

**ADDENDUM TO THE MANAGEMENT RESPONSE TO
REQUEST FOR INSPECTION PANEL REVIEW OF THE
INDIA: PROPOSED AMARAVATI SUSTAINABLE CAPITAL CITY
DEVELOPMENT PROJECT (P159808)**

November 27, 2017

1. As indicated in the Management Response to the Request for Inspection Panel Review dated July 21, 2017, the World Bank has been requested to contribute to the financing of the development of a new capital city for the State of Andhra Pradesh, Amaravati City. The project is currently at Concept Note stage. The Bank-financed contribution would cover infrastructure in a defined part of the city as well as urban governance development.
2. Based on recent field missions by the Project team and Bank Management since the issuance of the Management Response and discussions with the Inspection Panel, Bank Management would like to offer clarifications, updates and proposed actions to complement and clarify the actions presented in paragraphs 62-66 of the Management Response.

Clarifications

3. At the outset, Management would like to clarify the following:
 - (a) ***The proposed Project is being prepared on the basis that it triggers the World Bank Operational Policy on Involuntary Resettlement (OP 4.12).*** The implementation of all project components would require the acquisition and use of land and structures within the perimeter of the new capital city. The resettlement and land acquisition would be undertaken by the Andhra Pradesh Capital Region Development Authority (APCRDA) and would include mechanisms such as (i) participation in an optional Land Pooling Scheme (LPS), in accordance with the Andhra Pradesh Capital Region Development Authority Act of 2014 (APCRDA Act 2014); (ii) eminent domain, in accordance with the Land Acquisition, Rehabilitation and Resettlement Act of 2013 (LARR Act 2013); and (iii) negotiated settlements, in accordance with an Andhra Pradesh Government Order issued in April 2017. All such resettlement and land acquisition mechanisms, to the extent they are applied to land within the proposed Bank-financed Project, would be subject to the application of OP 4.12.
 - (b) ***All those impacted by land assembly practices required for the implementation of the proposed Project are Project Affected People (PAP).*** Land assembly practices would impact various categories of people including: (i) land owners (with titles) who would give up their land under LPS, LARR or negotiated settlements; (ii) landless tenants and agricultural wage laborers; (iii) farmers on government-assigned lands; and (iv) informal occupants of agricultural lands and land in villages. The proposed Project also affects several vulnerable groups, including (i) women and children; (ii) aging populations; and (iii) scheduled castes. All those affected by the Bank's proposed Project would be taken into consideration in the design of the Project, in accordance with the Bank's policy objective that displaced people should be assisted to improve or at least restore their livelihoods.

Update on the Preparation of the proposed Project since the issuance of the Management Response

4. Since issuance of the Management Response, the Project team has focused on advancing the preparations of the proposed Project with specific attention to the actions outlined in paragraphs 62-66 of the Management Response. Below is an update on several of the actions in the Management Response.

(a) *Community engagement and monitoring to address potential coercion and other implementation issues:*

- *Establish a Citizen Advisory Committee:* In a meeting of the APCRDA board held on August 17, 2017, the establishment of a Citizen Advisory Committee was endorsed. Twelve external, recognized members of the community as well as local academia have been selected to be part of the committee. The Citizen Advisory Committee will serve as an advisory panel to the APCRDA on implementation issues, including claims of intimidation and retaliation, that require management interventions. The Committee will interact directly with PAP. Terms of Reference for the Committee as well as its composition are being finalized. At present, APCRDA is aiming to increase the number of women serving on the Committee. The Committee will commence its work as soon as all members have been selected.
- *Engage a local independent party to obtain additional information on any potential coercion:* APCRDA is in the process of enlisting a local NGO to monitor for potential coercion and support implementation of the Resettlement Action Plan (RAP) that is being prepared for 10 priority roads that are proposed for retroactive financing. This NGO would support other aspects of the proposed Project, including livelihood support. The NGO will also assist APCRDA in reaching out to communities in the Amaravati area to provide advice on how to utilize the Project's grievance mechanism. Emphasis is on helping PAP, especially those who are illiterate, to file their grievances, including any related to coercion. The Bank will review the selection criteria used by ACPRDA to engage this CSO to ensure a transparent selection process.
- *Engage independent local professionals to visit affected villages to monitor concerns and feedback:* The Project team has identified and will now contract a local NGO that would support implementation of the proposed Project, if and when approved, by interacting with PAP, participating in meetings and consultations, and monitoring and documenting grievances, unresolved claims, concerns regarding coercion and general activities or practices that could be negatively affecting residents. This NGO will bring any issues identified to the attention of APCRDA and the Bank. The independence of this NGO is ensured through direct commissioning and financing by the Bank. This NGO will report directly to the Task Team Lead of the proposed Project.
- *Support creation of a Project-level Grievance Redress Mechanism (GRM):* A Grievance Redress Mechanism for the overall capital city of Amaravati is in place. The Bank is working with APCRDA to assess whether this GRM can be strengthened to ensure that this Mechanism would be sufficient to serve as the

