemented in 1920 and consisted of 270 hectares. By 2012, town planning schemes had increased to 1,200 hectares in urban areas.
- *Kathmandu Valley, Nepal.** To address the lack of a large stock of state-owned land, LP projects have been implemented in the country since 1988, mostly by central government planning agencies, but also by several municipalities. A total of nearly 7,000 housing plots were produced from 237 hectares, with the involvement of 10,000 landowners. The landowners contributed nearly 82 hectares of land for roads, open space, and reserve plots, and benefitted from an increase of 300 to 600 percent in land values.
- *Seoul, Korea.* The Seoul City Government produced about 11,500 ha of urban land between the 1950s and 1980s, through a total of 41 large-scale land pooling and readjustment projects.
- *Japan.* By the end of 2006, about 11,800 projects involving a total land area of about 395,000 hectares had been undertaken by this method under the provisions of the City Planning Law, 1919 and the Land Readjustment Law, 1954. This accounts for about 33 percent of the urbanized land area of Japan.

* Improving Access to Urban Land for All Residents: Fulfilling the Promise.

17. The LPS is an option that landowners can choose voluntarily. Landowners can decide not to join the LPS and choose to have their land acquired, under the provisions of the Land Acquisition, Rehabilitation and Resettlement Act (LARR Act), 2013. No physical displacement results from the LPS as the land parcels pooled are outside habitation areas and mainly utilized for agricultural activities. In 2018, the World Bank assessed the LPS, and land policy instruments being adopted and the extent of their compliance or non-compliance with OP 4.12, drawing in part from the field work and report of an international expert on land pooling and urban development.

18. The assessment provided strong evidence that the LPS will benefit landowners substantially – particularly due to the increasing value of the urban land parcels they receive – and supported the conclusion that it was in compliance with OP 4.12, given that participation in the LPS is voluntary and landowners can opt out in favor of one of the other alternative methods of land acquisition. With respect to those opting for land acquisition under the LARR Act 2013 or negotiated settlement, a Resettlement Policy Framework (RPF) was agreed with the APCRDA to address the relatively minor gaps that were identified between the requirements of the LARR Act 2013 and corresponding Bank Policy requirements. As explained in paragraph 33 below, this RPF was adopted by the Government, which elected to continue to use it as part of its E&S system underpinning the Program.

19. At the same time, it was recognized that the conversion of the area to urban land uses could have detrimental effects on landless agricultural laborers who would not be in a position to join the LPS. As a result, the APCRDA adopted a series of measures to assist such affected laborers to restore or improve their livelihoods, which remain in place as part of the Program and have been further strengthened (see paragraph 36 below).

V. MANAGEMENT'S RESPONSE

20. ***Management understands the concerns of the Requesters regarding the development of Amaravati City and has carefully reviewed them.*** The Bank is confident that the concerns and allegations raised by the Requesters that are related to implementation of the Program are sufficiently addressed through the Program design as well as the lessons learned from the earlier project that was prepared but dropped. The Bank is committed to ensuring that the AIUDP is implemented in compliance with the applicable Bank policy requirements.

21. ***Management also observes that the Request for Inspection primarily references a prior project — the Amaravati Sustainable Infrastructure and Institutional Development Project (ASIIDP; P159808) — that was ultimately dropped, before consideration by the Board.*** Many of the Requesters' concerns pertain to that dropped ASIIDP, including the assessments, instruments, and Bank policies that were applicable to the ASIIDP. The Requesters also appear to believe that the AIUDP would mirror the design and scope of the previously discontinued ASIIDP, which is incorrect, as discussed in more detail below.

22. ***There are material differences between the AIUDP and the previously proposed and dropped ASIIDP.*** While both operations were designed to contribute to the broad objective of supporting the development of Amaravati, they are materially different in terms of scope, objectives, planned investment activities, and risk levels, which also reflects the choice of a different lending instrument (PforR) for the AIUDP.

23. ***Management notes that the AIUDP was only very recently approved and considers the Request for Inspection to be premature.*** The Program's design, through the Program Action Plan (PAP), includes Social Audits that will examine many of the concerns outlined in the Request, by a reputed independent entity as agreed with the Bank. At this early stage, a review by the Inspection Panel would, in Management's view, bypass and duplicate the mechanisms already established within the Program to assess whether the management of past land acquisition and its impact on livelihoods aligns with Bank policy requirements.

24. ***The recently approved AIUDP responds to a new request by the GoI in August 2024 to support the development of Amaravati.*** The envisioned integrated and sustainable planning and development supported under the AIUDP would serve as a model for planned urbanization that can be replicated and offer a sustainable solution to India's rapid urbanization. The GoI requested financial and technical support from the Bank and the ADB to bring in international experience for this effort.

25. ***The AIUDP aims to strengthen capacity, systems, and institutions to effectively develop and manage Amaravati, prioritizing outcomes that promote inclusivity, resilience, and sustainability.*** This is reflected in the indicators against which Program funds are to be disbursed. The main outcomes pursued in the AIUDP include:

- Strengthened and accountable institutions;
- Access to finance through improved financial management and cost recovery mechanisms;
- Resilient infrastructure and service delivery for priority areas using life cycle approach;
- Environmentally sustainable, socially inclusive development;
- Job creation and inclusive economic growth;
- A well-connected Amaravati; and
- Improved living standards for residents of Amaravati.

26. ***The AIUDP emphasizes a holistic and sustainable model of urban development, integrating institutions, infrastructure and inclusion.*** In contrast, the previously dropped Investment Project Financing (IPF) project, while including a component on institutional strengthening and technical support, was primarily focused on financing selected infrastructure investments in Amaravati. The new Program adopts a more integrated approach and a much broader scope, emphasizing institutional and systems strengthening as a core element in mobilizing financing, as well as a central focus on inclusive socioeconomic development for current and future residents of the area. The PforR instrument is specifically geared towards addressing the Requesters' concern that the "broader context" might be overlooked and "the interconnected issues" fail to be addressed.

27. ***Financing instrument: The AIUDP entails US$1.6 billion in financing from the World Bank and the ADB***. In contrast, the earlier dropped project involved a proposed US$300 million loan from the World Bank using the IPF instrument, with co-financing of US$200 million from the Asian Infrastructure Investment Bank. Considering the scope of the AIUDP and based on a review of appropriate instruments for achieving the stated objectives, the PforR instrument was adopted as the most suitable choice. The PforR instrument leverages Bank financing to influence and strengthen broader government systems and program implementation, whereas the Bank's IPF instrument finances discrete investments.

28. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1. Specific issues are discussed below.

E&S Risk Management

29. ***The Request for Inspection questions the suitability of using PforR as a financing instrument for the AIUDP, mainly because it does not appear to take into account the above-described differences between the two operations.*** It is not clear why the Request alleges that the PforR operation was "classified as category A as it has significant involuntary resettlement impacts," when the Program Information Document (PID) (as quoted in the Request) states that, *"The Program will exclude activities that lead to significant, adverse environmental and social (E&S) impacts, such as those*

leading to the significant degradation of natural and critical habitats or significant pollution as well as those that would require significant involuntary resettlement."

30. ***In Management's view the choice of the PforR instrument for the AIUDP is fully consistent with the requirements of the PforR Policy.*** With the passage of time since the ASIIDP investment project was dropped, some of the previously assessed E&S impacts and risks have not materialized or have been reduced due to the following developments and considerations:

(a) Significant progress has been made to address potential risks and impacts associated with the land assembly process through a highly participatory approach involving all key stakeholders;

(b) The land use for the Program was already changed through the DMP that converted rural land into urban land in 2015 and the LPS was mostly completed for the area under the Program by 2019;

(c) Less than 2 percent of the land remains to be assembled for the Program area, hence the Program will not be engaged in managing the risks of a large-scale land acquisition process going forward;

(d) The development of Amaravati will be done in a phased manner, allowing systems and capacity for future phases to be built up and strengthened;

(e) There are no direct social, biological or culturally sensitive receptors nearby;

(f) The PforR was not chosen to avoid Environmental and Social Framework (ESF) requirements. Rather, the Program will mainstream risk management and sustainability frameworks into government systems to reduce and manage E&S risks;

(g) Enhanced capacity to strengthen E&S systems and practices was realized through the establishment of an Environment and Social Management Unit (ESMU) within APCRDA in November 2024 and completion of required staffing in the Unit;

(h) The infrastructure to be constructed is largely of medium scale (e.g., the longest road is about 14 km in length);

(i) The construction will be confined within the development area;

(j) The Program excludes activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people (see also Annex 1, Item 2); and

(k) The decision to adopt the PforR instrument for the Program is driven by the potential for greater impact, especially in strengthening core government systems and capabilities to achieve the desired development outcomes and ensure that E&S requirements are systemically addressed.

31. ***PforR operations have robust E&S requirements that are assessed through an Environmental and Social Systems Assessment (ESSA) and addressed in design and***

institutional arrangements. They have been met appropriately in the case of the AIUDP. The management of the Program's E&S risks and benefit sharing have been mainstreamed into the core governance systems of APCRDA and ADCL, which are the two implementing agencies for the AIUDP. It is therefore not true that there are "less stringent requirements on the Bank's side regarding environmental and social accountability" under the PforR.

32. ***The E&S assessment criteria for PforR[3] address a range of risks in a manner that is aligned with the objectives of the Bank's ESF.*** These include assessing risks and impacts to inform sustainable design, avoiding social conflict and addressing the concerns of vulnerable groups, worker safety, community safety, managing impacts of land acquisition and restrictions on access, critical natural habitats, Indigenous Peoples' rights, and cultural resources. In the case of Amaravati, the ESSA found that the proposed Program and government systems are broadly aligned with these criteria and it proposed gap-filling measures based on the findings and recommendations of the ESSA and integrated in a PAP where appropriate.

33. With respect to risks associated with land acquisition, the Government's E&S risk management system includes an RPF that the Government adopted in 2018 and that sets forth the principles and mitigation measures which apply when land is acquired for city construction under each of the three land assembly methods – through voluntary participation in the LPS, or through negotiated or non-voluntary settlement under the LARR Act 2013 of the GoI. The RPF was originally drafted during preparation of the ASIIDP, in compliance with OP 4.12. The PforR Policy, Section III, Paragraph 9(d) sets forth criteria that are consistent with the approach in OP 4.12: Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards. The Borrower's integration into its system of an RPF that is consistent with OP 4.12 and other good international resettlement practice is an outcome of the work already done building Borrower capacity.

34. Unlike the E&S policies that apply to IPF operations, the PforR Policy does not specifically require an RPF or similar instruments. However, it is not uncommon for such resettlement planning tools to be applied under national systems to support PforR financed activities, and the Government has retained the RPF and incorporated it into its system to address risks and impacts associated with land acquisition. The RPF is currently being updated to take into account additional suggestions received from stakeholders in expanded consultations as well as to update the compensation matrix with adjustments to current market rates and valuation in compliance with the LARR Act 2013. The updated version is expected to be finalized and adopted by end-February 2025. As prescribed by the Government's RPF, Social Impact Assessments (SIAs)/Resettlement Action Plans (RAPs) are under preparation for all the contract packages and will be implemented before

[3] These assessment criteria are set forth in the Bank Policy on Program-for-Results Financing (paragraph 9) and are referred to in the Bank Guidance on PforR ESSA as "core principles" (paragraphs 4 and 7). They are further elaborated in more detailed provisions in the Bank Directive on Program-for-Results Financing (paragraph 30), which are referred to in the Bank Guidance as "planning elements."

any more land is acquired for works. No land parcels will be acquired without compensation and assistance in place, as per the RPF.

35. ***In addition, as set forth in the PAP laid out in the Program's ESSA, three Social Audits will be conducted – at the beginning (in June 2025), mid-term and end of the Program.*** [4] These will assess the implementation of the land assembly process for Amaravati, focusing on the process, the impacts on landowners and the landless, and the effectiveness of the mitigation measures that have been put in place, including those measures designed to address the livelihood impacts on agricultural laborers, as described in paragraph 48 below. Findings and recommendations from the audits will be addressed during Program implementation and reported in Program reports.

Livelihood Measures for Agricultural Laborers

36. ***To address the livelihood needs of agricultural laborers who have been affected by the conversion of land from agricultural uses to urban uses, APCRDA has put in place several measures*** Since 2014, eligible agricultural laborers (currently numbering 17,176 persons) have been provided with pensions, originally for 10 years but now extended by an additional five years to 2029. These laborers have been provided access to skills training, employment opportunities under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), interest-free loans, and food, health and education benefits. Homeless laborers are also being provided with housing under the "Economically Weaker Section" housing program. About 5,000 houses have been constructed out of a planned 10,000 and handed over already. The Social Audits of the land assembly process – to be conducted at the beginning, mid-term and end of the Program and referenced in paragraph 35 above - will assess the socioeconomic status of these laborers and the implementation of the measures. Findings and recommendations from the audits will be addressed during Program implementation and reported in Program reports.

Alleged Incidents of Coercion

37. ***Management takes allegations of intimidation in its operations very seriously and is committed to fostering transparency and accountability in the Program's design.*** There is no compulsion to join the LPS and farmers who do not wish to participate can choose one of the other two options as per the RPF.[5] Depending on the location of their land, they are to be offered fair compensation through negotiated settlement, or land acquisition based on the LARR Act 2013, supplemented by gap-filling measures

[4] The Social Audits are expected to be commissioned by APCRDA and conducted by a reputed, independent national/regional entity with a track record in undertaking social audits and social assessments.

