



March 17, 2022
Office of the Compliance Advisor Ombudsman (CAO)

COMPLIANCE APPRAISAL: SUMMARY OF RESULTS

Shapoorji Pallonji (IFC Project # 34628)
India

Summary

This compliance appraisal documents CAO's preliminary review of a complaint regarding IFC's investment in the Shapoorji Pallonji Group, an India-based conglomerate active in sectors, including engineering, construction, and real estate. The appraisal concludes that one issue raised by the Complainant meets the criteria for a CAO compliance investigation, namely the application of IFC Performance Standard 5 (Land Acquisition and Resettlement) to the Complainant's claim that he has been displaced from land that he farmed and lived on. However, in response to a request from IFC, and following consultation with the Complainant, CAO has decided to defer its decision to investigate this issue. The deferral will allow IFC and its Client the opportunity to implement a six month action plan designed to respond to the Complainant's claim in a manner consistent with IFC's E&S requirements.

IFC's Investment and the Manjri Development

In 2015, IFC committed to a US\$34.4 million equity investment in an affordable housing holding company named Joyville Shapoorji Housing Private Limited ("Shapoorji Joyville" or "the Client"), promoted by Shapoorji Pallonji and Company Private Limited, the group's flagship company ("Shapoorji Pallonji" or "the Sponsor"). Shapoorji Joyville was set up to develop eight to ten affordable housing sub-projects across India. As of February 2022, Shapoorji Joyville had developed five sub-projects, including one in Manjri ("the Manjri sub-project") on the outskirts of the city of Pune, in Maharashtra state. The Manjri sub-project is currently being developed on part of a 42-acre plot of land owned by Manjri Horse Breeders Private Limited ("Manjri Breeders"), a subsidiary of Shapoorji Pallonji, which has granted Shapoorji Joyville development rights to the area.

The Complaint

In December 2020, the Compliance Advisor Ombudsman (CAO) received a complaint by a former tenant of part of the land used for the Manjri sub-project. According to the Complainant, in 2014, 8 acres of land, leased by his family since 1952, were forcibly and illegally taken from him and shortly later sold to Manjri Breeders for the development of the Manjri sub-project. The Complainant alleges that he continued to use and live in a house on the disputed land until 2016, when it was demolished, together with his personal belongings that were in the house. He also claims a) that a stream on the disputed land could be damaged as a result of the construction of the sub-project, and b) that he has been subjected to external pressures and threats to withdraw his case from the Indian courts and the CAO.

CAO found the complaint eligible for further assessment in December 2020. The Complainant and the Client did not reach a consensus to enter a CAO facilitated dispute resolution process. With the Complainant's consent, the case was transferred to CAO's compliance function for appraisal in October 2021.

IFC and Client Responses

On November 2, 2021, CAO received IFC's Management response to the complaint. In summary, the IFC response asserts that: a) IFC's Performance Standard 5 (PS5) on Land Acquisition and Involuntary Resettlement was not applicable to this investment because land purchases were to be carried out through voluntary, negotiated transactions; b) appropriate Environmental & Social (E&S) safeguards were integrated into the investment agreement, and the Manjri sub-project was developed following these requirements; c) Manjri Breeders' possession of the land was the result of a voluntary and negotiated transaction, involving land that was vacant and free of encumbrances and without risk of causing physical or economic displacement; d) the Manjri sub-project would not encroach on or obstruct any water streams; e) IFC had engaged the Client in relation to the Complainant's allegations of reprisals and ensured the Client's commitment not to engage in retaliatory action; and f) in upcoming sub-projects, the project's E&S screening would be updated with an additional focus on assessing the impact of any involuntary resettlement of informal land users and occupiers.

The Client also submitted a response to the complaint. In summary, Shapoorji Joyville asserts that it acquired the disputed land in August 2014 from the former owner peacefully, after the Complainant's claims were dismissed by the Indian courts and after confirming the former owner's title.

CAO Analysis

According to the CAO Policy, the purpose of the CAO compliance appraisal process is to determine whether a complaint merits an investigation, by applying the following criteria:

- a) Whether there are preliminary indications of harm or potential harm;
- b) Whether there are preliminary indications that IFC/MIGA may not have complied with its E&S Policies; and
- c) Whether the alleged harm is plausibly linked to the potential non-compliance.

In cases where a complaint meets the criteria for investigation, CAO can initiate an investigation or defer the decision to investigate on request from IFC, to allow for direct resolution of the issues.

In this case, CAO concludes that the appraisal criteria are met in relation to the alleged displacement of the Complainant from land that he used and lived on. Specifically, in relation to criteria a) to c) above, CAO concludes that:

- a) There is evidence that the Complainant lived on and cultivated land acquired by Manjri Breeders, a subsidiary of Shapoorji Pallonji, which Shapoorji Joyville has used for the Manjri sub-project. The Complainant alleges that he was evicted and required to cease farming on this land less than three months before Manjri Breeders acquired it in 2014. He also alleges that he continued to use a house on the land as a residence until it was demolished in 2016. On this basis, CAO concludes that there are preliminary indications of harm to the Complainant.
- b) There are indications that IFC may not have properly applied Performance Standard 5 (PS5) on Land Acquisition and Involuntary Resettlement to its investment in Shapoorji

Joyville. In addition to legal owners, PS5 applies to project-related displacement of persons who have no recognizable legal right or claim to the land or assets they occupy or use. IFC verified that the Client conducted legal due diligence in relation to the acquisition of land for the Manjri sub-project. The Client's legal due diligence concluded that the Client acquired the land with a clear title. However, there are indications that IFC did not require the Client to assess or mitigate the potential impacts of project-related land acquisition on land users who did not have recognizable legal rights, as required by PS5.

- c) The alleged harm to the Complainant, loss of income and housing, is plausibly linked to the potential non-compliance, in this case the lack of proper application of PS5 to the project.

CAO concludes that the other issues raised in the complaint do not meet the criteria for a compliance investigation because there was either no preliminary indication of harm, and/or no preliminary indication of non-compliance by IFC.

While the above issue meets the requirement for a CAO compliance investigation, as mentioned above, CAO has decided to defer the decision to investigate after considering a request from IFC and following consultation with the Complainant. Following the CAO Policy, CAO has agreed to a deferral period of six months based on commitments from IFC to address the application of PS5 to the Complainant's claims, and the Client's operations more generally. In summary, IFC, working together with its Client, has committed to:

1. Engage an independent consultant to carry out an assessment of the Complainant's claims related to informal use and occupation of the disputed land, according to the requirements of PS5 and based on the assessment, determine, and implement any required mitigation measures.
2. Review the Client's land purchase policy formulated for the project to ensure that the assessment of informal land uses is integrated into it.
3. Review the Terms of Reference (ToRs) used by the Client for engaging independent E&S due diligence consultants and land purchase process review consultants to include the assessment of informal land uses and undertake the stakeholder consultations necessary to identify current and past issues and claims on the said land parcels.
4. Carry out a training session with the Client on the updated land purchase policy and Terms of Reference.
5. Review and update the Client's existing community grievance mechanism to confirm that it covers grievances arising out of land purchases for the project, consistent with PS1 and PS5 requirements, as well as its dissemination among relevant stakeholders in project areas; and
6. Carry out a training session with the Client on the updated grievance mechanism procedure.

Upon the conclusion of the deferral period, CAO may (a) close the case, if the issues raised in the complaint have been substantially addressed; (b) extend the deferral period; or (c) proceed to a compliance investigation if the issues raised have not been substantially addressed. Following the CAO Policy, it is also open to CAO to conclude the deferral period early if conditions change materially or CAO considers that progress is unlikely. In any case CAO will issue a public report on the outcomes of the deferral.

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About CAO and its Compliance Function

The Office of the Compliance Advisor Ombudsman (CAO) is an independent recourse and accountability mechanism that receives complaints from communities and persons who may be affected by the projects that the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) support. The CAO reports directly to the Boards of IFC and MIGA (“the Board”) and is fully independent of IFC/MIGA management.

CAO carries out its work in accordance with the IFC/MIGA Independent Accountability Mechanism (CAO) Policy (“the [CAO Policy](#)”).

Through the exercise of its complementary dispute resolution, compliance, and advisory functions, CAO’s mandate is to:

- Facilitate the resolution of complaints from people who may be affected by IFC/MIGA projects or sub-projects in a manner that is fair, objective, and constructive;
- Enhance the environmental and social outcomes of projects in which those institutions play a role; and
- Foster public accountability and learning to enhance the environmental and social performance of IFC/MIGA and reduce the risk of harm to people and the environment.

*“The purpose of the CAO compliance function is to carry out reviews of IFC/MIGA’s compliance with E&S [Environmental and Social] Policies, assess related Harm, and recommend remedial actions where appropriate.”*¹ The compliance function does not evaluate the adequacy or suitability of E&S policies, nor does it make findings in relation to the compliance of a project, sub-project, client, or sub-client with the IFC Performance Standards. However, in carrying out its role, the CAO compliance function will assess IFC/MIGA’s review and supervision of its E&S requirements at the project- or sub-project level and consider project- or sub-project-level environmental and social performance.²

CAO’s compliance function has three phases:

1. A **compliance appraisal**, which is a preliminary review to determine whether a complaint or internal request merits a compliance investigation.
2. Where warranted, a **compliance investigation**, which is a systematic and objective review to determine whether IFC/MIGA complied with its own E&S policies, and whether there is harm related to any IFC/MIGA non-compliance. On completion of a compliance investigation that leads to findings of non-compliance and related harm, CAO makes recommendations for IFC/MIGA to consider when they are preparing their Management Action Plan (MAP), which IFC/MIGA submit for Board approval.
3. Where there is an approved MAP, CAO will conduct a **compliance monitoring** process and report on the effective implementation of any corrective measures included in the MAP.

For more information about CAO, please visit: www.cao-ombudsman.org

¹ CAO Policy, para. 76.

² CAO Policy, para. 77.

Acronyms

Acronym	Definition
ADB	Asian Development Bank
CAO	Office of the Compliance Advisor Ombudsman (IFC and MIGA)
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESMS	Environmental and Social Management System
ESRS	Environmental and Social Review Summary
GM	Grievance Mechanism
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
MTAL Act	Maharashtra Tenancy and Agricultural Lands Act of 1956
PS	Performance Standards (IFC)
ToR	Terms of Reference

I. The Compliance Appraisal Process

Following the transfer of a complaint from a CAO assessment or dispute resolution process, the CAO compliance function has 45 business days to complete an appraisal of issues raised in the complaint or identified during the CAO assessment phase, excluding any matters resolved during any CAO dispute resolution process.³ The compliance appraisal involves the review and consideration of the CAO assessment report, the complaint, IFC/MIGA's response to the complaint, the client response to the complaint (if available), and any additional information obtained by CAO from the Complainant or other relevant parties over the course of the appraisal.

