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MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE
INSPECTION PANEL INVESTIGATION REPORT

NEPAL

POWER DEVELOPMENT PROJECT
(LOAN NO. P043311)

March 30, 2015

**MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE INSPECTION PANEL INVESTIGATION REPORT
OF THE
NEPAL
POWER DEVELOPMENT PROJECT
(LOAN NO. P043311)**

Pursuant to paragraph 23 of the Resolution Establishing the Inspection Panel (IBRD Resolution 93-10 and IDA Resolution 93-6), attached for consideration by Executive Directors is Management's Report and Recommendation in response to the findings set out in the Investigation Report No. 93372-NP dated February 12, 2015, of the Inspection Panel on the captioned Project (Nepal Power Development Project, Loan No. P043311).

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ABBREVIATIONS AND ACRONYMS

ARAP	Abbreviated Resettlement Action Plan
BP	Bank Procedure
DAO	District Administration Office
EA	Environmental Assessment
EMU	Environmental Management Unit
ESSD	Environmental Social Study Department
GRM	Grievance Redress Mechanism
ICNIRP	International Commission on Non-Ionizing Radiation Protection
IDA	International Development Association
IPN	Inspection Panel
KDTL	Khimti-Dhalkebar Transmission Line
Km	Kilometer
kV	Kilovolt
MW	Megawatt
NEA	Nepal Electricity Authority
OD	Operational Directive
OMS	Operational Manual Statement
OP	Operational Policy
PAP	Project Affected Person
PDF	Power Development Fund
PDP	Power Development Project
PRA	Participatory Rural Appraisal
PSRSHDP	Power Sector Reform and Sustainable Hydropower Development Project
R&R	Resettlement and Rehabilitation
RAP	Resettlement Action Plan
ROW	Right of Way
SPAF	Severely Project Affected Family

EXECUTIVE SUMMARY

Management Response

i. Management appreciates the Panel's review of the Project, as well as the Panel's recognition of the importance of the PDP for Nepal, the value of the Bank's engagement in this type of project, the difficult country context and the steps Management has already taken to address the Requesters' legitimate concerns.

ii. Management concurs with the Panel's findings, including those of compliance in Environmental Assessment (health impacts), Involuntary Resettlement (choice of instrument), Indigenous Peoples, and Protection of Cultural Property, and those of noncompliance regarding the Environmental Assessment (institutional analysis), Involuntary Resettlement (land acquisition and compensation, implementation of resettlement and rehabilitation (R&R) assistance, and grievance redress), and disclosure and consultation.

iii. As the Panel notes, political developments and instability in Nepal over the lifetime of the Project have substantially affected implementation and supervision of the Project, as well as the ability to engage with the project affected community and resolve Project related concerns. Preparation of the Project took place in a particularly turbulent period of Nepal's history. At the time of Project preparation, Maoist insurgents still dominated rural areas and the country experienced intense fighting and civil unrest. This situation translated into huge challenges both for the NEA to implement the PDP and the Bank to supervise the Project. The problem was more severe in Sindhuli District, which led to complete stoppage of the KDTL in this politically sensitive area.

iv. Management wishes to stress that to date no structures belonging to the Sindhuli Requesters were demolished, and no Sindhuli Requesters were moved. At the same time, the Project has not been completed. Due to the opposition of the Requesters, several towers within the 3.85 km Sindhuli stretch have not yet been constructed and the power line that is supposed to be strung along the towers has not been installed.

v. Management is committed to working with Government to resolve issues raised by the Panel. Management held discussions with the Requesters on March 24, 2015 in Sindhuli, and separately with the borrower, to identify the actions best suited to address the Panel's findings in the current circumstances, given that (a) the PDP closed on December 31, 2013; (b) many findings pertain to assessments made at the project design stage, and (c) the fact that a group of 27 households refuse to engage in discussions on resettlement compensation prior to the public release of the Panel report.

vi. Management will work with the Government specifically to address capacity building of NEA to strengthen their capacity to manage environmental and social issues, proper documentation and implementation of the updated Resettlement Action Plan (RAP), delivery of outstanding compensation, completion of R&R assistance, monitoring of Grievance Redress Mechanism, dissemination of information among the affected

communities and consultations. Management will continue to work with the Government and NEA to support the implementation of these actions, including through the proposed *Power Sector Reform and Sustainable Hydropower Development Project* (PSRSHDP) currently under preparation. The country team remains engaged in the dialogue about the broader issues of institutional reform and capacity building, especially in safeguard management and compensation for the transmission corridor or right of way (ROW).

Background

vii. The Inspection Panel registered a Request for Inspection concerning the Nepal Power Development Project financed by the Bank in July 2013. The Request was submitted by 103 families in three villages of Sindhuli District, supported by a coalition of civil society organizations and individuals. Management responded to the claims raised in the Request in September 2013, with a proposed Action Plan to address the issues, and provided several updates on implementation support progress to the Panel.

viii. The Panel found the Request eligible and following authorization by the Executive Directors, undertook an investigation. It issued its report on February 12, 2015.

ix. The Project aims to: (a) develop Nepal's hydropower potential in an environmentally friendly and socially sustainable manner so as to help meet electricity demand; (b) improve access of rural areas to electricity services; and (c) promote private participation in the power sector as a way to improve sector efficiency and to mobilize financing for the sector's investment requirements. Management is pleased with the Panel's recognition of the importance of the Power Development Project (PDP) for Nepal and the value of the Bank's engagement in this type of project.

x. The Request for Inspection pertained to the Project's Component C, a Nepal Electricity Authority (NEA) component to support grid transmission and distribution improvement. The subject of the Request is an activity within Component C: the 220 kV double-circuit transmission line from Khimti Power Station to the existing 132 kV Dhalkebar substation (KDTL). The KDTL crosses four districts and is approximately 75 km long, with a 30 meter wide transmission corridor (ROW). Construction began in 2007 and nearly all the towers have been completed; stringing of conductors is mostly completed in the undisputed sections of the KDTL.

xi. The original PDP was approved on May 22, 2003 with a total amount of US\$84.2 million and closed on December 31, 2013. Over this period, the Project was stalled on different occasions due to insecurity on Project sites and has been restructured three times to expand Project scope and provide additional financing.

I. INTRODUCTION

1. On July 24, 2013, the Inspection Panel registered a Request for Inspection, IPN Request RQ 13/5 (hereafter referred to as “the Request”), concerning the Nepal Power Development Project (PDP, or “the Project”) financed by the International Development Association (the Bank). The Request for Inspection was submitted by 103 indigenous and non-indigenous families in three villages of Sindhuli District supported by a coalition of civil society organizations and individuals (“the Requesters”). The Requesters authorized a lawyer from the Lawyers’ Association for the Human Rights of Nepalese Indigenous Peoples (“LAHURNIP”) to represent them.
2. Executive Directors and the President of IDA were notified by the Panel of receipt of the Request. Management responded to the claims raised in the Request on September 18, 2013, with a proposed Action Plan to address the issues and provided several updates on the implementation support progress to the Panel.
3. In its Report to the Board, the Panel found the Request eligible and recommended that the Executive Directors authorize an investigation, but proposed to delay its start until after April 30, 2014, to take into account implementation of Management’s Action Plan. The investigation was authorized by the Executive Directors.
4. On February 12, 2015, the Panel issued its report outlining the findings of the investigation. Management appreciates the Panel’s clear and thorough presentation of its findings. This report, responding to the findings of the Panel, is organized in three sections. Section II describes the Project and country context. Section III summarizes the findings of the Panel. Section IV presents Management’s Action Plan in response to the Panel’s findings, and Section V contains the conclusion. The Panel’s findings, along with the Management’s responses, are described in detail in Annex 1.

II. PROJECT AND COUNTRY CONTEXT

Country Context

5. *The PDP has been implemented during a tumultuous period of Nepal’s history.* In 1996, less than a decade preceding the project, Maoist rebel groups launched an armed insurgency to end the monarchy, taking advantage of popular disenchantment, particularly among the rural population. By 2005, the Maoist movement had taken control of much of Nepal’s countryside, and in early 2006 the king agreed to relinquish sovereignty to a house of representatives, which soon proclaimed Nepal to be a secular federal republic.
6. *Political divisions and turmoil continued in spite of the abolition of the monarchy.* Nepal has since experienced six different governments. A constituent assembly tasked in 2008 with drafting Nepal’s new constitution was dissolved in May 2012 without completing its work. Since then, Nepal has operated in a context of legal, administrative and constitutional uncertainties, exacerbated by an inability of the leading political parties to reach the consensus needed to effectively address them. The recent rise of identity politics further complicates consensus-building (see box). In March 2013, after almost a year of political stasis, the main parties agreed to form an interim government consisting

exclusively of former secretaries (non-politicians, who are acting as ministers), chaired by the Chief Justice (acting as prime minister) and charged with holding elections for a new constituent assembly. These elections were successfully held in November 2013 and the new assembly met for the first time in January 2014. While all major parties in the assembly publicly committed to delivering a new constitution within one year after the elections, this deadline was not met and the key issues remain unresolved.

7. ***As Nepal remains a fragile post-conflict state, a key challenge continues to be the need to build public sector capacity and governance.*** In the political transition towards multiparty democracy, arguments about the exercise of economic, political, and administrative authority to manage the country's affairs will continue. Since the end of the insurgency, there has been a clear positive tendency towards the use of more inclusive mechanisms, processes, and institutions to articulate the interests of (groups of) citizens, mediate their differences, define

Box: Identity Politics in Nepal

The rise of ethnic movements in recent years and the domination of identity politics in the discussion of federalism have complicated the struggle to agree on a new constitution in Nepal. This struggle both epitomizes and exacerbates Nepal's highly complex ethnic, religious, geographical, caste and class divisions, as different communities have at times tried to secure special privileges under the new constitution. Lower-caste people and rural residents have been historically marginalized. Long-term structural issues related to social exclusion remain unresolved and severely affect specific larger communities in Nepal, especially the Dalits (comprising different ethnic and geographic groups), Tamang, Tharu, Magar, Muslims (jointly nearly 40 percent of the population) as well as selected Madhesi communities (residents of the Outer Terai).

their obligations, and protect their rights. But this evolution towards greater inclusivity is far from complete. In fact, weak public sector capacity and governance are probably the greatest single obstacle preventing Nepal from escaping fragility, consolidating peace, and reaching its social and economic potential. Poor governance has also impeded commendable efforts since 2006 to address historical inequality in service delivery and human development across different regions and parts of Nepal's population. Moreover, there have not been elected local governments in Nepal for over twelve years, severely affecting accountability on the local level. Even where the basic governance structures are in place, their effectiveness needs to be enhanced.

