

[for public release]

International Bank for Reconstruction and Development (World Bank)
Inspection of Mumbai Urban Transport Project (India)
United States Position
Board Date: March 28, 2006

The Inspection Panel has provided a useful and comprehensive report. Based on a thorough review of the information provided in the Panel's report and the Management's response, we concur with the Panel findings regarding the Bank's failure to comply with its policies on project preparation and appraisal, involuntary resettlement, environmental assessment, and project supervision.

When the separate resettlement and rehabilitation project was folded into the primary construction project, it appears that valuable information and identified issues were lost. The most serious result was the switch from a comprehensive resettlement and rehabilitation project to a resettlement component that focused on replacing housing but not on income restoration.

Given that it is well-known that income restoration is often the most difficult aspect of resettlement, it is difficult to understand why so little attention was paid to this issue. In particular, the Panel found that the resettlement analysis and plan failed to consider impoverishment risks as required by Bank policy.

While the extreme crowding and high land prices of the Mumbai area make resettlement difficult and costly, the Business Needs Study commissioned by the Bank has outlined some of the options the project could have taken to help the shopkeepers restore or improve their standard of living, as required by Bank policy.

The project also needs to focus more sharply on improving the income-generating opportunities of the resettled people who have lost informal jobs or customers due to their relocation. While it is likely that the project provided secure and improved housing for these people, their poverty implies that they have little to fall back on after experiencing even small income losses. The people who have rented out or sold their new houses are only the most obvious indicator of those most affected by this critical issue.

A number of inspection panel reports over the years have highlighted the need for "increased emphasis on consultation" and "quality assurance of baseline data." It is important for the management of the World Bank to take concrete steps to improve performance in these two critical areas.

We support the Management's proposed Action Plan to bring this project into compliance and to resolve the outstanding problems in this project. It is clear that the project has already improved public transportation in Mumbai – a major accomplishment – and provided secure housing to a significant number of people. Nonetheless, the challenges of resettling and rehabilitating the livelihoods of another large group of affected people remain. We look forward to the progress report Management intends to issue in October 2006.