

IPN REQUEST RQ 11/03

August 22, 2011

NOTICE OF REGISTRATION

**Re: Request for Inspection
India -Madhya Pradesh Water Sector Restructuring Project
(IBRD Loan No. 4750-IN)**

On August 31, 2010 the Inspection Panel (the "Panel") received a Request for Inspection (the "First Request") related to the India - Madhya Pradesh Water Sector Restructuring Project (the "Project"). The Requesters stated they were concerned about health and sanitation issues related to the "Water Quality Enhancement Project of Swarn Rekha River", which is a sub-component of the Project. The Panel informed the Requesters about the need to bring their concerns to Management's attention as per Panel procedures.

On May 17, 2011, the Panel issued a Memorandum to the Board of Executive Directors¹ informing them of the receipt of this First Request and explaining the reasons why the Request had not been registered, which included proactive efforts being made by Management in response to communications from the Requesters and in close consultation with them. The Panel noted that the Requesters remained very concerned about the urgent need to complete remaining actions given the nature of the impacts and potential harm to their health. The Panel concluded its Memorandum by stating it would await further developments in the efforts to bring a satisfactory resolution of the problems raised in the First Request.²

On July 16, 2011, the Inspection Panel received a second Request for Inspection³ (the "Second Request") related to the Project from the same Requesters, Messrs. Ram Sharan Gupta and Dinesh Kumar Singhal, both residents of Gwalior city. The Requesters state that their concerns related to health and sanitation issues remain unaddressed almost a year after they first raised them with the World Bank and despite receiving assurances on a number of occasions that these will be resolved. They have further indicated to the Panel that a key commitment to resolve the ongoing raw sewage blockage by June 2011 (following the Panel's earlier Memorandum to the Board) has not been met, and that the health problems and risks resulting from the continuous sewage flow are of an increasingly serious nature. They claim that Bank Management has not complied with its policies and procedures in respect to this

¹ The Inspection Panel Memorandum to Executive Directors of International Bank for Reconstruction and Development, May 17, 2011.

² For further details, see above referenced IPN Memorandum, May 17, 2011 available on IPN website.

³ The initial electronic version was dated July 6, 2011. The Panel received the signed Request on July 16, 2011.

sub-project, which they allege has led to harm to the affected people. They therefore request that an investigation of these matters be carried out.

The Project

The development objective of the Madhya Pradesh Water Sector Restructuring Project (MPWSRP) is to “*improve productivity of water for sustainable growth and poverty reduction in selected river basins (Chambal, Sindh, Betwa, Ken and Tons) of Madhya Pradesh.*”⁴ The Project aims to rehabilitate and modernize about 500 irrigation systems, build capacity of Water Users Associations (WUA), introduce improved agricultural, horticultural, and fisheries practices in the project schemes, and reform the Water Resources Department (WRD).

The Project has four components, namely *Component A: Water Resources Management - Institutions and Instruments* which supports the establishment and operationalization of the proposed planning, allocation and regulatory institutions and instruments at the State and basin-levels; *Component B: Service Delivery - Irrigation and Drainage Institutions* which supports measures related to delivering reliable irrigation services; *Component C: Improving productivity of selected existing irrigation and drainage assets in five basins* which provides the necessary investments in five basins (Chambal, Sindh, Betwa, Ken and Tons); and *Component D: Project Management Support* which supports the Project Implementation Coordination Unit (PICU).

The Project includes the “Water Quality Enhancement Project of Swarn Rekha River”⁵ which is of concern to the Requesters. This Bank-financed sub-project aims to line 12 kilometers of the Swarn Rekha River, which runs through the city of Gwalior, so as to improve its water quality and drainage capacity for purposes of transferring water to an irrigation scheme near Gwalior to eventually benefit 2,500 households.⁶

The Project is partially financed by an IBRD Loan in an amount of US\$ 396 million⁷, which was approved by the Board of Executive Directors on September 7, 2004. The Project is currently proposed for restructuring and the original loan closing date of March 31, 2011 has been extended until December 31, 2011 to allow “*sufficient time for the Government of India and GoMP to work towards a clear demonstration of significantly improved project implementation in the coming months*”.⁸ The Borrower is the Government of India and the implementing agency is the Department of Water Affairs, Government of Madhya Pradesh.

The Second Request

The Second Request focuses on the health hazard posed to the residents of the city of Gwalior by raw sewage which the Requesters allege is flowing in the Swarn Rekha River as a

⁴ Project Appraisal Document (PAD), Report No: 28560-IN, dated August 9, 2004, p.3.

