

# THE U.S. EXPORT-IMPORT BANK'S DIRTY DOLLARS

U.S. tax dollars are supporting human rights, environment, and labor violations at the Sasan Coal-Fired Power Plant and Mine, in India.



PHOTO: JOE ATHIALY

SIERRA CLUB  
350.ORG  
CARBON MARKET WATCH  
PACIFIC ENVIRONMENT  
FRIENDS OF THE EARTH US

OCTOBER 2014





SASAN ULTRA MEGA POWER PLANT  
PHOTO: JOE ATHIALY

**EXECUTIVE SUMMARY**

In January and May 2014, a coalition of non-governmental organizations (NGOs), the Sierra Club, 350.org, Carbon Market Watch, Pacific Environment, and Friends of the Earth U.S. (hereafter referred to as the Fact Finding Team), undertook two field visits to Singrauli, India, to meet with communities affected by Reliance Power’s Sasan Ultra Mega Power Project (UMPP) and its associated mine to assess the project’s effect on local communities and the environment.

Since the U.S. Export-Import Bank (Ex-Im Bank) approved over \$900 million in financing for the coal project in October 2010, little information has been provided by the agency about Sasan’s compliance with Ex-Im environmental, social, human rights, and corruption policies. This includes the Bank’s commitments under the Equator Principles<sup>1</sup> and the International Finance Corporation (IFC) Performance Standards,<sup>2</sup> the agency’s environmental, social, human rights and corruption policies, as well whether or not the project has lived up to the expectations laid out in the Environmental and Social Impact Assessment (ESIA) documents for the mine and the power plant. An apparent lack of oversight prompted the NGOs involved in this report to conduct this independent investigation. The Fact Finding Team has uncovered numerous reports of corruption and human

rights and labor violations associated with the Sasan coal project, all of which have largely been ignored by the Ex-Im Bank.

**KEY FINDINGS**

Reported wide-ranging effects related to resettlement including:

- Residents who protested the forced relocations were abducted and never found.
- Houses were demolished in the middle of the night while families were still living in them.
- Residents were not compensated or were compensated at levels below the legal requirement.
- Housing at resettlement colonies was not made available to all people facing removals.
- Colonies lacked basic amenities, including those that

villagers previously had access to, such as water pumps and schools.

- Displaced persons did not receive priority in hiring and training, contradicting the ESIA, and locals financially affected by the project were denied jobs in favor of contract workers from other states.
- Elderly residents have not received the pensions promised in the ESIA’s.
- Children promised education stipends in the ESIA’s have not received them, and some been actively blocked from attending school.
- A meaningful grievance process has not been created or utilized, leaving complaints levied against the project unaddressed and allowing human rights violations to continue.

**DISREGARD FOR LABOR STANDARDS AND SAFETY INCLUDING:**

- There were reported irregularities in worker time stamps, where workers were clocked in after their shifts, allowing injuries and deaths at the project to be recorded as having taken place outside of the site.
- Workers handling toxic materials such as coal ash have reported skin diseases, suggesting necessary safety precautions are not taken.
- A meaningful grievance process for each of the groups has not been created, leaving complaints levied against the project unaddressed and allowing labor violations to continue.
- The hiring of contract workers from other of states has made it easy to cover up accidents, as families do not reach Singrauli to look for lost loved ones until long after these incidents occur.

**MISTREATMENT OF INDIGENOUS RESIDENTS AND RIGHTS INCLUDING:**

- Free, prior, and informed consent was not practiced with the indigenous people moved for the project.
- The ESIA states that affected indigenous families do not rely on forest land cleared for the mine, but community members return daily to the area where they used to live to collect traditional plants, forest produce and other means of sustenance, despite massive boulders rolling down from the overburden above.
- Relocated families were often not compensated or were compensated at levels below the legal requirement for indigenous people.
- Many families are still waiting in temporary housing, and have not been moved to relocation colonies.
- Some families either refused to leave or returned to the edge of the project site because they could not



HAND PUMP DRAWS GROUND WATER NEXT TO THE ASH POND.  
PHOTO: JOE ATHIALY

maintain their way of life at the resettlement colonies.

- Children were denied access to schools in violation of laws protecting indigenous people.
- A meaningful grievance process has not been created or utilized, leaving complaints levied against the project unaddressed and allowing violations of indigenous rights to continue.

**DIRECT ENVIRONMENTAL CONTAMINATION INCLUDING:**

- A thick layer of coal dust covered plants near the conveyor belt carrying coal from the mine to the power plant.
- Residents reported being overwhelmed by coal dust and ash blowing in the wind, affecting their health.
- Locals complain that material from ash ponds is seeping into ground water, making drinking water unfit for consumption.

**WITHHOLD INFORMATION AND A LACK OF OVERSIGHT:**

Ex-Im Bank failed to make documents—including environmental and social management plans, supplemental environmental reports, and related monitoring reports – publicly available despite legislative and agency policy requirements that it do so.<sup>3,4</sup> Despite numerous attempts by NGOs to document violations of Ex-Im Bank policies, the Bank’s unwillingness to supply these documents makes it impossible to fully catalogue the harm done. With regards to environmental contamination specifically, without the reporting documents or independent testing there is no way to assess pollution levels, although our observations and reports from local residents suggest severe contamination.



