

DILEK BARLAS
Executive Secretary
The Inspection Panel

IPN REQUEST RQ 16/09

July 6, 2017

INDIA: Proposed Amaravati Sustainable Capital City Development Project (P159808)

Redaction of Documents

Some of the Requesters requested the Panel to redact the Notice of Non-Registration dated December 19, 2016 and the attached Requests for Inspection dated October 8 and 26, 2016, due to further confidentiality concerns.

Based on this request, the Panel proceeded with the redaction of the above mentioned documents and posted them on the Panel's website.



Dilek Barlas
Executive Secretary

GONZALO CASTRO DE LA MATA
Chairman
The Inspection Panel

IPN REQUEST RQ 16/09

December 19, 2016

**MEMORANDUM TO THE EXECUTIVE DIRECTORS
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Request for Inspection

INDIA: Proposed Amaravati Sustainable Capital City Development Project (P159808)

Notice of Non-Registration

Summary

1. In accordance with paragraph 17 of the Resolution¹ establishing the Inspection Panel (the “Panel”), I hereby inform you that on October 8, 2016, the Panel received a Request for Inspection (the “Request”) about the Proposed Amaravati Sustainable Capital City Development Project (ASCCDP, the “Project”).

2. The Panel has conducted due diligence in line with its Operating Procedures,² and learned that the proposed Project is in early stages of preparation. Consequently, key safeguards documents and relevant studies are not ready and have not been reviewed by the Bank. Since at this time there is no action or omission by the Bank that can plausibly be linked to the harm alleged by the Requesters, the Panel decided not to register this Request. The Panel notes the Requesters can approach the Panel at a subsequent time in accordance with the Panel Resolution.

The Project

3. Amaravati Capital City (ACC) is the proposed new capital of the recently bifurcated Andhra Pradesh state in India; the bifurcation created the new state of Telangana (which will have Hyderabad, the existing capital of former Andhra Pradesh state, as its capital).³ The core capital area of ACC is envisaged to be built by 2018.

¹ The World Bank Inspection Panel, International Development Association, Resolution No. IDA 93-6 (referred to as the “Resolution”).

² Available at:

<http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/2014%20Updated%20Operating%20Procedures.pdf>

³ This bifurcation took place under the Andhra Pradesh Re-Organization Act, 2014

4. The Amaravati Sustainable Capital City Development Project is at the concept stage, and pre-appraisal is planned for January 2017. The proposed development objective(s) are to build sustainable urban services and capacity of urban institutions for the development of Amaravati Capital City. The Board approval date is proposed for October 2017.

5. The total project cost is envisioned to be \$715 million, of which the total Bank support is \$300 million through IBRD investment project financing. The preparatory work for the project is being financed through a Bank executed trust fund '*TF0A2879 - Support to Andhra Pradesh Sustainable Capital City Development*' with a grant amount of \$0.17million. There's a 12.2% disbursement from this trust fund as of the receipt of the Request. The Government of Andhra Pradesh (GoAP) as the Borrower is providing US\$ 215 million, and the Asian Infrastructure Investment Bank (AIBB) is considering financing US\$200 million.⁴

6. As per the combined Project Information Document/Integrated Safeguards Data Sheet (PID/ISDS), the Project has three components (i) Basic Urban and Pro-poor Infrastructure (roads, sewerage, drains, utilities-communication, telecom, power); (ii) Sustainable (Green) Urban Investments Component (flood mitigation works, sewage treatment, solid waste management, etc.); and (iii) Technical Assistance (strategic assessment and advisory support, including setting up Amaravati Planning Institute & Urban Arts Commission).⁵

7. The Bank's financing will mainly be used for infrastructure, which will be spread across 29 villages. Over 90% of the land required for the city, as stated in the PID/ISDS, consists of agricultural land. The PID/ISDS also states this land has already been assembled with the consent of land-owners/farmers through a Land Pooling Scheme (LPS). One of the key characteristics of the scheme is that major displacement is avoided; consequently, about 24 existing villages within the proposed 217 sq.km city radius would remain and gradually get integrated into the urban fabric of the new capital city.⁶

8. According to the Project Concept Note (PCN), key features of LPS include a guaranteed return to the original landowners of about 20% of developed land for residential use, and up to 10% for commercial use within the city, besides annuity payment with a provision of yearly increase based on the extent of land handed over under LPS for 10 years. The other benefits includes waiver of agricultural loans, interest free loans for self-employment, pension to landless laborers, increased wage labor under Employment Guarantee program, free education/medical facilities, etc.