Bank financed Project-level GRM to solve the issues of PAP. APCRDA has indicated that additional features have been introduced, among them: (a) a Call Centre has been set up by APCRDA to register grievances and provide information on status of grievance applications; and (b) a mobile application has been issued by APCRDA (*Mana Amaravati*) and is also available to register grievances, which are then routed to the APCRDA Commissioner. These additional features complement the existing GRM, which includes the following features: (a) a single-window online platform for grievances covering all government departments (complaints are routed to the concerned department, including APCRDA for Amaravati related grievances). In addition to reporting grievances, suggestions can be provided directly through the online platform. All suggestions related to Amaravati are accessible to APCRDA as well as the Chief Minister. The progress of redress is monitored by the Commissioner of APCRDA at the organization level and by the Chief Minister during regular review meetings. The GRM is accessible online;¹ (b) a three-tiered grievance redress system comprised of Grievance Redress Cells is in place. The Grievance Redress Cell for Stage I is at the village level and the Deputy Collector, the competent authority at each village level, is responsible. The Grievance Redress Cell for Stage II serves the Amaravati City and district level and the Joint Collector is responsible for processing cases. For Stage III, the Grievance Redress Cell covers the state level and is chaired by the APCRDA Commissioner (as also described above). Every Monday, grievance redressal meetings are held at the APCRDA offices of the capital city, which are attended by officers from all Competent Authorities. The GRM is currently being assessed by the Bank and will be considered by Bank Management as part of Project preparation.

- *Increase the frequency of preparation missions and do outreach with stakeholders to solicit feedback on issues:* The frequency of missions has already been increased in the past six months. Six missions have taken place since July 2017, including by the technical Project team, Global Practice management, and the Regional Safeguards Advisor. Additional consultations with stakeholders and PAP will be carried out as safeguards documents progress.

(b) ***Project preparation:***

- *Safeguards documents:* The Project team is continuing to work alongside APCRDA to prepare:
 - A comprehensive *Resettlement Policy Framework (RPF)* that includes provisions for identifying, minimizing and mitigating impacts of all land assembly mechanisms that have been used in Amaravati (e.g. LPS, LARR or negotiated settlements). This will be followed by the preparation of *sub-project specific RAPs*, which will be developed once activities and investments have been identified;

¹ [https:// www.meekosam.ap.gov.in](https://www.meekosam.ap.gov.in)

- A *RAP and an Environmental Management Plan (EMP)* for the 10 priority roads, which could be retroactively financed under the proposed Project, are being finalized. They will describe the proposed measures and actions to mitigate potential environmental and resettlement impacts of the Project, as well as the delivery of compensation and support to PAP. Given that construction of the priority roads has started, the RAP will include an ex-post audit to assess how the affected people were compensated and compare that to the provisions of the RAP, identifying any gaps and corresponding measures to close those gaps.
 - An *Environmental and Social Management Framework (ESMF)* for forthcoming investments (as distinct from the RAP for the 10 priority roads already constructed) has been cleared by the Bank's Regional Safeguards Advisor. EMPs will be prepared, consistent with the ESMF, for all remaining infrastructure investments under the proposed Project, as they are identified, including flood control works. Potential impacts on wetlands from flood management activities, and required mitigation measures, will be addressed in sub-project specific EMPs.
 - *Communications Plan:* Bank communications specialists are working with and advising APCRDA communications staff on the contents and the format of outreach materials. APCRDA has produced videos, printed materials (pamphlets, books, posters, banners), radio and TV campaigns (in English and in Telugu) that describe the various aspects of the proposed Project, including the LPS. APCRDA is also actively engaged in social media, through which additional information is being communicated. All information is available at the Project Information Centers (PICs), including descriptions of the proposed World Bank Project. Information on safeguards documents will be available for consultation at the PICs as well as online, once the safeguards instruments have been finalized and disclosed. The Bank team will continue to work with APCRDA to ensure a good use and good coverage of the communication materials.
- (c) ***Other activities*** included in paragraphs 62-66 of the Management Response and not addressed here will be implemented as set out in that document.

Actions

5. Given that development of Amaravati City is ongoing and Bank support would be based on several design and management decisions taken prior to Bank involvement, the preparatory focus of the Project team will now have to be on assessment, due diligence and evaluation. Management will, therefore, undertake the following additional actions set out below as part of Project preparation. These actions build on the actions in the Management Response in paragraphs 62-66 and align with the areas of concern in the Inspection Panel's Report and Recommendation, dated September 27, 2017.

6. ***Design and implementation assessment.*** Management will hire expert consultants to assist in its due diligence and feasibility assessment of Project design and compliance with its operational policies. This assessment will be finalized before Project appraisal. Findings will feed into Project design, including safeguard documents, and implementation.

