



# **Local realities of CDM projects**

## A compilation of case studies

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Disclaimer: The case studies in this booklet were prepared by organisations in the Carbon Market Watch Network. Carbon Market Watch has not verified the facts presented.

# Sasan coal power project, India

By Anuradha Munshi, Bank Information Center



BIC is an independent, non-profit organization that advocates for the protection of rights, participation, transparency, and public accountability in the governance and operations of the World Bank and other regional development banks.



From false employment promises, a farce public hearing in the name of consultation with the community, no consultations with the indigenous 'Baiga' community and complete apathy towards labour rights; the Sasan Ultra Mega Power Project in India's Singrauli region has violated all rules. Protesters have been unlawfully arrested and houses bulldozed without announcement. Fly ash generated by the project pollutes the water and makes it unsafe to consume food. The environmental concerns are all the more serious, given the project lies in one of the most polluted areas in India, posing grave danger to the life and health of locals.

## Key Fact

- **Name:** Greenhouse Gas Emission Reductions Through Super-Critical Technology - Sasan Power Ltd., (Project 3690)
- **Purpose:** GHG emission reduction through implementation of super critical technology, aim to bridge the electricity gap in India, creation of additional capacity
- **Amount of reduction:** 2.245.875 offset credits per annum
- **Status:** Registered on 21 October 2010
- **Credits:** no credits yet
- **Parties involved:** The lenders are a consortium of almost 14 banks led by State Bank of India. Estimated project cost are around Rs. 20,000 crores (US\$ 4 billion). The international funding institutions are Bank of China, China Development Bank, Export-Import Bank of China, Export-Import Bank of the United States and Standard Chartered. The transmission and distribution lines are funded by the World Bank.

Most property belonging to local people was destroyed even before process of acquiring their land began. Residents were both intimidated and given false promises for employment in exchange for their land. Rehabilitation colonies are not suitable for locals and lack basic facilities, like water sources, health services, or connections to the main market and town areas.

The rights of indigenous people were ignored. There was no separate consultation with the Baiga tribe, and few of their people have received any compensation. Since most of the Baiga lived in areas allocated to the company for coal mine overburden, they have been forced to leave forests identified as government land. Some tribe members with land titles have been shifted to a rehabilitation colony far from the forest area. Without work or the forest that sustained them, most have been reduced to beggary and struggle everyday to survive.

Any incident of dissent is resolved with abductions, coercion, and pressure from local government and police, especially with locals challenging the false promises regarding permanent jobs for affected people. A number of labourers have died while working at the plant, and their deaths have been swept under the rug. Since most of the labours are migrant workers, there is no one nearby to investigate their disappearance. According to locals, there have been more than 500 accidents involving labourers, but to avoid liability, the company does not recognize these events.

*"Police officer angrily ordered to beat me with stick. Then they tied both of my hands and afterwards I was heavenly beaten."*

by Sati Prasad Razak (<http://bit.ly/15Tff4M>)



Picture credit: Joe Athaly



*"I have invested all my savings in constructing my house and there is no way that I will shift to the rehabilitation colony which has no facilities. Even the land acquisition process is not over and still we are being pressurized everyday by the company officials and government officials to leave our land. I know in some time I will have to give up because they (company) have dug up all the land around my house for making ash pond. All I want now is at least a permanent job to support my family."* By Sant Prasad Soni

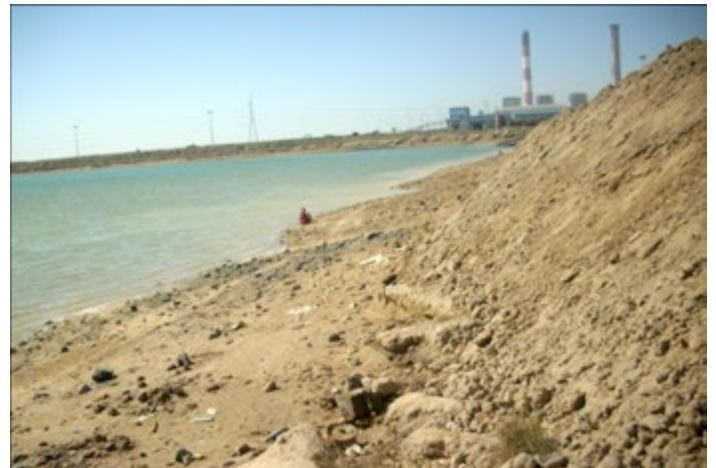
## Case Study 2

# Adani's Mundra coal power project, India

By Falguni Joshi, Gujarat Forum on CDM



The Gujarat Forum On CDM is a network of individuals and organizations working on environmental issues. It is also Carbon Market Watch Network's focal point in India. The Forum specifically monitors CDM projects and developments in Gujarat, India



