

COMPLAINTS MECHANISM

SG/E/2021/09

PUNE METRO RAIL PROJECT (INDIA)

INITIAL ASSESSMENT REPORT

29 March 2022



Pune Metro Rail project (India) Initial Assessment Report

Complaint confidential: No

External distribution

Complainant
Promoter

Internal distribution

Relevant EIB services

Disclaimers

This report is based on the information available to the EIB Group Complaints Mechanism at 28 February 2022.

In the event of discrepancies between language versions, the English version prevails.

The EIB Group Complaints Mechanism

The EIB Group Complaints Mechanism is a tool enabling the resolution of disputes if any member of the public feels that the European Investment Bank (EIB) might have done something wrong, i.e. if it has committed an act of maladministration. The Complaints Mechanism is not a legal enforcement mechanism and will not substitute the judgment of competent judicial authorities.

Maladministration means poor or failed administration. It occurs when the EIB fails to act in accordance with a rule or principle that is binding upon it, including its own policies, standards and procedures. The concept of maladministration includes failure by the EIB to comply with human rights, applicable law, or the principles of good administration. Maladministration may relate to the EIB Group's decisions, actions or omissions and may include the environmental or social impact of the EIB's projects and operations.

One of the main objectives of the EIB Group Complaints Mechanism is to ensure the right to be heard and the right to complain. For more information on the EIB Group Complaints Mechanism please visit: <https://www.eib.org/en/about/accountability/complaints/index.htm>.

The initial assessment report

The initial assessment generally aims to¹:

- Clarify the concerns raised by the complainant and gain a better understanding of the complainant's position as well as the views of other stakeholders (such as the project promoter or national authorities).
- Understand the validity of the concerns raised.
- Assess whether and how the stakeholders (e.g. the complainant, the relevant EIB Group services and the project promoter) could seek resolution of the issues raised by the complainant.
- Determine if further work by the Complaints Mechanism is necessary and/or possible (investigation, compliance review or mediation between the parties) to address the allegation or resolve the issues raised by the complainant.

¹ As outlined in article 2.2.1 of the [EIB Group Complaints Mechanism procedures](#).

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GLOSSARY

Borrower	Republic of India
€	Euro
EIB	European Investment Bank
ESDS	Environmental and Social Data Sheet
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESP	EIB Statement of Environmental and Social Principles and Standards
Project	Pune Metro Rail project
Promoter	Maharashtra Metro Rail Corporation Limited
RPF	Resettlement Policy Framework
SIA	Social Impact Assessment
SMIP	Social Management Implementation Plan

EXECUTIVE SUMMARY

In February 2021, the Complaints Mechanism of the EIB Group received a complaint from a person in Pune (the complainant) regarding the Pune Metro Rail project. After extensive communication with the complainant and members of the affected communities, it was established that the allegations concern two metro stations that are part of the project. The main allegations are as follows:

- i. Slum dwellers (station A) were forcefully evicted from their homes with the involvement of police force. The promoter did not have any formal agreement with the Slum Rehabilitation Authority, which oversaw the evictions. The Slum Rehabilitation Authority provided inadequate alternative homes for all the evicted slum dwellers and did not pay some of them compensation for transport costs. Some slum dwellers were found ineligible for alternative homes. Lastly, the promoter has acquired additional land by demolishing areas not immediately associated with the project.
- ii. Market vendors licensed by local authorities (station B) were temporarily relocated. They are complaining about the temporary location because they are no longer on the main road and their businesses are seriously impacted. They are requesting compensation for the loss of goods and furniture during the demolition. They request that after the works are completed, they will be relocated back to the original site with the same square footage as before the project.
- iii. Market vendors not licensed by local authorities (station B) complain that they have been forcefully evicted from the market without being given any alternative location. Most of them currently have no livelihood. They would like to receive daily compensation for loss of business and/or be temporarily relocated to the same area. Once the project is finalised, they would like to be allowed to go back to the original site that they occupied before the eviction.
- iv. A family (station B) complains that its members were forcefully evicted from their home and detained at the police station for a couple of hours. The family wants a permanent residence or adequate monetary compensation to afford such a residence, and to receive compensation for loss of possessions during the demolition of their home.
- v. Trees (station B): about 17 trees were relocated without written permission and the transplanted trees did not survive. The complainant would like indigenous trees to be planted in the same area where the trees stood before.
- vi. Places of worship (station B): a temple and a dargah were demolished. The complainant would like these places of worship to be reinstalled in the same area.

