

Report No. 65017-IN

**The Inspection Panel** 

**Report and Recommendation**

**India -Madhya Pradesh Water  
Sector Restructuring Project  
(IBRD Loan No. 4750-IN)**

October 25, 2011



**The Inspection Panel**  
**Report and Recommendation**  
**On**  
**Request for Inspection**

**INDIA - Madhya Pradesh Water Sector Restructuring Project**  
**(IBRD Loan No. 4750-IN)**

**A. BACKGROUND TO THE REQUEST**

1. On August 31, 2010 the Inspection Panel (hereinafter, the “Panel”) received a Request for Inspection (hereinafter, the “First Request”) related to the India - Madhya Pradesh Water Sector Restructuring Project (the “Project” or “MPWSRP”). The Requesters stated that they were concerned about health and sanitation issues related to the “Water Quality Enhancement Project of Swarn Rekha River”, which is a sub-component of the Project (hereinafter, the “sub-project”). The Panel informed the Requesters about the need to bring their concerns to Management’s attention as per Panel procedures.
2. On May 17, 2011, the Panel issued a Memorandum to the Board of Executive Directors<sup>1</sup> informing them of the receipt of this First Request and explaining the reasons why it had not been registered. In this Memorandum, the Panel noted that Management had been proactive in its consultation efforts with the Requesters and that the Panel would await further developments aimed at reaching a satisfactory resolution of the problems raised in the First Request.<sup>2</sup>
3. On July 16, 2011, the Panel received a second Request for Inspection dated July 6, 2011 (hereinafter, “the Request”) related to the Project. The Request was filed by the same Requesters, Messrs. Ram Sharan Gupta and Dinesh Kumar Singhal, who are both residents of Gwalior Town. The Requesters stated that despite receiving a number of assurances from the Bank that their concerns related to health and sanitation issues would be resolved, they remained unaddressed for almost a year. They claimed that Bank Management had not complied with its policies and procedures with respect to this sub-project, which, in their view, had caused harm to people in the vicinity of the Swarn Rekha River. The Panel registered the Request on August 22, 2011 and Management submitted its Response on September 21, 2011.<sup>3</sup>

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<sup>1</sup> The Inspection Panel Memorandum to Executive Directors of International Bank for Reconstruction and Development, dated May 17, 2011.

<sup>2</sup> The Requests, Management Response, and all related documents, are available at <http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,contentMDK:22919704~menuPK:64129250~pagePK:64129751~piPK:64128378~theSitePK:380794~isCURL:Y,00.html>

<sup>3</sup> Management Response to Request for Inspection Panel Review of the India-Madhya Pradesh Water Sector Restructuring Project (IBRD Loan No. 4750-IN), September 21, 2011 (hereinafter “Management Response”).

4. As provided in paragraph 19 of the 1993 Resolution establishing the Inspection Panel (the “1993 Resolution”),<sup>4</sup> the purpose of this report is to determine the eligibility of the Request and make a recommendation to the Executive Directors as to whether the matters alleged in the Request should be investigated.

## **B. THE PROJECT**

5. The development objective of the Project is to improve productivity of water for sustainable growth and poverty reduction in selected river basins (Chambal, Sindh, Betwa, Ken, and Tons) of Madhya Pradesh.<sup>5</sup> The Project aims to rehabilitate and modernize about 500 irrigation systems, build capacity of Water Users Associations (WUA), introduce improved agricultural, horticultural, and fisheries practices in the project schemes, and reform the Water Resource Department (WRD).
6. The Project has the following four components:
  - *Component A: Water Resources Management – Institutions and Instruments*, which aims at supporting the establishment and operationalization of the proposed planning, allocation and regulatory institutions and instrument at the State and basin-levels;
  - *Component B: Service Delivery – Irrigation and Drainage Institutions*, which aims at supporting measures related to delivering reliable irrigation services;
  - *Component C: Improving productivity of selected existing irrigation and drainage assets in five basins*, which aims at providing the necessary investments in the Chambal, Sindh, Betwa, Ken, and Tons basins;
  - *Component D: Project Management Support*, which aims at supporting the Project Implementation Coordination Unit (PICU).
7. The Project includes, under its Component C, the “Water Quality Enhancement Project of Swarn Rekha River,”<sup>6</sup> which is the subject of the Requesters’ concern. This Bank-financed sub-project aims to line approximately 12 kilometers of the Swarn Rekha River, which runs through the city of Gwalior, so as to improve its water quality and drainage capacity for purposes of transferring water to an irrigation scheme near Gwalior to eventually irrigate 2,500 ha and benefit 3,000 households.<sup>7</sup>
8. The agreed scope of the sub-project includes silt clearance and earth works, concrete lining of the approximately 12 km river cross-section, construction of a new parapet wall and repair of existing parapet walls, renovation of sections of four *nallas* (drainage channels),<sup>8</sup>

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<sup>4</sup> International Development Association, Resolution No. IDA 93-6, dated September 22, 1993 (the “1993 Resolution”).

<sup>5</sup> Project Appraisal Document (hereinafter, “PAD”), Report No: 28560-IN, dated August 9, 2004, p.3.

<sup>6</sup> Environmental Management Plan, Water Quality Enhancement Project of Swarn Rekha River, Yamuna Basin Sindh Sub Basin Under Madhya Pradesh Water Sector Restructuring Project, 2007.

<sup>7</sup> Management Report of February 18, 2011, Visit to Gwalior.

<sup>8</sup> The Management Response states that “‘Nallas’ are drainage channels which in Gwalior Town not only drain flood waters but also sewage. The nallas feed into the sewer trunk line.”

minor renovation of tanks, construction of five new bridges and repair of 13 existing bridges.<sup>9</sup>

### C. FINANCING

9. The Project is partially financed by an IBRD Loan in an amount of US\$ 396 million,<sup>10</sup> which was approved by the Board of Executive Directors on September 7, 2004. The Project is currently proposed for restructuring and the original loan closing date of March 31, 2011 has been extended until December 31, 2011 to allow “*sufficient time for the Government of India and GoMP to work towards a clear demonstration of significantly improved project implementation in the coming months.*”<sup>11</sup> The Borrower is the Government of India and the implementing agency is the Water Resources Department, Government of Madhya Pradesh.

10. The estimated cost of the sub-project is about US \$7.5 million.<sup>12</sup>

### D. THE REQUEST FOR INSPECTION

11. The Request (see Annex I) raises issues related to health, pollution, poverty reduction, project design, and supervision by Bank staff. Its main focus is on the health hazard posed to the residents of the city of Gwalior by raw sewage allegedly flowing in the Swarn Rekha River. The Requesters allege that an existing sewage trunk line, which is located under the river bed (and at times besides it), and thus under the concrete lining being constructed under the sub-project, was damaged by “*construction work*” connected to the sub-project.

12. **Health, Pollution and Poverty:** The Requesters state that the sub-project is creating slum-like conditions because the main sewage trunk line has been crushed, and is now “*choked*”, due to “*construction work and poor supervision.*” They also state that the sub-project “*creates mud and water slumps*” which is causing illnesses like malaria and dengue. They write that the river has “*small ponds of dirty sewage water*”, and that the main trunk line is still choked in the 2.5km-5km section and raw sewage is floating in the river. The Requesters also allege that “*one lakh people*” [100,000 persons] are affected by the unsanitary conditions and poverty has increased as these people are “*wasting their money*” on medical treatment.

13. **Quality of Work and Sub-project Design:** The Requesters state that the quality of work is poor as it has not been carried out in accordance with the “*design and specification*” of the sub-project. They also state that “*drainage and seepage lines in the lining are not given*”, and that this stopped the “*free flow of sewage in the center of river*”.

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<sup>9</sup> Management Response, p. 12, para 14.

<sup>10</sup> PAD, p. iv.

<sup>11</sup> Restructuring paper on a proposed project restructuring of Madhya Pradesh Water Sector Restructuring Project (Loan No 4750-IN), September 7, 2004, to the Republic of India, March 30, 2011.

<sup>12</sup> Management Response, p. 11, para 14.

14. **Supervision:** The Requesters state that they have “*complained*” to Bank Management on several occasions about their concerns and that Management has attempted but “*failed to solve the problems*”. They allege that their concerns have not been addressed despite several World Bank teams visiting the sub-project site, and that a 2.5 km long section of the main sewage trunk line that runs under the sub-project remains blocked. The Requesters have also informed the Panel that despite receiving assurances that this trunk line section would be unblocked by mid-June 2011, no progress has been made and raw sewage is still flowing in the Swarn Rekha River. Moreover, they add that work on the sub-project “*is stopped from last 03 months*”. Consequently, they were not satisfied with Management’s efforts, which they considered to be inadequate in addressing their concerns.
15. The Requesters further allege that the harms they have suffered are linked to the Bank not properly following several of its operational policies and procedures and asked the Panel to recommend to the Board of Executive Directors that an investigation into the matters alleged in the Request be conducted.
16. The above claims may constitute, *inter alia*, non-compliance by the Bank with various provisions of the following Operational Policies and Procedures:

OP/BP 1.00	Poverty Reduction
OP/BP 4.01	Environmental Assessment
OP/BP 13.05	Project Supervision
OMS 2.20	Project Appraisal

## **E. THE MANAGEMENT RESPONSE**

17. As stated earlier in this Report, Management submitted its Response on September 21, 2011 (see Annex II). Management states that it considers the Request as “*...deficient and ineligible*” and that in its view, “*the Requesters cannot demonstrate that their rights or interests have been or are likely to be directly affected*” by the sub-project.<sup>13</sup>
18. According to Management “*...it is necessary for both the Panel and the Board to deem that the assertion laid out in the Request complies with the eligibility requirement of the [Inspection Panel] Resolution and the Clarifications.*”<sup>14</sup> The Management Response further adds that “[w]ithout this determination, the Request should not be admissible”<sup>15</sup> and that “*there is no basis to support a recommendation to investigate*” as the Request fails to meet “*fundamental jurisdictional considerations required under [the Panel’s] Resolution.*”<sup>16</sup> According to Management, the “*Requesters have no rights or interests affected*” because there is no “*causal link between the sewage problem and any acts or omissions by the Bank.*”<sup>17</sup>

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<sup>13</sup> Management Response, p. vi.

<sup>14</sup> Management Response, p. 13, para 17.

<sup>15</sup> Management Response, p. 13, para 17.

<sup>16</sup> Management Response, p. 13, para 18.

<sup>17</sup> Management Response, p. 13, para 20.

19. **Choking of Sewage Line and Pollution.** As mentioned above, the Management Response asserts that there is no causal link between the *“river pollution and the lining works supported under the Sub-project.”*<sup>18</sup> In Management’s view, the present situation was caused by a series of events which led to an *“unanticipated surge of sewage in the river in 2010.”*<sup>19</sup> Management asserts that a labor dispute of the workers of the Public Health Engineering Department between April-August 2010 led to a *“reduction”* in the regular cleaning of the sewage system and caused an *“accumulation of debris and silt”* in the *nallas* and river bed. This accumulation of debris (mainly plastic bottles and bags) caused the *nallas* to clog up and led to a back-up of sewage in them. In an attempt to rectify this situation, residents resorted to breaking manholes and removing trash racks, installed to prevent solid waste from entering the trunk line, so as to allow the backed up *nallas* to empty into the Swarn Rekha River. Management further states that sewage was also unable to freely flow in the Swarn Rekha River due to various obstacles such as sedimentation and piles of debris which were in the River due to lack of regular cleaning or, to a lesser extent, due to construction work related to the sub-project.
20. According to the Management Response, the obstructions in the Swarn Rekha River that occurred as a result of the labor dispute were cleared in April 2011 with support from the sub-project. Management believes that currently *“there is very little sewage in the river”* due to these cleaning activities and the removal of obstructions.<sup>20</sup> Moreover, Management states that the pumping station at the end of the sewer line is operating and discharging sewage, thereby indicating there is no blockage in the main sewage line.<sup>21</sup>
21. Management also states, with reference to the sewer trunk line under the river bed, that *“[w]hile most sections have been cleaned and waste-water can be discharged through the pipe again, the aforementioned section [i.e. the 2.5km to 5km section] could not be fully cleaned as it has a built up hardened layer of silt and debris that reduced the pipe’s diameter and makes it prone to choking. An attempt to clean the pipe with conventional methods was unsuccessful and more specialized equipment may be needed to remove the hardened layer. As the capacity of this section has in any case to be increased due to increased population, the Government is considering laying an additional pipe to double the discharge capacity.”*<sup>22</sup>
22. The Management Response further states that there is no evidence that the construction work undertaken by the sub-project caused any *“lasting damage”* to the sewer line. Management states that during sub-project construction, some sewer line joints had minor damages and that they were immediately repaired causing no impact on the sewer’s functionality.<sup>23</sup>

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<sup>18</sup> Management Response, p. 15, para 28.

