

## **Tata Mundra project in India**

### **Background**

Four hundred million people in India lack access to reliable electricity. The importance of electricity in ending poverty and building prosperity cannot be understated. Lack of electricity impairs opportunities for education, healthcare, clean water, freedom of movement, and jobs. By increasing India's electricity supply by 2 percent, the project will result in fewer people depending on diesel, kerosene, and firewood.

IFC, as a development institution, needs to most effectively and efficiently address critical development issues such as access to electricity. Consequently, IFC's promoting of innovative energy solutions—renewable where possible, cost-effective, environment-friendly, and sustainable where it is not—is consistent with its development goals.

The Tata Mundra project is a 4,150-megawatt power plant developed by Coastal Gujarat Power Limited (CGPL) at the port city of Mundra, in India's Gujarat state. This is India's first ultra-mega power project. It generates power through five 830 MW units that use supercritical technology and imported coal. Supercritical technology saves fuel and reduces greenhouse gas emissions.

Power generated from the project is estimated to reach 16 million domestic consumers, industrial, and agricultural users in five states of western and northern India. It created more than 5,000 jobs during construction and 700 jobs during operations.

IFC's long-term financing helped the project get finance from other international and Indian institutions. The project cost of \$4.2 billion was financed by sponsor equity (\$1 billion), IFC and ADB loans (\$450 million each), Korean Export Credit Agencies (\$800 million) and local banks (\$1.5 billion). IFC's involvement in the project has ensured adherence to higher environment and social standards, consistent with IFC's Performance Standards.

IFC, as a development institution, balances the most effective and efficient ways to address critical development issues in developing countries. Globally, more than half of IFC's power portfolio is in renewable energy. Since 2008, IFC has funded only renewable energy projects in India for power generation. IFC's investment in the project was part of a broader program to address India's significant demand for electricity. The program includes investments in renewable including hydro, wind, solar and biomass power-generation plants. The Tata Mundra plant has added about two percent to India's total generation capacity and has made a substantial contribution to meeting India's growing demand for cost-competitive power from domestic consumers, agriculture, and industry.

### **Where we stand now**

A complaint representing potentially affected fishing communities filed with the CAO was assessed by a CAO team visiting the project site during August 2011. On July 27, 2012, the CAO concluded the compliance appraisal, which found that a number of issues raised by the complainants merited further enquiry. The details of the complaint and the status of the CAO process are available on the [CAO website](#)

IFC's response to recent civil society concerns is available [here](#).

IFC has welcomed the good practice suggestions mentioned in CAO's audit report. IFC's response to the report is available at [CAO Website](#). IFC has agreed an action plan with the CAO which is currently under implementation.

## ***Tata Mundra, Local Communities and the Environment***

The company's community outreach initiatives include improvements in education, healthcare, building infrastructure, access to natural resources; creating livelihood opportunities and empowering women.

Residents of 15 villages in the Mundra and Mandvi blocks of Kutch district of Gujarat state benefit from the project's community outreach initiatives. These initiatives aim to improve education, promote health, build infrastructure, improve access to natural resources, create livelihood opportunities, and empower women.

Tata Power identified seasonal fishing communities as a potentially affected community from the very outset. Extensive consultations were held from 2009 onwards, which continues to date. The company also undertook consultations with the fishing communities, as part of the baseline social impact assessment process.

Details of measures already in place and additional measures being implemented by CGPL to benefit local fishing communities are available at [TATA Power Website](#) and this [attached document](#).

IFC's Performance Standards and the World Bank Group's Environment, Health, and Safety Guidelines represent good international industry practices. By helping the company implement its performance standards, IFC ensured that the project's environmental and social impacts are in line with the best international industry practices.

IFC helped the company conduct a detailed social impact assessment. This assessment was helpful to assess and mitigate the project impacts on local communities. This also helped the company plan several social development initiatives with active involvement of local communities.

Since IFC Performance Standards are more stringent than Indian emission laws, IFC's involvement in the project has resulted in lower emissions of air pollutants, such as sulfur dioxide and particulate matter, than required by law.

IFC is committed to environmental and social stewardship and takes all concerns about the impact of the Tata Mundra project seriously. IFC is committed to open dialogue with its stakeholders and those directly affected by the projects it supports. IFC has a strong track record in promoting and supporting sustainable development and achieving positive development outcomes in collaboration with its partners. We plan to continue our efforts to ensure sustainable development in the Tata Mundra project

## ***IFC & WBG Energy Policy***

Expanding access to energy, accelerating energy efficiency, and promoting renewable energy is at the core of the World Bank Group's work in the energy sector. The Energy Sector Directions Paper, approved in July 2013, maps the direction for future World Bank Group investments and advisory activities in the energy sector, as well as privatization support that will enable investments.

The Energy Strategy Directions Paper is not a backward looking document but gives direction for our future engagements in this sector. For more on this please [click here](#):

WBG is committed to delivering reliable and sustainable energy services to every economy, especially in countries with low energy access. We will not end extreme poverty or build shared prosperity until we provide households with energy connections by increasing capacity, boosting transmission and distribution systems. As part of WBG, IFC is committed to addressing the important development priority of improving access to electricity and promoting clean-energy alternatives. IFC's investment in the project was part of a broader program to address India's significant demand for electricity.