[5] Of the total land required for the AIUDP, 0.17 percent has been acquired through the LARR Act 2013, 0.16 percent through Negotiated Settlement, and 95.4 percent through the LPS. The remaining land to be acquired will fall into one of these categories.

identified in the Borrower's RPF. Support for vulnerable groups, including livelihood restoration measures, is integrated into the design of the Program and any resettlement action undertaken as part of the Program. Some farmers have decided not to participate in the LPS and the Government has not forced them to do so.

38. Management notes that extensive consultations carried out during Program preparation, both with the farmers who joined the LPS and with those who have not joined, have not raised any systemic issues of coercion or intimidation to force the farmers to join the LPS. It should be noted that the process of participating in the LPS requires the landowner's signature and consent at six different instances and offers exit options for those who change their mind during the process. Robust grievance redress mechanisms are currently in place at multiple levels to address any such issues should they come up, and these will be further strengthened under the Program. The Bank will also actively monitor any issue of coercion during supervision and will engage with the authorities and affected parties to address it, should any such allegations arise.

39. ***The level of trust in implementing agencies, specifically APCRDA and ACDL, is recognized as uneven, highlighting the need for sustained efforts to enhance transparency.*** The AIUDP institutional focus is specifically aimed at strengthening oversight to uphold fairness, build public confidence, and support effective grievance mechanisms—elements that are essential for maintaining long-term community support. The proposed first Social Audit will help to address any inconsistencies in application of policies. This will be followed up with additional Social Audits at mid-term and end of the Program.

Alleged Food Insecurity

40. ***The Request contends that the development of Amaravati city would affect agricultural production which could lead to food insecurity.*** However, the transition of the land from rural to urban took place several years ago and 98 percent of the land for the AIUDP has been assembled and left fallow. Based on analysis undertaken at the time of the transition, crops in the area were predominantly commercial, and not used for daily human consumption. Additionally, the land to be used for Amaravati City amounts to 0.027 percent of the total area under cultivation in AP and 0.077 percent of paddy-sown area. Thus, the transition to urban land does not significantly impact the production of food in the state.

Consultations and Disclosure of Information

41. The claims made in the Request in this regard appear to refer to consultations for the dropped project and not for the AIUDP, for which several consultations were held subsequently.

42. ***Management has recognized the importance of strengthening access to information and consultation processes.*** To address this, capacity-building initiatives are being provided to Program implementers to enhance their practices. During the public consultations on the ESSA in November 2024, Bank staff were approached by a group opposed to the Program, who shared their concerns through informational leaflets. In addition to participating in public consultations, the Bank team also arranged and attended a separate private meeting with the concerned citizens to listen to their grievances. These discussions were documented for further consideration in the ESSA and Program design. Notably, these consultations occurred independently, without the presence of any Program proponents. The Bank team has meticulously documented all engagements and has no evidence of any instances where individuals claiming to represent the Bank approached complainants during the Program's preparation or engaged in harassment.

43. ***The APCRDA website provides updated information down to village level***, including on: (a) the LPS, including registration of plots; (b) annuities and pensions; and (c) other benefits being provided. Apart from the APCRDA office, Public Information Centers (PICs) have been established at the 11 Competent Authority Offices (CAOs) at the village level, with dedicated personnel for sharing information and addressing any land-related query or issues. In addition, APCRDA has set up a dedicated communication unit to ensure engagement with various stakeholders and communities and to share regular updates on Program-related matters.

44. ***The ESSA was widely consulted upon.*** APCRDA and ADCL will prepare additional sub-project-specific E&S instruments – Environmental Impact Assessments (EIAs) and RAPs – under the Program, based on applicable systems, following due process, including consultations with affected people and beneficiary groups.

45. ***APCRDA has had a Grievance Redress Mechanism (GRM) in place since 2014, which provides citizens with multiple avenues for submitting and registering grievances.*** The state has a single-window Public Grievance Redress Management System for all government departments through an online portal. Additionally, APCRDA offers a grievance submission feature on its website and in person. Grievances are redirected to the relevant department heads and resolved with digital signatures for transparency and accountability. The Additional Commissioner of APCRDA also holds public meetings every Friday to engage with citizens, in addition to the monthly grievance meeting by the Commissioner. In-person meetings with APCRDA officials are available. During Program implementation, the APCRDA plans to strengthen the GRM system by instituting a grievance audit and feedback mechanism.

Working Conditions

46. The allegations and reports of substandard working conditions and their impacts on employment refer to activities that took place in 2019 and which are not connected to current Bank financing.

47. ***Working conditions during implementation of the AIUDP will be addressed per the applicable Bank policy for the Program.*** Labor welfare and worker safety are included in the PAP and Program legal agreements, including steps to strengthen the Borrower's system. The Program includes many measures to monitor and enhance labor inspection and address risks to and impacts on worker livelihoods through systemic actions. Specifically, requirements to adhere to labor standards have been included in standard bidding documents to be used under the Program (E&S requirements, Supplementary Information – e.g., Fair Wage Clause). E&S Standard Operating Procedures (SOPs) covering labor will be prepared within five months of Program effectiveness and will be part of the Program Operations Manual being prepared by APCRDA, which will be reviewed by the Bank.

48. ***Multilevel institutional oversight includes labor experts at APCRDA's ESMU and Project and Program Management Consultants (PMCs and PgMCs, respectively), who will be engaged to oversee the implementation of labor standards for works contracts at both individual contract and overall Program levels, respectively.*** Additionally, a reputed local nongovernmental organization (NGO) will be hired by June 2025 to support the implementation of labor standards within three months after Program effectiveness, based on a scope agreed with the Bank. Periodic training on labor standards will be provided to contractors, staff, and other key stakeholders. The Bank team will include, in addition to E&S specialists, a gender-based violence (GBV) specialist to support implementation of labor standards.

Conclusion

49. ***Management believes that the Bank has correctly applied its policies and procedures applicable to the Program. In Management's view, the Bank has followed the policies and procedures applicable to the matters raised by the Request. Management notes that the Request mainly raises complaints pertaining to the discontinued ASIIDP and which are not relevant for the AIUDP. As a result, Management believes that the Requesters' rights or interests have not been, nor will they be, directly or adversely affected by the alleged failure of the Bank to implement its policies and procedures.***

Annex 1
Claims and Responses

No.	Claim	Response
1	We noticed a new project linked with **Amaravati Capital City**, in the name of "**Amaravati Capital City Development Program**" with **Project ID P507508** - https://projects.worldbank.org/en/projects-operations/project-detail/P507508. We have also noticed in the notes that "*Total project cost includes funding from World Bank and non-bank sources in US$ millions. Active and Closed projects show current commitments.* ***Proposed (pipeline) and dropped projects*** *show the forecast amount. The commitment amount for projects in the pipeline is indicative and may be modified during the project preparation*." The new proposed project is linked to the previously dropped ***Amaravati Sustainable Infrastructure and Institutional Development Project*** **(Project ID: P159808) (ASIIDP)**. The *Amaravati Sustainable Infrastructure and Institutional Development Project* (Project ID: P159808) has a legacy since its origination in 2017. On 29 March 2019, the Inspection Panel submitted its Third Report and Recommendation on this project to the Board of Executive Directors of the World Bank. In paragraph 78 of its Report, the Panel recommended "*carrying out an investigation into the alleged issues of harm and related potential non-compliance with livelihood restoration requirements of the Bank's Involuntary Resettlement Policy (OP/BP 4.12).*" On 22 April 2019, a Board discussion of the Panel's Third Report and Recommendation was requested. This Board meeting was scheduled to take place on 23 July 2019. The Project was planned to be submitted for Board approval thereafter. But on 15 July 2019, Management informed the Board that the Bank had been formally notified by the Government of India that it withdrew its request for financing of the Project through the IBRD loan of USD 300 million. This was notified by the Panel on 16 July 2019. Now, there is a clear interconnection between the proposed (pipeline) Project ID P507508 and the dropped project with Project ID: P159808 that the Government and the World Bank are reactivating the new project based on the documentation that was finalized back in 2019 to receive the sovereign	The ASIIDP (P159808) was dropped during preparation, as the GoI withdrew its request in July 2019, and the project was never approved or implemented. ***The recently approved AIUDP (P507508), initially named Amaravati Capital City Development Program, pertains to the same city and is implemented by the same agencies as the previously dropped project (P159808). However, it is materially different in terms of scope, objectives, financing instrument, and risk levels.*** ***Program scope:*** The new Program responds to a GoI request of August 2024 to develop Amaravati as a well-managed, socially inclusive, climate-resilient growth center in AP that generates jobs and opportunities for its current and future residents, especially the most vulnerable. It would serve as a model for planned urbanization that can be replicated and offer a sustainable solution to India's rapid urbanization. The GoI requested support from the Bank and ADB to bring in international experience for this effort. The Program aims to strengthen capacity, systems, and institutions to effectively develop and manage Amaravati, prioritizing outcomes that promote inclusivity, resilience, and sustainability. The main outcomes pursued in the Program include: • Strengthened and accountable institutions; • Access to finance through improved financial management and cost recovery mechanisms; • Resilient infrastructure and service delivery for priority areas; • Environmentally sustainable, socially inclusive development; • Job creation and inclusive economic growth; • A well-connected Amaravati; and • Improved living standards in the 29 villages of Amaravati. The AIUDP emphasizes a holistic and sustainable model of urban development, integrating across institutions, infrastructure and inclusion (RAs in the

No.	Claim	Response
	loan. This is following a high-level meeting between the Government and the World Bank in the week of 07 October 2024. By connecting these dots, we now understand the reason why, the status of "Amaravati Sustainable Infrastructure and Institutional Development Project" https://projects.worldbank.org/en/projects-operations/project-detail/P159808 shows as "Dropped", but "Last update date" is showing as 15 August 2024.	PforR). In comparison, the previously dropped ASIIDP was primarily focused on select discrete infrastructure investments in Amaravati along with some institutional support. The new Program adopts a more integrated approach, emphasizing institutional and systems strengthening as a core element. ***Financing instrument:*** The AIUDP entails US$1.6 billion in financing from the World Bank and ADB. In comparison, the dropped ASIIDP involved a proposed US$300 million loan from the World Bank using IPF, with co-financing of US$200 million from the Asian Infrastructure Investment Bank. Considering the scope of the Program and based on a review of appropriate instruments for achieving the stated objectives, the PforR instrument was adopted as the most suitable choice for the AIUDP. The PforR instrument provides assurance that Program funds are used appropriately and that E&S impacts are adequately addressed by the Program. Pursuant to Section B of the PforR Directive, the Bank's due diligence takes the form of following PforR systems assessments: (1) Technical Assessment (TA); (2) Integrated Fiduciary Systems Assessment (IFSA); and (3) ESSA. In addition, the Bank and Borrower undertook integrated risk assessment at different points during preparation and implementation. The PforR systems assessments factor in borrower capacity and the availability of technical and capacity building measures to reduce risk, as well as commitment to strengthen community participation and social inclusion measures. ***Risk levels:*** Management is of the view that, with the passage of time since the ASIIDP was dropped, some of the previously assessed E&S issues and risks have either not materialized or have been reduced because: (a) significant progress has been made to address potential risks and impacts associated with the land assembly process through a highly participatory approach involving all key stakeholders; (b) the land use for the Program was already changed through the DMP that converted rural land into urban land in 2015 and the LPS was mostly completed for the area under the Program by 2019; (c) less than 2 percent of the land remains to be acquired for the AIUDP area, hence the Program

No.	Claim	Response
		going forward will not be engaged in managing the risks of a large-scale land acquisition process; (d) the development of Amaravati will be done in a phased manner, allowing systems and capacity for future phases to be built up and strengthened; (e) there are no direct social, biological and culturally sensitive receptors nearby; (f) the Program will mainstream risk management and sustainability frameworks to reduce and manage E&S risks; (g) enhanced capacity to mitigate and manage E&S risks was realized through the establishment of an ESMU within APCRDA in November 2024 and completion of required staffing in the Unit; (h) the infrastructure to be constructed is largely of medium scale (e.g., the longest road is about 14 km in length); (i) the construction will be confined within the development area; and (j) the Program excludes activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people (details provided in response to Item 2).
2	Why the World Bank is using Program-for-Results Financing (PforR/P4R) as a Financing Instrument for Amaravati Capital City Development Program (Operation ID: P507508) when the proposed project is classified as category A as it has significant involuntary resettlement impacts which are referred in Page 6 of Concept PID (P507508? Why this urgency to have this approved within 30 January 2025? When the World Bank cannot move forward directly with the project "Amaravati Sustainable Infrastructure and Institutional Development Project (Project ID: P159808)", which is Category A, how "Amaravati Capital City Development Program (Project ID P507508)" can be done indirectly through P4R/PforR financing modality? This completely undermines the transparency on the part of the World Bank, and it gives us the feeling that the Bank is willfully trying to favor the Government by sweeping its own Social and Environmental Safeguards (SES), Environmental and Social Framework (ESF), Environmental Social Standards (ESS) under the carpet for a project that was Category A. All these, including human rights, concerns that came up before the Inspection Panel in the earlier avatar of the project.	***As noted above in Item 1, the Bank reviewed the new request by the GoAP and the GoI and concluded at Concept Stage that the preparation of the new project would proceed as a PforR, with a Substantial risk rating, as the most appropriate instrument considering the objective, scope and risk level. The risk rating was confirmed by the technical, fiduciary, environmental and social assessments conducted as part of preparation. The AIUDP has been prepared following the requirements of the PforR Directive, PforR Policy, and PforR Guidance on Environmental and Social Systems Assessment.*** In addition to determining the PforR Program's strategic relevance, technical soundness, expenditure analysis, economic rationale, results framework, fiduciary and E&S systems and risks, the Bank's due diligence assessments evaluated the relevant risks and the scope for improvements and managing such risks, including proposed institutional strengthening activities to be undertaken before, if deemed appropriate, and during the PforR Program implementation. On the basis of the assessments conducted, and the PAP mitigation measures agreed upon between the

