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COMMUNIQUÉ

To: The Jagatsukh Panchayat and Community Stakeholders
From: Amar Inamdar, CAO
Date: February 9, 2007
Re: CAO Activity Update -- AD Hydro Power Project

The purpose of the communiqué is to update the Jagatsukh Panchayat and community stakeholders regarding CAO engagement in the AD Hydro Power Project. Following is a summary of CAO activity, current status, and potential next steps.

CAO Activity Summary: July 2006 – January 2007

In late July 2006, the CAO team visited the project site in response to repeated community complaints about project impacts. Broadly, the team found that company and community relations had improved in recent months. There were a number of ongoing concerns, including water quality, safety, and community development issues. There was also no effective forum for engagement between the company and community, and no meetings had been held between the company and the Panchayat as a whole at that time. CAO observed that there was an opportunity to improve communication between the Jagatsukh Panchayat the Bhilwara Company. A detailed summary of CAO's core findings is posted on the CAO website.

In September 2006, the CAO team returned to Jagatsukh to assist the Panchayat and company with communicating project-related issues. The team found that while there was some community development work occurring, there was still a lack of consistent and systematic communication between the company and the Panchayat. There were also conflicting reports of the quality of communication between the Panchayat and community. As a result a sentiment of frustration was conveyed to us. An agreement was signed with the Panchayat Pradhan and Up Pradhan for the CAO to continue working with the Panchayat to improve dialogue and take community development related decisions. The CAO also met with the company to discuss its work and further clarify community issues.

From October to November 2006 the CAO team communicated its findings to the IFC, and worked to identify an appropriate time to return to the project site to engage the Jagatsukh Panchayat and company representatives in building dialogue capacity.

In late November, CAO was informed by the Panchayat Pradhan that further assistance was not needed. Subsequently, AD Hydro leadership sent a memo to CAO providing a progress report on commitments made and requesting cessation of third party involvement, noting that substantial progress has been made to resolve community social and environmental concerns. At the same time, other community members continued to express concerns to the CAO about the project's impacts.

In December 2006, the CAO prepared a Commitments Register containing all of the activities that the project and community had identified as priorities in the ESIA addendum of August 2004. We asked IFC and the company to complete the Commitments Register in order to provide a reasonable response to the complaints and as a basis for judging progress against priorities that had been agreed with the community. IFC dispatched a three-person team to the project site, in part to evaluate the status of community and company relations. A complete update regarding that site visit and the Commitments Register is forthcoming.

Next Steps

The CAO is presently waiting to hear from the company and IFC on the status of the ESIA Commitments Register. Upon receipt of the Register, the CAO team may conduct a final site visit to ensure that local stakeholders have an opportunity to discuss it and gain assurance that progress is being made on issues that had been agreed. The CAO team will contact Jagatsukh leadership and community complainants to confirm receipt of this update and clarify any questions regarding CAO status and involvement.