Based on the work performed as part of the initial assessment and given the complexity and different nature of the issues raised as well as the different groups of affected people, the Complaints Mechanism has decided to take the following way forward:

- i. For the issues relating to the slum area at station A, the Complaints Mechanism will proceed with a compliance review. The outcome of the compliance review will be communicated to the complainant through the Complaints Mechanism's conclusions report.
- ii. For the other issues relating to the market vendors, the family, trees and places of worship at station B, the parties are open to engaging in facilitated dialogue to address the issues raised. The Complaints Mechanism therefore proposes to proceed with parallel collaborative dispute resolution processes adapted for each group of affected people and issue raised. The Complaints Mechanism will coordinate with the local facilitator and the parties to design and move forward the dispute resolution processes.

1 PROJECT

- 1.1 The project concerns the construction of two metro lines totalling 31.3 km and 30 stations, as well as the purchase of about 102 metro cars in Pune, Maharashtra State, India (the project).
- 1.2 The borrower is the Republic of India. The project is being implemented by Maharashtra Metro Rail Corporation Limited (the promoter)².
- 1.3 The European Investment Bank (EIB) has committed to partially financing the project up to €600 million, divided into four individual tranches. For each tranche, the EIB is entering into a separate finance contract. The first finance contract between the EIB and the borrower (€200 million) was signed on 22 July 2019. The second finance contract between the EIB and the borrower (€150 million) was signed on 7 May 2021.

2 COMPLAINT

- 2.1 In February 2021, the Complaints Mechanism of the EIB Group (the Complaints Mechanism) received a complaint from a person in Pune (the complainant) regarding the Pune Metro Rail project. In February 2022, following the extensive exchanges described in paragraph 4.2 of this report³, the complainant confirmed the allegations and submitted further documents detailing the allegation concerning the slum area.
- 2.2 The complainant did not indicate that the complaint should be treated confidentially.
- 2.3 The issues raised by the complainant and the members of the affected communities are described below. The allegations concern two metro stations that are part of the project and are grouped according to the location, type of issue and affected people.

Slum area (station A)

- 2.4 The complainant alleges that inhabitants of a slum area, where a metro station is under development, were forcefully evicted from their homes with the involvement of police force. The promoter had no formal agreement with the Slum Rehabilitation Authority overseeing the eviction and acquired additional land as areas, which are not immediately associated with the project, were demolished. Generally, the slum dwellers were not given the option of monetary compensation instead of the alternative homes provided. The alternative homes provided by the Slum Rehabilitation Authority were found inadequate due to unclean water, poor availability of necessary and affordable services and infrastructure, and their poor location (they were too far from the original homes, making it difficult to access previous and new income opportunities). In addition, the complainant alleges that some of the slum dwellers did not receive compensation for transport costs from the Slum Rehabilitation Authority and were denied access to an alternative home.
- 2.5 As compensation, the complainant demands that the EIB ask the promoter to provide the project-affected slum dwellers who were evicted but found to be ineligible for compensation with i) an alternative home which offers better living conditions than the one already provided, is affordable and provides security of tenure, or ii) adequate monetary compensation to allow the project-affected slum dwellers to find their own alternative homes.
- 2.6 The related allegations of corruption were forwarded to the EIB Fraud Investigations Division of the Inspectorate General.

² [Website of Maharashtra Metro Rail Corporation](#).

³ Communication difficulties, travel restrictions because of the coronavirus pandemic and the time needed by the communities affected to make an informed choice about engaging in a dispute resolution process all delayed the issuance of the initial assessment report.