9. The PID/ISDS states that Bank's safeguard policies will apply to all components of the Project. An Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) are under preparation, and sub-project specific Environmental and Social Management Plans (ESMP) and Resettlement Action Plans

⁴ Project Portal, Amaravati Sustainable Capital City Development Project (P159808). Accessed on December 16, 2016.

⁵ Project Information Document/Integrated Safeguards Data Sheet (PID/ISDS), p. 8, August 1, 2016

⁶ PID/ISDS, p. 4.

(RAP) will be prepared for 30% of interventions before appraisal. This is a Category “A” project, and has triggered OP/BP 4.01 Environmental Assessment and OP/BP 4.12 Involuntary Resettlement. Other OP/BPs that may be triggered include OP/BP 4.04 Natural Habitats, OP/BP 4.36 Forests, and OP/BP 4.11 Physical Cultural Resources.⁷

The Request

10. The Request⁸ was submitted by [REDACTED] from Amaravati, Andhra Pradesh, India, [REDACTED]. It claims likely harm as a result of alleged World Bank’s noncompliance with its environmental and social standards and lack of proper consultation and disclosure. The Requesters [REDACTED] have asked for confidentiality due to a fear of retaliation.

11. The Requesters allege the LPS is not voluntary and land has been assembled using coercion, intimidation, and at times threat of violence and incarceration. They state farmers not wishing to take part in the scheme have had security forces camp on their land, at times crops have been burned by unknown elements, and those resisting the scheme have been jailed.

12. The Requesters state Land Pooling is happening under the AP Capital Region Development Authority Act (CRDA), 2014. They state CRDA 2014 is against the Constitution of India and contrary to the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RTFCTLARR, 2013; also known as Land Acquisition Act, 2013) which provides for fair and reasonable compensation. The Requesters contend that the CRDA 2014 is similar to the Land Acquisition Act 2013 in most aspects except those related to compensation. According to the Requesters, farmers will have to wait 10 years under the CRDA 2014 to receive compensation, and the “annual payment” proposed by GoAP is too low and less than what farmers can generate through selling agricultural produce. The specific claims are summarized below:

13. **Agriculture:** The Requesters contend that the proposed capital city would be built on multi-crop, irrigated, private land covering an area of about 30,000 acres where 120 types of crops are grown. They state the livelihood of 152,361 people (97,000 families) are dependent on 10,600 acres of alluvial land, and their livelihoods are at stake. Despite requiring 30,000 acres, they state government plans only indicate that 940 acres will be used and the rest of the land would be sold or distributed for private purposes. They state as small farmers, they have a lucrative income from agriculture, and the compensation from land pooling will not be enough or more than their agricultural income and thus they are not interested in giving up land for capital construction.

14. **Consultation and due process:** The Request contends that the land pooling scheme is not voluntary, and point to contradictions (related to compensation, land belonging to Scheduled Castes, definition of “public purpose”, cut off dates/speculative transactions,

⁷ PID/ISDS, p. 10.

⁸ The Request is attached to this Notice as Annex 1.

etc.) between the CRDA, 2014 and the Land Acquisition Act, 2013, the latter, in their view, having precedence as a national law.

15. **Return of pooled land:** The Requesters fear that, contrary to what is stated in the CRDA 2014, the guaranteed return of developed and reconstituted land to original landowners may not take place as there is no undertaking or legal security provided by the authorities, and that the agreements are not enforceable under the law.

