

**BANK MANAGEMENT RESPONSE TO THE  
REQUEST FOR INSPECTION PANEL REVIEW OF THE  
UTTARANCHAL DECENTRALIZED WATERSHED DEVELOPMENT PROJECT  
(IDA CREDIT NO. 3907-IN)**

Management has reviewed the Request for Inspection of the Uttaranchal Decentralized Watershed Development Project (IDA Cr. No. 3692-IN), received by the Inspection Panel on March 7, 2007 and registered on March 23, 2007 (IPN Request RQ07/02).

Management asks that the Panel consider this Request ineligible for investigation because:

- (i) The Request's subject matter was not brought to Management's attention before the Request was filed. The Requesters contacted the Inspection Panel on March 7, 2007. They subsequently sent an email to the Country Director on March 17, 2007, requesting a meeting. As the Country Director was on leave the Requesters received an automated out-of-office response with a contact name and a telephone number. The Notice of Registration from the Inspection Panel to the Board was received by Management on March 23, 2007, without Management having prior knowledge of the complaint raised. Management therefore did not have an opportunity to understand or address possible concerns.
- (ii) The Request does not make reference to violation of operational policies and procedures by the Bank. It does not provide information on villages or individuals that may have been adversely affected by the Project nor does it provide evidence of harm or wrongdoing that has or is likely to have a material adverse effect on the Requesters.

Management has prepared the following response.

## CONTENTS

Abbreviations and Acronyms .....	iii
I. Introduction .....	1
II. The Request .....	1
III. Project Description.....	2
IV. Management’s Response .....	4

### **Annexes**

Annex 1: Claims and Responses .....	10
Annex 2: Chronology .....	12
Annex 3: World Bank Missions .....	13
Annex 4: Record of March 30 Discussion with Requesters .....	14
Annex 5: Physical Achievements of Project to Date.....	16

### **Map**

Map 1. IBRD 33043. India: Uttaranchal Decentralized Watershed Development Project

## **ABBREVIATIONS AND ACRONYMS**

BP	Bank Procedures
CDD	Community-Driven Development
ESMF	Environmental and Social Management Framework
GP	Gram Panchayat
GPWDP	Gram Panchayat Watershed Development Plan
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IPN	Inspection Panel
IWDP	Integrated Watershed Development Hills 2 Project
NGO	Nongovernmental Organization
OD	Operational Directive
OP	Operational Policy
UDWDP	Uttaranchal Decentralized Watershed Development Project

## **CURRENCY EQUIVALENTS**

(Exchange Rate Effective April 17, 2007)

Currency Unit = Indian Rupees

Rs.41.79 = US\$1

## I. INTRODUCTION

1. On March 23, 2007, the Inspection Panel registered a Request for Inspection, IPN Request RQ07/02 (hereafter referred to as “the Request”), concerning the Uttaranchal Decentralized Watershed Development Project (IDA Cr. No. 3692-IN) financed by the International Development Association (IDA).

2. This document is Management’s response to the Request. Section II of this document summarizes the Request and Notice of Registration. Section III provides background on the Project. Management’s response is provided in Section IV. Annex 1 presents the Requesters’ claims, together with Management’s detailed responses in tabular format. Annex 2 describes the chronology of events related to the Request. Annex 3 summarizes World Bank missions during Project preparation and supervision. Annex 4 is the record of discussion with the Requesters, and Annex 5 lists the Project’s physical achievements to date.

## II. THE REQUEST

3. The Request for Inspection was submitted by an organization called “Sarvodya” on its own behalf. Sarvodya (hereafter referred to as the “Requesters”) is a nongovernmental organization (NGO) involved in community development and carbon financing projects in Uttaranchal with a letterhead address of Mandawali Fazalpur Unchepar, Delhi, 110092. The President of Sarvodya, Mr. Tejender Kotnala, is a small contractor based in Uttaranchal. The Request is composed of two letters, dated February 21, 2007<sup>1</sup> and March 9, 2007.<sup>2</sup>

4. The Request makes no reference to non-compliance with the Bank’s policies or procedures. However, the Inspection Panel has indicated that the Request contains claims that may constitute violations by the Bank of the following policies and procedures:

- OP/BP 4.01, Environmental Assessment, January 1999;
- OP/BP 4.04, Natural Habitats, June 2001;
- OD 4.15, Poverty Reduction, December 1991;
- OP/BP 4.36, Forests, November 2002; and
- OP/BP 13.05, Project Supervision.

---

<sup>1</sup> Received by Inspection Panel on March 7.

<sup>2</sup> Received by Inspection Panel on March 9.

### III. PROJECT DESCRIPTION

5. **Background.** The Uttaranchal Decentralized Watershed Development Project (UDWDP) was approved by the Board of Executive Directors on May 20, 2004 and became effective on September 10, 2004. The total Project cost is US\$ 89.35 million, of which US\$ 69.62 (SDR 47.7 million) is financed by an IDA Specific Investment Credit. The Project closing date is March 31, 2012. As of March 29, 2007 US\$ 6.67 million, or 14 percent of the Credit, had been disbursed.