8. ***Maoists continue to dominate in regions that were former hotbeds of the insurgency.*** The central government's authority remains weak, especially in such districts. Sindhuli District, the focus of the Request, was one of the five districts where the Maoist armed insurgency originated in 1996. Following the 2008 elections, an uprising of the Madhesi, Indigenous People from the Terai in the south of the country, led to internal migration to the Sindhuli area, raising land prices there. Notwithstanding those changes, there is still a Maoist presence in the Sindhuli area and the writ of the state remains weak.

9. ***Preparation of the PDP – with all its inherent challenges – took place in this particularly turbulent period of Nepal's history.*** In 2005, the Maoists dominated rural areas, leaving the Government in control of main cities and towns only. Intense fighting and civil unrest continued throughout the year, until political parties reached an understanding with the Maoists to restore the stalled democratic process. This situation has

translated into huge challenges both for the Nepal Electricity Authority (NEA) to implement the PDP and the Bank to supervise the Project, including limitations in visiting Project sites at different junctures of Project implementation. The problem has been more severe in Sindhuli District, which resulted in complete stoppage of the Khimti-Dhalkebar Transmission Line (KDTL) in this politically sensitive area, while the work has progressed well in other districts.

Project Context and Status

10. ***Energy continues to be a key constraint to development in Nepal for a range of reasons, including weak institutional capacity.*** Despite having an estimated 42,000 to 83,000 MW of potential hydropower resources, the actual energy situation in Nepal remains one of the worst in the world. Access rates are at 75 percent, but electricity service is not necessarily available. Load shedding was up to 14 hours a day in 2014. The main cause of the poor performance of the energy sector has been the very weak institutional capacity within the Government and NEA.

11. ***Public sector capacity, especially in agencies such as NEA, has weakened over the years, a situation worsened by the absence of top leadership for many years and frequency of staff changes in middle management.*** Until 2014, NEA was without a permanent Managing Director. Constant turnover of staff negatively affects capacity at NEA and performance of project implementation.

12. ***Large infrastructure investments have also been chronically hampered by land acquisition and right of way issues, which are magnified by the long period of political flux.*** As an example, there has been virtually no commissioning of new hydropower plants and transmission lines since 2003. An Asian Development Bank project that supported transmission lines was ultimately closed, leaving behind stranded assets financed by the project, as final stringing of the transmission towers could not be undertaken due to lack of resolution on right of way (ROW) issues.

13. ***Project Objectives.*** The PDP aims to build capacity to manage the development of Nepal's hydropower potential in a prudent and sustainable manner; increase access to electricity services in rural areas; and promote private participation in the power sector.

14. ***Project Components.*** The PDP as originally approved had three components: (a) establishment of a Power Development Fund (PDF), implemented by the Department of Electricity Development; (b) a Micro Hydro Village Electrification Program, implemented by the Alternative Energy Promotion Centre; and (c) an NEA component, including the KDTL, implemented by NEA.

15. The KDTL, which is the focus of the Request, is a relatively small component of the Project (it represents 11 percent of the Project cost). The transmission line crosses four districts: Ramechhap, Sindhuli, Dhanusa and Mahottari. The transmission line is approx. 75 km long with a 30 meter wide transmission corridor or ROW. It involves the construction of 188 towers with an average span of 350 meters between towers and tower heights ranging from 42 to 49 meters. Construction began in 2007 and to date, 177 out of

188 towers have been erected, the foundation works for 3 additional towers have been completed, and stringing of conductors is mostly completed in the undisputed sections of the KDTL.

16. ***Project Status.*** The original PDP was approved on May 22, 2003 with a total amount of US\$84.2 million and closed on December 31, 2013. Over this period, the Project was stalled on different occasions due to insecurity on Project sites and has been restructured three times (2008, 2009 and 2012) to expand Project scope and provide additional financing. The first restructuring in February 2008 canceled the PDF component, which had aimed to finance development of private sector small hydropower projects but was not successful; funds were reallocated to other components.

17. Additional Financing of US\$91.7m was approved in May 2009 to address a power crisis by rehabilitating generation capacity, strengthening the transmission system by constructing new 220 kV transmission lines and expanding distribution networks. This additional financing expanded Part C of the original Project to include rehabilitation of generation capacity, but did not pertain to the original transmission line. The Project was restructured again in December 2012 with a view to addressing the ongoing dispute on the stalled KDTL and completing the Project. At this time, the closing date was extended to December 2013 and US\$42.5m of IDA funding was cancelled for activities that could not be completed by the extended closing date.

18. The KDTL is 75 km long and involves the construction of 188 towers with an average span of 350 meters between the towers and tower heights ranging from 42 to 49 meters. Construction began in 2007. So far 178 out of 188 towers have been erected, and stringing of conductors has been completed for 65 km. Ten towers, all located in Sindhuli District, remain to be erected. The land acquisition and foundation works for three out of the ten towers have been completed. Out of the remaining seven towers for which works have not started yet, six towers are within the disputed 3.85 km long section in Sindhuli District, and 1 tower is outside the disputed area.

Compensation

19. ***A key dispute regarding the Project relates to compensation of land holders in the ROW in the Sindhuli District, whose land is not being acquired but would be impacted by the power lines passing overhead.***

20. As per the Electricity Act of 1992 and Electricity Regulation of 1993, NEA provides compensation for land that is permanently acquired for tower pads, as well as land not permanently acquired but which will be impacted by the power lines that pass over it.¹ As per the law NEA compensates 100 percent of the value for land that is permanently acquired. For land not permanently acquired but affected by the power lines, NEA

¹ This includes compensation for assets, including trees and crops, and structures that need to be destroyed, regardless of land acquisition.

compensates 10 percent of the land value. ***There is generally no restriction of access and movement for individuals within the ROW or to cross the ROW.***²

21. ***Affected communities in the Sindhuli District demanded 100 percent rather than 10 percent compensation for land not acquired but impacted by the ROW.*** Because the communities' request was not in line with Nepal's legal framework, NEA was unable to meet these demands. To accommodate the communities' request and allow the project to proceed, the Government proposed to build a road, which would allow it to acquire the land in the ROW and thus compensate affected households at 100 percent of the land value, as well as provide them with uninterrupted electricity supply. This creative solution would have additional benefits of better road access and connectivity for the local community.

22. ***The compensation package proposed by the Government (compensation at 100 percent of land value, provision of a local road, and uninterrupted power supply) responds to community demands, as well as expectations recorded in the Project's Social Assessment.*** Since the valuation of the land in July 2013, 96 out of 159 landowners have accepted the new compensation package and received cash compensation; the remaining landowners refused the compensation and continued to ask that the short section of the transmission line in dispute be rerouted. The 159 landowners include affected households that recently moved to the Project area and were not originally recorded in the Abbreviated Resettlement Action Plan (ARAP).

² Construction of any type of building and planting of trees above 6.5 meters, however, are not allowed within the ROW for security reasons. Land owners will retain the ownership and have complete access to the affected parcels; they can continue cultivation (except in the case where land will be acquired and compensated for due to the road project).

III. FINDINGS OF THE PANEL

Issue	Panel Findings and Key Observations
Environmental Assessment – Appraisal and Analysis of Alternatives	<p>Analysis of Alternatives. From the Report of the Technical Committee appointed to assess an alternative route for the disputed 3.85 kilometer stretch of transmission line between towers 28/2 and 31/1, it is apparent that the Committee only considered one given alternative to the preferred alignment and did not attempt to find an optimal route. It is also clear that the Committee: (a) restricted the parameters used to compare the two alignments; (b) did not consider socio-economic factors; and (c) stakeholder input was not considered. Such limited and restrictive assessment of alternatives is not what is envisaged in OP/BP 4.01. The Panel therefore finds that the study of alternative transmission line alignments in the 3.85 km stretch in Kamalimai municipality of the Sindhuli district does not comply with the requirements of OP/BP 4.01.</p> <p>Capacity. The Panel finds Management to be in non-compliance with key provisions of OMS 2.20, OD 4.01, and OP/BP 4.01 regarding institutional analysis and capacity building of the Project implementing agency, the NEA.</p>
Environmental Assessment - Health Impacts	<p>The Panel notes the consensus of the scientific community, as represented by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), that there is no risk to public health from exposure to low frequency electromagnetic fields at or below established ICNIRP reference levels, or that the possibility of a risk is too speculative for a scientifically justified reference level to be established. The Panel also notes that Management has followed the guidance provided in the World Bank Group Environmental Health and Safety Guidelines regarding health impacts from electromagnetic fields. The Panel therefore finds Management to be in compliance with Bank policy OP/BP 4.01 which requires that an Environmental Assessment (EA) has to take into account human health and safety.</p>
Involuntary Resettlement	<p>Choice of instrument. Given that the precise alignment of the transmission line was not known at the time of Project preparation and appraisal, the paucity of information available at this time meant that Management correctly took the policy framework approach. The Panel finds that since the number of displaced households, as identified in both the 2006 and 2014 ARAPs was below 200 and the impacts of the transmission line are minor given its linear nature, Management’s decision to proceed with an Abbreviated Resettlement Action Plan (ARAP) was in compliance with OP/BP 4.12 on Involuntary Resettlement.</p> <p>Adequacy of resettlement-related documents. The Panel notes that OP 4.12 requires a census survey and updated socioeconomic information, including on the displaced people's livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement. The Panel finds that since the 2006 ARAP was not updated at the required juncture, namely after the end of the insurgency and before the start of transmission line construction, Management is not in compliance with OP/BP 4.12 – Involuntary Resettlement.</p> <p>Land Acquisition and Compensation. The Panel notes the significant delays between compensation payments and the confusion about when installment payments would be released. The Panel finds that this is not in compliance with OP/BP 4.12 – Involuntary Resettlement which requires that prompt and effective compensation payment be made to eligible individuals.</p>

