

IPN REQUEST RQ 10/08

October 22, 2010

NOTICE OF REGISTRATION

**Re: Request for Inspection
TAJIKISTAN: Energy Loss Reduction Project (Rogun HPP) (Credits Nos. 40930-TJ
and H1780-TJ)**

On October 8, 2010, the Inspection Panel (the “Panel”) received a Request for Inspection relating to the Energy Loss Reduction Project, which is to be restructured to include a component for financing studies and technical assistance concerning the feasibility of Rogun Hydropower Plant (HPP) (the “Project”) in Tajikistan. The Request was submitted by Messrs. Boriy Botirovich Alikhanov and Saydirasul Sanginov, and Ms. Dilorom Fayeziyeva on their behalf and on behalf of the Ecological Movement of Uzbekistan, representing “*more than 100 NGOs*” (the “Requesters”) as downstream affected people of a transboundary Project. The Request for Inspection includes an Annex entitled “*Environmental Disaster in the Central Asia.*”

The Project

The Project was approved on June 30, 2005, and is supported by two different Credits for a total amount of US\$18 million. The Project, whose closing date is June 30, 2012, is currently proposed for restructuring. According to the Project’s Integrated Safeguards Datasheet (ISDS) for the restructuring stage, an additional activity, the viability assessment of the Rogun HPP, would be added to the Project’s original objectives. The proposed revised objectives of the Project are (i) to assist in reducing the commercial losses in the electricity and gas systems in Tajikistan; and to lay the foundation for the improvement of the financial viability of Tajikistan’s electricity and gas utilities in a socially responsible manner; and (ii) to assist in the viability assessment of the Rogun HPP.

According to the ISDS, savings from the Energy Loss Reduction Project's initial objective will finance the assessment studies (a Technical and Economic Assessment Study (TEAS) and an Environmental and Social Impacts Assessment (ESIA)) for the Rogun HPP, and related review panels of experts that are necessary to fulfill the Bank's Safeguards policies. The ISDS states that although the project does not envisage financing any physical activities (especially for Rogun HPP) the team proposes a safeguards category A to recognize and address the potentially significant environmental, social and riparian issues associated with Rogun HPP. The ISDS also states that the prospective site of Rogun HPP would be located about 110 km from Dushanbe, the capital of Tajikistan. The ISDS adds that the proposed location is defined by already existing assets (underground works, construction camps and access roads) built during Soviet times and halted in the early 1990s.

The ISDS states that key stakeholders are the potential Project Affected Persons in the project area and in Tajikistan in general, as well as downstream riparian countries. It further states that all stakeholders were consulted on the general project design and operational planning, as well as the Terms of Reference (ToRs) for the TEAS and ESIA, and that riparian countries were consulted on successive versions of the TORs.

The Request

The Requesters state that, in their opinion, the Bank is making "*a one-sided evaluation of the tender procedures for environmental assessment of construction of hydroelectric power station, and do not take into account the interests of all parties, including those countries which are located in the downstream of Amudarya river.*" They also state that the "*draft design of the power station was developed 40 years ago, which completely did not take into account ecological aspects of this project.*"

The Requesters state that they are likely to suffer harm as a result of the Bank's failures or omissions in the "*Construction of 'Rogun' Hydroelectric Power Station with the 340 meters high dam.*" They state that the dam (if completed), will be on one of the main currents of a transboundary river, Amudarya, which is part of the Aral Sea basin. They add that the construction of the Rogun hydroelectric power station would aggravate the present unfavorable environmental conditions in the region and would cause numerous social, ecological and humanitarian disasters.

The Requesters add that Rogun (if completed) would be constructed on a faultline where seismic activities are possible and could reach the magnitude of category 9 on the Richter scale. They fear that a failure of the dam would create waves that would destroy six hydroelectric power stations downstream and over 700 settlements in Tajikistan, Afghanistan, Uzbekistan, and Turkmenistan. The Requesters state that the geological structure of the basis of the dam includes a thick layer of rock salt and when the level of water in the reservoir rises and filtration streams start moving, subsurface erosion in the basis of the dam will develop. They also fear that the washout speed could threaten the integrity of the base of the hydro-electric complex.

The Requesters state that the initial construction works of the dam that began in the late 1980s and early 1990s, was conducted with considerable deviations from the initial design and the suspension of works, in 1992, “*was done practically without any conservation.*” They also add that the tunnels and other constructions have already been seriously destroyed by powerful mud streams. They further add that the turbine-generator installation design was made 25 years ago, and a careful examination is needed to know whether it meets modern and international technical norms and standards.

The Requesters also fear that filling the reservoir, if the dam is completed, could take seven to eight years leading to a number of negative consequences. The Requesters fear that this would cause a deterioration of potable water supply, an increase in water shortage during the vegetation period, a reduction in the size of the cultivated area, and a decrease in land productivity affecting income, living standards and survival ability of affected people in Uzbekistan and Turkmenistan. The Requesters further add that the “*deterioration of the gene pool, conditions for flora and fauna, disappearance of large areas of riparian (tugay) forests, [and] sharp reduction of biodiversity*” would become the most catastrophic consequences of the construction of Rogun hydroelectric power station, if completed.

Finally, the Requesters note several complaints to Bank Staff, including complaints made in July and August 2010 for which they received “*obscure and not clear verbal response from World Bank.*” They add that they are not satisfied with the Bank’s response and request the Panel to recommend to the World Bank’s Board of Executive Directors that an investigation of these matters be carried out.

The above claims may constitute non-compliance by the Bank with various provisions of the following Operational Policies and Procedures:

OP/BP 4.01	Environmental Assessment
OP/BP 4.04	Natural Habitats
OP/BP 4.12	Involuntary Resettlement
OP/BP 4.37	Safety of Dams
OP/BP 7.50	Projects on International Waterways

All communications with the Requesters in connection with this Request for Inspection will be sent until further notice to Messrs Boriy Botirovich Alikhanov and Saydirasul Sanginov, and Ms. Dilorom Fayeziyeva.

In accordance with paragraph 17 of the Panel’s Operating Procedures (the “Operating Procedures”), I am notifying you that I have, on October 22, 2010, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register. Please note that the Panel’s registration is an administrative procedure and it implies no judgment whatsoever concerning the merits of the Request for Inspection.

As provided in paragraph 18 of the IDA Resolution that established the Panel (the “Resolution”), paragraphs 2 and 8 of the “*Conclusions of the Board’s Second Review of the Inspection Panel*” (the “1999 Clarifications”), and paragraph 18(d) of the Operating

Procedures, Bank Management must provide the Panel, no later than November 22, 2010, with written evidence that it has complied, or intends to comply, with the Bank's relevant policies and procedures in relation to the above-referenced Project. The subject matter that Management must deal with in a response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarifications.

After receiving the Management response, the Panel will, as outlined in the 1999 Clarifications and as provided by paragraph 19 of the Resolution, "*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*"

The Request has been assigned IPN Request Number RQ 10/08.

Yours sincerely,

A handwritten signature in cursive script that reads "Roberto Lenton".

Roberto Lenton
Chairperson

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