6. The Borrower's representative is the Ministry of Finance and the responsible agency is the Watershed Management Directorate, Indira Nagar Colony, Government of Uttaranchal, Dehradun, India.

7. The Project builds upon and scales up the successful experiences of the IDA/IBRD-financed Integrated Watershed Development Hills II Project (IWDP), which closed on March 31, 2005. The IWDP covered five States with US\$ 45 million earmarked for Uttaranchal. Impact studies, including the Implementation Completion Report, demonstrated that the IWDP had considerable success in increasing productivity of agriculture while improving the natural resource base, as well as increasing incomes of beneficiaries. As with the UDWDP, the predecessor project was implemented by the Watershed Management Directorate.

8. The UDWDP's geographical coverage comprises 20 sub-watersheds in the mid-Himalayan region of Uttaranchal. It aims to benefit the populations of about 450 Gram Panchayats (GPs) and cover an area of about 300,000 ha. The Project area includes about 19 blocks (Bhikiyasain, Choukhutiya, Dwarhat, Bageshwar, Garur, Kapkot, Lohaghat, Gangolihat, Munakot, Vin, Kalsi, Chinyalisaur, Jaunpur, Thouldhar, Augustmuni, Gairsain, Kamprayag, Dwarikhal, and Jaiharikhal).

9. **Project Objectives:** The Project development objective is *“to improve the productive potential of natural resources and increase incomes of rural inhabitants in selected watersheds through socially inclusive, institutionally and environmentally sustainable approaches.”* The objective encompasses three themes: (i) community participation in watershed development and management aimed at integrating land/water use with the objectives of moisture retention and biomass production, while simultaneously enhancing incomes and livelihood options; (ii) strengthening administrative capacity of GPs to manage financial resources, implement sub-projects, deliver legally mandated services (in the context of natural resource management), and to sustain those services beyond the duration of the Project; and, (iii) ensuring equitable participation by all groups, particularly the landless and women who rely disproportionately on natural resources for food, fodder, and fuel.

10. **Project Components:** There are three components.

- **Participatory Watershed Development and Management (US\$ 55.95 million):** This includes *social mobilization and community-driven decision making* for participatory watershed planning at the village level; establishment of Revenue Village Committees as representative bodies of resource users; identification of treatments on arable and non-arable lands; and integration of community proposals into Gram Panchayat Watershed Development Plans (GPWDPs). NGOs are contracted to assist in participatory watershed planning. This component also includes *watershed treatments and village development*,

where a budget envelope is provided to each GP based on a formula incorporating the total area and total population. Within this budget envelope, communities prioritize (with the help of the Environmental and Social Management Framework (ESMF)), implement, operate and maintain village development and watershed investments as articulated in GPWDPs.

- ***Enhancing Livelihood Opportunities (US\$ 14.25 million):*** This includes *farming systems improvement* by increasing the role of the private sector, input supply and support services, and also increasing the participation of farmers in choice of technologies. It finances the introduction of improved technologies and practices for agriculture, horticulture, silvi-pastoral treatments and animal husbandry through co-financing of demonstration sub-projects with Farmer Interest Groups. The sub-component *value addition and marketing support* establishes an agribusiness pilot to: (i) identify potential niche market opportunities; (ii) establish links with private sector entrepreneurs to help in exploiting market potential; (iii) disseminate appropriate information and technology to farmers to facilitate their entry into production; (iv) co-finance sub-projects with Farmer Interest Groups (on a one-time subsidy basis); and (v) co-finance sub-projects with private sector entrepreneurs (also on a one-time subsidy basis) for storage, processing and or marketing infrastructure. Finally, the sub-component *income-generating activities for vulnerable groups* is designed to finance small income-generating micro-enterprises for vulnerable groups (women and landless).
- ***Institutional Strengthening (US\$ 17.29 million):*** This includes *capacity-building of GPs and local community institutions* that finances: (i) training of elected officials of GPs in core administrative functions; (ii) the application of the ESMF; and (iii) training of community representatives, Self-Help Groups and community organizations in Project related activities. It also provides an incentive fund to GPs to encourage improved performance. This component also includes *information, education and communication*, which finances a communications strategy to increase general awareness about the Project, terms of participation and overall transparency amongst all stakeholders. The sub-component *project coordination, monitoring and management* covers: (i) organizational change management initiatives; (ii) a Management Information System, Geographic Information System, and impact evaluation; (iii) participatory monitoring; (iv) limited construction of office and/or residential quarters for field staff; and, (v) incremental operating costs of the Watershed Management Directorate.

11. **Project Implementation.** The responsibility for overall Project implementation, coordination and monitoring lies with the Watershed Management Directorate under the Chief Project Director. The Watershed Management Directorate is responsible for establishing Project Directors in each of the Divisions and Deputy Project Directors and Multi-Disciplinary Teams in the target districts and blocks; recruiting NGOs to assist with implementation; operationalizing the communications strategy; ensuring quality of Project processes; organizing the capacity-building and training of stakeholders; organizing timely monitoring and learning activities; and contracting third party baseline and impact evaluations.