Issue	Panel Findings and Key Observations
	<p>Implementation of Resettlement and Rehabilitation (R&R) assistance. The 2006 ARAP lacked sufficient detail on the content of assistance and the mode of delivery. The Panel further notes that the 2006 ARAP did not meet the requirements of the Resettlement Action Plan (RAP) outline provided in the Resettlement and Policy Framework.</p> <p>Project documents state that the Khimti-Dhalkebar Environmental Management Unit (KDTL-EMU) was to be responsible for facilitating the relocation process laid out in the ARAP’s Community Support Program, and monitoring the allocation of compensation and rehabilitation grants in a timely and effective manner. However, the KDTL-EMU was discontinued in 2011 when its contract expired, and its responsibilities transferred to the NEA Project Office in Kathmandu. The Panel finds that there were significant delays and inconsistencies in the provision of R&R assistance to displaced households in the ROW in non-compliance with OP/BP 4.12 – Involuntary Resettlement.</p> <p>Grievance Redress. Management’s Response states that the KDTL-EMU was established before KDTL construction started and besides having other responsibilities, it also functioned as the Project’s grievance redress unit. The Panel notes that once KDTL-EMU’s contract expired in 2011, the grievance redress function was assumed by the Project Office in Kathmandu thereby not providing a site-based grievance redress option. The Panel finds the lack of an appropriate and accessible grievance mechanism for KDTL to be in non-compliance with OP/BP 4.12 - Involuntary Resettlement.</p>
Indigenous Peoples	<p>Identification of Indigenous Peoples in Disputed ROW. The Panel notes that the 2006 and 2014 Vulnerable Community Development Plans (VCDPs) would have been stronger documents had they included an analysis of the impacts of the transmission line on the endangered, highly marginalized indigenous groups whose members may be among the Severely Project Affected Families (SPAFs) facing relocation as a consequence of the transmission line. The Panel also notes that a justification by Management of its decision to adopt a “mixed communities” approach in this case would have been helpful. The Panel finds that given the prevalence of indigenous, Dalit and other vulnerable communities in the disputed ROW, Management’s decision to apply a “mixed communities” approach was consistent with OP/BP 4.10 Indigenous Peoples in this specific instance.</p>
Protection of Cultural Property	<p>Although the investigation visit showed that the plan for mitigation measures could have been stronger and information regarding potential impacts could have been better communicated, the Panel concurs with Management’s decision not to trigger OP/BP 4.11 for the KDTL as the transmission line does not directly impact physical cultural resources, and Management analyzed this criterion adequately in Project documents.</p>
Disclosure and Consultation	<p>Bank Management acknowledges shortcomings in the disclosure of safeguard documents for the PDP. The Panel notes Management’s acknowledgement that the safeguard provisions for disclosure of Project documentation have not been fully observed and are being rectified.</p> <p>The Panel notes that though the consultation requirements of Bank policies on Environmental Assessment, Involuntary Resettlement, and Indigenous Peoples may vary, what they have in common are the principle requirements for early, meaningful, and continuous consultations with Project Affected Persons (PAPs) during Project preparation and implementation. The objective of these requirements is to improve Project design, minimize adverse</p>

Issue	Panel Findings and Key Observations
	<p>impacts, and enhance Project benefits. The Panel notes that in the case of the KDTL, a lack of sustained communication and consultation during Project preparation and implementation led to the spread of misinformation about the transmission line, especially as stated earlier, about its perceived health impacts, and this contributed to the opposition to the ROW. In light of the foregoing, and while noting the precarious security situation prevalent in Sindhuli district at the time of KDTL preparation and implementation and the travel restrictions this placed on Management, the Panel finds that Management did not ensure adequate, timely and meaningful consultations during Project preparation and implementation, in non-compliance with OP/BP 4.01 Environmental Assessment, OP/BP 4.10 Indigenous Peoples and OP/BP 4.12 Involuntary Resettlement.</p>

IV. MANAGEMENT RESPONSE TO THE PANEL'S FINDINGS

23. Management appreciates the Panel's thorough review of the Project. Moreover, Management appreciates the Panel's recognition of the importance of the PDP for Nepal, the value of the Bank's engagement in this type of project, and the steps Management has already taken to address the Requesters' legitimate concerns. Management's response is found below and in greater detail in Annex 1.

24. ***Management considers that the political developments and instability in Nepal over the lifetime of the Project have substantially affected implementation and supervision of the Project, as well as the Project's ability to engage with PAPs and resolve Project related concerns.*** The cited instability has also greatly contributed to substantial delays in Project implementation that have led to a total Project implementation duration of more than 10 years from May 2003 to December 31, 2013, well beyond the anticipated project completion date of June 2009.

25. ***Management agrees that the substantial delays in Project implementation have led to some of the households being affected by prolonged uncertainty about their resettlement. Management acknowledges the Panel's findings that there were areas of weaknesses in Project implementation, which Management is committed to addressing. Management also wishes to stress that these prolonged delays partly stem from the fundamental opposition to the Project advocated by a core group.*** This led to a number of PAPs in Sindhuli District refusing to engage with the authorities, the Project or the Bank to discuss the compensation package, and who also sought to prevent other PAPs from agreeing on a compensation package. The Bank has encouraged the Government to develop and offer solutions to the dispute with the compensation package, including an offer that went well beyond the entitlements reflected in national law. However, the success of such offers had been limited due to the choice of some households not to engage in negotiations or to reject the compensation offered.

26. Management understands that the above-cited group of 27 PAPs has declared that it wishes to await the public release of the Panel report before it decides on further steps regarding the acceptance or refusal of the compensation offered.

27. In Management's view, the specific socio-political situation in Sindhuli has created challenges for the project to engage with the community and agree on a compensation package. Management notes that the PDP has supported the construction of power lines over more than 225 km, with comparable impacts and mitigation measures, and that the concerns raised by the Sindhuli community in the 3.85 km stretch have not been raised on any other segment of the transmission line.

28. When Management received a complaint from the affected families in Sindhuli district on February 18, 2013, Management invited the PAPs to Kathmandu to conduct a first round of consultations together with NEA. The Bank subsequently agreed with NEA to suspend the construction of the disputed section in Sindhuli. Management together with NEA then conducted a further four rounds of field visits for consultations with the PAPs in Sindhuli. Based on the outcome of these consultations, NEA in June 2013 developed an

action plan (see Annex 2) and agreed with Bank Management to address the concerns of the local communities and the gaps and weakness of safeguard management under the Project. Since then, Management has been monitoring NEA's implementation of the action plan through frequent missions and interactions with NEA and the Government. To date most of the activities under the action plan have been completed (see Annex 2 for details). The Action Plan, however, was not able to overcome the fundamental opposition by some PAPs who rejected to engage on the proposed actions.

29. Although the Project has closed, Management will continue to work with the Government and NEA to support the implementation of the actions set out below, including through the proposed *Power Sector Reform and Sustainable Hydropower Development Project* (PSRSHDP) currently under preparation.

30. ***Management wishes to stress that to date no structures belonging to the Sindhuli Requesters were demolished, and no Sindhuli Requesters were moved.*** At the same time, the Project has not been completed. Due to the opposition of the Requesters, several towers within the 3.85 km Sindhuli stretch have not yet been constructed and the power line that is supposed to be strung along the towers has not been installed.

31. **Management responds to the specific findings in more detail below.**

Analysis of Alternatives

32. ***Panel finding.*** The analysis of alternatives carried out by a Technical Committee appointed to assess an alternative route for the disputed 3.85 kilometer stretch of transmission line between towers 28/2 and 31/1, has only considered one given alternative to the preferred alignment and did not attempt to find an optimal route. It is also clear that the Committee: (a) restricted the parameters used to compare the two alignments; (b) did not consider socio-economic factors; and (c) stakeholder input was not considered.

33. ***Response.*** Management agrees with the Panel that there were weaknesses in the analysis of route alternatives undertaken by the government for the 3.85 km disputed section. Nevertheless, Management would like to underscore that the section in question was a small portion of a longer transition line which had largely already been built. This fact significantly limited any realistic options for rerouting.

34. The KDTL has been implemented as per the original alignment, which was not disputed except for the short section that is the subject of the Request for Inspection. The Project carried out an analysis of three alignment alternatives for the entire 75-km alignment at the time of Project appraisal, with stakeholder input, and considering socio-economic as well as technical factors. To assess these alternative routes, the EIA used the standard key parameters of evaluation, such as land use, number of houses that would need to be relocated for safety reasons, forest loss, and difficulty in construction, which takes into consideration slope stability and accessibility from existing access roads.³ The EIA

³ Typically in a project like this, the number of alternative routes would be constrained. First of all, there are fixed end points (existing substations), and the nature of the terrain between these two fixed points will be a key issue. The locations for the transmission line towers need to allow for construction and maintenance, and

concluded that the current alignment was the best option, considering technical and economic feasibility as well as environmental and social impacts.

35. The analysis of alternatives of the 3.85 km section cited in the Panel's report was undertaken by the Government/NEA in response to community grievances. It was conducted in the late phase of Project implementation, when more than 95 percent of the KDTL had already been completed without dispute. Given the progress in the construction of the KDTL as a whole, there were very few possible alternative options for rerouting the short segment and the study was only able to consider a limited range of options.

Capacity

36. **Panel finding.** The KDTL EIA did not include an institutional analysis nor identify the capacities of the NEA.

37. **Response.** Management agrees that the EIA lacked an institutional analysis and acknowledges that the project design at appraisal did not include specific interventions to strengthen NEA's capacity in managing environmental and social issues. However, Management has been aware of NEA's limitations in addressing social and environmental issues through previous operations, and the environmental and social capacity building of NEA that started under those operations had been ongoing. During the course of Project implementation, additional steps not foreseen in the project design were added, such as providing technical training to staff of the Environmental Social Study Department (ESSD) of NEA. This assistance has included reviewing ESSD's mandate, functions, work program and staffing. This capacity building assistance will continue under the proposed PSRSHDP (P150066).