A compliance appraisal involves a preliminary review of available information. It does not lead to any definitive assessments or findings of harm or IFC/MIGA non-compliance. CAO makes findings only in a compliance investigation.⁴ To determine whether a compliance investigation is warranted, CAO considers the following appraisal criteria:

- a) *Whether there are preliminary indications of Harm or potential Harm;*
- b) *Whether there are preliminary indications that IFC/MIGA may not have complied with its E&S Policies; and*
- c) *Whether the alleged Harm is plausibly linked to the potential non-compliance.*⁵

CAO's appraisal also considers the following additional factors as relevant:

- a) *For any Project or Sub-Project where an IFC/MIGA Exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC/MIGA Exit.*
- b) *The relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint.*
- c) *Whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies.*
- d) *Whether Management has provided a statement of specific remedial actions, and whether, in CAO's judgment after considering the Complainant's views, these proposed remedial actions substantively address the matters raised by the Complainant.*⁶

Applying the above criteria and considerations, the CAO Director General (CAO DG) may decide to investigate a complaint/internal request or close the case. Alternatively, in response to a request from IFC/MIGA management, the CAO DG may defer any decision to investigate.⁷

II. Description of the IFC investment

The Shapoorji Pallonji Group is an India-based business conglomerate. It is active in sectors, including engineering, construction, and real estate, through its flagship company, Shapoorji Pallonji and Company Private Limited ("Shapoorji Pallonji" or "the Sponsor"). In 2015, IFC

³ CAO Policy, paras. 88 and 95. In this case, CAO exceeded the Policy timeline for completing an appraisal due to delays in finalizing the conditions for deferral with IFC.

⁴ CAO Policy, para. 94.

⁵ CAO Policy, para. 91.

⁶ CAO Policy, para. 92.

⁷ CAO Policy, para. 97.

committed to an equity investment of up to US\$34.4 million in a US\$190 million affordable housing holding company promoted by Shapoorji Pallonji. The holding company, Joyville Shapoorji Housing Private Limited (“Shapoorji Joyville” or “the Client”), was set up to develop eight to 10 affordable housing sub-projects in or close to large metropolitan areas across India, with the goal of addressing the market need for affordable housing catering to the upper low-income and middle-income sector. Shapoorji Joyville sub-projects, which include the construction and sale of a total of 18,000 to 20,000 affordable homes over eight years, were to be designed and developed by Shapoorji Pallonji’s Real Estate Division and constructed by Shapoorji Pallonji’s Engineering and Civil Construction division.

As of February 2022, IFC’s investment in Shapoorji Joyville remains active and IFC had disbursed a total of US\$20 million for five sub-projects in: Howrah (West Bengal), Virar (Mumbai, Maharashtra), Gurgaon (Haryana), Hinjewadi (Pune, Maharashtra), and Manjri (Pune, Maharashtra). For the last of these sub-projects (Manjri), IFC made three disbursements totaling US\$3.5 million between August 2019 and March 2020. This sub-project includes the development of over 2,700 affordable housing units over part of a 42 acre plot of land. The land needed for the Manjri sub-project was purchased and aggregated by Manjri Horse Breeders Private Limited (“Manjri Breeders”), a subsidiary of Shapoorji Pallonji which has granted Shapoorji Joyville development rights over the area. The Manjri sub-project launched sales in August 2020 and construction commenced in January 2021. As of March 2022, IFC was considering additional financing for an extension of the Manjri sub-project on the same 42 acre plot of land.

IFC’s equity investment in Shapoorji Joyville is a Category B project according to IFC’s Sustainability Policy, as IFC considered that its potential environmental and social impacts were limited and could be avoided or mitigated. The Asian Development Bank (ADB) is also an investor in Shapoorji Joyville.

III. Case Timeline and Summary of Issues Raised in the Complaint and CAO Assessment

On December 8, 2020, CAO received a complaint from a former tenant of part of the land used for the Manjri sub-project, raising land and environmental issues, as well as concerns regarding threats and reprisals. First, the Complainant alleged that the land his family had leased for decades, and to which they had ownership rights under the Maharashtra Tenancy and Agricultural Lands Act of 1956 (“MTAL Act”), was forcibly and illegally taken from him to be sold to Manjri Breeders for the development of the sub-project. According to the Complainant, in 2014, after decades-long litigation in the Indian courts, his former landlord, with the support of six local youths, took possession of his farmland and removed his crops, leaving him landless and without one of his sources of income. Less than three months later, his former landlord sold the land to Manjri Breeders.

The Complainant also alleges that in 2016, after the sale of the disputed land to Manjri Breeders, his house located on the land was demolished. He claims the house is registered in the name of his deceased father and that he, the Complainant, had lived in and used the house from the year 2000 until its demolition in 2016, although he was not actually residing in the house when it was demolished in 2016, having temporarily moved out, due to health reasons. The Complainant claims that the demolition of the house deprived him of his main dwelling and that his personal belongings were destroyed with the house.

The Complainant also raises an environmental issue related to the Manjri sub-project. Specifically, he claims that a freshwater stream on the disputed land could be severely damaged

as a result of the construction. Finally, the Complainant claims that he has been subject to external pressures and threats to withdraw his case from the Indian courts and the CAO, and thus fears for his safety and that of his family members.

Further details of the complaint are provided in CAO's analysis below, and his full complaint is annexed to this appraisal report. See Annex 1.

CAO found the complaint eligible for further assessment in December 2020. The Complainant and Shapoorji Pallonji did not reach a consensus to enter into a CAO supported dispute resolution process and, with the Complainant's consent, the case was transferred to CAO's compliance function on October 19, 2021.⁸

On November 2, 2021, CAO received IFC Management's response to the complaint. In summary, the Management Response asserts as follows:

- a. PS5 (Land Acquisition and Involuntary Resettlement) was not applicable to IFC's investment in Shapoorji Joyville or the Manjri sub-project because land purchases for this and other sub-projects were to be done through voluntary negotiated transactions directly with the landowners on a willing buyer-willing seller basis. Nevertheless, IFC defined appropriate land acquisition risk mitigation measures in the Environmental and Social Action Plan (ESAP) for the investment;
- b. Manjri Breeders' possession of the land was the result of a voluntary and negotiated transaction, involving land that was vacant and free of encumbrances. Shapoorji Joyville followed due process to determine the land title, and there were no physical or economic displacement risks or impacts noted in independent risk screening reports;
- c. as part of its initial assessment and supervision, IFC confirmed that the Manjri sub-project would not encroach on or obstruct the flow of the two water streams in its vicinity;
- d. IFC engaged with the Client in relation to the reprisal allegations and ensured the Client's commitment not to engage in retaliatory action. IFC also verified the availability of a grievance mechanism; and
- e. in upcoming sub-projects, the project's E&S screening will have an additional focus on assessing the impact of any involuntary resettlement of informal land users and occupiers.

IFC's Client also issued a response to the complaint. In summary, the Client asserts that it acquired the disputed land in August 2014 from the prior owner peacefully, after the Complainant's claims were dismissed by the Supreme Court of India, and after carrying out necessary due diligence to confirm the former owner's title.

Further details of the IFC Management response and the Client's response are provided in CAO's analysis below. The full responses are annexed to this appraisal report. See Annexes 2 and 3.

⁸ CAO, Shapoorji Pallonji/India Assessment Report, October 2021, available at: <https://bit.ly/3qd5RoK>.

IV. Appraisal Scope and Methodology

The scope of this CAO compliance appraisal is limited to issues raised in the complaint and CAO's assessment report.⁹ CAO's application of the appraisal criteria and any applicable considerations presented in the CAO Policy are based on its review and consideration of the complaint, as well as the CAO assessment report and IFC's and the Client's responses to the complaint. In this case, the compliance appraisal process also considered: a) additional documentation provided by the Complainant; b) IFC documentation related to the implementation of project E&S requirements; and c) interviews with the Complainant and IFC staff involved in the project.

CAO extends its appreciation to all parties mentioned in this report who have shared their perspectives, knowledge, and time with CAO.

V. Appraisal Analysis

This section outlines: (i) IFC E&S policies, standards and procedures relevant to the Complainant's allegations; (ii) CAO's analysis of complaint allegations to identify indications of harm or potential harm; (iii) CAO's analysis of IFC compliance with its E&S requirements; (iv) analysis of a plausible link between non-compliance and harm; and (v) CAO's decision on whether the matters presented merit a compliance investigation based on the appraisal criteria and other considerations outlined in the CAO Policy.

In summary, CAO finds that this complaint meets the requirements for a compliance investigation regarding one of the issues raised in the complaint. The specific issue that CAO finds meets the requirements for a compliance investigation relates to whether IFC ensured proper application of PS5 (Land Acquisition and Involuntary Resettlement) to the Client's business activities, and to the situation of the Complainant in particular, considering his claims to usage of the land being developed for the Manjri sub-project. However, based on a request from IFC and following consultation with the Complainant, CAO has decided to defer the decision to investigate, to allow IFC and its Client to address this issue directly in a manner consistent with IFC's E&S requirements.

a. IFC Policy Framework

IFC's investment in Shapoorji Housing was made under IFC's 2012 Policy on Environmental and Social Sustainability ("the Sustainability Policy") and Performance Standards (PS), together referred to as the Sustainability Framework. The Sustainability Policy provides that "efforts to carry out investment and advisory activities with the intent to 'do no harm' to people and the environment" are "central to IFC's development mission" (para. 9). IFC commits that: "Proposed investments that are determined to have moderate to high levels of environmental and/or social risk or the potential for adverse environmental and/or social impacts will be carried out in accordance with the requirements of the Performance Standards" (para. 3).

To achieve these goals, IFC is required conduct pre-investment E&S due diligence that is "commensurate with the nature, scale, and stage of the business activity, and with the level of environmental and social risks and impacts" (para. 26). Based on the outcomes of the E&S due

⁹ CAO Policy, para. 88.

diligence, IFC commits only to “finance investment activities that are expected to meet the requirements of the Performance Standards within a reasonable period of time” (para. 22). IFC requires compliance with the Performance Standards as a condition of financing. During project implementation, IFC supervises the client’s E&S performance against the conditions of financing (para. 24). If the client fails to comply with its E&S obligations, IFC will “work with the client to bring it back into compliance, and if the client fails to reestablish compliance, IFC will exercise its rights and remedies, as appropriate” (para. 24).

b. Analysis of Complaint Allegations

The complaint raises issues regarding the (1) the project’s land acquisition practices, including (1.a) the Client’s due diligence regarding legal ownership of part of the sub-project land; and (1.b) the Complainant’s use and occupation of the disputed land for cultivation and his dwelling in a house on that land, even without a recognizable legal right or claim to the land; as well as (2) impacts on a natural stream on the disputed land, and (3) threats and reprisals for filing a complaint with the CAO.