16. **Grama Kantam land:** The Request states that Grama Kantam lands have been “grabbed” by the CRDA which is against the law as these are not notified lands.⁹

17. **Vulnerable Groups:** The Request states there are 13 islands (also known as Lanka Lands) in Krishna River that will be part of the Amaravati Master Plan, where 500 *Dalit* families live.¹⁰ The Request claims *Dalits* have lived on these islands for 600 years, and these particular *Dalit* families earn their livelihood from multi-crop irrigated agriculture. It further alleges that the Land Pooling Notification does not propose compensation for these islands, and these families will permanently lose a source of livelihood. The Request also alleges corruption in the transaction with *Dalits*. The Request further alleges that the GoAP has discriminated the Scheduled Caste & Scheduled Tribe (SC & ST) Assigned Land owners by allotting less land to them as a developed plot.¹¹

18. **Amaravati Master Plan:** The Request alleges that the Amaravati Master Plan, which lays out land zoning and use parameters is not being followed.

19. **Social Impact Assessment (SLA):** The Requesters state that the capital city will take at least 40 years to construct, and demand that an SIA and a Resettlement and Rehabilitation (R&R) policy be implemented. They state only farmers that are contributing land are being provided partial R&R, but there are others are being overlooked.

20. **Flooding:** The Request states the capital is proposed to be built along a 30 km stretch of the Krishna River, which is a perennial river that floods most of the year. The 3 main mandals (sub-divisions) which will be taken by the capital, Thullur, Thadepalli, and Mangalagiri, are already flood prone, and with additional construction of bridges and other infrastructure, the Requesters fear flooding will become permanent.

⁹ Grama Kantam land is land without title, which the local Gram Panchayat (Village Council) can assign to individuals for purposes of household construction. Moreover, under the law, the first occupier of a Grama Kantam land is considered its owner. Government is allowed to take Grama Kantam land for development/national interest projects.

¹⁰ *Dalits* are former untouchables, and are low caste Hindus in the Hindu caste system. “Scheduled Castes” is the official term used in Government of India documents to identify former “untouchable” individuals and groups. According to Hinduism, this is the fifth category in the Varna/Caste System. The reason they are called “Scheduled” is because they are included in one of the 12 Schedules of the Constitution of India. They are widely regarded as marginalized.

¹¹ As explained in Footnote 9, “Schedule Castes” are communities/people the one who were previously untouchables. On the other hand, Schedule Tribes are community of people who lived in tribal areas (mainly forest). They make up to 7-8% of Indian population, and are also known as *Adivasis*. It is widely believed they have traditionally been marginalized and are not in the mainstream of the society.

21. **Islands/Wetlands:** The Request states the 13 islands (also known as lanka lands), which will be taken over as part of the ACC, are a source of biodiversity and construction on them may cause “huge damage” to their ecosystem. The Request states that under the Ramsar Convention, these islands meet the definition of a wetland and there are prohibitions that need to be honored (related to land reclamation, industries, permanent construction, any activities impacting their ecosystem, etc.).

22. **Seismicity:** The Requesters state that AP lies in earthquake hazard zone II and III, and the proposed capital city will be built near 4 geotectonic faults. They state that the results of a Geological Survey of India (GSI) micro-zonation study should guide the choice of locations for capital zones, which should be factored into ACC’s building regulations.

23. **Legal Issues:** The Requesters state that National Green Tribunal, Principal Bench, New Delhi had put a stay order on all construction in its order dated 10.10.2015 but a Temporary Secretariat was constructed in Velagapudi Village, in violation of the law and the Constitution of India.

Panel’s Observations and Determination

24. In accordance with its Operating Procedures, after receipt of the Request the Panel issued a Notice of Receipt on its website.¹² The Panel conducted its due diligence by reviewing the information contained in the Request and Project documents. To better understand the Project and the issues raised in the Request, the Panel talked to the Requesters several times between October and December, 2016. They reiterated their concerns that the Project and the remaining non-Project related land pooling will proceed with no protection for farmers not wishing to participate in the scheme.