The Adani Mundra CDM project is a 1320 MW super-critical coal fired plant located in western India. Despite protest, the project was registered in 2009 and is the first coal power project that has received carbon credits. Contrary to what is promised in the PDD, the project does not contribute to sustainable development. On the contrary, the project is in violation with domestic laws over negative environmental impacts that pose a threat to the livelihood of the local population.

## Key Fact

- **Name:** Grid connected energy efficient power generation (Project 2716)
- **Purpose:** Reduction in fossil fuel (coal) consumption through higher power generation efficiency
- **Amount of reduction:** 1,839,516 metric tonnes CO2 equivalent per annum
- **Status:** Registered on 16 December 2009
- **Credits issued to date:** 606,306 CERs
- **Parties involved:** India as host country, Adani Power Ltd as authorized participant, other parties involved are France and EDF Trading Ltd. as authorized participant

A report commissioned by a committee appointed by the Indian Ministry of Environment and Forest highlights that the project violates national environmental legislation. The report reveals that the project was harming the local environment, failing to

recognize fishing communities, salt-pan workers and pastoralists as potentially affected stakeholders. The project also causes fugitive emissions in form of fly ash. This does not only harm the fragile environment, the fly ash also has a negative impact on the



**Kotdi CREEK Bloked by Adani Power Intek Chanel and Road**

health of the local population, as it contaminates fish and makes it unsafe to consume. Local communities are influenced the most as mangroves have been destructed and fishing routes blocked due to the constructions needed for the coal power plant.

Local communities have also reported monthly lethal incidents in the company. Force has been reported to close down a creek that endangers the livelihoods of several fishermen. Also livelihood of farmers has been endangered as the grazing land of 14 villages was taken away. The project does neither support sustainable development, nor promotes environmental integrity. The Adani Mundra project is clearly in violation with the mandate of the Clean Development Mechanism.



**Damaged of Indian Date(Kachchhi Kharek) by Adani Power**



*“Our livelihood is under pressure, earlier we had enough natural resources to fulfil our needs but now all is disturbed due to this project and our fishermen have to struggle a lot to get food for their family. Pollution from project made our air, land and sea in a worse position and we are suffering more from health problems too. Despite our many complaints, the situation remains same. Fly ash harms our field and crops”. Gadhavi Naran, from the NGO Kheti Vikas Seva Trust in the close-by village Zarpara, Taluka, Mundra.*

# The Barro Blanco Hydroelectric Power Plant Project, Panama

By Joana Abrego, Centro de Incidencia Ambiental (CIAM)



Our mission is to promote environmental protection, by encouraging citizen participation, through the spreading of knowledge, building networks and accountability so as to influence relevant decisions and policies.



Construction of the Barro Blanco project continues, yet members of the Ngabe indigenous people living alongside the Tabasara River, where the project is located, still struggle by its impacts to their lands, houses, religious sites and its overall way of life. Although the CDM requires local stakeholder consultation, they were ignored in the CDM registration process.

## Key Fact

- **Project 3237:** Barro Blanco Hydroelectric Power Plant Project
- **Purpose:** This hydroelectric power plant, with a total installed capacity of 28.84 MW and a mean annual generation of 124.83 GWh, aims to prevent the use of fossil fuel consuming plants estimated in the business as usual scenario.
- **Status:** Its registration date is January 26, 2011; its date of registration action is June 6, 2011.
- **Credits issued to date:** 0 credits issued so far.
- **Host country:** Panama
- **Project participant:** Generadora del Istmo, S.A. (GENISA)
- **DOE:** AENOR
- **Banks:** the German Investment Corporation (DEG); the Netherlands Development Finance Company (FMO); and the Central American Bank for Economic Integration (CBIE).

The Ngabe indigenous people affected by the Barro Blanco Project were never properly consulted. The Environmental Impact Assessment approved for the project was vague, and sometimes even inaccurate, about the impacts to the indigenous territories. Only recently, through a set of reports commissioned by the United Nations Development Program, some of the impacts alleged by the Ngabe have been studied and finally confirmed. The reports conclude, inter alia, that the area of impact of the project must be recalculated to consider the increased risk of flooding; that indigenous territories will be directly affected by the project; that the project will impact cultural and religious sites and access to medicinal plants which are highly valued by the Ngabe people; and that there has been a lack of proper consultation with the communities regarding possible environmental, economic and social impacts. Despite the above, construction of the project has continued.