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Market vendors licensed by local authorities (station B)

- 2.7 Some of the market vendors that were licensed by local authorities were temporarily relocated. They would like clarity on when exactly they will be moving back to their original location.
- 2.8 Some vendors would like also to know where they will be offered space in the future. They request that after the works are completed, they will be relocated back to the same site where they were before with the same square footage that they had earlier.
- 2.9 Some vendors are dissatisfied with the site to which they have been temporarily relocated because they are no longer on the main road. They say their business is seriously impacted with very few customers able find them in their new location. They request compensation for loss of goods and furniture during the demolition.
- 2.10 Some vendors would like to receive confirmation that they will not have to pay rent or electricity for their stalls in the future. They want permission to keep their umbrellas open, so that their goods do not get spoiled.

Market vendors not licensed by local authorities (station B)

- 2.11 A group of market vendors that were not licensed by Pune Municipal Corporation state that they were forcefully evicted from the market without being given an alternative location. Most of them currently have no livelihood. They would like to receive daily compensation for loss of business and/or be temporarily relocated in the same area. Once the project works are finalised, they would like to be allowed to go back to the original site that they occupied before the eviction.

A family (station B)

- 2.12 A family complains that its members were forcefully evicted from their home and detained at the police station for a couple of hours. According to the family, an agreement was signed with the promoter who is paying their rent for 36 months and after that they will be offered a flat, which needs to be constructed. The family is not aware of any progress with the construction of the new flat. The family wants a permanent residence or adequate monetary compensation to afford one. According to them, the agreement with the promoter does not guarantee this. They also would like to receive compensation for loss of possessions during the demolition of their home.

Trees (station B)

- 2.13 According to the complainant, about 17 trees were relocated to Range Hills without written permission. It is alleged that the trees were not transplanted properly and the transplanted trees did not survive. The complainant would like indigenous trees to be planted in the same area where the trees stood before.

Places of worship (station B)

- 2.14 According to the complainant, two places of worship, a temple and a dargah, were demolished. The complainant would like the places of worship to be reinstalled in the same area.

3 REGULATORY FRAMEWORK

- 3.1 The Complaints Mechanism policy⁴ and procedures⁵ apply to complaints of alleged maladministration lodged against the EIB Group⁶. Article 5.3.2 of the policy provides that the Complaints Mechanism, in cooperation with relevant internal and external stakeholders, will

⁴ [EIB Group Complaints Mechanism policy, November 2018.](#)

⁵ [EIB Group Complaints Mechanism procedures, November 2018.](#)

⁶ Article 1.1, [EIB Group Complaints Mechanism policy, November 2018.](#)

attempt to resolve problems raised by complainants through a consensual process⁷. The Complaints Mechanism is independent from the EIB's operational activities to ensure that each complaint is dealt with according to the highest standards of objectiveness, and that the interests of all the internal and external stakeholders of the EIB are safeguarded, in accordance with Article 5.1.4 of the policy⁸.

- 3.2 Article 6.2.4 of the Complaints Mechanism policy provides that "Whenever possible, and giving due consideration to the type of complaint, the Complaint Mechanism establishes a collaborative resolution process with a view to resolving the dispute by i) achieving a better and common understanding; ii) improving the degree of trust between the parties and iii) seeking to identify a common agreed solution"⁹. As an independent and impartial entity within the Complaints Mechanism, the dispute resolution unit is in charge of designing and carrying out this collaborative resolution process.
- 3.3 As part of its initial assessment, the Complaints Mechanism identified the regulatory framework which is relevant to the present complaint, including:
- i. Laws and regulations to which the borrower, the promoter or the project are subject;
 - ii. The EIB Statement of Environmental and Social Principles and Standards (ESPS)¹⁰; and
 - iii. EIB Environmental and Social Standards, as set out in Volume I of the EIB Environmental and Social Handbook¹¹, in particular:

Standard 1 — Assessment and management of environmental and social impacts and risks