#### IV. MANAGEMENT'S RESPONSE

12. Management concludes that *the Bank has complied with the relevant Bank operational policies and procedures*, and provides support for this conclusion below.

13. **Management's Inquiry into the Request.** The Requesters first contacted the Inspection Panel on March 7, 2007, and then again on March 9 (with copy to the Country Director) expressing their concerns and asking for an investigation (see the Chronology in Annex 2). The Requesters next sent an email on Saturday, March 17 to the Country Director requesting a meeting. As the Country Director was on leave, the Requesters received automated out-of-office responses on both the March 9 and March 17 communications, with a contact name and telephone number. The Notice of Registration from the Inspection Panel to the Board was received by Management on March 23, 2007. There had been no other communication between the Requesters and the Bank up to that point.

14. Since there was no evidence presented in the Request, the Task Team contacted the Project management in Uttaranchal to find out if they had any knowledge of the complaint. The Project management responded that they had no knowledge of the complaint or the Requester, nor had they received complaints from any other source about the UDWDP. As the Task Team could not furnish any specific information, such as villages where complaints may have arisen, the Project management is unable to confirm or deny the Requesters' allegations.

15. The Request (initial communication to the Inspection Panel) states that "We, the representatives of Sarvodya {...} are likely to suffer as a result of the World Bank's omissions" in the Project. However, Management has since confirmed that none of the five signatories in the Request are resident in the Project area. Furthermore, the Requesters state (see Annex 4) that they are not *directly* affected by the alleged shortcomings of the Project, but that they are affected *indirectly*. They are not specific about how they are affected indirectly.

16. **Meeting with the Requesters.** In an effort to better understand the substance of the Request, on March 29, 2007 the Task Team Leader (TTL) contacted the Requesters. On March 30, three members of the Task Team and a representative from the Legal Department met with the Requesters (Mr. Kotnala and Mr. Satish Gutta, an advisor to the Requesters). The agenda of the meeting was to seek elaboration of the complaint. The record of discussions, which was agreed to via email by the Requesters on April 1, is attached as Annex 4.<sup>3</sup>

17. In brief, the Requesters explained at the meeting that Mr. Kotnala had visited several villages in the Project area and found sub-standard works that he said were financed by the UDWDP. He stated that: (i) works relating to water harvesting structures did not have appropriate irrigation channels, leading to soil erosion; (ii) pipes laid down for transporting water from water tanks are of sub-standard quality and may corrode within the next 5 years; (iii) construction of water tanks has denied free movement of livestock; and (iv) the development program is largely on paper and there is little progress on the ground to improve living standards of the people. In addition, he states that Project officials do not visit the field. The Requesters also said they had received letters from 400 persons complaining about the quality of the Project. At the meeting, Mr. Kotnala said

---

<sup>3</sup> A Hindi translation of the record of discussions was also provided by the Bank to the Requesters.

that, during the week of April 2, he would provide the names of the villages that he and his team had visited over the last six months.

18. As of the date of this Response, Management has not received any further information or any other communication from the Requesters along the lines agreed to in the record of discussions. Without such information and given that Project officials are also not aware of the claims, it is not possible for the Bank to address the concerns of the Requesters. Management intends to contact the Requesters again and ask that they possibly accompany a Bank team to visit some of the villages in question.

19. **Specific Responses to the Claims.** Management notes that, according to BP 17.55, “requests for inspection shall be in writing and shall state all relevant facts”. According to the IP Operating Procedures (<http://www.worldbank.org/inspectionpanel> at 5(e) – Preparation of a Request/Contents of a Request), a Request should contain “a description of the steps taken by the affected party to resolve the violations with Bank staff, and explanation of why the Bank's response was inadequate.” The Request received by Management contains only general allegations, without description, names or places that are allegedly suffering from the Project.

20. Since Management has not received specific information, the Management Response can only be at a general level.

21. The Request states that the participatory watershed development and management component is not being implemented as per the original appraisal plans, therefore the communities “are likely to suffer”. Management wishes to state that the UDWDP adopts principles of Community-Driven Development (CDD) and, in contrast to the IWDP focus on *ad hoc* village development committees; it is being implemented through GPs (the lowest level of government in India), that have less experience in implementing such activities. Accordingly, the inception phase of the Project is focused almost exclusively on social mobilization, capacity-building, and the drafting of the GPWDPs. Without these Plans, no sub-project implementation will take place. At present, the Project is working with 340 GPs (three-quarters of the target) and Plans have been completed for 227 of these. Physical implementation of sub-projects is only now beginning (only 3.35 percent of allocation under the watershed component has been expended). Physical achievements to date are summarized in Annex 5.

22. Management wishes to note inconsistencies in the Requesters’ claims of where communities are suffering as a result of the Project. The Record of Discussion with the Requesters indicates that they visited the following Districts: Chamoli, Rudraprayag, Pauri, and Almoda; and the following blocks: Dharchula, Bhuwali, and Dakpathar. The Project has confirmed with Management that three blocks (Dharchula, Bhuwali, and Dakpathar) do not fall within the Project area. The districts mentioned are indeed in the Project area. However, in Pauri district the Project has not begun, and in Almoda district, there are no activities since the communities are still at the planning stage. In Chamoli district (specifically in Gairsain division), there are agricultural demonstration activities taking place, but no physical works. Only in Rudraprayag district (specifically in Augustmuni division) have physical works started (see Annex 5 for the implementation status).

