

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

SECOND PROGRESS REPORT
ON THE IMPLEMENTATION OF MANAGEMENT'S ACTION PLAN IN RESPONSE TO
THE INSPECTION PANEL INVESTIGATION REPORT (INSP/89109-IN) ON THE

INDIA
VISHNUGAD PIPALKOTI HYDRO ELECTRIC PROJECT
(LOAN NO. 8078-IN)

OCTOBER 30, 2016

ABBREVIATIONS AND ACRONYMS

BP	Bank Procedures
E&S	Environmental & Social
GRC	Grievance Redress Committee
INR	Indian Rupee
MW	Megawatt
OP	Operational Policy
PIC	Project Information Center
PoE	Panel of Experts
PTCUL	Power Transmission Corporation of Uttarakhand Limited
RAP	Resettlement Action Plan
R&R	Resettlement and Rehabilitation
TBM	Tunnel Boring Machine
THDCIL	Tehri Hydro Development Corporation, India Limited
USD	United States Dollar
VPHEP	Vishnugad Pipalkoti Hydro Electric Project

INDIA
VISHNUGAD PIPALKOTI HYDRO ELECTRIC PROJECT
(LOAN NO. 8078-IN)
Second Progress Report

Implementation of Management Action Plan

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EXECUTIVE SUMMARY

Background

1. This is the second Progress Report to the Board of Executive Directors (the Board) on the implementation of the Management Action Plan in response to the Inspection Panel Investigation Report No. 89109-IN on the India Vishnugad Pipalkoti Hydro Electric Project (VPHEP, or the Project).
2. On August 3, 2012, the Inspection Panel registered a Request for Inspection (the Request) concerning the VPHEP. The Request was submitted by residents of Chamoli district in the State of Uttarakhand (the Requesters). The Requesters alleged issues related to cumulative impacts; water loss; risks related to structures; earthquakes and landslides; risks to aquatic life and ecology; resettlement and livelihood restoration; gender impacts; and local benefit sharing. Management responded to the claims in the Request on October 24, 2012. In its Report to the Board, the Panel found the Request eligible and recommended that the Executive Directors authorize an investigation. On July 1, 2014, the Panel issued its report outlining the findings of its investigation, and this, along with the Management's Report and Recommendation, including an Action Plan, was discussed at the Board on September 30, 2014.
3. The VPHEP is designed as a 444 MW run-of-river hydropower generation project on the Alaknanda River in Uttarakhand, India. When complete, it is expected to generate an estimated 1,665 Gigawatt-hours, (or million kilowatt-hours) of electricity in a typical year. This will represent a valuable addition of peaking power to India's Northern Grid, which faces severe power shortages during periods of high consumption, and will help reduce the need to expand thermal generation in the Northern Grid. The Project will also help reduce India's greenhouse gas emissions by 1.6 million tons each year, compared to a thermal plant of the same capacity.
4. The VPHEP was approved by the Board on June 30, 2011 and is currently under implementation. The Bank-funded components of the Project are: (i) construction of the dam and hydropower facility (US\$638 million); and (ii) technical assistance for capacity building and institutional strengthening of THDC (Tehri Hydro Development Corporation, now THDC India Ltd., or THDCIL), the Project implementing agency (US\$10 million).
5. The Panel assessed Project issues related to the Requester's allegations. The Panel observed compliance with Bank policies on all of the above aspects except:
 - (a) **Water Loss.** The Panel found that Management complied with OP/BP 4.01 by undertaking baseline studies to document village water sources along the tunnel alignment routes and by ensuring that THDCIL committed to provide alternative water sources in the event that an existing source was lost. However, the Panel found the Bank not in compliance with the provision of OP/BP 4.01 that requires that the Project identify detailed and adequate mitigation measures that could be operationalized if a water source were lost.
 - (b) **Resettlement and Livelihood Restoration.** The Panel noted that resettlement and rehabilitation efforts for the Project were underway and almost half of the eligible families had received their resettlement and rehabilitation (R&R) assistance.