25. On October 26, 2016, the Panel met with Bank Management and learned that Project components are under preparation and precise land parcels required for the Bank-financed portion of the Capital City Project are not yet known. Management acknowledged that LPS is an innovative scheme and an independent assessment which is currently underway will inform stakeholders about implementation progress thus far, and gaps in implementation will be mitigated moving forward. Management also stated that the Bank will have a better sense of its engagement with the Project in approximately six months, when some of the main Project level assessments and studies will be completed. It is after conducting its own due diligence on these studies and reports that the Bank can determine whether these meet Bank policy standards, and if there are gaps, how these can be met.

26. The Panel notes this land pooling scheme is one of the largest in India, and as acknowledged by Management, it comes with risks. The Panel also notes that the Project is in early stages of development. At this time, only the PID/ISDS is available for review and other substantive documents on which the Bank has to carry out its due diligence, such as the ESMF, the RPF, the SIA, and the Independent Assessment of LPS undertaken by the Implementing Agency, are in preparation and final versions have not been reviewed by the Bank.

¹² <http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=114>

27. The Panel is therefore of the opinion that at this stage, it is not possible to link the alleged existing and potential harms cited in the Request to any action or omission of the Bank; it is therefore also not possible to comment on the plausibility of whether a Bank failure has had, or threatens to have, a material adverse effect on the Requesters. In light of the foregoing and in accordance with the Panel Resolution, its Clarifications, and its Operating Procedures, the Panel is not registering the Request for Inspection.

28. The Panel notes that, in the future as the Project progresses and as new evidence becomes available, the Panel would be in a position to reassess the existence of a plausible link between a Bank-supported project and the alleged harm. Hence, in such a case, the Requesters retain their right to re-submit a Request for Inspection concerning the issues raised in accordance with Panel procedures.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "G. Castro", with a horizontal line underneath the name.

Gonzalo Castro de la Mata
Chairman

Attachments

Mr. Jim Yong Kim, President
International Bank for Reconstruction and Development

The Executive Directors and Alternates
International Bank for Reconstruction and Development

Two lines of text that have been completely redacted with black ink.

Annex I

Request for Inspection

To

The Executive Secretary, the Inspection Panel

1818 H Street NW, MSN 10-1007

Washington, DC 20433

USA

Email: ipanel@worldbank.org

Subject: Request for Inspection Panel to evaluate compliance of the project "Amaravati Sustainable Capital City Development Project (Project ID: P159808)" with Environmental and Social Safeguards – both The World Bank and MoEFCC guidelines and policies.

1. We [redacted] who live in the area known as Amaravati, the proposed Capital of remained State of Andhra Pradesh after its bifurcation. This is also known as "Amaravati Capital Region". Our contact addresses, telephone number, and e-mail address are attached in **Annex 1**.
2. We are likely to suffer, harm as a result of the World Bank's failures or omissions to "Environmental and Social Framework: Setting Environmental and Social Standards for Investment Project Financing" in the "Amaravati Sustainable Capital City Development Project (Project ID: P159808)" located in Amaravati Capital Region of Andhra Pradesh State in India.
3. From the documents available through web (<http://documents.worldbank.org/curated/en/601991470663401388/pdf/ITM00184-P159808-08-08-2016-1470663396624.pdf> or <http://documents.worldbank.org/curated/en/601991470663401388/ITM00184-P159808-08-08-2016-1470663396624.docx> to download), we understand that World Bank (WB) is trying to invest about INR 3,336 crore (USD 500 million) [redacted] (refer **Annex 2** for communication trail). We understood that the discussions under the Amaravati Sustainable Capital City Development Project (P159808) are at very preliminary stages and no specific interventions have yet been identified. [redacted] we emphasized to WB colleagues that any interventions under Amaravati Sustainable Capital City Development Project to be undertaken by WB are part and parcel of the **pooled or acquired land** within the 33,000 acres or anticipated (approx.) 53,677 acres. The due processes that were followed by the Government in land pooling and land acquisition would certainly influence the schema of each individual interventions and partnerships – including WB interventions even if it is limited to the construction of new roads to improve access to the capital region. Therefore, we have requested them to be in touch with us and update on the progress being made. [redacted] We are very concerned because of the recent news articles such as the following.
 - a. <http://timesofindia.indiatimes.com/city/vijayawada/WB-to-spare-just-50-of-loan-for-Amaravati-infrastructure/articleshow/54476827.cms>.
 - b. <http://www.thenewsminute.com/article/centre-cuts-world-bank-loan-needed-andhras-capital-amaravati-half-50122>.