<sup>19</sup> Management Response, p. 15, para 28.

<sup>20</sup> Management Response, p. 16, para 29.

<sup>21</sup> Management Response, p. 22, §3.

<sup>22</sup> Management Response, p. 16, Footnote, 11.

<sup>23</sup> Management Response, p. 16, para 30.

23. Further, the Management Response states that “[a]lthough the Bank-financed activity is not aimed at improving the sewage and solid waste collection in Gwalior,” the measures undertaken by Management provided assistance to the responsible agencies to reduce sewage inflow in the river. Management also believes “any alleged rights or interests of the Requesters related to the river have been considerably addressed and indeed improved as a result of the Bank’s actions” and that without these actions, “it is likely the situation would be substantially worse.”<sup>24</sup>
24. **Health Hazard and Poverty.** With regard to Requesters’ claims related to health hazards caused by sewage discharge into the river, Management believes the sewage problem “is a pre-existing condition that was and is unrelated to any purported failure by the Bank to follow its operational policies and procedures”.<sup>25</sup> The Management Response states that based on information received from local health authorities, there is no indication of a significant increase in malaria and dengue in Gwalior in the past three years. In fact, Management states that there has been a steady decline in confirmed malaria cases in the past three years. Moreover, Management states there have not been any confirmed malarial cases recorded this year around the sub-project site by the Civil Dispensary that serves that area. Management believes this is primarily because malaria and dengue fever are spread by mosquitoes that breed in standing freshwater as opposed to polluted wastewater.
25. Moreover, Management states that it was “unable to identify any relation between the pollution of the river and the suggested increased incidence of water-borne diseases or rise in poverty.”<sup>26</sup> It states that it is therefore difficult to comment on the impoverishing effect of health care costs in Gwalior Town. Furthermore, Management notes that establishing a correlation between poverty and incidences of diseases is a complicated issue as it involves analysis of disease epidemiology, medical costs, health seeking behavior, and income levels of households around the river.<sup>27</sup>
26. **Sub-project Design and Quality.** Management acknowledges that there have been delays in the sub-project construction work due to the need to replace the contractor but does not believe this has impacted the Requesters. Management states that 80 per cent of the lining work is complete and a new tender has been floated for completion of the remaining lining work. According to Management, the new contract will be for seven months “with completion expected around the end of April 2012” and that “[t]he Government will finance any remaining Sub-project works from January 2012 onwards”.<sup>28</sup> Management states that the new tender for the contract is “ongoing” and “is confident that this issue is being handled in line with Bank policy.”<sup>29</sup>
27. Management states that the sub-project is an irrigation support project and was not designed nor expected to address or resolve specific issues related to sewage intrusion raised in the

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<sup>24</sup> Management Response, p. 14, para 21.

<sup>25</sup> Management Response, p. 13, para 20.

<sup>26</sup> Management Response, p. 17, para 33.

<sup>27</sup> Management Response, p. 24, §6.

<sup>28</sup> Management Response, p. 18, para 37.

<sup>29</sup> Management Response, p. 17, para 34.



Request. Management also believes that *“the pollution of the river with sewage and the choking of sewer lines have been caused by the design and poor maintenance of the city’s sewage system”* and urban population growth which has effectively overloaded the system at certain sections. In Management’s view there is no indication or evidence that the sub-project’s construction works have caused the pre-existing pollution, or led to increased pollution, or caused any damage to the sewer line.<sup>30</sup>

28. Moreover, Management states that tests by WRD to determine the quality of concrete used in the lining works revealed that *“the quality was above the required technical specifications”* and that a *“very small number of samples had a strength that was just below the specifications.”*<sup>31</sup>
29. **Supervision.** Management believes that the Bank has made proactive efforts to engage with the Project implementing agency to address the Requesters’ concerns over a 12-month period.<sup>32</sup> According to Management, the Bank has engaged with the Government since October 2010 to address the concerns raised, and that such engagement resulted in *“short-term measures, such as cleaning the existing sewer lines and the river bed to the extent possible and long-term measures, such as increasing the capacity of a section of the sewer trunk line.”*<sup>33</sup>
30. Management also points out that the Bank task team has been actively engaged in supervising the sub-project, as well as in providing technical assistance and support to WRD during the past year.<sup>34</sup> According to Management, it has also engaged in *“extensive exchanges”* with one of the Requesters on the issues raised by them.<sup>35</sup>
31. Finally, Management believes that the Bank has undertaken *“diligent efforts to apply its policies and procedures in the context of the preparation of this Sub-project.”*<sup>36</sup>

## **F. PANEL’S COMMENTS ON MANAGEMENT OBSERVATIONS ABOUT THE REGISTRATION OF THE REQUEST**

32. The Management Response notes that the Request for Inspection is almost identical to the First Request and argues that the Panel had to *“hold off registration”* of the Request because the *“Bank was already in the process of reviewing the Requesters’ concerns”* and that Management *“has kept the Panel informed of progress made in that regard”*. It further adds that the registration of the request indicated the Panel’s perception *“that Management was no longer actively trying to respond to the alleged violations and concerns. Management*

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<sup>30</sup> Management Response, p. vi.

<sup>31</sup> Management Response, p. 23, §4.

<sup>32</sup> Management Response, p. 14, para 23.

<sup>33</sup> Management Response, p. 16, para 31.

<sup>34</sup> Management Response, p. 18, para 38.

<sup>35</sup> Management Response, p. 19, para 41.

<sup>36</sup> Management Response, p. 19, para 43.

*fails to understand how this relates to the eligibility requirements set forth in paragraph 13 of the Resolution.*”<sup>37</sup>

33. The Panel would like to state for the record that Management is incorrect in stating that the Panel did not register the First Request as the “*Bank was already in the process of reviewing the Requesters’ concerns.*” As mentioned in the Panel’s Memorandum to the Board related to the First Request, the Requesters **had not** discussed their concerns with Management prior to submitting their First Request. Consequently, the Panel informed them of the need to make prior contact with Management.<sup>38</sup> Management did make proactive efforts to address the Requesters’ grievances after the Requesters made contact with them, and this was one reason why the Panel decided not to register the First Request and instead informed the Board of the receipt of the First Request via a Memorandum. The Panel registered the present Request as the Requesters submitted a new Request for Inspection alleging they were not satisfied with Management’s response to address their concerns after having been in dialogue with Management for almost one year.
34. The Panel would also like to make the following comments with regard to Management’s observations regarding the registration of the Request.
35. As previously stated in Panel reports,<sup>39</sup> there is no reference to registration of Requests in the Resolution that established the Inspection Panel. Registration is purely an administrative step introduced by the Panel in its Operating Procedures<sup>40</sup> as a means of informing the Board, Management, the Requesters and the public, in a concise manner, about the existence of a Request for Inspection and its main content.<sup>41</sup> As explicitly stated in each Notice of Registration, registration does not imply any judgment on the merits of the Request.<sup>42</sup> The Panel regards Management’s questioning of the Panel’s use of its internal Operating Procedures as an attempt to undermine the Panel’s independence and effectiveness.
36. As provided by paragraph 19 of the Resolution, the Panel deals with the eligibility of the Request *after* receiving the Response of Management. The Panel indeed “*held off*” on the registration of the First Request for Inspection in view of the need for the Requesters to

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<sup>37</sup> Management Response, p. 14, para 24.

<sup>38</sup> The Panel states in Memorandum to the Board dated May 17, 2011 that “[o]n August 31, 2010, the Panel received a Request for Inspection from Requesters representing a number of residents of Gwalior city. In accordance with its Operating Procedures, the Panel sought additional information from the Requesters **and informed the Requesters once again of the need to make prior contact with Bank Management according to Panel procedures [emphasis added].** The Requesters have since confirmed to the Panel that they have been in communication with Bank Management regarding the problems they are facing.”

<sup>39</sup> See for example Panel report on the 1<sup>st</sup> Request for Inspection – BRAZIL: Land Reform and Poverty Alleviation Pilot Project (Loan No. 4147BR) at

<http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/reportandrecommendation.pdf> .

<sup>40</sup> Operating Procedures as Adopted by the Panel on August 19, 1994, paragraphs 16-22.

<sup>41</sup> Paragraph 17 of the Inspection Panel Resolution states “*The Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection.*”

<sup>42</sup> Paragraph 16 of the Panel’s Operating Procedures provides that the “*Chairperson, on the basis of the information contained in the Request, shall either promptly register the Request, or ask for additional information, or find the Request outside the Panel’s mandate.*”

make prior contact with Management and subsequently in light of Management's proactive approach in addressing the concerns of the Requesters. The Panel reported this fact to the Board of Executive Directors on May 17, 2011<sup>43</sup> and referred clearly to this fact in the Notice of Registration.<sup>44</sup>

37. The receipt of a new Request for Inspection after a year of contacts between the Requesters and Management clearly indicated that the subject matter of the Request had not only been brought to Management's attention but also that, in the Requesters' view, Management had "failed to respond adequately"<sup>45</sup> to their concerns. In view of the fact that the Requesters asserted that they were not satisfied by Management's actions, the Panel proceeded to register the new Request in accordance with Panel procedures while making clear that this implied no judgment on the merits of the Request.
38. As required by the Resolution that established the Panel and subsequent Clarifications, what follows is the Panel's analysis of the eligibility of the Request and the Panel's recommendation to the Board of Executive Directors on whether an investigation of the matters alleged in the Request is warranted.

## **G. ELIGIBILITY**

39. The Panel must determine whether the Request satisfies the eligibility criteria set forth in the 1993 Resolution establishing the Panel and the 1999 Clarification,<sup>46</sup> and recommend whether the matters alleged in the Request should be investigated.
40. As part of this process, the Panel has carefully reviewed the Request for Inspection and the Management Response. The Panel Chairperson Roberto Lenton and Operations Officer Mishka Zaman visited India from October 12, 2011 through October 14, 2011. The Panel team visited New Delhi to meet with senior officials from the Ministry of Finance and the World Bank Country Office team responsible for the Project, including the Task Team Leader (via video conference). The Panel team then visited Bhopal, the capital of Madhya Pradesh, to meet with relevant officials of the Water Resources Department (WRD) and the Project Implementation Coordination Unit (PICU). The team traveled onwards to Gwalior where it met with the Requesters and visited several sections of the approximately 12 km sub-project site. The Panel team also interacted with many residents who live alongside the sub-project. The Panel team concluded its visit with a meeting with senior officials from the Municipal Corporation Gwalior (MCG), Water Resources Department, and Public Health Engineering Department (PHED). The Panel would like to thank all the individuals it met

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<sup>43</sup> The Inspection Panel Memorandum to Executive Directors of International Bank for Reconstruction and Development, dated May 17, 2011 states "*The Panel notes that the Regional Vice President and her team have been proactive in trying to resolve the problems since the matter was brought to their attention by the Requesters and by the Inspection Panel.*"

<sup>44</sup> Notice of Registration, India: Madhya Pradesh Water Sector Restructuring Project, August 22, 2011.