No.	Claim	Response
	As per the policy underlying P4R, a project with serious environmental and social risks ought not to have been used for P4R modality for financing. Refer to the policy framework for P4R that prohibits financing Amaravati project in any shape that the World Bank put forward to its board for approval. (https://thedocs.worldbank.org/en/doc/100b8a625834bdb25526e4a05391927a-0290012023/original/Policy-PforR.pdf). Also, we understand that P4R projects are not exempt from the Inspection Panel's oversight, nor are they exempt from strict scrutiny by the Panel from the environmental and social risk appraisal. The Bank should know that the prima facie illegal LPS way of acquiring lands from farmers constitutes their involuntary displacement, compounded by the flip-flop decisions of the successive governments over the last 6-7 years on the location of the capital city.	Bank and GoAP, it was determined that the AIUDP meets the requirements of Bank policy for a PforR. Like all PforR Programs, the AIUDP excludes activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people. Any such activities are excluded from the Program and are not eligible for PforR financing. The land use changed in 2015 through the DMP, and the LPS was implemented at scale between 2015 and 2019 by APCRDA. Based on the rigorous due diligence conducted by the Bank with input from the GoAP and in consultation with stakeholders, the Bank considered the risks associated with the voluntary LPS and the other land assembly methods for those who choose not to participate in the LPS. Following the ESSA and the mitigation measures agreed upon with the GoAP, it is Management's view that the E&S risks associated with the Program are mitigable and do not pose an unprecedented significant adverse impact on the environment and/or affected people. It is therefore the Bank's determination that the risks associated with the LPS and its impacts on farmers present risks that the AIUDP takes into account. It is also important to note that, pursuant to PforR Guidance, an activity risk rating of High does not necessarily mean the activity in question should be excluded. In some cases, it may signal a need to examine this issue closely in the ESSA, to determine whether the risk can be avoided or reduced to an acceptable level through technical or capacity-strengthening. The PforR ESSA Guidance introduces six E&S assessment criteria, or "core principles," for PforR,[6] which cover a range of risk issues in a manner that is aligned with the objectives of the Bank's ESF and of the standards of other international financial institutions. These include assessing risks and impacts to inform sustainable design, avoiding

[6] The six assessment criteria cover: implications for environmental quality, land acquisition, Indigenous Peoples, cultural heritage, natural habitats, worker and community safety, among other E&S issues as deemed necessary. They are set forth in the Bank Policy on Program-for-Results Financing (paragraph 9) and are referred to in the Bank Guidance on PforR ESSA as "core principles" (paragraphs 4 and 7). They are further elaborated in more detailed provisions in the Bank Directive on Program-for-Results Financing (paragraph 30), referred to in the Bank Guidance as "planning elements."

No.	Claim	Response
		social conflict and addressing the concerns of vulnerable groups, worker safety, community safety, managing impacts of land acquisition and restrictions on access, critical natural habitats, Indigenous Peoples' rights, and cultural resources. In the case of Amaravati, the ESSA found that the proposed Program and government systems are broadly aligned with these assessment criteria and proposed gap-filling measures in the PAP where appropriate. The PforR is the appropriate instrument to mainstream and strengthen Borrower systems and capacity to manage E&S risks. In addition, the Program clearly lays out exclusion criterion for expenditures; activities involving significant displacement or impacts on cultural heritage; conversion of critical habitats; or those with significant impacts on natural resources, designated forest areas or biodiversity, among others, are not eligible to be financed under the Program. Construction materials to build Amaravati will be sourced from existing authorized quarry areas. No new quarries will be opened. Measures for social inclusion, stakeholder engagement, and adoption of good international practice for E&S risk management (such as the World Bank E&S Standards) are reinforced through Disbursement Linked Indicators (DLIs) and PAP actions. Residual risks associated with Program expenditures are deemed to be manageable by adopting country systems and supporting their strengthening. The Program will enhance environmental sustainability and livelihoods for vulnerable communities, ensure equitable development benefits, and build local capacity for long-term E&S risk management with a focus on gender inclusion, mixed-use development, and climate actions. It will promote stakeholder engagement, participatory governance, and effective grievance mechanisms. By institutionalizing E&S risk management and benefits sharing into core governance systems of APCRDA and ADCL, a PforR is able to reduce and better manage risks and optimize impacts of Amaravati development. The LPS allows farmers to voluntarily contribute their land, in exchange for a serviced plot, equivalent to 20-30 percent of the original land size,

No.	Claim	Response
		that is of higher monetary value, together with several other socioeconomic benefits. The GoAP is keeping the LPS open to farmers to willingly become equity holders in Amaravati development. Consultations with stakeholders[7] during the preparation of the AIUDP suggest there is broad stakeholder support for the urgent development of Amaravati especially from the farmers who have given up their land. While they had received their parcels, they wanted to have the parcels rapidly serviced with the infrastructure required to benefit fully from them.
3	In addition to the project causing involuntary displacement of farmers, it has caused irreparable loss and trauma to tenants on agricultural lands, agricultural workers dependent on the agricultural lands, and artisans dependent on agriculture. Since the Inspection Panel last reviewed the project, there have been instances of construction workers engaged in Amaravati working under conditions below par compared to the labor standards (https://ruralindiaonline.org/en/articles/mega-capital-city-underpaid-migrant- workers/ - *Mega capital city, underpaid migrant workers: Most of the construction labourers at Andhra Pradesh's upcoming mega capital city Amaravati are migrants from several states who work long hours for months away from home, earning modest daily wages*) as referred to in one of the requester's letters of 22 August 2024. This violates ESS2 Labor and Working Conditions (https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf). Apart from this, environmental laws in India have been drastically watered down, particularly over the past 10 years. Choosing to go for P4R as a Financing Instrument, despite being fully aware of India's inadequate social and environmental standards, effectively enables the Bank to overlook potential violations. Relying on the country's existing systems does not ensure the protection of	***Panel Review.*** See Item 4 below. ***Working conditions.*** The allegations and reports of substandard working conditions and their impacts on employment refer to activities taking place in 2019 and are not connected to the Bank financing. Working conditions during implementation of the AIUDP will be addressed per the E&S criteria in the PforR ESSA Guidance. Labor welfare and worker safety are included in the PAP and Program legal agreements, including through strengthening the Borrower and Program systems and the bid conditions. The Program includes many measures to monitor and enhance labor inspection and address risks to and impacts on worker livelihoods through systemic actions. Specifically, requirements to adhere to labor standards have been included in standard bidding documents to be used under the Program (E&S requirements, Supplementary Information – e.g., Fair Wage Clause). E&S SOPs covering labor will be prepared within five months of Program effectiveness and will be part of the Program Operations Manual being prepared by APCRDA, which will be reviewed by the Bank. Multilevel institutional oversight includes labor experts at APCRDA's ESMU and PgMCs/PMCs, who will oversee the implementation of labor standards for works contracts at both individual contract and overall

[7] About 12 consultation meetings in addition to one wider dissemination consultation meeting were conducted with various stakeholder groups, including farmers (both who have pooled land and those who have not), landless laborers, SHG women, and other community representatives. Consultations were also undertaken with (a) village-level functionaries such as Village Secretariat staff, (b) CAOs, (c) officials from line departments such as the Women and Child Development Department, (e) Economically Weaker Section housing beneficiaries, (f) farmer associations/groups, (g) civil society members and community-based organizations, and (h) landless households that were resettled during 2018–19.

No.	Claim	Response
	individuals or the environment. Following are a few stories related to that: • https://scroll.in/article/1063068/a-decade-under-modi-environmental-protections- diluted-cheetah-project-falters • https://www.article-14.com/post/govt-dilutes-environmental-safeguards-by-making- them-simpler • https://esgindia.org/new/esg-opinion/fundamental-dilution-of-environmental-laws- and-jurisprudence-of-india-proposed/https://esgindia.org/new/esg-opinion/fundamental-dilution-of-environmental-laws-and-jurisprudence-of-india- proposed/ • https://www.impriindia.com/insights/environment-assessment-policy-report/#:~:text=Dilution%20of%20the%20EIA,2006)%20to%20weaken%20the%20law.&text=With%20over%2020%20lakh%20objections,looming%20threat%20to%20our%20surroundings • https://www.indiaspend.com/how-govt-push-for-ease-of-doing-business-is- compromising-environment-regulation/#:~:text=New%20Delhi%3A%20The%20ruling%20National,reports%20and%20plans%20from%202014 • https://www.downtoearth.org.in/governance/the-environmental-cost-of-making- business-easy-59001	Program levels, respectively. Additionally, a reputed local NGO will be hired to support the implementation of labor standards within three months after Program Effectiveness based on a scope agreed with the Bank. Periodic training on labor standards will be provided to contractors, staff, and other key stakeholders. The Bank team will include, in addition to E&S specialists, a GBV specialist to support implementation of labor standards. ***Agricultural labor.*** The APCRDA has put in place an all-round package of socioeconomic support measures for affected agricultural laborers: (a) 17,176 agricultural laborers are covered under the Program currently; (b) these workers are provided with monthly pensions for 15 years (till 2029), skills training, access to employment opportunities under the MGNREGS, interest-free loans, and food, health and education benefits;[8] The monthly pensions were increased to Rs 5,000 from Rs 2,500 in 2024. About Rs 571.32 crores have been disbursed between 2015 and 2024. This is in addition to other social security pensions of Rs 4,000/month that are being received by about 5,504 families. (c) homeless laborers are provided with housing under the "Economically Weaker Section" housing program. About 5,000 houses have been constructed out of a planned 10,000 and handed over already; (d) a one-time agricultural loan waiver up to Rs 1.50 lakhs has been provided to 19,709 farmers; (e) three Social Audits (at the beginning, mid-term and end of the Program) of the land assembly process will be carried out, which will also assess the socioeconomic status of these laborers. They will be conducted by a reputed independent entity as agreed with the Bank. Findings and recommendations from the audits will be addressed during Program implementation and reported in Program reports.
4	These recent developments completely undermined the objections that were raised, the Inspection Panel's decision to carry out an investigation, and several procedural violations of the World Bank to date.	The previous Request for Inspection on the dropped IPF project did not reach the investigation stage. The Panel issued its eligibility report, which does not assess policy compliance or evaluate the merits of the Request. The Inspection Panel process stopped when the GoI withdrew its request for

[8] Agricultural laborers who worked in the area will receive skills training and access to employment opportunities under the Program, apart from other ongoing government support such as pensions, interest-free loans for self-employment, and free health and education benefits.

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	As a result of serious noncompliance with the World Bank's operational policies and procedures, including OP/BP 4.01 and OP/BP 4.12, the requesters who approached the Inspection Panel have experienced, and are likely to continue to experience harm, but for the entire state of Andhra Pradesh. This is clear with the change in governments from 2019 to date.	financing and the Project was dropped. ***Hence, there has been no Inspection Panel investigation of the proposed 2017 IPF project.***
5	On behalf of the requesters who approached the Inspection Panel, voiceless farmers, and people, one of us has placed a formal request to the Internal Documents Unit as well seeking Geoffrey Payne report on Land Pooling Scheme (LPS) and human rights violations in the case of Amaravati. But no positive response to date. Procrastination is a method of silencing those who continue to raise their concerns, which is against the principle of inclusion. Non-disclosure of Geoffrey Payne report violates the Bank's norm of functioning in a transparent manner. Even assuming that the Bank would rely on Geoffrey Payne report for its internal deliberations, in our view, the findings from that report could not be ignored by the Inspection Panel and the Bank's management in proceeding further with loan assistance for Amaravati project now being reactivated.	In 2018, Management hired an expert consultant (Mr. Payne) to assist in assessing the project design of the proposed IPF that was later dropped. The assessment, which was deliberative in nature, focused on the land acquisition aspects and requirements outlined in the Bank's policies. The objective of the independent assessment was to provide Management with insights into the land acquisition schemes under the proposed Project and how they could be supported by the Bank, taking into account the innovative nature of the LPS. There is no report on *"human rights violations in the case of Amaravati,"* and the independent assessment report does not address such allegations. ***This internal report was deliberative and hence not disclosed, per the Bank's Access to Information Policy. The Bank reviewed this report and others when preparing the Program. With regard to the AIUDP, the Bank has disclosed the ESSA, Program Appraisal Document, TA, and IFSA.*** The Bank's review of the LPS indicates that outcomes are largely expected to be positive, with benefits being realized as the Program proceeds. The Program proposes regular tracking of the affected community livelihoods. Social Audits of the land assembly process and livelihood impacts is one of the institutional actions in the PAP. The Terms of Reference for the Social Audit will include a socioeconomic baseline survey covering the affected population, including LPS farmers and landless households, to assess current livelihood practices, and will be used for interventions as needed. Social Audits will be repeated at mid-term and Program end. The Bank's due diligence indicates that 90.6 percent of the land (34,389.76 acres out of a total required 37,941.55 acres) was pooled through the LPS, involving 28,740 farmers across the entire city

