INDIA
COAL SECTOR ENVIRONMENTAL AND SOCIAL MITIGATION PROJECT
(CREDIT No. 2862-IN)

MANAGEMENT REPORT ON STATUS OF OUTSTANDING ISSUES FOLLOWING
THE INSPECTION PANEL INVESTIGATION REPORT No. 24000 AND
MANAGEMENT'S RESPONSE

January 5, 2007
**List of Acronyms**

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<tr>
<td>CASS</td>
<td>Chotanagpur Adivasi Sewa Samiti</td>
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<tr>
<td>CBA Act</td>
<td>Coal Bearing Areas Act of 1957</td>
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<tr>
<td>CCL</td>
<td>Central Coalfields Ltd. in Jharkhand (formerly part of Bihar)</td>
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<tr>
<td>CD/R&amp;R</td>
<td>Community Development/Resettlement and Rehabilitation Officer</td>
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<td>CIL</td>
<td>Coal India Ltd. (a public sector enterprise of the Government of India)</td>
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<td>CSESMP</td>
<td>Coal Sector Environmental and Social Mitigation Project</td>
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<td>CSRP</td>
<td>Coal Sector Rehabilitation Project</td>
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<td>DEA</td>
<td>Department of Economic Affairs, Ministry of Finance</td>
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<td>EMP</td>
<td>Environmental Management Plan</td>
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<td>GOI</td>
<td>Government of India</td>
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<td>IPDP</td>
<td>Indigenous Peoples Development Plan</td>
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<td>MOC</td>
<td>Ministry of Coal</td>
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<td>NDO</td>
<td>World Bank New Delhi Office</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>OBC</td>
<td>Other Backward Castes</td>
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<td>PAF</td>
<td>Project-Affected Family</td>
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<td>Project-Affected Person</td>
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<td>PIC</td>
<td>Public Information Center</td>
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<td>R&amp;R</td>
<td>Resettlement and Rehabilitation</td>
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<td>RAP</td>
<td>Resettlement Action Plan</td>
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<td>XISS</td>
<td>Xavier Institute of Social Service, facilitating NGO in Parej East</td>
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INTRODUCTION

1. A Board meeting held on July 22, 2003 discussed the findings of the Inspection Panel’s Investigation Report¹ on the India Coal Sector Environmental and Social Mitigation Project (CSESMP). This Report focused exclusively on the Parej East mine, which was one of the 25 mines that received support under the project, and involved 643 (6%) of the 10,214 total project affected people. “The Board endorsed the findings of the Panel, while noting that the project had positively influenced Coal India’s policies on environmental and social issues and that nearly 90% of the project affected persons in Parej East mine had improved or restored their incomes at the time of project completion”² on June 30, 2002.

2. At this meeting, Management, as part of its Action Plan, stated its commitment to continue to supervise the project and assist the key stakeholders – the project affected persons (PAPs), the NGO Chotanagpur Adivasi Sewa Samiti (CASS), the implementing agency Coal India Limited (CIL), its subsidiary Central Coalfields Limited (CCL), and the Government of India (GOI) – to reach substantial resolution on issues related to resettlement and environment. Management also agreed to report to the Board on the status of these issues at regular intervals.

Box 1: The Coal Sector Rehabilitation Project (Loan No. 4226-IN) and the Coal Sector Environmental and Social Mitigation Project (Credit No. 2862-IN )

The US$1.2 billion Coal Sector Rehabilitation Project (CSRP), co-financed by the World Bank and the Japanese Bank for International Cooperation, was designed to support market-oriented reforms in the Indian coal sector and the commercialization of CIL operations through financial restructuring, corporatization, and productivity improvement. The investment component of the CSRP, which provided support for the modernization and expansion of 25 already existing open cast coal mines, was going to generate substantial environmental and social impacts. The Coal Sector Environmental and Social Mitigation Project (CSESMP) was a US$63 million free-standing project designed to mitigate the impacts deriving from the CSRP.

The CSESMP became effective in July 1996, and its objectives were to: (i) enhance Coal India’s capacity to deal more effectively with environmental and social issues; (ii) implement appropriate policies for environmental mitigation and resettlement and rehabilitation of people affected by coal projects and provide support to communities, in particular tribals, living in coal mining areas; and (iii) test the effectiveness of these policies in the 25 coal mines that received financial support under the CSRP.