- c. Refer to Annex 3 for articles published in Telugu Media: "Amaravati gets INR 3,324 crore Loan".
"For basic facilities in Nelapadu, INR 35.28 Crore".

Further [REDACTED] had filed objections

[REDACTED] This mainly focuses on (i) how government is tampering the principle of "public purpose", (ii) unfair determination of land market value, which is in contrary to the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Re-Settlement Act, 2013 (Government of India) etc. Also refer to Annex 5, an earlier submitted petition to the Inspection Panel attached as a separate document. Up on the request of the Inspection Panel, we are also sharing a peer reviewed article titled "Making of Amaravati: A Landscape of Speculation and Intimidation", authored by Professor C Ramachandraiah on the land pooling process as Annex 6.

It is mandatory to conduct SIA and EIA for the whole project, but nothing of that sort has been done. With the influence of the State Government and their officials, consultants prepared the documents for the sake of obtaining project permissions and Loans from the world Bank and other agencies. They have not recorded any kind of statements from the Affected farmers and others. The decision taken by the collector is in his own interest, which is illegal, arbitrary and unconstitutional for the act of which, he may be penalized.

4. We believe that World Bank's "Environmental and Social Framework: Setting Environmental and Social Standards for Investment Project Financing" has not been observed - http://consultations.worldbank.org/Data/hub/files/consultation-template/review-and-update-world-bank-safeguard-policies/en/materials/the_esf_clean_final_for_public_disclosure_post_board_august_4.pdf.

5. [REDACTED] no response was received so far. As stated under point (3) above, we are very concerned because of the recent news articles.

6. We therefore request the Inspection Panel recommend to the World Bank's Executive Directors that an investigation of these matters be carried out.
7. We do not authorize the Inspection Panel to disclose our identities as we have a fear of retaliation because of our interaction with the Inspection Panel.

Signature:

Signature:

Signature:

Annex 1: Our addresses

1.



2.