23. Furthermore, in learning from and incorporating lessons from the IWDP, the Task Team designed the Project as a seven year project to enable a more robust participatory process to take



place. The Project is beginning the third year of implementation and is on schedule. There is no significant disbursement lag. In the judgment of Management, the Project is being implemented faithfully as per the original appraisal plans. Any concerns about the slow pace of the Project and lack of concrete results on the ground to date must be seen in light of the Project cycle that uses the CDD approach and is implemented through GPs.

24. The Request also states that it fears suffering on the part of the Project beneficiaries, but does not explain how the Project has led to a material adverse effect. According to BP 17.55, “Non-accomplishments and unfulfilled expectations that do not generate a material deterioration compared to the without-project situation will not be considered as a material adverse effect for this purpose.” In May 2006, the Task Team sent an independent consultant to a randomly selected sample of 10 GPs chosen from the first batch of 43 GPs that had completed their GPWDPs. Through interactions with key stakeholders from the communities and Project staff, the consultant assessed the degree to which the planning process followed by the Project addressed principles of participation, equity, technical quality in watershed planning and sustainability of interventions. The overall findings were positive in terms of the technical quality of the Plans with each GPWDP containing an exhaustive amount of information including: historical background, resource endowment situation, demographic and geographic information, Participatory Rural Appraisal outputs, wealth ranking list and tabulated work plans. Some recommendations were made to strengthen the participation of women and poorest households, which were received positively by the Watershed Management Directorate and are being acted upon. Management thus concludes that while many communities under the Project may not (yet) be better off, they are no worse off as a result of the Project.

25. The Request raises concerns about the monitoring and management of the Project. Management verified that the Project is undertaking various types of monitoring: (i) as part of the lengthy participatory planning process that culminates in the GPWDPs, a considerable amount of data is collected and analyzed at sub-watershed, GP, village (hamlet) and household levels in order to understand the *ex-ante* resource endowment of the area, demography, wealth of households, status of vulnerable groups, etc., and also to identify potential opportunities to enhance sustainable productivity; (ii) regular physical and financial progress is captured through the Project’s Management Information System; (iii) a participatory monitoring and evaluation system is being piloted in 30 GPs and will then be scaled up to other areas, and; (iv) a well-designed baseline survey will enable a rigorous Impact Evaluation at the end of the Project. Management finds that the Project routinely produces high quality physical and financial status reports based on regular field monitoring (these are also available to the general public through the Project’s website: [www.gramya.in](http://www.gramya.in)). There has been a delay in the procurement of the firm to implement the baseline survey because of changes in staff at the headquarters of the Watershed Management Directorate -- a concern that has been consistently highlighted in Bank supervision reports. However, a firm has recently been selected to undertake the survey. Once completed, this baseline will lay the foundations for the Impact Evaluation. Management thus concludes that monitoring of the Project is adequate.

26. Management finds that the Project’s financial and physical targets are largely on track. As stated in the Project Appraisal Document, the disbursement target for Fiscal Year 2006/2007 is US\$ 12.41 million dollars. At the end of March 2007, the Project had disbursed about US\$ 7.6 million and by the end of June 2007 it will reach about US\$ 10.7 million. In terms of numbers of

GPs reached, the Project is now working with 340 (against a Fiscal Year 2006/2007 target of 350) and is therefore likely to exceed the outreach target. Supervision mission reports document overall good progress on capacity-building for communities and staff alike, as well as impressive achievements in terms of demonstration activities.<sup>4</sup> However, the Project has been slow to acquire staff, and also slow to hire key consultants and partner NGOs to handle such tasks as social mobilization and support for agribusiness activities. These agencies have now been contracted and implementation of these activities is catching up.

27. The UDWDP is being implemented by the Watershed Management Directorate, which has a strong track record of implementing externally financed projects. It was responsible for implementing the predecessor project (IWDP). The Implementation Completion Report for IWDP rates performance of the implementing agencies as “highly satisfactory”, and Uttaranchal was known as one of the two States which performed the best in the IWDP. Management is not aware of deficiencies of Project management, but would of course look into any specific complaints.