The clear evidence of human rights, labor, and environmental violations we found speaks to a lack of meaningful oversight at Ex-Im Bank.

RECOMMENDATIONS

Based on the fact-finding team’s findings, we support a full investigation of Sasan by the Ex-Im Bank Office of the Inspector General. Moreover, Ex-Im Bank must use its influence to discourage any planned expansion of the Sasan coal project. Ex-Im Bank is responsible for working with the borrower to bring the project into compliance with the IFC Performance Standards, the Equator Principles, and the agency’s environmental, social, human rights and anti-corruption policies. Should this prove impossible, it is imperative that Ex-Im Bank withdraw its support of Sasan. To do anything less calls into question the legitimacy of the institution and worse, by abdication of responsibility, it implicates the Ex-Im Bank in the violations we have unearthed.

METHODOLOGY

The fact-finding team interviewed affected community members and were provided with various documents demonstrating the validity of the community members’ claims. Reliance Power and its subsidiary refused requests to meet during these fact-finding trips, although the fact finding team was able to meet with two Corporate Social Responsibility officials who followed the participants during the field visits. Our team reviewed available literature and documents procured under India’s Right to Information Act (RTI), met with medical doctors, trade union leaders, lawyers and media professionals to gather additional facts. This process uncovered evidence of multiple violations of Ex-Im Bank environmental, social, human rights and anti-corruption policies, the IFC Performance Standards, and the Equator Principles, as well as broken promises from the ESIA.

PROJECT BACKGROUND

Early in the Obama Administration, NGOs became concerned that, despite pledges from the Administration to phase out fossil fuel subsidies, the Ex-Im Bank was embarking on a new, billion dollar fossil fuel binge.<sup>5</sup> The outdated, heavily polluting projects receiving Ex-Im Bank support cause significant harm to the environment and to local communities and will contribute to global climate disruption.

In particular, NGOs became concerned about Ex-Im Bank financing for the Sasan UMPP, Reliance Power’s 3,960–

megawatt coal-fired power plant and associated mine in Madhya Pradesh, after Indian-based organizations and affected communities reached out to U.S. groups with reports of human rights and environmental abuses. U.S. based NGOs met with Ex-Im Bank before and after the project’s approval to discuss the controversies surrounding Sasan, including how affected people had already been displaced multiple times for other projects, and the fact that Sasan is located in a district already suffering from severe pollution.<sup>6</sup>

After initially rejecting the Sasan coal project due to violations of the Bank’s carbon policy, Ex-Im Bank reversed its decision and approved \$900 million in financing for the project in August 2010, despite the lack of adequate impact assessments and mitigation plans. In order to secure the financing, Reliance promised to generate 250-megawatts of clean energy as a part of an offset provision, a fraction of the proposed 4,000-megawatts of coal generation the project created.<sup>7</sup>

UMPPs are a series of power projects planned by the Government of India, each with a capacity of 4,000-megawatts or higher. Of the six initial sites proposed, only two projects are currently functioning — Tata Mundra and Sasan — and both have raised serious human rights and environmental concerns. In late 2012, India’s Comptroller Auditor General’s office (CAG) released an audit report on the UMPPs, condemning the government for letting project developers dictate the terms of construction. Instead of providing oversight, the government has been simply tracking the projects’ progress, allowing large scale violations to continue unchecked. In addition to discrepancies in land use, the CAG’s report also found that a lack of transparency and fair play has dogged the projects from start to finish.<sup>8</sup>

The Sasan coal-fired power plant is also registered under the Clean Development Mechanism (CDM), despite evidence brought forth by NGOs that it would not lower carbon emissions. The CDM is a flexible project-based offsetting mechanism implemented under the Kyoto Protocol that allows crediting of emission reductions from greenhouse gas (GHG) abatement projects in developing countries. This mechanism has a dual purpose. On the one hand, sustainable development is generated in countries hosting CDM projects, and on the other hand, industrialized countries are able to cost effectively reduce emissions. When Sasan was registered in October 2010, the project became one of six coal power projects



HARRAHAWA VILLAGE MEMBERS BEFORE RELOCATION  
PHOTO: NICOLE GHIO

implemented under the CDM. Over a crediting period from December 2011 to December 2021 Sasan is projected to accrue an estimated 20 million carbon offset credits, which can be purchased by countries and companies to meet emission reduction obligations.

The registration of coal projects under the CDM has been highly controversial. In 2011, a United Nations Panel found that the methodology under which projects were applying overstated emissions reductions by 25-50 percent. This led to a suspension of the methodology for coal plants under the CDM. Moreover, several studies show that coal power projects are not additional — an essential CDM requirement — and will cause an increase in emissions if offset credits generated by such projects are used against emission reduction obligations.<sup>9</sup> Since a new methodology was adopted, no projects have been registered.

The Sasan project sits in the Singrauli District, which straddles states of Uttar Pradesh and Madhya Pradesh. The dense forests Singrauli was once famous for have been almost completely leveled to make way for large, industrial projects. Today, Singrauli is rapidly emerging as India’s energy capital, and the total installed capacity of all thermal power plants in the district amounts to around 10 percent of the total installed capacity in India. At present, there are 17 large power projects in the works, resulting in large scale displacements of local communities. However, Singrauli lacks a proper channel and implementing agency to facilitate the resettlement and rehabilitation of locals, leaving people exposed to irregularities and corruption.