During validation of the project, the DOE never sought to consult with the indigenous communities affected by the project, regardless of their public opposition. The DOE easily dismissed comments submitted by Alianza para la Conservacion y el Desarrollo (ACD), a Panamanian environmental NGO, regarding impacts to these communities claiming the most relevant communities had been consulted; none of the indigenous communities was included.

Affected communities by the Barro Blanco Project continue to ask for the halt of construction. Additionally some pieces of legislation and administrative procedures must be adjusted to be consistent with human rights protection. At the international level, financial institutions must strengthen and implement its institutional safeguards; while the CDM must not only establish safeguards but also create processes to raise concerns even after registration.



*"The Barro Blanco Project impacts our culture, believes and way of life in natural coexistence with the environment. We have a right to be heard primarily as owners of the land we live in, but this never happened. We insist that the Clean Development Mechanism must involve the protection of human rights."* Goejet Miranda, President of the Ngabe community movement formed by the affected communities of Barro Blanco to defend the Tabasara River.

# The Chengdu Luodai MSW Incinerator, China

By Rock Environment & Energy Institute (REEI)



**REEI** is established to provide research and consultancy for NGOs and corporations in terms of energy and environment issues.



In its PDD the project promises that it will inter alia contribute to sustainable development by reducing emissions of environmental pollutants, such as the CO<sub>2</sub>, CO, SO<sub>2</sub> and dust derived from thermal power plants. Yet, the incineration plant has brought problems that affected local residents' life and farming work, due to its poor control of odour, noise and the emissions of pollutants.

## Key Fact

- **Project 3837:** Chengdu Luodai Municipal Solid Waste Incineration Project
- **Purpose:** To dispose MSW by incineration and produce power, the emissions reductions are from the replacement of power that could have been generated by fossil fuels and the avoidance of MSW supposed to be landfilled with potential methane emissions.
- **Status:** Registration date 17 December 2010
- **Parties involved:** JQA, Shanghai Environment Group

The odour emitted by the project is so strong that even local villagers in the nearby communities are molested by it; the noise during the night is so loud that sometimes it affects sleep; water from wells have become blackish from suspected leachate discharge and is not suitable for daily use anymore.

Fruit trees now have less produce with inferior quality; veggies have leaf and root problems.



Leaf vegetable with root problems, which are seen much more than before the incinerator

This project shows that the CDM does not provide incentives to implement the promised sustainable development effects. If it was mandated by the CDM, the MSW incinerator would have to take further action to prevention and control measures to reduce the environmental impacts caused to the local people.

However, waste incineration is problematic for a number of reasons. The CDM should rule out this category of project and the future Chinese carbon market should also disapprove this methodology and ban the usage of carbon offsets from such kinds of projects.



Incineration plant viewing from the nearby farmland

# Kukke Hydro Project, India

By Parineeta Dandekar, SANDRP



**SANDRP** is an informal network of organisations working towards protecting rivers, ecosystems and communities in India and South Asia (<http://sandrp.in/>, <http://sandrp.wordpress.com/>)



Board of the Kukke Project with background dense forests that will be destroyed for the project

24.75 MW Kukke Mini Hydel Project is coming up across the extremely biodiversity rich Kumardhara River in the dense forests of global biodiversity hotspot of Western Ghats, India. Modelling studies by premier research institutions have assessed that if constructed, the project will submerge 388 hectares, including 110 hectares of forests, plantations and homes. Although requested by the department of energy of the Karnataka government, it has not conducted a study about its submergence. Affected local living in the upstream of the project were not invited to the local stakeholder consultation. Yet, it is them who would lose their lands and forests. The local government has issued a "stop work" notice for the project because it would submerge a functioning hydel project in the upstream.

