

**News Release**  
**2014/143/ECR**

## **Joint Statement from World Bank Management and Inspection Panel**

### ***World Bank Board Discusses Inspection Panel Cases in India and Kenya***

**WASHINGTON, October 2, 2014** -- The World Bank's Board of Executive Directors met on September 30, 2014, to discuss and approve action plans included in Management Reports and Recommendations submitted in response to the Inspection Panel Investigation Reports for the India Vishnugad Pipalkoti Hydro Electric Project (VPHEP) and the Kenya Natural Resource Management Project (NRMP).

The Inspection Panel is an independent accountability mechanism of the World Bank (IBRD/IDA) that can be approached by individuals or communities if they believe they have been, or are likely to be, adversely affected by a World Bank-financed project as a result of the Bank's noncompliance with its internal policies and procedures.

During the Board discussion, Executive Directors noted their appreciation for the Panel and Management for working towards ensuring better development outcomes for affected communities and learning for the institution. They reiterated the value of the Inspection Panel as an effective accountability mechanism.

The Panel Chairperson, Eimi Watanabe, noted that *"critical to complete the cycle of accountability envisaged in the Panel process is a robust Management response with a time-bound action plan and reporting back to the Board on progress on the implementation of these action plans."*

#### ***India - Vishnugad Pipalkoti Hydro Electric Project***

VPHEP is a run-of-river hydropower generation scheme on the Alaknanda River in the state of Uttarakhand that will on completion generate an estimated 1,665 million kilowatt-hours of electricity each year to help relieve India's chronic power shortage. The 444 Megawatt 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. VPHEP is being developed by THDC India Ltd and financed by a US\$ 648 million loan from the World Bank. The Bank's Board of Executive Directors approved the Project for financing in June 2011 and the loan became effective in November 2011.

The Request for Inspection was submitted by residents of Chamoli and Tehri District in Uttarakhand. The Requesters raised several concerns about local and region-wide environmental, social and cultural impacts related to the Project.

The Inspection Panel found that the Bank was in broad compliance with its policies and procedures while preparing the Project and that it had introduced some best practices in the technical, environmental and social aspects. The Panel report also highlighted initiatives to assess the cumulative impacts of hydropower development program in the upper reaches of the Ganga River. The report recognized as good practice the decision in 2011 to raise the environmental flow requirement (the mandatory flow of water to be kept in the river by a hydropower project) for VPHEP from 3m<sup>3</sup>/s to 15.65m<sup>3</sup>/s. It also noted the importance of closer coordination of projects across the Alaknanda Basin, where the VPHEP is located, possibly through a river basin management mechanism.

The Panel found two areas of non-compliance. These related to mitigation measures to be operationalized in case a local water source dried up as a consequence of Project construction, and the possible impacts on Hatsari, a hamlet of eight households in the vicinity of the proposed powerhouse.

World Bank Management has committed to closely monitoring these issues raised by the Panel, as well as any other that may arise during Project implementation so as to enhance the sustainability and viability of the Project. Regarding the possible impacts on water sources, Bank Management clarified that the Project developer is regularly tracking any change in community drinking water sources and the Bank will continue to monitor this closely. The Bank will also ensure that the developer provides an appropriate solution if a water source in the Project-affected area does indeed dry up. On the hamlet of Hatsari, the Bank will continue to monitor the relocation options that the Hatsari community selects and ensure that these are implemented as planned.

The Panel also stressed the need for close monitoring of women's access to community forests in the Project-affected villages. The Panel recognized that the Project's impact in this respect will be marginal for most households but it stressed the need for continued oversight to ensure that women, who predominantly collect fuel and fodder for their households, are not disproportionately impacted by any potential changes to their access to community forests. It also recommended continued attention to ensure that the safety of women in the Project area is not affected by the influx of construction labor.

**Jim Yong Kim, President of the World Bank Group, said *"The two areas of outstanding concern in the India case will be closely monitored by Management to ensure that local villagers, especially women, are not unduly impacted even as we deliver an important infrastructure project to the country, which will help ease India's chronic power shortages."***

The Panel Chairperson Eimi Watanabe said that *"the VPHEP is in the early stages of implementation, and, in the context of adaptive management, there are concrete opportunities for positive actions going forward."* The Board approved the actions set out in the Management report and outlined in the "Summary of Management Actions." It was agreed that Bank Management will update the Board of Executive Directors on these issues within the next 12 months, and will keep it apprised on general progress.

### **Kenya - Natural Resource Management Project**

The Kenya Natural Resource Management Project aimed at strengthening policies and practices to ensure the sustainable provision of water, improved irrigation, and enhanced forest management. The Request for Inspection concerned the forest component, which was implemented by the Kenya Forest Service (KFS).