28. **Compliance with Specific Bank Policies.** The Inspection Panel’s Notice of Registration states that the claims in the Request may constitute non-compliance by the Bank with the following operational policies and procedures: Environmental Assessment, Natural Habitats, Poverty Reduction, Forests, and Project Supervision. However, since the Request does not make any specific reference to non-compliance with Bank’s policies and procedures, at this stage the Management Response can only address this issue in a generic way:

- ***Environmental Assessment (OP/BP 4.01):*** The potential environmental and social impacts of the Project may arise due to factors such as intensive agriculture pressure, fragile catchments, pressure on water bodies, increasing grazing pressure and dependency on biomass-based resources from the forest. A detailed ESMF was undertaken to assess these environmental concerns/impacts and provide adequate mitigation measures. These mitigations measures with environmental codes of practices were finalized through extensive consultations with all stakeholders including communities. The mitigation measures proposed under the ESMF are an integral part of the Project Operational Manual and are being applied consistently to GPWDPs. The latest supervision Aide Mémoire finds “substantial progress in ensuring environmental compliance.”
- ***Natural Habitats (OP/BP 4.04):*** The State has six Sanctuaries, six National Parks and two Conservation Reserves for wetlands. These areas are considered as biodiversity sensitive zones where conservation is practiced to protect both flora and fauna habitats. Each of these habitats has also been delineated with a buffer zone. The Project is implemented in 19 blocks of the State and none of them fall within the buffer zones of these natural habitats. However, assuming that the Project may undertake silvi-pastoral activities in some of the rangelands that provide fodder stock to semi-nomadic communities and the same rangeland

---

<sup>4</sup> A February 2007 Project status report indicates that 362 Farmer Interest Groups have been constituted and 250 GPWDPs have been finalized. Demonstrations have been established for agricultural crops (481 hectares), off-season vegetables (307 hectares), and fodder crops (178 hectares); high-value crops have been introduced on 232 hectares. There are 21 forest demonstration nurseries and 27 fodder demonstration nurseries. Under the capacity-building component, training for 2,117 staff members and 78,193 community members has been held. The physical works, as prescribed by the GPWDPs, are just beginning (see Annex 5 for a listing of these achievements). At this early stage, very few of these works have been viewed directly by Bank supervision teams.

may have been supporting habitat to some important species, this safeguard was triggered. The mitigation measures encapsulated in the ESMF under this OP use appropriate closed and open land management approaches, taking into account the carrying capacity of the area.

- **Poverty Reduction (OD 4.15):** The success of the IWDP in reducing poverty is established in that project's Implementation Completion Report (No. 34384).<sup>5</sup> The UDWDP builds on this success. The report of the Bank's Quality Assurance Group, Seventh Quality at Entry Assessment (QEA7), reviewed the UDWDP and found that Project is well focused on poverty issues, and will support many different activities to this end, tailored to the needs of specific groups including the poor and vulnerable groups (such as livelihood support activities for women and tribal peoples). The Project intends to give direct benefits to poorer households rather than letting benefits trickle down from activities of the non-poor. Use of a wealth ranking list in targeting beneficiaries is well established and the Project is well placed to translate this ranking into affirmative action whereby poorer households are actively identified and given preference over households that are better off.
- **Forests (OP/BP 4.36):** Forest area comprises almost half the State's area, and is under the control of the Forest Department. The vast majority of these forest areas (99 percent) belong to the Reserve Forest category, where development activities are not permitted without the approval of the national Government. While the Project has made a conscious effort to exclude these Reserve Forest areas from its target areas, the Forests safeguard was triggered on the assumption that some of the upper catchments of Reserve Forest areas may fall within the watershed treatment areas of GPs. The ESMF stipulates that the Project will allocate 25 percent of the watershed budget for treating inter-GP areas. The Reserve Forest areas of the inter-GPs will be treated in compliance with Forestry Department working plan guidelines as well as the Government of India's guidelines. To date, the Project has not encountered such forest patches within the beneficiary areas. Even if such patches fall within the hydrological boundary of the GPs, the Project will contribute positively to forest conservation and enhance the biomass base through the soil and water conservation measures in place. In addition, the Project is in the process of finalizing a carbon sequestration sub-project within the non forest areas that will follow a thirty-year conservation cycle.
- **Project Supervision (OP/BP 13.05):** Management believes that the Project has been adequately supervised by the Bank. The Project was launched soon after signing in October 2004 and supervised in February 2005, October 2005, June 2006, and December 2006. The next scheduled supervision is for May 2007. Supervision teams have had good representation from social and environmental safeguards specialists, procurement, financial management, and technical specialists. To date, a total of US\$ 226,000 has been spent on supervision. See Annex 3 for a list of Bank preparation and supervision missions.

---

<sup>5</sup> The Implementation Completion Report (pp. 23-24) finds that "at the general level, project impact seems to be substantial." To illustrate, the farm level financial impacts show an increase in net benefits of 94 percent for rainfed farms and 152 percent for irrigated farms. The report concludes that "the project generated increases have the potential to raise at least one member of the rainfed farm family and the two members of the partially irrigated farm family above the poverty line by the end of the project."

29. **Conclusion.** Management is committed to address any relevant issue pertaining to the proper implementation of the Project through its normal processes. However, Management asks that the Panel consider this Request ineligible for investigation for the following reasons: (i) Management had no knowledge of the Request before it was filed and had no opportunity to understand or address the concerns raised by the Requesters; and (ii) there is no reference in the Request to non-compliance with Bank policies or procedures and there is no specific information that would indicate material adverse effect by the Project which Management could effectively address.