<sup>45</sup> Paragraph 9(c) of the 1999 Clarification of the Board's Second Review of the Inspection Panel (hereinafter, the "1999 Clarification") states "*The request does assert that its subject matter has been brought to Management's attention and that, in the requester's view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures (Resolution para. 13).*"

<sup>46</sup> Conclusions of the Board's Second Review of the Inspection Panel, April 1999 ("the 1999 Clarification").

during its visit, and also the Bank India Country Office team for assisting with the logistics of its visit.

41. The Panel has determined the eligibility of the Request in light of the six technical eligibility criteria set forth in Paragraph 9 of the 1999 Clarification. With regard to criterion 9(a) in the 1999 Clarification, which states that “[t]he affected party consists of any two or more persons with common interests or concerns and who are in the borrower’s territory,” the Panel confirms that the Requesters are legitimate parties under the Resolution to submit a Request for Inspection to the Inspection Panel.
42. Criterion 9(b) requires that “[t]he request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the requester.” The Panel confirms that the Request asserts a serious violation by the Bank of its policies and procedures, which the Requesters believe has resulted in harm to them, and that it alleges that flaws in the design and supervision of the sub-project have contributed to a situation where there is raw sewage in the river.
43. Criterion 9(c) states that “[t]he request does assert that its subject matter has been brought to Management’s attention and that, in the requester’s view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank’s policies and procedures.” As stated earlier, the Panel informed the Requesters when they submitted their First Request of the need to make prior contact with Management about their concerns, according to Panel procedures. The Panel suggested this as Management was not informed of the Requesters’ concerns at that time, and thus had not been provided with an opportunity to respond to the Requesters’ grievances. The Panel notes that there has been substantial interaction and dialogue between the Requesters and Management since the time Requesters made contact with Management in September 2010, and the submission of the second Request, and regards this requirement as being fully met. Also, as noted previously, Management undertook several actions to address the Requesters’ concerns during a one year period.
44. Criterion 9(d) requires that “[t]he matter is not related to procurement.” The Panel notes that the subject matter of the Request is not related to procurement.
45. Criterion 9(e) requires that “[t]he related loan has not been closed or substantially disbursed.” As stated above, the closing date for the Project is December 31, 2011. As of the date the Request was filed about 54 percent of the total amount was undisbursed. The Request therefore satisfies the requirement in Paragraph 9(e).
46. Criterion 9(f) requires that “[t]he Panel has not previously made a recommendation on the subject matter or, if it has, that the request does assert that there is new evidence or circumstances not known at the time of the prior request.” The Panel confirms that it has not previously made a recommendation on the subject matter of the Request, and therefore, the Request satisfies Paragraph 9(f).

47. The Panel is satisfied that the Request meets the technical eligibility criteria set forth in Paragraph 9 of the 1999 Clarification. However, the Panel notes that there does not seem to be a credible causal link between the Bank-financed sub-project related to the lining of the Swarn Rekha River and the harms alleged by the Requesters. This is elaborated in Section H below.

## **H. OBSERVATIONS**

48. The Panel notes that the sub-project is inherently different from the other sub-projects financed under the Project, in that it focuses not on irrigation and drainage infrastructure as such but rather on lining a river in an urban setting. The Panel also notes, as per information gathered during its eligibility visit, that the sub-project was not identified as one of 300 odd sub-projects at the time of Project approval, but rather was added approximately one year later. The Panel was informed that at the time of agreeing to the sub-project, Management had reached an understanding with the GoMP that the latter would increase its efforts to reduce sewage water inflow into the river and that the sewage system would be upgraded and improved in parallel as sub-project implementation progressed. As a result, the GoMP provided funds to join the *nallas* with the main sewage trunk line under the river bed, construct a pumping station at the end of the trunk line and construct a sewage treatment plant. Some of these works are completed, while others are in progress or under tender. The Panel was informed, however, that these were verbal rather than written understandings.

49. **Alleged Harms.** The Panel notes that the heart of the Requesters' concern relates to an alleged serious problem of sewage along the Swarn Rekha River. In its visit to Gwalior, the Panel team observed numerous places where raw sewage lay visibly in the river, both in the sections that have already been lined under the sub-project and those that have not yet been lined, and can confirm that there is indeed clearly a problem of sewage in segments of the river. All parties, including not only the Requesters and other affected people, but also local governmental authorities and the World Bank, agree that this sewage problem is serious and needs to be addressed.

50. The Panel notes that the Requesters allege that the serious sewage problem described above has led to broader problems of health and poverty in the area, particularly malaria and dengue. During its field visit, the Panel team observed that significant numbers of people live along the river, and are clearly affected by the unsanitary conditions related to the serious raw sewage situation in segments of the river. The Panel obtained information from a local health official that he had not observed any increase in the prevalence of malaria or dengue infections in recent years. One likely reason is that, as also noted in the Management Response, the mosquitoes that transmit malaria and dengue are generally not found to breed in heavily polluted water.

51. **The Causal Link Between the Bank-financed Sub-project and the Alleged Harms.** The Panel notes that to understand the linkages between the alleged harms and the Bank-financed sub-project, it is important to distinguish clearly between (i) the Bank-financed sub-project, which as described earlier, focuses principally on lining an approximately 12-kilometer section of the Swarn Rekha River running through the city of Gwalior, and (ii) the

existing sewer trunk line that runs under the Swarn Rekha river-bed (and thus under the river-lining financed by the sub-project) and which, in turn, receives sewage and wastewaters from drainage channels (*nallas*) that feed into it. The Panel further notes that the sewage system works described under (ii) above are the responsibility of government departments such as PHED, WRD and the MCG, and are not part of the sub-project financed by the Bank.

52. The Panel notes the Requesters' assertion that the sewage trunk line that runs under (and at times besides) the bed of the Swarn Rekha River is not functioning as intended because it is "*crushed and choked by the contractor*" of the Bank-financed lining project. Management states that "*there is no indication or evidence that the Sub-project's construction works have caused ... any damage to the sewer line.*"<sup>47</sup> The Panel team further notes that it did not hear from area residents during its visit that the contractor for the Bank-financed lining works had caused damage to the trunk line.
53. The Panel notes that prior to the Bank-financed lining work the 88 *nallas* discharged sewage and drainage water directly into the Swarn Rekha River. The connection of the *nallas* to the trunk line under a separate activity was intended to stop sewage from being discharged into the river, as noted earlier, but the under-capacity of the trunk line caused sewage to leak into the main river.
54. The Panel observes that the existence of raw sewage in the river signals that the existing sewage system infrastructure, including the sewer trunk line that runs under the Swarn Rekha river-bed and the *nallas* that feed into it, is not functioning properly. Regardless of the reasons for this, it follows that there is a causal link between the existing sewage system and the problem of raw sewage in the river.
55. While there is a clear causal link between the existing sewage system and the problem of sewage in the river and related harms, the Panel is of the opinion that the Bank-financed sub-project cannot be said to have caused the problem of raw sewage in the river as alleged in the Request. To the contrary, the connection of the *nallas* to the existing sewer trunk has likely diminished to a certain extent the presence of raw sewage in the river and therefore cannot be regarded as the source of any alleged increased related harms. In the Panel's view, therefore, there does not appear to be a credible causal link between the Bank-financed lining of the Swarn Rekha River and the alleged harm.
56. **Management Supervision and Recent Actions.** The Panel also notes that the sewage problem appears not to have been identified by the Bank until the complaint was received by the Inspection Panel. Subsequently, however, supervision has been robust.
57. The Panel notes that Bank Management, while not acknowledging responsibility for causing the sewage problem in the river, has been proactive in trying to help resolve the problem since the matter was brought to its attention by the Requesters and by the Inspection Panel in late 2010. Management has interacted intensively with the main Requester and with other

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<sup>47</sup> Management Response, p. vi.

state and municipal agencies in an attempt to resolve the problem, and has informed the Panel that the Request helped spotlight the problem and prioritized its resolution.

58. The Panel notes that several steps are currently being taken by Government agencies to address the problem of sewage intrusion into the river, including both short-term measures such as the cleaning works underway to remove sewage from the river (which the Panel team observed during its visit) as well as long-term measures to increase sewage discharge capacity through the construction of a proposed additional sewage line. In addition, a tender for the remaining works under the Bank-financed sub-project to complete the lining of the Swarn Rekha river, which is currently on hold due to the discontinuation of the contract with the previous contractor, has been issued.
59. Finally, the Panel notes that the lead Requester supports the above actions, including in particular the ongoing construction works under the Bank-financed sub-project to complete the lining of the Swarn Rekha River, as well as the construction of an additional sewage line under the Swarn Rekha river-bed to increase sewage discharge capacity, which is not part of the Bank-financed sub-project.<sup>48</sup>

## **I. CONCLUSION**

60. In light of the foregoing, the Panel does not recommend an investigation of the issues raised in the Request for Inspection with regard to the sub-project financed by the Bank. If the Board of Executive Directors concurs with this recommendation, the Panel will advise the Requesters and Management accordingly.

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<sup>48</sup> In a communication sent to the Panel after the Panel team's visit, and in a subsequent elaboration, the lead Requester indicated that the Requesters would even consider withdrawing the Request for Inspection if the additional sewer trunk line was installed and if the remainder of the lining work was completed (in a timely fashion).

Received w/ signature July 16, 2011  
R.J.

## REQUEST FOR INSPECTION

To,  
The Executive Secretary, The Inspection Panel,  
1818 H Street, NW,  
Washington, DC 20433, USA

Subject: Corruption and Fraud in the project I.D No. P073370, WB Loan/Credit No IN --  
4750, M.P. Water Sector Restructuring Project. INDIA.

- (1) We are the applicants, citizen of India and Resident of M.P
  - (a) Ram Sharan Gupta S/O Shri Ram Das Gupta, Retired Assistant Engineer, Age-62 years, R/O MIG 874, Darpan Colony, Gwalior, M.P - 474011,  
Ph no - +91 7512341644, 9926648830  
E-mail - rsgupta49@yahoo.com
  - (b) Dinesh Singhal S/O Late Shri Megh Raj Singhal, Engineers and consultants,  
Age - 51 years, R/O J - 47, Gandhi Nagar, Gwalior, M.P - 474002

- (2) We have suffered and harmed because of the World Bank's failures or omissions in the project I.D No. P073370, WB Loan/Credit No IN - 4750,  
M.P. Water Sector Restructuring Project. INDIA.

**Enhancement of Water Quality of Swarna Rekha River, Gwalior,**  
M/S Uday Pratap Sharma, Rs. 3784 Lakhs (9.515 Million U.S. Dollars)

- (3) Brief description of harm, corruption, fraud, failures and sufferings from this project:-
  - (a) Illness;- Whole project creates mud and water slumps, which causes Dengue and Malaria. Bank is failed to control the dirtiness and slums in the Gwalior city.
  - (b) Sewage system;- Main trunk lines are crushed and choked due to construction work and poor supervision. Small ponds of dirty sewage water formed in the river. From 2.50 Km to 5.00 Km main trunk lines are still choked, Raw sewage is flowing in the river.
  - (c) Poverty;- It is increased. More than 1 lakh people are affected. They are wasting their money in medicines and treatment.
  - (d) Quality of work;- It is not good, it is poor. Work of 15 months is not completed in 39 months. In so many places, drainages and seepages lines in the lining work are not given, which stopped free flow of sewage in the center of river. It is due to bad supervision. Work is not done as per design and specification.

- (4) List of Bank's operational policies, which are not followed properly as per operation Manual of World Bank.

- (a) World Bank local teams have inspected this project so many times. Reports of these teams were also given to the Project Director and Chief Secretary M.P. Govt. M.P. Govt. is failed to provide skilled supervision.