## Key Fact

- **Name:** Kukke Stage I Hydro Electric Project, Project Number 9359
- **Purpose:** is to generate clean energy to reduce dependence on fossil fuels
- **Status:** Request for registration under review
- **Involved Parties:** India, Authorized Participants: Kukke Hydro Projects Private Limited

In India, hydel projects below 25 MW are exempt from the environmental appraisal process. Although the Kukke Stage I project is set in the last remaining remarkably rich forest regions of the Western Ghats Biodiversity Hotspot, it did not have to assess its impact on the river, forests and communities. It continued to affirm that there is no submergence, when modelling studies of premier research institutions proved that it will submerge 388 hectares of area affecting lands from approximately 10 villages... Yet, those affected people were not invited to the local stakeholder consultation, a key requirement in the CDM.

Kukke Stage I project has intensified conflicts within the local community. It has caused deforestation and has made the local farmers unsure about the future of their lands and natural resources.

Although the EIA is not mandated by Indian law, the Kukke project has violated local stakeholder consultation requirements. Based on the experience with this and many other hydro projects in India, we recommend the following:

- The CDM should require projects, no matter what size, to clearly mention submergence data in the PDD.
- CDM Board should ensure whether the project has all requisite permissions as per regional and national laws and from communities affected by submergence. Emission Reductions of the projects should be calculated only after subtracting the

net loss in emission reduction due to forest submergence or clearance.

- CDM norms of local stakeholder consultation should be strengthened and clarified further. This is especially true for hydel projects which affect areas upstream and downstream of the proposed development. CDM norms should clearly state that all the affected population should be aware of and invited for local consultation,
- If information provided in validation report is proven to be untrue, there should be consequences for the validator.
- CDM Board should require Environment and Social Impact Assessment for all hydro projects and such assessments should be made available in local language to the affected people a month before the mandated consultation. At least 50% of the revenue from credits should go to the local communities

*What I find difficult to believe is that my forests and my land is being submerged and this is actually called as clean energy"*

by Mr. Karunakar Gogate, President, Kukke Dam Protest Organisation"

## Small hydroelectric dam Aurora I, Honduras

Magdalena Heuwieser, Finance & Trade Watch Austria and Honduras Delegation

### Finance & Trade Watch

is a platform of Austrian NGOs – ECA Watch, Attac, FIAN, DKA, ÖBV-Vía Campesina, Forum Fair Trade, amongst others – who critically work on the topic of the financialization of nature.

### The Honduras Delegation

is a German-Austrian network of journalists and participants of different NGOs who observe and report about the human rights situation in Honduras after the military coup.



Aurora I is a small hydroelectric project with an installed capacity of 9.6 MW, which soon starts operation. The construction site is located in the indigenous Lenca territory, river Zapotal in the municipalities San José and Santa María in eastern Honduras. The dam is 11 m high, the water channel from the dam to the pressure house and thereon to the machine house is 5 km long.

The dam has been implemented through methods of coercion, threats, military and police repression and false promises to the local Indigenous Lenca population. Although construction has started in 2010, the construction has not yet finished because the municipal government is withholding the operation permit until the company will pay taxes. The right to free prior and informed consent (FPIC) of the local Indigenous Lenca population has been violated and the consultation which was demanded by the Lenca communities has been blocked. While next-door green energy is being produced, the communities are still without electricity and have been suffering water problems since the construction of the project.

### Key Fact

- **Name:** Aurora I Hydroelectric Power Project
- **Purpose:** Hydro Run of river, supposed to save 28.440 tons CO<sub>2</sub> by the reduction of “emissions from the fossil fuel electricity displaced by the project activity”
- **Status:** at validation
- **Parties involved:** Inversiones Aurora S.A. de C.V., an Honduran company founded in 2007 by coffee plantation family of Ms. Gladis Aurora, deputy of the national party and secretary to the national congress;

Despite the mandatory local stakeholder requirement, the local population was not informed about the construction of the project. Many land owners were threatened to sell their lands. Police

and military prevented locals from their right to free speech and making assemblies, demonstrations or visiting the site, which has been fenced off. Because of the fencing and private securities, access to the river has become limited, which represent the only water source for consumption and washing clothes for some villagers and is especially leading to difficult conditions for women. Also, fishing has become impossible. Several water holes and fountains providing water to families have been destroyed during construction, reparation or compensation hasn't been made. During construction the bad quality of the river water affected the water-dependent communities down below.

Part of the project has been constructed on the declared conservation area, the water reserve El Jilguero.

PDD of the project states that a consultation was made on 13.11.2010. This is not true. According to the locals, the mentioned assembly was held but signatures were bought. The indigenous population demanded consultation, which was blocked by the company with the help of the municipality San José and the Supreme Court.