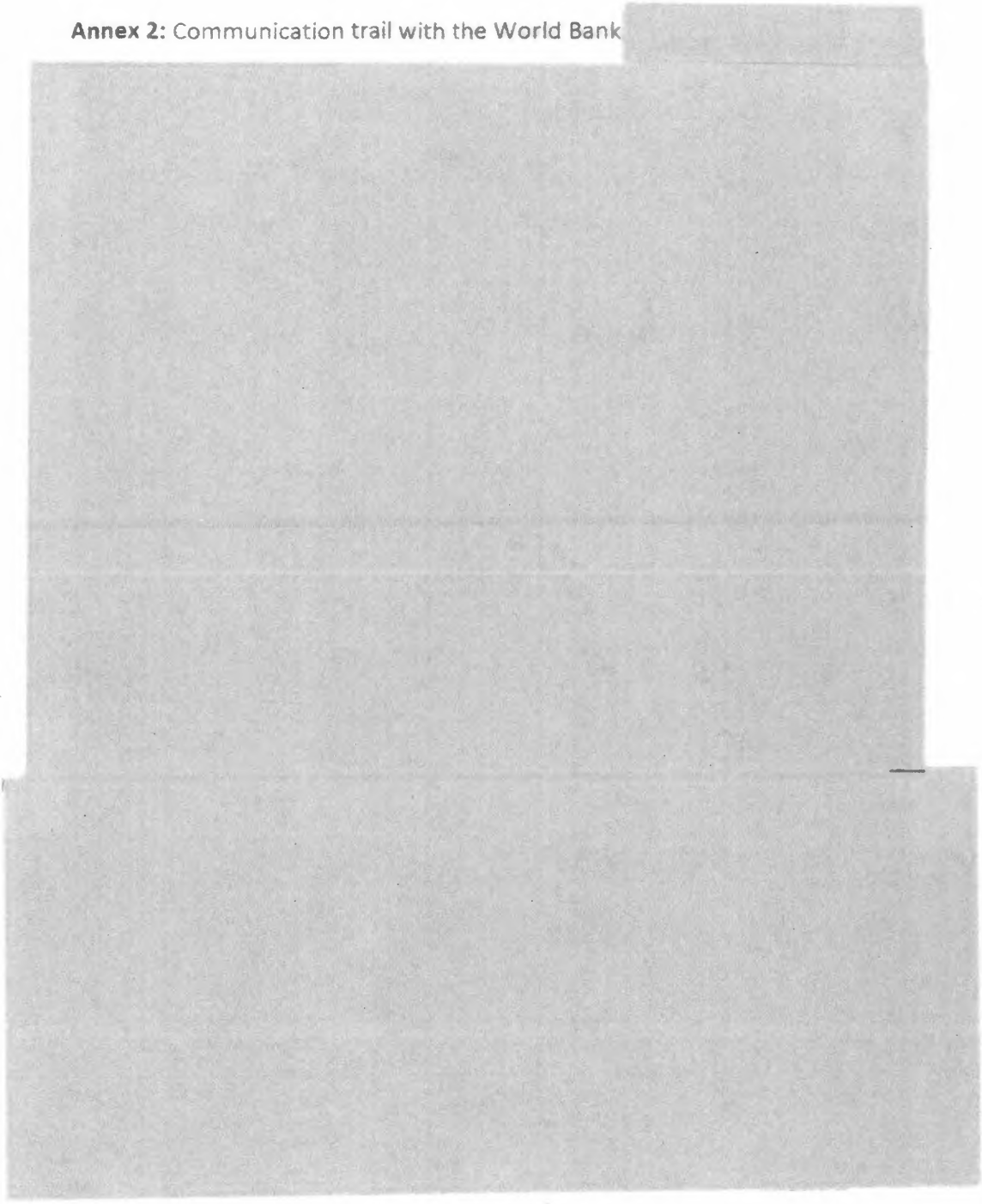


3.



Pages 4-11 are redacted to maintain confidentiality.

Annex 2: Communication trail with the World Bank



అమరావతికి రూ. 3,324 కోట్ల రుణం!

- ప్రాజెక్టు డివ్లాప్మెంట్ ప్రపంచ బ్యాంకు ఆమోదం
- వచ్చే ఏడాది మార్చి నుంచి రుణం మంజూరు
- ప్రాజెక్టు కాలవ్యవధి 2018గా నిర్ధారణ
- 85 కి.మీ. నల్-ఆర్టిరియల్ రోడ్లకు 1,998 కోట్లు
- వరద నియంత్రణ వనరులకు రూ.1,098 కోట్లు
- నేలపారులో మౌలిక వసతులకు 35.28 కోట్లు



వ్యవస్థలు, వరద ఉద్యోగలకు మ్యూజికల్ డివైజులకు విడుదల చేసిన ప్రపంచ బ్యాంకు ప్రతినిధులు రాష్ట్ర ప్రభుత్వ అధికారులతో గతవారం 11 రోజుల్లోనే చర్చలు జరిపారు.

వరద నియంత్రణ పనుల కార్యాచరణ జలా..!

