

World Bank Investment in the “Tamil Nadu Sustainable Urban Development Project”
March 31, 2015
U.S. Position

The United States shares the broad goals of this project – to improve the sustainability, governance, and public infrastructure of Tamil Nadu’s urban areas.

The United States recognizes the critical importance of empowered urban authorities for India’s development. Well-functioning cities foster the high-quality jobs that lift people out of poverty. The United States welcomes several innovative features in this project that promote this empowerment, including the pilot results-based grants to implement new urban-management models, the credit enhancement reserve fund to mobilize resources from financial markets, and the technical assistance to develop next-generation municipal e-governance and geographic information systems.

The United States also recognizes the vital need for improved urban services, including water, waste-water, storm water drainage, and city roads, and welcome that this project will support investments in these areas.

However, the United States is concerned about the environmental and social impacts of these infrastructure investments, particularly as several of them will likely be Category A. Environmental documentation for Category A projects and sub-projects should be made publicly available as early as possible –120 days ahead of Board decisions. While many of the Category A sub-projects are not yet identified or defined, the United States would have liked more analysis on the anticipated environmental and social (E&S) impacts of those sub-projects that have already been identified, as well as any other environmental considerations for the project area, such as species that may be at risk, and the accompanying mitigation measures. The Environmental and Social Management Framework’s guidance for future sub-project environmental and social impact assessments should have clearly included associated facilities and cumulative impacts of the proposed sub-projects; this would have provided the necessary assurances that the expected E&S due diligence will encompass these issues as well. Due to these timing and content considerations, the United States wishes to be recorded as abstaining on this project.

Finally, the United States urges close Bank supervision of the resettlement elements of this project. The United States notes the Resettlement Action Plan that has been prepared for the Chennai Storm Water sub-project, and the assurances that no sub-project contracts will be awarded until compensation has been paid to all affected people. However, the United States have received reports that many affected community members consider the consultations thus far to be inadequate, written documentation provided in the local language to be scarce, and resettlement locations to be inadequate to restore livelihoods. According to these reports, there also seems to be a general lack of awareness of either the project-specific grievance redress mechanism or the Bank’s own Grievance Redress Service. Therefore, the United States urges the Bank to closely monitor the implementing agencies at the state and local levels to ensure that the consultation processes are sufficiently robust, that the letter and spirit of the resettlement policies are followed, and that communities are made aware of the grievance redress options.