(b) Poverty Reduction (OP 1.00) :-

Project goal is not achieved. Only few officers, contactors became rich, due to high corruption. It is increased. More than 1 lakh people are affected. They are wasting their money in medicines and treatment. In all manners OP 1.00 is failed.

(c) Environmental assessment (OP 4.01) :-

Whole project creates mud and water slumps, which causes Dengue and Malaria. Bank is failed to control the dirtiness and slums in the Gwalior city. Main trunk lines are crushed and choked by the contractor, From 2.50 Km to 5.00 Km main trunk lines are still choked, So raw sewage is flowing in the river.

(d) Project Supervision (OP 13.05) :-

"Project Supervision covers monitoring, evaluative review, reporting and technical assistance." Accountability and responsibility have not taken by any officer. Here bank is failed. When work will complete? *Work is stopped from last 03 months.*

(e) B.P 13.05 – Project Supervision. Task team (TT) and team leader (TL) both are failed to supervise the project, technically and physically. that resulted poor quality of works, which creates so many problems, choking of sewage lines, etc.

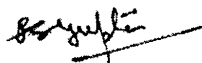
(f) Mr. M.D. Naroliya was Chief Engineer from August 07, 2009 to January 31, 2011 (for 18 months). In this period he has not done proper supervision so this project is failed from so many angles.

(5) We have complained the matter to World Bank staff i.e. Country Director, New Delhi, Hon'ble Vice President, South Asia resign and other staff on September 16, 2010. We have also submitted about 500 photos and 200 E-mails in last one year. Country Director and his team, World Bank, New Delhi have visited this project on Feb 18, 2011, they have tired, but they are failed to solve the problems.

(6) We request the Inspection Panel recommend to the World Bank's Executive Directors that an investigation on these matters be carried out.

We request that the Inspection Panel should visit this project as soon as possible. So the problem of more than one lakh people may please be solved.

We will give full co-operation to inspection team at Gwalior.



(RAM SHARAN GUPTA)  
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+917512341644, 9926648830



(DINESH KUMAR SIGHAL)  
J – 47, Gandhi Nagar  
Gwalior, M.P. 474002

Date - *wednesday, July 06, 2011*

Note – Other details will be submitted by E-mail.

**MANAGEMENT RESPONSE TO  
REQUEST FOR INSPECTION PANEL REVIEW OF THE  
INDIA MADHYA PRADESH WATER SECTOR RESTRUCTURING PROJECT  
(IBRD Loan No. 4750-IN)**

Management has reviewed the Request for Inspection of the India: Madhya Pradesh Water Sector Restructuring Project (IBRD Loan No. 4750-IN), received by the Inspection Panel on July 16, 2011 and registered on August 22, 2011 (RQ11/03). Management has prepared the following response.



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**Map**

Map 1. IBRD No. 38823

**Annex**

- Annex 1. Claims and Responses
- Annex 2. Contacts with the Requesters
- Annex 3. Exchanges between Management and Inspection Panel
- Annex 4. Supervision Missions
- Annex 5. Photographs of the Sub-Project Site

## ABBREVIATIONS AND ACRONYMS

BP	Bank Procedures
IBRD	International Bank for Reconstruction and Development
INT	Department of Institutional Integrity
MCG	Municipal Corporation of Gwalior
MP	Madhya Pradesh
MPWSRP	Madhya Pradesh Water Sector Restructuring Project
OP	Operational Policy
PHED	Public Health Engineering Department
PICU	Project Implementation Coordination Unit
SASDA	South Asia Agriculture and Rural Development Unit of the World Bank
WRD	Water Resources Department
WUA	Water Users Association

## **EXECUTIVE SUMMARY**

On August 22, 2011, the Inspection Panel registered a Request for Inspection, (hereafter referred to as “the Request”), concerning the India: Madhya Pradesh Water Sector Restructuring Project (IBRD Loan No. 4750-IN) financed by the International Bank for Reconstruction and Development (“the Bank”).

### ***The Project***

The Madhya Pradesh Water Sector Restructuring Project (MPWSRP) was approved by the Board of Executive Directors on September 7, 2004 and is under implementation. The current closing date is December 31, 2011.

The development objective of MPWSRP is to improve productivity of water, thus contributing to sustainable growth and poverty reduction in selected river basins. The Project aims to rehabilitate and modernize about 300 irrigation schemes (the Sub-projects), build capacity of Water Users Associations (WUA), introduce improved agricultural, horticultural, and fisheries practices in the Project schemes, and reform the State Water Resources Department (WRD).

The Project includes the *Water Quality Enhancement Project of Swarn Rekha River* (“the Sub-project”) as one of about 300 irrigation Sub-projects. This Sub-project aims to line with concrete about 12 kilometers of the Swarn Rekha River, which runs through Gwalior Town. This measure is intended to improve its conveyance capacity for purposes of transferring water to a 2,500 ha irrigation scheme near Gwalior to eventually benefit an estimated 3,000 farm families. The signed contract value of this Sub-project is Rs. 38 crores (about US\$8.7 million). Though this is not a specific goal of the Sub-project, the improved conveyance capacity would also result in an increased flushing ability of the river leading to certain improvement of the water quality through dilution.

### ***Request for Inspection***

The Request for Inspection was submitted by Messrs. Ram Sharan Gupta and Dinesh Kumar Singhal, both residents of Gwalior Town (hereafter referred to as the “Requesters”).

The Requesters claim that the civil works carried out under the Sub-project have damaged sewer lines which resulted in increased sewage accumulation in the Swarn Rekha River. This accumulation, the Requesters claim, has led to an increase in the incidence of malaria and dengue, and as a consequence 100,000 inhabitants of Gwalior would be affected by these diseases and forced to seek medication and treatment at their own expense, hence increasing poverty. The Requesters further complain about the speed and quality of civil works, which they claim is poor, and make allegations of corruption in the Sub-project. They also claim that though the Bank has inspected the Sub-project “so many times” it has “failed to solve the problems.”

### **Management Response**

**Management considers that the Request is deficient and ineligible. In Management's view the Requesters cannot demonstrate that their rights or interests have been or are likely to be directly affected** resulting from the Bank's failure to follow its operational policies and procedures, that the Request relates to an alleged violation by the Bank of its policies and procedures, or that such alleged violation is of a serious character.

**There is no causal link between the pre-existing sewage problem and any acts or omissions by the Bank as a result of a failure to follow its operational policies or procedures.** Moreover, the Bank has assisted Government efforts that have led to a substantial reduction of sewage pollution in the river. Consequently it is hard to conceive of the basis of the alleged harm in light of these facts or any assertion that Management has failed to respond adequately.

**Management has carefully reviewed the issues raised and concluded that the sewage intrusion into the river is not a result of the Sub-project. Moreover, the alleged increase in water-borne diseases and poverty cannot be supported by any evidence, nor are they a result of the Sub-project.** The Sub-project, which is an irrigation support project, was not designed or expected to address or resolve these specific issues raised in the Request.

**Management has found that the pollution of the river with sewage and the choking of sewer lines have been caused by the design and poor maintenance of the city's sewage system.** It has also been caused by urban population growth that has increased the sewage discharged through this system, effectively overloading the system at certain sections. In Management's view there is no indication or evidence that the Sub-project's construction works have caused the pre-existing pollution, any increased pollution or any damage to the sewer line.

**Sewage has been discharged to the Swarn Rekha River for years, well before the Sub-project. The unanticipated surge of sewage in the river resulted from a series of events that occurred during but not as a result of Sub-project implementation:** A labor dispute of the Public Health Engineering Department (PHED) workers from April 2010 until the end of August 2010 prevented regular cleaning of the drainage channels ("nallas"), the river bed, and the sewer trunk line. This led to an accumulation of debris and silt in the nallas and the river bed. Since the nallas feed into the sewer trunk line, the trash racks and the trunk line were clogged by debris (mainly plastic bottles and bags), which resulted in sewage backups in the trunk line and the nallas. Residents sought to rectify the sewage backup by destroying trash racks and breaking holes in the manholes, which released sewage and trash into the river. The free flow of sewage in the river was then hampered by obstructions, such as sediment, piles of debris (again, due to lack of cleaning), and to a lesser extent by temporary Sub-project related construction. The obstructions were cleared as of April 2011. Currently there is very little sewage in the river as the free flow has been improved by removal of obstruction and the partially completed

lining works. The river discharges during the most recent monsoon season have allowed for flushing of polluted water.

***Management found no confirmation of the alleged increased incidence of malaria and dengue or the alleged rise in poverty, nor the suggested relation between such developments and the pollution of the river.*** Management undertook Sub-project site visits and met with the local authorities in Gwalior to follow up specifically on these issues. Management was advised by the local health authorities that there was no significant increase in malaria and dengue over the past three years in Gwalior Town. Management has also reviewed the available poverty data and has concluded that there is no reliable information on poverty trends at the city level to support such a statement.

***Management agrees that there have been delays in implementation due to the need to replace the contractor, but fails to see how this could have impacted the Requesters.*** The civil works contract to line the river expired in March 2011 and was not renewed due to non-performance of the contractor. A tender for the remaining works has been floated and it is envisaged to resume works as per normal practice after the monsoon season and to have them completed by the end of April 2012.

***Since August 2010, Management had engaged in extensive exchanges, meetings and joint site visits with the Requesters on the issues they raised.*** As acknowledged by the Requesters, the Bank has quickly responded to their queries and intensified Sub-project supervision to support the Government addressing the issues raised though they were not Sub-project related. Management assisted the Government with the development of actions to address broader issues of the city's sewer system, some of which have already been carried out, while longer-term measures are under consideration by the Government. The Requesters acknowledge in the Request their extensive exchange with Management, as well as the Bank's intensive supervision efforts. Management also kept the Requesters and the Panel continuously informed of this engagement with Government.

***Management engaged with the Government to support ways to address the sewage surge which occurred during Sub-project implementation, even though it was not caused by the Sub-project. This reflects the Bank's role as a responsible partner to the city authorities, using the existing dialogue and offering the Bank's technical abilities.*** The Bank supported the Government as it sought ways to address the sewage surge in the river. This has resulted in a Government plan to address the issue consisting of short-term and long-term measures. The short-term measures, such as cleaning the existing sewer lines and the river bed to the extent possible, were also in the interest of the Sub-project as the pollution increase in the river stemming from the strike negatively affected the working conditions and hence the progress of the civil works. The long-term measures, such as increasing the capacity of the sewer trunk line, require substantial physical investments by the Government and are also outside the Sub-project's scope. There has been good progress with the short-term measures supported by the project, which has led to a much cleaner river today. The longer-term measures will need adequate time to be implemented by the Government and the Bank is not involved in the implementation of these long-term measures. Moreover, it was clearly communicated and explained to the



*India*

Requesters and the Panel that support for the short-term measures were a good faith effort which does not constitute an obligation under the Sub-project. ***Hence, Management fails to see how the alleged slow progress of Government actions to address the sewage surge in the river, which are outside the Bank-financed Sub-project, would constitute harm or risk of harm stemming from non-compliance with Bank policy.***

**Management is confident that it has followed all applicable procedures and policies and welcomes the opportunity to clarify the issues and questions raised by the Requesters.**

## INTRODUCTION

1. On August 22, 2011, the Inspection Panel registered a Request for Inspection, IPN Request RQ 11/03 (hereafter referred to as “the Request”), concerning the India: Madhya Pradesh Water Sector Restructuring Project (IBRD Loan No. 4750-IN) financed by the International Bank for Reconstruction and Development (the Bank).
2. **Structure of the Text.** The document contains the following sections: Section II presents the Request; Section III provides Project background; Section IV discusses the eligibility of the Request and Section V provides Management’s Response. Annex 1 presents the Requesters’ claims, together with Management’s detailed responses, in matrix format. Annexes 2 - 5 contain a table of supervision missions, information on contacts with the Requesters, and photographs.

