

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

SIXTH PROGRESS REPORT
ON THE IMPLEMENTATION OF MANAGEMENT'S ACTION PLAN IN RESPONSE TO
THE INSPECTION PANEL INVESTIGATION REPORT (INSP/89109-IN) ON THE

INDIA
VISHNUGAD PIPALKOTI HYDRO ELECTRIC PROJECT
(LOAN NO. 8078-IN)

FEBRUARY 24, 2021

ABBREVIATIONS AND ACRONYMS

BP	Bank Procedures
GRC	Grievance Redress Committee
INR	Indian Rupee
LED	Local Economic Development Consultant
OP	Operational Policy
PTCUL	Power Transmission Corporation of Uttarakhand Limited
RAP	Resettlement Action Plan
R&R	Resettlement and Rehabilitation
TBM	Tunnel Boring Machine
THDC	THDC India Limited
US\$	United States Dollar
VPHEP	Vishnugad Pipalkoti Hydro Electric Project

INDIA
VISHNUGAD PIPALKOTI HYDRO ELECTRIC PROJECT
(LOAN NO. 8078-IN)
Progress Report No. 6

Implementation of Management Action Plan

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I. INTRODUCTION

1. This is the sixth Progress Report to the Board of Executive Directors (the Board) on the implementation of the Management Action Plan in response to the Inspection Panel Investigation Report No. 89109-IN on the India Vishnugad Pipalkoti Hydro Electric Project (VPHEP) (the Project).
2. On August 3, 2012, the Inspection Panel (the Panel) registered a Request for Inspection (the Request) concerning the VPHEP. The Request was submitted by residents of Chamoli district in the State of Uttarakhand (the Requesters). Management responded to the claims in the Request on October 24, 2012. In its Report to the Board, the Panel found the Request eligible and recommended that the Executive Directors authorize an investigation. On July 1, 2014, the Panel issued its report outlining the findings of its investigation, and this, along with Management's Report and Recommendation, including the Action Plan, was discussed at the Board on September 30, 2014.
3. **The Project.** The VPHEP is a 444 Megawatt, run-of-river hydropower scheme which will generate an estimated 1,665 Gigawatt-hours (or million kilowatt-hours) of electricity in a typical year. The Project infrastructure includes a 65-meter high diversion dam to create a small reservoir in the Alaknanda River. A 13.4 kilometers (km) headrace tunnel will carry water to an underground powerhouse; all the diverted water will be returned to the river through a 3.07 km tailrace tunnel.
4. The objectives of the Project are: (a) to increase the supply of electricity to India's national grid through the addition of renewable, low-carbon energy; and (b) strengthen the institutional capacity of THDC India Ltd. (THDC), the Project implementing agency. The Bank-funded components of the Project are: (i) construction of the VPHEP (originally US\$638 million Bank-funded portion; \$100 million cancellation in 2019); and (ii) technical assistance for capacity building and institutional strengthening at THDC (US\$10 million, Bank-funded portion). The Project was approved by the Board of Executive Directors on June 30, 2011. About US\$151.21 million has been disbursed to date.
5. **Project Status.** The original Project Closing Date was December 31, 2017. Implementation has been delayed by a series of events, including a review by the Government of India of all projects on tributaries of the Ganga River, and significant flooding in 2013. The Project is currently 27.68 percent disbursed, and physical completion is about 30 percent.
6. THDC has requested the Department of Economic Affairs, Government of India, to extend the Project Closing Date to December 31, 2023, when completion is expected. As the extension is still under discussion between THDC and the Government of India, an interim extension, until June 30, 2021, has been processed.
7. Implementation progress is rated moderately satisfactory. Prior to the onset of the COVID-19 pandemic, THDC had made strong progress in implementing several risk mitigation activities suggested by the Bank team. These include the regular activities of a Project Review Panel, a Strategic Advisory Team, along with the Local Economic Development (LED) Consultant who

had just been engaged at the time of the last Progress Report. Preparatory work for the dam construction has continued, and there has been some progress in excavation of several tunnels and underground chambers. The Tunnel Boring Machine (TBM), which will excavate the major length of the headrace tunnel, was commissioned although its advancement beyond the launch adit (entrance) is facing some geological issues, which are currently undergoing review. When the TBM assumes full operations, the pace of implementation is expected to increase.

8. With regard to environmental and social safeguards, due to the pandemic restrictions, from March 2020 onwards, field visits and consequently meetings with stakeholders were disrupted, and have not taken place since then. The team is exploring ways to use remote technologies to maintain regular and closer supervision even after the lifting of pandemic restrictions.