Alleged Health Impacts

38. **Panel finding.** The Panel finds Management to be in compliance with OP/BP 4.01, which requires that an EA has to take into account human health and safety.

39. **Response.** Management acknowledges the Panel's finding of compliance.

Choice of Resettlement Instrument

40. **Panel finding.** Since the number of displaced households, as identified in both the 2006 and 2014 ARAPs was below 200 and the impacts of the transmission line are minor given its linear nature, Management's decision to proceed with an ARAP was in compliance with OP/BP 4.12 on Involuntary Resettlement.

41. **Response.** Management acknowledges the Panel's finding of compliance.

hence, have a tendency to coincide with terrain where the majority of households and agricultural activity are taking place, i.e., in valley plains and on the top of ridges.

Adequacy of Resettlement-related Documents

42. **Panel finding.** The Panel finds that since the 2006 ARAP was not updated at the required juncture, namely after the end of the insurgency and before the start of transmission line construction, Management is not in compliance with OP/BP 4.12 – Involuntary Resettlement.

43. **Response.** Management agrees that the ARAP was not formally updated on a regular basis, but wishes to point out that NEA, together with the district administration, carried out detailed inventory surveys and updated the core information of the ARAP frequently. This included the list of land parcels to be acquired for tower pads or affected by the ROW, the owners, immovable property, crops/trees of affected persons, and associated costs. This updating was done on a village by village basis, ahead of the commencement of any physical works in the villages. Such updating was not undertaken for the entire alignment at one point in time, but rather went along with the progress of the physical works between 2008 and 2013. Individual PAP households participated in the detailed inventory surveys and were informed of their updated entitlements. Resettlement budget was allocated and compensation payments were delivered according to the updated information, with acceptance of the PAPs. The updating was documented by NEA and shared with district administration and in turn with the community.

44. Management agrees that the information obtained through the above mentioned updating was not used to formally update the ARAP regularly and that a more frequent formal updating of the ARAP would have been appropriate. In Management's view, however, this delay in the formal and full updating of the ARAP in itself did not affect the implementation of resettlement due to the fact that the relevant information was collected and utilized on a regular basis. As discussed below, the delays in implementation of the ARAP and compensation measures were mainly due to significant delays in physical project construction. The ARAP was transformed in March 2014 into a full RAP as the number of PAPs at that point had exceeded 200.

Land Acquisition and Compensation

45. **Panel finding.** There were significant delays between compensation payments and confusion about when installment payments would be released. The Panel finds that this is not in compliance with OP/BP 4.12 – Involuntary Resettlement which requires that prompt and effective compensation payment be made to eligible individuals.

46. **Response.** Management agrees that there were significant delays in the delivery of compensation payments as scheduled in the ARAP. These stemmed primarily from significant delays in the progress of the Project civil works, as a result of which the compensation payment schedule for land and other assets was extended. There were a few other delays in delivering compensation payments as scheduled, however, these were few in number and exceptional (see Annex 1).

47. Regarding the issue of installment payments, Management would like to highlight the following: (a) compensation for land acquisition related to the tower pads was agreed

with the affected households, and payments were delivered in full in one single installment before taking possession of the land or starting civil works; (b) regarding the compensation for affected properties within the 30-meter wide transmission ROW, the ARAP provided for 50 percent payment before house demolition and 50 percent at demolition, as agreed with the PAPs and reflected in documents signed by the affected households. The documents specified clearly the conditions for the disbursement of the second 50 percent tranche of the payment. As a few affected households failed to carry out the agreed demolition, their compensation payments were accordingly delayed. It should be noted that NEA took physical possession of parcels only after PAPs had moved into new houses and nobody was physically displaced without receiving full compensation.

48. Management agrees that NEA's practice to split up the installments in 50% portions could have created a dilemma for some PAPs. Some may have been hesitant to dismantle their house at the risk of being without shelter in case there were any delays in the payment of the second installment, while the first installment by itself may not have been sufficient to acquire a replacement house.

49. By now, all land parcels affected by the ROW in all three districts have been identified and verified. By March 12, 2015, in Dhanusa and Ramechhap Districts, payment for land acquisition compensation was mostly completed, at more than 93 percent and 95 percent respectively, and ROW compensation for affected properties was at 68 percent and 52 percent, respectively. The remaining compensation could not be provided as the owners are out of the area/country, and various efforts by NEA and the District Administration Offices (DAO) to contact them has not yet succeeded. These efforts included placing announcements in 2 local newspapers in Dhanusa and 5 in Ramechhap.

50. NEA has deposited funding of 110 percent of the total outstanding compensation amount for the entire transmission line into the special purpose (Escrow) account of the respective DAO to provide the remaining compensation and this has been announced in local newspapers. In Sindhuli, the decision to compensate land affected by the transmission line at 100 percent of the land value and the list of owners of all 159 affected land parcels were announced in a national newspaper by the Government. Compensation for 78 percent of the affected land parcels was delivered as of March 12, 2015. The owners of the remaining 22 percent of land parcels, representing about 1 percent of all PAPs, have not yet accepted the compensation. For these owners, who are amongst the Requesters, issues concerning delays in compensation have not arisen because they reject the project's alignment and the resulting need for resettlement altogether and have therefore refused to engage with NEA on the issue.

Implementation of R&R Assistance

51. **Panel finding.** The ARAP lacked sufficient detail on the content of assistance and the mode of delivery. The Panel further notes that the 2006 ARAP did not meet the requirements of the RAP outline provided in the Resettlement and Policy Framework. There were significant delays and inconsistencies in the provision of R&R assistance to displaced households in the ROW in non-compliance with OP/BP 4.12 – Involuntary Resettlement.

52. **Response.** Management acknowledges the identified weaknesses of the ARAP and agrees that it could have been more comprehensive and detailed. These weaknesses were identified and addressed through the 2014 updating of the ARAP and its conversion into a RAP.

53. Management further agrees that there were significant delays in the delivery of R&R assistance as scheduled in the ARAP. The capacity limitations of the NEA Project Office was a major contributing factor to these delays after the responsibility for the ARAP implementation was transferred from the KDTL-EMU to the Project Office. Management also notes that the process to identify eligible households within the ROW turned out to be more time-consuming than anticipated, and further contributed to the delay of the R&R assistance delivery.

54. As of March 12, 2015, field survey, consultations, and feasibility assessment for all R&R activities have been completed, budgets have been fully allocated, and some of the livelihood programs and infrastructure projects have been completed. The activities still on-going are irrigation projects, construction of new buildings for local schools and training of river banks (flood control), which will take more time. NEA expects full completion of these activities by June 2015.

Grievance Redress

55. **Panel finding.** The Panel notes that once KDTL-EMU's contract expired in 2011, the grievance redress function was assumed by the Project Office in Kathmandu thereby not providing a site-based grievance redress option. The Panel finds the lack of an appropriate and accessible grievance mechanism for KDTL to be in non-compliance with OP/BP 4.12 – Involuntary Resettlement.

56. **Response.** Management acknowledges the interruption of service of the project level grievance mechanism. KDTL-EMU's contract expired in 2011, which led to a transfer of the grievance redress function to the Project Office in Kathmandu which did not provide a site-based grievance redress mechanism. In March 2014, a new three-tier grievance redress mechanism (GRM) was established at the Project level. This new GRM, located on site, has been functional since March 2014 and to date has received a total of 50 grievances, which have been recorded and responded to by NEA. NEA will continue the operation of the GRM until the RAP and VCDP are fully implemented.

Indigenous Peoples

57. **Panel finding.** Given the prevalence of indigenous, Dalit and other vulnerable communities in the disputed ROW, Management's decision to apply a "mixed communities" approach was consistent with OP/BP 4.10 – Indigenous Peoples in this specific instance.

58. **Response.** Management welcomes the Panel's finding of compliance.

Physical Cultural Properties

59. **Panel finding.** The Panel concurs with Management's decision not to trigger OP/BP 4.11 for the KDTL as the transmission line does not directly impact physical cultural resources, and Management analyzed this criterion adequately in Project documents.

60. **Response.** Management welcomes the Panel's finding of compliance.

Disclosure and Consultations

61. **Panel finding.** The Panel notes Management's acknowledgement that the safeguard provisions for disclosure of Project documentation have not been fully observed and are being rectified. The Panel finds that Management did not ensure adequate, timely and meaningful consultations during Project preparation and implementation, in non-compliance with OP/BP 4.01, OP/BP 4.10, and OP/BP 4.12.

62. **Response.** Management acknowledged in its Response to the Request for Inspection that the disclosure of safeguard documents for the PDP required significant strengthening. Since then NEA has followed Bank advice to disclose core Project documents, including the updated RAP and VCDP, in English and Nepali in country and in English on the Bank's InfoShop website. English versions of the VCDP and ARAP were posted on the NEA website on April 4, 2014 and on the Bank's InfoShop website on March 1, 2014 (VCDP) and March 31, 2014 (ARAP); Nepali versions were posted on the NEA website on April 17, 2014; Hard copies of the Nepali version were distributed by NEA in project areas on May 10, 2014. For the updating of the RAP and the VCDP, 30 community consultations were carried out. In total, 775 participants, including 46.1 percent women, representing indigenous and vulnerable groups participated in the Participatory Rural Appraisal (PRA) exercise carried out during the data collection process. Management agrees that the communication and consultation efforts during Project preparation and implementation could have been more vigorous and that there is room for further strengthening. Management also appreciates the Panel's recognition of the constraint that NEA and the Bank faced during Project preparation and implementation, such as the precarious security situation in the Project area.

V. MANAGEMENT ACTION PLAN IN RESPONSE TO THE FINDINGS

63. Management notes that the Project closed on December 31, 2013 and that the Bank's ability to address issues at the Project level is therefore reduced. However, Management will continue to work with the Government and NEA to support the implementation of the actions set out below, including through the proposed PSRSHDP currently under preparation.