## ANNEX 1: CLAIMS AND RESPONSES

Claim/Issue	Response
<p>1. In the Project report it has been mentioned that it will benefit the populations of Gram Panchayats by encouraging adoption of improved agricultural technologies and diversification of increased productivity and watershed approach for sustainable management of natural resources. As per findings the benefit has not been passed on to the community. (February 21, 2007 letter)</p>	<p>Physical implementation of sub-projects is only now beginning. Therefore, concerns about the slow pace of the Project and lack of concrete results on the ground must be seen in light of the Project cycle that uses the CDD approach, with implementing agencies (GPs/communities) that have less experience and require investment in social mobilization and substantial capacity-building.</p>
<p>2. The nature of our concerns with respect to above Project is mainly on the aspect of monitoring and management of the Project. The actual report on the beneficiaries by Gram Panchayats (village level institution) is available in our portfolio which shows that the actual improvement is not taking place, in enhancing livelihood opportunities. There are evidences available which shows that water harvesting measures, rejuvenation and development of water sources, treatment of catchment area through watershed treatments development is not taking place as per the monitoring plans.</p>	<p>The Project routinely produces high quality Project status reports based on regular and detailed field monitoring, which it shares with Management. In addition, the Project is piloting a participatory monitoring and evaluation system in 30 GPs, which it intends to scale up to other Project areas. The UDWDP is being implemented by the Watershed Management Directorate, which had a highly satisfactory track record during the predecessor project. Therefore, Management does not feel that the Project is being inadequately managed or monitored by the Watershed Management Directorate.</p>
<p>3. The participatory watershed development and management component is not being implemented as per the original appraisal plans therefore the community people are likely to suffer.</p>	<p>The Request provides few details about or examples of Project harm. Management wishes to confirm that the watershed development and management component is being implemented according to the appraisal plans. Management considers that while many communities under the Project may not (yet) be better off, they are not worse off as a result of the Project. If the predecessor project (IWDP) is a reliable indicator of what may be expected in the UDWDP, Management has every reason to believe that communities will eventually be significantly better off as a result of the Project.</p>
<p>4. We...would like to send further details on the above with evidences like CD-ROM with documentary films on the above World Bank Project showing the suffering of people/omissions concerning the people.</p>	<p>The Project team met the Requesters on March 30, 2007. The Record of the Discussion is attached in Annex 4. If specific evidence were provided, Management would investigate the claims as part of its normal supervision.</p>



## ANNEX 2: CHRONOLOGY

<b>Event</b>	<b>Date (2007)</b>	<b>Comments</b>
Initial Request for Inspection received by IPN	March 7	Letter dated February 21 and stamped March 7
IPN requests that Sarvodya should first contact Bank management (Country Director)	March 8	
Subsequent Request for Inspection received by IPN, with five signatures	March 9	Copied to Country Director who is on leave. Out-of-office message is generated with a contact name and telephone number
Sarvodya sends email to Country Director asking for a meeting	March 17	Country Director is on leave, same out-of-office message is generated
Notice of Registration from IPN, regional management informed	March 23	
Meeting with Requesters at World Bank and transmission of draft Record of Discussion to Requesters	March 30	
Requesters agreed to meeting Record	April 1	Via email

### ANNEX 3: WORLD BANK MISSIONS

<b>Dates of Visits</b>	<b>Mission Members</b>	<b>Purpose</b>
March/April 2003	E. Sennhauser (Natural Resources Specialist) T.C. Jain (Agriculture Specialist – Consultant)	Preliminary discussions
September/October 2003	Talib Esmail (TTL) Kiran Baral (Sr. Procurement Specialist) Manvinder Mamak (Sr. Financial Management Specialist) David Marsden (Lead Social Development Specialist) Madhavi Pillai (Sr. Natural Resources Management Specialist) Sarita Rana (Program Assistant) Sonia Sadhu (Sr. Environmental Specialist)	Preparation mission
November/December 2003	Talib Esmail (TTL) T.C. Jain (Agriculture Specialist – Consultant) Jacqueline Julian (Program Assistant) Manvinder Mamak (Sr. Financial Management Specialist) Madhavi Pillai (Sr. Natural Resources Management Specialist)	Preparation follow up mission
February 2004	Talib Esmail (TTL) Kiran Baral (Sr. Procurement Specialist) Ananya Basu (Economic and Financial Analysis) Sanjay Gupta (Communications Specialist) T.C. Jain (Agriculture Specialist – Consultant) Jacqueline Julian (Program Assistant) Manvinder Mamak (Sr. Financial Management Specialist) Madhavi Pillai (Sr. Natural Resources Management Specialist) Sonia Sadhu (Sr. Environmental Specialist) Mridula Singh (Social Development Specialist)	Appraisal mission
October 2004	Talib Esmail (TTL) Constance Bernard (Sector Director) T.C. Jain (Agriculture Specialist – Consultant)	Launch of Project / Supervision mission
March 2005	Talib Esmail (TTL) T.C. Jain (Agriculture Specialist – Consultant)	Supervision mission
October 2005	Talib Esmail (TTL) Kiran Baral (Sr. Procurement Specialist) Ivor Beazley (Sr. Financial Management Specialist) Sanjay Gupta (Communications Specialist – Consultant) Annu Ratta (Agribusiness Specialist Consultant) Ranjan Samantaray (Environmental Specialist – Consultant) Aditi Sen (Participatory Monitoring & Evaluation Specialist – Consultant) Mridula Singh (Sr. Social Development Specialist)	Supervision mission
May 2006	Mridula Singh (Sr. Social Development Specialist)	Supervision follow-up
June 2006	Talib Esmail (TTL) Manmohan Bajaj (Procurement Specialist) Ivor Beazley (Sr. Financial Management Specialist) E. M Shashidharan (Participation and Watershed Management Consultant)	Supervision mission
December 2007	Daniel Sellen (TTL) Manmohan Bajaj (Procurement Specialist) Atul Deshpande (Financial Management Specialist) Sanjay Gupta (Communications Specialist) T.C. Jain (Agriculture Specialist – Consultant) Annu Ratta (Agribusiness Specialist) Ranjan Samantary (Environmental Specialist)	Supervision mission