- 3.4 This Standard outlines the promoter's responsibilities in the process of assessing, managing and monitoring environmental and social impacts and risks associated with EIB-financed operations¹². It applies to all operations likely to have significant and material environmental and social impacts and risks. These impacts and risks need to be taken into account at the earliest possible stage in all the technical planning and decision-making processes¹³.
- 3.5 Projects which are likely to have significant and material impacts and risks that would affect the environment, human health and well-being and interfere with human rights will also¹⁴ be subject to an Environmental and Social Impact Assessment (ESIA) procedure. The assessment must be consistent with the principles contained in the European Union Environmental Impact Assessment Directive¹⁵ and best international practice. Specific attention should be given to integrating the impact on, among others, human rights, biodiversity and cultural heritage into the overall assessment as provided by relevant international treaties. If deemed necessary by the EIB based on the nature of the project and country context, the promoter may be required to carry out a stand-alone human rights impact assessment and/or other supplementary assessments.

Standard 3 — Biodiversity and ecosystems

- 3.6 The EIB is committed to development that is compatible with maintaining the resilience of ecosystems and their functions and processes to achieve at least no net loss of biodiversity and

⁷ Article 5.3.2, [EIB Group Complaints Mechanism policy, November 2018](#).

⁸ Article 5.1.4, [EIB Group Complaints Mechanism policy, November 2018](#).

⁹ Article 6.2.4, [EIB Group Complaints Mechanism policy, November 2018](#).

¹⁰ [EIB Statement of Environmental and Social Principles and Standards, 2009](#).

¹¹ [EIB Environmental and Social Standards, 2018](#).

¹² Paragraph 5 of Standard 1, [EIB Environmental and Social Standards, 2018](#).

¹³ Paragraph 6 of Standard 1, [EIB Environmental and Social Standards, 2018](#).

¹⁴ Paragraph 11 of Standard 1, [EIB Environmental and Social Standards, 2018](#).

¹⁵ [Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment](#).

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ecosystem services¹⁶. The promoter needs to¹⁷ provide the necessary assurance that biodiversity, ecosystems and their associated services will be sustained when projects supported by the EIB are designed, implemented and decommissioned. Promoters are further expected to identify risks to biodiversity and ecosystems following a credible and evidence-based process of impact assessment and to incorporate effective mitigation and management measures in their management systems, plans and procedures.

Standard 5 — Cultural heritage

- 3.7 The EIB recognises the significance of cultural heritage as part of individual and collective identity, its central role in supporting the objectives of sustainable development and the promotion of cultural diversity. The EIB respects and promotes its protection in the regions it operates in. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage and the Convention for the Safeguarding of Intangible Cultural Heritage, this Standard aims at safeguarding unique and irreplaceable cultural heritage and at guiding promoters to integrate cultural heritage management into their operations so as to avoid or mitigate the adverse impact of their projects/activities on cultural heritage. In its operations, the EIB supports a precautionary approach to the management and sustainable use of cultural heritage in line with the Rio Declaration on Environment and Development¹⁸.

Standard 6 — Involuntary resettlement

- 3.8 Standard 6 applies to all components of operations financed by the EIB¹⁹, including associated facilities, which result in involuntary resettlement and/or loss of assets (economic displacement). It may further apply to activities resulting in involuntary resettlement that in the EIB's judgment are i) directly and significantly related to the EIB-supported project; ii) necessary to achieve its objectives as set forth in the project documents; and iii) carried out, or planned to be carried out, contemporaneously with the project.
- 3.9 Standard 6 is of particular relevance where²⁰ i) there are identified gaps between national land acquisition, expropriation and compensation standards and practices and Standard 6; ii) the institutional responsibilities regarding resettlement are complex with several different governmental or non-governmental agencies involved in the process; and iii) there is a risk of underestimating the scope of the required resettlement. Standard 6 is to be duly cross-referenced with the other EIB Standards (for instance, Standard 10) and implemented accordingly.
- 3.10 People with customary or traditional rights to the land as well as those who occupy/use the project-affected land but have no formal title for objective reasons, such as squatters, shall be counted as project-affected persons and provided with resettlement assistance to achieve the objectives of Standard 6²¹.