64. Many of the actions proposed build upon the actions begun under Management's 2013 Action Plan presented in its response to the Request for Inspection. A detailed status of these actions is presented in Annex 2.

65. Management held discussions with the Requesters on March 24, 2015 in Sindhuli, and separately with the borrower, to identify the actions best suited to address the Panel's findings in the current circumstances, given that (a) the PDP closed on December 31, 2013; (b) many findings pertain to assessments made at the project design stage, and (c) the fact that some Requesters refuse to engage in discussions on resettlement compensation prior to the public release of the Panel report. The country team remains engaged in the dialogue about the broader issues of institutional reform and capacity building, especially in safeguard management and ROW compensation. In light of the above and in response to the Panel's Report, Management commits to undertake the following actions:

Table 1. Proposed Management Action Plan	
ISSUE	ACTION
OP/BP 4.01	
Institutional Capacity	The Bank will continue to assist NEA to clarify ESSD's mandate, streamline its working procedures and strengthen its operating capacity to better manage environmental and social issues in NEA's investment portfolio, especially transmission line projects, through the proposed PSRSHDP (P150066). The assistance will specifically support ESSD in developing procedures and guidelines; and providing training on safeguard management, such as Environment Assessment for transmission lines, alternatives analysis, consultations, information disclosure, resettlement planning and GRM.
OP 4.12	
Resettlement documentation	NEA will continue the implementation of the updated RAP. The Bank will closely monitor implementation of the updated RAP until it is completed.
Land Acquisition and Compensation	NEA will continue to deliver the outstanding compensation payments as set out in the updated RAP, with funds deposited in the Special Purposes Account at the DAO in each of the three affected Districts. The Bank will continue to advise and monitor the delivery of the remaining compensation payments.
R&R Assistance	NEA will continue to complete delivery of R&R assistance. The Bank will continue to advise NEA and monitor the delivery of R&R assistance until the RAP implementation is completed.
Grievance Redress	NEA will keep the GRM functional throughout the implementation of the updated RAP. The Bank will continue to monitor the implementation of the GRM through regular missions.
OP 4.10, Indigenous Peoples	
Implementation of VCDP	NEA will continue implementation of the updated VCDP and the Bank will closely monitor the implementation through regular missions and engagement with NEA.

Table 1. Proposed Management Action Plan	
ISSUE	ACTION
Access to Information	
Disclosure and Consultations	NEA, with support from the Bank, will continue dissemination of Project implementation information among the affected communities and engage them in a consultative and participatory manner in the implementation of the RAP and VCDP. The consultation process will continue until the RAP and VCDP are implemented. The Bank will support and monitor the process of information disclosure and consultations.

VI. CONCLUSION

66. Management acknowledges the Panel's findings and believes that the proposed Action Plan addresses such findings in the current circumstances, given that (a) the PDP closed on December 31, 2013; (b) many findings pertain to assessments made at the project design stage, and (c) the fact that some Requesters refuse to engage in discussions on resettlement compensation prior to the public release of the Panel report.

67. Management will further analyze lessons learnt from the Project to ensure application of such lessons to future operations, specifically in the power sector in Nepal.

68. Management notes that the project has not been completed. Towers have not been constructed and the transmission line has not been strung in Sindhuli, with the result that the Government of Nepal continues to realize losses due to its inability to evacuate power along this line. Moreover, the project will not be completed until the issues raised by the Requesters have been resolved. At present, it is not clear that the Government and the Requesters can achieve a negotiated resolution of those issues.

**MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE INSPECTION PANEL INVESTIGATION REPORT ON
NEPAL POWER DEVELOPMENT PROJECT**

**ANNEX 1
FINDINGS, COMMENTS AND ACTIONS**

No.	Issue/Finding		Comment/Action
	Environmental Assessment – Appraisal and Analysis of Alternatives (OP 4.01, OD 4.01, OMS 2.20)	Report Para Nos.	
1.	<p>Analysis of Alternatives: From the Report of the Technical Committee appointed to assess an alternative route for the disputed 3.85 kilometer stretch of transmission line between towers 28/2 and 31/1, it is apparent that the Committee only considered one given alternative to the preferred alignment and did not attempt to find an optimal route. It is also clear that the Committee: (a) restricted the parameters used to compare the two alignments; (b) did not consider socio-economic factors; and (c) stakeholder input was not considered. Such limited and restrictive assessment of alternatives is not what is envisaged in OP/BP 4.01. The Panel therefore finds that the study of alternative transmission line alignments in the 3.85 km stretch in Kamalamai municipality of the Sindhuli district does not comply with the requirements of OP/BP 4.01.</p>	80-83	<p>Comment: While Management agrees with the Panel that there were weaknesses in the analysis of route alternatives undertaken by the government for the 3.85 km disputed section, Management wishes to note the general problem of rerouting a small section of a long, nearly fully completed transmission line, which of course significantly limits any options for rerouting.</p> <p>The KDTL has been implemented as per the original alignment, which was not disputed except for the short section that is the subject of the Request for Inspection. The Project carried out an analysis of three alignment alternatives for the entire 75-km alignment at the time of Project appraisal, with stakeholder input, and considering socio-economic as well as technical factors. To assess these alternative routes, the EIA used the standard key parameters of evaluation, such as land use, number of houses that would need to be relocated for safety reasons, forest loss, and difficulty in construction, which takes into consideration slope stability and accessibility from existing access roads. The EIA concluded that the current alignment was the best option, considering technical and economic feasibility as well as environmental and social impacts.</p> <p>The analysis of alternatives of the 3.85 km section cited in the Panel's report was undertaken by the Government/NEA in response to community grievances. It was conducted in the late phase of Project implementation, when more than 95 percent of the KDTL had already been completed without dispute. Given the progress in the construction of the KDTL as a whole, there were very few possible alternative options for rerouting the short segment and the study was only able to consider a limited range of options.</p> <p>Action: Not applicable.</p>
2.	<p>Capacity. The Panel notes that the PDP Policy Framework highlighted in adequate detail the studies that were needed to assess environmental and social impacts of PDP sub-projects,</p>	77-79	<p>Comment: Management agrees that the EIA lacked an institutional analysis and acknowledges that the project design at appraisal did not include specific interventions to strengthen NEA's capacity in managing environmental and social issues. However, Management was made aware of NEA's limitations in addressing such issues through</p>

No.	Issue/Finding		Comment/Action
	<p>but it did not, however, discuss whether capacity existed to undertake such studies or to implement their recommendations. The Panel found that the KDTL EIA did not include an institutional analysis nor identify the capacities of the NEA, in non-compliance with key provisions of OMS 2.20, OD 4.01, and OP/BP 4.01.</p>		<p>previous operations, and environmental and social capacity building of NEA that started under those operations has been ongoing. During the course of implementation of the KDTL, additional steps not foreseen in the project design were added, such as providing technical training to staff of the ESSD of NEA. This assistance has included reviewing ESSD's mandate, functions, work program and staffing. This capacity building assistance will continue under the proposed PSRSHDP (P150066).</p> <p>Action: The Bank will continue to assist NEA to clarify ESSD's mandate, streamline its working procedures and strengthen its operating capacity to better manage environmental and social issues in NEA's investment portfolio, especially transmission line projects, through the proposed PSRSHDP (P150066). The assistance will specifically support ESSD in developing procedures and guidelines and providing training on safeguard management, such as Environmental Assessment for transmission lines, technical matters, such as alternatives analysis, consultations, information disclosure, resettlement planning and GRM.</p>
	<p>Environmental Assessment - Health Impacts</p>		
<p>3.</p>	<p>The Panel notes the consensus of the scientific community, as represented by the ICNIRP, that there is no risk to public health from exposure to low frequency electromagnetic fields at or below established ICNIRP reference levels, or that the possibility of a risk is too speculative for a scientifically justified reference level to be established. The Panel also notes that Management has followed the guidance provided in the World Bank Group Environmental Health and Safety Guidelines regarding health impacts from electromagnetic fields. The Panel therefore finds Management to be in compliance with Bank policy OP/BP 4.01 which requires that an EA has to take into account human health and safety.</p> <p>The Panel notes with concern, however, that Management did not provide information to</p>	<p>92-103</p>	<p>Comment: Management appreciates the Panel's assessment of compliance with OP 4.01 in this regard.</p> <p>Although during Project implementation, NEA had explained to the local communities that there was no risk to public health from exposure to low frequency electromagnetic fields, health impacts had remained a concern. After the Request was filed in 2013, NEA prepared a booklet of Frequently Asked Questions (FAQ), including posters and illustrations with information about transmission lines and health concerns, as part of the communication materials for local communities. NEA has disseminated this information to the local communities, as observed by the Bank team in the first half of 2014. Furthermore, a professor from the Institute of Engineering in Kathmandu, who is from the local community, was hired as a consultant to communicate with local communities on health impact issues. From March 20 to June 30, 2014, the consultant travelled to the field: (a) to assist NEA in preparing communication materials related to health impacts of the transmission line; (b) to communicate with the local communities on transmission related health concerns through dissemination of the dedicated communication materials, radio talk shows, and focused group discussions; and (c) to conduct consultations with the local communities on the KDTL.</p>

No.	Issue/Finding		Comment/Action
	affected communities, many of whom are indigenous people, in a timely and culturally appropriate manner to explain that the transmission line is being constructed with due regard to EMF related safety aspects. This is discussed [below in Item 11].		Management considered that the information provided through these steps is culturally appropriate and easy to understand. Action: Not required.
	Involuntary Resettlement (OP 4.12)		
4.	Choice of instrument: Given that the precise alignment of the transmission line was not known at the time of Project preparation and appraisal, the paucity of information available at this time meant that Management correctly took the policy framework approach. The Panel finds that since the number of displaced households, as identified in both the 2006 and 2014 ARAPs was below 200 and the impacts of the transmission line are minor given its linear nature, Management's decision to proceed with an ARAP was in compliance with OP/BP 4.12 on Involuntary Resettlement.	145-146	Comment: Management appreciates the Panel's finding of compliance with the provisions of OP/BP 4.12 on choice of safeguard instrument. Action: Not required.
5.	Adequacy of resettlement-related documents: The Panel notes that OP 4.12 requires a census survey and updated socioeconomic information, including on the displaced people's livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement. The Panel finds that since the 2006 ARAP was not updated at the required juncture, namely after the end of the insurgency and before the start of transmission line construction, Management is not in compliance with OP/BP 4.12 – Involuntary Resettlement.	147-149	Comment: Management agrees that the ARAP has not been formally updated regularly, but wishes to point out that NEA, together with the district administration, carried out detailed inventory surveys and updated the core information of the ARAP frequently. This included the list of land parcels to be acquired for tower pads or affected by the ROW, the owners, immovable property, crops/trees of affected persons, and associated costs, and was done on a village by village basis, ahead of the commencement of any physical works in the villages. Such updating was not undertaken for the entire alignment at one point in time, but rather went along with the progress of the physical works between 2008 and 2013. Individual PAP households participated in the detailed inventory surveys and were informed of their updated entitlements. Resettlement budget was allocated and compensation payments were delivered according to the updated information, with acceptance of the PAPs. The updating was documented by NEA and shared with district administration and in turn with the community.