At the time of CSESMP closure on June 30, 2002, CIL’s capacity to deal with environmental and social issues had improved, and policies on Environment, Resettlement and Rehabilitation, and Community Development had been adopted company-wide. During the six years of implementation, the project’s 14 Resettlement Action Plans and 24 Indigenous Peoples Development Plans had offered assistance with the restoration of livelihoods or living standard improvements to a total of nearly 200,000 people.

¹ The Inspection Panel’s Investigation Report was issued on November 25, 2002, in response to the Request for Inspection was submitted to the Inspection Panel on June 21, 2001.
3. Over the past three and a half years, Management has carried out its commitment to the Board through regular reporting, participating in technical briefings and informal Board meetings, and has made extensive efforts to facilitate the resolution of outstanding issues. Since the Board meeting on July 22, 2003, the supervision team has made nearly a dozen visits to the project area, the Country Director for India has held five meetings with GOI specifically to seek their active cooperation, and the Bank has devoted US$650,000 and over 170 staff weeks in service of this commitment.

4. At the Board’s request, the team provided a Technical Briefing to Board members in September 2004, a presentation to the full Board in March 2005, and submitted reports to the Board in April 2005 and January 2006 on the status of the Management Action Plan. In its April 2005 Report, Management informed the Board that given the outcome of its ongoing dialogue with GOI and other key stakeholders, as well as the progress made to date in some areas and the varied impact of Bank involvement in others, Management would reassess the nature and extent of its involvement. The result of this reassessment would be a revised action plan, which would end supervisory responsibilities for selected issues, and would modify Bank involvement to providing advice and technical assistance as needed and/or requested, on others. September 30, 2005 was set as the target date for reviewing progress, in order to allow for two further Bank missions – the first of which took place in May 2005, and the second in August 2005.

5. The findings of Management’s reassessment were presented in its January 2006 Report, and documented the issues where the level of stakeholder cooperation was not contributing to progress towards resolution, as well as the issues where Bank involvement was no longer having a beneficial impact. In this Report, Management informed the Board of its decision to conclude its involvement on two issues, modify its involvement on four issues, and remain engaged on three issues for another six months.

6. The purpose of this Report is to inform the Board of Management’s efforts to resolve the issues identified in the Inspection Panel’s November 2002 Investigation Report, and present the case for bringing to closure the Bank’s involvement in this Inspection Panel case.

STATUS OF ISSUES

Issue 1: Economic rehabilitation of 73 project affected persons (PAPs) who reported a decrease in income during the project period

7. At the time of project closure on June 30, 2002, data from Parej East indicated that nearly 90% of PAPs had been able to maintain or increase their incomes.\(^3\) These data also show that during the period of RAP implementation (from 1997 to 2002) the percentage of female PAPs earning an income increased dramatically, from 4.1% to 57.8%. Among the 270 female PAPs in Parej East, 97.8% have been able to maintain or increase their incomes during the project period. The affected tribal population experienced similar improvements. In Parej East, there were 194 PAPs belonging to one of the Scheduled Tribes who provided income information for both the 1997 and 2002 censuses. Of these, 88.7% maintained or increased their incomes during the project period. In addition, the number of tribal PAPs with above-poverty-line incomes more than doubled during the project period.

8. During the November 2003 mission, the Bank and CCL agreed that the Community Development (CD)/Resettlement and Rehabilitation (R&R) Officer in Parej East would undertake a survey to investigate the reasons why 73 PAPs had experienced a decrease in income. CCL also agreed to hire the Xavier Institute of Social Service (XISS), the former facilitating NGO, to verify the survey results and develop an action plan for any further assistance. After some initial delays and resistance from the PAPs

\(^3\) All income information has been adjusted for inflation.
themselves, XISS began the assignment on September 9, 2004 and submitted the interim report on February 25, 2005. Following the March 1, 2005 briefing to the Board, the Bank team reviewed the interim report with XISS, and discussed the draft action plan with XISS, CIL, and CCL.

9. XISS submitted its final survey report with a proposed action plan on September 30, 2005. According to the final report, the caseload for remedial action had decreased from 73 PAPs to 9 PAPs as follows:

- 24 PAPs have increased their annual income through employment with the company, daily wage work and some self-employment;
- 12 PAPs have moved out of the area and settled elsewhere and are thus not covered by the report;
- 10 PAPs are sick/aged and supported by their relatives;
- 9 PAPs have died;
- 9 PAPs continued to experience a decrease in income;
- 8 PAPs are still in possession of their land;
- 1 person was included in the list by error and determined to be a non-PAP.