1. Allegations Related to the Complainant’s Land Claims

The Complaint

The Complainant’s main grievance relates to his alleged possession, use, and claimed ownership of part of the land where the IFC Client is developing the Manjrii sub-project. The Complainant alleges he is the lawful owner of this land. He claims that he has been prevented from farming this land since 2014 and that a house on this land, where he lived, was demolished in 2016.

The Complainant states that his family leased 8 acres of the project land starting in 1952, where they owned, used, and occupied a house and cultivated crops. On the basis of the MTAL Act of 1956, which granted tenant farmers property rights over land they leased¹⁰, the Complainant applied for recognition of ownership, and deposited the amount fixed as the price for the land in the Government Treasury in 1980. According to the Complainant, they were granted a certificate of ownership for the disputed land in 1980. The landowners at the time contested such recognition and obtained a ruling from the High Court of Bombay in their favor based on an exception in the MTAL Act. After multiple additional legal processes, the Supreme Court of India confirmed the High Court ruling in favor of the landowners in January 2014. The Complainant filed a review petition of this decision, which the Supreme Court dismissed in October 2014. After this, he filed a curative petition before the Supreme Court, which was registered in 2020 and is currently pending.¹¹

The Complainant further alleges that, after the Supreme Court’s decision, and as a result of irregular legal proceedings, his tenancy was wrongfully terminated and deleted from the official

¹⁰ Under the MTAL Act, a person who was a tenant on 1 April 1957 was entitled to purchase the land from the landowner at a price to be fixed by the concerned authority following the procedures in the MTAL Act. However, the MTAL Act also provided certain exceptions to this rule, including the cultivation of specific crops and breeding of livestock, which would allow the owners to retain the title.

¹¹ A curative petition is a last constitutional recourse before the Supreme Court of India. The purpose of a curative petition is to prevent abuse of process and gross miscarriage of justice by allowing the Court to reconsider its own judgements based on its interpretation of article 137 of the Constitution of India. The Court has ruled that a curative petition can be allowed if the petitioner establishes there was a violation of the principles of natural justice, and some facts brought to the notice of the Court were ignored by it before it issued an order.

land registry on May 8, 2014. He claims that he was forcibly dispossessed of the agricultural lands on May 31, 2014, and that the disputed land was sold to Manjri Breeders, a subsidiary of IFC's Client, on August 8, 2014. The Complainant alleges that the sale of the disputed land and subsequent design and development of the sub-project on land that he previously used and occupied violate his rights and ignore his pending legal claims.

Additionally, the Complainant explains that, while he was stopped from cultivating the land in May 2014, he continued occupying the house on the disputed property until 2016, when the house was demolished while he was away for health reasons. According to the Complainant, the house and the 5 ares¹² of land upon which it stood are still registered in the name of his deceased father. He asserts that when the house was demolished, he lost not only the house (together with improvements to the house that he had made) but also farming equipment and personal belongings.

IFC Response

IFC asserts that appropriate E&S safeguards were integrated into the project investment agreement and that the Manjri sub-project is in compliance with the agreed requirements. IFC notes that PS5 was assessed to be not applicable because the Shapoorji Joyville would only acquire land through voluntary transactions directly from landowners on a willing buyer-willing seller basis. IFC asserts that none of this could result in involuntary resettlement, and that if involuntary resettlement did occur, it would be managed in a manner compliant with IFC's PS5.¹³

Regarding the specific sub-project, IFC makes the following assertions in support of its claim that that the Complainant was not impacted by the project and that its Client acted in a manner consistent with IFC's requirements:

- a. The site was vacant, free of encumbrances, did not present risks of physical or economic displacement, and was in possession of its subsidiary Manjri Breeders when IFC's Client entered into a development rights agreement with Manjri Breeders in 2019.
- b. Manjri Breeders had acquired the disputed land through a voluntary transaction in August 2014, after a decision from the Supreme Court of India confirmed the seller's title.
- c. A 2019 legal due diligence report and a 2021 land purchase audit commissioned by the Client both confirmed that: (i) there were no encroachments or claims over the sub-project land, and (ii) Manjri Breeders had legal title to the land.
- d. A 2019 E&S risk assessment commissioned by the Client confirmed that there were no E&S risks in respect of the whole of the sub-project land.
- e. After receiving the complaint, IFC commissioned an additional legal opinion from external legal counsel which confirmed that Manjri Breeders had legal title to the land and that the Complainant's possibility of succeeding in his pending legal claims was remote.
- f. Manjri Breeders refutes the claim that they dispossessed the Complainant of the house and asserts that it received possession of the land with a vacant building.

Client Response

The Client also responded to the Complainant's allegations by indicating that Manjri Breeders—a subsidiary of Shapoorji Pallonji—acquired the disputed land from the prior owner peacefully after carrying out necessary due diligence and confirming that that the former owner's title was clear and marketable. The Client alleges that the Complainant has already argued his case in the Indian courts, where the company's perspective was validated. The Client argues that the pending

¹² 5 ares equal 500 m².

¹³ [ESRS](#), E&S Categorization and Rationale.

legal proceedings will be decided by the appropriate legal authorities, where matters will be handled and contested in keeping with the advice of their lawyers.

CAO Analysis

The Complainant's allegations regarding land issues touch upon two issues relevant to IFC's E&S standards: (i) the requirement to ensure due diligence regarding legal ownership of the land in question (following PS1 which requires an IFC client to comply with applicable national law); and (ii) the requirement under PS5 to consider project-related displacement of land users, even if a land user does not have recognizable legal rights or claims to the land in question.

(i) Regarding the legal ownership of the disputed land

According to the Performance Standards, IFC clients must comply with applicable national law relevant to E&S issues.¹⁴

IFC required the Client to develop a land acquisition policy for the proposed affordable housing sub-projects. As set out in IFC's public disclosures for the project, the Client was expected to document the following for each sub-project:

- (a) that the lands purchased were not subject to legal issues or claims;
- (b) detailed due diligence of land aggregated "within the previous 3 years (from date of purchase)" to ensure that the purchase process was free from coercion, and fair prices were paid to the previous owners;
- (c) that the land purchased did not result in any involuntary resettlement unless resettlement and income restoration were managed in a manner compliant with IFC's PS5.¹⁵

Additionally, within the first year of the development of each sub-project, the Client had to carry out an audit of the land purchase process to ensure its compliance with IFC Performance Standards and agreed land acquisition policy.¹⁶

As outlined above, the Client conducted a number of legal reviews and audits in relation to the purchase of land by Manjri Breeders for the Manjri sub-project. As alleged by the Complainant, the legal due diligence carried out in 2019 failed to identify or take into account the Complainant's pending legal claims. However, such potential oversight was subsequently addressed by a land purchase audit carried out in 2021, which did consider the Complainant's main legal claim before the Supreme Court, as well as a subsequent independent legal opinion commissioned by IFC in June 2021, which more thoroughly examined the pending legal claims.

On the basis of these reviews, the Client and IFC concluded that Manjri Breeders had proper legal title to the land claimed by the Complainant.

CAO understands that the Complainant's views of the legal issues differ from those presented in the assessments on which the Client and IFC are relying. Further, CAO understands that the Complainant claims harm as a result of unlawful land acquisition for the Manjri sub-project, and that the Complainant has pending legal claims that may or may not confirm his claims to harm. IFC's role in such a case is not to reach a definitive interpretation of legal issues that are under review by the Indian courts. Rather, IFC's responsibility regarding the legal ownership of the

¹⁴ PS, Overview, para. 5, PS1, para. 6.

¹⁵ [ESRS](#), E&S Categorization and Rationale, and ESAP, action 2.

¹⁶ [ESRS](#), E&S Categorization and Rationale, and ESAP, action 3.

disputed land is to ensure that its Client has exercised due diligence in relation to legal disputes and the land acquisition process following national law. CAO finds no indication of non-compliance by IFC in relation to these requirements as at the time of writing this report. Considering the above, CAO concludes that the issue of the Complainant's legal claims to land acquired for the Manjri sub-project does not meet the criteria for a CAO compliance investigation.

(ii) Regarding the Complainant's use and occupation of the disputed land

In addition to his claims to legal ownership over the disputed land, the Complainant's situation raises the issue of possible physical and economic displacement from the disputed land, due to project-related land transactions, even if he has no legally recognizable rights or claims to the land.

Whether there are Preliminary Indications that IFC/MIGA may not have complied with relevant IFC/MIGA E&S Policies

IFC PS5 applies to project-related physical and/or economic displacement of persons who have no recognizable legal right or claim to the land or assets they occupy or use.¹⁷ PS5 requires projects to identify people who could be displaced due to project-related land acquisition, and for them to be properly compensated.¹⁸ Displaced land users without formal legal rights are not entitled to compensation for loss of land but may be entitled to resettlement assistance for: (i) the structures they own/occupy and/or any improvements; (ii) relocation and reestablishment costs; (iii) the loss of assets other than land (crops, irrigation infrastructure, and other improvements made to the land, etc.); and (iv) the loss of income and means of income-earning capacity.¹⁹

Based on the information provided by IFC and the Client, there are preliminary indications that IFC did not ensure proper application of the provisions of PS5 outlined in the paragraph above to the project. Specifically, based on a preliminary review, CAO observes that:

- IFC's Environmental and Social Review Summary (ESRS) and, by incorporation, the ESAP for the investment required the Client to conduct "detailed due diligence" covering a period of three years prior to the date of purchase of land used for an IFC-supported development. In the case of the disputed land for this sub-project, this would be from August 2011 to August 2014.
- Given the requirements of PS5 as outlined above, such detailed due diligence could be expected to cover not only legal ownership of land but other usage.
- Neither the legal due diligence (2019), the E&S due diligence (2019), or the land purchase audit (2021) appear to include such detailed due diligence from three years prior to 2014 when the land was purchased by Manjri Breeders.
 - The E&S due diligence conducted of the sub-project as part of the project's Environmental and Social Management System (ESMS), did not include community consultations or other sources that could have provided information on land use three years prior to the acquisition of the land by Manjri Breeders in 2014.ⁱ

¹⁷ PS5, para. 5 and 17(iii). See, in particular, footnote 8 of PS5, which states that "While some people do not have rights over the land they occupy, this Performance Standard requires that non-land assets be retained, replaced, or compensated for; relocation take place with security of tenure; and lost livelihoods be restored".

¹⁸ PS5, para. 12 and 17, and Guidance Note 5, paras. 8 and 9. The tools used to identify project-affected land users include conducting field observations and consultations resulting in a census.

¹⁹ PS5, para. 22, 27, 28, and Guidance Note 5, paras. 45, 48, 51, 65.

- The legal due diligence carried out in 2019 and the land purchase audit carried out in 2021 do not review or consider land use. Both documents focus on formal land transfers.ⁱⁱ
- Both IFC and the Client were aware that land previously aggregated by the Client or the Sponsor’s group (with real estate and land development among its main business activities) could be used for sub-projects in this investment and would be subject to IFC’s E&S requirements.ⁱⁱⁱ
- The project’s Land Acquisition Policy, approved by IFC, does not include a process to identify or assess the possible presence of informal users and occupiers that could be displaced reflecting the PS5 requirements outlined above.