No.	Issue/Finding		Comment/Action
			<p>Management agrees that the information obtained through the above mentioned updating was not used to formally update the ARAP regularly. In Management's view, however, this delay in the formal and full updating of the ARAP in itself did not affect the implementation of resettlement given that the relevant information was being collected and utilized on a regular basis. The delays in implementation of the ARAP and associated compensation were mainly due to the significant delays in physical project construction. The ARAP was transformed in March 2014 into a full RAP as the number of PAPs at that point had exceeded 200.</p> <p>Action: NEA will continue the implementation of the updated RAP. The Bank will closely monitor the implementation of the updated RAP until it is completed.</p>
6.	<p>Land Acquisition and Compensation: The Panel notes the significant delays between compensation payments and the confusion about when installment payments would be released. The Panel finds that this is not in compliance with OP/BP 4.12 – Involuntary Resettlement which requires that prompt and effective compensation payment be made to eligible individuals.</p>	150-157	<p>Comment: Management agrees that there were significant delays in the delivery of compensation payments as scheduled in the ARAP. These delays were due to several factors that Management wishes to highlight:</p> <p>a) There was a significant delay in the progress of the Project civil works. The compensation payment schedule for land and other assets was accordingly extended.</p> <p>b) Regarding the acquisition of land for the tower pads, compensation payments were agreed with and delivered in full in one single installment to the affected households before taking possession of the land or starting civil works.</p> <p>c) Regarding the compensation for affected properties within the 30-meter wide transmission ROW, the ARAP provided for 50% payment before house demolition and 50% at demolition, as agreed with the PAPs and reflected in documents signed by the affected households. The documents specified clearly the conditions for the disbursement of the second 50 percent tranche of the payment. However, the second tranche payment could not be paid out in time to a few affected households as they had not carried out the agreed demolition. It should be noted that NEA took physical possession of the property only after PAPs had moved into new houses and nobody was physically displaced without receiving full compensation; and d) there were a few other delays in delivering compensation payments as scheduled, however, these were few in number and exceptional: (i) some owners losing trees and crops could not be reached in spite of extensive efforts by NEA and staff of DAOs, including announcing the compensation in local newspapers; (ii) in the disputed section, the negotiation and agreement of the new compensation package took some time and, even</p>

No.	Issue/Finding		Comment/Action
			<p>though the new package was announced and made available, some households continued to refuse the compensation payment.</p> <p>Management agrees that NEA's practice to split the payments into two installments could have created a dilemma for PAPs as some may have been hesitant to demolish their house and risk being without one in the case of delays in the payment of the second installment, since the first installment by itself would not have been sufficient to purchase a replacement house.</p> <p>By now, all land parcels affected by the ROW in all three districts have been identified and verified. By March 12, 2015, in Dhanusa and Ramechhap Districts, payment for land acquisition compensation was mostly completed, at more than 93% and 95% respectively, and ROW compensation for affected properties was at 68% and 52%, respectively. The remaining compensation could not be provided as the owners are out of the area/country, and various efforts by NEA and the DAOs to contact them did not succeed. These efforts included placing announcements in 2 local newspapers in Dhanusa and 5 in Ramechhap.</p> <p>NEA has deposited funding of 110% of the total outstanding compensation amount into the special purpose (escrow) account of the respective DAO to provide the remaining compensation and this has been announced in local newspapers. In Sindhuli, the decision to compensate land affected by the transmission line at 100 percent of the land value and the list of owners of all 159 affected land parcels were announced in a national newspaper by the Government. Compensation for 78 percent of the affected land parcels was delivered as of March 12, 2015. The owners of the remaining 22 percent of land parcels have not yet accepted the compensation, as they reject the project's alignment and the resulting need for resettlement altogether and have therefore refused to engage with NEA on the issue.</p> <p>Action: NEA will continue to deliver the outstanding compensation payments as set out in the updated RAP, with funds deposited in the special purpose account at the DAO of each of the three affected Districts. The Bank will continue to advise and monitor the delivery of the remaining compensation payments.</p>
7.	<p>Implementation of R&R assistance:</p> <p>The Panel notes that while the broad definition of assistance was appropriate, the 2006 ARAP lacked sufficient detail</p>	158-161	<p>Comment: Management acknowledges the identified weaknesses of the ARAP and agrees that it could have been more comprehensive and detailed regarding R&R assistance. These weaknesses were identified and addressed through the 2014 updating of the RAP.</p>

No.	Issue/Finding		Comment/Action
	<p>on the content of assistance and the mode of delivery. The Panel further notes that the 2006 ARAP did not meet the requirements of the RAP outline provided in the Resettlement and Policy Framework.</p> <p>Project documents state that the Khimti-Dhalkebar Environmental Management Unit (KDTL-EMU) was to be responsible for facilitating the relocation process laid out in the ARAP's Community Support Program, and monitor the allocation of compensation and rehabilitation grants in a timely and effective manner. However, the KDTL-EMU was discontinued in 2011 when its contract expired, and its responsibilities transferred to the NEA Project Office in Kathmandu. The Panel finds that there were significant delays and inconsistencies in the provision of R&R assistance to displaced households in the ROW in non-compliance with OP/BP 4.12 – Involuntary Resettlement.</p>		<p>Management further agrees that there were significant delays in the delivery of R&R assistance as scheduled in the ARAP. The capacity limitations of the NEA Project Office was a major contributing factor to these delays after the responsibility for the ARAP implementation was transferred from the KDTL-EMU to the Project Office. Management also notes that the process to identify eligible households within the ROW turned out to be more time-consuming than anticipated, and further contributed to the delay of the R&R assistance delivery.</p> <p>As of March 12, 2015, field survey, consultations, and feasibility assessment for all R&R activities have been completed, budgets have been fully allocated, and some of the livelihood programs and infrastructure projects have been completed. The activities still on-going are irrigation projects, new buildings for local schools and training of river banks (flood control), which will take more time. NEA expects full completion by June 2015.</p> <p>Action: NEA will continue to complete delivery of R&R assistance. The Bank will continue to advise NEA and monitor the delivery of R&R assistance until the RAP implementation is completed.</p>
8.	<p>Grievance Redress: Management's Response states that the KDTL-EMU was established before KDTL construction started and besides having other responsibilities, it also functioned as the Project's grievance redress unit. The Panel notes that once KDTL-EMU's contract expired in 2011, the grievance redress function was assumed by the Project Office in Kathmandu thereby not providing a site-based grievance redress option. The Panel finds the lack of an appropriate and accessible grievance mechanism for KDTL to be in non-compliance with OP/BP 4.12 - Involuntary Resettlement.</p>	162-163	<p>Comment: Management acknowledges the interruption of service of the project level grievance mechanism. KDTL-EMU's contract expired in 2011, which led to a transfer of the grievance redress function to the Project Office in Kathmandu which did not provide a site-based grievance redress mechanism.</p> <p>In March 2014, a new three tier GRM was established at the Project level. The new GRM allows PAPs to file or appeal any decisions, practices and activities directly in the field. The Communication Officer and Liaison Officer are the first level of contact for any aggrieved person. If unsatisfied, the PAP can approach the designated grievance redress officer in the Project Office. If still unsatisfied, the PAP can then approach the Office of the Chief District Officer. The courts remain an option for any PAP. This new GRM, located on site, has been functional since March 2014 and to date has received a total of 50 grievances, which have been recorded and responded to by NEA. NEA will continue the operation of the GRM until the RAP and VCDP are fully implemented.</p>

No.	Issue/Finding		Comment/Action
			Action: NEA will keep the GRM functional till the completion of the updated RAP. The Bank will continue to monitor the implementation of the GRM through regular missions.
	Indigenous Peoples (OP 4.10)		
9.	<p>Identification of Indigenous Peoples in Disputed ROW: The Panel notes that the 2006 and 2014 VCDPs would have been stronger documents had they included an analysis of the impacts of the transmission line on the endangered, highly marginalized indigenous groups whose members may be among the Severely Project Affected Families (SPAFs) facing relocation as a consequence of the transmission line. The Panel also notes that a justification by Management of its decision to adopt a “mixed communities” approach in this case would have been helpful. The Panel finds that given the prevalence of indigenous, Dalit and other vulnerable communities in the disputed ROW, Management’s decision to apply a “mixed communities” approach was consistent with OP/BP 4.10 Indigenous Peoples in this specific instance.</p>	196-200	<p>Comment: Management welcomes the Panel’s assessment of the Bank’s compliance with the provisions of OP/BP 4.11.</p> <p>The Project, in line with the agreed action plan, has updated the VCDP in consultation with the community. It is now being implemented except in Sindhuli District where the complaining community refused to participate in VCDP implementation until the Inspection Panel Report is shared with them.</p> <p>Action: NEA will continue implementation of the updated VCDP and the Bank will closely monitor the implementation through regular missions and engagement with NEA.</p>
	Protection of Cultural Property (OP 4.11)		
10.	<p>Although the investigation visit showed that the plan for mitigation measures could have been stronger and information regarding potential impacts could have been better communicated, the Panel concurs with Management’s decision not to trigger OP/BP 4.11 for the KDTL as the transmission line does not directly impact physical cultural resources, and Management analyzed this criterion adequately in project documents.</p>	210-212	<p>Comment: Management welcomes the Panel’s assessment of the Bank’s compliance with the provisions of OP/BP 4.11.</p> <p>Action: Not required.</p>