10. During the August 2005 mission, CCL informed the Bank that on the basis of the findings of the XISS interim survey, the following actions had been initiated to assist the PAPs with economic rehabilitation:

- PAPs were informed by letter and in person by the CD/R&R Officer on nine separate occasions about the employment opportunities available to them;
- PAPs have been listed into two ‘labor pools’ and the lists were supplied to the two construction contractors for recruitment. The PAPs were informed accordingly by letter and in person, but to date none of the PAPs have indicated interest in this work;
- The Forest Department has also been given the list of these PAPs and advised to engage them in plantation activities under the project, but to date none of the PAPs on the list have expressed interest in this work;
- The 9 PAPs, who according to the survey continued to experience a decrease in income, are presently working as coal loaders in the coal dump, and the Coal Dump Supervisor has been instructed to employ them on a preferential basis. A register is being maintained by the Dump Supervisor which is checked by the Parej East Project Officer on a monthly basis.

11. Taking into account the five years of income restoration support provided under the project, four years of Bank follow-up supervision, additional efforts by CCL, and the information provided by XISS on the status of the 73 PAPs, of which the 9 PAPs who by February 2005 had not restored their incomes, are presently employed in coal loading, Management is of the view that this issue is substantially resolved.

12. Management concludes its involvement on this issue.

**Issue 2: Settlement of claims for PAPs cultivating land under customary tenure**

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4 These 8 PAPs will only be displaced over the next five years as part of normal mine expansion. Assistance will be provided in accordance with CIL’s R&R Policy and Indian Law at the time of displacement.
13. Consistent with the World Bank's OD 4.30, CIL's R&R Policy states that “tribals cultivating land under traditional rights” should be recognized as entitled to compensation. Under Indian law, PAPs must establish that they have a valid claim to the land before compensation can be paid. Claims for rights to land cultivated under customary tenure—referred to as Ghair Mazurva Khas (GMK) land in the Hazaribagh area—are examined on a case-by-case basis by the District Authorities. The disputes over GMK land stem from the fact that there are ambiguous historical records of occupancy, dating back to the pre-independence era, and thus of tenancy. Occupancy rights need to be verified, which has proven to be a protracted process, before compensation can be paid. For recognized claims, the compensation amount is calculated in the same manner as for tenancy land.5

14. Since 2003, the District Authorities have conducted more than a dozen land settlement camps in Parej East in an effort to resolve claims over GMK land. The Bank supervision team has also held meetings with the District Collector and the Jharkhand State Secretary for Land Revenue to request their active cooperation in ensuring a timely resolution of this issue.

15. In total, 41 claims for land being cultivated under customary tenure were filed with the District and State authorities by families from the two villages – Parej and Duru Kasmar – affected by the Parej East mine. Of the 26 claims from Parej village, 13 claims have been settled in favor of project affected families (PAFs) and the requisite compensation paid to 12 PAFs. In the case of 1 deceased PAF, the dependents have yet to come forward to claim the compensation. The remaining claims by 13 families were rejected due to ineligibility and/or lack of evidence, and 8 of these families have chosen to file an appeal with the State Tribunal, in which the Union of India/CCL and the State of Jharkhand are also parties. Evidence on behalf of the claimants was completed in 2004, while the evidence on behalf of Government of India/CCL is still in progress.

16. Of the 15 claims from Duru Kasmar village, 3 claims are not applicable as the land in question will not be required for mining, and 6 claims have been rejected. The remaining 6 claims have been authenticated and compensation assessed. Payment of compensation has been delayed due to a disagreement between the District Revenue Department and the Forest Department, which maintains that the land in question is forest land and that claims for compensation thus should be settled in favor of the Forest Department rather than of the affected people.

17. In an effort to expedite the process of disbursement of compensation to the above 6 claimants, the Bank team along with project authorities met with the Additional District Collector, Hazaribagh, who assured the team of his cooperation. In addition, the Country Director wrote to the Chief Secretary, Government of Jharkhand in November 2005 to request urgent resolution of the dispute and payment of compensation to the 6 PAPs. In its January 2006 Report, Management proposed to monitor this issue for a further six months.

