

**THE INSPECTION PANEL**1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.Telephone: (202) 458-5200  
Fax: (202) 522-0916  
Email: [ipanel@worldbank.org](mailto:ipanel@worldbank.org)**Alf Morten Jerve**  
Chairperson**IPN REQUEST RQ 12/04****August 3, 2012****NOTICE OF REGISTRATION****Request for Inspection****India: Vishnugad Pipalkoti Hydro Electric Project (IBRD Loan No. 8078-IN)**

On July 23, 2012 the Inspection Panel (the "Panel") received a Request for Inspection (the "Request") related to the India: Vishnugad Pipalkoti Hydro Electric Project (the "Project").

The Request was sent by some residents of Chamoli district in the state of Uttarakhand who state they reside on the banks of the Alaknanda River and are "going to be affected by the Vishnugad-Pipalkoti Hydro-electric Project". They also state that "we do not want our river to be diverted or controlled in any way." Another Requester is Dr. Bharat Jhunjhunwala of Tehri district, also in the State of Uttarakhand, who states that he lives downstream of the Project and is directly impacted by it. The villagers from Chamoli district have requested that their identities remain confidential.

Also sent along with the Request is a letter titled "*Representation to Ms. Isabel Guerrero, Vice President, South Asia Department, World Bank on the violation of Operational Policies in grant of loan to THDC India for Vishnugad-Pipalkoti Hydro Electric Project*" which is signed by one of the Requesters and several other individuals, and has nine annexures.

**The Project**

The Vishnugad Pipalkoti Hydro Electric Project (VPHEP) is a proposed 444 Megawatt (MW) run-of-the-river hydro generation project on the Alaknanda River, which is a tributary of the Ganges. The Project Development Objectives 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 the Borrower with respect to the preparation and implementation of economically, environmentally and socially sustainable hydropower projects."<sup>1</sup>

<sup>1</sup>Project Appraisal Document on a Proposed Loan in the Amount Of US\$ 648 Million To THDC India Limited with the Guarantee Of The Republic Of India for the Vishnugad Pipalkoti Hydro Electric Project, June 10, 2011, p. 8.

VPHEP is an environmental category 'A' project financed through an IBRD loan in the amount of \$648 million. The Borrower is the Tehri Hydro Development Corporation (THDC) Limited and the Guarantor is the Government of India.

According to the Project Appraisal Document (PAD), the "*major features of the VPHEP project infrastructure are: a 65-meter-high diversion dam; a 13.4-km headrace tunnel; an underground power house; and a 3-km tailrace tunnel that will return the diverted water to the Alaknanda River. The major project infrastructure will be located on the right bank of the Alaknanda River (opposite National Highway 58) in Chamoli District of Uttarakhand. VPHEP is expected to reduce greenhouse gas (GHG) emissions by approximately 1.6 million tons per year over the plant operation period.*"<sup>2</sup>

The loan was approved by the Board of Directors on June 30, 2011 and is expected to close on December 31, 2017. About 0.25% of the loan had been disbursed at the time the Request for Inspection was received by the Panel.

### **The Request**

The Request<sup>3</sup> raises several social, cultural and environmental concerns, and related issues of compliance with Bank policies and procedures. The Requesters' concerns, as stated in the Request for Inspection, are summarized below.

*Religious and Cultural Concerns.* The Requesters state that the "*joy of a free-flowing river cannot be measured*" and that this has not been estimated by the "*dam users*". They state that the diversion of the river water into a tunnel stops its free flow and robs it of "*special qualities*". The Requesters assert that the rights of the local people have not been protected and "*there is no river water available for religious and cultural rituals like bathing festival, funeral rites, river worship, etc.*"

In the Representation attached to the Request, the signatories state that the Ganges River is worshipped as a "*living Deity*" by millions of people who obtain "*aesthetic, non-use and existence value*" from its free flow and this value will be reduced by the Project. The Representation provides details on a methodology for measuring non-use value which has been used, according to the Representation, by the Planning Commission of India in the case of three national parks.

*Water shortages.* The Requesters claim that water shortages will occur in the stretch of the river where water will be diverted into the underground tunnel. They state that cattle herders will in particular be impacted by water shortages. They also state that the "*environmental flow*" of the river has not been estimated. They claim 6 water sources in village Haat have already dried up as a result of blasting related to construction work and alternative water sources have not been provided.

*Water quality.* The Requesters state that the quality of the water in the Alaknanda River will be degraded when it is diverted into the underground tunnel and its free flow is

---

<sup>2</sup> PAD, p. 8.