However, with respect to the hamlet of Hatsari (where 17 families were deemed affected, even though the Project will not acquire land in Hatsari), the Panel found that the Project Resettlement Action Plan (RAP) did not adequately assess the Hatsari reality, in non-compliance with Bank Policy OP/BP 4.12 on Involuntary Resettlement. The Panel recognized, however, Management's concern for the Hatsari issue to date, and the fact that negotiations were still continuing with a wide range of options on offer to Hatsari residents.

6. This Report outlines progress made since the first Progress report (submitted to the Board on October 28, 2015), in the implementation of Management's Action Plan in response to the Panel's Report. The team assessed progress against the Action Plan and notes that THDCIL has made considerable progress in implementing the recommendations of the Action Plan since October 2015.

- ***On the issue of water loss, the Panel's findings have been addressed and Management actions have been completed, Project implementation continues to comply with the Bank's safeguards requirements:*** At the time of the last progress report, a detailed report documenting alternative or additional water sources had already been completed. This report will form the basis for mitigation measures should water loss be reported by any village. The Bank continues to monitor and ensure THDCIL's readiness to develop alternate water supply schemes should that be the case.
- ***On the issues of resettlement and livelihood restoration for the hamlet of Hatsari, further progress has been made in addressing the Panel's concerns regarding the coverage of Hatsari under the Project's RAP.*** At the time of the last report, 8 out of the 17 Hatsari families had reached agreement with THDCIL on resettlement compensation. At the time of the Bank's last mission in September 2016, a further 3 families had agreed to compensation packages, and were in the process of formalizing these agreements.

Only six families are still in negotiation with THDCIL on resettlement compensation. Out of these six families, four are living in other cities in India and are therefore not dependent on their Hatsari landholding for their livelihoods. The two families that are resident in Hatsari have indicated their willingness to re-locate once THDCIL has identified suitable land. Negotiations with all six families continue, which are yet to choose either temporary or full relocation. At this point, their demands are not easily met because they exceed the compensation package agreed with the remainder of the local communities. Bank and THDC remain committed to finding a resolution.

7. Management will continue to monitor implementation of the Management Action Plan. The next progress report on the Management Action Plan will be submitted in 12 months' time.

I. INTRODUCTION

A. PROJECT

1. The Vishnugad Pipalkoti Hydro Electric Project (VPHEP) was designed as a 444 Megawatt, run-of-river hydropower scheme which, when completed, will generate an estimated 1,665 Gigawatt-hours (or million kilowatt-hours) of electricity in a typical year. This will represent a valuable addition of peaking power to India's Northern Grid, which faces severe power shortages during periods of high consumption. The Project will also help reduce India's greenhouse gas emissions by 1.6 million tons each year, compared to a thermal plant of the same capacity.

2. The Project infrastructure includes a 65-meter high diversion dam to create a small reservoir in the Alaknanda River. The river flows through a deep, uninhabited gorge at the dam site, so no fields, houses or any other major infrastructure will be submerged. The proposed reservoir will store 4.9 hours of average river flow in the lean flow season to allow the Project to meet its peaking generation obligations. A 13.4 km headrace tunnel will carry water to an underground powerhouse; all the diverted water will be returned to the river through a 3.07 km tailrace tunnel. To Management's knowledge, the Project has one of the highest minimum flow standards in India; it will maintain a minimum flow of 15.65 m³/sec of water in the river at all times to sustain the aquatic health of the river. This is equivalent to approximately 45 percent of the average lean season flow of the river.

3. The objectives of the Project are: (a) to increase the supply of electricity to India's national grid through the addition of renewable, low-carbon energy; and (b) strengthen the institutional capacity of THDC (Tehri Hydro Development Corporation, now THDC India Ltd., or THDCIL), the Project implementing agency, with respect to the preparation and implementation of economically, environmentally and socially sustainable hydropower projects. The Bank-funded components of the Project are: (i) construction of the VPHEP (US\$638 million, Bank-funded portion); and (ii) technical assistance for capacity building and institutional strengthening at THDCIL (US\$10 million, Bank-funded portion). The Project was approved by the Board of Executive Directors on June 30, 2011; the current closing date is December 31, 2017. About US\$67 million has been disbursed to date.