రాజధాని మాస్టర్ ప్లానింగ్ ప్రకారం 13,500 ఎకరాల్లో మహారాష్ట్ర 54.85 కిలోమీటర్ల వేగ వరద మ్యాంజుర్తి చెప్పడం తెలిపింది. ఈ వరద నియంత్రణకు ప్రపంచ బ్యాంకు నిధులతో సమయం తీసుకోవాలని నిర్ణయించారు. ఇందుకోసం ప్రాథమికంగా ప్రకారం రూ. 1,098 కోట్లు వ్యయం అవుతుందని అంచనా వేశారు. జనవరి వరద నియంత్రణ రిజర్వాయర్స్ పాలు కృష్ణా పశ్చిమ డెల్టా సెలా వేళ వరద వ్యవస్థలను నిర్వహించారు. అందుకోసం కృష్ణా పశ్చిమ డెల్టా రిజర్వాయర్ నిడబుల్ల పెంపకంలో పాలు డైరెక్ట్ పీయేజం ద్వారా సామర్థ్యం పెంచనున్నారు. అలాగే నీరు కొండ నుంచి కృష్ణా పశ్చిమ డెల్టా కావడం ద్వారా కృష్ణా నదిలోకి మళ్లించడంపైన భవిష్యత్తులో పరిశీలించున్నారు. వరద నీటిని పంపింగ్ చేయడం ద్వారా

నల్-ఆర్టిరియల్ రోడ్ల వివరాలు..

ప్రపంచ బ్యాంకు రుణంతో అమరావతిలో 85 కిలోమీటర్ల మేర నల్-ఆర్టిరియల్ రోడ్లను అరు, నాలుగు వేగ్లతో పాలు బస్ రాన్ డి. ప్లాన్ చేయడం (కీలర్) నిర్ణయించున్నారు. ఈ రూపా రుణ వివరాలు ఇక్కడ ఉన్నాయి.

లోడ్	పొడవు	లేన్ల వివరం	వ్యయం
వెయర్	(కి.మీ.)		(రూ.కోట్లలో)
ఐ-6	13.67	6 లేన్+2 లేన్ టూరీ	451
ఐ-40	7.7	4 లేన్+2 లేన్ టూరీ	231
ఐ-13	7.33	4 లేన్+2 లేన్ టూరీ	219
ఎస్-4	7.12	4 లేన్+2 లేన్ టూరీ	213
ఎస్-9	11.44	6 లేన్+2 లేన్ టూరీ	379
ఎస్-14	8.26	4 లేన్+2 లేన్ టూరీ	247
ఎస్-18	8.8	4 లేన్+2 లేన్ టూరీ	258
మొత్తం	85	---	1,998

అందుపై టీఎస్ ప్రో ప్లాన్ చేయడం ద్వారా వేగవంతమవుతుంది.