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		who willingly accepted the LPS, with the expectation of benefiting substantially in economic terms. The increase in land values benefits LPS landowners. The transition from farming to urban living may pose challenges for some; it also provides an opportunity for higher incomes linked to urban professions as the city develops and these are supported under the Program. Landowners have options to sell urban plots and purchase agricultural land to continue farming.
6	The requesters who approached the Inspection Panel have approached Bank management several times and raised their concerns until 2019. But Management has failed to take steps to resolve those concerns to date. World Bank sent a few missions to Amaravati since August 2024 as part of reactivating the project based on earlier documents supported with superficial consultations to assess the current situation. But they have completely failed to do inclusive and meaningful consultations, with the wider stakeholders who continue to raise their concerns. There is clear evidence of whom they have met and the sort of consultations that were organized in the field.	***There were extensive consultations for the previously dropped project with local communities and complainants between 2014 and 2019, as documented in the Program RPF. Many of the concerns raised by the Requesters pertain to the dropped project.*** ***Since the new request by the GoI to engage on the AIUDP, received on October 18, 2024, the World Bank/ADB team for the AIUDP has conducted a total of 14 consultations with stakeholders.*** The consultations included LPS farmers, non-LPS farmers, landless laborers, and other stakeholders, including vulnerable groups. A large and well-publicized public consultation/dissemination meeting was conducted on November 2, 2024 with a broad range of stakeholders, with emphasis on including vulnerable groups. The key messages and recommendations are presented in the ESSA report. The Bank team also met on November 3, 2024 with a group of farmers and concerned activists associated with the Capital Region Farmer's Federation in response to their representations to Bank Management raising concerns about the E&S impacts of the proposed Amaravati development, including on non-LPS farmers and agricultural labor. They also subsequently submitted detailed feedback on the draft ESSA that was disclosed for consultations. The feedback and key concerns raised by these stakeholders was taken into account during the finalization of the ESSA and also informed Program design. The PAP contains actions on preparing SOPs to strengthen Environmental Management Plans (EMPs), GRM, communication and information disclosure and on ensuring that the supervisory committee and the implementation committee

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		mandated by the National Green Tribunal are reactivated. The DLI 6 supports strengthening community participation with a gender focus, through a Citizen's Committee, induction of social facilitators, and implementation of robust grievance redress mechanism (GRM) modalities. An NGO will be hired to facilitate the communications between APCRDA and the stakeholders and help monitor the effectiveness of the GRM and feedback loop. The Bank team continues to engage closely with the implementing agency to ensure participatory and inclusive processes for Program implementation and address valid concerns raised by specific stakeholder groups.
7	**Serious concerns over the use of Program-for-Results (P4R) programming tool** Following are several arguments against the use of the P4R (Program-for-Results) programming tool by the World Bank in the context of the Amaravati project: **Legacy Concerns:** The P4R approach may overlook serious legacy issues associated with the Amaravati project, which is Category A, including human rights violations and involuntary resettlement and displacement of local communities. By treating the project as a new initiative, the Bank risks ignoring its own charter and the historical context of the project acknowledging its inadequacy to take care of the potential impacts.	See Items 1 and 2 above. The Bank reviewed the request from the GoI and GoAP and determined that a PforR was the most appropriate instrument, which was approved by the World Bank Board on December 19, 2024. ***A PforR supports mainstreaming of E&S risk management into the Program design and implementing agency systems. The AIUDP was prepared in compliance with the Bank's PforR Policy, Directive, and ESSA Guidance. The AIUDP excludes activities with high E&S risks, such as those requiring large-scale land acquisition, involving significant displacement or impacts on cultural heritage, conversion of critical habitats and those with significant impacts on biodiversity, among others.*** The ESSA involved a thorough assessment of the E&S risks of the Program, identified gaps in existing Borrower E&S systems and institutional capacities, and presented recommendations to address the gaps. These are addressed by the Program through legal covenants, DLIs and the PAP. More broadly, the Program design integrates strengthening of the implementing agencies' E&S systems and capacities.
8	**Ignoring Broader Context:** The P4R financing may isolate segments of the Amaravati project from the broader context of its historical and social implications. This could lead to a failure to address the interconnected issues that arise from the project, ultimately undermining its effectiveness. Additionally, there are concerns that less stringent requirements on the Bank's side regarding	***The PforR-financed Program is suited to supporting government programs to achieve E&S results and include marginalized groups in the benefits.*** The PforR excludes activities with high E&S risks, such as those requiring large-scale land acquisition, involving significant displacement or impacts on cultural heritage, conversion of critical habitats and those with significant impacts on

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	environmental and social accountability may not be matched by adequate accountability measures at the country level as environmental and labor standards have heavily been diluted over the past decade.	biodiversity, among others, and instead focuses on the provision of infrastructure services needed to support inclusive design and institutional development. The PforR is mandated to follow all country-level legal and regulatory standards and provisions applicable to it. Where the Bank's due diligence has deemed necessary, the Program includes arrangements to strengthen Borrower institutions for more sustainable and inclusive development. The Program includes E&S and labor commitments in the PAP for tender documents along with mandatory oversight mechanisms for the Program directly linked to disbursements. Thus, DLI 1: Operational Systems and Mechanisms Established and Strengthened for Program Delivery mandates the establishment and staffing of an ESMU within APCRDA to manage and oversee all E&S compliance, and the development of SOPs for E&S management covering critical areas such as occupational health and safety (OHS) and prevention of GBV. DLI 2: Institutional Mechanisms for Green and Resilient Service Delivery Established aims at institutionalizing green and climate-resilient urban development and compliance with environmental performance standards and sustainable construction practices. DLI 6: Citizen Engagement Mechanisms Strengthened reinforces participatory governance by establishing a Citizen's Committee and strengthening the GRM. The PAP outlines critical actions to strengthen E&S management, such as updating the RPF, conducting Social Audits of the land pooling and livelihood restoration processes, and ensuring that SOPs for E&S risk mitigation are adopted across all Program activities. PAP actions to strengthen E&S systems are legally binding and require strict adherence by the GoAP. By integrating these DLIs and PAP actions, the Program mainstreams E&S risk management into its core operations, significantly reducing potential risks and ensuring compliance with national and international sustainability frameworks.
9	**Endorsement of Human Rights Violations:** Utilizing P4R could be interpreted as the Bank endorsing practices that lead to human rights violations, particularly against marginalized groups such as small landholders, agricultural workers, and	***The Bank does not endorse or tolerate any practices that could result in human rights violations and the PforR does not facilitate such violations.***

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	migrants. This undermines the Bank's commitment to social justice and equity.	Mitigation measures, PAP actions, and system improvements are incorporated into the Program and its DLIs to help the vulnerable. The Program design, assessed in the ESSA, identifies measures to assist the vulnerable, as described above in Item 8. Three Social Audits will be undertaken to assess the land assembly process and livelihood impacts on landowners, landless and Program affected persons. Findings and recommendations from the audits will be addressed during Program implementation and reported in Program reports. The six E&S criteria contained in the PforR ESSA Guidance incorporate good international practice aimed at inclusion of vulnerable and marginal groups. Core principle 5: Program E&S systems give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of Indigenous Peoples, Historically Underserved Traditional Local Communities, and to the needs or concerns of vulnerable groups. In terms of social equity, the LPS includes provisions for smallholding farmers, such as full annuity payments equivalent to one acre, regardless of their land size, and access to all social benefits. About 25,400 farmers out of 33,489 farmers who volunteered for land pooling fall in the smallholding category with less than 1 acre.
10	**Dual Standards:** The implementation of P4R may create a dual standard for affected persons, where some groups receive different treatment than others. This inconsistency can be seen as a form of injustice and could lead to perceptions of exploitation under the guise of development.	***Management considers that the PforR instrument enables the Bank to work with the Borrower towards strengthening Program systems and institutional capacity.*** More explicitly, the aim of the PforR instrument is to promote sustainable development, including through institutional capacity strengthening. According to the Bank's PforR Policy, this is achieved by using and, as appropriate, strengthening the Program systems to provide assurance that Program funds are used appropriately and that E&S impacts are adequately addressed; and by strengthening, where appropriate, the institutional capacity necessary for the Program to achieve its intended results. Therefore, the PforR instrument by design aims to enable institutional consistency, so that all Program

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		affected persons can benefit from the development results associated with the PforR. This is a defining feature of the PforR instrument and distinguishes PforR investments from IPF projects. Under IPF, the Borrower is required to implement specific E&S requirements and due diligence is limited in scope to only those project affected persons impacted by specific investments under the Bank-financed IPF project. The envisioned development results from the AIUDP extend to all affected populations of Amaravati, through the use and strengthening of Program systems and Borrower institutions.
11	**Exploitation in the Name of Development:** Critics argue that the P4R approach may facilitate the exploitation of vulnerable populations in the name of development. This raises ethical concerns about the true nature of the Bank's involvement and its impact on local communities.	***Bank review of implementation of its PforR portfolio finds no basis for this claim.*** Management acknowledges that all the Bank's financial instruments involve varying degrees of E&S risk in their application. It is for this reason that the instruments have policies associated with them, tailored to conditions and aimed at avoiding, minimizing and mitigating such risks. The Program's focus on inclusion of vulnerable populations is a key design measure as well as an E&S mitigation approach with identified actions. The PforR instrument will ensure that adequate systems and institutional capabilities are in place to include all stakeholders, especially vulnerable populations. The training and employment of beneficiaries (DLI 4), the establishment of participatory mechanisms with a focus on women, low income groups, minorities and vulnerable groups (DLI 6), and the Social Audits and engagement of an NGO for communications (PAP actions), will help ensure voice and socioeconomic inclusion of vulnerable populations, as mentioned earlier.
12	**Lack of Accountability:** There is a concern that the P4R framework may not provide adequate mechanisms for accountability, since the Inspection Panel has historically endorsed the legitimacy of the complaints related to similar issues. This could leave affected communities without recourse for justice.	***The World Bank Accountability Mechanism, which comprises the Inspection Panel (created in 1993) and the Dispute Resolution Service (operational since 2021) hold the World Bank accountable for all Bank-financed activities, whether IPF or PforR. The choice of lending instruments does not affect the Bank's accountability.*** The Program invests in strengthening accountability mechanisms of the implementing agencies through

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		citizen engagement (DLI 6), grievance redress (DLI 6 and PAP), Social Audits and integration of findings into community livelihood plans (PAP). The capacity building for GRMs and stakeholder outreach at the implementing agency, further strengthens these avenues of recourse for affected communities to ensure accountability, in addition to the access they already have under the national judicial system. Irrespective of the type of instrument, systems and legal provisions are in place to allow the concerns of the Program communities to be heard.
13	**Inadequate Compensation:** The potential for inadequate compensation for displaced individuals and communities raises significant concerns. If the P4R approach leads to insufficient financial support for those affected, it could exacerbate existing inequalities and hardships.	***APCRDA has adopted and rolled out compensation and assistance provisions for affected families in accordance with the E&S criteria for PforR. The compensation reflects the principle of replacement cost. Please refer to the draft RPF disclosed on APCRDA's website.*** In addition to gap-filling and capacity-building measures to ensure adequate compensation for those affected, the Program design includes several measures (e.g., skill development with an emphasis on women, job placement support, affordable housing) to support vulnerable groups in the transition from farming to urban living and opportunities to participate in livelihood development projects.
14	**Political Pressure:** There is a concern that the Bank may be succumbing to political pressure to finance the Amaravati project without adequately addressing the associated risks and legacy issues. This could compromise the integrity of the Bank's operations and its commitment to sustainable development.	Decisions on World Bank financing based on requests by the GoI are informed by a well laid out and transparent process that includes a Systematic Country Diagnostic (SCD) and a Country Partnership Framework (CPF). ***This Program is aligned with the SCD and CPF for India, which both have a strong focus on sustainable urbanization.*** The Bank has exercised thorough due diligence through technical, economic, institutional, fiduciary and E&S assessments, taking into account legacy issues to the extent relevant to the current Program and associated risks. These are addressed in the TA, IFSA, and ESSA, and their recommendations are incorporated into the Program design and PAP.
15	**Potential for Social Conflict:** The P4R approach may exacerbate existing social tensions, particularly when there is a clear polarization of political parties with their divergent views on the capital city -	Under criterion 6 of the ESSA Guidance, the Bank and Borrower, in consultation with stakeholders, conducted an assessment of social conflict associated with the Program. While recent