## ANNEX 4: RECORD OF MARCH 30 DISCUSSION WITH REQUESTERS

**Subject:** Request for Inspection of the UDWDP  
**Date and Venue :** March 30, 2007, New Delhi Office  
**Participants:** Requesters – Mr. Tejender Kotnala, President of Sarvodya and Mr. Satish Gutta, Adviser to Sarvodya;  
World Bank – Daniel Sellen (Task Team Leader), Philip Beauregard (Legal), Mridula Singh (Social Development Unit), and Prachi Seth (Program Assistant)

1. Mr. Tejender Kotnala and Mr. Satish Gutta responded to an invitation by the World Bank to discuss the issues raised by them regarding monitoring of the Bank-financed UDWDP. The aim of the meeting was to better understand the issues brought forth by representatives of Sarvodya in their Request for Inspection Panel review.
2. Sarvodya is a registered NGO which raises funds through donation and does not receive foreign or government funds. Mr. Kotnala clarified that all the five signatories to the letter, i.e., Dr. Anjali Thapliyal, Mr. Ranjeet Verma, Mr. Gaurav Thapliyal, Ms. Poonam and himself reside outside the Project area. As such, they are not directly affected by the Project. However, as members of Sarvodya, they work as volunteers in the region and represent the voice of the villagers. While working on carbon finance projects in Uttaranchal, representatives of Sarvodya were approached by the community people affected by the quality of the UDWDP.
3. Mr. Kotnala is a small contractor (civil works) based in Delhi (Mandawali Fazalpur Unchepar) and Uttaranchal (Village Bhangalwand, Near Kotdwar). The other signatories are either teaching or associated with research organizations in the region.
4. Mr. Kotnala informed us that he had sent two letters to the Project requesting information on the Project in February 2007. He did not receive any response from the Project officials. He later contacted the Inspection Panel and a copy of the email was sent to the Country Director stating the omissions and suffering of the communities. A photocopy of the correspondence in this regards was shared by the Requesters and made available in the meeting. The Requesters received an automatic out-of-office email message indicating that the Country Director, Isabel Guerrero, was out of the office and on administrative leave and would be back on March 14.
5. Mr. Kotnala is deeply concerned about the conditions of the people living in Uttaranchal. He therefore expressed concern regarding the gaps between the Project design and its implementation. He explained that for the past six months, he and his team regularly visited Uttaranchal. During the course of implementing Sarvodya program activities, Panchayat members complained to him about the quality of works implemented under the Project. He stated that: (i) works relating to water harvesting structures did not have appropriate irrigation channels leading to soil erosion; (ii) pipes laid down for transporting water from water tanks are of sub-standard quality and may corrode within the next 5 years; (iii) construction of water tanks has denied free movement of livestock; (iv) the development program is largely on paper and there is little progress on the ground to improve living standards of the people; (v) Project officials do not visit the field; and (vi) every common man shares the burden of repayment of the Bank's loan and if the program remains on paper then all will suffer. The Requesters stated that since there were still five years remaining for completion of the Project, the Project monitoring would be effective if carried out through a third party verification system.
6. Mr. Kotnala stated that he has received letters from 400 persons complaining about the quality of works. At the present meeting, he was unable to provide specific names of the villages that he and his team had visited over the last six months. He and his team visited the following Districts: Chamoli, Rudraprayag,

Pauri, and Almoda; and the following blocks: Dharchula, Bhuwali, and Dakpathar. The Requesters stated that some team members of Sarvodya have gone to collect more details and are likely to return by April 2 and thereafter the details may be made available.

7. Mr. Kotnala will share information with the Bank team during the week of April 2, 2007. He will provide the following: (i) names of the villages visited in the Project area; (ii) copies of correspondence sent to the Government of Uttaranchal; (iii) film and CD-ROM prepared on the Project; and (iv) copies of letters submitted to Sarvodya from villagers complaining about the Project.