B. CURRENT STATUS OF PROJECT

4. Early implementation of the Project has been subject to significant delays. An initial delay of almost two years in the award of the Project's civil works contract was followed by a further 12-month delay due to the effects of significant flooding in 2013. As a result of these delays, the expected completion date for the Project (commissioning of final unit), is now estimated to be December 31, 2019, although risks to achieving this date remain high. Despite these initial delays, project construction is now gaining momentum, with significant progress already achieved on the upstream diversion works, power station access, and headrace tunnel excavation. Within the next two months, the Bank team expects to receive a request for extension of the Project Completion Date (currently December 31, 2017), which, if granted, would allow the Project's Development Objectives to be fully met.

5. The Project continues to be in compliance in the areas of environmental and social safeguards. Continued safeguards compliance remains an ongoing focus of the Bank team supervising the Project, and the team has recently been strengthened with the addition of environmental and social safeguards consultants to increase the frequency of Bank safeguards monitoring.

C. SUMMARY OF PANEL PROCESS, PANEL FINDINGS AND BOARD CONSIDERATION

6. On August 3, 2012, the Inspection Panel registered a Request for Inspection concerning the VPHEP. The Request was submitted by residents of Chamoli district in the State of Uttarakhand. Management responded to the claims in the Request on October 24, 2012. In its Report to the Board, the Panel found the Request eligible and recommended that the Executive Directors authorize an investigation, which it did on November 26, 2012. On July 1, 2014, the Panel issued its report outlining the findings of its investigation. That report and Management’s Report and Recommendation, including an Action Plan, were discussed at the Board on September 30, 2014. The summary of key Panel findings are described in Table 1 below:

Table 1. Key Panel Findings

Item	Finding
Cumulative Impacts	The Panel found that Management complied with the provisions of OP/BP 4.01 by, inter alia, ensuring the preparation of a cumulative impact assessment for the Project and by incorporating the recommended increased minimum environmental flow (e-flow) into the Project to mitigate cultural, religious and biodiversity impacts. The Panel noted that Project documents did not sufficiently address the proposed transmission line.
Water Loss	The Panel found that Management complied with OP/BP 4.01 by undertaking the baseline studies to document village water sources along the tunnel alignment routes and ensuring that THDCIL committed to provide alternative water sources in the event that an existing source was lost. However, the Panel found that the Bank did not identify detailed and adequate mitigation measures that could be operationalized if a water source were lost, in non-compliance with OP/BP 4.01.
Risk relating to Structures, Landslides and Earthquakes	The Panel noted the steps taken to use Tunnel Boring Machine (TBM) technology to reduce potential harms from vibrations. The Panel found that this complied with Bank Policy OP/BP 4.01 as a step to reduce or mitigate potential harm. The Panel found that, in compliance with OP/BP 4.37, Management took adequate measures to ensure the preparation of relevant studies by THDCIL during Project design, appraisal and implementation stages to mitigate the risks raised in the Request. The Panel noted the importance of Management clarifying the issue of slurry disposal.
Risk to Aquatic Life and Ecology	The Panel found the Project in compliance with OP/BP 4.01 with respect to the Requesters’ claim about the Project’s impacts on fish and aquatic fauna, but found that the analysis of the bedload issue was lacking and believed it may be necessary to study this issue further.
Resettlement and Livelihood Restoration	The Panel understood that resettlement and rehabilitation efforts were underway and almost half of the eligible families had already received their resettlement and rehabilitation (R&R) assistance. However, with respect to Hatsari (where seventeen families were affected), the Panel found that the Project Resettlement Action Plan (RAP) did not adequately assess the Hatsari reality, in non-compliance with Bank Policy OP/BP 4.12 on Involuntary Resettlement. The Panel recognized, however, Management’s concern for the