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	Amaravati Vs. Vishakhapatnam. If the needs and rights of vulnerable groups are not adequately considered, it could lead to increased social unrest and conflict, especially for those who gave up their lands under LPS.	consultations indicate broad stakeholder support for the development of Amaravati, there have been conflicts of opinion in the past between groups of differing political or social affiliation who were either supportive of or opposed to the Program. ***APCRDA is cognizant of the need to ensure social cohesion and inclusion and is committed to maintaining several two-way channels of communication with all stakeholders, as well as setting up platforms for voice and participation such as the Citizen's Committee. Public Information Centers (PICs) have been established at the Competent Authority Offices (CAOs) in 11 villages for direct interaction with local stakeholders and to address questions, concerns, and grievances.*** Going forward, APCRDA further aims to strengthen the GRM system with feedback and audit functions; set up clear accountability for resolution; and initiate regular communication with all stakeholder groups, including farmers and landless households, and other disadvantaged and/or vulnerable communities. The needs of vulnerable groups are considered as part of the ESSA and corresponding mitigation measures and actions are reflected in the PAP. The Program has a comprehensive GRM system in place to discuss and resolve issues, in addition to the country legal and legislative systems.
16	**Misalignment with Development Goals:** Finally, the use of P4R in this context may misalign with the World Bank's stated development goals, particularly those related to poverty alleviation, social equity, and environmental sustainability. If the approach does not genuinely promote these goals, it could undermine the Bank's credibility and effectiveness in India. It was stated that the "proposed World Bank-supported Program, as part of Phase I, will focus only on areas that have been pooled already so that involuntary land acquisition will be minimal, and the requirement is assessed to be less than one percent of total land area" – although a majority of the land that was pooled under LPS is yet to be registered. There is no existing "Resettlement Action Plans/ Resettlement Policy Framework (RAPs/RPF)" prepared and the statement "adopted by the government in accordance with country's	***The PforR instrument is fully aligned with the Bank's objectives of poverty reduction and environmental sustainability, with a focus on developing sustainable system capabilities.*** As per the PforR Policy, Directive, and ESSA Guidance, the ESSA contains gap analysis and recommendations corresponding to the six criteria. The recommendations in the ESSA have been incorporated into Program design, legal covenants, and specific mitigation measures to be implemented under the PAP. In 2018, as part of the preparation for the proposed ASIIDP, APCRDA had prepared key safeguards documents, including the Environmental and Social Management Framework (ESMF), RPF, EIAs, and EMPs and RAPs for proposed interventions such as priority roads, upgrade of village infrastructure, and flood mitigation works. These documents were prepared pursuant to the IPF policies at the time,

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	legal framework" is not correct. A resettlement plan, including an assessment of social impacts is required. Adopting the P4R approach to somehow push through part-financing of the Amaravati project to please the Indian government, pretending as if the Bank is unaware of the issues raised by the Inspection Panel in 2018, in an ostrich-like manner would attract the Doctrine of Colourable Legislation, which implies that the Bank would be trying to do something indirectly, what it cannot do directly, violating its own Charter, its core policy and values. In short, by ignoring the legacy issues that included concerns about involuntary displacement of people, human rights violations, etc., the Bank would be deliberately infringing its avowed principles, which, in our view, would raise serious questions about the Bank's credibility as a genuine development financing institution. We strongly feel that by adopting the P4R approach to finance bits and pieces of the Amaravati project, the Bank has deliberately chosen to sweep under the carpet its earlier knowledge of the human trauma that characterized the LPS way of acquiring lands and find a dubious way to condone the human rights violations inherent in the *Amaravati Sustainable Infrastructure and Institutional Development Project (Project ID: P159808)*, which it now proposes to finance segments. Apart from these, the document "Panel_Observations_P4R_Nov_2011" (https://www.inspectionpanel.org/sites/ip-ms8.extcc.com/files/documents/Panel_Observations_P4R_Nov_2011.pdf) presents the Inspection Panel's observations regarding the use of World Bank's P4R lending instrument. It emphasizes the importance of mutual accountability between the Bank and borrowing countries, aligning with the principles outlined in the 2005 Paris Declaration on Aid Effectiveness. The Panel raised concerns about the **clarity of accountability mechanisms for affected communities**, the Bank's role in **supervision**, and the adequacy of **safeguards to prevent harm from funded activities**. The Bank Policy clearly says "*P4R Program funds are used appropriately and that environmental and social impacts are adequately addressed by such P4R*	were consulted upon and duly disclosed by APCRDA and adopted by issuing government orders (G.O.s). The ESMF, RPF, EIAs, EMPs, and RAPs are not E&S requirements under the PforR Policy, Directive, or ESSA Guidance. However, they form part of the Government's E&S systems and provide a basis for the due diligence conducted by the Bank as part of the ESSA. The RPF is currently being updated to take into account the suggestions received from stakeholders during additional consultations as well as to update the compensation matrix with adjustments to the current market rates and valuation, in compliance with the LARR Act 2013. The updated RPF is expected to be finalized and adopted by end-February 2025. SIAs/RAPs are under preparation for all the contract packages and will be implemented before any more land is acquired for works. No land parcels will be acquired without compensation and assistance as per the RPF. The Program places a strong focus on inclusion through provision of skill development, enhanced job opportunities, support for affordable housing, and robust participation of local communities as part of Results Area 2. All LPS farmers have received a Land Pooling Ownership Certificate (LPOC) as proof of the holder's title to that land, and about 77 percent of the land pooled under the LPS has been formally registered. APCRDA is planning to complete registration of the balance before end-March 2025 and has set up 11 CAOs at the village level to facilitate this. The decision on a specific financing instrument is made based upon its suitability to achieve the desired development outcomes. The Bank considers PforR to be a suitable instrument for supporting the sustainable development of Amaravati (Phase 1) AIUDP design adopts a comprehensive approach – not financing bits and pieces – integrating the establishment of core city institutions, enabling of socioeconomic inclusion and delivery of resilient and sustainable urban infrastructure and services. The Bank has exercised thorough due diligence from technical, economic, institutional, fiduciary and E&S perspectives, taking into account legacy issues to the extent relevant to the Program design

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	Program", https://thedocs.worldbank.org/en/doc/100b8a625834bdb25526e4a05391927a-0290012023/original/Policy-PforR.pdf. The legacy in the case of Amaravati clearly violates the scope of use of this programming tool. **In summary**, the arguments against the use of the P4R programming tool in the Amaravati project center around concerns of human rights violations, involuntary resettlement, inadequate accountability, dual standards for affected populations, and the potential for exacerbating social conflicts, all of which challenge the integrity and objectives of the World Bank's mission.	and associated risks. These are addressed in the TA, IFSA, and ESSA, and their recommendations are incorporated into the Program design. Further, three Social Audits mandated under the Program will review the land assembly process, including impacts on livelihoods of stakeholders. Findings and recommendations from the audits will be addressed during Program implementation and reported in Program reports. This will be complemented with robust ongoing Bank monitoring and implementation support.
17	**Current status of Amaravati** As per Section 5(1) of the AP Reorganisation Act, 2014, Hyderabad was designated as the common capital for both Andhra Pradesh and Telangana states for a period not exceeding 10 years from 02 June 2014 until 01 June 2024. Currently, the state of Andhra Pradesh doesn't have a capital city. The Government of Andhra Pradesh must pass a resolution in the assembly and send it to the central government to be processed in the Parliament. Therefore, to date, Amaravati has not been notified as per the AP State Reorganisation Act, 2014 as the capital. **Until it is officially notified, the capital is liable to be shifted**, as was done by the previous government of Andhra Pradesh. In such a case, those who have given up their lands under pressure will lose their land and livelihoods. The returns assured were illusionary and irrevocable loss/damage for the farmers. It would be ironic if the Bank ignores this legal infirmity in the location of the capital city of the State, proceeds with considering loan assistance for the Amaravati project and, at a later date, a new government decides to shift the capital city once again. The Master Plan aimed to transform the area from a primarily rural, agricultural area into a modern mega-city. To execute this vision, the government created a Land Pooling Scheme (LPS). The benefits under the LPS are differentiated based on land type - owners of Jareebu lands (i.e., fertile lands that can be cultivated throughout the year) receive larger	***The choice of Amaravati as the location for the Capital of AP is a sovereign matter.*** Legal requirements for the formal designation of Amaravati as the Capital are matters of national and state law on which Management is not in a position to opine. The land pooled under LPS is governed by the APCRDA Act and the Government has the legal obligation to provide returnable plots and annuities to the LPS owners. The Government has implemented the following key provisions as per the Act: (a) Rs 1,359.65 crores has been disbursed as annuities to LPS owners between 2015 and 2023 and Rs 487.18 crores is being disbursed now for the year 2024-2025 for about 28,631 households; (b) from April 2015 to July 2024 an amount of Rs 571.32 crores has been disbursed as pensions to landless laborers; (c) 5,024 housing units were constructed and handed over to those who do not own housing units in Amaravati; (d) 5 percent of developed land in the capital city is reserved for houses for Economically Weaker Sections; (e) all LPS owners have received LPOCs and about 77 percent of the land pooled under the LPS has been formally registered. APCRDA is planning to complete registration of the balance before end-March 2025.

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	benefits than those who own dry lands.[9] Benefits also are differentiated for owners of assigned lands, who also are members of Scheduled Castes and Scheduled Tribes.[10] Agricultural laborers and landless families are also eligible for a ten-year annuity. The LPS promises other benefits for participating farmers and others residing in the region, including loan waivers, loans for self-employment, free education and health care, old age homes, subsidized cafeterias, employment, and job skills training.[11] Further, "Social Development" for assurances by the Andhra Pradesh Capital Region Development Authority (APCRDA). **None of these are being implemented currently and remain false promises**. The Land Pooling Scheme also promises to reserve 10% of the land pooled for parks, playgrounds, gardens, and other spaces in the new city; 30% for roads and utility services; 5% for social infrastructure (schools, health, and community services); and **5% for affordable housing for the poor**. This has been contested recently in the High Court of Andhra Pradesh and **remains a false promise** - refer to the High Court judgment – REDACTED	
18	**Implementation of the Land Pooling Scheme:** The Land Pooling Scheme regulations entered into force on 1 January 2015, and the scheme is managed by the APCRDA. Although the government characterizes the scheme as voluntary, many farmers were intimidated and economically coerced into pooling their land. Tactics included setting short deadlines for participation in the LPS, which were subsequently and repeatedly extended; threats to acquire the land under the regulations of	***The consultations carried out during preparation, both with the farmers who joined the LPS and with those who have not joined, have not raised any systemic issue of coercion or intimidation to force the farmers to join the LPS, except for one group. The same was noted in the internal assessment report on the LPS which the Bank commissioned in 2018. Nevertheless, the Social Audit to be conducted will study the process of land assembly and livelihood impacts on the***

[9] The revised RPF provides additional details on the full schedule of benefits on page 42.
[10] *Id*.
[11] "In addition to above entitlements, the farmers who have joined or those registered for pensions can access to the following additional benefits. a) Loan Waiver: One-time agricultural loan waiver of up to INR 150,000 is available to all farmers who have outstanding agricultural loans. b) Loans for self-employment: Interest free loan of up to INR 2,500,000 is available to all poor families for setting up any self-employment avengers (below INR. 60,000 and 75,000 annual income in rural or urban areas respectively). c) Education and Health: Free education and health facilities are available to all those residing as on 8th December 2014. d) Old age homes will be established to take care of aged of above 65 years; e) Subsidized canteens: To provide food at very subsidized rates f) Wage Employment. Social Development wing is exploring possibilities to engage the farmers under LPS under MGNREGA. g) Establishment of skill development institution to provide training with stipend to enhance the skills of cultivating tenants, agricultural laborers and other needy persons." Revised RPF, p. 42.

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	the Land Acquisition Act of 2013, which would provide compensation far below the actual market value of the farmers' land; and threats to provide the ten-year annuity only to those farmers who signed up for the LPS before 01 May 2015. This is mentioned in the Public Interest Litigation (PIL) filed by the farmers who gave up their lands under the LPS. REDACTED In this PDF, refer to pages 56 until 69, which state there is a blatant violation of the will of the people and false promises were made by the Government of Andhra Pradesh in pooling the land under LPS. **Developed plots have not been handed over to date to those who participated in LPS** and this **remains a false promise**. There is a High Court order on 03 March 2022 that directs the government to handover LPS plots to those who handed over their lands, refer to REDACTED. This High Court order also stated land pooling to be illegal. **Unless all these orders are complied with, this sovereign loan from the World Bank must be considered as loaning to an illegal activity**.	***Program population because of such assembly.*** Parcels have been received by participants in the LPS, LPOCs have been issued as proof of the holder's title. Development of the parcels is pending the provision of supporting infrastructure and services, which this Program would support for Phase 1 of the Amaravati development. Bank due diligence indicates that the large majority of landowners opted for the LPS, benefiting substantially in economic terms. The process of participating in the LPS requires the landowner's signature and consent at six different instances and offers exit options for those who change their mind mid-process. The transition from farming to urban living poses challenges for some and these are to be addressed in the Program, as noted previously in Items 1, 3 and 11. ***The Government has advised the Bank that the Amaravati Program is consistent with the main conclusions of the 2022 AP High Court ruling (also see Item 17).***
19	Farmers who expressed opposition to the LPS were also intimidated and harassed. In December 2014, banana plantations were set on fire in six villages in which the majority of residents opposed land pooling.[12] Since then, there have been additional instances of fires and destruction of crops on land owned by farmers who have refused to participate in the LPS.[13] Many of these incidents are detailed in an article published in Economic & Political Weekly, Vol Li No 17, on 23 April 2016, titled "Making of Amaravati – A Landscape of Speculation and intimidation" REDACTED	***Management takes allegations of intimidation very seriously and is committed to helping build transparency and accountability in the Program design. The ESSA acknowledges concerns about procedural fairness in the LPS but considers evidence of systemic issues to be lacking. This was also the finding of the internal assessment of the LPS commissioned by the Bank.*** Trust in implementing agencies (APCRDA and ACDL) is also acknowledged to vary, requiring sustained attention to transparency. The PforR institutional focus is precisely on enhancing oversight to maintain fairness and public confidence as well as effective grievance mechanisms critical for sustained community support. The proposed Social Audits will help to address any inconsistencies in application of policies.
20	The Government of Andhra Pradesh and APCRDA failed to respond to the objections submitted by farmers who refused to participate under LPS. Refer to REDACTED summarizing the objections on LPS.	***There is no compulsion to join the LPS and farmers who do not want to participate can opt for other instruments as per the RPF and the LARR Act 2013.*** Support for vulnerable groups including