Many residents have faced multiple resettlements since energy development began in the 1960s.<sup>10</sup>

Environmental degradation is so great that in 2009 the Environment Ministry imposed a moratorium on clearances in the district’s coalfields. The moratorium was lifted in 2011 after Uttar Pradesh and Madhya Pradesh developed action plans for improving environmental quality, but as of September 2013, Singrauli’s Comprehensive Environmental Pollution Index remained critically high.<sup>11</sup> A 2011 study of contamination from just two of the many thermal projects in Singrauli — the Anpara and Renusgar coal-fired power plants — found that concentration of metals in drinking water were higher than the maximum acceptable limits set by the World Health Organization.<sup>12</sup>

Given the history of the district, it is not surprising that NGOs began reporting corruption, human rights, and labor violations early in the construction of Sasan, including a smokestack collapse that reportedly killed 30 workers and the disappearance of community members who protested forced relocations.<sup>13</sup> Foreshadowing the “coal gate scandal” that would rock Indian politics and force former Prime Minister Manmohan Singh to defend himself before parliament,<sup>14</sup> the Fact Finding Team learned that a former official with the Indian state-owned coal company did not follow the proper process when allotting the Moher Basin to Reliance Power for Sasan’s coal mine. Afterwards, the official took a job at the power project.<sup>15</sup>

Under pressure over reports of violations, Ex-Im Bank arranged to meet with Reliance in Singrauli. However,





despite initially promising to meet with the affected community members represented by Srijan Lokhit Samiti (Committee for the Development of Peoples’ Welfare), the local people’s movement in Singrauli, Ex-Im Bank reversed course and instead insisted that community members travel to the hotel where its representatives were staying. Most of the affected community members did not have reliable access to transportation, and they feared that the hotel, which caters mostly to coal company officials, was not a safe place for them to speak about their concerns with the project. While communities await justice, even greater harm could be on the way; Reliance has proposed expanding the already massive Sasan project.

Ex-Im Bank’s refusal to meet with people in their communities made it impossible for the Bank to gain a full understanding of what was happening on the ground. This report is an attempt by NGOs working with local communities in Singrauli to give voice to affected people and develop a more complete picture of the project’s effects.

RESETTLEMENT

Under IFC Performance Standard 5, any project supported by Ex-Im Bank is required to provide compensation for

losses incurred by people facing involuntary resettlement, as well as compensation for people losing their livelihoods, regardless of resettlement. It also provides for the improvement or, at the very least, the restoration of livelihoods and living standards for displaced persons, and improved living conditions among displaced persons. IFC Performance Standard 4 ensures the safeguarding of property and the investigation of unlawful or abusive acts against affected people, while IFC Performance Standards 1 and 5, as well as the 6th Equator Principle, require the creation of a grievance mechanism where affected people can raise concerns and have them resolved in an impartial manner. The Equator Principles also make it clear that all local laws regarding resettlement will be applied (Principle 3). The Project ESIA’s also provided for old age pensions for the elderly<sup>16</sup> and education stipends for children.<sup>17</sup>

THE SASAN COAL PROJECT FALLS SHORT OF ALL OF THESE REQUIREMENTS.

The Fact Finding Team documented reports from local villagers that Reliance failed to compensate residents facing involuntary resettlement, sometimes by not meeting the level required by Indian law and sometimes by not compensating people at all. These villagers said that many displaced persons also did not receive housing in resettlement colonies.

“They acquired my land, asked us all to vacate the place, and made the boundary wall for Reliance Company’s Sasan plant. For the past four years they are just moving us from one place to another. They took away all my land and my house. We even approached the High Court and filed our petition regarding the displacement, compensation, rehabilitation, and jobs. The High Court passed an order in our favor. Yet, neither the company nor the government officials listen to our demands. Recently, I went to the District Magistrate (DM) (Mr. Selvendran) to submit a petition on this issue whereas he just threatened me and asked me to keep my mouth shut. I had two and a half acres of land out of which the government compensated only for one acre and said the rest one and a half acres comes under public property and hence could not be compensated for.”

-RAMDHEEN S/O DEVNOORAK, Gidda Khaani village, residing in Siddhi

“They displaced us and built an ash dike in our land. They destroyed our father’s house which was an ancestral property. It is almost five to six years now, they promised to give us two houses and some agricultural

land. Nothing is given so far and we lost hope now.”  
-RAM KAILASH SHAH S/O KUBER SHAH, Ghidda Khaani village, residing at Siddhi Khurd

“They have given us rehabilitation cards, but have not rehabilitated us in so many years. What is the purpose of giving this card?” (Rehabilitation cards are given to displaced people entitled to rehabilitation.)

-RAJU LAL, Ghidda Khaani village, Residing at Siddhi Kot

Instead of investigating abuses against those who resisted resettlement, threats and even violence were routinely employed.