Standard 7 — Rights and interests of vulnerable groups

- 3.11 Individuals and/or groups who are at a higher risk of being unable to anticipate, cope with, resist and recover from project-related risks and/or adverse impacts are considered vulnerable. Vulnerable individuals or groups may include, among others, women, children, the elderly or the poor²². Vulnerability is context-specific and is to be understood through the interplay of three

¹⁶ Paragraph 2 of Standard 3, [EIB Environmental and Social Standards, 2018](#).

¹⁷ Paragraph 4 of Standard 3, [EIB Environmental and Social Standards, 2018](#).

¹⁸ Paragraph 1 of Standard 5, [EIB Environmental and Social Standards, 2018](#).

¹⁹ Paragraph 21 of Standard 6, [EIB Environmental and Social Standards, 2018](#).

²⁰ Paragraph 22 of Standard 6, [EIB Environmental and Social Standards, 2018](#).

²¹ Paragraphs 16 and 34 of Standard 6, [EIB Environmental and Social Standards, 2018](#).

²² Paragraph 1 of Standard 7, [EIB Environmental and Social Standards, 2018](#).

factors: i) exposure to risk and adverse impacts; ii) sensitivity to those risks and impacts; and iii) adaptive capacity²³.

- 3.12 The EIB requires the promoter to avoid or minimise, or otherwise mitigate and remedy, potential harmful effects of EIB operations on vulnerable individuals and groups while seeking to ensure that these populations duly benefit from such operations²⁴. For this, it is important that vulnerable individuals and groups are duly identified early on in EIB operations and that engagement is meaningful, taking into account individuals' and communities' specific characteristics, and delivered in an appropriate form, manner and language.

Standard 10 — Stakeholder engagement

- 3.13 This Standard affirms the EIB's expectation that the promoter uphold stakeholder engagement which is an inclusive and iterative process involving, in varying degrees, stakeholder analysis and engagement planning, timely disclosure and dissemination of/access to information, public consultations and stakeholder participation, and a mechanism ensuring access to grievance and remedy²⁵. It is important that the views, interests and concerns of project-affected communities and other stakeholders are heard, understood, and taken into account throughout the project lifecycle²⁶.
- 3.14 The stakeholder engagement plan outlines the project's stakeholder engagement strategy and guides its rollout. It describes, among others, how stakeholder engagement activities will be incorporated into the promoter's environmental and social management system, and it establishes firm references and links to the operation's grievance mechanism²⁷.

4 WORK PERFORMED

- 4.1 Following the admissibility decision on the complaint, the Complaints Mechanism carried out an initial assessment. The objective of the initial assessment is to i) clarify and understand the concerns raised by the complainants, ii) understand the complainants' position, and iii) determine if further work by the Complaints Mechanism is necessary to address the allegations or to resolve the issues raised by the complainants. The further work may include a compliance review or a collaborative dispute resolution between the complainants and the promoter.
- 4.2 The Complaints Mechanism received additional information regarding the complaint in March and April 2021. At the end of April 2021, the Complaints Mechanism organised a first meeting with the complainant to clarify the first set of allegations. Between May and September 2021, the Complaints Mechanism encountered difficulties in communicating with the complainant. In July 2021, the complainant sent additional information. At the end of September and in October 2021, the Complaints Mechanism obtained contact information for members of the affected communities and spoke with the complainant and members of different communities who complained about being negatively impacted by the project. In December 2021, a local facilitator conducted a field mission on behalf of the Complaints Mechanism, which provided further clarification on the issues raised. In January and February 2022, the local facilitator and the Complaints Mechanism had additional calls with the complainant, some affected people from different communities and the promoter to confirm their willingness to engage in a dispute resolution processes. In February 2022, the Complaints Mechanism asked the complainant to confirm a summary of the allegations. The complainant confirmed the allegations and submitted further documents detailing the allegations regarding the slum area.

²³ Paragraph 2 of Standard 7, [EIB Environmental and Social Standards, 2018](#).