Item	Finding
	Hatsari issue and the fact that negotiations were continuing, with a wide range of options on offer to Hatsari residents. ¹
Gender Impacts	The Panel found that the THDCIL R&R Policy covering access to livelihood sources, i.e., fuel and fodder, complied with the requirements of OP/BP 4.01 and OP/BP 4.12. The Panel found that insufficient attention had been given to the issue of women’s security. A key issue will be regular monitoring of the labor camps with regard to women’s security, and of gender-differentiated impacts of the Project.
Local Benefit Sharing	<p>The Panel found that important efforts were being made to restore the livelihoods of displaced people in accordance with the provisions of OP/BP 4.12. The Panel noted, as Project implementation progresses, that Management has been responsive to OP 4.12, paragraph 13(b), which requires that infrastructure and public services be provided as necessary to new resettlement sites and host communities to improve, restore, or maintain accessibility and levels of service for the displaced persons and host communities.</p> <p>The Panel also noted the need for clarity on the use of the royalty payments to the State and benefit sharing with Project affected villages. The Panel further noted the importance of assessing the impact of the Project on host communities at the end of RAP implementation.</p> <p>On the issue relating to community conflicts and the Grievance Redress Mechanism, the Panel found that the requirement of OP/BP 4.12 to establish an appropriate and accessible grievance mechanism had been met. In accordance with the requirement of OP/BP 4.12, the Panel noted the importance of the Project Grievance Redress Committee (GRC) being accessible to host communities so that their concerns can be heard and resolved when appropriate.</p>

II. MANAGEMENT ACTION PLAN

A. MANAGEMENT ACTION PLAN DESCRIPTION

7. Management carefully reviewed the Panel’s constructive findings and observations, and outlined an Action Plan to ensure that the Project achieved and maintained compliance with Bank policies throughout its implementation. Management’s Action Plan addressed the two principal concerns of the Panel by: (a) proposing to clarify in greater detail how alternative water sources would be supplied if required as part of the mitigation measures, and (b) ensuring a conclusion of the ongoing negotiations with the 17 families of the Hatsari hamlet that is compliant with Bank

¹ Hatsari is one of the three hamlets comprising Haat village. During the Social Impact Assessment, Hatsari was included in the Project affected area as part of Haat revenue village. The village of Haat is affected due to underground power house, evacuation facility; approach road and surge shaft. Though initially only 17 households were affected, the community made a demand for the relocation of the entire village given the disproportional impacts of construction likely to fall on them. Since the entire village was to be displaced, THDCIL offered a special package to Haat (including Hatsari) of INR one million over and above compensation and R&R assistance. However, Hatsari rejected the package. THDCIL put forward several enhanced relocation and compensation options, but these too were rejected by all eight Hatsari households (17 families). As a consequence, THDCIL changed the location of the switchyard, the alignment of the adit to the tail race tunnel, and the approach road to the surge shaft so that the Hatsari land would not be required for the project. However, concerned about the impacts of construction nearby, THDCIL has consistently kept open the offer of resettlement (permanent or temporary) and is in continuing dialogue with the families of Hatsari.

policy. Management also committed to continue to follow up on other issues raised by the Panel, and to ensure that the Project remained in compliance with Bank policies on these issues.

B. SUMMARY OF PROGRESS TO DATE

8. This is the second progress report since the Board discussed the Inspection Panel findings on September 30, 2014, and covers the second year of implementation of the Management Action Plan. Progress has been made in addressing both of the principal concerns of the Panel: (a) a detailed report documenting alternative or additional water sources for all villages along the Project's tunnel alignment routes has been completed and ongoing monitoring of water sources continues; and (b) three additional families from Hatsari have agreed to resettlement compensation packages with THDCIL, and are in the process of formalizing these agreements. Negotiations with the remaining six families of Hatsari, that are yet to reach agreement on resettlement compensation, remain ongoing. The Bank team has assessed that THDCIL is continuing to use its best efforts to arrive at agreements with these remaining families.

III. PROGRESS OF MANAGEMENT ACTION PLAN IMPLEMENTATION

A. ACTIONS IMPLEMENTED UNDER THE MANAGEMENT ACTION PLAN:

9. The Bank team assessed progress against the Management Action Plan in response to the Panel's Report and provides an update on the progress below.