“My husband, Sudarshan Rajak, went missing in May 2009 after he was picked up from our place by the Tehsildar Babulal Tiwari. Our house was inside the Sasan plant’s compound wall and we refused to move out as we did not receive proper remuneration or rehabilitation. The company goons as well as the government officials came several times to threaten us. Once they wanted to speak to my husband in private wherein our family denied and said they cannot take him to the station alone if they want they can arrest the entire family. And, in two to three days, he went absconding. We searched everywhere and found him nowhere. We went to file a complaint in the local police station and they neither accepted the complaint nor did they file an FIR (First Information Report). When we asked why they did not want to file an FIR the reply that the police officials gave to me is, “You must have been a disrespectful wife that is why your husband ran away from you, you wouldn’t have done your duties properly,” and I responded saying, “If that was the case he would have eloped when we were young and not in his old age.” The irony is now they are telling us that they have deposited Rs.7,00,000 (Rupees) in my husband’s account as compensation, but the bank account is not operational as it is in my husband’s name.”

-SAGARMATHI RAJAK

“Around nine of us had houses very close to the SUMPP’s (Sasan Ultra Mega Power Project) gate; the others moved when the company threatened them to and built houses elsewhere. Owing to my economic condition, I refused to move until the company pays remuneration and provides job for me. Then, the company said they will compensate but the amount offered was not according to the High Court’s decision.



When I was resisting, the company strongly, the company goons and police threatened me. They even arrested my son and kept him in custody for several days until I agreed to accept the compensation amount. My son was given a job in the Reliance mine, and he died in an accident there. Our family is in great distress now.”

-KRISHNA RAM, Ghidda Khaani village, residing in Siddhi Kot

Those who were displaced report that they have also found their standard of living greatly reduced. Children no longer have access to schools, and critical infrastructure—such as roads and water pumps are lacking at rehabilitation sites. Meanwhile, some people are unable to get replacement housing in the rehabilitation sites at all. Elderly residents promised old age pensions in the EISA are also being denied.

“Education for our children and water are the two main issues. The school informed us that they will register our kid’s name in the school only if we vacate from our current house and settle down in a house near the school, but the company said that they will provide facilities like school and water for us in our rehabilitation colony or the settlement site. It has been two years and we are walking to the company and school since then, nothing really moved. Also, they took a long time to allocate us a house in the rehabilitation site and our old house almost got flooded...We are three brothers but they have given only one displacement card for all of us. We are peaceful people and they give the card &





COAL PLANTS CONTRIBUTE TO POOR AIR QUALITY.  
PHOTO: JOE ATHIALY

facilities only to people who protest and fight.”

-RAM NARESH PRAJAPATI, Ghidda Khaani village,  
residing in Siddhi Khurd

“We moved of our house because they forced us to take the plot offered and they also gave Rs. 15,000 as compensation. They have not kept their promises neither did they give jobs to us nor are they admitting our kids in the schools. We are running behind the company and the government for the past two years for the admission of our children in schools.”

-HIRA MOTI SAKET, Ghidda Khaani village, residing in  
Siddhikot

“Leave alone the big promises for remuneration, rehabilitation, and jobs the company did not even fulfill the basic promises of hand pumps to the villages who got rehabilitated and proper road facilities connecting the rehabilitation sites.”

-KASI RAM S/O DADAI RAM, Ghidda Khaani village,  
residing at Siddhikot

“Our family had agricultural fields and we planted potatoes. 1 quintal of potatoes got spoiled just because of lack of water. The pipes were destroyed while they were building the plant. We were in huge loss and they also came and demolished our house. Till today we haven’t got compensation or any kind of support or help. We are living in Surya vihar slum now”

-WIFE OF RAMKUMAR, Ghidda Khaani village, residing  
at Siddhikot

“They promised us, the old people, and pension amount of Rs. 7,000/month. Now, neither did they give us land, house, or facilities nor that pension amount as promised. The company failed in keeping up to its promises and we are totally disappointed. We, old people do not have any strength to fight.”

-RAM SARORAL PANDEY, Ghidda Khaani village,  
residing at Siddhi Khurd

To mitigate the loss of livelihoods, local residents were promised in the ESIA documents priority access to jobs at the coal mine and power project. These promises were also given in the Project Design Document (PDD) for the CDM. The PDD is the key document involved in the validation and registration process of a CDM project. Since then, the company has shown a preference for hiring outside workers, adding additional hurdles for local residents applying for positions and threatening those who persist.

“I have met the DM (District Magistrate) several times and submitted petitions to provide us with jobs in the plant. But, they do not listen to us at all. I built a house of my own as I still have not received any support or compensation for the same. Nobody responds to our queries and nobody really listens to our demands. We are now in a state where we have lost our lands and livelihood standing at the mercy of the companies for jobs.”

-RAM KRISHNA SONI, Ghidda Khaani village, residing  
currently in Siddhi

“The people who do not have the PAP (Project Affected People) card get their jobs easily inside the plant whereas, people who actually have the PAP cards need to go through a painful procedure to get collector’s approval letter and walk several times to the company gate and wait patiently. In the past five years we have seen so many people getting charged under section 307 (section 307 of the Indian Penal Code defines attempted murder<sup>19</sup>) and hence we all feel patience is the only option we have.”

-RAM PYAARE SAAG, Ghidda Khaani village, residing at  
Siddhi Kot

With complete disregard for requirement to safeguard the property of affected people, Reliance began dismantling homes in villages like Harrahaawa before the land acquisition was even complete.