Considering the above, CAO concludes that there are preliminary indications of non-compliance by IFC with its Sustainability Policy requirements to review and supervise its Client’s E&S performance to achieve compliance with PS5 provisions regarding the displacement of persons without formal or recognizable rights or claims to the land they use or occupy.

Whether there are Preliminary Indications of Harm or Potential Harm

CAO finds that there are preliminary indications that support the Complainant’s assertion that he and his family cultivated the land and occupied a dwelling on the disputed land. The Complainant and his son have made consistent representations in this regard in national legal filings since 1980.

In addition, CAO has found historical satellite images suggesting that the disputed land was being cultivated up until early 2014. The Complainant, in domestic legal filings and in representations to CAO, asserts that the cultivated land was a source of income up until May 2014, when his tenancy was terminated, and he was dispossessed of the agricultural land.^{iv} Less than three months later, in August 2014, the land was purchased by Manjri Breeders. According to IFC and the Client, Manjri Breeders had been aggregating the 42 acres of land upon which the sub-project is being developed, since 2007. Manjri Breeders purchased most of the 62 land plots involved in 2007, although one land plot was purchased in 2012, and the remaining disputed land was bought in parts in 2014 and 2015.

Satellite photos also support the Complainant’s claim that he retained use and occupation of the house on the disputed land until 2016, when it was demolished. They show that there was a house or building in the southern part of the disputed land that remained standing up until early 2016 (Annex 4: Satellite images of the disputed land between 2014 and 2016). According to the Complainant, the house is still registered in the name of his deceased father,²⁰ and, when it was demolished, he lost not only the house structure but improvements, farming equipment, and personal belongings.

Timeline of use of the disputed land and house, according to the Complainant (Key Dates)	
1952	Complainant's father becomes tenant and the family started cultivating the land.
1980	Complainant started process for land title under the MTAL Act

²⁰ In support of this claim, the Complainant provided the tax assessment register for the years 2015–2016 to 2018–2019 for what he alleges was the house on the disputed land.

2000	Complainant moved to the house in the property as his primary dwelling
31 May 2014	Termination of tenancy and dispossession of the agricultural lands from Complainant. According to the Complainant, while he stopped cultivating the land at this point, he retained use and possession of the house.
8 August 2014	Purchase of the disputed land by Manjri Horse Breeders
2016	Demolition of the house.

In this context, CAO is satisfied that there are preliminary indications that the Complainant could have suffered harm related to the development of the Manjri sub-project, specifically (a) loss of the income generated by the cultivation of crops in the disputed land, and (b) loss of the house, improvements, furnishings, and farming equipment lost in 2016, for which the Complainant does not appear to have been compensated.

Whether the Alleged Harm is Plausibly Linked to the Potential Non-Compliance of IFC/MIGA

The purpose of PS5 includes minimizing adverse social and economic impacts from project-related land acquisition by providing appropriate compensation for loss of assets (PS5, Objectives). As outlined above, PS5 includes provisions that may apply to the Complainant's situation, and which may not have been applied properly by IFC to its investment in Shapoorji Housing. As a result, CAO concludes that the harm alleged by the Complainant (loss of income, housing, equipment, and personal belongings) is plausibly linked to potential shortcomings in IFC's application of PS5 to this investment.

2. Possible Lack of Identification of a Natural Water Stream

The Complainant asserts that there is a natural stream (Odha) in the area where the project is being developed, which has long been used for irrigation and rice cultivation. According to the complaint, sub-project construction would severely damage the stream and lead to the risk of land subsidence and infrastructure collapse.

IFC indicates that there is no natural water stream or marshy land in the project area. IFC's E&S risk screening for the sub-project identified two, surface water streams outside the project's layout and determined that the sub-project development would not encroach on or obstruct their flow. After receipt of the complaint, IFC engaged with the Client and reviewed relevant sub-project documentation that confirmed this information. Hence, IFC concluded that the sub-project will not cause environmental damage to any water stream and that there are no risks of land subsidence and infrastructure collapse.

CAO has not found preliminary indications that IFC failed to comply with its obligation to ensure that clients conduct proper environmental assessments that consider impacts on biodiversity and ecosystem services, including hydrological changes.²¹ The Client did carry out environmental and social screening studies and did not find a stream on the disputed land. No other indications have been found regarding non-compliance on this issue.

²¹ cf. PS1, para. 5, PS 6 para. 6

Further, as the Complainant no longer lives in the area, it is not apparent that he would be impacted by the alleged loss of the stream.

Therefore, CAO concludes that this issue regarding the possible lack of identification of a natural water stream on the disputed land does not meet the criteria for investigation.

3. Allegations of Threats and Reprisals

The Complainant alleges that he has been subject to external pressures and threats to withdraw his case from the Indian courts and CAO, and thus fears for his safety and that of his family members. According to the Complainant, during the years his case has been pending before the Indian courts, the Client and third parties have tried to intimidate him and his family into withdrawing their complaints or conceding their rights.

IFC's Sustainability Framework recognizes the responsibility of businesses to respect human rights including in relation to grievance handling.²² More specifically, IFC PS1 requires clients to engage with affected communities in a manner that is "free of external manipulation, interference, coercion, or intimidation" and to handle grievances "without retribution" to complainants.²³ While not a Policy provision, IFC has issued a Position Statement that it does not tolerate any action that amounts to retaliation. IFC also recognizes its responsibility and that of its clients to ensure the ability of stakeholders to freely engage with IFC, its clients, and the CAO, as well as their right to provide feedback, voice opposition, and raise concerns regarding IFC-financed projects.²⁴

With regard to the Complainant's allegations, IFC states that it engaged with the Client to make it clear that there should be no retaliation against project stakeholders who voice concerns about the project. IFC informed CAO that, in December 2020, after submission of the complaint, IFC told the Client about its zero-tolerance policy for retaliation and shared its Position Statement on Retaliation Against Civil Society and Project Stakeholders. Further, in April 2021, IFC engaged with the Client regarding the allegations of verbal threats and surveillance affecting the Complainant and his family. The Client responded that it did not engage in retaliatory actions and had implemented a grievance mechanism, through which issues related to land, compensation, and unethical behavior could be reported. The Client also indicated that it would cooperate with any police investigation in relation to this allegation.

Later, in February 2022, the Complainant informed CAO that, starting in January 2022, third parties approached him and his family in what he saw as attempts to pressure or intimidate him into meeting with company representatives to settle this complaint or to discourage them from continuing with the CAO process and their national legal cases. He believes that internal discussions at the company were being leaked to third parties and some company executives could have been indirectly encouraging such approaches.

In response to these issues, in February 2022, at the Complainant's request, CAO informed IFC of the Complainant's concerns. IFC stated that it engaged with the Client anew to communicate the Complainant's concerns and reiterate IFC's position on anti-retaliation. Additionally, IFC committed to follow up with the Client to discuss measures they could implement to prevent retaliation in the course of their future engagements with the company, including exploring

²² Sustainability Policy, para. 12. See also: PS1, para. 3.

²³ PS1, para. 30 and 35.

²⁴ IFC Position Statement on Retaliation Against Civil Society and Project Stakeholders, October 2018.

reprisal-sensitive measures for the grievance mechanism and stakeholder engagement. IFC also indicated they would carry out a reprisals training with the Client on site.

Allegations of threats and reprisals can be difficult to substantiate, and the evidence presented by the Complainant is not sufficient to establish that he is the subject of intimidation by the IFC Client. However, considering the consistent, documented accounts in relation to these issues, provided by the Complainant and his son since at least 2018, CAO finds that the Complainant's allegations regarding threats and intimidation are credible and that they do present preliminary indications of potential harm.²⁵

At the same time, Management has engaged with the Client regarding its zero-tolerance policy against retaliation starting immediately after the complaint was received by CAO and the issue of intimidation was first raised. Then, as concerns about intimidation have been raised by the Complainant during the CAO process, IFC has again worked with the Client to address the Complainant's concerns. IFC has also indicated an ongoing willingness to respond and address future allegations of intimidation should they arise, following its Position Statement and Sustainability Framework requirements. In this context, CAO does not find indications of non-compliance from IFC. However, should any credible concerns about intimidation of the Complainant persist, CAO notes that a more structured response to the issue may be required. This could include Client assessments of retaliation risks in the local context, and the development of response protocols.²⁶

VI. Management Request for Deferral of a CAO investigation

IFC may request the deferral of a CAO decision to investigate in order to allow time to resolve the issues raised in a complaint directly.²⁷

On February 7, 2022, IFC Management submitted a request to defer CAO's decision to investigate in this case.²⁸

IFC explained that, in an effort to resolve the Complainant's grievance, it wished to gather more information—both documentary evidence and interviews—as well as carry out an on-site verification visit to assess the application of PS5 to the Complainant's claims. For this purpose, IFC proposed it would undertake the following actions during a deferral period of six months:

1. Engage an independent consultant to carry out an assessment of the Complainant's claims related to informal use and occupation of the disputed land according to the requirements of PS5 and, based on the assessment, determine, and implement any required mitigation measures.
2. Review the Client's land purchase policy formulated for the project to ensure that the assessment of informal land users is integrated into it.
3. Review the Terms of Reference (ToRs) used by the Client for engaging independent E&S due diligence consultants and land purchase process review consultants, to include the

²⁵ Documentation provided to CAO by the Complainant includes a news article which references his allegations of threats and reprisals regarding the disputed land. Pune Mirror, *Man moves CP over land feud at Shewalewadi*. Published electronically on January 26, 2019, available at <https://bit.ly/3CMVdKd>.

²⁶ IFC and IDB Invest, Good practice Note for the Private Sector: Addressing the Risks of Retaliation Against Project Stakeholders, p. 16, 20-22, 43-51.

²⁷ CAO Policy, para 86.

²⁸ CAO Policy, para. 98-100.

assessment of informal land users and undertake the stakeholder consultations necessary to identify current and past issues and claims on the said land parcels.

4. Carry out a training session with the Client on the updated land purchase policy and Terms of Reference.
5. Review and update the existing community grievance mechanism to confirm that it covers grievances arising out of land purchases for the project, consistent with IFC's PS1 and PS5 requirements, as well as its dissemination among relevant stakeholders in project areas; and
6. Carry out a training session with the Client on the updated grievance mechanism procedure.

a. Analysis of Management Request for Deferral of Any Decision to Investigate

CAO considers an IFC deferral request based on the application of the following criteria:

- a. *The severity of alleged Harm and potential compliance issues raised by the Complainant, including whether the issues of alleged Harm are clearly defined, limited in scope, and appear to be amenable to early resolution;*
- b. *Whether the Management response includes specific commitments that are commensurate with the issues raised in the complaint or during the assessment, and consistent with IFC/MIGA policy requirements;*
- c. *The views of the Complainant as to the impact (positive and negative) of a decision to defer; and*
- d. *Other information deemed relevant by CAO.*²⁹

CAO's analysis of each of these criteria is set out below.