No.	Issue/Finding		Comment/Action
Disclosure and Consultation			
11.	<p>Bank Management acknowledges shortcomings in the disclosure of safeguard documents for the PDP. The Panel notes Management's acknowledgement that the safeguard provisions for disclosure of project documentation have not been fully observed and are being rectified.</p> <p>The Panel notes that though the consultation requirements of Bank policies on Environmental Assessment, Involuntary Resettlement, and Indigenous Peoples may vary, what they have in common are the principle requirements for early, meaningful, and continuous consultations with project affected persons during project preparation and implementation. The objective of these requirements is to improve project design, minimize adverse impacts, and enhance project benefits. The Panel notes that in the case of the KDTL, a lack of sustained communication and consultation during project preparation and implementation led to the spread of misinformation about the transmission line, especially as stated earlier, about its perceived health impacts, and this contributed to the opposition to the ROW. In light of the foregoing, and while noting the precarious security situation prevalent in Sindhuli district at the time of KDTL preparation and implementation and the travel restrictions this placed on Management, the Panel finds that Management did not ensure adequate, timely and meaningful consultations during Project preparation and implementation, in non-compliance with OP/BP 4.01 Environmental Assessment,</p>	243-255	<p>Comment: Management acknowledged in its Response to the Request for Inspection that the disclosure of safeguard documents for the PDP required significant strengthening. Since then NEA has followed Bank advice to disclose core Project documents in English and Nepali. These documents have also been disclosed in English on the Bank's InfoShop website. In addition, the NEA disclosed the updated RAP and VCDP:</p> <ul style="list-style-type: none"> • English versions were posted on the NEA website on April 4, 2014 and on the Bank's InfoShop website on March 1, 2014 (VCDP) and March 31, 2014 (RAP); • Nepali versions of both documents were posted on the NEA website on April 17, 2014; • Hard copies of the Nepali versions of both documents were distributed by NEA in project areas on May 10, 2014. <p>For the updating of the RAP and the VCDP, 30 community consultations were carried out, which included 17 with Indigenous communities and 13 with Dalits. Altogether, 51 PRAs including 28 with Dalits and 23 with indigenous groups (three PRA in each VDC/municipality) were conducted. In total, 775 participants, including 46.1% women, representing indigenous and vulnerable groups participated in the PRA exercise carried out during the data collection process.</p> <p>Management agrees that the communication and consultation efforts during Project preparation and implementation could have been more vigorous and that there is room for further strengthening.</p> <p>Management also appreciates the Panel's recognition of the constraint that NEA and the Bank faced during Project preparation and implementation, such as the precarious security situation in the Project area.</p> <p>Action: NEA, with support from the Bank, will continue dissemination of Project implementation information among the affected communities and engage them in a consultative and participatory manner in the implementation of the RAP and VCDP. The consultation process will continue until the RAP and VCDP are implemented. The Bank will support and monitor the process of information disclosure and consultations.</p>

No.	Issue/Finding		Comment/Action
	OP/BP 4.10 Indigenous Peoples and OP/BP 4.12 Involuntary Resettlement.		

Annex 2
Implementation Status of 2013 Management Action Plan
As of March 12, 2015

SUMMARY

As of March 12, most of the activities under the Action Plan have been completed except for the compensation for ROW and implementation of the updated VCDP and RAP, which are anticipated to take another three months to complete. The progress of implementation of the Action Plan is summarized below. Detailed information for each action is provided in the Table 1.

A) Complete outstanding compensation disbursement and Resettlement and Rehabilitation (R&R) assistance

Compensation in Sindhuli District: Owners of **78%** of the land plots affected by the ROW, or **124** out of 159, have accepted the new compensation package. The compensation has been paid to owners of 117 plots and seven plots are in process. The owners of the remaining **35 (22%)** plots have thus far refused to accept the compensation package, indicating that they will decide whether or not to accept the new compensation package after the Inspection Panel Report is disclosed.

The Government of Nepal, Department of Roads, has deposited funds equal to the outstanding compensation amount into a special purpose account of the DAO. The remaining 35 owners can collect their compensation amount from the DAO.

Compensation in Dhanusa and Ramechhap districts: There is no dispute in these districts regarding compensation amount. The land acquisition for all tower pads has been completed and compensation delivered at 93 % and 95% respectively. The compensation for the ROW has been made for 68% of the land plots in Dhanusa district and 52% in Ramechhap district.

The remaining compensation could not be made because the owners are out of the area/country, despite various efforts made by NEA and DAOs to contact them, including placing notices in VDC offices and 2 local newspapers in Dhanusa and 5 in Ramechhap. NEA has deposited funding of 110 percent of the total outstanding compensation amount into the special purpose account of the respective DAOs. The eligible owners can collect the compensation amount from the DAOs.

B) Hire communication/social specialist

Completed.

C) Appoint community liaison officer for key communications

Completed.

D) Update VCDP and ARAP

The VCDP and RAP have been updated and cleared by the Bank. The updated VCDP and RAP have been disclosed (both English and Nepali versions) at the DAOs of the three districts, on the NEA website and at the Bank's InfoShop.

E) Complete implementation of updated VCDP and ARAP

Implementation of updated VCDP: The livelihood improvement and income project and vocational skills training have been completed in Dhanusa and Ramechhap districts. These activities could not be initiated in Sindhuli district as the local people did not allow NEA to conduct these programs. Regarding construction of various community infrastructure projects, field survey, consultations, design and feasibility have been completed; budget has been allocated by the Government to NEA; and physical construction of the infrastructure projects is either completed or underway. NEA anticipates that all the infrastructure projects will be completed by June 2015.

Implementation of updated RAP: Funds have been disbursed for replacement of houses/structures within the ROW and R&R assistance to the eligible owners is in line with the actual resettlement. A total of 50 housing structures are affected in the three districts. In Dhanusa, all 8 houses have been fully compensated. In Ramechhap, 6 out of the 13 houses affected have been fully compensated and the remaining 7 houses have received the first 50% compensation but are not yet demolished. In Sindhuli, 12 out of the 29 houses affected have been fully compensated, 5 houses received the first 50% compensation but are not yet demolished and the remaining 12 houses have not accepted the first 50% compensation. The remaining resettlement amount and R&R assistance will be disbursed after the affected persons demolish their houses/structures under the ROW.

F) Strengthen the current project GRM

Completed and operational.

G) Supplemental consultations and interaction with affected communities

Adequate supplemental consultation with local communities was conducted by NEA.

Inter-action with affected communities in Sindhuli District is ongoing.

H) Develop and disseminate new communication materials at three sites (Khimti, Dhalkebar and Sindhuli)

Completed.

DETAILED IMPLEMENTATION STATUS OF THE ACTION PLAN

See table below for details.

Table 1. Detailed Review of Implementation Status of Action Plan

Action	Targeted Date	Progress as of March 12, 2015
Complete outstanding compensation disbursements + Resettlement & Rehabilitation assistance	End October 2013	<p>In Dhanusa District (for the full length of ROW): Completed.</p> <ul style="list-style-type: none"> • <u>Land acquisition for all 42 tower pads</u> (on both government and private land) has been completed and all towers erected; <ul style="list-style-type: none"> ○ 93% of the compensation amount for land acquired for tower pads has been disbursed; ○ Funding for the outstanding compensation (NPR 26,737) remains in the special purpose account of the District Administration Office (DAO). • <u>ROW compensation:</u> out of total 145 land plots affected by the ROW, owners of 98 plots (68%) have been fully compensated. <ul style="list-style-type: none"> ○ Despite best efforts, including public notices published in a local daily newspaper, owners of the remaining land plots could not be traced; ○ Funding for outstanding ROW compensation (100% plus additional 10%) in the amount of NPR 2,725,903 was deposited into the special purpose accounts of the DAO on Oct. 27, 2014. The account balance to date is NPR 2,491,747. <p>In Ramechhap District (for the full length of ROW): Completed.</p> <ul style="list-style-type: none"> • <u>Land acquisition for all 51 tower pads</u> (on both government and private land) has been completed and all towers erected; <ul style="list-style-type: none"> ○ 95.4% of the compensation for land acquired for tower pads has been disbursed; ○ Funding for the outstanding compensation (NRs 230,859) remains in the special purpose account of the DAO. • <u>ROW compensation:</u> out of total 520 land plots affected by the ROW, owners of 275 plots (52%) were fully compensated; <ul style="list-style-type: none"> ○ Despite best efforts, including public notice published in a local daily newspaper, owners of remaining land plots could not be traced. ○ Funding for all outstanding ROW compensation (100% plus additional 10%) in the amount of NPR 5,710,267 was deposited into the special purpose accounts of the DAO on Oct 27, 2014. <p>In Sindhuli District (82 towers in total for the full length of ROW): issues related to the disputed ROW section, 3.85 km with 159 land plots affected, are still not fully resolved:</p> <ul style="list-style-type: none"> • <u>A new compensation package in response to demands of affected households</u> was announced in local newspapers, and explained to a wide audience in Sindhuli District through several rounds of consultation and communication events. The Bank team's meeting with the Struggle Committee in Kathmandu and field visits in Sindhuli District have confirmed that local communities are well aware of the new compensation packages; • Land cadastral survey for the feeder road, covering the entire 3.85 km section, as part of the new compensation package, was completed and 159 land parcels (123 owners) affected were confirmed. The list of the affected land parcels and their owners were published in a local newspaper. Bank team meetings with the Struggle Committee and field visits to the affected households in Sindhuli District have confirmed no confusion on which land plots and whose land plots are affected by the Project; • Land value for the affected land parcels was assessed and announced by the Land Value Fixation Committee;