[12] *See*, *e.g.*, http://epaper.newindianexpress.com/c/13764387 and http://www.newindianex-press.com/states/andhra- pradesh/2016/oct/07/crda-officials-deny-testing-farmers-again-1525759.html

[13] http://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/revenue-officials-raze-ryots-planta-tion-by- mistake/article7969048.ece http://epaper.newindianexpress.com/c/13764387

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	Concerns also have been raised about the impact of the LPS on marginalized groups, including the Scheduled Castes, the Dalit, agricultural laborers, and landless families. Refer to REDACTED for more details.	livelihood restoration measures are integrated into the design of the Program and any resettlement action undertaken as part of the Program. The fact that some farmers have decided not to participate in the LPS and that the Government has not forced them to do so is evidence that the LPS has a voluntary basis. The PforR Program will work to further improve trust, transparency and accountability. The LPS option remains open to those people still subject to land acquisition. Physical displacement has been minimized. Economic displacement, that is an impact of the LPS on marginalized groups, has been addressed through a comprehensive livelihood restoration program that will continue to evolve to help ensure those affected are better off over time. Management has assessed the GRM, which is being further strengthened under the Program, and found it to be adequate.
21	**Continued ignorance of the High Court (HC) and National Green Tribunal (NGT) orders:** To date, APCRDA has not complied with the NGT order in which it is required to set up two committees with outside experts (Supervisory and Advisory) - a Supervisory Committee (SC) and an Implementation Committee (IC) to ensure that the norms of conservation of environment as statutorily laid down in the law of the land are fully complied with. There is a second NGT order on floodplain conservation. These committees shall be set up with independent experts from outside the government as members. The SC was required to exercise oversight on policy issues, while the IC was required to review its implementation. The IC was required to report periodically to the NGT. To date, neither the SC nor the IC has been set up. i. significant pressure is on the floodbanks of Krishna river for sand mining because of increased construction activities. A few concerned citizens filed a case before the NGT and the latter pronounced a judgement on 04 April 2019. ii. *"comprehensive study on hydrogeomorphology of the area with a view to effectively plan water retention ponds/reservoirs, storm water drains and their interconnectivity, so as to optimize*	***The ESSA highlights that the Supervisory Committee and Implementation Committee are key to maintaining environmental oversight. The Bank will highlight this issue at higher levels of government as appropriate, if delays continue. The GoAP also committed to ensure compliance with the National Green Tribunal (NGT) order.*** The PAP addresses this by including the following action: • APCRDA will ensure that the Supervisory Committee and the Implementation Committee established under the NGT orders are reactivated and supported to meet on at least a semi-annual basis. ***Floodplain Management and Conservation:*** APCRDA has prepared a detailed project report for the flood management of Amaravati capital city, including a management plan, following comprehensive studies conducted by international consulting firms . The flood management strategy encompasses the widening and deepening of streams, the construction of retention reservoirs, and the installation of pumping stations to manage excess water during intense rainfall events. The report has been submitted to the committees appointed by the NGT, as well as an expert committee established by the State Government.

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	water conservation, both surface and subsurface" – has not been conducted till date.	The flood plan includes measures to strengthen existing bunds for flood protection while ensuring that no development occurs beyond the existing embankments (the active floodplains of the Krishna River), in line with NGT directives. ***Sand Mining in Krishna River:*** The NGT case referred to in the Request is related to Application Number 935/2018. The Request refers to the judgment on April 4, 2019, but it was an interim order, and the final judgment was delivered on August 24, 2020. Details of this case and the NGT orders can be found at https://greentribunal.gov.in/hi/caseDetails/DELHI/0701129002332018. In the April 2019 interim judgement, the court directed the stopping of unregulated sand mining, recovering costs for environmental restoration, and prosecuting violators, including officials involved. Subsequently, several reports were submitted to NGT based on the above directive. NGT commissioned an independent evaluation of these reports. An Expert Committee was constituted, comprising representatives from the Ministry of Environment, Forests and Climate Change, the Central Pollution Control Board, Indian School of Mines (Dhanbad), and the Indian Institute of Science (Bengaluru). The committee's report, dated July 20, 2020, concluded that the bathymetric survey conducted by the Water Resource Department was in accordance with recommended practices and showed a minor loss in the storage capacity of Prakasam Barrage. The ecological assessment indicated that, with cautious use of dredgers and mechanized boats, the desilting activity would not have significant adverse effects on flora and fauna, though concerns were raised about water quality. In its final judgment delivered on August 24, 2020, the NGT concluded that sand mining could be continued and directed that all future sand mining activities be supervised by the established Expert Committee. ***Hydrogeomorphology Study:*** As required by the NGT, a comprehensive hydrogeomorphology study to plan water retention ponds, reservoirs, and stormwater drains was initiated. APCRDA had engaged with the National Geophysical Research

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		Institute in 2019, but the study was paused due to the suspension of project activities. APCRDA confirmed that it will resume this study in collaboration with premier institutions to ensure optimal water conservation, both surface and subsurface.
22	**The ASIIDP Project *(assuming that the same documentation as finalized in 2019 remains the same)*** ASIIDP aims "to build sustainable urban services and capacity of urban institutions for the development of Amaravati capital city."[14] The project is classified as Category A, and will involve three components: Component 1 supports basic urban and pro-poor infrastructure, which consists of the construction of city roads and utility corridors, as well as village infrastructure development; Component 2 will finance sustainable urban investments, consisting of flood mitigation for the "Kondaveeti *Vagu*" water canal, a sewerage system, and a solid waste management system; and Component 3 provides technical assistance for "efficient urban governance and sustainable service delivery." The Andhra Pradesh Capital Region Development Authority (APCRDA) is the implementing agency for the Project. The PID/ISDS describes the Land Pooling Scheme as a "voluntary" scheme[15] that "seeks to avoid any major displacement; consequently, about 25 existing villages within the 217 sq.km would remain within the capital city and gradually get integrated into the urban fabric of the new Capital city."[16] According to this document, 90% of the land required for developing the city has already been pooled,[17] and the LPS is "substantially completed."[18] The PID/ISDS states that OP/BP 4.12 applies to all land used for the ASIIDP, including land already acquired through the Land Pooling Scheme. Because the LPS is "substantially completed," due diligence will consist of "an independent implementation assessment of LPS Scheme to assess its implementation outcomes to date, hear the	The theory of change behind the PforR-financed Program is fundamentally different to that of the previous IPF. ***The PforR supports institutional strengthening, outputs and outcomes (specifically design to promote social inclusion) of the Program as a whole, and will help to achieve E&S results and include marginal groups in the benefits because it focuses on building capacity of existing systems. High risk infrastructure activities are excluded and the focus is instead on manageable trunk and neighborhood infrastructure to support inclusive design.*** To ensure LPS benefits are realized, in addition to an independent implementation assessment, the PAP and DLIs integrate social inclusion into institutional actions, such as through a Social Audit (see Item 8), and a community advisory and consultation mechanism. The dropped project and the AIUDP are distinctly different in approach, scope and coverage, as noted above. **The Request alleges noncompliance with policies that are not applicable to the Program, such as OP 4.12.** As part of its own system and to meet statutory requirements, the implementing agencies will prepare EIAs/EMPs, SIAs/RAPs for all the sub-projects implemented under the AIUDP and its related land pooling, land acquisition and negotiated settlement process. These EIAs/EMPs and SIAs/RAPs for all the sub-projects implemented under the AIUDP will also address the gaps with the E&S criteria for PforR.

[14] PID/ISDS, p. 7.
[15] PID/ISDS, p. 11.
[16] PID/ISDS, p. 4.
[17] PID/ISDS, p. 4.
[18] PID/ISDS, p. 12.

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	reactions of those who have participated in LPS and identify measures required to strengthen its implementation process during the remaining implementation period as applicable to sub-projects."[19]	
23	**Harms to the Requesters who approached the Inspection Panel and voiceless farmers** *Mental harm due to continued inadequate access to information and consultation, as well as threats and harassment*: The coercion and intimidation involved in the land pooling process, combined with a lack of adequate access to information and consultation, has caused significant psychological stress for the requesters who approached the Inspection Panel and voiceless farmers. Further, the intimidating atmosphere around the consultation "workshop" for the proposed ASIIDP, as well as the instances in which individuals purporting to represent the World Bank have approached the requesters who approached the Inspection Panel, voiceless farmers, and members of their family, also has caused psychological stress. The requesters who approached the Inspection Panel and voiceless people fear that this harm will continue under the ASIIDP project.	***The Request appears to be making a claim regarding consultations for the dropped project and not for the AIUDP, for which several consultations were held subsequently as part of the Program preparation. Management has acknowledged concerns associated with access to information and consultation and is providing capacity building for the Program implementers to improve their practices.*** Bank staff were contacted by a group opposed to the Program and provided with information leaflets on their concerns at the time of the public consultations on the ESSA in November 2024. The Bank team also offered and attended a separate private consultation with the concerned citizens to hear their concerns and documented these for further consideration in the ESSA and Program. It is worth noting that these consultations took place without the presence of any Program proponents. The Bank team has thoroughly documented its engagements and is not aware of any case where "individuals purporting to represent the Bank" have approached complainants during Program preparation or harassed them in any way. The APCRDA website provides updated information down to village level, including: (a) LPS, including registration of plots; (b) annuities and pensions; and (c) other benefits being provided. Apart from the APCRDA office, PICs have been established at the 11 CAOs at the village level with dedicated personnel for sharing information and addressing any land-related query or issues. In addition, APCRDA has setup a dedicated communication unit to ensure engagement with various stakeholders and communities and to share regular updates on Program-related matters. The ESSA was prepared with wide consultation as noted above in Item 6. APCRDA and ADCL will prepare additional sub-project-specific E&S instruments –EIAs and RAPs – under the Program based on applicable systems, following the due

[19] PID/ISDS, p. 12.

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		process, including consultations with affected people and beneficiary groups.
24	***Loss of livelihood:*** As a result of the ASIIDP, the requesters who approached the Inspection Panel and voiceless farmers will be forced to either pool their land under the LPS or their land will be acquired by the State under the Land Acquisition Act. They fear that either option will result in the loss of their livelihoods. If the requesters who approached the Inspection Panel and voiceless farmers join the Land Pooling Scheme, the LPS does not provide adequate benefits to restore the Requesters' livelihoods, nor does it provide adequate legal guarantees to ensure that promised benefits will be delivered. Since 2015, all the promises remain false. LPS documents do not specify a period of time within which pooled land must be returned to LPS participants as developed plots.[20] Further, the government has estimated that the Amaravati Capital City Project will take 35 to 40 years to complete,[21] while the government announced the extension of the annuity from a ten-year period to fifteen-year period, but there is no legal binding on this announcement to date to LPS participants, agricultural laborers, and landless families. This is not being delivered as promised on time. Thus, there is a gap between when the annuity ends and when land is actually transferred back to participants. Furthermore, all these assumptions are based on the current Government ruling Andhra Pradesh. In case of any change in the government during 2029 elections, there is a risk that these assumptions will not be realized, because the LPS has no legal basis. If the State acquires the land under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Re-Settlement Act, 2013, #30 of 2013 ("LA Act") from those who are continuing to resist participate in LPS, they also will not receive compensation sufficient to restore their livelihoods or to purchase comparable replacement land. Under the LA Act, the State is obligated to compensate landowners based on the	As described earlier, the GoAP has encouraged farmers to participate in a voluntary LPS process. Farmers who do not wish to participate are offered exit options and fair compensation through land acquisition based on the LARR Act 2013, in a manner consistent with the E&S criteria for PforR and with good international practice on involuntary resettlement. Support for vulnerable groups, including livelihood restoration measures, is integrated into the design of the Program. The PforR legal covenants and PAP hold the Borrower accountable for ensuring implementation of mitigation measures. As part of ongoing due diligence and implementation support, the Bank will monitor implementation of the PAP and provide technical support as needed. ***The LPS rules were drafted in wide consultation with farmers in 2014-15 by GoAP and incorporate adequate provisions for livelihood restoration,*** including: (a) returnable plots of urban type within the Amaravati City perimeter – amounting to 25–30 percent of the original agricultural plot; (b) annuity payments for 15 years (initially for 10 years and now extended for another five years); and (c) other benefits including waiver of agricultural loans, skill training, access to interest-free loans for setting up enterprises, and educational and medical and health benefits in designated facilities. As per Rule 12(6) of AP Capital City LPS (F&I) Rules, 2015, within three (3) years from the date of the final LPS Notification, the Authority shall develop the infrastructure in a phased manner. This was extended for an additional four (4) years to support completion of infrastructure works in 22 LPS layouts of Amaravati. However, the work was stalled by the previous government in 2019 until the end of its term in June 2024, when the extension lapsed. The period of compensation was extended to reflect the delays.