1. Severity of Harm and Whether the Issue Raised is Amenable to Early Resolution

As outlined above, CAO has found preliminary indications of harm to the Complainant. Specifically, CAO has found that the Complainant may have been subject to physical and economic displacement, resulting from project-related land acquisition, without proper resettlement assistance or compensation for loss of income, a house, and other personal assets. The nature and scope of such harm is limited and can be clearly defined in the assessment proposed by IFC. CAO concludes that this issue is amenable to early resolution as it is well defined and relates to one Complainant. The actions proposed by IFC would support an assessment of fact and the subsequent determination of the appropriate mitigation measures according to the requirements of IFC's PS.

2. Whether the Management Response Includes Specific Commitments Commensurate with the Issue Raised

IFC's proposal for deferral includes actions designed to address the Complainant's specific situation, as well as project-wide commitments designed to address gaps in the Client's approach

²⁹ CAO Policy, para 98.

to the application of PS5. CAO concludes that the actions proposed are specific, commensurate to the issue raised, and aligned with IFC Sustainability Framework requirements.

As outlined above, PS5 requires clients to identify people subject to project-related displacement from land they use or occupy, even if they do not hold formal or legal rights to that land. PS5 also requires clients to put in place appropriate mitigation measures for such displacement, which should include resettlement assistance and compensation for lost assets as appropriate.

The assessment proposed by IFC should lead to the development of information on the Complainant's use and occupation of the disputed land, as well as on the extent of any physical and economic displacement impact he has suffered. On this basis, it should lead to the development of mitigation measures as required by PS5. These actions are consistent with IFC's E&S requirements and address the preliminary indications of harm and the potential non-compliance that CAO has found.

The actions proposed by IFC include measures to address project-wide gaps in the way the Client is applying PS5 to potential informal use and occupation of land it is developing, in line with IFC requirements. Updating the project's land acquisition policy, ToRs for its E&S and land purchase audit consultants, and its grievance mechanism to take informal land users into consideration is conducive to addressing and managing the risks and impacts from physical and economic displacement, as required by PS5. Similarly, the training sessions proposed should build client capacity to implement such measures.

In sum, CAO considers the actions proposed by IFC are specific, commensurate to the issue at hand, and substantively address the issue raised in the complaint that CAO has determined merits investigation.

3. Complainant's Views Concerning Management's Deferral Request

CAO informed the Complainant of IFC's request for a deferral of the investigation, as well as its proposed commitments to address his complaint. The Complainant expressed his "strong objection" to such a proposal, due to his concerns about IFC's and the Client's impartiality, and their ability to conduct a thorough and transparent review of all the evidence and information available.

Taking into account the concerns of the Complainant, the following measures would help safeguard objectivity, thoroughness, and transparency in the process:

- The proposed assessment would be conducted by an independent consultant, who would be engaged according to ToRs reviewed by CAO;
- The assessment and any subsequent mitigation measures would be reviewed by CAO staff, considering input from the Complainant, in order to ensure it is conducted to an appropriate standard and applying a methodology that meets the requirements of PS5; and
- CAO will remain open for the Complainant to raise any ongoing concerns regarding threats or intimidation with CAO, should they arise during the course of the deferral.

The CAO communicated to the Complainant the proposed measures above on February 9 and 12, 2022, and conveyed its confidence that these would establish a transparent and objective process.

4. Decision to Grant Management’s Request for a Deferral of the CAO Decision to Investigate

CAO concludes that a deferral of the decision to investigate is the appropriate course of action for the following reasons:

- The request meets the criteria set out in the CAO Policy;
- The concerns expressed by the Complainant regarding a transparent and objective process can be addressed; and
- IFC’s proposed actions under the conditions agreed to by IFC Management (see below) have the potential to resolve in a timely manner the issues raised by the Complainant and deemed eligible for investigation.

As required by CAO Policy, this appraisal report presents the conditions of the deferral as agreed by IFC Management, a framework for monitoring developments during the deferral period, and a timeline for the deferral period.³⁰

CAO will monitor project-level developments during the deferral period. If it assesses that the conditions have “materially changed” or that making progress toward deferral period goals is “unlikely or unfeasible,” CAO may conclude the deferral period and commence a compliance investigation.³¹ Upon conclusion of the deferral period, CAO will either:

- a. Close the case if the issues raised in the complaint have been substantially addressed and there is no particular value for accountability, institutional learning, or remedial action from conducting an investigation;*
- b. Extend the deferral period if considerations above remain (para. 98 of the CAO Policy), and there is in CAO’s analysis a high likelihood of the issues being resolved within a defined extension period; or*
- c. Proceed to a compliance investigation if issues have not been substantially addressed or if there is otherwise particular value for accountability, institutional learning, or further remedial action.³²*

In all instances, CAO will issue a report summarizing deferral period activities and outcomes for submission to the IFC/MIGA Boards, the World Bank Group President, IFC Management, and the Complainant.³³

5. Conditions of the Deferral as Agreed by Management

In addition to the specific terms of the commitments made by IFC, Management has agreed that the deferral of the investigation and any resettlement assistance that could be provided to the Complainant pursuant to PS5, should not prejudice the Complainant’s pending legal claims at the national level or in any way be understood to constitute a settlement or concession of the Complainant’s rights and claims under national law. As a result, any offer of resettlement

³⁰ CAO Policy, para. 100.

³¹ CAO Policy, para. 101.

³² CAO Policy, para. 102.

³³ CAO Policy, para. 103.

assistance applying PS5 requirements could not be made conditional on the Complainant's agreement to drop other claims.

Additionally, as mentioned above, the Complainant raises ongoing concerns that he may face intimidation and threats in relation to his participation in the CAO process. The effectiveness of IFC's proposed assessment of the Complainant's claims under PS5 relies on the assurance that the Complainant and other stakeholders will be able to freely engage and provide information to the independent consultant without fear of reprisals. IFC Management has committed to incorporate a "do no harm" approach in the ToR for such assessment to mitigate potential threats and reprisals risks and to include measures to protect confidentiality of information shared during the assessment. CAO will consider how this approach is elaborated in the ToR. However, should allegations regarding intimidation of the Complainant arise during the deferral period, CAO's expectation would be for IFC to work to resolve them in a manner consistent with the Sustainability Framework and the IFC Position Statement, and in a manner that is commensurate to the issues raised.

6. Monitoring Framework and Deferral Timeline

CAO will review IFC's deliverables during the deferral period to ensure that they are consistent with relevant Sustainability Framework requirements, particularly those of PS5. Specifically, regarding the PS5 assessment and development of subsequent mitigation measures, CAO will review and provide IFC with any feedback on the methodology and findings as well as the implementation of any mitigation measures, considering input from the Complainant.

The deferral period proposed is six months, including time for the CAO to issue a report on the IFC's implementation of its commitments and whether these have addressed the issues raised in the complaint. Each of IFC's commitments have specific timelines agreed to by IFC and detailed in Annex 5, but all are envisaged as being completed within 20 weeks of this deferral decision.

CAO expects IFC to provide it with access to all materials, evidence, and relevant persons involved with each of the actions and deliverables agreed upon, in order to properly monitor IFC's commitments and their compliance with relevant Sustainability Framework requirements.

VII. CAO Decision

Based on the analysis detailed in this appraisal report, CAO concludes that the complaint meets the requirements for a compliance investigation regarding one of the issues raised in the complaint:

1. There are preliminary indications of harm to the Complainant due to his possible physical and economic displacement from land that is being used for the project, which he cultivated as a source of income, and from a house on that land that he used and occupied.
2. There are preliminary indications that IFC may not have complied with its obligations to review and supervise a Client's E&S performance to ensure the proper identification and assessment of persons who could be physically or economically displaced from land they used and occupied without formal and recognizable rights, due to project-related land acquisitions, according to the requirements of IFC's Sustainability Policy and PS5

3. The alleged harm to the Complainant is plausibly linked to IFC's potential non-compliance.

However, for the reasons presented above, CAO is granting IFC/MIGA's request for a deferral of the CAO decision to investigate the above matters in order to allow IFC the opportunity to address them in a manner consistent with IFC's E&S requirements.

As required by CAO Policy, this appraisal report presents the conditions of the deferral as agreed by IFC Management, a framework for monitoring case developments during the deferral period, and a timeline for the deferral period (six months).³⁴ CAO will monitor IFC's actions during a deferral period to assess whether the conditions have "materially changed" or whether making progress toward deferral period goals is "unlikely or unfeasible."³⁵ Upon conclusion of the deferral period, CAO will either (a) close the case if the issues raised in the complaint have been substantially addressed; (b) extend the deferral period; or (c) proceed to a compliance investigation if the issues raised have not been substantially addressed.³⁶

This appraisal report will be shared with the Board, the World Bank Group President, IFC/MIGA Management, the Client, and the Complainant. CAO will publish this appraisal report, the Complaint, IFC's Management response, and the Client's response on its website.³⁷

Annex 1: Complaint

Annex 2: IFC Management Response

Annex 3: Client Response

Annex 4: Satellite images of the disputed land between 2014 and 2016

Annex 5: CAO Monitoring Framework and Timeline for Deferral Action Plan

³⁴ CAO Policy, para. 100.

³⁵ CAO Policy, para. 101.

³⁶ CAO Policy, para. 102.

Annex 1: Complaint

CAO

From: Ajit Korde [REDACTED]
Sent: Tuesday, December 8, 2020 5:01 AM
To: CAO
Subject: Complaint application to withdraw IFC sponsorship for affordable housing project by Shapoorji Group in India, as prospective home buyers are being deceived by the promoters, IFC has failed in due diligence and necessary facts seem to be concealed/s...
Attachments: ADB Supporting Docs.pdf; Shewalewadi Orders.pdf; Screenshot_20201007_162823_com.facebook.katana.jpg; Screenshot_20201007_235110_com.facebook.katana.jpg; Screenshot_20201008_114417_com.facebook.katana.jpg; RERA.pdf; SP Legal Report.pdf

[External]
Dear Sir,

RE: Complaint application to withdraw IFC sponsorship for affordable housing project by Shapoorji Group in India, as prospective home buyers are being deceived by the promoters, IFC has failed in due diligence and necessary facts seem to be concealed/suppressed by promoters in application to IFC.

I refer the below mentioned News Article by Hindustan Times, which states that IFC has sponsored Shapoorji Group project in India, to develop an affordable housing project in my farmland/project land (farm land bearing Survey No. 7/2/1 of Shewalewadi village, Taluka - Haveli, District - Pune admeasuring 4-H 97-R, Potkharaba 0-H 20-R out of that disputed/my and is 3-H 25-R (old Survey No. 189/2 of Fursungi)).