## II. THE REQUEST

3. The Request for Inspection was submitted by Messrs. Ram Sharan Gupta and Dinesh Kumar Singhal, both residents of Gwalior Town (hereafter referred to as the “Requesters”). No further materials were received by Management in support of the Request.
4. The Request contains claims that the Panel has indicated may constitute violations by the Bank of various provisions of its policies and procedures, including the following:
  - OP/BP 1.00, Poverty Reduction
  - OP/BP 4.01, Environmental Assessment
  - OP/BP 13.05, Project Supervision
  - OMS 2.20, Project Appraisal
5. Management notes that this Request for Inspection is almost identical to the one that the Requesters sent to the Panel on August 31, 2010 and which the Panel at that time did not register but referred to Management as the Bank was already in the process of reviewing the Requesters’ concerns.<sup>1</sup>

## III. PROJECT BACKGROUND

### The Project

6. Water resources management is a critical issue in Madhya Pradesh (MP) from the point of view of economic opportunity, poverty alleviation, and food security. The key

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<sup>1</sup> Memorandum from the Inspection Panel to the Board, dated May 17, 2011 (IPN Request 10/10). See also Annex 3 which reflects the extensive communications between Management and the Panel regarding the measures Management undertook to address the concerns raised.

issues in the Water Sector in MP include institutional and policy issues, and the need to improve critical infrastructure assets:

### ***Institutional and Policy***

- *Policy Framework Implementation:* There is a need to strengthen the implementation of the provisions of the State Water Policy and the associated action plan of the Government of Madhya Pradesh.
- *Focal Point:* There is a need to coordinate institutions and optimize investments for integrated water resources management and basin planning in the state. Also, the functions of resource management and Irrigation & Drainage service delivery have not been adequately separated institutionally to reduce conflict of interest (given that irrigation accounts for over 90 percent of water use in MP).
- *Institutional Capacity:* There is a need to improve institutional capacity (e.g., trained staff, knowledge base, information systems, and coordination mechanisms) for integrated water resources management and Irrigation and Drainage service delivery in MP.
- *Water User Associations:* WUAs have been established throughout MP but need to be further strengthened through motivation, capacity enhancement, empowerment, and adequately functioning infrastructure.

### ***Need to Improve Critical Infrastructure Assets in the Water Sector***

- *Irrigation and Drainage Systems:* Many of the irrigation and drainage systems (major, medium, and minor) throughout the state have suffered from a lack of Operation and Maintenance attention and are in dire need of modernization and performance improvement to close the substantial gap between the potential created and actual usage. The gap varies from 70 percent in smaller schemes to 40 percent in larger schemes.
- *Productivity of Water:* The yields of irrigated agriculture are low and marketing inadequate. There is a need to improve the adoption of appropriate modern tools and techniques in irrigated agriculture.

### **Project Objective**

7. The objective of the Project is to improve productivity of water,<sup>2</sup> thus contributing to sustainable growth and poverty reduction, in selected river basins (Chambal, Sindh, Betwa, Ken, and Tons).

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<sup>2</sup> Productivity of water is defined as the agricultural yield per unit of water.

8. The Project aims to rehabilitate and modernize about 300 irrigation schemes, build capacity of WUAs, introduce improved agricultural, horticultural, and fisheries practices in the Project schemes, and reform the Water Resources Department (WRD).

### **Project Components**

9. ***Component A: Water Resources Management - Institutions and Instruments.*** This component supports the establishment and operationalization of the proposed planning, allocation, and regulatory institutions and instruments at the State and basin levels. This would be done through the proposed State Water Resources Agency, the associated State Water Resources Data and Analysis Center, a State Water Tariff Regulatory Commission, and Basin Development and Management Boards for the Sindh and Tons basins.

10. ***Component B: Service Delivery - Irrigation and Drainage Institutions.*** This component supports measures related to delivering reliable irrigation services at reasonable cost by financially-self sustaining entities. This includes irrigation line agency strengthening through technical and management assistance, including the development of a comprehensive information management system, training, and equipment. This component supports options for promoting decentralized management of irrigation and drainage schemes through strengthening of WUAs.

11. ***Component C: Improving productivity of selected existing irrigation and drainage assets in five basins.*** This component is meant to operationalize the concepts and provide the necessary investments in the five basins (Chambal, Sindh, Betwa, Ken and Tons) to modernize existing irrigation schemes and provide appropriate extension for agriculture, horticulture, livestock management and fisheries and WUA strengthening.

12. ***Component D: Project Management Support.*** The Project activities are coordinated by a multi-disciplinary Project Implementation Coordination Unit (PICU). The PICU facilitates and guides the implementation and monitoring of all Project activities, and ensures synergy and coordination among activities and agencies implementing these activities.

### **Scope of the Sub-Project**

13. *The Water Quality Enhancement Project of Swarn Rekha River* is one of about 300 Sub-projects financed under the MPWSRP's Component C. This Sub-project provides the 12 kilometer stretch of the Swarn Rekha River that runs through Gwalior Town with concrete lining, so as to improve its conveyance capacity for purposes of transferring water to a 2,500 ha irrigation scheme near Gwalior that will eventually benefit an estimated 3,000 farm families. Though this is not a specific goal of the Sub-project, the improved conveyance capacity would also result in an increased flushing ability of the river leading to certain improvement of the water quality.

14. The Sub-project documentation describes the proposed works to be implemented. The estimated cost of the works was Rs. 32.6 crores (about US\$7.5 million). The contract price was about Rs. 38 crores (about US\$8.7 million). These same works are reflected in

the tender documents and the report which was submitted for technical and administrative approval. The agreed scope of works was:

- Silt clearance and earth works;
- Concrete lining of river cross-section;
- Construction of new parapet wall and repair of existing parapet walls;
- Renovation of sections of four nallas;<sup>3</sup>
- Minor renovation of tanks; and
- Construction of five new bridges and repair of 13 existing bridges (strengthening foundation, masonry repair, and construction or repair of parapet walls).

15. It is clear from the above that the works, that the tender and the final contract contained no responsibility to work on the sewage system.

#### IV. ELIGIBILITY OF THE REQUEST

##### Eligibility Requirements

16. The Resolution<sup>4</sup> (and its subsequent Clarifications)<sup>5</sup> contains the following relevant considerations regarding eligibility:

- a. The affected party must demonstrate that its rights or interests have been or are likely to be directly affected resulting from Bank's failure to follow its operational policies and procedures...provided in all cases that such failure has had, or threatens to have, a material adverse effect.<sup>6</sup>

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<sup>3</sup> "Nallas" are drainage channels which in Gwalior Town not only drain flood waters but also sewage. The nallas feed into the sewer trunk line.

<sup>4</sup> IBRD/IDA Resolution establishing the World Bank Inspection Panel, September 22, 1993.

<sup>5</sup> The 1999 Clarification of the Board's Second Review of the Inspection Panel (1999 Clarification) provides further clarification on the issue of eligibility. On the basis of a recommendation from the Panel, the Board has the authority to authorize an investigation without (i) making a judgment on the merits of the claimant's request; and (ii) without discussion, except that the Board is obliged to consider the technical eligibility criteria set out in Para 9 of the 1999 Clarification. The Board has to be satisfied that the request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the requester. 1999 Clarification, para 9.

<sup>6</sup> Para 12 of the Resolution sets out the basis for a requester's claim, requiring that: The affected party must demonstrate that its rights or interests have been or are likely to be directly affected by an action or omission of the Bank as a result of a failure of the Bank to follow its operational policies and procedures with respect to the design, appraisal and/or implementation of a project financed by the Bank [...] provided in all cases that such failure has had, or threatens to have, a material adverse effect. For the purposes of this Resolution, "operational policies and procedures" consist of the Bank's Operational Policies, Bank Procedures and Operational Directives, and similar documents issued before these series were started, and does not include Guidelines and Best Practices and similar documents or statements.

- b. The subject matter of the request has been brought to Management's attention, and that, in the Requester's view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures.<sup>7</sup>

17. ***While the Panel is required to determine the eligibility of a request for inspection independently of any views that may be expressed by Management, in deciding whether to recommend that an investigation be carried out, the Panel is obliged to satisfy itself that "all the eligibility criteria provided for in the resolution have been met."***<sup>8</sup> Even if the Board's intention is to defer actual examination of the merits raised in a Request for Inspection to a subsequent investigation phase, it is necessary for both the Panel and the Board to deem that the assertion laid out in the Request complies with the eligibility requirements of the Resolution and the Clarifications. Without this determination, the Request should not be considered admissible.

18. ***Management submits that the Request for Inspection should be considered ineligible in accordance with the Inspection Panel Resolution.*** As discussed below, the Request fails to comply with the fundamental jurisdictional considerations required under the Resolution. Therefore there is no valid basis to support a recommendation to investigate.

19. ***Requesters Have No Rights or Interests Affected:*** As noted above, a key aspect of eligibility, on which both the Panel and Board must be satisfied, is that the affected party has demonstrated that its rights or interests have been or are likely to be directly affected resulting from the Bank's failure to follow its operational policies and procedures.

20. ***There is no causal link between the sewage problem and any acts or omissions by the Bank as a result of a failure to follow its operational policies or procedures.*** Management has carefully considered the Requesters' health-related concerns regarding sewage in the Swarn Rekha River and undertook numerous Sub-project site visits and held meetings with the local authorities in Gwalior to follow up on these issues.<sup>9</sup> The problem with the sewage is a pre-existing condition that was and is unrelated to any purported failure by the Bank to follow its operational policies and procedures. The sewage is also unrelated to any of the Bank-financed activities under the Sub-project, as described in the scope of the Sub-project (see above). Yet since October 2010 up to the present, the Bank has continuously:

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<sup>7</sup> Resolution, para 13; 1999 Clarification, para 9.

<sup>8</sup> 1999 Clarification, paras 6 and 7.

<sup>9</sup> In fact, the Panel has explicitly acknowledged Management's proactive efforts: "The Panel notes that the Regional vice President and her team have been proactive in trying to resolve the problems since the matter was brought to their attention by the Requesters and by the Inspection Panel...The Panel is not registering this Request at this time in the light of proactive efforts being made by management, in response to communications from Requesters and in close consultation with them." Memorandum to the Executive Directors of International Bank for Reconstruction and Development from Roberto Lenton, Chairperson, World Bank Inspection Panel, May 17, 2011 ("May 2011 Board Memorandum").

- made every good faith effort to address the concerns raised with the aim of working with the Requesters and the Inspection Panel in a conciliatory approach;
- supported the short-term actions by the Government of MP and encouraged long-term actions to address broader issues of the city's sewer system (from the highest level to the Project Management staff); and
- met with and engaged in extensive written communications with the Requester, including site visits to address the issues raised by him.

21. Although the Bank-financed activity is not aimed at improving the sewage and solid waste collection in Gwalior, the Bank has undertaken and continues to undertake proactive measures to provide assistance to the responsible agencies to reduce the sewage inflow to the river. In fact, any alleged rights or interests of the Requesters related to the river have been considerably addressed and indeed improved as a result of the Bank's actions. Without these actions, it is likely the situation would be substantially worse.

22. Management notes that while two individuals comprise the Requesters, the Request states that "more than 1 lakh<sup>10</sup> people are affected [who are] wasting their money in medicines and treatment." Management notes that the Requesters do not represent such people. Nor is there any basis upon which to assert a relationship between an increase in medical care services for more than 100,000 people and any act or omission by the Bank in relation to the Sub-project. In Management's view, these claims are relatively general, unspecific claims of harm that are unrelated to any act or omission by the Bank. Management believes that these considerations must be taken into account in the determination as to whether the eligibility requirement of an "affected party" has been met.