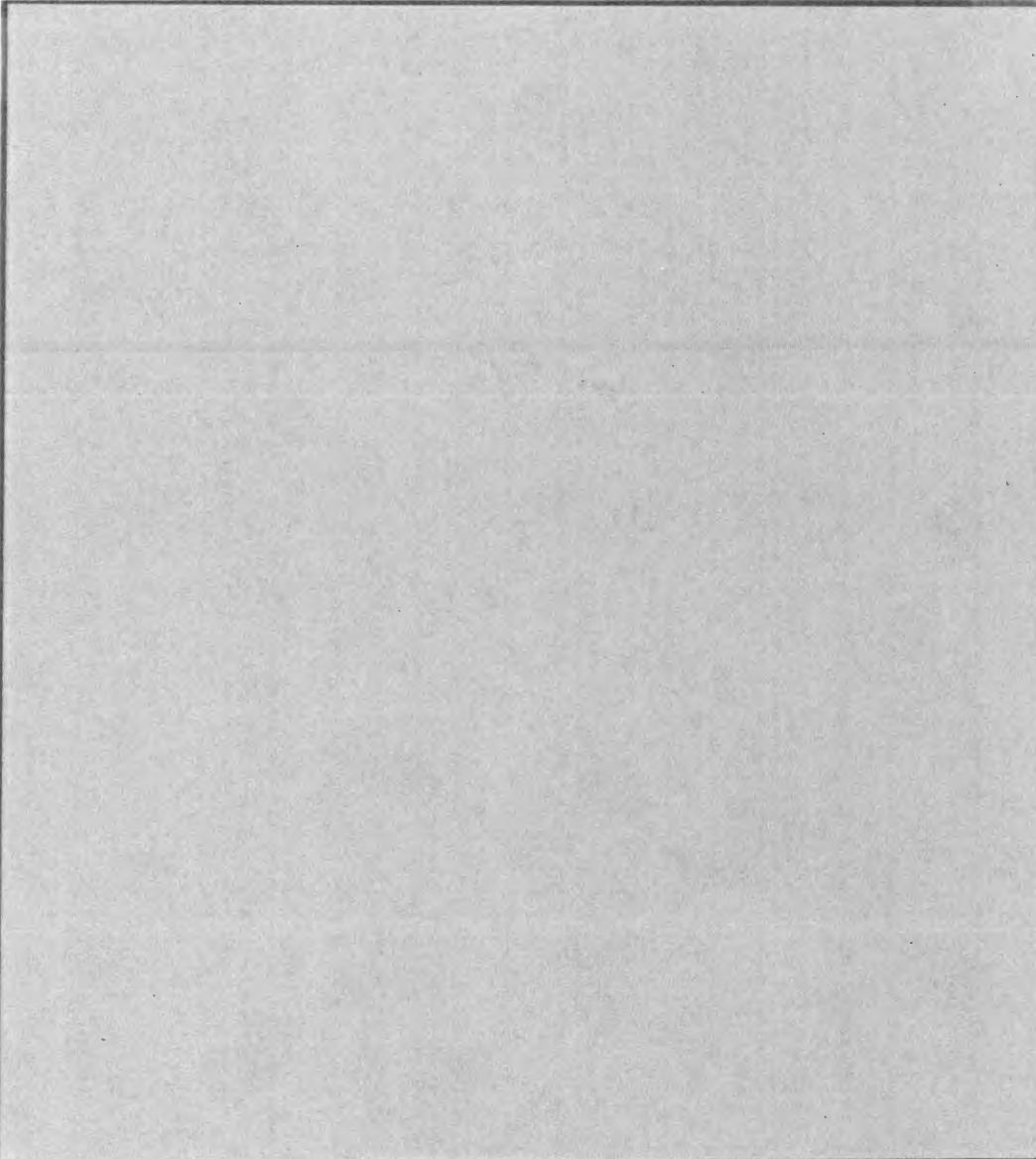
నేలపారులో మౌలిక వసతుల స్థాయి పెంపు

ప్రపంచ బ్యాంకు రుణంతో వేలపారు గ్రామంలో మౌలిక వసతుల స్థాయి పెంచుతున్నారు. ఇందుకోసం రూ. 35.28 కోట్లు వ్యయం అవుతుందని అంచనా వేశారు. మొదటిది నల్-ఆర్టిరియల్ రోడ్లు, వరద నియంత్రణకు రూ. 4.12 కోట్లు, డైరీజీ వ్యవస్థ స్థాయి పెంపుకు రూ. 5.88 కోట్లు, విద్యుత్ వేగవంతీ వ్యవస్థకు రూ. 15.77 కోట్లు, రహదారుల స్థాయి పెంపు పనులకు రూ. 5.18 కోట్లు వెచ్చించనున్నారు.

Pages 13 to 22 are redacted to maintain confidentiality.

Annex 4:

To



Ref

Date 26/10/2016

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

Subject: [REDACTED]

1. This is a follow up to your discussion with our members.

25th October 2016.

2. This is to confirm you that [REDACTED] are part of Amaravati Capital Region, where the GoAP notified the planned Master Plan for Amaravati.

3. Though the Government claims that the Land Pooling Scheme is totally Voluntary and consensual process, there is no choice for farmers to opt out this Scheme.

4. Any infrastructure, including access roads to the capital region, may be laid through the lands that were not yet given under land pooling scheme. Even those farmers participated in Land Pooling, the title deeds haven't gone to CRDA yet. There are many legal implications around this subject.

5. We therefore request the Inspection Panel recommend to the World Bank's Executive Directors that an investigation of these matters be carried out.

6. We do not authorize the Inspection Panel to disclose our identities as we have a fear of retaliation because of our interaction with the Inspection Panel.