<https://www.hindustantimes.com/real-estate/shapoorji-pallonji-s-platform-joyville-sells-800-housing-units-in-pune-for-around-rs-400-crore/story-pckAFkP0CiwE2vIFeJxFeM.html>

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[Shapoorji
Pallonji's
platform Joyville
sells 800
housing units in
Pune for around
Rs 400 crore -](https://www.hindustantimes.com/real-estate/shapoorji-pallonji-s-platform-joyville-sells-800-housing-units-in-pune-for-around-rs-400-crore/story-pckAFkP0CiwE2vIFeJxFeM.html)

[real estate -
Hindustan Times](#)

Shapoorji Pallonji's platform Joyville sells 800 housing units in Pune for around Rs 400 crore Joyville is a USD 200 million platform by Shapoorji Pallonji Group, ADB, IFC and Actis to develop ...

www.hindustantimes.com

Please be informed that dispute for this land is pending before Hon'ble Supreme Court of India, Sub Divisional Officer Haveli and MRT Pune.

The promoters are selling apartments in this IFC sponsored project by deceiving the prospective home buyers about the facts of my litigations pending before Hon'ble Supreme Court of India (nowhere in the advertisement or not even in the MahaRERA Government portal, mandatory disclosure about these litigations is mentioned!). I have attached a screenshot of Facebook advertisement and MahaRERA registration about this project for your reference.

This farmland was leased to my father Shri. Mahadeo Kondiba Korde through Registered Lease Deed dt. 30/7/1952. Since that date, my father is a tenant and therefore, I am tenant in this farmland.

Please be further informed that dispute for this farmland is pending under Sec. 32G of Bombay Tenancy and Agricultural Lands Act before Hon'ble Supreme Court of India through Curative Petition (C) No. 188-189/2020, MRT Delay No. 43/2018 pending before MRT Pune, and Tenancy Appeal No. 959/2018 pending before Sub Divisional Officer Haveli wherein a sister company of the applicant before IFC (sister company of applicant company: M/s. Manjri Horse Breeders' Farm Pvt. Ltd., which is part of Shapoorji Pallonji Group, which is the promoter of the applicant company) is party to Tenancy Appeal as Respondent No. 8, present for hearings before Sub Divisional Officer Haveli Pune and is well aware of facts concerning the dispute and about my tenancy in the said farmland.

By virtue of Sec. 32G of Bombay Tenancy and Agricultural Lands Act, tenanted-farmers like us was supposed to be taken out of the zamindari/feudal system and made owners of the farmlands that they were cultivating for generations. However, the dispute between our landlord and us continued since year 1958 and is still pending before Hon'ble Supreme Court of India. And meanwhile of this dispute pending before Hon'ble Supreme Court, the landlord engaged 6 local youths to take law in hands (all aged 23-26 and one of them was politically influential Shri. Ajinkya Suresh Ghule was Vice President

of Nationalist Congress Party Youth). They all forcibly grabbed my farmland by joining hands with local Government Authorities and Police (Tahsildar Haveli who passed order dt. 08/05/2014 for executing a 10 year old Order dt. 19/08/2004, which was cancelled/set aside by Sub Divisional Officer Haveli (a superior Court/Authority) by Order dt. 31/03/2005). Although this Order dt. 11/02/2014 was concealed from me and it was for merely deleting name of tenant from record of lands and not for taking possession of farmland from me, the 6 local youths with help of the Circle Officer Hadapsar and local Police Officers, forcibly and illegally took possession of farmland from me! They further sold the farmland to M/s. Manjri Horse Breeders' Farm Pvt. Ltd and gave this company the possession of my farmland. This all happened in pendency of Review Petition No. 1340-1341 pending before Hon'ble Supreme Court of India! Having suffering from heart disease and other illnesses, my health was not good and they all took advantage of this situation and rendered me landless!

Further to above-mentioned facts, I litigated in various forums and as mentioned earlier above, dispute for this farmland is now pending before Hon'ble Supreme Court of India, Sub Divisional Officer Haveli and MRT Pune. While this has been pending before the Courts, one of Shapoorji Pallonji Group's Company has tied up with IFC for developing a housing project in this farmland.

Furthermore, this is an ODHA (natural water stream/ water-body) in this farmland (refer description of farmland, which states Potkharaba 0-H 20-R). This project sponsored by IFC is being built on top of this natural water stream. This could lead to an irreparable environmental damage!

Having said the above stuff, the legal title search report prepared by DSK Legal (Attorneys for this project) does not mentions about my litigations and this legal report is being used in Government portal to sell apartments in my land/disputed land. Eventually, prospective home owners are being deceived in a IFC sponsored project!

Considering the aforementioned facts, it is clear that prospective home buyers of this IFC sponsored project are being deceived by the promoters, IFC has failed in due diligence and necessary facts seem to be concealed/suppressed by promoters in application. Therefore, I humbly pray that IFC withdraws sponsorship of this project in my land.

In support of my application, I am attaching copy of case status for Curative Petition (C) No. 188-189/2020 pending before Hon'ble Supreme Court of India, copy of notice for Tenancy Appeal No. 959/2018 pending before Sub Divisional Officer Haveli Pune, 7/12 extract of the said land and copy of Registered Lease Deed dt. 30/7/1952.

In conjunction with the above-mentioned supporting documents, I am also attaching a few more Court Orders for further reference.

Should you require any further information, please do not hesitate to contact me.

Kind regards,

Ajit Mahadeo Korde

SUMMARY OF LAND DISPUTE IN JOYVILLE

HADAPSAR ANNEXE PROJECT IN PUNE

1. The Complainant's father Mr. Mahadeo Kondiba Korde (deceased) was tenant-farmer for 'Cultivation of Crops' in land admeasuring 3 Hectare 25 Are, Potkharaba admeasuring 0 Hectare 20 Are in Survey No. 7/2/1 of Shewalewadi, Tal- Haveli, Dist-Pune, India by virtue of Registered Lease Deed dt. 30/7/1952. Mr. Korde was cultivating this land on tillers day 1/4/1957, hence he has become Statutory owner of the land as per TENANCY ACT (Maharashtra Tenancy and Agricultural Lands Act, formally known as Bombay Tenancy and Agricultural Lands Act), which was introduced by the Government to empower tenanted-farmers by making them owners of the lands that they were cultivating. The Court of Additional Tahsildar and ALT Haveli in Tenancy Case No. 32G/Phursungi/146/1962 by Order dt. 30/01/1980 fixed the price of land as per Sec. 32-G of Bombay Tenancy and Agricultural Lands Act. Mr. Korde deposited the amounts in Government Treasury and obtained Sec. 32-M Certificate of ownership. Thus, Mr. Korde became owner of this land. LANDLADY Mrs. Manoramabai Dattatraya Deshpande (deceased) and her son LANDORD (Mr. Hemant Dattatraya Deshpande) disputed the Sec. 32G Order by filing Tenancy Appeal No.18/1980 before the Court of Sub Divisional Officer Haveli, which by Order dt. 7/7/1981 ruled in favor of LANDLADY and case was remanded for recalculating the price fixed for land and well (water well), because notice of *Panchanama* (inspection) for fixing price of well was not served to LANDLADY. Against that Order, Mr. Korde filed Revision Application No. TNC-B-364/81 before the Maharashtra Revenue Tribunal, which by Order dt. 29/8/1985 ruled in favor of Mr. Korde stating that the Sec. 32G ownership of Mr. Korde was valid and the matter was remanded only for recalculating the price fixed for the well (water well in land). Therefore, the dispute was only restricted towards the well; whereas the land came under

ownership of Mr. Korde. Against that Order dt.29/8/1985, LANDLORD filed Writ Petition No. 439 of 1986 before Hon'ble High Court of Bombay, which by Order dt. 27/7/1999 ruled in favor of LANDLORD and stated that proceedings of Sec. 32G of TENANCY ACT were dropped and Sec. 43A applies to this land. Aggrieved with the fact that Registered Lease Deed dt.30/7/1952 stated that the land was leased for 'Cultivation of Crops', yet Hon'ble High Court ignored it and without *Panchanama* stated that land is leased for 'Cultivation of Sugarcane', that Order dt.27/7/1999 was challenged through Review Petition No. 4193 of 2000 before Hon'ble High Court of Bombay, which by Order dt. 1/2/2002 was dismissed the petition. That Order was challenged before Hon'ble Supreme Court of India through Special Leave Petition (C) No.2355-2356 of 2005, which was dismissed on grounds of Delay by Order dt. 10/1/2014. That Order was further challenged through Review Petition (C) No. 1340-1341 of 2014 where Delay was Condoned, but the Review Petition was dismissed by Order dt. 15/10/2014. Against that, the Complainant has filed Curative Petition (C) No. 188-189 of 2020, which is pending before Hon'ble Supreme Court of India.

2. To simplify the above-mentioned dispute pending before Hon'ble Supreme Court of India, it is about the validity of Sec. 32G ownership of Mr. Mahadeo Kondiba Korde being owner of the full portion his land. In worst-case scenario, even if Hon'ble Supreme Court of India dismisses the Curative Petition then pursuant to Order dt.15/10/2014 passed by Hon'ble Supreme Court of India Read With Order dt.27/7/1999 passed by Hon'ble High Court of Bombay, Sec. 43A of TENANCY ACT applied to this land, which means that the Complainant i.e. legal heir of Mr. Korde keeps the possession of full portion of the disputed land as tenant and in conjunction to that, pursuant to Notifications issued pursuant to Sec.43A of TENANCY ACT, the Complainant is entitled to become owner of half portion of the disputed land. In other words, if Complainant wins the battle in

Hon'ble Supreme Court of India then Mr. Korde is owner of full portion of the disputed land and if the Complainant loses then Complainant is entitled to be owner of half portion of the land. And in both scenarios i.e. win or lose, Complainant keeps possession of the entire land. Therefore, dispossessing the Complainant out of the disputed land and the disputed land being included in the IFC project is bad in law.