7. The focus of this assessment will be on land acquisition aspects and requirements enshrined in OP 4.12. The independent assessment will aim at informing Management assessment about the land acquisition schemes under the proposed Project and how they could be supported by the Bank, recognizing the innovative character of the LPS. This assessment will consist of an evaluation of the planned measures, as well as of their implementation to date, specifically covering the below areas.

- (a) ***Assessment of land assembly instruments and their implementation*** – The study will review compensation awarded to land owners (including assignees on Government land) under each of the three land assembly instruments (LPS, LARR and negotiated settlements) and will compare it to the baseline value of the agricultural land being acquired for the development of Amaravati City. The assessment will:
- Compare baseline assets (including agricultural land values and annual revenues of land owners), including how baselines were arrived at, and compensation received under the various land assembly instruments, and will determine whether compensation is sufficient for livelihood restoration and/or improvement.
 - Review the implementation of the various land assembly schemes, identifying numbers of beneficiaries, the surveys undertaken related to the RAPs, number of returnable plots awarded, amounts of payments disbursed, modalities and timeliness of payments, and communication mechanisms to raise awareness of potential beneficiaries. Recommendations will be made on efficiency and effectiveness of implementation, on issues, gaps and challenges and on suggestions of how to improve implementation.
- (b) ***Assessment of livelihood restoration programs and their implementation*** – Consultants will assess the livelihoods of landless agricultural laborers and tenants on agricultural lands, whose land – on which they worked or which they leased – will be adapted to urban uses under the LPS or the LARR. The study will review the baseline household survey and will compare data to value of compensation packages being received by landless laborers under the land assembly instruments in Amaravati. The study will include:
- Assessment of daily wages of landless laborers aiming at understanding the types of crops produced in the area, their production cycle, labor requirements and prevailing daily compensation, from which the range of household earnings by laborer type can be estimated. These values will be compared to benefits packages being offered to landless laborers (including training, job availability, pension for ten-year period, as well as the National Employment Guarantee Scheme, etc.).
 - Assessment of the status of implementation of the livelihood restoration programs, including status of payment of pensions, number of beneficiaries, amount of payments disbursed, implementation mechanisms, modalities and timeliness of payments, as well as communication mechanisms to raise awareness of potential beneficiaries on the various components of the program. Consultants will make recommendations on efficiency and effectiveness of

implementation, on issues, gaps and challenges and on suggestions of how to improve implementation.

- (c) ***Assessment of (other) benefits packages and their implementation*** – Consultants will review all benefit packages being offered to residents of the area and will assess the status of implementation of the benefits program including an evaluation of the typology and the number of beneficiaries of the various types of benefits, implementation mechanisms, status of delivery, and communication mechanisms to raise awareness of potential beneficiaries of the various components of the program. The study will assess the efficiency and effectiveness of distribution of benefit packages, issues, gaps and challenges and suggestions of how to improve implementation.
- (d) ***Assessment of consultations*** – The study will review the consultation process for the overall land assembly program and Amaravati, and particularly that carried out for the LPS, with special attention to the emphasis given during consultations to the benefits and risks of joining the LPS, information on extent of various entitlements, irreversibility of LPS, and decision-making timeline for participants to join LPS. Consultants will highlight issues, gaps and challenges and make recommendations on how to improve implementation.
- (e) ***Comparison of the benefits and protections afforded under different land acquisition instruments with the requirements of the Bank’s policy on Involuntary Resettlement (OP 4.12)*** – Consultants will compare the benefits and protections afforded under the different land assembly instruments with the requirements of the Bank policy and will make recommendations on the consistency of the land acquisition instruments with OP 4.12.

8. ***Consultations and communications.*** Management will support APCRDA in establishing a strong stakeholder and communications and outreach team to work with APCRDA to assess and further improve communications and consultations. This will include assessment of consultations to date (process, quality, quantity); availability and accessibility of Project information in local languages; existence of GRM; assessment of grievance resolution efficiency and efficacy; and identification of additional outreach measures to keep stakeholders informed of Project status and development (e.g., weekly radio announcements; contracting a local NGO to act as third-party monitor of citizen feedback).

9. Management will prepare an updated and revised assessment and a plan for implementation before negotiations start, after Project appraisal. The NGO is expected to be contracted by the time of Project effectiveness.

10. ***Intimidation and retaliation.*** The mandate of the Citizen Advisory Committee will include addressing claims of intimidation and retaliation and will ensure timely reporting to APCRDA and the Bank. Third-party monitoring conducted by an NGO will support the Project team in monitoring the GRM and the NGO will be in direct contact with PAPs to identify and address any instances of coercion. The Bank will also monitor media outlets in Andhra Pradesh for reports of possible coercion.

11. The Citizen Advisory Committee will be established before Project appraisal. The NGO for implementing third-party monitoring will be contracted by the time of Project effectiveness.