18. During the most recent supervision mission in September 2006, CIL informed the Bank team that the dispute had been settled and the payment of compensation was in process. No appeals have been filed with the State Tribunal by the 6 families whose claims have been rejected. In light of the above, Management considers this issue to be substantially resolved, and is of the view that continued involvement by the Bank will have no influence on the outcome of the eight appeals from Parej village filed with the State Tribunal.

19. Management concludes its involvement on this issue.

Issue 3: Provision of long-term leases to PAPs for their house plots in the resettlement site

20. Security of land tenure is considered a critical aspect of successful resettlement, and the Bank first raised this issue with GOI in 1992, during the early stages of project preparation. By the time the original 1994 RAP for Parej East was prepared, CCL had already acquired the Pindra resettlement site under the Coal Bearing Areas (CBA) Act, which does not allow for the provision of land title to individuals or families. As providing the PAPs with outright title to the land would not be possible at Pindra, Management and GOI began discussing the option of providing PAPs with long-term leases. In July 1997, GOI agreed in the Minutes of the CSRP Negotiations to "take the necessary action to obtain from the relevant authorities written waivers or consent to grant PAPs renewable long-term leases..." to their house plots.  

21. Since 1997, the Bank team has raised the issue of land titles or long-term leases during every supervision mission, and the following key developments have occurred:

- **March 1999** – A patta (land title) format for long-term renewable leases proposed by CIL was forwarded to the Ministry of Coal (MOC) for approval.
- **April 2000** – Draft lease agreement, specifically for the Pindra resettlement site in Parej East, was sent to the Director, Department of Coal in MOC for approval. This matter was then referred to the Ministry of Law.
- **May 2001** – Ministry of Law informs CIL that while ownership cannot be transferred to the PAPs, it is willing to consider requests from the subsidiaries to enter into agreements (long-term leases) with individual PAPs regarding their use of the land, on a case-by-case basis. CIL re-submits individual case applications to the Ministry of Law.
- **February 2002** – Additional Secretary, MOC, informed the supervision team that MOC is in discussions with the Ministry of Law and a solution is forthcoming.
- **November 2003** – The Bank requests CIL and MOC to provide information on the causes for delay and to suggest ways to proceed which would expedite the resolution of this issue.
- **March 2004** – CCL writes follow-up letter to MOC requesting assistance in resolving this issue.
- **May 2004** – CCL writes follow-up letter to MOC requesting assistance in resolving this issue.
- **June 2004** – MOC informed the supervision mission that it expected to be able to resolve this matter with the Ministry of Law within the next three months.
- **September 2004** – GOI informed the Bank that the commitment it made during the CSRP Negotiations was inconsistent with Indian Law and could not be fulfilled.
- **February 2005** – Country Director holds further meetings with GOI on this issue. Subsequently the Department of Economic Affairs (DEA) informs the Bank that MOC has finalized amendments to the CBA Act to provide long-term leases to PAPs, which have been vetted by the Ministry of Law. DEA also informs the Bank that these amendments will be submitted during the current session of Parliament.
- **October 2005** – Country Director writes to MOC to request clarification regarding the status of the amendments.
- **September 2006** – CIL informs the Bank supervision team that the mine plan for Parej East indicates that the land at the Pindra resettlement site will not be required for mining during the life of the mine (the year 2020), thus providing de facto security of tenure to PAPs.

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6 Refer to paragraph 38 in the Minutes of CSRP Negotiations.
22. Over the past 14 years, the Bank has made extensive and continued efforts to assist the PAPs in obtaining formal title or long-term leases for their plots in the Pindra resettlement site. Although Management is encouraged that the details of the Parej East mine plan indicate that the PAPs will be provided with de facto security of tenure, it is forced to conclude that a formal agreement is not achievable, and that no further action on its part will be able to secure such an agreement.

23. Management concludes its involvement on this issue.

Issue 4: Disbursement of subsistence allowance funds by GOI

24. CASS first raised this issue with the Bank in one of the two additional documents it submitted to the Inspection Panel in January 2002. Although CIL’s R&R Policy does not mention the type of subsistence allowance referred to by CASS, the August 1994 Resettlement Action Plan (RAP) for Parej East, Section 3.4.4 refers to an additional ‘subsistence allowance’ payable for 20 years to those project affected families (PAFs) who lose their land and do not opt for a job or do not qualify for a job.