23. ***Management believes that the Bank's proactive measures to date demonstrate that it has followed or is taking steps to follow the Bank's policies and procedures, as per paragraph 13 of the Resolution.*** As described in further detail in the Management Response below, Management has consistently carried out due diligence and undertaken extraordinary efforts regarding the claims raised by the Requesters. Over a 12-month period, since the Requesters' concerns were first raised, Management has proactively worked with the Project implementing agency to address their concerns, even though the circumstances were not related to Sub-project activities. Management has responded to the Inspection Panel's encouragement to address the river pollution. The actions supported by Management have resulted in a reduction of the sewage inflow, as well as promoted improved river flow which has increased the flushing action of the river. As a result the river today is much cleaner than before the Sub-project.

24. Management notes that this Request for Inspection is almost identical to the one that the Requesters sent to the Panel on August 31, 2010 and which the Panel at that time did not register but referred to Management as the Bank was already in the process of reviewing the Requesters' concerns. Throughout its engagement with the Requesters and

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<sup>10</sup> Lakh is a unit in the Indian numbering system equal to 100,000.

the Government, Management has kept the Panel informed of progress made in that regard (see Annex 3). However, at some point, it appears that Management's efforts were no longer considered sufficient by the Panel to hold off registration of the Request, indicating that the Panel perceived that Management was no longer actively trying to respond to the alleged violations and concerns. Management fails to understand how this relates to the eligibility requirements set forth in paragraph 13 of the Resolution.

## V. MANAGEMENT'S RESPONSE

25. *Management has carefully reviewed the issues raised and concluded that the negative impacts which the Requesters allege are not a result of the Sub-project, nor was the Sub-project designed or expected to address or resolve these specific issues.* (See also Annex 1 with Management's detailed responses to the Request)

### **Pollution of the Swarn Rekha River**

26. *In Management's view there is no link between river pollution and the lining works supported under the Sub-project.* Sewage has been discharged to the Swarn Rekha River for years, well before the commencement of the Sub-project.

27. *The city's sewage system by design allows for occasional sewage discharge into the river.* Rainfall in Gwalior Town is drained into the Swarn Rekha River through some 88 drainage channels (nallas), which over time have also carried untreated wastewater. The city's sewage system includes a 12 km long main sewer line laid beside or under the Swarn Rekha river bed and connecting to a pumping station at the end of the line (see Map 1). The Municipal Corporation of Gwalior (MCG) began to divert the mixed wastewater from the 88 nallas into the sewer system (instead of into the river), by constructing interception and diversion structures, which have to be operated manually. During the dry season, the discharge from the nallas enters the sewer trunk line. However, during the rainy (monsoon) season a part of the mixed wastewater is still allowed to flow directly into the river in order to avoid overloading the sewer lines. The flood waters usually provide some dilution of the sewage in that case. However, since the river is dry at times even during the monsoon season, this manual operational regime for the nallas occasionally results in discharge of undiluted wastewater into the river.

28. *The unanticipated surge of sewage in the river in 2010 resulted from a series of events that occurred during but not from Sub-project implementation:*

- A labor dispute of the Public Health Engineering Department (PHED) workers between April 2010 and the end of August 2010 resulted in a major reduction in the cleaning of the nallas, river bed, and trunk line (see Photo 3 in Annex 5).
- This led to an accumulation of debris and silt in the nallas and the river bed. Since the nallas feed into the sewer trunk line, the trash racks and the trunk line were clogged by debris (mainly plastic bottles and bags) (see Photo 5 in Annex 5).



- This resulted in sewage backups in the trunk line which extended into the nallas.
- Residents then sought to rectify this sewage backup by breaking some trash racks and manholes on the sewer trunk, which released the sewage into the river (as the sewer trunk runs under the river with manholes sticking out of the river bed) (see Photo 6 in Annex 5).
- The free flow of sewage in the river was then hampered by obstructions, such as sediment, and piles of debris (again, due to lack of cleaning, and to a lesser extent temporary Sub-project related civil works needed to facilitate lining works).

29. ***The obstructions in the river were cleared as of April 2011 with support from the Sub-project. Currently there is very little sewage in the river due to the cleaning activities supported by the project as well as the improved free flow resulting from the lining of the river and the removal of obstructions.*** The river discharges during the recent monsoon season have allowed for flushing of polluted water. Though these developments are fully beyond the responsibility of the Sub-project, cleaning the riverbed and the sewer line was in the interest of the Sub-project as the unanticipated surge in pollution negatively affected the working conditions of the contractor and hence the progress of the civil works.

30. ***In Management's view there is also no evidence that the Sub-project's construction works have caused any lasting damage to the sewer line.*** During Sub-project construction there were some sewer line joints that suffered minor damages. These were immediately repaired and had no impact on the sewer's functionality. Based on the performance of the pumping station Management is confident that the sewer line is fully functional after the repairs.

### **Actions by the Government to Address the River Sewage Issue**

31. ***Management engaged with the Government as early as October 2010 to support ways to address the unanticipated sewage surge which occurred during Sub-project implementation, even though it was not caused by the Sub-project. It was clearly communicated and explained to the Requesters and the Panel, that these are good faith efforts that do not constitute an obligation under the Sub-project.*** Management's engagement with the Government has also resulted in the Government's approach to address the problem of sewage intrusion into the river. This included short-term measures, such as cleaning the existing sewer lines and the river bed to the extent possible and long-term measures, such as increasing the capacity of a section of the sewer trunk line. Management has supported parts of the short-term actions that address the sewage surge in the river to enable the civil works under the Sub-project. There has been good progress with these actions, which have resulted in a much cleaner river today (see Photos 7-9, 11 and 12 in Annex 5).<sup>11</sup> ***Hence, Management does not see how a perception that progress***

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<sup>11</sup> One of the short-term measures, namely cleaning of the sewer trunk line under the river bed, has been successful, except for the section from km 2.5 to km 5. While most sections have been cleaned and wastewater can be discharged through the pipe again, the aforementioned section could not be fully cleaned as it

*is proceeding too slowly on these actions by the Government to address the sewage issue, which is outside the Bank-financed Sub-project, would constitute harm or risk of harm stemming from non-compliance with Bank policy.*

32. ***Management discussed the need for long-term measures with the Government. However, the Bank is not involved in the implementation of the long-term measures.*** These comprise doubling the sewer trunk line capacity from km 2.5 to 5 by PHED and improvements (lining, trash racks, and debris traps) to ten of the most polluted nallas flowing into the main river by the MCG. Implementation of the longer-term measures will take time as they must follow established state government procedures. In addition, they will need substantial physical investments by the Government and require adequate time to be implemented.

### **Alleged Increase in Diseases and Poverty**

33. ***Management found no confirmation of the alleged increased incidence of malaria and dengue nor the alleged rise in poverty. Management was also unable to identify any relation between the pollution of the river and the suggested increased incidence of water-borne diseases or rise in poverty.*** Management wishes to point out that no data or evidence is available to support either of these assertions made in the Request. Management undertook Sub-project site visits and met with the local authorities in Gwalior to review and follow up on these specific issues (see Annex 4). Management was advised by the local health authorities that there was no significant increase in malaria and dengue over the past three years in Gwalior Town. The available data from the public health programme actually shows a steady decline of confirmed malaria cases over the past three years. Management has also contacted the Civil Dispensary in *Phalka Bazar* on the banks of the Swarn Rekha River that serves the local population, which also had not registered an increase in malaria cases this year. Moreover, epidemiological evidence suggests that neither the *Anopheles* mosquito that transmits malaria nor the *Aedes* mosquito that transmits dengue breed in heavily polluted wastewater but are typically found breeding in standing freshwater.

### **Delay of Civil Works**

34. ***Management agrees that there have been delays in implementation due to the need to replace the contractor, but fails to see how this could have impacted the Requesters.*** A new tender for the remaining works to complete the Sub-project is ongoing and Management is confident that this issue is being handled in line with Bank policy.

35. To date, about 80 percent of the lining works have been completed. The original completion date of the contract for the lining was end of March 2010 and the contract

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has a built up hardened layer of silt and debris that reduced the pipe's diameter and makes it prone to choking. An attempt to clean the pipe with conventional methods was unsuccessful and more specialized equipment may be needed to remove the hardened layer. As the capacity of this section has in any case to be increased due to increased population, the Government is considering laying an additional pipe to double the discharge capacity.

was extended by a year. Since the contractor was unable to complete the works it was decided by WRD and PICU at the end of March 2011 not to seek a further contract extension.

36. As per common practice, a full inspection of the completed works by the implementing agency (WRD and PICU) took place to assess the state of works and possible deficiencies that would need to be addressed under the new contract. A Bank-engaged engineering consultant participated as an observer in some of the inspections and testing of concrete.

37. A tender for the remaining works and rectification of any deficiencies in completed works was floated, envisaging a time schedule under which works will start in October, after the 2011 monsoon season. It was always envisaged that there would be no work from April through September 2011, since no construction works are undertaken during the monsoon season. The new contract will be for seven months, with completion expected around the end of April 2012. The Government will finance any remaining Sub-project works from January 2012 onwards.

#### **Active Supervision of Sub-project Implementation by Management**

38. *The Bank task team has been actively engaged in supervising, as well as providing technical assistance and support to WRD during the past year (see Annex 4).* The task team intensified supervision in 2010 and undertook formal supervision missions during April 2010 and October/November 2010 to support the Government addressing the issues raised though they were not related to the Sub-project. There were also three informal follow-up visits to Gwalior by the task team leader between December 2010 and the end of July 2011. A full supervision meeting took place during the second half of August 2011, preceded by a visit to Gwalior on July 27, 2011. The task team has actively worked, in close cooperation with relevant government agencies, on evaluating and reporting problems encountered, as well as discussing solutions for such problems. Findings of the visits, including agreed actions to be taken by WRD, have been reflected in emails. There have been meetings with the Chief Secretary and Principal Secretary WRD to discuss and agree on the short- and long-term measures.

39. In April 2010, the task team leader visited the Sub-project site and found the river to be dry and clean, so during that visit there was no indication of any pollution or any potential pollution problem. Visits were always conducted in cooperation with management and staff of the implementing agency (WRD), and from late October 2010 also with staff of PHED and MCG. One of the Requesters was usually present as well during visits. The task team leader has visited Gwalior four times since late October 2010; the India Country Director has been there once and also visited the Chief Secretary in Bhopal on a separate occasion; the Operations Advisor for India has visited Gwalior twice as well as Bhopal for the meeting with the Chief Secretary; and both the SASDA Sector Manager and the SASDA Country Sector Coordinator visited Gwalior once. During each of these visits to Gwalior, one of the Requesters was met, as were representatives of WRD, PHED, MCG, and PICU.

40. With regard to the Requesters' complaint about Government supervision and specifically the performance of the Chief Engineer, Management wishes to point out that the performance or conduct of individuals is not part of its supervision. Management rather supervises the overall progress and quality of Sub-project implementation. The Chief Engineer is the employer under the contract and the Executive Engineer is the engineer with direct day-to-day responsibility under the contract. The appointment of a Chief Engineer is Government's responsibility, as is the determination of his functions. The Bank is neither involved in such individual appointments nor can it be held responsible for them.

41. ***Management has also engaged in extensive exchanges, meetings and joint site visits with one of the Requesters on the issues that have been raised since August 2010 and has kept the Requester abreast of the developments (see Annex 2).*** As acknowledged by the Requesters, the Bank has quickly responded to their queries and intensified Sub-project supervision. As already mentioned, Management assisted Government with the development of actions to address the sewage situation, some of which have already been carried out, while longer-term measures are under consideration. The Requesters acknowledge in the Request their extensive exchange with Management, as well as the Bank's intensive supervision efforts.

#### **Alleged Corruption**

42. ***Though the Requester's allegations of corruption by WRD staff are not supported by any evidence or at least indication or observation, Management is taking such allegations extremely seriously and has followed up on them.*** Management has reported allegations of corruption in WRD to the INT and also to the Government of Madhya Pradesh. As per standard procedure, the State's Investigations Cell (independent agency, headed by a retired High Court judge) is currently investigating allegations of corruption. At this stage this investigation is not completed.

