

Gonzalo Castro de la Mata
Chairman

IPN REQUEST RQ 14/06

November 13, 2014

NOTICE OF REGISTRATION

Request for Inspection

Kenya: Electricity Expansion Project (P103037)

Request for Inspection

On October 26, 2014 the Inspection Panel received a Request for Inspection of the Kenya: Electricity Expansion Project (Credit no. 4743-KE) (the “Project”), specifically regarding impacts from the geothermal power generation expansion component. The Requesters state that the Project has affected their lives and instead of uplifting their livelihoods or restoring their previous standards of living, it has deteriorated them and many are now suffering. They asked the Panel “*to come and establish the truth.*” The Requesters asked the Panel to keep their identities confidential.

The Project

The Project is a specific investment credit approved on May 27, 2010, with two development objectives: a) to increase the capacity, efficiency, and quality of electricity supply, and b) to expand access to electricity in urban, peri-urban, and rural areas. It includes four components: i) geothermal power generation; ii) transmission network expansion; iii) power distribution; and iv) institutional development and operational support. The Project’s closing date is September 30, 2016.

The Project is also financed by the European Investment Bank, the French Development Agency (Agence Française de Développement), the Japan International Cooperation Agency (JICA), and Germany’s Kreditanstalt für Wiederaufbau (KfW). The Project is to be implemented by the following Kenyan agencies: the Ministry of Energy, the Kenya Electricity Generating Company Ltd. (KenGen), the Kenya Power and Lighting Company Ltd. (KPLC), and the Rural Electrification Authority (REA). The Project’s first component, which is the subject of the Requesters’ concerns, is being implemented by KenGen.

According to the Project Appraisal Document (PAD), Project activities are located in the Greater Olkaria Geothermal Area (GOGA), about 120 km northwest of Nairobi. The Project’s first component aims to produce 280 MW of geothermal power generation capacity through: a) the expansion of the existing Olkaria I power station by 140 MW, and b) the development of the Olkaria IV geothermal power station to generate another 140 MW. The Olkaria IV plant will require the

acquisition of land near the main steam production area for the plant outside the borders of the Hell's Gate National Park.

According to the Project's 2012 Resettlement Action Plan (RAP), the spatial extent of the populations to be resettled was mainly based on land required for Olkaria IV Power Station. According to the RAP, KenGen estimates that a total of 1,461 hectares will be needed for the new Olkaria IV Power Station and associated infrastructure. The RAP states that the total number of Project-affected households is 335 (distributed between four different settlements: Culture Center; Olo Nongot; Olo Sinyat; and Olo Mayana Ndogo). The RAP states that three different possible relocation sites have been considered before focusing on the current location, which is at a distance of approximately 2.5 km from the Project-affected peoples' original residence. The resettlement site has been acquired by the implementing agency (KenGen) with the consent of the affected people. The RAP adds that broad consent for the purchase of this site was confirmed in the presence of Bank Staff in December 2011 through a public meeting held with the affected people.

The Project triggers the Bank's policies on Involuntary Resettlement (OP/BP 4.12), Indigenous Peoples (OP/BP 4.10), Environmental Assessment (OP/BP 4.01), and Natural Habitats (OP/BP 4.04). According to the PAD, the Project has received a Category "A" rating, which is assigned to projects that are likely to have "*significant adverse environmental impacts that are sensitive, diverse, or unprecedented.*"

Concerns Raised in the Request

The Requesters are mainly concerned with impacts related to the resettlement activities. They state that the resettlement affected their lives and instead of at least restoring their livelihoods, it added impoverishment, intra-community disputes, and health concerns resulting from the stress of the situation brought about by the Project. They also state that "*contrary to their promise,*" the World Bank did not closely monitor the resettlement process.

Economic Impact

More specifically, the Requesters state that the majority of those who were resettled are now far away from their main sources of income (e.g. the community tour guides who work at the 'lower gorge'). According to the Requesters, some of the affected people need to pay about 30% of their earnings to cover transport costs. Alternatively, they would need to walk from sunrise (6:00 am) to arrive to their workplace (Rangerspost) at 8:00 am. Others have been forced to rent houses in Naivasha, Karagita, OCK Kamere trading Centers, etc., at additional cost. They add that this is impoverishing their families, affecting their lifestyle, and creating stress and friction in the community. They also add that some parents can no longer afford secondary school fees and are avoiding their children's enquiry: "*dad or mum when will I go back to school*" (sic).

