

Inspection Panel investigation of the India: Vishnugad Pipalkoti Hydro Electric Project (VPHEP)

Initial Investigation Plan Updated January 2014

Introduction

The Inspection Panel serves as an independent forum to provide accountability and recourse for communities affected by IBRD and IDA-financed projects, to address harms resulting from policy non-compliance, and to help improve development effectiveness of World Bank operations.

The Panel received the Request for Inspection related to the Vishnugad Pipalkoti Hydro Electric Project (VPHEP) on July 23, 2012. The Management Response to the Request for Inspection was received on October 24, 2012 and the Panel conducted its eligibility visit in November 2012. Following the eligibility visit, the Panel recommended to the Board of Directors that the concerns related to Bank policy provisions raised in the Request for Inspection be investigated. The Board approved the Panel's recommendation and decided that the investigation would be effective as of March 15, 2013.

What follows below is a broad outline of the design of the investigation which sets out key questions and issues which the investigation is expected to address and the tentative timeline of the investigation process.

It may be noted that this is an initial investigation plan, prepared at the outset of the investigation process, which the Panel is making publicly available. This plan is envisaged as a living document which may be modified depending on the course taken by the investigation.

I. Text of Panel's recommendation approved by World Bank Board

The following text is taken from Panel's Report and Recommendation (eligibility report) for VPHEP which was approved by the Board of Directors on December 18, 2012 on a no-objection basis.

Para. 95 of the Panel's Report and Recommendation: "*The Panel notes that an investigation would focus on (a) the key concerns of local level harm or potential harm raised in the Request, with a primary focus on harms not related to land acquisition, and the adequacy of preventive and mitigatory measures outlined in Project documents as required by Bank operational policies and procedures, and (b) whether Bank Management complied with applicable policies and procedures during Project preparation with respect to broader issues of potential harm as they relate to the analysis of the Project area of influence, cumulative issues and project externalities.*"

Para. 96 of the Panel's Report and Recommendation: "*The Panel notes that the investigation will take into account any efforts made by Management to resolve the concerns raised by residents of Hatsari hamlet. The Panel will also take into account the on-going national processes with respect to the Ganga River and implications thereof for hydropower development on the Alaknanda River.*"

II. General questions for the investigation

In line with its Resolution, the Panel will consider the following general questions during its investigation:

- Are the issues of harm raised in the Request likely to materialize as a consequence of the Project, and covered by provisions of Bank policy?
- If this is the case, is the harm in question likely to be of a serious nature?
- If this is the case, how did Management address the issue in the preparation, appraisal and supervision of the Project?
- How do Management's actions in this regard comply with relevant Bank policies and procedures?
- If the Panel identifies issues of non-compliance, how do the Bank's actions or omissions in this regard relate to the issues of harm being considered? Can the issues of harm in question be at least partly attributable to the Bank's non-compliance?

III. Issues of harm and compliance

a. Impacts within the Project's immediate (or defined) area of influence

The Request alleges a number of negative impacts/harms, including: cracks in houses, drying up of wells/water sources, crop losses, reduced river flow and impacts on cultural/religious sites and practices, increased insecurity especially for women, reduced access to fuel/firewood, impacts on livelihoods (fishing), impact on biodiversity, and availability of sand from the river for construction purposes.

i. Assessment of harm

- Did the Bank adequately consider the impact, if any, on the environment and communities of the following Project related activities/factors and the extent to which these may be of a serious character?
 - Acquisition of land for Project investments
 - The reservoir
 - Damming of the river and limiting the water flow
 - Tunnel drilling and blasting
 - Road construction
 - Dust emission
 - Vehicular traffic
 - Muck disposal
 - Construction of transmission lines

- Influx of laborers during the construction period
- Other
- Did the Bank adequately assess the relevant indirect and associated impacts from project activities, i.e. influx of laborers and workers' colonies, increased traffic, and new transmission lines?
- Is the definition of the Project “*area of influence*” and “*immediate area of influence*” proper and helpful from the perspective of ensuring project impacts are adequately assessed and addressed?

ii. Assessment of mitigation measures

- Did the Bank adequately assess whether appropriate mitigation measures in accordance with applicable Bank policies and procedures are being put in place to address the potential impacts noted above?
- To what extent has the Bank adequately assessed the capacity of THDC to implement the requisite mitigation measures?

iii. Assessment of consultation and grievance redress

- Has the Bank properly assessed whether disclosure and consultation steps taken during Project preparation meet Bank's policy requirements?
- Has the Bank adequately assessed whether the grievance redress mechanism set up by Project authorities works effectively to address the concerns of affected persons?

b. Cumulative impacts

The Request further alleges that there are likely cumulative impacts of a serious character of a cascade of hydropower projects in the upper reaches of the Ganga River basin that the Project may contribute to.

- Did the Bank adequately assess cumulative impacts, which may be increased by the Project, and related risks, including:
 - Likely impacts on volume and seasonality of water flow downstream and outside of the Project's immediate (or defined) area of influence
 - Likely impacts on biodiversity and natural habitat within the Alaknanda river basin, including changes in micro climate and rainfall patterns
 - Likely social, cultural and economic impacts on communities outside immediate area of influence – in the Alaknanda river basin and beyond
 - Any contribution of the Project to increased risk of landslides
 - Any contribution of the Project to increased vulnerability of communities in the Alaknanda river basin in the event of earthquakes
- Did the Bank adequately assess whether mitigation measures, in accordance with applicable Bank policies and procedures, are being put in place?
 - In particular, whether the proposed environmental flow level is a sufficient mitigation measure for addressing potential serious cumulative impacts

IV. Specific steps/methodology for fact-finding

The Panel will analyze all relevant Project documents to prepare its investigation report, including the Project Appraisal Document (PAD), Environmental Impact Assessment (EIA), Environment Mitigation Plan (EMP), Social Impact Assessment (SIA), and Resettlement Action Plan (RAP) with respect to relevant Bank policies, including: OP/BP 4.01 Environmental Assessment, OP/BP 4.12 Involuntary Resettlement, OP/BP 4.11 Physical Cultural Resources, OP/BP 10.04 Economic Evaluation of Investment Operations, and OMS 2.20 on Project Appraisal.

As indicated in its Eligibility Report and Recommendation, the Panel will also take note of external reports and processes relevant for the Project context, for example national processes such as the Inter-Ministerial Group (Chaturvedi Commission) report, the Supreme Court and National Green Tribunal verdicts, and the Performance Review by the Auditor General of India on Hydropower Development in Uttarakhand through private sector participation.

During its field visit, the Panel will interview selected WB staff and consultants to further probe different aspects of the Project and to be updated on latest Project developments. The Panel will also visit the Project area and meet with the Project implementation agency THDC and a strategic sample of potentially affected people. Additional meetings and interviews may be set up following the field visit.

V. Investigation chronology

The Panel conducted a field visit in April-May 2013. The Panel expects to submit its Investigation Report to the Board of Directors, and send a copy to Bank Management, by March 2014. The change in submission date is due to multiple factors, including the June 2013 natural disaster in the Project area which caused delays in receiving information from the field and took the time of the Panel's expert consultants as they were engaged in relief work.

The Panel's Investigation Report and Management Report and Action Plan are expected to be made publicly available after the Board meets to discuss the Panel's findings and consider the Management's action plan.