Anyways, construction had already started in the beginning of 2010, even though FPIC demands consultation before the project start.

The company promised the building of streets, schools, health center, the cost-free installation of electricity, water projects, permanent jobs for all (also women), of which none has been fulfilled. Those promises were made by the manager and owner Arnold Castro (husband of Gladis Aurora), and documents were signed by the 'patronato' leaders of four villages, while Arnold Castro didn't sign but promised to stick to his word.

Moreover, the project is not additional which was confirmed by the manager of the company in an interview on 21.3.2013.

Although Aurora I still is in the process of validation, the current CDM rules do not provide for safeguards that will protect the indigenous communities should the project request registration. However, in consideration of all those violations in the implementation of the project, Aurora I should not be registered. Instead, the promises made by the company to the local villages have to be fulfilled and the harms done, especially concerning the water problems, need to be compensated. The same applies to the hydroelectric project Aurora II, which is being built by the same company and currently at validation.



*We didn't want, that this dam would be made because of the illegal way they had proceeded in their development. Everything false: in saying that they had socialized it, that they had made an assembly, ...everything!"*

*"I'm 50 years old now. I lived 48 years without electricity, but who can live without water?"*  
*Margarita Pineda Rodriguez*

## Case Study 7

# The Palo Viejo Hydroelectric Project, Guatemala

By Anne Bordatto

The implementation of the Palo Viejo hydroelectric project broke the fragile social peace of the Mayan-Ixil inhabitants of San Juan Cotzal that were hardly injured during the civil war. With clear disagreement expressed during the local stakeholder consultation, the project inflicts high environmental, economical and social impacts to the Cotzal communities Guatemala.



## Key Fact

- **Name:** Palo Viejo Hydroelectric Project - Project 5942
- **Purpose:** The project activity is a run of river power plant of a total capacity of 88.304 MW with an expected net generation of 370,500 MWh per annum with the aim to displace electricity that would have been produced with other power fossil-fuel powered plants.()
- **Status:** Registered in February 2012
- **Credits issued to date:** No offset credits issued to date
- **Parties involved:** Renovables de Guatemala, S.A. (a subsidiary of ENEL - Italy with Finca San Francisco from Guatemala); DOE: DET NORSKE VERITAS for validation; Banks: Simest (Italy), € 10 million and Mundial Bank Group (didn't find the amount).



of movement (blocking road access and limited access to Cotzal river for fishing, recreation, sand mining for construction, etc.), Violation of the right to housing (damage to homes and community infrastructure with passage of trucks and heavy machinery), violation of the right to peace and the cohesion of the social

*Conception Santay: "For us it is a shame, a bad joke what they are doing to us. We generate and we don't have [electricity]."*  
*"The agreement [between the municipality and the company] was a surprise to us. They excluded us. It was something unethical, discriminative".*

In the summary of stakeholders' comments, the Community Development Council (COCODE) of San Juan Cotzal showed disagreement for the project construction and remarked that Cotzal communities should be consulted to obtain their opinion regarding the project development. The Municipal Mayors from Santa Cruz del Quiché and from Nebaj emphasized that it will benefit

fabric (cooptation of leaders, promoting community divisiveness, broken promises and noise pollution), environmental impact reduction river flow.

On 13 February 2011 the Brol family's paramilitary corps dismantled the huts and destroyed more than 80 blocks of cornfields and bean in the Regadio community. There is a report on the Public Ministry, but the case is on the table for dialogue between farmers' organizations and government.

ENEL in this case did not fulfill its liabilities that it takes by joining the Global Compact in its association with San Francisco Farm (child labor, corruption, environmental impacts, etc.).

Public consultation process should be in respect of indigenous customs. The ILO Convention 169 should be binding in national laws and its application mandatory in MDL projects, as well as the consultations defined by the Municipal Code. Sustainable development should be defined in each host party in a participative form.



many communities of the area. What was more similar to a public consultation was a survey of a focus group.

This disagreement which was not addressed by the validator, constitutes violation of the right of indigenous people to prior consultation (ILO, Convention #169), violation of the right to freedom





### **About Carbon Market Watch**

Carbon Market Watch scrutinizes carbon markets and advocates for fair and effective climate protection.

For more information see [www.carbonmarketwatch.org](http://www.carbonmarketwatch.org)

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### **Contact information:**

Eva Filzmoser, Director

[eva.filzmoser@carbonmarketwatch.org](mailto:eva.filzmoser@carbonmarketwatch.org)