

## **Factsheet:**

### **Destructive Tata Mundra Coal Fired Power Plant**

*Local fishing communities and farmers represented by EarthRights International (ERI) are suing the International Finance Corporation (IFC) in federal court in Washington, D.C. over the destruction of their livelihoods, loss and damage to their property, and the threats to their health caused by the IFC-funded coal-fired power plant in the Kutch District of Gujarat, India.*

#### **The Tata Mundra Power Plant**

For generations, the Kutch coastline has supported traditional communities who depend upon its natural resources for fishing, as well as farming, salt-panning and animal rearing. Many fishing communities depend entirely on the seasonal fish catch for their livelihood throughout the year.

The construction and operation of the 4,150 MW coal-fired Tata Mundra Ultra Mega Power Plant – built just one mile away from another coal-fired power plant – has fundamentally altered the landscape and threatened the livelihoods, health and way of life of local communities that now live in its shadow. The plant takes in enormous quantities of seawater to use for cooling purposes, then discharges the hot wastewater back into the sea. The thermal pollution has already substantially changed the local marine ecosystem and led to a drastic decline in the fish catch local fishing communities depend upon. Construction of the plant’s massive outfall and intake channels has also resulted in both physical and economic displacement of local fishing communities, and has contributed to saltwater intrusion into the groundwater, destroying vital sources of drinking water and water used for irrigation in an area where fresh water is scarce.

A nine-mile-long coal conveyor belt, which transports coal from the port to the Plant, runs right next to local villages and near fishing grounds. Coal dust from the conveyor and fly ash from the plant frequently contaminate agriculture, fish laid out to dry, homes and property, and threatens human health. Some air pollutants are already present at levels dangerous to human health, in violation of Indian air quality standards, and respiratory problems, especially among children and the elderly, are already on the rise.

#### **The International Finance Corporation**

The IFC is the private lending arm of the World Bank Group, which plays a major role in funding private-sector development projects in developing countries. Because it only invests in projects that could not otherwise attract sufficient private capital, the IFC has immense influence over how the projects are operated. The IFC provided a \$450 million loan to enable the Tata Mundra plant to be built.

The IFC’s stated goals are to end extreme poverty and boost shared prosperity, and to carry out its investment activities “with the intent to ‘do no harm’ to people and the environment.” The IFC has developed a Sustainability Framework, which dictates the conditions of IFC involvement in projects and the obligations of both the borrower and the IFC to ensure the project promotes positive development objectives while protecting local communities and the environment.



From the outset, the IFC recognized that the Tata Mundra project would likely cause substantial harm to local communities, classifying the proposed project as one with potentially “significant adverse social and/or environmental impacts that are diverse, irreversible or unprecedented.”

## Why is it so bad?

The Tata Mundra Project is emblematic of IFC-funded projects that purport to be in the name of poverty reduction and “development”, but that fall hardest on the poorest and most vulnerable communities. The IFC recognized that the project posed significant risk, especially if the project were not well managed and the risks were inadequately mitigated. Yet it failed to ensure that sufficient safeguards were put in place to prevent the very harms that it identified as likely to occur.

The IFC’s own accountability mechanism has sharply criticized the IFC for its role in the project. In 2013, following a complaint by the Machimar Adhikar Sangharsh Sangathan (Association for the Struggle for Fisherworkers’ Rights), the Compliance Advisor Ombudsman (CAO) issued one of its most scathing reports to date, concluding that the IFC had failed to ensure the project met the applicable Environmental and Social Standards necessary for IFC projects. It found that despite predicting the type of harm the project could cause, as well as identifying the issues that would most likely lead to that harm, the IFC failed to take necessary steps to protect local communities and the environment.

The IFC responded by largely rejecting the CAO’s findings. In a subsequent monitoring report, released in January 2015, the CAO confirmed that the IFC still had not taken meaningful steps to address the identified failings, had failed to remedy the harms that had already been caused by the Plant, and remained out of compliance with its obligations.

Numerous organizations have condemned the IFC for its role in the project and its continuing failure to make things right. In November 2013, 100 Indian civil society organizations signed on to a letter to World Bank President Kim, condemning the IFC’s response to the CAO’s findings and calling on the IFC to withdraw from the project. Later that month, 27 civil society organizations, including Human Rights Watch, Oxfam, and International Rivers, wrote to express concern about the “trend” by WBG management “to refute, deny or otherwise fail to act on critical findings of its accountability mechanisms” using the Tata Mundra project as a prime example.

## Who are the plaintiffs?

Three of the plaintiffs are fishermen who reside at the fishing harbors (known as bunders) that are closest to the plant, located in between the Plant’s intake and outfall channels. The fishermen live with their families at the bunders for 8-9 months each year during the fishing season, and return to villages further inland during the monsoon season. Tragadi bunder is located directly next to the outfall channel, where enormous quantities of hot water used to cool the plant are discharged each day. Kotadi bunder is located next to the intake channel and close to the coal conveyor belt that transports coal from the port to the Plant. Additionally, ERI also represents the fishermen’s organization, MASS; the Navinal Panchayat (village), a local government entity; and a farmer from Navinal village whose farmland has been affected by the increasing salinity of the groundwater and the ash and dust from the plant.

## What does this lawsuit mean? Why does it matter?



The IFC's own accountability mechanism concluded the IFC had failed to abide by the standards and policies that it is required to follow and failed to ensure its client abided by the terms of the loan agreement that were intended to protect local communities and the environment from harmful project impacts. But instead of acting to address its shortcomings, the IFC has failed to remedy the situation. With no other avenue for redress, our clients have turned to the courts in the United States, where the IFC is headquartered.

As far as we know, this is the first time a community harmed by a World Bank or IFC funded project has mounted a legal challenge in the United States. In general, the courts have found that international organizations like the IFC enjoy broad immunities from suit. But we share our clients' belief that no institution should be above the law in a case such as this where the IFC has so obviously failed in its duty to ensure the projects it funds do not harm local communities and the environment, and refuses to make things right. Affected communities must have an avenue for relief when they are harmed. If the IFC will not abide by the findings of its own accountability mechanism, and funds projects contrary to its own mission, then communities must be able to access the courts.