Housing and Community Life

Additionally, the Requesters consider that their cultural belief and spirit of togetherness as "*One Community (family)*" is threatened through the introduction of other ways of life based on "*loneliness and single thinkings life*" (sic). They state that KenGen was supposed to build 164 houses at "RAPLAND" but only 150 houses were provided. According to them, this led to the

exclusion of 14 of the more vulnerable households (which include the poor, orphans and widows). They further state that the houses provided are empty, families sit on stone, and use cotton and cow hides as mattresses.

Cash Compensation

The Requesters add that some households received a newly built house and cash compensation of “*not less than Ksh. 195,000.*”¹ They state that this is based on “*corruption, nepotism, ethnicity and religious ground.*”

Retaliation

Finally, they note that on October 23, 2014, the RAP Implementation Committee (RAPIC) had a meeting and tried by all means possible to stop the complaining process.

The Requesters assert that there are several correspondences and letters exchanged with KenGen, the World Bank, and other Project’s sponsors. They add that they “*kindly and sincerely request you to come and establish the truth*” relating to their concerns.

Registration of the Request

The Panel notes that it has verified that the Request meets the basic requirements for registration. The Panel confirms that the Request was submitted by at least two people in relation to a project supported by the World Bank. The Bank’s financing for the Project is neither closed, nor reached 95% disbursement (at the time of receipt of the Request, the Project was about 63.55% disbursed). The Requesters assert that they are affected by activities supported by the World Bank, and the Request raises issues of harm which may plausibly result from Bank supported activities and from alleged actions or omissions by the Bank. The Request is not related to procurement issues, and it deals with a subject matter on which the Panel has not made a previous recommendation. Furthermore, the Panel has verified that the Requesters’ concerns were brought to the Bank’s attention on different occasions prior to filing the Request.

After receipt of the Request, and in order to better understand the background of the Project and Bank Management’s efforts to resolve the concerns raised by Project stakeholders, the Panel met with Bank Management on November 7, 2014. Management acknowledged that they had been contacted by some of the affected people and informed the Panel of its views concerning the Requesters’ claims. Management added that KenGen was addressing them through a Memorandum of Understanding agreed upon with the affected people. During the meeting, Management mentioned that there were other concerns relating to evictions in the Project area that had taken place last year impacting thirteen of the affected households, adding that these evictions were not related to the Project. The Panel notes that concerns relating to evictions are not raised in the Request for Inspection. The Panel will welcome, as part of Management’s Response, further elaboration on the steps already taken to address the concerns raised in this Request, and any step Management intends to take in the future.

¹ US\$2,160.66 at today’s exchange rate

As provided in paragraph 17 of the Resolution (“the Resolution”) that established the Panel, *“the Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection.”* With this notice, I am notifying you that I have, on November 13, 2014 which is also the date of this notice, registered this Request in the Inspection Panel Register. The Panel’s registration implies no judgment whatsoever concerning the merits of a Request for Inspection. As provided in paragraph 18 of the Resolution, and paragraphs 2 and 8 of the *“Conclusions of the Board’s Second Review of the Inspection Panel”* (the 1999 Clarification), Bank Management must provide the Panel, by December 16, 2014, a Response to the issues raised in the Request for Inspection. The subject matter that Management must deal with in the response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarification.

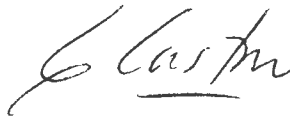
After receiving the Management Response, the Panel will, as outlined in the 1999 Clarification and as provided by paragraph 19 of the Resolution, *“determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.”*

Finally, the Panel notes that the Complaints Mechanism of the European Investment Bank (“EIB-CM”) has also received a complaint relating to the same concerns. The Panel, through dialogue with the Requesters, was able to verify that there are overlaps of Requesters and concerns with the complaint presented to the EIB-CM. In the interest of savings and efficiency, where feasible, the Panel and the EIB-CM will coordinate the processing of these complaints.

All communications in connection with the Request will be sent to the representatives of the Requesters.

The Request has been assigned IPN Request Number RQ 14/06

Yours sincerely,



Gonzalo Castro de la Mata
Chairman

Attachments

Mr. Jim Yong Kim, President
International Development Association

The Executive Directors and Alternates
International Development Association