August 19, 2022

IPN REQUEST 22/04

Notice of Registration

Request for Inspection

India: Vishnugad Pipalkoti Hydro Electric Project (VPHEP) (P096124)  
(Third Request for Inspection)

Summary

1. On July 12, 2022, the Inspection Panel (the “Panel”) received a Request for Inspection (the “Request” or the “third Request”) concerning the India: Vishnugad Pipalkoti Hydro Electric Project (P096124) (“VPHEP” or the “Project”). The Request was submitted by 83 community members (the “Requesters”) of Haat village in Chamoli District, Uttarakhand. The Requesters asked the Panel to keep their identities confidential and authorized three individuals to represent them.

2. The Requesters allege that VPHEP has already caused them harm, and that Project-related muck dumping is likely to harm physical cultural resources. They complain that the Project neglected to explore alternative dumping sites. The Requesters also raise concerns regarding involuntary resettlement of Haat village households and loss of livelihoods. They claim the grievances of the affected community members are not heard. Furthermore, they fear the loss of their continuous access to fresh water and question the safety of the dam once constructed.

3. The Panel previously reviewed two Requests for Inspection on the Project. The first was received on July 23, 2012, following which the Panel investigated and submitted its Investigation Report1 to the Board of Executive Directors (the “Board”) on July 1, 2014 (the “2014 Investigation” or the “Investigation”). On September 30, 2014, the Board approved the action plan included in the Management Report and Recommendation2 submitted in response to the Panel’s Investigation Report. The second Request was received on March 1, 2022. The Panel did not register this Request since it determined that the concerns raised therein were related to issues already investigated in 2014 and that it did not introduce new evidence as required under the Panel

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Resolution. The Panel therefore issued a Notice of Non-Registration concerning the second Request on April 20, 2022.  

4. The Panel acknowledged receipt of the third Request on its website on July 18, 2022. The Panel has performed initial due diligence and confirmed that this Request meets the admissibility criteria. I am notifying you that I have, on August 19, 2022, registered this Request.

The Project

5. VPHEP was approved on June 30, 2011, for a total project cost of USD 922 million. The International Bank for Reconstruction and Development (the “Bank”) committed to a Loan of USD 648 million to the Borrower, THDC India Limited (“THDC”), which is also the implementing agency and is providing the remaining USD 274 million. The Loan is guaranteed by the Government of India. After two cancellations of USD 100 million each, the current Bank financing amount is USD 448 million. The current closing date of the Project is June 30, 2023. It is a Category A Project, and the following safeguard policies are triggered: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Physical Cultural Resources (OP/BP 4.11), Involuntary Resettlement (OP/BP 4.12), Forests (OP/BP 4.36), Safety of Dams (OP/BP 4.37), and Projects on International Waterways (OP/BP 7.50). The Project financing was 35.21 percent disbursed as of receipt of the third Request.

6. The Project development objectives are to “(a) 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 the Borrower with respect to the preparation and implementation of economically, environmentally and socially sustainable hydropower projects.” The Project has two components: 1) constructing the 444-megawatt hydroelectric project in Chamoli District, Uttarakhand, India, and 2) supporting capacity-building and institutional strengthening at THDC. The issues raised in the Request relate to the first component.

The Request

7. The Requesters say the Lakshmi Narayan Temple (the “Temple”) in Haat village was established by Adi Shankaracharya during the ninth century and represents “a sacred bond and heritage” to them. They mention that there is a group of temples of other deities close to the

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4 THDC India Limited is a joint venture which was majority-owned by Government of India (GoI) and the State of Uttar Pradesh. On March 25, 2020, the GoI sold its shares to NTPC Limited (NTPC). NTPC is majority-owned by the GoI. See https://www.thdc.co.in/en/content/company-thdcil.

Temple some established by their ancestors centuries ago and that reflect their rich culture and traditions—about which they are also concerned.

8. The Requesters state that in 2007 their village was designated as a dumpsite for the Project’s muck. They allege that THDC failed to explore alternative dumpsites, citing a 2022 study that identified an alternative site that is allegedly more stable, uninhabited, and closer to the river. The Requesters also allege that the current way muck is dumped in the village and around the other temples may cause “irreversible destruction” to the Lakshmi Narayan Temple.

9. The Request is supported by a new report by the Archeological Survey of India—an Indian Government agency responsible for archaeological research and the conservation and preservation of cultural historical monuments in the country—which says the safety of the Temple is of concern. It adds that the wall behind the Temple appears “inadequate to withstand the trust [sic] of the dumped soil/waste material. The pressure may increase during the rainy season due to formation of aquifer within the soil.”

10. The Requesters raise concerns about involuntary resettlement and loss of livelihoods, including the inadequacy of resettlement compensation, the impact of resettlement on vulnerable project-affected people, and the harm to “social fabric and community life.” The Requesters claim that on September 22, 2021, community members who refused to take compensation and relocate voluntarily were evicted, and some were “locked up in the police station.”