3. Meanwhile of the above-mentioned dispute, after Hon'ble High Court passed order stating that Sec. 43A is applicable, the LANDLORD filed applications under Sec. 43A Read With Notifications before the Court of Tahsildar bearing Tenancy Case No. SR/70B/2415/2000 and Tenancy Case No. SR/70B/3/2003 to seek possession of land for bona-fide personal cultivation by himself. Although Sec. 43A is subject to Sec. 31A and 31B, which means that landlord can claim only half of the land in possession of tenant, the Court of Tahsildar passed Order dt. 19/08/2004 stating that tenancy is terminated, name of tenant be deleted from the Record of Rights and possession of entire land be given to LANDLORD. Against that Order, the Complainant filed Tenancy Appeal No. 11/2004 before the Court of Sub Divisional Officer Haveli, which by Order dt. 31/03/2005 quashed Order dt. 19/8/2004. Order dt. 31/03/2005, which barred the LANDLORD from taking possession of the disputed land from the Complainant became Final, as it remains unchallenged till today. Therefore, there is no Order for taking possession of the farmland from Complainant till date.
4. After Hon'ble Supreme Court of India dismissed Special Leave Petition No. 2355-2356 of 2005 by Order 10/1/2014, LANDLORD and his family members (Consenting Parties) executed agreement to sale dt. 29/1/2014 bearing no. 1108/2014 registered in the Office of Registrar Haveli No.10 with the 6 LOCAL YOUTHS (Mr. Ajinkya Suresh Ghule (deceased), Mr. Ajay Balasaheb Bhosale (Kotwal), Mr. Pratul Rajendra Ghule, Mr. Ravindra Nivrutti Gaikwad, Mr. Vivek Ashok Wagh

(deceased) and Mr. Abhishek Kailas Ghule, who were all then aged: 23-26), for selling part of the Complainant's farmland admeasuring 1 Hectare 30 Are worth ≈INR 100,000,000 merely for INR 100,000. LANDLORD gave Power of Attorney of his rights in tenant/Complainant's entire land to Mr. Ajinkya Suresh Ghule (deceased), who was son of Mr. Suresh Ghule (then President of Nationalist Congress Party for Pune District and Director of Pune District Central Cooperative Bank), who had strong connects and influence over local Government Officers, which was needed for illegally grabbing Complainant's land in a sophisticated manner by misusing the local Government and Police machinery.

5. Mr. Ajinkya Suresh Ghule (deceased) acting as Power of Attorney holder of LANDLORD filed application dt. 11/2/2014 before the Court of Tahsildar Haveli bearing No.TAHAK/KAVI/92/14 for execution of (cancelled) Order dt. 19/8/2004 passed by the Court of Additional Tahsildar and ALT. Although this application is highly scandalous, because it is to execute Order dt. 19/08/2004 of taking possession of land from Complainant, which was set aside (cancelled) 10 years ago by (appellate) Court of Sub Divisional Officer Haveli by Order dt. 31/03/2005, yet in pendency of Review Petition before Hon'ble Supreme Court, without giving notice to Complainant, without giving necessary opportunity of hearing to Complainant, under political influence of the 6 youths by abusing his power and without having jurisdiction in the matter (as jurisdiction of the Court of Tahsildar Haveli had become obsolete when appellate Court had taken over the matter and quashed Order of Additional Tahsildar Haveli), the Court of Tahsildar Haveli illegally passed Order dt.8/05/2014 in that application bearing No. TAHAK/KAVI/92/14 stating that name of Mr. Mahadeo Koindba Korde as tenant is deleted from Other Rights Column in Record of Rights in suit land. And for making sure that the Complainant doesn't challenges that Order, its intimation was never served to the Complainant even when the Complainant was party in

the matter. And immediately 4 days later, the LANDLORD and his family members (Consenting parties) completed the agreement to sale and transferred part of Complainant's land admeasuring 1 Hectare 30 Are worth ≈INR 100,000,000 to the 6 LOCAL YOUTHS merely for ≈INR 100,000 by Sale Deed dated 12/05/2014 registered with the Sub Registrar of Haveli No. 06 with Serial No. 4746/2014. This transfer of land was in fact a reward/fee paid by the LANDLORD and his family members (Consenting parties) to 6 LOCAL YOUTHS for this illegal activity.

6. Although the above-mentioned Order dt. 8/5/2014 was merely for deleting the name of the Complainant's father from the record of rights, there was no specific Order for taking possession from the Complainant (as Order dt. 19/8/2004 granting possession to LANDLORD was quashed by appellate Court by Order dt. 31/3/2005 and Hon'ble Supreme Court by Order dt. 10/1/2014 only quashed validity of tenant's claim of ownership under Sec. 32G and Hon'ble Supreme Court did not pass Order for terminating tenancy or taking possession), yet LANDLORD and the 6 LOCAL YOUTHS misused Order dt. 10/1/2014 passed by Hon'ble Supreme Court of India and Order dt. 8/5/2014 passed by the Court of Tahsildar Haveli and using their political influence wrongfully pressured the local Government Officers and forcibly took possession of the Complainant's land on 31/5/2014 illegally through Circle Officer Hadapsar (Government) under Police protection. They did this even when they didn't obtain an Order for taking possession from tenant/Complainant, which is mandatory as per Sec. 29 of TENANCY ACT and it is a cognizable offence (criminal offence) pursuant to Sec. 81 of TENANCY ACT.
7. Although the LANDLORD and the 6 LOCAL YOUTHS forcibly and illegally took possession of Complainant's land on 31/5/2014, they left the house in the land for the Complainant, as its ownership was registered in Complainant's deceased father's name.

8. Within 3 months of this land grabbing, LANDLORD, his family members (Consenting parties) and 6 LOCAL YOUTHS vide Sale Deed dated 08/08/2014 registered with the Sub-Registrar of Haveli No. 03 at Serial No. 7159/2014, illegally sold 3 Hectare 20 Are area of Complainant's land to Manjri Horse Breeders' Farm Private Limited (MHBFPPL) for INR 190,000,000, of which the 6 LOCAL YOUTHS received INR 950,000,000, which was directly paid to them by MHBFPPL.
9. In this Sale Deed, it is mentioned that an area admeasuring 5 Are in the Complainant's land (total admeasuring 3 Hectare 25 Are) is not sold to the company, as it and the house on it is owned by Complainant's deceased father vide Grampanchayat house ownership Certificate bearing house number 371, registered ownership of which is in name of the Complainant's father.
10. In this sale deed dt. 8/8/2014, LANDLORD, his family members (Consenting parties) and the 6 LOCAL YOUTHS furnished fraudulent guarantees that no disputes were pending even when Review Petition (C) No. 1340-1341 of 2014 was pending before Hon'ble Supreme Court of India.
11. Pursuant to Sec.64 and Sec.84C of TENANCY ACT, the above-mentioned transfer of ownership of the Complainant's land to MHBFPPL is invalid and all money paid against such invalid transfer (INR 190,000,000) is liable to be forfeited/seized by Government.
12. In a short span of less than 3 months, by investing merely INR 100,000, the 6 LOCAL YOUTHS were remunerated whooping INR 950,000,000 for illegally grabbing Complainant's land by misusing local Government and Police machinery and by furnishing fraudulent guarantees, which could amount to contempt of Hon'ble Supreme Court of India.

13.MHBFPL disbursed INR 95,000,000 to the 6 LOCAL YOUTHS on 8/8/2014, which was around a month's time before the model code of conduct was invoked by the Election Commission for the 2014 Legislative Assembly elections in Maharashtra State, in which the father of the leader of these 6 LOCAL YOUTHS Mr. Suresh Ghule (father of Mr Ajinkya Suresh Ghule) was contesting. Therefore, if any of this money was cashed out and misused for election activities needs to be investigated.

14.The LANDLORD and the 6 LOCAL YOUTHS maintain that they took possession of the Complainant's land through Government (Circle Officer Hadapsar) as per Order dt. 8/5/2014 passed by the Court of Tahsildar Haveli, which was in turn an Order for execution of Order dt. 19/8/2004 passed by the Court of Additional Tahsildar and ALT Haveli, which allowed LANDLORD to take possession of farmland from the Complainant. However, since the appellate authority by Order dt.31/3/2005 has canceled this Order dt.19/8/2004, Order dt.8/5/2014 through which LANDLORD and 6 LOCAL YOUTHS forcibly took possession of disputed land from the Complainant, that Order dt.8/5/2014 appears to be scandalous. Moreover, Order dt.8/05/2014 is not for taking possession from the Complainant, because it is merely for deleting name of tenant Mr. Korde from the record of rights in the land and there is no specific Order for taking possession as mandated in Sec. 29 of TENANCY ACT, yet the Government (Circle Officer Hadapsar) acted unauthorized for unlawfully aiding the LANDLORD and 6 LOCAL YOUTHS for illegally grabbing the Complainant's land, which occurred in pendency of dispute pending before Hon'ble Supreme Court of India. Therefore, although LANDLORD and the 6 LOCAL YOUTHS took possession of the Complainant's land through the Government, it is unauthorized, illegal and highly scandalous.

15. Since the intimation of Order dt.8/5/2014 was not served upon the Complainant and local Government Authorities shooed him away whenever he went to request for documents pertaining how possession of his land was taken, the Complainant has filed application No. Tenancy/SR/6/2015 (within limitation prescribed in TENANCY ACT) before the Court of Tahsildar Haveli.
16. In pendency of the above-mentioned application before the Court of Tahsildar Haveli, in 2016 when the Complainant was ill due to heart disease and other illness, taking advantage of that situation, the LANDLORD and the 6 LOCAL YOUTHS illegally barged into the Complainant's house, demolished it and handed over possession of land bearing Complainant's demolished house to MHBFP. They did this illegally without any Court Orders.
17. The Court of Tahsildar Haveli allowed Complainant's application by Order dt.24/11/2017 stating that possession of the land be restored back to Complainant. However, that Order was quashed by Court of Sub Divisional Officer Haveli by Order dt. 22/3/2018.
18. The Complainant was suffering from heart disease and other illness had no knowledge of the order dated 08/05/2014 passed by Hon'ble Tahasildar Haveli. After somewhat recovery, the Complainant engaged different Advocates, inquired about the case, that time the Complainant came to know about order dated 08/5/2014. The Complainant then filed Tenancy Appeal No. 959/2018 before the Court of Sub Divisional Officer Haveli for challenging Order dt. 8/5/2014 and the Complainant has also filed Curative Petition (C) No.188-189/2020 before Hon'ble Supreme Court of India for challenging Order dt. 15/10/2014. Both these litigations are pending before the said Courts. The Complainant also filed complaint dt.26/12/2018 before the Commissioner of Pune Police for registering offences in this land grabbing in 2014 and illegal demolition of

Complainant's house in 2016. Although pursuant to Sec.81 of TENANCY ACT, possession taken without obtaining Order of possession from the Court of Tahsildar Haveli i.e. breach of Sec.29 of TENANCY ACT is a cognizable offence (criminal offence), Pune Police refused to register offences stating that these issues (land grabbing through Government Officers under Police protection without obtaining Statutory Orders from Court and two years later the demolition of house owned by Complainant) were Civil in nature (no criminal aspect) therefore, the Complainant should approach Civil Courts.