[20] See Form 9.14, included in the draft SESA-ESMF.

[21] The SESA-ESMF that the CRDA submitted to the World Bank states that "Amaravati Capital City Development Project consists of multiple projects in three phases over a plan period of 35 years." SESA-ESMF, p. 7.

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	market price of the land.[22] However, the land values in the registration offices have not been revised for the past few years. As a result, the registration value of the land and the land in 25 villages across three *mandals* is far lower than the market value. For example, after the CRDA issued an acquisition notification for land through newspaper publication on 22 July 2016 and through a notice on 8 September 2016, the authorities awarded a market price of INR 1.603 million per acre of land on 12 April 2017. However, the current market value is INR 40 million per acre.	Of the 65,878 returnable plots handed over to farmers, about 77 percent of plots have been registered. APCRDA is planning to complete registration of the balance before end-March 2025. (https://crda.ap.gov.in/APCRDAV2/views/Dashboard/Dashboard.aspx#plotregidata). The Social Audits will assess the adequacy of compensation under the land assembly process and its impact on livelihoods to inform further interventions.
25	***Food insecurity*:** Amaravati consists of rare multi-crop irrigated land that produces 120 types of crops, and several concerns were raised on ASIIDP as it will create food insecurity in the region – which is in fact happening. The potential for food insecurity as a result of the Amaravati capital city project was noted in the 2014 *Report of the Expert Committee appointed by the Ministry of Home Affairs, Union of India to Study the Alternatives for a New Capital for the State of Andhra Pradesh*,[23] and the SESA-ESMF does not recognize that the primary use of the land in Amaravati is multi-crop irrigated land. Further, Andhra Pradesh has not complied with national legislation aimed at guaranteeing food security.[24]	The transition from rural to urban land took place several years ago and 98 percent of the land for the Program has been assembled and left fallow. Based on analysis undertaken at the time of the transition, crops in the area were predominantly commercial, and not used for daily human consumption. ***Thus, the transition to urban land would not significantly impact the production of food in the state.*** ***Overall, the land to be used for Amaravati amounts to 0.027 percent of the total area under cultivation in AP and 0.077 percent of paddy-sown area.*** The GoAP informed Management that it plans to promote the cultivation of more agricultural lands elsewhere in the state, opening new food sources directly for state residents. This is part of the Government's approach to address food security issues as part of overall land acquisition for the development of Amaravati City. Management understands from relevant government agencies that the state is a top producer of horticulture crops, and the Government has provided incentives to farmers to bring more land under horticulture. It also has taken steps to

[22] LA Act 2013, Chapter 4, Section 26 clearly states to consider whichever is higher among "1. Basic registration value as per books, or 2. Average sale price from 50% highest transactions, or 3. Highest Registered transaction value in the nearest vicinity". But RPF, p. 43, states "Average sale price shall be by taking 50% of highest registration values for similar lands that took place 3 years before cutoff date. Cut-off date is the 1st notification under LA i.e. 11(1)".

[23] Available at http://www.cprindia.org/research/reports/report-expert-committee-new-capital-andhra-pradesh

[24] To ensure the food security of each region of India, Section 10 of the 2013 LA Act requires the State government to set a district-wise limit for the minimum extent of agricultural land and the minimum extent of multi-cropped irrigated land, so that the land proposed to be acquired does not surpass those limits. However, the CRDA and the Government of Andhra Pradesh have not undertaken any study in this direction and not identified such limits.

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		stabilize irrigation, leading to a substantial increase in crop productivity, including food crops. The ESSA contains a thorough assessment of environmental risks associated with the Program and incorporated measures in the form of PAP and DLIs.
26	***Environmental harms*:** Component 2 of the ASIIDP will affect the river Kondaveeti *Vagu*, and the fields adjacent to the riverbed are wetlands. However, the SESA-ESMF does not adequately address issues of wetlands, and APCRDA has not complied with national legislation designed to protect the wetlands, REDACTED In 2015, the National Green Tribunal also issued an order that put a stay on construction in Amaravati due to unresolved environmental concerns, https://docs.google.com/document/d/1_nDM7sWXR21r_zVx0-Bgu-eJlVFJ5fND/edit?usp=sharing&ouid=111481144488366608471&rtpof=true&sd=true.	***As stated earlier, the area under the Program only constitutes 25 percent of the total area for development of Amaravati; development will be done in a phased manner; there are no sensitive receptors nearby; and high-risk activities/investments will be excluded from Program support.*** ***Court case:*** In 2015, a group of appellants approached the NGT, seeking to overturn the Environmental Clearance granted for the Amaravati project. Their concerns included the risk of flooding due to the proximity to Kondaveeti Vagu, potential environmental pollution from construction activities, and social impacts on local communities. ***Impact on Kondaveeti Vagu and alleged wetlands:*** The concern regarding the potential impact of the Amaravati project on Kondaveeti Vagu and adjacent fields, including wetlands, was thoroughly addressed in the NGT order dated November 17, 2017, upholding the EC. After reviewing detailed environmental assessments and expert consultations, the NGT issued directives to ensure that the project would incorporate sustainable flood management and wetland conservation measures. Its findings are summarized below. • Hydrological Importance of Kondaveeti Vagu: Kondaveeti Vagu, a seasonal river critical for draining floodwaters from the upper catchments into the Krishna River, is essential for flood mitigation in the Amaravati region. The NGT recognized the importance of safeguarding its natural course and directed APCRDA to implement a comprehensive flood management strategy. • Expansion of Water Bodies: As part of the flood management strategy, the city's DMP proposes expanding water bodies from 616 acres to 1,813 acres, representing an overall increase of 197 percent. This expansion involves the widening of existing streams, the

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		construction of retention ponds and reservoirs, and the installation of stormwater drainage systems. The goal is to improve water retention, reduce the risk of flooding, and enhance the ecological value of the area. • Compliance with National Wetland Legislation: Although the adjacent fields do not fall under the legally notified wetlands protected by the Wetlands (Conservation and Management) Rules, 2017, the NGT directed APCRDA to adopt wetland conservation principles for these areas, recognizing their ecological value. APCRDA has implemented the following measures to comply with NGT orders: • Flood Management Plan: APCRDA prepared a detailed flood management plan for Kondaveeti Vagu and the surrounding areas, including the construction of retention ponds, reservoirs, and stormwater drainage systems to manage excess water during heavy rainfall events. This plan was developed in collaboration with international consulting firms, ensuring adherence to international best practices, and is included under the Program. • Soil and Water Conservation: This includes soil and water conservation measures in the upper catchment areas of Kondaveeti Vagu, including afforestation and watershed development activities to reduce surface runoff and improve groundwater recharge. The DMP designates 30 percent of Amaravati's area as green/blue spaces, with native species being planted to enhance ecological balance, including a green buffer zone of 30 meters on either side of Kondaveeti Vagu.
27	**Noncompliance with the World Bank Policies** There is evidence that the potential harms above are a result of Bank management's failure to comply with the requirements of OP/BP 4.12 and OP/BP 4.01. These instances of noncompliance include, but are not limited to: OP/BP 4.12: *Failure to require a resettlement plan*. Bank management has used a Resettlement Policy Framework, rather than a full Resettlement Plan, for	***The Request alleges noncompliance with policies that are not applicable to the Program.*** The Program will address relevant policy gaps between the Borrower's system and the E&S criteria through system strengthening and updating sub-project-specific instruments such as EIAs/EMPs, SIAs, RAPs, etc. This will help in institutionalizing E&S risk management and benefits sharing into core governance systems of the Program and support the implementing agencies to reduce and better manage risks of the Amaravati

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	the ASIIDP. However, Bank documents suggest that the zone of impact of subprojects, and their siting alignments, can be determined. A detailed Master Plan and Infrastructure Master Plan are available for the city,[25] and according to Bank documents, "[a]ll physical interventions related to these components will be situated on identified land parcels / stretches within the 217 sq.km. of Amravati city."[26] The PID/ISDS identifies specific sets of roads and associated infrastructure for Component 1 of the ASIIDP,[27] and Component 2 will support flood mitigation for the Kondaveeti *Vagu* water canal, a sewerage system, and a solid waste management system.	development. The Program design was informed by a comprehensive ESSA, which integrated risk mitigation measures and incentives to strengthen the institutional capacity of APCRDA and ADCL for improved E&S management. Risk mitigation measures integrated into Program design include: (a) establishing an ESMU covering APCRDA and ADCL; (b) strengthening the E&S monitoring system; (c) appointing adequate qualified E&S experts under the PgMCs and PMCs; (d) supporting skill development and employment for women and youth in Amaravati villages in construction and urban services jobs; (e) strengthening community participation with gender focus through establishing a Citizen's Committee ;; (f) preparing RAPs for interventions considered under the Program in line with national requirements; (g) preparing SOPs to strengthen EMPs; (h) inclusion of OHS, sexual exploitation/abuse, GBV and E&S clauses in the bidding documents; (i) conducting a Social Audit of the land assembly process and livelihood impacts for Amaravati, with a focus on the process, impacts on landowners, landless, and other affected people, and mitigation measures to identify gaps, if any; and (j) setting up a mechanism for resolving grievances, particularly for the annuity related to assigned land. Key recommendations are integrated as part of DLIs/Disbursement-Linked Results and PAP actions and will be closely monitored and verified by independent consultants. By Government Order, APCRDA has had an RPF in place since 2018 and is updating it through consultation to provide the policy and framework for the preparation of RAPs for all contracted work packages that will be implemented before acquiring any land for works. No land parcels will be acquired without compensation and assistance as

[25] Available at https://crda.ap.gov.in/APCRDA/Userinterface/HTML/masterplansNew.htm
[26] ISDS, section D., para. 1.
[27] Component 1 of the ASIIDP will support "the first set of high priority city roads within this network--this includes construction of 107 Km of sub-arterial roads and 6 Km of main arterial roads, along with utility ducts for water, sewerage, drains and other utilities such as communications, telecom and power etc. in the Capital city area for providing connectivity to the key land parcels." Component 1 of the ASIIDP also will support "upgrading of infrastructure in the 25 villages noted above (water, sewerage, village roads, drains and connectivity to trunk infrastructure, etc.), and seamlessly integrating them into the trunk infrastructure of Amaravati city." PID/ISDS, page 8.

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		per RPF. The Draft RPF has been disclosed at the APCRDA site for feedback and comments.
28	*Failure to ensure meaningful consultation*. A single consultation "workshop" on both the draft RPF and the draft SESA-ESMF, combined with the intimidating presence of police forces and an unclear and short fifteen-day time frame for the submission of written comments, does not constitute a meaningful consultation process under OP 4.12. When several farmers raised concerns about the consultation process with Bank management, management responded that the process was "conducted in a free and fair manner, except for a brief stoppage wherein a section of farmers who are supportive of land pooling scheme tried to interrupt a speaker from criticizing land pooling related impacts. But the situation was quickly brought under control and the speaker was allowed to complete his response." Refer to REDACTED. A new version of the RPF and the SESA-ESMF were posted on the Bank's website then and specified that each document has been "revised pursuant to public consultation workshop."	***The Request seems to refer to the dropped project and not the present Program. OP 4.12 is not applicable to the Program. The Strategic Environmental and Social Assessment-Environmental and Social Management Framework (SESA-ESMF) were instruments used for the dropped project.*** For the present Program, 12 consultation meetings were undertaken during preparation of the ESSA during August–October 2024 with more than 200 participants coming from diverse stakeholder groups, including landowners (with both those who participated in LPS and others who did not), landless laborers and villagers. A multistakeholder consultation event was held in November 2024 with more than 500 participants. Feedback from the consultations was integrated in the ESSA and disclosed. APCRDA has also disclosed a draft updated RPF on its website for feedback and comments. More broadly, the Government has a range of mechanisms in place or being adopted as part of the PAP, with DLIs to foster consultations. Since 2015, APCRDA has undertaken numerous consultations with each of the stakeholder groups and many of the measures and actions, including the LPS, ESMF, RPF, and RAPs, have been informed by those consultations before being notified by the GoAP. As part of the ESSA process, apart from consultations with APCRDA and ADCL officials, stakeholder consultations were conducted with farmers, landless laborers, women self-help group members, and community representatives from Venkatapalem, Lingayapalem, Mandadam, Thullur, Undavalli, Penumaka, and Nidamarru during August, September, and October 2024. Consultations were also held with CAOs, low-income housing beneficiaries, farmer associations, civil society members, and resettled landless households, alongside stakeholders such as university officials, village secretariat staff, and local government officers. APCRDA established a full communication team to support the Program. A multi-tiered GRM is in place, including the AP public GRM system, a dedicated online system with registration and