The Request was submitted by members of the Cherangany-Sengwer communities living in the Cherangany Hills in Kenya, who claimed that they had been forcibly evicted from their lands within the forests as a result of the Project, and that there had been a lack of recognition and protection of their customary rights during project implementation.

The Panel found that evictions were not supported as part of the NRMP. However, it noted that **more attention should have been given from the outset to better identify and mitigate the risk that evictions might occur and that the correct application of the safeguard policies may have prevented or mitigated these harms. The Panel also found an inadequate institutional analysis of KFS.**

The Panel found that Management responded repeatedly, and firmly brought to the attention of the Kenyan Government instances of non-compliance with social safeguards obligations during project implementation and succeeded in securing a moratorium on evictions.

The Panel noted that the livelihood activities implemented after the restructuring of the Project in 2011 was appreciated by, and beneficial to, community members **but it was not part of a broader strategy to protect customary rights, and this is in non-compliance with the safeguard policy on Indigenous Peoples.**

The Board noted that overall the NRMP delivered good results -- over 145,000 rural people benefited from irrigation works or through community-driven micro-projects and some 320,000 hectares of forest area is now being managed according to approved forest management plans, exceeding the Project's development objectives -- including greater livelihood opportunities and incomes benefiting the indigenous forest communities.

The Board discussion focused on proactive actions to better address risks. The long history of tension on land and resource rights made for a very challenging project environment from the outset, a situation that was exacerbated by the ethnic unrest that followed the 2007 elections. The Board recognized that land issues have a deep, historical legacy in Kenya, and further noted that given this, the Bank's role must be calibrated carefully so that the Bank is viewed as a partner helping to foster dialogue.

The Panel Chairperson, Eimi Watanabe, noted that *"the NRMP did not take advantage of the opportunity to incorporate indigenous people in the management of forest resources, which would have contributed towards the Project's goals while also strengthening IP's historic land and customary rights."* Nevertheless, she added that *"in the Panel's view, the World Bank continues to be best equipped in terms of expertise, mandate and resources to support the Government of Kenya towards finding a resolution to the challenging and long-standing issues of land and indigenous people's claims in the interest of sustainable development and the natural environment."*

*"I welcome the Inspection Panel's conclusions that the World Bank is not linked to the evictions, and thank the Panel for recognizing that we spoke out forcefully once we became aware of them and the harsh impact they were having on evicted families,"* said Jim Yong Kim, **President of the World Bank Group.** *"But there is more to be done. I will personally reach out to President Kenyatta and the Government of Kenya to offer our full support in order to bring together the Cherangany-Sengwer people and all the key parties. Everyone's goal is surely to find a lasting, peaceful resolution to this long unfinished business of land rights in Kenya."*

Management also noted that the NRMP was erroneously linked to large scale evictions in late 2013/early 2014 which took place long after the Project closed in June 2013.

Going forward, as part of its efforts to promote dialogue and cooperation, the Bank will organize and support a major consultation (a colloquium) that will provide an important opportunity for the voices of Cherangany-Sengwer peoples to be heard in a constructive setting. The Kenya Forest Service and other relevant Government of Kenya entities would also be invited to participate.

In response to Board Members' request for additional possible actions, Management will update the Board within 6-12 months on the progress of implementation of actions related to non-compliance issues, particularly the colloquium, and further actions that may be identified during ongoing dialogue and consultations. More broadly, the Bank will continue engaging with the Government of Kenya on helping develop solutions to these complex sustainable natural resource and land management issues.

#### **Contacts:**

##### **India - Vishnugad Pipalkoti Hydro Electric Project**

World Bank in Washington, DC:

Alexander Ferguson, +1 (202) 458-4953, [aferguson@worldbank.org](mailto:aferguson@worldbank.org)

World Bank in New Delhi:

Sona Thakur, +91-11-2461-7241, [sthakur1@worldbank.org](mailto:sthakur1@worldbank.org)

##### **Kenya - Natural Resource Management Project**

World Bank in Washington, DC:

Phil Hay, +1 (202) 473-1796, [phay@worldbank.org](mailto:phay@worldbank.org)

World Bank in Nairobi:

Peter Warutere, [pwarutere@worldbank.org](mailto:pwarutere@worldbank.org)

##### **Inspection Panel**

Dilya Zoirova, +1 (202) 473-6134, [dzoirova@worldbank.org](mailto:dzoirova@worldbank.org)

*For the complete Inspection Panel Investigation Reports and World Bank Management Reports and Recommendations in Response to the Inspection Panel Reports please visit the Inspection Panel website:  
<http://www.inspectionpanel.org/>*