<sup>3</sup> The Request from the Chamoli residents is in Hindi and an English translation was provided by the Requesters. The Request from Dr. Bharat Jhunjunwala is in English.

blocked. They also state that silt, which will be collected in the reservoir, will affect “*local temperature*” and “*aquatic life*” and that the reservoir water will emit methane and the water’s oxygen quantity will be reduced when it becomes stagnant.

*Biodiversity loss.* The Request raises concerns related to loss of aquatic species and also degradation of the natural habitat of endangered species such as the “*Cheer*” pheasant, otter, and mahaseer fish. The Requesters believe the natural habitats of these species are being affected by the Project.

*Other Environmental harms.* The Requesters state that deforestation as a result of dam construction is causing local temperatures to rise and also contributing to global warming, and that methane likely to be emitted from the reservoir will add to this problem. They also state they fear landslides may occur due to mountains being dug up. Moreover, the Requesters believe the reservoir will “*cause fog and disease*” and that it will negatively impact land situated around the reservoir.

*Livelihoods impact.* The Requesters state the “*dam will reduce the benefits people have from the river*”, such as for example, they will not be able to get sand or fish from the river. They also state local crops are being affected by the rise in temperature associated with deforestation and that fodder for animals, agriculture and forests are affected by dust from the Project.

*Health.* The Requesters claim the reservoir will cause diseases. They also state that migrant workers that have come to the area to construct the Project are spreading diseases as they live in unhygienic conditions.

*Economic harm.* The Request states that houses and land located in the area under which the tunnel is being dug have developed cracks and there has been no compensation for this. They also fear these houses will collapse if there were to be an earthquake as the area is in a high risk seismic zone. The Request also alleges that local people will bear the brunt of the negative environmental and social effects while the electricity generated will service urban centers.

*Gender issues.* The Requesters state that “*local culture and women’s freedom*” have been badly affected and that this would be difficult to compensate.

*Lack of transparency & consultations.* The Request claims the public hearings conducted for the Project were a “*sham*” and no information was provided. They also state there was opposition to the Project but that this was not “*taken into account.*”

*Absence of Studies.* The Request states that the construction of multiple dams on the same river has led to negative impacts but these have not been analyzed via a cumulative impact assessment. The Representation attached to the Request alleges that the Bank has not conducted an analysis of the no-project scenario, nor has there been a study of the impacts of the Project on different stakeholders, including local people.

## Registration of the Request

The Panel notes that it verified, at the time the Request was submitted, that the Request met the basic requirements for registration.

The Request was submitted by at least two people, in relation to a project supported by the World Bank, financing for which has not yet reached 95% disbursement; the Requesters assert that they are affected by Project activities; the Request raises issues of harm which may plausibly result from activities under the Project and from alleged actions/omissions of the Bank; the Request is not related to procurement issues and deals with a subject matter on which the Panel has not made a previous recommendation.

The Requesters state that they have raised these issues with relevant World Bank staff and are not satisfied with the response received. As noted above, attached to the Request is a letter sent by several signatories, including one of the Requesters, to the Regional Vice President of the World Bank. The reply by the World Bank to this Representation references “*several discussions...conducted through correspondence...as well as in several personal meetings...*”

The Requesters state that they do not want the World Bank to provide financial support to the Project given their stated concerns, and request the Inspection Panel to “*inspect this loan.*” In the Representation, the signatories propose that the Project be re-designed to allow some water to flow freely by not obstructing the entire river with a barrage.

The Panel notes that the above claims may constitute, *inter alia*, non-compliance by the Bank with provisions of the following operational Policies and Procedures:

|             |  |
|-------------|--|
| OP/BP 4.11  | Physical Cultural Resources                  |
| OP/BP 4.01  | Environmental Assessment                     |
| OP/BP 4.04  | Natural Habitats                             |
| OP/BP 4.36  | Forests                                      |
| OP/BP 4.37  | Safety of Dams                               |
| OP/BP 10.04 | Economic Evaluation of Investment Operations |
| OMS 2.20    | Project Appraisal                            |

With this notice, I am notifying you that I have, on August 3, 2012, which is also the date of this notice, registered this Request in the Inspection Panel Log.

As provided in paragraph 18 of the IBRD Resolution that established the Panel, 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 September 4, 2012, 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.”*

All communications with the Requesters in connection with the Request will be sent to Dr. Bharat Jhunjunwala.

The Request has been assigned IPN Request Number RQ 12/04.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alf Morten Jerve', written in a cursive style.

Alf Morten Jerve  
Chairperson

Dr. Bharat Jhunjunwala  
Lakshmoli, PO Maletha,  
Kirti Nagar, Uttarakhand 249161  
India

Mr. Jim Yong Kim  
President  
International Bank for Reconstruction and Development

The Executive Directors and Alternates  
International Bank for Reconstruction and Development