“No notice was given to us before our house was broken down. At night when we were sleeping a huge portion of our house was razed. When I opened the door of my house in morning, an entire portion of the house was demolished. We have nowhere to go except for that rehabilitation colony which has no facilities and is far away from our source of employment.”

-KRISHNA DAS SAHA, Harrahaawa village

The CDM requires public participation, including local stakeholder consultation. While there are no specific rules governing how to conduct such consultation, local villagers report that Reliance did not provide avenues for local stakeholders to comment on the project.

According the PDD for Sasan, stakeholders were identified by Reliance Power and invited to a local stakeholder consultation meeting announced in a local Hindi language daily newspaper. This local stakeholder consultation was the only means provided to involve and inform local residents in the process. However, that the majority of local people living in the Singrauli cannot read, and the local newspaper chosen to publicize the date and venue of the consultation has a very small circulation. Therefore, most people in areas directly affected by the project activity did not receive the information and were effectively excluded from the consultation.

LABOR

IFC Performance Standard 2 provides for the safety, protection, and health of workers, the recognition of collective bargaining units, and an impartial grievance mechanism. However, those employed in the Sasan

power project and the mine complained of numerous accidents, health concerns, and deaths, many of which were avoidable with the use of proper safety equipment and protection. Furthermore, the workers outlined how the company underreported and in some cases even covered up these incidents by taking workers time cards and only filling them out after the employee left the facility, allowing any accidents to be reported as taking place off the premises and not on work time. Local workers were also more likely to have family nearby who would quickly notice their absence, while it took much longer for loved ones connected to contract workers from other states to become aware of a disappearance and to travel to Singrauli. It was suggested by community members that this played into the practice of rejecting applications from local residents. Additionally, those who protest unsafe working conditions were subject to violence and false charges.

“Accidents are a frequent thing inside the plant. When someone dies in an accident the company people take them out of the plant saying that the person is alive and needs to be hospitalized but throw the dead body in a dump yard which would be found after a day or two. When people get agitated and protest against it outside the factory gates, they file false cases against them. In some cases the person is kidnapped like in the case of Sudarshan Rajak. The coal mines are so close and hence the place is always filled with coal dust. The effects of coal dust are disastrous.”<sup>18</sup>

-RAM PYAARE SAAG, Ghidda Khaani village, residing at  
Siddhi Kot

“I work inside the Sasan plant and today they sent us all home as there was an accident in boiler no. 5 at around 11 a.m. A man fell off from a 24 foot high boiler. We work in a sariya (ron girder) setting. They told us the worker who fell off is still alive and they rushed him to the hospital. The IOT contractor (lotech company contractor handling the iron girder work) brought in this worker and hence they have sent off all the workers who came in through IOT contractor in order to prevent any kind of agitation. When some of us try to protest or go on a strike against the company we will be having many false cases and will be arrested. They will file us under section 307.The person who fell down today is from Jharkhand and hence there won’t be much agitation as he would have only 2-3 friends from his same town with him who cannot raise their voices. We do not have safety belts





BAIGA WOMEN RETURN TO CLEARED LAND FOR TRADITIONAL PLANTS  
PHOTO: JOE ATHIALY

and safety equipment and most of them are migrant workers and hence if they die nobody really cares. We do not even know if their dead bodies are handed over to the family. Today only civil work is going on inside the plant rest of us are sent home.”

- SHIVLAL, Ghidda Khaani village, residing at Siddhi Kot

“There was this day when I went inside the plant for duty and there was an accident. Gauri Shankar, a local resident of Ghidda Khaani fell down inside the boiler tank and he was taken to hospital and has since been missing. It has been two years now and who ever protested against this injustice are having criminal cases under section 307 filed against them. Fourteen of us were booked under various different cases. The tehsildar, Vikas Singh asked us to vacate our houses. I spent around Rs.40,000 for the bail and the case is still on. Some government people took around Rs.60,000 saying that they will get us jobs, new houses, hand pumps and school admissions in Harhava School and we paid them too. Until today nothing really happened. When one raises their voice against such repressions, one has to face Police violence as well as false cases & trials.”

- KANHAIYALAL SAHU, Ghidda Khaani village, residing at Siddhi Khurd

“When we asked for jobs they took us for the jobs of making bricks from the ash pond material, which is the reason for a rare kind of skin disease (showing his hand).

Around 30-40 of us work in the brick plant near fly ash pond from this village (both men and women). We work for around 12 hours a day and earn around Rs. 150/day (about \$2.50).”

- RAMADIN PANDU, Baiga Basti

“My son got a job in the company and went to work in the dumping site at 5 a.m. .one day and died the same day. We filed a complaint in the company for justice and compensation and there is absolute no action taken against the company so far. Many such accidents happen and goes unnoticed or not punished.”

- RAMJI BASUR, Moher, Krishna Vihar rehabilitation colony

INDIGENOUS PEOPLES

There are specific protections for indigenous peoples under IFC Performance Standard 7. In addition to the same safeguards outlined for displaced persons, the borrower is required to respect and preserve the culture, knowledge, and practices of indigenous peoples, as well as foster an ongoing and culturally appropriate relationship with these communities based on the principle of free, prior, and informed consent. However, Baiga members—members of one of the Scheduled Tribes in India—face particularly harsh effects from the Sasan coal project. The ESIA for the mine stated, “The Scheduled Tribes (ST) population residing in the area have minimum dependence on the Minor Forest Produce for their sustenance,”<sup>20</sup> but the Fact Finding Team found the opposite to be true. Even after

relocation, tribal people made the long trek to the mine on foot, through the clear-cut forests and past their destroyed homes, in order to collect traditional plants.