10. *On the issue of water loss*, the Panel's findings have been addressed, and Project implementation continues to comply with the Bank's safeguards requirements. At the time of the last Progress Report, a detailed report documenting alternative or additional water sources had already been completed. The Bank's task team continues to monitor and ensure THDCIL's readiness to develop alternative water supply schemes should water loss be reported by any village.

11. *On the issues of resettlement and livelihood restoration for the hamlet of Hatsari*, THDCIL continues to use its best efforts to implement the recommendations of the Action Plan in respect to the hamlet of Hatsari, and has made further progress.

12. Since the last Progress Report, three additional families have reached agreement on compensation packages identical to those from the broader Haat village, and will sign formal agreements shortly.

13. Although six of the 17 families of Hatsari are yet to reach agreement on compensation packages, they are continuing negotiations with THDCIL, and some progress has been made in understanding the positions of these families and developing suitable agreements.

14. Out of these six families, four are living in other cities in India and are therefore not dependent on their Hatsari landholding for their livelihoods. The two remaining families, resident in Hatsari, met with the Bank's team in September 2016, and expressed their wish to relocate provided THDCIL identifies land for them. THDCIL has already agreed to identify suitable land to relocate these families, and remains engaged with all six families. At this point, their demands

are not easily met because they exceed the compensation package agreed with the remainder of the local communities. Bank and THDC remain committed to finding a resolution.

15. The Bank team has undertaken independent consultations with the remaining six families, and it is the team’s assessment that THDCIL is using its best efforts to achieve full agreement on resettlement with the families. The Bank team has also asked THDCIL to work with the Environmental and Social Panel of Experts (E&S PoE) to consider all alternatives to arrive at agreement with these remaining families.

16. The Bank team will continue to closely monitor the actions of THDCIL in respect of the Management Action Plan.

Table 2. Implementation of Management Action Plan

PANEL FINDING	STATUS OF MANAGEMENT ACTION
<p>1. Water loss and alternative water sources: The Panel found that Management complied with OP/BP 4.01 by undertaking the baseline studies to document village water sources along the tunnel alignment routes and ensuring that THDCIL committed to provide alternative water sources in the event that an existing source was lost. However, the Panel found that the Bank did not identify detailed and adequate mitigation measures that could be operationalized if a water source were lost, in non-compliance with OP/BP 4.01.</p>	<p><i>Completed.</i></p> <p>Baseline studies to document water sources of all villages along the tunnel alignment routes, and a detailed report documenting alternative or additional water sources, were completed in September 2014. THDCIL continues to monitor water sources on a six-monthly basis, and maintains a state of readiness to develop alternative water supply schemes should water loss be reported by any village.</p>
<p>2. Resettlement and Livelihood Restoration: The Panel understood that resettlement and rehabilitation efforts were underway and almost half of the eligible families had already received their R&R assistance. However, with respect to Hatsari (where seventeen families were affected), the Panel found that the Project RAP did not adequately assess the Hatsari reality, in non-compliance with Bank Policy OP/BP 4.12 on Involuntary Resettlement. The Panel recognized, however, Management’s concern for the Hatsari issue to date and the fact</p>	<p><i>Ongoing.</i></p> <p>Since the last progress report a further 3 families have reached agreement on compensation packages identical to those from the broader Haat village, and will sign formal agreements shortly. This brings the number of families that have reached agreement with THDCIL to 11 out of 17.</p> <p>Although 6 of the 17 families of Hatsari are yet to reach agreement on compensation packages, they are continuing negotiations with THDCIL, and some progress has been made in understanding the positions of these families and developing suitable agreements.</p> <p>Out of these 6 families, four are living in other cities in India. The two families that continue to reside in Hatsari met with the Bank team in September 2016, and expressed their wish to relocate provided THDCIL identifies land for them. THDCIL has already agreed to identify suitable land to relocate these families.</p>

PANEL FINDING	STATUS OF MANAGEMENT ACTION
that negotiations were still continuing with a wide range of options on offer to Hatsari residents.	The Bank team has undertaken independent consultations with the remaining six families, and it is the team's assessment that THDCIL is using its best efforts to achieve full agreement on resettlement with the families. The Bank team has also asked THDCIL to work with the Environmental and Social Panel of Experts (E&S PoE) to consider all alternatives to arrive at agreement with these remaining families.