⁵ Environment Management Plan, Water Quality Enhancement Project of Swarn Rekha River, Yamuna Basin Sindh Sub Basin Under Madhya Pradesh Water Sector Restructuring Project, 2007.

⁶ Management Report of February 18, 2011 Visit to Gwalior.

⁷ PAD, p. iv.

⁸ Restructuring paper on a proposed project restructuring of Madhya Pradesh Water Sector Restructuring Project (Loan No 4750-IN), September 7, 2004, to the Republic of India, March 30, 2011.

result of sewage trunk lines that have been damaged by "*construction work*" connected to the sub-project.

As mentioned before, the Panel had informed the Board of Executive Directors of the receipt of the First Request.⁹ At that time, the Panel noted that the Requesters had recognized Management's efforts to resolve the problems and that some progress had been made. The Requesters had also informed the Panel that though they remained concerned about the urgent need to complete remaining actions given the nature of the impacts and potential harm to their health, they would await the outcome of some of the immediate actions proposed by Management.

The Requesters state in their Second Request that they have "*complained*" to Bank Management on several occasions, the earliest being September 16, 2010, about their concerns and that Management has tried but "*failed to solve the problems*". They state that the Project is causing illnesses like malaria and dengue, and creating slum-like conditions because the main sewage trunk line has been crushed, and is now "*choked*", due to "*construction work and poor supervision*". They also write that the quality of work is poor as it has not been done according to "*design and specification*" and allege "*one lakh people*"¹⁰ are affected by the unsanitary conditions and poverty has increased as they spend money on medical treatment. They allege that the harms they have suffered are linked to the Bank not properly following several Bank operational policies and procedures.

The Requesters further state that their concerns have not been addressed despite several World Bank teams visiting the sub-project site, and a 2.5 km long section along the main sewerage trunk line remains blocked. The Requesters have also informed the Panel that despite receiving assurances that work would be completed to unblock this trunk line section by mid-June 2011, no progress has been made. Moreover, they write that "*work is stopped from last 03 months*" and raw sewage is still flowing in the Swarn Rekha River. Consequently, they are not satisfied with the response from Management, which they consider has not adequately addressed their concerns, and request that the Panel recommend to the Board of Executive Directors that an investigation into the matters alleged in the Request be conducted.

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

OP/BP 1.00	Poverty Reduction
OP/BP 4.01	Environmental Assessment
OP/BP 13.05	Project Supervision
OMS 2.20	Project Appraisal

In accordance with paragraph 17 of the Panel's Operating Procedures (the "Operating Procedures"), I am notifying you that I have, on August 22, 2011, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register. Please note

⁹ The Inspection Panel Memorandum to Executive Directors of International Bank for Reconstruction and Development, May 17, 2011.

¹⁰ A "*lakh*" is 100,000.

that the Panel's registration is an administrative procedure and it implies no judgment whatsoever concerning the merits of the Request for Inspection.

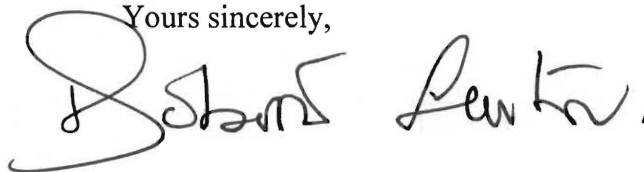
As provided in paragraph 18 of the IDA Resolution that established the Panel (the "Resolution"), paragraphs 2 and 8 of the *"Conclusions of the Board's Second Review of the Inspection Panel"* (the "1999 Clarifications"), and paragraph 18(d) of the Operating Procedures, Bank Management must provide the Panel, no later than September 21, 2011, 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."*

All communications with the Requesters in connection with the Request will be sent to Mr. Ram Sharan Gupta.

The Request has been assigned IPN Request Number RQ 11/03.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Roberto Lenton', written in a cursive style.

Roberto Lenton
Chairperson

Mr. R.S. Gupta and Dinesh Kumar Singhal,
MIG 874, Darpan Colony, J - 47, Gandhi Nagar Gwalior, M.P-474011, India and
J - 47, Gandhi Nagar, Gwalior, M.P, 474002, India

Mr. Robert B. Zoellick
President
International Bank for Reconstruction and Development

The Executive Directors and Alternates
International Bank for Reconstruction and Development