25. In July and November 2003, Management recommended that GOI make funds available or explore additional ways of realizing this entitlement. A letter received in September 2004 from GOI concluded that the additional subsistence allowance for PAFs in Parej East was included in the 1994 RAP by oversight. None of the RAPS for the other CIL subsidiaries under the project included this type of subsistence allowance, as it was not based on CIL’s R&R Policy, or required by the Bank’s policy. Both CIL and GOI have clearly stated to the Bank that providing the additional subsistence allowance would set an unacceptable precedent which would be unsustainable for CIL’s 500 mines.

26. However, in its discussions with the Bank supervision team, CCL indicated its willingness to reevaluate employment compensation as a means of economic rehabilitation for families who would lose their land to mining activities within the next five years. A survey and consultation exercise, which focused on 121 PAFs, was subsequently undertaken by XISS and the final report was submitted on September 30, 2005. The survey report indicated that among the 121 PAFs:

- 54 PAFs have yet to lose their land, and according to mine plans, were only expected to do so in the next five to ten years;
- 42 PAFs who have already lost their land and received compensation have also either been given a mine job or have received monetary compensation in lieu of a job; and
- 25 PAFs would lose their land within the next five years.

27. In response to the survey, CCL has begun the process of providing employment or monetary compensation in lieu of employment to all 25 PAFs who will lose their land within the next five years. As part of this process, the families have been requested to submit a family chart, designate a nominee for employment, and submit an application for employment.\(^7\) Once this information has been verified by the

\(^7\) The unit of entitlement for this subsistence allowance, as specified in the 1994 Parej East RAP, is not the individual, but the family. For families losing up to one acre of land, a subsistence allowance “at the rate of Rs.300 per month + an ex-gratia amount of Rs.100 per month” would be provided for twenty years. For families losing more than one acre of land, a subsistence allowance of “Rs.300 per month per acre subject to a maximum of Rs.1,000 per month + an ex-gratia amount of Rs.100 per month” would be provided for 20 years. The 1994 Parej East RAP also indicates that 54 percent of the PAFs there were landless (while another 40 percent owned less than 2.5 acres of land).

\(^8\) This process is sometimes lengthy as co-sharers need to agree on a designated nominee or how the compensation will be shared.
District Authorities, the employment application completed, and company approval has been obtained, employment or compensation in lieu of employment is received in approximately three months.

28. At the time of the most recent Bank mission in September 2006, one nominee had received employment, one family had received compensation in lieu of employment, applications for employment for eight nominees were under review, nine families have yet to submit a family chart and designate a nominee, three designated nominees have yet to submit an employment application, and according to CCL, three families have declined the offer of employment. CCL has demonstrated, through its actions, substantial compliance with the agreed measures to provide the required compensation to the identified PAFs.

29. Management finds that this issue has been substantially resolved and concludes its involvement on this issue.

Issue 5: Delivery of compensation and relocation entitlements

30. Compensation and relocation entitlements have been paid to all PAFs who have been resettled under the project. A total of 27 PAFs filed cases with the State Tribunal for increased compensation. The State Tribunal has awarded higher payment to 9 PAFs, and this judgment has been appealed to the High Court by CCL. Evidence and arguments for both parties have been completed, and a judgment is awaited from the High Court.

31. As the process for compensation and relocation entitlements are governed by well established State procedures, over which the Bank has no influence, Management considers this issue to be substantially resolved.

32. Management concludes its involvement on this issue.

Issue 6: Water quality at the resettlement sites

33. In its Report of July 2003, Management recommended that institutional arrangements be put in place for monthly monitoring of water quality in all resettlement sites together with independent verification, as well as measures to mitigate any results outside the parameters defined by Indian law. Since that time, all Bank missions have continued to examine testing records to ensure that regular monitoring was undertaken, and that any deviation from accepted parameters was mitigated.

34. The Bank concluded its supervisory responsibility of this issue in April 2005, since water quality monitoring was assessed as being satisfactorily addressed by the Central Mine Planning and Design Institute (CMPDI). The CMPDI continues to monitor the water quality on a monthly basis.

Issue 7: Reclamation of mine land for agricultural use

35. The provision of replacement land for PAPs through utilization of unused or reclaimed mine land was proposed by the World Bank in late 1997, and pursued in all successive supervision missions. Despite agreements reached during the midterm review in February 1999 regarding five land-based income generating pilots (including in CCL), reluctance on the part of CIL to follow up on its commitments resulted in only one such pilot being implemented in another subsidiary.