43. ***Management believes that the Bank has made diligent efforts to apply its policies and procedures in the context of the preparation of this Sub-project. In Management's view, the Bank has followed the guidelines, policies and procedures applicable to the matters raised by the Request. Management believes that the Requesters' rights or interests have not been adversely affected by a failure of the Bank to implement its policies and procedures.***

## ANNEX 1 CLAIMS AND RESPONSES

No	Claim	Response
1.	<p><b>First Request.</b> On August 31, 2010 the Inspection Panel (the "Panel") received a Request for Inspection (the "First Request") related to the India -Madhya Pradesh Water Sector Restructuring Project (the "Project"). The Requesters stated they were concerned about health and sanitation issues related to the "Water Quality Enhancement Project of Swarn Rekha River", which is a sub-component of the Project. The Panel informed the Requesters about the need to bring their concerns to Management's attention as per Panel procedures. On May 17, 2011, the Panel issued a Memorandum to the Board of Executive Directors informing them of the receipt of this First Request and explaining the reasons why the Request had not been registered, which included proactive efforts being made by Management in response to communications from the Requesters and in close consultation with them. The Panel noted that the Requesters remained very concerned about the urgent need to complete remaining actions given the nature of the impacts and potential harm to their health. The Panel concluded its Memorandum by stating it would await further developments in the efforts to bring a satisfactory resolution of the problems raised in the First Request.</p>	<p>Management has throughout engaged with the Requester and has kept him abreast of the ongoing developments and the progress of the agreed measures. Overall Management can report a substantial reduction in sewage in the river by the end of July 2011 as a result of the actions taken.</p>
	<b>Environmental Assessment (OP 4.01)</b>	
2.	<p>Illness: Whole project creates mud and water slumps, which causes Dengue and Malaria. Bank has failed to control the dirtiness and slums in the Gwalior city.</p>	<p>The development objective of the overall Project is to improve water productivity for sustainable growth and poverty reduction in selected river basins in Madhya Pradesh. The Project aims, inter alia, to rehabilitate and modernize about 300 irrigation schemes. One of these schemes (a Sub-project under the overall Project) is the lining of about 12 km of the Swarn Rekha River where it runs through Gwalior Town. The goal of this Sub-project, Water Quality Enhancement of</p>

No	Claim	Response
		<p>the Swarn Rekha River, is to improve water conveyance in the Swarn Rekha from an upstream water source to an irrigation scheme downstream of the city. One result of regular conveyance should be an improvement in water quality (flushing effect). The Sub-project area is confined to the river and Sub-project objectives do not extend to improving the urban environment in Gwalior Town.</p> <p>Before the Sub-project commenced in 2008, the stretch of the Swarn Rekha that runs through the city was unlined and subject to heavy silt and pollution loads. In parallel with the Sub-project works, the Public Health Engineering Department (PHED) began works to improve the sewage situation by linking up the nallas that convey sewage to the main sewer trunk line that is located under the riverbed. This is a work in progress. In 2010, a proposal was made to transfer PHED staff responsible for cleaning and maintaining the sewage system located adjacent to and under the Swarn Rekha to the Municipal Corporation of Gwalior (MCG). PHED staff objected to this move and went to court. As a result of this conflict there was very little maintenance of the sewage system during the second half of 2010. Sewage and trash (especially plastic bags and bottles) accumulated in the river and the nallas. Manholes were broken by people in order to avoid back-up of sewage in the nallas. The lined sections of the river made the pollution more visible, but did not cause it. The Sub-project has supported several additional activities during spring of 2011 to clean the river bed and strengthen the manholes.</p> <p>There is no evidence to indicate that the incidence of malaria and dengue has increased as a result of the Sub-project. A multi-sector team (Health, Urban and Agriculture) visited Gwalior on September 2, 2011. The team headed by the Sector Manager, SASDA, met and had discussions with the Joint Director, Health Services, Gwalior Division and Director of State Institute of Health Management and Communications and the Deputy Director in the office of the Joint Director, and also undertook a visual inspection of the Sub-project area. On the basis of the available health program data available and especially upon examining the number of malaria cases from the program data from 2008 onwards, the health authorities reported that Gwalior Town does not show any increase in malaria in the last 3 years (Number of confirmed malaria cases in Gwalior Town registered by the Public Health Programme: 688 (2008), 396 (2009), 363 (2010), and 184 (2011 as of 9/2/2011)). In fact, in comparison to 2008, malaria positive cases decreased in 2009 and 2010. The figures for 2011 to date show no reason for added concern either. On dengue a few positive cases have been reported in Gwalior Town in 2009 (20 cases) and 2010 (24 cases).</p> <p>Management also contacted the Civil Dispensary in <i>Phalka Bazar</i> on the banks of the Swarn Rekha river which also had not registered an increase in malaria cases this year.</p> <p>Moreover, epidemiological evidence suggests that neither the <i>Anopheles</i> mosquito that transmits malaria nor the <i>Aedes</i> mosquito that transmits dengue breed in heavily polluted wastewater but are rather found breeding in standing freshwater.</p> <p>The Bank has an ongoing vector borne disease project in India</p>

No	Claim	Response
		<p>through which it is supporting Government of India efforts in control of malaria in the endemic districts in nine states of India. Gwalior is not included in the vector borne disease project as it is not considered a malaria endemic district.</p>
3.	<p>Sewage system: Main trunk lines are crushed and choked due to construction work and poor supervision. Small ponds of dirty sewage water formed in the river. From 2.50 Km to 5.00 Km main trunk lines are still choked. Raw sewage is flowing in the river.</p>	<p>There is no evidence that Sub-project construction works have caused damage to the sewer line. Management understands from the supervising engineers of the Water Resources Department (WRD) that during construction activities, there were isolated instances of damage caused to sewer line joints, but these were quickly repaired. The pumping station at the end of the sewer line is operational and discharging sewage, which would not be possible had the main sewer trunk line been crushed or choked.</p> <p>During the latter part of 2010 and first part of 2011, as a result of lack of cleaning of sewer lines, the river and the nallas, there were ponds of sewage at many locations in the river. As a result of the lining and the additional measures undertaken by WRD and PHED including removal of silt and other debris from the river bed, cleaning sections of sewer trunk line, and strengthening of the manholes, the river is now mostly clean. There is still some pollution in the river section between 2.5 and 5 km, though much less than before. This was observed by the task team leader on July 27, 2011 and documented with photos.</p> <p>The section of the sewer line from km 2.5 to 5.0 (under the river bed) has a hardened layer of silt and debris that has reduced its capacity and increased the possibility of choking. An attempt to clean the pipe in this section with conventional methods was not successful and the machine used was not able to remove the hardened layer. Other technical means to clean the line are currently being investigated by PHED and WRD. A doubling of the sewer line capacity is planned at the section from 2.5 to 5 km. This is one of several long-term measures planned by the Government to more systematically address and improve the situation in the Swarn Rekha River. The Bank has assisted with the development of such measures as a good faith effort to help address problems that came to light during Sub-project implementation but were not caused by the Sub-project. The main proposed improvements comprise: (i) doubling the sewer trunk line capacity from km 2.5 to 5 by PHED; and (ii) improvements (lining, trash racks, and debris traps) to ten of the most polluted nallas flowing into the main river by the MCG. It is noted that these are government proposals that will be funded by the State. (see also Item 9).</p>
4.	<p>Quality of work: It is not good, it is poor. Work of 15 months is not completed in 39 months. In so many places, drainages and seepage lines in the lining work are not given, which stopped free flow of sewage in the center of river. It is due to bad supervision. Work is not done as per design and specification.</p>	<p>The alleged poor quality of civil works for lining the river stretch is not the cause of pollution of the river with sewage or choking of sewer lines. These are caused by the sewer system design, maintenance problems in the responsible agencies (see above, Item 2) as well as growth in the urban population and a concomitant increase in sewage discharged to the collection system.</p> <p>The city's sewage system by design allows for occasional sewage discharge into the river. Rainfall in Gwalior Town is drained into the Swarn Rekha River through some 88 drainage channels (nallas), which over time have also carried untreated wastewater. The city's sewage system includes a 12 km long main sewer line laid beside or</p>

No	Claim	Response
		<p>under the Swarn Rekha river bed and connecting to a pumping station at the end of the line (see Map 1). The Municipal Corporation of Gwalior (MCG) began to divert the mixed waste-water from the 88 nallas into the sewer system (instead of into the river), by constructing interception and diversion structures, which have to be operated manually. During the dry season, the discharge from the nallas enters the sewer trunk line. However, during the rainy (monsoon) season a part of the mixed wastewater is still allowed to flow directly into the river in order to avoid overloading the sewer lines. The flood waters usually provide some dilution of the sewage in that case. However, since the river is dry at times even during the monsoon season, this manual operational regime for the nallas occasionally results in discharge of undiluted wastewater into the river.</p> <p>To date, about 80 percent of the lining works have been completed. The civil works contract to line the river was extended by a year, but the contractor did not complete the works; the contract was not further extended by WRD and the Project Implementation Coordination Unit (PICU) at the end of March 2011 due to non-performance by the contractor. A tender for the remaining works and rectification of deficiencies in completed works (see below, Item 8) was floated, envisaging a time schedule under which works will start in October after the 2011 monsoon season and be completed by end of April 2012.</p> <p>As per common practice, a full inspection of the completed works by the implementing agency (WRD and PICU) took place and identified deficiencies (e.g., cracked and slumped concrete panels) will be rectified under the new contract. A Bank-engaged engineering consultant participated as an observer in some of the inspections and testing.</p> <p>Several tests of concrete (destructive and non-destructive tests) were conducted by WRD during the latter part of 2010 and for the vast majority of samples the quality was above the required technical specifications. A very small number of samples had a strength that was just below the specifications.</p> <p>Prior to Sub-project implementation, sewage in the Swarn Rekha River was subject to ponding and seeping in the unlined and silted river bed. During the second half of 2010 and first months of 2011, free flow of sewage was affected by obstructions in the river bed, such as sediment and collections of debris, while temporary cofferdams (to facilitate the lining works) hampered the flow to a lesser extent. Obstructions were cleared by April 2011. Currently there is very little sewage. The MCG hired 50 full-time laborers around May 2011 to keep the river bed clean.</p>
	<b>Poverty Reduction (OP 1.00).</b>	
5.	Project goal is not achieved. Only few officers, contractors became rich, due to high corruption.	The overall Project objective was noted in Item 2 above. The Sub-project will contribute to the overall development objective by increasing the flow of water to the irrigation scheme (about 2,500 ha) that is located less than 20 km downstream of Gwalior Town. It will improve the conveyance of water through the Swarn Rekha from a water source upstream of the city to the irrigation scheme, which would have been impossible if the river were not lined. As the works