²⁴ Paragraph 4 of Standard 7, [EIB Environmental and Social Standards, 2018](#).

²⁵ Paragraph 2 of Standard 10, [EIB Environmental and Social Standards, 2018](#).

²⁶ Paragraph 1 of Standard 10, [EIB Environmental and Social Standards, 2018](#).

²⁷ Paragraph 10 of Standard 10, [EIB Environmental and Social Standards, 2018](#).

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- 4.3 The Complaints Mechanism had meetings with the EIB staff involved, reviewed relevant project documents, and spoke with the complainant, representatives of affected communities and the promoter to gain a better understanding of the situation and issues raised. The Complaints Mechanism reviewed key project documentation, including the:
- i. EIB Environmental and Social Data Sheet (ESDS)²⁸;
 - ii. Environmental and Social Impact Assessment (ESIA) and the Environmental and Social Management Plan (ESMP)²⁹;
 - iii. Resettlement Policy Framework (RPF)³⁰;
 - iv. Resettlement Action Plan (RAP)³¹, including a Social Impact Assessment (SIA), a Social Management Implementation Plan (SMIP), and a Rehabilitation & Resettlement Plan.
- 4.4 Due to the ongoing travel restrictions caused by the COVID-19 pandemic, the Complaints Mechanism was unfortunately not able to visit the project site and meet the stakeholders in person. In light of these limitations, the Complaints Mechanism contracted a facilitator to conduct a field mission to Pune to help it develop a thorough understanding of the issues raised. The field mission took place between 11 and 14 December 2021 which helped to determine the stakeholders who should be involved in a possible dispute resolution process and to propose a way forward to deal with the complaint. In the course of the field mission, the facilitator met the complainant, members of the affected communities, representatives of the promoter and other stakeholders such as the Pune Municipal Corporation, the Pune Metropolitan Region Development Authority and the Slum Rehabilitation Authority.
- 4.5 Following the field mission, the Complaints Mechanism and the local facilitator had additional calls with the promoter, the complainant and members of the community to confirm their willingness to engage in a dispute resolution process.
- 4.6 The initial assessment revealed that the resettlement of the slum area at station A is managed predominantly by the Slum Rehabilitation Authority. The promoter stated to be unable to engage in a dispute resolution process to collaboratively address the issues concerning the resettlement of the slum area given the involvement of other authorities that did not express willingness to engage in such a process.
- 4.7 For the issues at station B relating to the market vendors, the family, trees and places of worship, the Complaints Mechanism notes that the parties are open to engaging in dispute resolution processes to address the issues raised. The resolution of issues raised by some of the groups may require the involvement of Pune Municipal Corporation, which said it is unwilling to engage in a dispute resolution process directly. Nevertheless, the promoter expressed its openness to liaising with the relevant authorities when necessary.

5 WAY FORWARD

- 5.1 Based on the work performed as part of the initial assessment and given the complexity and different nature of the issues raised as well as the different groups of affected people, the Complaints Mechanism has decided to take the following way forward:
- i. For the issues relating to the slum area at station A, the Complaints Mechanism will proceed with a compliance review. The outcome of the compliance review will be communicated to the complainant through the Complaints Mechanism's conclusions report.
 - ii. For the other issues relating to the market vendors, the family, trees and places of worship at station B, the parties are open to engaging in facilitated dialogue to address the raised

²⁸ [EIB Environmental and Social Data Sheet dated 13 November 2018.](#)

²⁹ [Environmental and Social Impact Assessment dated June 2019.](#)

³⁰ [Resettlement Policy Framework](#) dated July 2019, published on the promoter's website (last accessed on 11 February 2022).

³¹ [Resettlement Action Plan](#) dated August 2019, published on the promoter's website (last accessed on 11 February 2022).

issues. The Complaints Mechanism therefore proposes to proceed with parallel collaborative dispute resolution processes adapted for each group of affected people and issue raised. The Complaints Mechanism will coordinate with the local facilitator and the parties to design and move forward the dispute resolution processes.

Complaints Mechanism