36. In its Report of July 2003, Management recommended that CCL consider ways in which reclaimed land could be used to undertake land-based income generation activities for PAPs. In early 2005, at the request of the Bank team, project authorities prepared a map which identified unused or reclaimed mine land which could potentially be utilized for land-based income generation activities.
However, CCL’s future need of the land for underground mining, lack of legal clarity regarding use rights, and CCL’s obligation to return the land to the State government once mining operations have been completed, have further complicated a decision on this matter.

37. As more than 95% of the PAPs in Parej East have now been able to restore or increase their incomes, and in light of the existing legal complexities, Management finds this issue to be substantially resolved and concludes that further progress on this issue is unlikely.

38. Management concludes its involvement on this issue.

Issue 8: Mechanisms for consultation and dissemination of project related information to PAPs

39. As detailed in earlier reports to the Board, the existence of incomplete information as well as misinformation in Parej East has had a significant impact on the Bank’s ability to facilitate the resolution of various issues. Hence, the supervision team considered ensuring access to accurate information a top priority. In December 2004, with assistance from the Bank team and the Senior External Affairs Officer from the New Delhi Office, CCL developed an information and communication strategy to ensure public access to project-related information, particularly for the affected community, and to improve the relationship between the project authorities and stakeholders.

40. CCL began its efforts to improve their relationship with the community by holding a meeting on February 18, 2005 with representatives from each of the social groups in the affected area (Muslims, Ganjus, Turis, Manjhis, Prasads, etc.) to discuss the potential benefits and risks of various options for economic rehabilitation. During this meeting:

- Community leaders were encouraged to raise all their doubts and questions and seek resolution to any grievances;
- CCL outlined its rehabilitation policies and plans, and redistributed this information in writing; and
- XISS explained the purpose, process, and results of the latest survey.

41. In August 2005, the Bank team noted the good rapport established by the Project Officer with the PAPs, and that timely remedial measures in response to grievances raised during the February 2005 meeting have helped in gaining the confidence of the PAPs. As agreed with the Bank, CCL officials have continued to meet with the PAPs on a regular basis to listen to and address their concerns.

42. The communication strategy also involved the development of an ongoing dialogue between CCL and CASS. CCL’s Area General Manager (AGM) for the project initiated this with a one-to-one meeting with CASS on December 17, 2004, but attempts to continue these discussions during the first six months of 2005 did not materialize, due to his transfer to another subsidiary. During the August 2005 field visit, it was agreed that the new AGM would hold at least two meetings with CASS to discuss how to resolve outstanding issues. The first of these meeting was held on September 22, 2005, and the second on May 6, 2006.

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9 See Management’s April 2005 and January 2006 Reports to the Board.
10 The key issues raised related to eligibility criteria for the subsistence allowance, opportunities for economic rehabilitation, authentication of GMK land, and requests for more work in the coal dump.
11 These measures included improvements in the condition of the school building, making the school operational by facilitating the recruitment of a local teacher, providing electricity connections to individual houses at the Pindra resettlement site, and organizing regular health check-ups for PAPs.
12 Recent requests from the PAPs, including the construction of a temple, and repairs to the school gate and hand pump have been met by the project.
43. As the stakeholders are now communicating directly with one another as a means of resolving their differences, Management finds that this issue has been substantially resolved and concludes its involvement in this issue.

Issue 9: Constitution of an Independent Monitoring Panel (IMP)

44. In 2003 GOI stated that there was no need for an IMP as the majority of the rehabilitation work had already been completed, and the institutional arrangements in place were sufficient to handle what remained. In its letter to the Bank in September 2004, GOI confirmed its view that circumstances on the ground did not warrant the constitution of an Independent Monitoring Panel.

45. The Bank accepted the position of GOI, and concluded its involvement in this issue in April 2005.

CONCLUSION

46. In keeping with its commitment to the Board, the Bank has made extensive efforts to facilitate resolution to the issues identified in the Inspection Panel’s Investigation Report. These include follow-up missions, technical assistance, continued engagement with all stakeholders, follow-up by the Country Director with relevant officials at the federal and state levels, and support for external assessments. The Bank has worked with all key stakeholders to support resolution, and has endeavored to create an environment which encourages direct communication and multi-stakeholders problem solving.