Once again, facilities at relocation centers failed to fully serve affected persons and lacked critical resources like schools and water. Several families displaced by the Sasan power project have since returned to the border of the project because they could not maintain their way of life at the relocation facilities.

Additionally, many Baiga members did not receive the required compensation, and there is evidence of corruption surrounding payments—including coercion of local people to agree to lower compensation, the company “losing” checks, and the collection of PAP cards, which were never returned. Elderly residents report that they have not received their promised pensions, and those who complain face violence and intimidation.

“When Reliance came in for the first time inside our Basti, they said they will provide us water, jobs, and other facilities. When we go now to them demanding these things, they literally shoo us away. They displaced every one of us from our village which was inside the forest. Around 95 of us got displaced out of which only five people had pattas (title to land) for the land. They gave us a compensation of 7 lakh (700,000) for 14 acres which is worth much more... We used to be farmers but the land is gone completely. The compensation money which we got mostly was spent in treating my mother in law who died because of cancer. Reliance promised to give us a package with facilities like land, water, education, occupation, medical and pension scheme and they never spoke about it after displacing us. Ram Beeran one of the officials collected all our PAP cards and never returned it back to us.”

- RAMADIN PANDU, Baiga Basti

“The Reliance Company acquired around 63 dismil (0.63acres) land from us to build the conveyor belt and have not compensated us yet. Company agents took around 60-70 lakhs (the 6,000,000-7,000,000 rupees or USD \$99,000-\$115,000, all the displaced tribal member were supposed to receive) and when we go and demand our compensation they always respond to us in an irresponsible manner. They said to me that the check that was in my name got lost.”

- SOBHA SAHU, Moher, Krishna Vihar rehabilitation colony

“Our plot was in the main road and we demanded a plot in the main road when they rehabilitated us, but they forced us saying we need to take an inside plot otherwise they won’t give compensation at all. They did not provide us any of the promised facilities.”

- SATYAVATHI, Moher, Krishna Vihar rehabilitation colony

“They did not provide us fair compensation and the house that they have given in the name of rehabilitation is not having water and other facilities. All of a sudden we got bills in our name and they are now asking us to pay tax for the house as well as electricity bills. We do not have our land and they never gave us employment, how do they expect us to pay such huge amounts of bill?”

- RAMADEVI, Moher, Krishna Vihar rehabilitation colony

“I lived in Amlori village and then got rehabilitated to Krishna vihar rehabilitation colony. My patta numbers are 131/1,136/8 where the current dumping site of Reliance is located. The company cheated us big time, looted our land and never gave us the facilities that they promised.”

- RAMJI BASUR, Moher, Krishna Vihar rehabilitation colony

Reliance and the administration have done greatest injustice to us. They could better shoot us down rather than making us live a life like this and suffer. We get beaten up by the police and the company goondas (thugs) for demanding our rights and dignity. They made a compensation plan and a package. In the compensation plan it is mentioned that agricultural field with tube well facility should be paid a compensation of Rs. 60,000 (around USD \$990), we spent around Rs. 62,000 (around USD \$1025) for the same, where as we got Rs. 9,000 (around USD \$150) as actual compensation for the same.

- ATHMARAM BAYAS, Baiga Basti

“Police people always harass us when we go on a protest demanding our right. Baigas are the most affected community in this village. They have compensated them poorly. Ra. 1 crore (around USD \$165,000) worth land is compensated worth Rs. 15,000 (around USD \$250), which is gross injustice. They never show the copy of government compensation scheme.”

- MAHENDRA SINGH, Moher, Krishna Vihar rehabilitation colony





COAL DUST NEAR CONVEYOR BELT  
PHOTO: JOE ATHIALY

*"I am very old and also lost my eyesight. They promised to provide me an old age pension for which we are struggling in the past few years. I do not have the energy to work anymore and I don't even have my land anymore. I am living in extreme poverty out here with no help or support."*

-PHULJHARIA, BASORE BASTI, Moher, Krishna Vihar rehabilitation colony

*"They promised me a widow pension and a good compensation. But all that they gave as compensation is just Rs. 50,000 (around USD \$830). I have five sons who are now working in daily jobs leaving their education."*

- JHUNIYA, MOHER, Krishna Vihar rehabilitation colony

ENVIRONMENTAL CONTAMINATION

The Fact Finding Team's efforts to catalogue environmental contamination were hampered by Ex-Im Bank's refusal to release the reporting documents it receives from Reliance, despite the agency's legal obligation to do so. With regards to the IFC Performance Standards, pollution abatement (Standard 3) and the requirement to protect communities from exposure to hazardous materials (Standard 4) were the most difficult to evaluate. Without access to the measured pollution levels near Sasan, we relied on visual observations and reports by local residents, which suggest severe contamination.

For example, the ESIA for the mine states: "Coal from mines will be transported to plant through overland conveyor route. Fugitive emission will not take place due to closed conveyor system."<sup>21</sup> We do not have access to

the reports on air quality near the conveyor belt, but we did find a thick coat of coal dust covering nearby plants (pictured). Displaced residents also reported that coal dust and other contaminants affected their health and livelihoods.