9. ***February 2021 flood event in Uttarakhand.*** The Project area experienced impacts from a flash flood on February 7, 2020 that was due to glacial flow and a landslide in the upstream catchments. There was no loss of life or damage to the Bank-financed Project or in the Project-affected villages. However, due to debris that passed through the coffer dam and diversion tunnel, the timeline of the Project works may be delayed.

II. MANAGEMENT ACTION PLAN – PROGRESS TO DATE

10. Management's Action Plan addressed the two principal findings of non-compliance by the Panel by: (a) proposing to clarify in greater detail how alternative water sources would be supplied if required as part of the mitigation measures; and (b) supporting a conclusion of the ongoing negotiations with the 17 families of the Hatsari hamlet. Management also committed to continue to follow up on other issues raised by the Panel, and to ensure that the Project remained in compliance with Bank policies on these issues.

11. ***On the issue of water loss,*** the Panel's findings have been addressed (baseline studies documented alternative water sources in 2014), and Project implementation continues to meet Bank safeguard requirements. As of December 2020, the Project had not received any grievances related to a loss of village water sources.

12. ***On the issues of Resettlement and Livelihood Restoration for the hamlet of Hatsari - background.*** An initial Draft Agreement was documented by THDC based on a consensus reached with the six remaining families of Hatsari who had yet to agree to compensation, and was presented to them in April 2018. The families suggested some changes to the Draft Agreement, which were progressively addressed by THDC, and a Final Agreement was subsequently approved by the THDC Board in February 2019. In November 2019, the representative of these families met the THDC officials along with Bank staff, and further demands were agreed upon, including specific language proposed in the Agreement. The representative promised that the Agreement would be signed by the families the next day, but this did not occur. No reason for this was provided. Due to the pandemic, regular meetings could not be held but after the first lockdown, THDC again met the six families in June 2020, at which time the families communicated additional concerns with the Agreement, and THDC confirmed its willingness to address them once the Agreement has been signed.

13. **Current status.** In September 2020, the six remaining families of Hatsari filed a petition with the Honorable High Court to direct THDC to comply with the agreement reached in November 2019, despite the fact that THDC had already agreed to the demands of the six families. THDC met the six families again in December 2020. However, the families continue to refuse to sign the agreement and have not held any more discussions with THDC. THDC has responded to the petition but the case is yet to be listed for hearing.

14. THDC has continued to take actions to strengthen relationships with Project-affected communities as recommended by the Bank. The local economic development consultant hired in January 2020 has completed the baseline survey in all directly and indirectly affected villages, and identified pilot community development projects based on baseline data and community consultations. As a next step, the consultant will carry out a willingness-to-participate survey and implement the pilots.

15. Progress on these actions is described in more detail in Table 1 below. The Bank task team will continue to follow up with THDC on the actions in the Management Action Plan and the court case regarding the six remaining families in Hatsari.

Table 1: Implementation of Management Action Plan

MANAGEMENT ACTION	STATUS OF MANAGEMENT ACTION
<p>Water Loss and Alternative Water Sources:</p> <p>THDC conducts regular monitoring surveys of the 66 water sources, using both videography and flow measurement. If a water source dries up, THDC will design a replacement, in coordination with the affected villages, based on options including the following: (i) new gravity-fed water supply systems; (ii) reservoirs or cisterns for village bulk supply, filled either by diverting flow from a nearby stream, by pumping water from another source or by water trucks; or (iii) rechanneling the water source.</p> <p>Management will monitor the evolution of the water sources, and, if a water source dries up, assess the proposed replacement option, and supervise the implementation of works. The team will include water and sanitation specialists.</p>	<p><i>This action has been completed.</i></p> <p>THDC continues videography and flow measurement, to monitor water sources on a six-monthly basis, and maintains a state of readiness to develop alternative water supply schemes should water loss be reported by any village. As of December 2020, there has been no report of loss of village water source.</p>
<p>Resettlement and Livelihood Restoration:</p> <p>THDC has put in place a plan to address the issue of the Hatsari families. Two safeguard-compliant options (one for temporary relocation and the other option for permanent relocation) are available to the project affected families. THDC is waiting to see which option the families choose. Every three months, THDC will meet with the Hatsari families to review their selection. If selection is made, THDC</p>	<p><i>These actions are outstanding.</i></p> <p>Resettlement. Although THDC continues to engage with the six remaining Hatsari families, in September 2020, the families filed a petition with the Honorable High Court to direct THDC to comply with the agreement reached in November 2019, despite the fact that THDC had already agreed to the demands of the six families. THDC met the six families again in December 2020. However, the families continue to refuse to sign the agreement and have not held any more discussions</p>