47. Overall, the key issues raised by the Inspection Panel have been substantially resolved. However, despite the Bank’s active and sustained engagement, constraints in the existing legal context have prevented the achievement of full resolution on limited aspects of the Management Action Plan. On these aspects, Management concludes that the process has been taken forward to its fullest extent, and that further developments are restricted by broader policy issues, which extend beyond the coal sector. In light of the above, Management has decided to bring to closure its involvement in the Coal Sector Environmental and Social Mitigation Project, and expects that this will be the last Progress Report submitted in reference to this Inspection Panel case.

IMPLICATIONS FOR FUTURE OPERATIONS

48. The South Asia Region is in the process of writing a formal note on the lessons learned from its involvement is Inspection Panel cases, including the CSESMP, to inform future Bank projects. However, the experience of Coal India already suggests that project level interventions may not be able to fully address the problems involved in land acquisition, resettlement of communities, and the provision of compensation to households. These challenges often emanate from systemic problems in the broader policy framework governing land acquisition processes and resettlement and compensation mechanisms, especially for vulnerable communities like tribal groups. Ineffective implementation mechanisms and the resulting capacity constraints also add to the complexity of managing such issues at the project level. The Bank recognizes that there is a need to address these problems at a broader policy level with direct capacity support for government that is cross-sectoral in nature.

49. Drawing on this important lesson, the Bank has introduced a formal technical assistance program on safeguard management in India this fiscal year. Its objective is to support the Government of India with the review and assessment of existing land acquisition, resettlement and rehabilitation policies and legislation, as well as identify possible changes that may result in more efficient and equitable outcomes. This new approach to safeguard management is one that complements the project level interventions by identifying gaps and providing support to strengthen existing country systems. It is hoped that supporting the creation of a better policy environment will reduce the problems faced in safeguarding the interests of poor people at the project level.