11. The Request includes a socio-economic survey recently conducted with 92 of the project-affected households. The survey details some alleged livelihood impacts. In it affected community members contend that their grievances are not heard. They claim to be “helpless” and that “no one is listening” to them. The Requesters have verbally informed the Panel that their grievances are not being addressed. They also say their economic condition has worsened as a result of the Project.

12. In the same survey, the Requesters complain about the limited availability of water. They say that 70 of the 92 households report that they now only receive water up to two hours daily and that 12 receive water two to five hours daily, whereas before Project work commenced they had ready access to water supply. The Request asks that community members at the resettled locations regain “all those essentials taken from [them] like fresh water [...].”

13. The Requesters claim that the Project has not accounted for the increased threats of climate change-induced disasters and extreme weather events, citing examples of flooding in Kedarnath (2013) and Chamoli (2021) in Uttarakhand.

Initial Due Diligence

14. After receipt of the third Request, the Panel conducted initial due diligence and verified that it meets the admissibility criteria for registration. The Request is not frivolous, absurd, or anonymous, and was submitted by three representatives on behalf of 83 community members and representatives living in the Project area in Chamoli District, Uttarakhand, who claim to be affected by Project activities. The Panel received earlier correspondence between the Requesters’ representatives and the Bank concerning these issues. The Panel is therefore satisfied that the
issues have been brought to the attention of the Bank prior to submission of this Request for Inspection. The Panel also verified that the subject matter of the Request does not concern issues of procurement and, at the time of receipt of the Request, the Project was 38.54 percent disbursed and its closing date was June 30, 2023.

15. During its review of the Request, the Panel spoke with the Requesters and their representatives on July 22, 2022, to understand their concerns better, seek clarifications, and inform them about the Panel’s process and mandate.

16. As part of its initial due diligence process, the Panel met with Management on August 10, 2022. Management stated THDC has committed not to dump muck close to the Lakshmi Narayan Temple. It added that Haat village is one of several sites where muck from tunnel boring will be dumped, and that the Project has a detailed muck disposal plan. According to Management, livelihood support activities continue under VPHEP, and the number of pilot livelihood support projects has increased. Management provided information on the environment flow. It also explained that a grievance redress mechanism (GRM) which includes community members was established in 2009.

17. Management said the water supply in the resettled area was reviewed in June 2022 and that water is pumped twice daily from the river to a water tank in the resettled area, where households can tap into it. Management reported that—after the 2014 investigation—dam safety and preparedness assessments and studies were conducted, and in 2016 an emergency action plan was developed to cope with various emergencies that could occur in the project area and to implement an early warning system.

18. The Panel weighed the issues raised in this Request and considered the 2014 Investigation and second Request in its assessment. In the Notice of Non-Registration concerning the second Request, the Panel noted that the 2014 Investigation addressed the issues of dam safety, the resettlement of Haat village, and the livelihood rehabilitation package. The Panel notes that this third Request presents new evidence or describes new circumstances that relate to i) physical cultural resources and the allegation that muck dumping is threatening the stability and the existence of the Lakshmi Narayan Temple, ii) the allegation of worsening economic conditions of community members, and iii) the allegation of limited accessibility to water sources by community members. The Panel also notes the Requesters’ claim that they are not being heard on these issues.

Registration of the Request

19. As provided in paragraph 18 of the Panel’s Resolution (the “Resolution”), “the Chairperson of the Panel shall inform the Executive Directors and the President of the Bank

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6 The environmental flow is defined as the quantity, frequency, timing, and quality of water and sediment flows necessary to sustain freshwater and estuarine ecosystems and the human livelihoods and well-being that depend on these ecosystems. See: World Bank Group, Good Practice Handbook Environmental Flows for Hydropower Projects Guidance for the Private Sector in Emerging Markets, February 2018. Available at: https://www.ifc.org/wps/wcm/connect/b5e4f9d-8eaf-46da-833b-3dd7e0be985/GPH_Eflows+for+Hydropower+Projects+Updated_compressed.pdf?MOD=AJPERES&CVID=mhn3tCS#text=1.3%20ENVIRONMENTAL%20FLOWS%20(EFLOWS),that%20depend%20on%20these%20ecosy stems.
promptly upon receiving a request for inspection.” ⁷ With this notice, I am notifying you that I have, on August 19, 2022, registered the above-mentioned Request.

20. The Panel’s registration implies no judgment whatsoever concerning the merits of a Request for Inspection. As provided in paragraph 19 of the Resolution,⁸ Bank Management must provide the Panel within 21 business days (by September 21, 2022) a response to the issues raised in the Request for Inspection. The subject matter that Management must deal with in the response to the Request is set out in paragraph 20 of the Resolution.

21. After receiving the Management Response, the Panel will “determine whether the request meets the eligibility criteria set out in paragraphs 13 to 15 […] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.”⁹ This Request has been assigned IPN Request Number 22/04.

Yours sincerely,

Ramanie Kunanayagam
Chairperson

Attachments

Mr. David Malpass, President
International Bank for Reconstruction and Development

The Executive Directors and Alternates
International Bank for Reconstruction and Development

Requesters (confidential)

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⁸ The Resolution, para. 19.
⁹ The Resolution, para. 22.