MANAGEMENT ACTION	STATUS OF MANAGEMENT ACTION
<p>will work with the family to implement it.</p> <p>Management will monitor if the Hatsari families have made a selection. If a selection has been made, Management will review the implementation of the resettlement option.</p>	<p>with THDC. THDC has responded to the petition but the case is yet to be listed for hearing.</p> <p>The Bank team has since then held virtual meetings and discussions with THDC to help resolve this issue.</p> <p>Livelihood Restoration. Despite the pandemic, THDC continues to visit individual villages (including Hatsari) to keep current with issues and concerns and develop village-specific programmatic action plans to support development. Various Community Development activities have been supported by VPHEP to date (approximately Rs. 89,200,000, or about US\$1,225,000, of which Rs. 4,332,000 or about US\$60,000 was during the reporting period. The activities include the following:</p> <ul style="list-style-type: none"> • Construction of concrete pathway in Dwing • Construction of gabion wall in Daswana • Repair of 10 HP water supply pump in Eldana • Construction of culvert in Jaisal • Construction of concrete pathway in Tenduli Chak • Construction of boundary wall of primary school in Jaisal • Supply of submersible copper cable to Project-affected families in Hatsari • Renovation of Inter College building in Saloor • Construction of marriage hall in Luhan • Hill protection work in Upper Gulabkoti. <p>The local economic development consultant hired in January 2020 completed the baseline survey in all directly and indirectly affected villages and has identified pilot projects based on baseline data and community consultations. The consultant will implement pilots based on a willingness-to-participate which is now underway.</p>

III.ADDITIONAL ISSUES TRACKED UNDER THE MANAGEMENT ACTION PLAN

16. While the Panel investigation found the Bank to be in non-compliance only with regard to the two issues described above, Management had acknowledged the need to closely monitor a range of additional issues to ensure that they would continue to be in compliance with the Bank’s policies. The issues were included in the Management Action Plan in response to the Panel’s Investigation Report and have been tracked in the Progress Reports. These are described below in Table 2.

Table 2: Status of Additional Issues

Issue	Action/Status
<p>Cumulative Impacts</p> <p>Management will continue to pursue policy dialogue on river basin management issues with the Government of India and with concerned States.</p> <p>During regular supervision missions, Management will review progress on planning, construction and commissioning of the transmission line. Management will also coordinate with THDC, POWERGRID, and CEA to ensure that the transmission line impacts are adequately mitigated.</p>	<p>Ongoing. There has been no change since the last Progress Report on the routing of the evacuation line for transmission of power generated from VPHEP, due to delay in ongoing Project implementation.</p>
<p>Risk relating to Structures, Landslides and Earthquakes</p> <p>Under the adaptive management approach adopted by VPHEP, the selected civil works contractor has agreed to establish a systematic protocol, under the supervision of THDC and independent Third Party Monitoring Consultants, to regularly test slurry to identify any heavy metal or hazardous substances and to treat the slurry as needed before disposal.</p> <p>During the regular supervision missions, Management will ensure that THDC and the civil works contractor will analyze the composition of the slurry and take appropriate measures to remove harmful particles or substances before disposal.</p>	<p>Completed. A slurry disposal plan was prepared which incorporates testing for and treatment of hazardous substances.</p> <p>Ongoing. The Tunnel Boring Machine (TBM), which will excavate the major length of the headrace tunnel, was commissioned although its advancement beyond the launch adit (entrance) is facing some geological issues, which are currently undergoing review. The Bank team will monitor implementation of the slurry disposal plan and muck dumping once TBM operations is commenced.</p>
<p>Risk to Aquatic Life and Ecology</p> <p>To assess bedload movement, THDC has conducted thorough silt management studies and has designed a silt management system. In addition, a real time flood forecasting system is planned to be installed in the catchment area of VPHEP. Finally, a CAT plan will be implemented over the next 5 years in the catchment of the river up to the project area, with the objective of preventing sediment generation. In the event of a major bedload movement, several physical measures are in place to limit its impact on the VPHEP as detailed in paras 37-40 of the management response. During plant operation THDC plans to carry out reservoir flushing about four times per year to increase reservoir storage capacity.</p>	<p>Completed. The Government of Uttarakhand completed a river development study under the Bank-funded Disaster Management Project, to understand analysis of bed-load movement.</p> <p>Ongoing Implementation of the study's recommendations by the Government of Uttarakhand are ongoing due to Project implementation delays.</p> <p>The CAT Plan is under implementation to prevent sedimentation movement, in consultation with the State Forest Department of the Government of Uttarakhand.</p> <p>An independent Consultant hired by THDC has undertaken a Glacial Lake Outburst Flood Assessment.</p>