Action	Targeted Date	Progress as of March 12, 2015
		<ul style="list-style-type: none"> • The Government of Nepal through the Division Office/Road Department, Janakpur has acquired, in accordance with the Land Acquisition Act, the 159 land parcels for constructing the feeder road along the ROW in the disputed areas of Kamalamai municipality of Sindhuli district; • NEA has conducted supplemental consultations with updated project communication materials in response to the concerns raised by the local communities, such as impacts on health, cultural and religious sites, schools, land use under the ROW, GRM, etc.; • Budget for 100% land value compensation for all affected land parcels was disbursed by the Road Dept. to the DAO, which is responsible for processing registrations of claims for compensation from the affected households and verifying and disbursing the cash compensations. • <u>Progress of compensation for the problem ROW/feeder road section.</u> Out of 159 affected land plots (123 owners) identified: <ul style="list-style-type: none"> ○ Owners of 124 land plots (78%) have agreed to the new compensation package. Compensation has been paid to owners of 117 plots and compensation to owners of another 7 plots is being processed; ○ Owners of 35 land plots (22%) have not yet accepted the compensation (some of them refused to accept and some others refused to discuss the issue of compensation, as found during the field consultation in March 2014). ○ Funding for full compensation of the remaining 35 land plots remains in the special purpose account of the DAO.
Hire communication/social specialist	End October 2013	<ul style="list-style-type: none"> • A Communication Officer was hired in November 2013, and has assumed his function and helped NEA to hold local-level consultations and organize information dissemination events and communication with local people; • The Communication Officer has been holding frequent consultations with the members of the Struggle Committee to listen to and record their grievances. The Communication Officer has forwarded the grievances to the concerned offices of the Government such as the Chief District Officer, Road Division Office, District Cadastral Survey Office etc.
Appoint community liaison officers for key communities	End October 2013	<ul style="list-style-type: none"> • One Liaison Officer, recruited from among the PAPs, has been functioning since March 2014 in Sindhuli as the first point of contact for local people to express grievances under the new Project Grievance Redress Mechanism (GRM); • Regarding the concerns of impact on health, NEA hired a Professor of Occupational Health Hazard from Engineering Institute, to communicate with the affected community regarding their health concerns related to transmission lines.
Update VCDP and ARAP	October 2013	<p>The VCDP and ARAP have been updated and cleared by the Bank and disclosed. These documents have been disclosed as follows:</p> <ul style="list-style-type: none"> • English versions were posted on the NEA website on April 4, 2014 and on the Bank's InfoShop website on March 1, 2014 (VCDP) and March 31, 2014 (ARAP); • Nepali versions were posted on the NEA website on April 17, 2014; • Hard copies of the Nepali version were distributed by NEA in project areas on May 10, 2014.
Complete implementation of updated VCDP and ARAP	November 2013	<ul style="list-style-type: none"> • <u>Implementation of the updated RAP</u> is underway. The Project has disbursed NRs. 77,000 in Dhanusa District, NRs. 88,000 in Ramechhap District, and NRs. 199,000 in Sindhuli District as resettlement amount and R&R assistance to the owners of the permanent houses/structures within the 30-meter ROW of the transmission line. This represents 87.5%, 57.1% and 48.7% of the total funds allocated to each district respectively. A total of 50 houses/structures are affected in the three districts. In Dhanusa, all 8 houses have been fully compensated. In Ramechhap, 6 out of the 13 houses affected have been fully compensated and the remaining 7 houses have received the first 50% compensation but are not yet demolished. In Sindhuli, 12 out of the 29 houses affected have been fully compensated, 5 houses received the first 50% compensation but are not yet demolished and the remaining 12 houses have

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Action	Targeted Date	Progress as of March 12, 2015																			
		<p>not accepted the first 50% compensation. The remaining resettlement amount and R&R assistance will be disbursed at the demolition of the remaining houses/structures under the ROW.</p> <ul style="list-style-type: none"> • Implementation of the VCDP: The NEA Project Unit signed an MOU with ESSD of NEA for the implementation of VCDP on June 13, 2014. The status of implementation of the VCDP is as follows: <ol style="list-style-type: none"> a) Field survey, consultations, feasibility study, design, and cost estimation of VCDP activities completed in all districts; b) Budget for implementation approved by NEA management and funding has been allocated from Ministry of Finance to NEA for implementation; c) Status of implementation of VCDP programs is summarized below: <table border="1" data-bbox="506 565 1967 943"> <thead> <tr> <th data-bbox="506 565 800 602">VCDP Programs</th> <th data-bbox="800 565 1062 602">Dhanusa</th> <th data-bbox="1062 565 1325 602">Ramechhap</th> <th data-bbox="1325 565 1967 602">Sindhuli</th> </tr> </thead> <tbody> <tr> <td data-bbox="506 602 800 662">Livelihood improvement and income program</td> <td data-bbox="800 602 1062 662">Complete</td> <td data-bbox="1062 602 1325 662">Complete</td> <td data-bbox="1325 602 1967 662">Not started, as local people are waiting for Inspection Panel Report.</td> </tr> <tr> <td data-bbox="506 662 800 722">Vocational skill training</td> <td data-bbox="800 662 1062 722">Complete</td> <td data-bbox="1062 662 1325 722">Complete</td> <td data-bbox="1325 662 1967 722">Not started, as local people are waiting for Inspection Panel Report.</td> </tr> <tr> <td data-bbox="506 722 800 943">Construction of community infrastructure support program</td> <td data-bbox="800 722 1062 943"><i>Construction: on-going, completion of various projects by end June 2015</i></td> <td data-bbox="1062 722 1325 943"><i>Construction: on-going, completion of various projects by end June 2015</i></td> <td data-bbox="1325 722 1967 943"><i>Conservation of Sindhuli Gadi Fort: Completed.</i> <i>Other infrastructure projects: Activities could not be initiated as local people did not allow the NEA ESSD team to start construction activities. Local people are waiting for disclosure of the Inspection Panel Report before starting any project related works.</i></td> </tr> </tbody> </table> 				VCDP Programs	Dhanusa	Ramechhap	Sindhuli	Livelihood improvement and income program	Complete	Complete	Not started, as local people are waiting for Inspection Panel Report.	Vocational skill training	Complete	Complete	Not started, as local people are waiting for Inspection Panel Report.	Construction of community infrastructure support program	<i>Construction: on-going, completion of various projects by end June 2015</i>	<i>Construction: on-going, completion of various projects by end June 2015</i>	<i>Conservation of Sindhuli Gadi Fort: Completed.</i> <i>Other infrastructure projects: Activities could not be initiated as local people did not allow the NEA ESSD team to start construction activities. Local people are waiting for disclosure of the Inspection Panel Report before starting any project related works.</i>
VCDP Programs	Dhanusa	Ramechhap	Sindhuli																		
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Strengthen the current Project GRM	End October 2013	<ul style="list-style-type: none"> • The new GRM, including names and contact information, was widely disseminated in the field consultation on March 17-20, 2014. It is also part of the new communication materials; • The new GRM in place now operates on 3 tiers: (i) Communication Officer and Liaison Officer; (ii) Project Manager; and (iii) Chief District Officer; • The APs and public were informed in March 2014 that the new Communication Officer and Liaison Officer are the frontline staff of the Project to hear the grievances and address them at the first stage; • The Project staff will keep up its system of thorough maintenance of records of all grievances/consultations/tasks performed under the GRM. 																			
Continuing consultations and inter-action with affected communities to reach conclusion on the ROW of	Continuous activity in the remaining period of Project	<p>For update of VCDP and RAP</p> <ul style="list-style-type: none"> • The ESSD team held 51 consultations with the IPs and vulnerable groups comprising 775 participants, including 46% women in the Project districts during March 1-15, 2014 to update the VCDP; • The Bank's Social Development Consultant visited 15 sites during ESSD's consultations; <p>For consultations and communications in Sindhuli District</p> <ul style="list-style-type: none"> • The Communication Officer has been in consultation and communication with affected communities since February 2014; 																			

Action	Targeted Date	Progress as of March 12, 2015
the disputed stretch.	implementation	<ul style="list-style-type: none"> • Regarding the concerns about impacts on health, a Professor of Occupational Health from the Engineering Institute visited Sindhuli District twice to communicate with the local communities about their concerns regarding health impacts of transmission lines; • NEA conducted a major round of consultation in Sindhuli during February 22-25, 2014, with Bank participation. In addition to communication on all concerns of the local people, the NEA and Bank joint team together with the representatives of the Struggle Committee and the APs visited the schools, cultural and religious sites claimed by local people to be affected: <ol style="list-style-type: none"> a) It confirmed that none of them are within the ROW, except for the “aad,” a non-occupied historic sub-structure of Sindhuli Gadi Fort (a number of structures used for a victorious battle against foreign invasion of Nepal), over which the transmission line passes; the sub-structure will not be removed; and b) Based on consultations with the local people and Government authorities, measures for conservation of the “aad” were prepared and included as part of the updated VCDP; • NEA and Bank team including the Country Director and other senior staff held close consultations and interactions with different stakeholders during March 17-20, 2014. These include: <ol style="list-style-type: none"> a) Meeting with Struggle Committee, Accountability Council representative, PAPs, and local people interested in the project in Kathmandu and in Sindhuli District; b) Visit with the directly-affected households along the 3.85 km ROW section under dispute, answering their questions and distributing project information; c) Meeting with local political leaders and news media in Sindhuli District for communication on people’s concerns and dissemination of project information; and d) Visit to sites of religious and historical importance, namely, Kamalamai Temple, Bhadrakali Temple and Sindhuligadi (Gadi Fort).
Develop and disseminate new communications materials at 3 sites (Khimti, Dhalkebar & Sindhuli)	Possibly by end November; depends on hiring of Social Specialist by NEA	<p>Different types of project information materials in Nepali were developed and distributed to the local communities and released to local news media during the field visit of March 17-20, 2014. The materials include:</p> <ul style="list-style-type: none"> • Project information and graphic illustration of benefit of electrification. • Graphic illustration of affected range of ROW and restricted use of ROW; • Other project impacts, including health, and entitlement for compensation; • Poster with photos of example ROWs going through residential areas in Europe, USA and Kathmandu City; and • The project level GRM, including its structure and contact information at different levels.