*"First they displaced us and now they want us to get sick. When the wind velocity increases, you can see our houses filled with coal ash. Many of the villagers died because of the coal ash and health of children is far more devastated. They need to relocate and rehabilitate us as well as give us jobs. Elections are the only time politicians even meet us. For example, you people are listening to our stories, in a while Reliance people will come in a car to offer you money and you will no more listen to us. This is what happens usually and many journalists are bought by Reliance people that they don't write about us anymore. Around 80 percent of the people in this village do not have hand pump and hence have to go a long distance to fetch water."*

-RAM PYAARE SAAG, Ghidda Khaani village, residing at Siddhi Kot

*"My mother died in sickness because of all the coal dust. We spent all the compensation they gave to treat her."*

- RAM NARESH PRAJAPATI, Ghidda Khaani village, residing in Siddhi Khurd

While the CDM has a dual mandate to deliver climate mitigation and sustainability benefits, the Sasan coal project fails to generate sustainable development. In India, the sustainable development criteria cover social, environmental, technological, and economic well-being.

How a project will contribute to these categories and the exact actions that will be implemented to achieve the sustainable development benefits must be outlined in the sustainable development action plan.

However, there is no international sustainability assessment process under the CDM system. As it stands, to receive carbon credits under the CDM, only GHG emissions are monitored and measured. Also, there is no mandatory monitoring or reporting process. Projects therefore lack incentives to fulfil the promised sustainable development benefits.

Finally, there is no grievance mechanism in place to address negative impacts from a CDM project. This means there is no way to bring forward complaints against previously registered and implemented CDM projects, even though some projects, such as Sasan, cause significant harm to local populations and the environment.

SECRECY AND LACK OF OVERSIGHT

The secrecy surrounding the coal project has hampered efforts to investigate Sasan's compliance with Ex-Im Bank's policies and the effect on local communities, particularly in relation to pollution levels, the use of pollution control technology, safety measures, labor practices, and mitigation. There are numerous documents Reliance is required to submit to Ex-Im Bank during construction and operation of Sasan, which the Bank's Environmental and Social Due Diligence Procedures and legislation require be made available on request.<sup>22</sup> This includes environmental and social management plans, supplemental environmental reports, and related monitoring reports. Pacific Environment first requested these documents in the months after the project was approved in 2010, and the Sierra Club reinitiated the request in March 2014. As of September 2014, the only documents supplied by Ex-Im Bank are the Greenhouse Gas Studies for the mine and power project, the ESIA for the power project, and a partial ESIA for the mine.

However, it is clear from the evidence we have collected that serious violations are taking place at the Sasan UMPP. These violations are either covered up in the reporting documents, in which case Ex-Im Bank is failing in its own due diligence to hold Reliance Power to the Bank's standards, or Ex-Im Bank knows the violations are taking place and the Bank is failing to act. Either way, it is clear that there is a critical lack of oversight at Ex-Im.

CONCLUSION

Reliance made many promises to communities in the ESIA documents for the mine and power project, including providing homes with toilets, kitchens, smokeless stoves, and electricity, as well as resettlement colonies with schools, market places, and libraries.<sup>23</sup> The Sasan coal project was supposed to improve local infrastructure and provide a reliable source of electricity.<sup>24</sup> The Bank's involvement was supposed to make the project better by requiring that environmental and social indicators be monitored and made publicly available.<sup>25</sup> Instead, local residents and indigenous people, both those displaced and those affected but not relocated, have found themselves scraping by. Perversely, most of the people facing the severe effects of the Sasan UMPP cannot even access the electricity produced by the project. Meanwhile, Ex-Im Bank is withholding the monitoring documents that legislation, the agency's own policies and even the ESIA require be made publicly available. These documents could provide a starting point for addressing the needs of these communities.

Violence, disappearances, and intimidation has left local residents afraid, and by refusing to meet in the communities when conducting its minimal investigation into Sasan, Ex-Im Bank ensured that these complaints were not aired, further abdicating its responsibility.

RECOMMENDATIONS

We welcome the Ex-Im Bank Office of Inspector General's inspection of the Sasan UMPP. This investigation must include meetings with affected people within their own communities. Ultimately, Ex-Im Bank must use its influence to discourage any planned expansion of the project. Ex-Im Bank is responsible for working with the borrower to bring the project into compliance with the IFC Performance Standards, the Equator Principles, and the agency's environmental, social, human rights and anti-corruption policies. Should this prove impossible, it is imperative that Ex-Im Bank withdraw its support of Sasan. To do less calls into question the legitimacy of the institution and its ability to effectively monitor the use of U.S. taxpayer dollars abroad.