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<th>Issue</th>
<th>Key Actions/Developments</th>
<th>Current Status</th>
<th>Management Finding</th>
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| 1 Economic rehabilitation of 73 PAPs who reported a decrease in income during the project period | • Following five years of income restoration assistance during the project period, two surveys were undertaken and the PAPs were informed on nine separate occasions – in person and by letter – about the preferential employment opportunities available to them, including: work with contractors, the Forest Department, and coal loading. | • 24 PAPs have increased their incomes through employment with the company, daily wage work, and some self employment.  
• 22 PAPs have either left the area or are sick/aged and supported by relatives.  
• 9 PAPs are employed in coal loading.  
• 9 PAPs have died.  
• 8 PAPs are still in possession of their land.  
• 1 PAP was included in the list by error. | In accordance with its commitment to the Board, Management finds that this issue has been substantially resolved.                                                                                                                                                  |
| 2 Settlement of (41) claims for PAPs cultivating land under customary tenure | • Since 2003, District Authorities have conducted more than a dozen land settlement camps.  
• In an effort to expedite the process, the Bank team met with the Additional District Collector, and the Bank’s Country Director wrote directly to the Chief Secretary, Government of Jharkhand. | • 19 of the 41 claims filed have been authenticated by the District Authorities and compensation has already been paid to 13 claimants and assessed for the remaining 6 claimants.  
• 19 claims have been rejected and 8 of these claimants have filed an appeal with the State Tribunal.  
• 3 claims were deemed not applicable as the land will not be acquired for mining. | As the majority of the claims have been adjudicated and the Bank cannot have any influence over the outcome of the 8 claims under appeal with the State Tribunal, Management finds this issue to be substantially resolved. |
| 3 Provision of long-term leases to PAPs for house plots in the resettlement site | • Bank first raised this issue in 1992, but by 1994 land had already been acquired under an act which did not allow for title transfer to PAPs.  
• Based on an agreement with GOI in 1997, the Bank works for the next seven years with CIL, Ministry of Coal, and Ministry of Law to find a solution.  
• In 2004 GOI informed the Bank that the commitment it made in 1997 was inconsistent with Indian Law and could not be fulfilled.  
• After a meeting with the Country Director in early 2005, GOI informed the Bank that the Ministry of Coal had finalized an amendment to the relevant act, which would provide long-term leases for PAPs, and that this amendment would be submitted for approval during the current session of Parliament. | • The amendment has yet to be submitted to Parliament, and if it is, there is not guarantee that it will pass.  
• During the last supervision mission, CIL informed the Bank that the mine plan for Parej East indicates that the land at the Pindra resettlement site will not be required for mining during the life of the mine (the year 2020), thus providing de facto security of tenure to PAPs. | Despite the extensive and continued efforts made by the Bank over the past 14 years to assist the PAPs in obtaining formal title or long-term leases for their plots in the resettlement site, Management is forced to conclude that a formal agreement is not achievable, and that no further action on its part will be able to secure such an agreement. |
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| 4 Disbursement of subsistence allowance funds by GOI                 | • This issue was first raised by CASS in 2002.  
• In 2003, Management recommended that GOI make funds available or explore additional ways of realizing this entitlement.  
• In 2004, GOI informed the Bank that the additional subsistence allowance for PAFs in Parej East was included in the 1994 RAP by oversight, and that such an allowance was not based on CIL’s R&R Policy, or required by the Bank’s policy.  
• Both CIL and GOI have repeatedly informed the Bank that providing the additional subsistence allowance would set an unacceptable precedent which would be unsustainable for CIL’s 500 mines. | • In response to the XISS survey, CCL has begun the process of providing employment or monetary compensation in lieu of employment to all 25 PAFs who will lose their land within the next five years. | CCL has demonstrated, through its actions, compliance with the agreed measures to provide the required compensation to the identified PAFs. Management finds this issue to be substantially resolved. |
| 5 Delivery of compensation and relocation entitlements               | • Compensation and relocation entitlements have been paid to all PAFs who have been resettled under the project.  
• As of 2005, a total of 27 PAFs filed cases with the State Tribunal for increased compensation. The State Tribunal has awarded higher payment to 9 PAFs, and this judgment has been appealed to the High Court by CCL. | • Evidence and arguments for both parties have been completed, and a judgment is still awaited from the High Court. | As the appeal process for compensation and relocation entitlements are governed by well established State procedures, over which the Bank has no influence, Management finds this issue to be substantially resolved. |
| 6 Water quality at the resettlement sites                           | • In 2003, Management recommended that institutional arrangements be put in place for monthly monitoring of water quality in all resettlement sites together with independent verification, as well as measures to mitigate any results outside the parameters defined by Indian law.  
• All Bank missions have continued to examine testing records and found that regular monitoring was undertaken, and that any deviation from accepted parameters was mitigated. | • The Central Mine Planning and Design Institute (CMPDI) continues to monitor the water quality on a monthly basis. | As water quality monitoring was assessed as being satisfactorily address, Management concluded its supervisory responsibility of this issue in April 2005. |
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| 7  | Reclamation of mine land for agricultural use | • In 1997, the Bank first proposed providing replacement land for PAPs through utilization of unused or reclaimed mine land.  
• In 2003, Management recommended that CCL consider ways in which reclaimed land could be used to undertake land-based income generation activities for PAPs.  
• In early 2005, project authorities prepared a map which identified unused or reclaimed mine land which could potentially be utilized for land-based income generation activities. | • CCL’s future need of the land for underground mining, lack of legal clarity regarding use rights, and CCL’s obligation to return the land to the State government once mining operations have been completed, have further complicated action on this matter. | As more than 95% of the PAPs in Parej East have now been able to restore or increase their incomes, and in light of the existing legal complexities, Management finds this issue to be substantially resolved. |
| 8  | Mechanisms for consultation and dissemination of project related information to PAPs | • In 2004 CCL implemented and information and communication strategy to ensure public access to project related information and improve the relationship between project authorities and stakeholder. | • In keeping with its communication strategy, a meeting was held with representatives from each of the social groups in the affected area, the Project Officer has regular interaction with PAPs, and the Area General Manager has held three meetings with CASS. | As the stakeholders are now communicating directly with one another as a means of resolving their differences, Management finds that this issue has been substantially resolved. |
| 9  | Constitution of and Independent Monitoring Panel | • In 2003 GOI stated that there was no need for an IMP as the majority of the rehabilitation work had already been completed, and the institutional arrangements in place were sufficient to handle what remained.  
• In 2004 GOI confirmed its view that the circumstances on the ground did not warrant the constitution of an IMP and that regular Bank supervision missions were sufficient. | • The Bank accepted the position of GOI and concluded its involvement in this issue in April 2005. | Management concluded its involvement in this issue in April 2005. |