Issue	Action/Status
<p>Management is recruiting an independent expert to conduct a Remote Sensing review of the upper catchment of the Alaknanda River to assess risk of Glacial Lake Outburst Floods. Once completed, the study will further inform the assessment of VPHEP preparedness for such extreme events as well as the preparation of the dam and plant operations manual.</p>	
<p>Gender Impacts</p> <p>With regard to women’s security, the civil works contractor is contractually obligated to undertake measures aimed at securing the safety of women living in villages around the labor camps. The contractor will house workers in two fenced camps to minimize their impacts on local resources and communities. The contract contains specific clauses to ensure that these camps have facilities for water supply, liquefied petroleum gas for cooking, toilets, and solid and liquid waste management. The labor force will not be allowed to access community forests so as to ensure the safety of local women collecting fuel and fodder there.</p> <p>The following actions have been agreed by the civil works contractor and will be monitored (gender-differentiated monitoring) during Project implementation:</p> <ul style="list-style-type: none"> • Contractor will hire women staff as security officers and guards. • Contractor and THDC will conduct regular awareness campaigns in the labor camps about women’s safety and to reinforce project boundaries, with penalties for violation of the same (to be borne by contractors and workers alike) and availability of criminal prosecution. <p>THDC will deploy women social mobilizers in each of the affected villages throughout the construction period.</p> <p>The GRM will be gender-sensitive (at least a third of the members will be women and THDC will provide the GRM members specific training on gender issues). THDC will conduct a campaign to let women know that there are dedicated conduits to file complaints about workers’ behaviors and other possible threats.</p>	<p>These actions are completed as of the 4th progress report.</p>

Issue	Action/Status
<p>During the regular supervision missions, Management will review the performance of THDC, and of the contractors, on gender issues. Management team will include gender specialists.</p>	
<p>Local Benefit Sharing</p> <p>The developer provides 12 percent free power to the host State, and the revenue generated from this power will be used for host state development. An additional 1 percent of revenue collected will go directly to the project area, following the guidelines issued by the Ministry of Power in October 2013. The money will be directly deposited by the developer in the LADF and a 1 percent matching grant will be provided by the state government. The State of Uttarakhand will determine the details of the mechanism that will govern the use of these funds.</p> <p>Going forward, the following activities will be implemented:</p> <ul style="list-style-type: none"> • THDC will carry out evaluation of host villages (if any, other than Ghedora) by December 31, 2014 to establish baseline. • The end-term evaluation of RAP implementation will also cover the impact evaluation for the host villages. <p>The GRC will be made more accessible by holding GRC meetings in each of the affected villages, whenever possible.</p> <p>During the regular supervision missions, Management will review the performance of THDC, and of the GRC. Management team is adequately staffed with social development specialists.</p>	<p>Completed. THDC undertook a preliminary assessment of the impact of resettlement on local communities.</p> <p>THDC has thus far provided INR 85.39 million for local development activities, which include small infrastructure for villages; distribution of educational material and furniture in schools, and construction of additional classrooms.</p> <p>Meetings of the GRC continue to take place at locations incorporating affected villages. The GRC continues to have two female members.</p> <p>The Project continues to maintain two Project Information Centers (PICs) – one of which also functions as a computer training center for Project-affected youth.</p> <p>Outstanding: The end-term evaluation of RAP implementation has not yet taken place as the RAP will not be considered complete until the issues in Hatsari have been resolved.</p>

IV. NEXT STEPS

17. Management will continue to monitor the implementation of the Management Action Plan. Management will also continue to support the finalization of the Agreement between THDC and the six remaining families of Hatsari, to help support a satisfactory conclusion on the issue of compensation for resettlement and livelihood restoration.

18. **Next progress report to the Board:** The next progress report on the Management Action Plan will be submitted in 12 months' time, or once all items in the Plan are completed, whichever comes first.