SASAN ULTRA MEGA POWER PLANT  
PHOTO: JOE ATHIALY

ENDNOTES

1 “Members and Reporting,” Equator Principles website: Accessed June 12, 2014. <http://www.equator-principles.com/index.php/members-reporting>

2 “Guidelines for Private Sector Category A Projects,” U.S. Export-Import Bank website: Accessed June 12, 2014. <http://www.exim.gov/generalbankpolicies/environment/guidelines-for-private-sector-category-a-projects.cfm>

3 Ex-Im Bank Reauthorization Act of 2006, Section 18, Environmental Matters

4 “Environmental and Social Due Diligence Procedures and Guidelines June 27, 2013 as revised, December 12, 2013,” U.S. Export-Import Bank: Accessed June 10, 2014. <http://www.exim.gov/generalbankpolicies/environment/Environmental-and-Social-Due-Diligence-Procedures-and-Guidelines.cfm>

5 “Ex-Im Bank Fossil Fuel Financing Pushing the Past and Losing the Clean Energy Race,” Pacific Environment: Accessed June 12, 2014. [http://pacificenvironment.org/downloads/Ex%20Im%20Bank%20Fossil%20Fuel%20Financing%20briefing%2010FINAL\\_.pdf](http://pacificenvironment.org/downloads/Ex%20Im%20Bank%20Fossil%20Fuel%20Financing%20briefing%2010FINAL_.pdf)

6 “Indian Sasan Coal Fired Power Project Factsheet,” Pacific Environment: Accessed June 12, 2014. <http://pacificenvironment.org/downloads/Sasan%20Power%20Project%20FactsheetFinal.pdf>

7 “Indian Sasan Coal Fired Power Project Factsheet,” Pacific Environment: Accessed June 6, 2014. <http://pacificenvironment.org/downloads/Sasan%20Power%20Project%20FactsheetFinal.pdf>

8 Chakravartty, Anupam, “CAG slams government over ultra mega power projects,” Down to Earth: 18 August 2012, accessed 5 August 2014. <http://www.downtoearth.org.in/content/cag-slams-government-over-ultra-mega-power-projects>

9 Guay, Justin, “Sierra Club India: More on the CDM Coal Scandal,” Sierra Club, 19 July 2011: Accessed August 2014. <http://sierraclub.typepad.com/compass/2011/07/sierra-club-india-more-on-the-cdm-coal-scandal.html>

10 Munshi, Anuradha, “Sasan Ultra Mega Power Project, Singrauli, Madhya Pradesh: A Brief Report,” Bank Information Center Trust, Srijan Lokhit Samiti, September 2013: Page 1 to 4, Accessed June 6, 2014.

11 Munshi, Anuradha, “Sasan Ultra Mega Power Project, Singrauli,

Madhya Pradesh: A Brief Report,” Bank Information Center Trust, Srijan Lokhit Samiti, September 2013: Page 3 to 4, Accessed June 6, 2014. <http://lokhitsamiti.files.wordpress.com/2013/10/sasan-report-final-dec2013.pdf>

12 Prashant Agrawala, Anugya Mittala, Rajiv Prakashb, Manoj Kumara & S. K. Tripathia, “Contamination of Drinking Water Due to Coal-Based Thermal Power Plants in India,” <http://www.tandfonline.com/doi/abs/10.1080/15275922.2011.547437#.U-GNauNdW1g> : accessed 5 August 2014.

13 Ghio, Nicole, “Sierra Club India Trip - Part 3 of More Perspectives,” Sierra Club, April 14, 2011: Accessed June 6, 2014. <http://sierraclub.typepad.com/compass/2011/04/sierra-club-india-trip-part-3-of-more-perspectives.html>

14 “Coalgate: CAG reports slam UPA government, BJP demands PM’s resignation,” Times of India, August 17, 2012: Accessed June 6, 2014. <http://timesofindia.indiatimes.com/india/Coalgate-CAG-reports-slam-UPA-government-BJP-demands-PMs-resignation/articleshow/15531616.cms>

15 Ghio, “Sierra Club India Trip.”

16 ESIA Power Project: Page 16.

17 ESIA Power Project: Page 9-24.

18 The ESIA states: “Every displaced person above 60 years of age will be given pension of Rs. 1000/month. This pension will be separate from the govt. pension.” ESIA Power Project: Page 16.

19 [http://www.vakilno1.com/bareacts/indianpenalcode/indianpenalcode.html#Section\\_307\\_Attempt\\_to\\_murder](http://www.vakilno1.com/bareacts/indianpenalcode/indianpenalcode.html#Section_307_Attempt_to_murder)

20 “Environment & Social Impact Assessment Study: Moher & Moher Amlohri Extension Captive Coal Blocks for Sasan Ultra Mega Power Project,” GIS Enabled Environment and Neo-Graphic Centre, July 2010: Page 6-21.

21 ESIA Captive Coal Blocks: Page E-12.

22 “Environmental and Social Due Diligence Procedures and Guidelines June 27, 2013 as revised, December 12, 2013,” U.S. Export-Import Bank: Accessed June 10, 2014. <http://www.exim.gov/generalbankpolicies/environment/Environmental-and-Social-Due-Diligence-Procedures-and-Guidelines.cfm>

23 ESIA Power Project: Page 16.

24 ESIA Power Project: Page 9-43.

25 ESIA Power Project: Page 5-6.





Sierra Club National  
85 Second Street, 2nd Floor  
San Francisco, CA 94105  
(415) 977-5500

Sierra Club Legislative  
50 F Street, NW, Eighth Floor  
Washington, DC 20001  
(202) 547-1141

[sierraclub.org](http://sierraclub.org)  
[facebook.com/SierraClub](https://facebook.com/SierraClub)  
[twitter.com/SierraClub](https://twitter.com/SierraClub)