B. ADDITIONAL ISSUES THAT MANAGEMENT HAS CONTINUED TO TRACK UNDER THE MANAGEMENT ACTION PLAN

17. While the Panel investigation found the Bank to be in non-compliance only with regard to the two issues described above, Management had acknowledged the need to closely monitor a range of additional issues to ensure that they would continue to be in compliance with the Bank's policies. The issues were included in the Management Action Plan and in the first Progress Report. The Bank continues tracking of these issues and finds all of them in continued compliance.

Table 3. Additional Issues Tracked under the Management Action Plan

Issue	Panel Findings	Action/Status	Continued Compliance
Cumulative Impacts	The Panel found that Management complied with the provisions of OP/BP 4.01 by, inter alia, ensuring the preparation of a cumulative impact assessment for the Project and by incorporating the recommended increased minimum environmental flow (e-flow) into the Project to mitigate cultural, religious and biodiversity impacts. The Panel noted that Project documents did not sufficiently address the proposed transmission line.	The routing of the evacuation line for transmission of power generated from VPHEP is still being finalized by THDCIL and Power Transmission Company of Uttarakhand (PTCUL). THDCIL has initiated discussion with PTCUL regarding the environmental and social assessment of the dedicated transmission line from the Project to the transmission pooling station, and has requested that this be designed and constructed in accordance with the Bank's safeguards requirements.	Yes
Risk relating to Structures, Landslides and Earthquakes	The Panel noted the importance of Management clarifying the issue of slurry disposal.	A slurry disposal plan has been prepared which incorporates testing for and treatment of hazardous substances. The Bank team will monitor implementation of the slurry disposal plan and muck dumping once TBM operations commence.	Yes
Risk to Aquatic Life and Ecology	The Panel commended Management for advising Project authorities of the	The Government of Uttarakhand is now conducting a statewide study on bed-load movement. THDCIL had prepared the Terms	Yes

Issue	Panel Findings	Action/Status	Continued Compliance
	<p>need to specifically study the issue of bed load, but found that the analysis was lacking.</p>	<p>of Reference for this study, and these are now being discussed with the Government of Uttarakhand. It is expected that the study will commence in early 2017.</p> <p>A Catchment Area Treatment (CAT) Plan is also under implementation to prevent sedimentation movement. An independent Consultant has also undertaken a Glacial Lake Outburst Flood Assessment.</p>	
Gender Impacts	<p>The Panel found that insufficient attention had been given to the issue of women's security. A key issue will be regular monitoring of the labor camps with regard to women's security, and of gender-differentiated impacts of the Project.</p>	<p>THDCIL continues to take action in the following areas:</p> <p><i>Formation of SHGs:</i> The Project assisted with the formation of self-help groups (SHGs) to build skills that could help to augment existing incomes, which include three "all women" SHGs with a total membership of 43 women, and one mixed SHG of 16 members, of which 8 are women.</p> <p><i>Monthly Assistance Scheme for Widows Displaced by the Project:</i> THDCIL has introduced a monthly assistance scheme for widows who were among those who had to relocate as a consequence of the Project. Under this program, each widow is entitled to INR 1500 per month for a period of seven years. 18 out of a total of 47 displaced widows have now received assistance, and the balance will receive assistance once their residences are unoccupied and available for demolition.</p> <p><i>Women Safety and Facilitation Centre:</i> THDCIL has established this center in the village of Haat. The center is managed by two residents of Haat village (one a woman). The purpose of the center is to monitor the activities of the labor force employed by the Civil Works Contractor. The presence of the large contingent of male workers was flagged as a concern by local women. The center is also expected to serve as the point of first contact for any case of harassment. The phone number of this center has been widely disseminated. The telephone numbers of THDCIL's Deputy General Manager (Social and Environment) and Project Director have also been circulated.</p>	Yes