## ANNEX 5: PHYSICAL ACHIEVEMENTS OF PROJECT TO DATE

	<b>Activity</b>	<b>Unit</b>	<b>Cumulative Achievement</b>
1	<b>Horticulture</b>		
	Orchard Development	Ha	55.72
	Community Fruit Plantation	Ha	2.00
2	<b>Livestock</b>		
	Napier Crop Border Plantation	Ha	71.00
3	<b>Forestry</b>		
	<i>Afforestation</i>		
	Advance Soil Work	Ha	576.20
	<i>Silvi Pasture</i>		
	Advance Soil Work	Ha	175.40
	Plantation	Ha	2.00
	<i>Fuel Wood Plantation</i>		
	Advance Soil Work	Ha	117.00
	Plantation	Ha	2.00
4	<b>Energy Conservation</b>		
	Bio Gas Plant	No	8.00
5	<b>Drainage Line Treatment &amp; Soil Conservation</b>		
	<i>Off Farm Measures</i>		
	Construction of Vegetative Check Dam	No	1245.00
	Construction of Dry Stone Check Dam	m <sup>3</sup>	13378.48
	Construction of Crate Wire Check Dam	m <sup>3</sup>	2625.00
	<i>On Farm Measures</i>		
	Vegetative Treatment	Ha	1000.00
Construction of Spur (river training work)	m <sup>3</sup>	50.00	
	River Bank Protection	m <sup>3</sup>	500.00
6	<b>Water Harvesting</b>		
	Irrigation Channel	Km	5.80
	Irrigation Tank	No	110.00
	Roof Water Harvesting Tank	No	381.00
	Village Pond	No	4.00
	Tal/Naula/Khauila Rejuvenation	No	66.00
7	<b>Road Programme</b>		
	Rural Road Improvement	Km	83.68
	Construction of Bridges	No	11.00

**Financial Progress Uttaranchal Decentralized Watershed Development Project  
Division - Gairsain (Rs. in Lakhs\*)**

Project Component	Achievement during financial year 2005-06	Achievement during financial year 2006-07	Cumulative achievement (2+3)
1	2	3	
<b>1- Participatory Watershed Dev. &amp; Mgmt.</b>			
1.1 Promotion of Social Mobilization and Community-Driven Decision Making	0.00	43.16	43.16
1.2 Watershed Treatments & Village Development Excluding Beneficiary Share	0.00	0.00	0.00
<b>Subtotal -1</b>	<b>0.00</b>	<b>43.16</b>	<b>43.16</b>
<b>2. Enhancing Livelihood Opportunities</b>	0.00		
2.1 Farming System Improvement	0.00	25.90	25.90
2.2 Value Addition and Marketing	0.00	0.00	0.00
2.3 IGA Fund for Vulnerable Group	0.00	10.00	10.00
<b>Subtotal -2</b>	<b>0.00</b>	<b>35.90</b>	<b>35.90</b>
<b>3. Institutional Strengthening</b>			
3.1 Capacity-Building of Institutions	0.00	22.44	22.44
3.2 Information, Education and Communication	0.00	10.00	10.00
3.3 Project Management	0.00	15.00	15.00
3.4 Information Management, Monitoring & Evaluation (IMME)	0.00	8.69	8.69
<b>Subtotal -3</b>	<b>0.00</b>	<b>56.13</b>	<b>56.13</b>
<b>GRAND TOTAL</b>	<b>0.00</b>	<b>135.19</b>	<b>135.19</b>

Note: The Project expenditure is excluding beneficiary contribution.

\* 1 lakh = Rs. 100,000.

**Financial Progress Uttaranchal Decentralized Watershed Development Project  
Division - Augustmuni (Rs. in Lakhs\*)**

Project Component	Achievement during financial year 2005-06	Achievement during financial year 2006-07	Cumulative achievement (2+3)
1	2	3	
<b>1- Participatory Watershed Dev. &amp; Mgmt.</b>			
1.1 Promotion of Social Mobilization and Community Driven Decision Making	52.16	100.99	153.15
1.2 Watershed Treatments & Village Development Excluding Beneficiary Share	0	157.36	157.36
<b>Subtotal -1</b>	<b>52.16</b>	<b>258.35</b>	<b>310.51</b>
<b>2. Enhancing Livelihood Opportunities</b>			
2.1 Farming System Improvement	18.16	83.17	101.33
2.2 Value Addition and Marketing	0.00	2.00	2.00
2.3 IGA Fund for Vulnerable Group	0.00	11.35	11.35
<b>Subtotal -2</b>	<b>18.16</b>	<b>96.52</b>	<b>114.68</b>
<b>3. Institutional Strengthening</b>			
3.1 Capacity-Building of Institutions	41.18	62.76	103.94
3.2 Information, Education and Communication	18.00	10.70	28.70
3.3 Project Management	9.00	3.28	12.28
3.4 Information Management, Monitoring & Evaluation (IMME)	2.31	10.55	12.86
<b>Subtotal -3</b>	<b>70.49</b>	<b>87.29</b>	<b>157.78</b>
<b>GRAND TOTAL</b>	<b>140.81</b>	<b>442.16</b>	<b>582.97</b>

Note: The Project expenditure is excluding beneficiary contribution.

\* 1 lakh = Rs. 100,000.