

Statement by Jin-Yong Cai regarding CAO Audit of Tata Mundra

[Received by CAO: 11/25/2013]

Thank you for expressing your concerns regarding the Tata Mundra project. We share your commitment to sustainable development and improving the lives of local communities, and we intend to continue working with all of our stakeholders to achieve this.

IFC's Management has taken on board many of the suggestions made in the report. Coastal Gujarat Power Limited (CGPL), the project's sponsor, is committed to IFC's Performance Standards and, as evidenced in the attached action plan, is taking steps to respond to and address the concerns of affected communities, including the migrant fishing communities.

The World Bank Group's 2013 Energy Sector Directions Paper established the current plan for expanding access to energy and sustainable energy. It reflects the latest thinking on global energy needs, climate change, and low-carbon economic development. This plan, however, is forward-looking and not meant to be applied retroactively to projects such as Tata Mundra. I assure you that IFC is committed to working with our partners to provide clean, sustainable energy for the poor, and to create economic opportunity and improve people's lives.

The World Bank Group's Environment and Social Policies lie at the core of our twin goals—ending extreme poverty and boosting shared prosperity. These are rigorous policies, and we are fully committed to ensuring that our clients meet them. IFC will work closely with CGPL, drawing upon experts, to review the studies referenced in the action plan and develop mitigation, compensation and/or offset options to be implemented. IFC will closely monitor CGPL's progress and adherence to the IFC Performance Standards, as it does with all clients, and refine our approach as necessary.

We look forward to a continuing a constructive dialogue with you on this matter and on achieving our common goal—sustainable development.

Action Plan

CGPL has in place an ongoing comprehensive management and monitoring program, which it is in the process of reviewing and updating in light of: (a) the full commissioning of the plant; (b) the proposed expansion; (c) the inputs it has received as part of its ongoing engagement with affected communities including fishing communities and its extensive corporate social responsibility work; (d) feedback from its lenders including IFC; (e) concerns expressed by various stakeholders including civil society organizations and IFC's CAO; and (f) the outcome of its own monitoring and management review process. Accordingly, the Company has:

- contracted with a third party to undertake household level socio-economic survey of 21 villages/hamlets including seasonal settlements in CGPL's influence area;
- commissioned National Institute of Oceanography ("NIO", an expert government organization) to undertake model confirmation studies and will get this study validated by another independent/government agency subsequently;
- contracted with Bombay Natural History Society ("BNHS") to undertake turtle monitoring. CGPL will additionally require BNHS or other reputed third party agency, to follow up its biodiversity assessment study with broader biodiversity monitoring (mangroves, lobster breeding areas and other key relevant habitats and species) in the area impacted by elevated temperature of the thermal plume;
- been collecting fish catch data from authorities and will in addition to directly collecting primary fish catch data, also require NIO to collect experimental fishing data as part of the model confirmation study;
- been carrying out ambient air quality monitoring at 7 locations in villages around the plant and will also establish an air quality monitoring station in the fish drying areas used by the seasonally resident fishing

communities. CGPL will also implement an inspection program to assess the coal and ash dust deposition in neighboring communities Refers to village Vandh and the seasonal settlement of migrant fisher folk on the coast within CGPL's influence area. and carry out appropriate laboratory analysis of dried fish samples to assess ash and coal dust contamination;

- contracted a third party to undertake health status and needs survey in the neighboring communities Neighboring communities here refers to villages Tunda, Vandh, Kandagara, Nana Bhadia, Tragadi, Modhava and the seasonal settlement of fisher folk on the coast near CGPL;

- committed to undertake testing of ash residue for radioactivity and heavy metals;

- committed to validate selected ambient air quality monitoring parameters that have changed significantly from the baseline;

- undertaken the environment and social impact assessment for the expansion project, which , while not an IFC project, it will upgrade in accordance with IFC Performance Standards due to its project obligations including assessment of third party risks and cumulative impacts as defined in IFC Performance Standards. IFC will review the findings of the environmental impact assessment of the expansion project in light of the current baseline PM₁₀ and PM_{2.5} levels in the ambient air, and take a view on application of the stack emission requirements as specified in the WBG EHS Guidelines of 1998;

- committed to prepare, in consultation with the Lenders' environment and social advisor, a comprehensive document detailing each E&S requirement under its obligations to lenders including for the operation phase for efficient monitoring of compliance to these requirements;

In addition to ensuring that relevant stakeholders including fishing communities are appropriately consulted in accordance with the provisions of IFC Performance Standards, the Company will, in consultation with domain experts from NIO, BNHS, IFC, Lender's E&S Advisors and/or relevant Government Agencies, ensure that these studies and monitoring are undertaken in accordance with IFC Performance Standards.

Further, if the above mentioned studies and opinion of domain experts from NIO, BNHS, the Validation agency, relevant government bodies, and/or the Lenders' Advisor, indicate adverse impact, appropriate mitigation measures will be developed in consultation with these experts. These measures will be in accordance with the provisions of IFC Performance Standards.