Issue	Panel Findings	Action/Status	Continued Compliance
		<p><i>Cash assistance for fuel and fodder:</i> To support the local female population (who are primarily engaged in collecting fuel and fodder for their families), the Project offered cash compensation for five years to mitigate the temporary loss of access to community forest or Van Panchayat land. So far the Project has disbursed INR 32.94 million to 1,216 households across 15 villages. A study carried out by THDCIL established that 884 additional households need to be assisted, from 11 newly identified villages. The study found that these villages also depend on the Van Panchayat land transferred to the Project. THDCIL has increased the annual compensation from INR 10,000 to INR 15,600. The increased amount will be applicable from the third year of disbursement.</p> <p><i>Women's security:</i> Women guards continue to be employed at select sites to ensure the safety of the local female population (although there was a period where these guards were not in place due to a change in employment).</p> <p>Camp accommodation has been improved, has full facilities, and is set apart from local communities, and awareness of camp boundaries and the issues of women's safety are reinforced through management instructions.</p> <p>The GRC has now been re-constituted with the required female membership and undertakes training in gender issues.</p> <p>Female social mobilizers (including within THDCIL's own social management unit) interact with all affected villages on an ongoing basis.</p>	
Local Benefit Sharing	<p>The Panel further noted the importance of assessing the impact of the Project on host communities at the end of RAP implementation.</p> <p>On the issue relating to community conflicts and the Grievance Redress Mechanism, the Panel</p>	<p>While the RAP is still under implementation, THDCIL has already undertaken a preliminary assessment of the impact of resettlement on local communities. This assessment is being reviewed by THDCIL management, and will be submitted to the Bank as soon as it is finalized.</p> <p>THDCIL management, its social management unit, and the Bank team meet regularly with</p>	Yes

Issue	Panel Findings	Action/Status	Continued Compliance
	found that the requirement of OP/BP 4.12 to establish an appropriate and accessible grievance mechanism had been met.	<p>local communities to ensure accessibility, and to communicate Project benefits.</p> <p>As part of its local benefit sharing, THDCIL has implemented community development activities under its Corporate Social Responsibilities (CSR) program. These activities have been well planned with the involvement of local communities and are being regularly implemented. THDCIL has thus far invested an amount of INR 38.76 million. The activities undertaken to date include distribution of educational material and furniture in schools, and construction of additional classrooms; community infrastructure such as pathways, community buildings, water supply schemes, a cremation ground, and solar street lights; promotion of sports and cultural activities in affected villages; distribution of saplings of fruit bearing trees; construction of community halls and provision of generators; etc.</p> <p>21 meetings of the GRC have taken place, at locations incorporating affected villages. The GRC has now been re-constituted with two women members. The Project now has two Project Information Centers (PICs) – one at the Project site and another at Gulabkoti. The PIC at Gulabkoti also doubles as a computer training center for Project-affected youth.</p>	

C. SUMMARY OF OUTSTANDING ISSUES

18. **Resettlement and Livelihood Restoration.** Progress continues to be made in addressing the Panel's concerns regarding the coverage of the hamlet of Hatsari under the Project's RAP. Of the 17 families of Hatsari, 11 have already reached an agreement with THDCIL regarding relocation; 6 families remain in discussion with THDCIL on resettlement compensation packages.

19. The Bank team will closely monitor THDCIL's action on this matter. The team has also asked THDCIL to work with the E&S PoE to consider alternative approaches to arrive at agreement with the remaining families. The team has also held separate consultations with the remaining 6 families, and has passed on the findings of these consultations to THDCIL.

IV. NEXT STEPS

20. Management will continue to monitor the implementation of the Management Action Plan. Management will also continue to support the ongoing negotiations between THDCIL and the village of Hatsari, and to the best of its ability, seek a satisfactory conclusion on the issue of compensation for resettlement and livelihood restoration.

21. Next progress report to the Board: The next progress report on the Management Action Plan will be submitted in 12 months' time.