No	Claim	Response
		<p>are only about 80 percent complete, it is premature to determine that the Project and Sub-project objectives will not be achieved.</p> <p>The task team has reported allegations of corruption in WRD to the INT and also to the Government of Madhya Pradesh. As per standard procedures the State's Investigations Cell (independent agency, headed by a retired High Court judge) is currently investigating allegations of corruption. At this stage it is not known when this investigation will be completed.</p>
6.	<p>Poverty: It is increased. More than 1 lakh people are affected. They are wasting their money in medicines and treatment. In all manners OP 1.00 is failed.</p>	<p>Management is unable to identify any evidence that the Sub-project has contributed to poverty or increased health care expenditures, or how any actions of the Bank are in violation of OP 1.00. Any increase in the poverty rate cannot be associated with the Sub-project as this clearly depends on factors beyond the Sub-project. There is no evidence of an increased prevalence of the cited water-borne diseases as a result of the Sub-project works or that the demand for medicines and treatment of such diseases has gone up. The data to support this assertion are not available. Thus it is difficult to comment on the impoverishing effect of health care costs in Gwalior Town. This is a much more complicated issue as it involves analysis of disease epidemiology, medical costs (both in public and private sector), health seeking behavior, and income levels of households around the river (see also Item 2 above).</p>
	<p><b>Project Supervision (OP/BP 13.05)</b></p>	
7.	<p>World Bank local teams have inspected this project so many times. Reports of these teams were also given to the Project Director and Chief Secretary M.P. Govt. M.P. Govt. is failed to provide skilled supervision.</p>	<p>The World Bank task team, in particular the task team leader as well as Country Management, has inspected the works and the problems with pollution of the river several times since April 2010. The first visit by the current task team leader took place in April 2010 when the river was found to be dry and clean, so during that visit there was no indication of any pollution or any potential problem of pollution. Visits were always conducted in cooperation with management and staff of the implementing agency (WRD), and from late October 2010 also with staff of PHED and MCG. The Requester was usually present as well during visits. The task team leader has visited Gwalior four times since late October, the India Country Director has been there once and also visited the Chief Secretary (CS) in Bhopal on a separate occasion, the India Operations Advisor has visited Gwalior twice as well as Bhopal for the meeting with the CS, and both the SASDA Sector Manager and the SASDA Country Sector Coordinator visited Gwalior once. During each of these visits, one of the Requesters was met, as were representatives of WRD, PHED, MCG, and PICU.</p> <p>Sub-project implementation is the responsibility of the Government of Madhya Pradesh, through the WRD. Day-to-day contract supervision is the responsibility of WRD. For this Sub-project, standard WRD procedures were followed. The Chief Engineer is the employer under the contract and the Executive Engineer is the engineer with direct day-to-day responsibility under the contract. While reviewing past supervision procedures of this and other contracts implemented by WRD, the Bank task team observed certain deficiencies. For example</p>

No	Claim	Response
		<p>recordings and signatures in the Measurement Books were not always complete. At the request of the task team, WRD and PICU have put procedures in place to strengthen supervision and review procedures for the upcoming new contract to complete the lining works in the Swarn Rekha, as well as for other contracts. For example, a senior engineer of PICU will provide third-party construction supervision and a Bank-hired independent consultant will visit the site at regular intervals (as was already done between December and May 2011). It is noted that these are not direct legal obligations under the Project, but are put in place to strengthen future construction supervision.</p>
8.	<p>“Project Supervision covers monitoring, evaluative review, reporting and technical assistance.” Accountability and responsibility have not taken by any officer. Here bank is failed. When work will complete? Work is stopped from last three months.</p>	<p>The Bank task team has been actively engaged in monitoring, evaluating, and reporting, as well as providing technical assistance and support to WRD during the past year. The task team undertook formal supervision missions during April 2010 and October/November 2010, and on both occasions Gwalior was visited. There were also three follow-up visits to Gwalior between December 2010 and the end of July 2011. A full supervision meeting took place during the second half of August 2011, preceded by a visit to Gwalior on July 27, 2011. The task team has actively worked, in close cooperation with relevant government agencies, on evaluating and reporting problems encountered, as well as finding solutions for such problems. Findings of the visits, including agreed actions to be taken by WRD, have been reflected in emails. There have been meetings with the Chief Secretary and Principal Secretary WRD to discuss and agree on such measures as described in Item 3 above.</p> <p>Not all actions could be completed for various reasons. One short term measure aiming to remove the hard layer of silt and debris in the sewer trunk line from km 2.5 to 5 using a pipe cleaning machine did not yield the desired result due to technical limitations (see Item 3 above).</p> <p>After the cancelation of the contract for the lining of the Swarn Rekha at the end of March 2011, a new tender was floated for the remaining works and rectification of deficiencies of the completed works. This tender has as a starting date around October 1, 2011 after the monsoon season. It was thus always envisaged that there would be no work from April through September 2011. The new contract will be for seven months, so completion is expected around the end of April 2012.</p>
	<p>Task team (TT) and team leader (TL) both are failed to supervise the project, technically and physically that resulted poor quality of works, which creates so many problems; choking of sewage lines, etc.</p>	<p>See Item 4 above. As mentioned in the previous point, the task team has been very pro-active in the supervision of this Sub-project and has gone beyond immediate obligations to supervise the Sub-project works.</p>
	<p>Mr. M.D. Naroliya was Chief Engineer from August 07, 2009 to January 31, 2011 (for 18 months). In this period he has not done proper supervision so this project</p>	<p>The Chief Engineer is the employer under the contract and the Executive Engineer is the engineer with direct day-to-day responsibility under the contract. The appointment of a Chief Engineer is Government’s responsibility, as is the determination of his functions. The Bank cannot be held responsible for such appointments.</p>

No	Claim	Response
	is failed from so many angles.	
9.	<p>We have complained the matter to World Bank staff i.e., Country Director, New Delhi, Hon'ble Vice President, South Asia region and other staff on September 16, 2010. We have also submitted about 500 photos and 200 E-mails in last one year. Country Director and his team, World Bank, New Delhi have visited this project on Feb 18, 2011, they have tried, but they are failed to solve the problems.</p>	<p>The Country Director and other senior country management staff as well as the task team leader have visited Gwalior and Bhopal on several occasions. Although beyond the direct scope of the Bank's obligation to supervise project activities, there has been active engagement in finding measures to address the pollution problem in the river. Assistance has been provided to the implementing agency and other agencies to prepare certain measures and refine them over time. Short-term measures have been implemented by WRD and PHED, as a result of which the river was found at the end of July 2011 to be much cleaner than six months ago. The need for more permanent measures was determined by Government, with the assistance of the task team, such as doubling the sewer trunk line capacity from km 2.5 to 5 by PHED and improvements (lining, trash racks, and debris traps) to ten of the most polluted nallas flowing into the main river by the MCG. While the shorter-term measures have already had clear results, implementation of the longer-term measures will take time as they have to follow established state government procedures with regard to clearances and allocation of funds. It is noted that these are government proposals that will mostly be funded by the State.</p>

## ANNEX 2 CONTACTS WITH THE REQUESTERS

Date	Description
01 AUG 2010	First Request sent to Inspection Panel
12 OCT 2010	Email from Task Team Leader (TTL) to Requester to arrange meeting and site visit
16 SEPT 2010	Requester sent photos of the site to Country Director
26 OCT 2010	TTL met with Requester in Bhopal
31 OCT 2010	TTL and Engineer visited Gwalior and met Requester
03 NOV 2011	Principal Secretary (WRD) and Project Director (PICU) briefed on visit
11 DEC 2010	TTL and Operations Advisor met with Requester on site
16 DEC 2010	TTL sent minutes of site visit to Requester
18 DEC 2010	Email from Requester to TTL
20 DEC 2010	TTL reply to Requester
18 FEB 2011	Country Director, TTL and Operations Advisor met with Requester on site
21 FEB 2011	Email from Requester to Country Director
05 MAR 2011	Operations Advisor sent minutes of site visit to Requester
07 MAR 2011	Email from Requester regarding minutes of visit
07 MAR 2011	Email reply from Operations Advisor to Requester
19 MAR 2011	Email from TTL to Requester regarding results of concrete core testing; TTL sent Bornwanker Report to Requester
02-05 APR 2011	5 Emails with pictures of the site from Requester to SARVP, Country Director, INT and IP
06 APR 2011	Email from SARVP to Requester
11 APR 2011	Email from Requester to TTL
13 APR 2011	Email from Requester to SARVP
19 APR 2011	Email from Requester to SARVP
22 APR 2011	TTL visited Bhopal to meet WRD management and spoke with Requester on phone
04 MAY 2011	Email from Requester to SARVP
18 MAY 2011	Email from Operations Advisor to Requester
25 MAY 2011	Project Director met with Requester
27-30 MAY 2011	Three Emails from Requester to SARVP
01 JUN 2011	Email from Operations Advisor to Requester
12 JUN 2011	Email from Requester to SARVP, Country Director and Operations Advisor
18 JUN 2011	Email from Country Program Coordinator to Requester

*India*

<b>Date</b>	<b>Description</b>
22 JUN 2011	Email from Requester to Country Program Coordinator
06 JUL 2011	Email from Country Program Coordinator to Requester
27 JUL 2011	TTL and Team members visited Gwalior and met Requester

**ANNEX 3**  
**EXCHANGES BETWEEN MANAGEMENT AND INSPECTION PANEL**

Date	Description
02 DEC 2010	Email from SARVP to IPN Chairperson
17 DEC 2010	Email from SARVP to IPN Chairperson
21 JAN 2011	Email from IPN Chairperson to SARVP
25 JAN 2011	Email from SARVP to IPN Chairperson
02 FEB 2011	Email from IPN Chairperson to SARVP
07 FEB 2011	Email from SARVP to IPN Chairperson
11 FEB 2011	Email from IPN Chairperson to SARVP
15 FEB 2011	Email from SARVP to IPN Chairperson
23 FEB 2011	Email from Country Director to IPN Chairperson
24 FEB 2011	Email from IPN Chairperson to SARVP and Country Director
02 MAR 2011	Email from SARVP to IPN Chairperson
08 APR 2011	Email from SARVP to IPN Chairperson
11 APR 2011	Email from IPN Chairperson to SARVP
11 APR 2011	Email from Country Program Coordinator to IPN Chairperson
12 APR 2011	Email from IPN Chairperson to SARVP and Country Program Coordinator
04 MAY 2011	Email from Country Program Coordinator to IP
05 MAY 2011	Email from Country Program Coordinator to IP
18 AUG 2011	Email from SARVP to IPN Chairperson
02 SEP 2011	Email from Director OS to IPN Chairperson and SARVP
09 SEP 2011	Email from IPN Chairperson to Director OS and SARVP

**ANNEX 4**  
**TABLE OF SUPERVISION MISSIONS (2010 AND 2011)**

Date	Mission
12 APR 2010	TTL visits Sub-project site in Gwalior
26 OCT 2010	TTL meets with Requesters in Bhopal
31 OCT 2010	TTL and Engineer visit Sub-project site in Gwalior and meet one of the Requesters and staff of Water Resources Department (WRD), Public Health Engineering Department (PHED), and Municipal Corporation of Gwalior (MCG)
03 NOV 2010	Principal Secretary (WRD) and Project Director (PICU) briefed
20 JAN 2011	Country Director informed Chief Secretary
11 DEC 2010	TTL and Operations Advisor visit Sub-project site and meet with one of the Requesters and staff of WRD, PHED, and MCG
18 FEB 2011	Country Director, Operations Advisor, and TTL visit Sub-project site and meet with one of the Requesters and staff of WRD, PHED, and MCG
07 MAR 2011	Country Director, Operations Advisor, and TTL meet the Chief Secretary in Bhopal
22 APR 2011	TTL meets WRD management in Bhopal
27 JUL 2011	TTL and SASDA Country Sector Coordinator visit the Sub-project site and meet one of the Requesters and staff of WRD, PHED, and MCG
02 SEP 2011	Sector Manager SASDA, Project Task Team member, Bank Health Specialist, and Bank Water Supply and Sanitation Specialist visit the Sub-project site in Gwalior and meet with the local health authorities

**ANNEX 5 PHOTOGRAPHS**



Photo 1. Swarn Rekha River before Sub-project intervention



Photo 2. April 2010: Lined river bed after Sub-project intervention



India



Photo 3. October 2010: Accumulation of debris in a *Nalla* due to lack of cleaning



Photo 4. October 2010: Accumulation of debris due to lack of cleaning





Photo 5. October 2010: Accumulation of debris due to lack of cleaning



Photo 6. October 2010: Broken manhole releases sewage into the river.





Photo 7. July 2011: Clean river bed with some rain water flowing



Photo 8. July 2011: Clean river bed with some rain water flowing





Photo 9. July 2011: Clean river bed



Photo 10. July 2011: Still some pollution in section between 2.5 and 5 km, but much less than before.





Photo 11. June 2011: Recreational area of the Swarn Rekha River after Sub-project intervention



Photo 12. June 2011: Recreational area of the Swarn Rekha River after Sub-project intervention