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		resolution at 11 CAOs, and an ACRDA Additional Commissioner Weekly Meeting offering an open communication channel. Under the Program further additions are supported through a DLI, including: (a) a Citizen's Committee; (b) community participation in city development; (c) resident welfare associations with women representatives; and (d) improved communication channels and GRM.
29	*Failure to accurately assess the nature and magnitude of project-related displacement*[28] *and to adequately ensure that use of land previously acquired through the LPS complies with OP 4.12.* The PID/ISDS states that the "Land Pooling Scheme (LPS) is substantially completed."[29] However, as described above, the LPS is not "substantially completed," to date and the legal steps necessary to complete the process have not yet occurred. This inaccurate assessment has led to the incorrect Bank determination that a "due diligence" approach consisting of "an independent implementation assessment of LPS Scheme to assess its implementation outcomes to date, hear the reactions of those who have participated in LPS and identify measures required to strengthen its implementation process during the remaining implementation period as applicable to sub-projects" is the appropriate method to evaluate the LPS.[30] This approach is not adequate to assess the compliance of the LPS with OP 4.12. Further, the Bank has not taken steps to ensure that this "independent implementation assessment" is being conducted independently, nor has it established an independent advisory panel on resettlement for the ASIIDP, as recommended under OP 4.12 for projects that are highly risky or contentious.[31]	***The Request alleges noncompliance with policies that are not applicable to the AIUDP.*** OP 4.12 does not apply to the AIUDP, and E&S impacts are addressed in line with the provisions of the PforR Policy. As of January 7, 2025, 65,878 returnable plots have been handed over to farmers. Following LPS due process, all LPS farmers have received a LPOC as proof of the holder's title to that land, while about 77 percent of the land pooled under the LPS has been formally registered. APCRDA is planning to complete the balance before end-March 2025 and has set up 11 CAOs at the village level to facilitate this. The LPS is aligned with the E&S criteria on land acquisition. As noted earlier, the Program will hire a local NGO to help facilitate communications between APCRDA and stakeholders.
30	*Inconsistency with the objectives of OP 4.12*: Bank management has not taken steps to avoid or	***The Request alleges noncompliance with policies that are not applicable to the Program.*** OP 4.12

[28] "The TT summarizes in the Project Concept Note (PCN) and the Project Information Document (PID) available information on the nature and magnitude of displacement and the resettlement instrument to be used." BP 4.12, para 4.
[29] PID/ISDS, p. 12
[30] PID/ISDS, p. 12
[31] "For projects that are highly risky or contentious, or that involve significant and complex resettlement activities, the borrower should normally engage an advisory panel of independent, internationally recognized resettlement specialists to advise on all aspects of the project relevant to the resettlement activities." OP 4.12, note 23.

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	minimize involuntary resettlement,[32] and has instead responded to concerns about involuntary resettlement by stating that individuals affected by the ASIIDP have two options: "you may opt to participate in the Land Pooling Scheme (LPS) or under Land Acquisition (LA)." The compensation and the limited annuities for the transition period provided by both the LPS and the LA Act do not "provid[e] sufficient investment resources to enable the persons displaced by the project to share in project benefits."[33] Lastly, the Bank's due diligence approach to the LPS does not incorporate measures to restore the livelihoods of landowners, assignees, agricultural laborers, and vulnerable groups who the LPS already has affected, and who will only receive annuities for ten years under the rules of the LPS.[34]	does not apply and E&S impacts are addressed through the provisions of the PforR Policy. The land requirements and land assembly are as per the requirements of the approved DMP. For Phase 1, about 98 percent of the land is already pooled and is available for undertaking works. The RPF bridges gaps between the Borrower's system and the Bank's E&S criteria on land acquisition and involuntary resettlement. Three Social Audits will be integral to the Program, aiming to address any issues in applying land mobilization instruments, establish a baseline, and ensure the effective implementation of the livelihood restoration program.
31	OP/BP 4.01: *Failure to ensure meaningful consultation*: As a result of the lack of a meaningful consultation process, those who continue to resist giving up their lands under LPS, those who are constantly raising their concerns were not incorporated into the revised SESA- ESMF for the project, and continue to face the potential harms described in Section IV.	***The Request alleges noncompliance with policies that are not applicable to the AIUDP.*** The preparation of the ESSA for the AIUDP involved extensive consultations (see Item 28 above).
32	Compliance of the draft revised SESA-ESMF and RPF with OP 4.12 and OP 4.01: *Proposed compensation does not cover replacement cost*. The revised RPF sets an amount of compensation that does not meet OP 4.12's standard of replacement cost. As described, the RPF's process for the valuation of land to be acquired is based on values that have not been revised for a few years. Specifically, the market value should be multiplied by at least a factor of two, and 80% of the land to be paid at market value and as per the first schedule, and return 20% of the developed land in par with the offer under LPS.[35]	***The Request alleges noncompliance with policies that are not applicable to the Program.*** OP 4.12 does not apply. E&S impacts are addressed through the provisions of the PforR Policy. An RPF is used here to address gaps between the Borrower's system and the Bank's E&S criteria. The use of an RPF should not be misconstrued as an indication that OP 4.12 is applicable. As part of the ESSA, the RPF has been reviewed and found to meet the E&S criteria related to involuntary resettlement. APCRDA is currently updating the RPF to address improvements identified in the ESSA, such as rate updates. The

[32] OP 4.12, para. 2(a).
[33] OP 4.12, para. 2(b).
[34] OP 4.12, para. 2(c)
[35] Following the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, #30 of 2013, all the four schedules are interlinked. As per first schedule, the land owners will be compensated market price and solatium for the area of land. In addition to the compensations under first schedule, the second schedule #3 i.e., offer for the developed land "In case the land is acquired for urbanisation purposes, twenty per cent. of the developed land will be reserved and offered to

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		draft updated RPF has been disclosed on the APCRDA website for further comments and suggestions. The Social Audits will further inform if there are any gaps that need to be addressed and reflected in the next revision to the RPF.
33	*Lack of analysis of project alternatives*: The SESA-ESMF states only that there will be an analysis of project alternatives for future sub-projects, rather than an analysis of alternatives to the Amaravati Capital City project. In this regard, there is a detailed report produced in 2014 by an expert that proposes alternative designs for the city, including the decentralization of governance by locating government offices at regional centers.[36]	***The selection of the location for Amaravati City was a sovereign decision made by the GoAP, following its own due diligence process.*** It took place before the Bank became engaged in the dropped project. The site was chosen in late 2014, based on a multi-criteria analysis comparing multiple locations, considering the area's historical significance and economic potential, particularly due to its strong network of transport infrastructure.
34	*Inadequate identification of environmental issues*:[37] The revised SESA-ESMF states that "the ecological profile consists of agricultural areas, wetlands/water bodies (irrigation ponds and rivulets), rocky outcrops and riparian/riverine zone along the River Krishna. There are no ecologically sensitive areas present in the Amaravati Capital City area. However, the study identified the following 'hotspots': wetlands, rocky outcrops, and, riparian zone of River Krishna."[38] However, the SESA-ESMF does not include the recommendations made in the main EIA-EMP for Amaravati, which makes a number of recommendations related to water bodies, wetlands, and the River Krishna, refer to REDACTED.	***The Request alleges noncompliance with policies that are not applicable to the Program.*** The SESA-ESMF refers to the previously dropped ASIIDP. The AIUDP ESSA contains an updated assessment and measures to protect natural water resources such as water bodies and forests on hills. The ESSA conducted for the AIUDP thoroughly evaluated the legal and regulatory frameworks applicable to the Program and assessed their relevance for E&S management. Based on this assessment, the ESSA identified gaps and proposed actionable measures to enhance E&S risk management. A detailed evaluation of applicable regulations is presented in Annex 1 of the ESSA. The ESSA also compared the Borrower's systems with the E&S criteria for the PforR modality, which aim to promote E&S sustainability by systematically identifying and managing risks. The gaps between the Borrower systems and PforR E&S criteria are addressed through system and institutional strengthening and updating of EIA/EMPs, which would also address a number of recommendations related to water bodies and the river Krishna.

land owning project affected families, in proportion to the area of their land acquired and at a price equal to the cost of acquisition and the cost of development: Provided that in case the land owning project affected family wishes to avail of this offer an equivalent amount will be deducted from the land acquisition compensation package payable to it."

[36] *Available at* http://www.cprindia.org/sites/default/files/policy-briefs/ExpertCommittee_CapitalAP_Final.pdf

[37] BP 4.01, para. 3

[38] SESA-ESMF, p. 29.

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		The ESSA found that while India's systems align with some of these principles, specific gaps remain, particularly in implementation and enforcement. These findings informed the development of comprehensive recommendations presented in Chapter 6 of the ESSA, including appropriate DLIs and a PAP to address identified gaps. These are summarized below. ***1. Establishment of an Environment and Social Management Unit (ESMU).*** A major recommendation of the ESSA is the creation of a dedicated ESMU within APCRDA. The proposed ESMU structure includes: a Landscape Unit, an Environmental Management Unit staffed with four environmental specialists, and a Safety Unit staffed with four OHS specialists to oversee worker safety and public health during construction activities. These units will work closely with contractors, supervision consultants, and regulatory bodies to ensure strict compliance with environmental regulations, occupational health standards, and social safeguards. The ESMU will be critical in monitoring high-risk activities, ensuring timely intervention, and maintaining transparency through regular reporting. ***2. Strengthening E&S Monitoring and Reporting Systems***. To improve oversight and accountability, APCRDA will develop a functional ICT platform for E&S monitoring. The ICT system will enable timely identification and resolution of potential risks, improving governance and ensuring better compliance with E&S standards. ***3. Appointment of Qualified PgMCs and PMCs with E&S Expertise.*** APCRDA will engage PgMCs and PMCs with specialized expertise in E&S risk management. The PgMCs and PMCs will play a crucial role in ensuring that all program activities adhere to the E&S criteria for PforR and national regulations. ***4. Preparation of SOPs for Key Risks***. The ESSA recommended developing SOPs to manage key construction-related E&S and OHS risks that were not adequately covered in existing EMPs, such as waste management, wastewater treatment, traffic management, OHS, labor influx, GBV risks and

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		GRM. The SOPs will be implemented by the contractors. ***5. Strengthening Environmental and OHS Clauses in Bidding Documents.*** To ensure uniform enforcement of E&S standards, APCRDA will strengthen environmental and OHS clauses in all bidding documents. The institutional arrangements proposed in the PAP incorporate multiple layers of measures to mitigate risks associated with construction activities. For example, on OHS compliance and monitoring: • Contractors are required to implement comprehensive OHS management procedures. • PMCs will supervise contractor compliance and ensure that any incidents or deviations are promptly addressed. • PgMCs will monitor the compliance and conduct regular safety audits and training. • ESMU will have overall responsibility for the OHS compliance and reporting. With respect to the specific questions: ***Wetlands and Water Bodies:*** The ESSA underscores the need to expand water bodies to enhance ecological balance and improve flood resilience. The DMP proposes to increase the extent of water bodies from 616 acres to 1,813 acres, resulting in an overall increase of 197 percent, which includes widening existing streams and establishing retention ponds. ***Riparian Zone Management:*** The natural course of Kondaveeti Vagu and other streams will be restored, with their widths increased to reach 30 to 115 meters, and a green buffer zone of 20–30 meters on either side depending on the sections will be maintained to prevent encroachment and ensure sustainable water management. These measures are intended to preserve the ecological integrity of the riparian zones. No development activities will be implemented beyond the existing embankment or in the active floodplains of the Krishna. ***Forests on Undavalli Hill:*** The Amaravati city area includes about 251 acres of forest land on Undavalli Hill. These forests are designated as a protected zone (P3) in the DMP. This land is intended to

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		serve as the "green lungs" of the city and will not be used for non-forestry purposes, including recreational uses such as parks. The DMP includes a designated buffer zone around the forests on Undavalli Hill to prevent encroachment and protect its ecological integrity. This buffer zone will be maintained and managed as part of the city's 30 percent of green and blue spaces, which includes parks, water bodies, and forest buffer zones. Reforestation programs using native species are planned to enhance biodiversity and maintain ecological balance. Moving forward any material change to the DMP that will result in changes to this assessment will need to be reviewed and agreed with the World Bank.
35	**Prior interactions with Management** The requesters who approached the Inspection Panel and voiceless farmers have informed the APCRDA, World Bank management, and the World Bank GRS about their concerns through a series of emails and meetings. Following the invitation of CRDA, a few farmers attended the "Public Consultation Workshop" to express their objections to SESA-ESMF and the draft RPF. However, the revised drafts that were posted on the World Bank's website,[39] which specified that they had been "revised pursuant to Public Consultation Workshop," did not address the genuine concerns being raised to date by a large number of farmers. The World Bank also has not taken any action to address these concerns to date, including the objections on SESA-ESMF and RPF, refer to REDACTED.	***The Request appears to be describing consultations that occurred on the earlier dropped IPF and not on the PforR Program.*** See also Item 28 above. After a similar request was logged through the GRS of the World Bank in late October 2024 and the World Bank Country Director on November 1, 2024, the World Bank team met with a group having similar grievances as those expressed in this Request. A second similar meeting was organized by ADB with World Bank representatives as participants. The comments received from those consultations led to substantial edits in the draft ESSA for the Program (October 25, 2024), published in final form on November 25, 2024.

[39] http://documents.worldbank.org/curated/en/650051486971245674/pdf/SFG3009-EA-P159808-Box402887B- PUBLIC-Disclosed-2-10-2017.pdf and http://documents.worldbank.org/curated/en/956761486979973088/pdf/SFG3020-RP-P159808-Box402887B- PUBLIC-Disclosed-2-10-2017.pdf