Request for Inspection
(Redacted)

Via Electronic Mail

18 October 2024

The Chairperson, the Inspection Panel
and
The Executive Secretary, the Inspection Panel
World Bank
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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

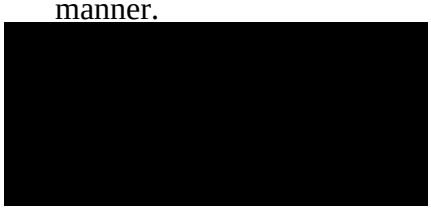
[30] SESA-ESMF, p. 29.

[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.



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18 October 2024

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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]