19.The Complainant filed Complaint No.99/2019 before Divisional Police Complaints Authority (DPCA), Pune against PI(Crime) D. S. Kumbhar of Hadapsar Police Station for failure of his duty failure to register offences (FIR). DPCA passed Order dt.23.10.2019 and dismissed the complaint stating that possession taken by the 6 local youths and landlord is not unauthorized as it was taken via Government (Circle Officer Hadapsar), dispute is Civil in nature and Curative Petition is pending before Hon'ble Supreme Court. Aggrieved with that Order and considering the fact possession was taken through the right channel (Circle Officer Hadapsar i.e. Government), but because Circle Officer Hadapsar has acted unauthorized (as there is no Order for taking possession) for aiding the 6 local youths and landlord in the said land grabbing and 2 years later, the Complainant's house was unauthorisedly entered and demolished by the 6 local youths and landlord, since all that is definitely not Civil in nature, the Complainant has filed Writ Petition (WPST/1859/2020(Stamp)), which is pending before Hon'ble High Court of Bombay.

20.In pendency of Curative Petition before Hon'ble Supreme Court of India and Tenancy Appeal before the Court of Sub Divisional Officer Haveli, MHBFP signed Development Agreement dt. 8/8/2019 through which, MHBFP created third party interests in Complainant's

farmland by executing Development Agreement dt.08/08/2019 bearing no. 14388/2019 registered in the Office of Sub-Registrar Haveli No 11 in favor of Joyville Shapoorji Housing Private Limited (JSHPL), which is a special purpose subsidiary of Shapoorji Pallonji Company Limited (SPCL) wherein the Complainant's land was amalgamated along with MHBFP's other lands to form a larger project property for developing and selling affordable housing units by JSHPL. International Finance Corporation (IFC), which is a Member of the World Bank Group owns 12.875% of JSHPL, which via project called Joyville Hadapsar Annex is developing and selling housing units in Complainant's farmland.

21. JSHPL acting as Power of Attorney Holder of MHBFP secured Building Permission and Commencement Certificate dated 27/02/2020 issued by Pune Metropolitan Regional Development Authority (PMRDA) bearing No. DP/BHA/MOU.Shewalwadi/S.No 6/1 and others/PRA KRA 219/19-20, which includes Complainant's land and the 5 Are land bearing Complainant's house (which is owned by the Complainant, as it was not sold to the Company vide Sale Deed dated 08/08/2014) and on the basis of this Building Permission and Commencement Certificate, parts of the Complainant's lands are transferred to PMRDA for building amenity space and roads for public and in exchange of that transfer of parts of Complainant's land, PMRDA has given premium FSI (premium/2-times transferrable building permission) to MHBFP, which is being utilized by JSHPL for development in adjoining lands including Sector 1 of development plan (Joyville development footprint), which are owned by MHBFP. Whereas some part of the Complainant's land is also included in the EWS (Economic Weaker Section) Sector of the project (without this EWS Sector in Complainant's land, the development in other parts of the project land including Sector 1 is not possible, hence since all lands have been amalgamated together to form a larger project property, all sectors of this project are correlated and they can not be segregated for JSHPL's

convince, as JSHPL is wrongfully stating that the Complainant's land does not fall under Sector 1 i.e. Joyville development footprint, which is for the benefit/profit of IFC). Surprisingly, the Building Permission and Commencement Certificate of this project also include land bearing Complainant's demolished house. Since this house was never sold to MHBFP (as it is not included in any of the Sale Deed dated 08/08/2014) and it is registered in Complainant's deceased father's name, how did JSHPL manage to include the land of the house (which is not owned by them) in the development plan? That raises deep concerns about corruption and overall conduct of JSHPL and SPCL.

22. By selling housing units in Complainant's land and/or by selling housing units in adjoining lands that are built using the premium FSI (building permission) obtained by transferring parts of the Complainant's land to PMRDA, MHBFP and SPCL have played mischief with the Courts; and JSHPL and PMRDA is being used as a medium to wrongfully dispose off Complainant's farmland for evading/circumventing the process of justice, which is pending before Hon'ble Supreme Court of India through Curative Petition (C) 188-189 of 2020 and Tenancy Appeal No. 959 of 2018, which is pending before the Court of Sub Divisional Officer Haveli.

23. Again in the worst case scenario, if Complainant loses the legal battle, which is pending before Hon'ble Supreme Court for validity about Sec. 32G Statutory ownership of full of his farmland then pursuant to Sec.43A of the TENANCY ACT Read With Notifications, the Complainant is still entitled to become Statutory owner of half portion of his farmland and in both scenarios (win or lose), the Complainant keeps possession of the entire farmland. In future, even if the landlord claims possession of the Complainant's land under Sec.43A Read With Notifications (which he can do only for purposes of cultivating the land and exclusively for subsistence purposes, and not for selling the land to 3rd parties) and since Sec.43A Read With Notifications is subject to

Sec.31B, landlord can claim possession of only half portion of Complainant's land, not full portion, under any circumstances. Thus, taking possession of the entire land and dispossessing the Complainant is bad in law.

24. Furthermore, regardless of the outcome of the dispute for validity of Sec. 32G ownership of Complainant pending before Hon'ble Supreme Court of India, pursuant to Sec. 64 of TENANCY ACT, **all sale agreements i.e. transfer of rights in Complainant's farmland made so far** including any future sales of affordable housing units in Complainant's farmland **is invalid**. Pursuant to Sec.84C(3)(b) of Bombay Tenancy and Agricultural Lands Act, ***"the amount which was received by the transferor as the price of the land shall be deemed to have been forfeited to the State Government and it shall be recoverable as an arrear of land revenue"***. Hence, all money paid in the sale/transfer agreements in suit land is liable to be forfeited/seized by the Government. **Eventually, the IFC funds disbursed in Complainant's farmland and the hard earned money of prospective buyers of this IFC sponsored project for affordable housing units built in/using Complainant's farmland could be at a risk of being seized by the Government.**

25. Although Complainant's farmland ($\approx 32,375$ Sq. Mtrs.) covers substantial part ($\approx 19\%$) of total land ($168,800$ Sq. Mtrs.) included in the FSI (building permission) of the project, MHBFPPL is party to Tenancy Appeal No. 959 of 2018 before the Court of Sub Divisional Officer Haveli, Notice of which was delivered to MHBFPPL on 14/1/2019 and Notice was also published in Daily Prabhat Newspaper on 26/3/2021, yet JSHPL has failed to disclose the pending litigations of the Complainant in the mandatory disclosures in MAHARERA (Maharashtra Real Estate Regulatory Authority) portal. Furthermore, the 'Title Certificate' dt. 12/03/2020 issued by DSK Legal i.e. the Project Attorneys has also failed to mention Complainant's litigations.

Hence, prospective homebuyers of the affordable housing units of this IFC sponsored project are being deceived by JSHPL/SPCL.

26. The Complainant also argued that the construction of high-rise buildings and associated infrastructure on his land could cause land subsidence and could cause irreparable damage to the environment due to presence of a water body (*Odha* i.e. natural stream of water), which has been used since many decades for irrigation purposes and parts of farmland surrounding the *Odha* (natural stream of water) was used for cultivation of rice. How did JSHPL get building permission on *Odha* is also big question mark?
27. Aggrieved with the irregularities and wrongs mentioned regarding the Building Permission and Commencement Certificate of this project, the Complainant has filed Regular Civil Suit No.185/2022 before Civil Court Senior Division Pune, which is pending.
28. Furthermore, the Complainant also pointed out that this project is for affordable housing, yet JSHPL is selling the housing units at the market rates in that area.
29. Considering the aforementioned, it is evident that MHBFPCL and SPCL intended to include Complainant's land in this project by hook or crook, the compliance has failed, prospective homebuyers of this IFC sponsored project are being deceived, IFC funds and hard earned money of the prospective home buyers is probably at risk of being seized/forfeited by the Government, mischief is being played with the Courts for evading/circumventing the process of justice, which is pending before Hon'ble Supreme Court of India and Court of Sub Divisional Officer Haveli; and PMRDA and JSHPL/IFC are being used as medium to wrongfully dispose off Complainant's farmland in a very sophisticated, but highly wrongful and unethical manner without having any fear of law.

30. Since IFC owns 12.875% shares in JSHPL and one of IFC Officers: Mr. Subrata Dutta Gupta is Director in JSHPL, IFC is directly liable for the wrongful acts of JSHPL.
31. The Complainant also indicated to Office of the Compliance Advisor Ombudsman (CAO) for IFC and MIGA (Members of the World Bank Group) that he believes that IFC failed to carry out its due diligence when investing in the project and that IFC should investigate the land acquisition carried out by its client. The Complainant informed CAO that he has been receiving external pressures and threats to withdraw his case from the court and with the CAO, and that he fears for personal safety of his family members and him.
32. The Complainant has filed a complaint with CAO requesting that the overall conduct of JSHPL and IFC in this project be investigated, this IFC sponsored project be cancelled and the IFC investment in SPCL/JSHPL be withdrawn.

Annex 2: IFC Management Response

INTERNATIONAL FINANCE CORPORATION

**MANAGEMENT RESPONSE
TO THE CAO COMPLAINT
ON**

**Shapoorji Pallonji Affordable Housing
(PROJECT #34628)**

Report Date: November 2, 2021

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
CAO	Compliance Advisor Ombudsman
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
EWS	Economically Weaker Sections
FSI	Floor Space Index
GRM	Grievance Redressal Mechanism
IFC	International Finance Corporation
MHB	Manjri Horse Breeders Private Limited
MTAL Act	Maharashtra Tenancy and Agricultural Lands Act, 1956
PS	Performance Standards
SPCPL	Shapoorji Pallonji Company Private Limited (the Sponsor)
US\$	United States dollar

EXECUTIVE SUMMARY

Background

- i. International Finance Corporation (“IFC”) and the Compliance Advisor Ombudsman (“CAO”) received an environmental and social (“E&S”) complaint in December 2020 against Joyville Shapoorji Housing Private Limited (“Joyville”, “Client”), a company established to create an affordable housing platform (the “Project”). The complaint relates to one of the five sub-projects under development, located in Manjri, Pune, India (“Manjri sub-project”). IFC committed US\$35 million equivalent¹ in a structured equity investment to the Project in 2015, of which US\$20 million equivalent has been disbursed to date, including US\$3.5 million to the Manjri sub-project.
- ii. The complainant claimed that the Manjri sub-project is being built on land that has been the subject of a lengthy legal dispute. The dispute concerns approximately 8 acres (3.2 hectares) of land (“Disputed Land”) which the complainant alleges was forcibly taken from them, prior to being sold to the current owner, Manjri Horse Breeders Private Limited (“MHB”). The complainant also alleged that the case in relation to the Disputed Land is currently pending before the Supreme Court of India, and that the Manjri sub-project does not mention the ongoing litigation in its advertisements to future buyers. Further, the complainant alleges that the Manjri sub-project is being built above a stream, which could lead to irreparable environmental damage, and cause land subsidence and infrastructure collapse. After submission of the complaint, the complainant also reported to IFC and CAO allegations of receiving external pressures and threats to withdraw their case from the court and CAO, and fears for their safety and that of their family members. CAO found the complaint eligible on December 23, 2020. Subsequently, during engagement with CAO, the complainant alleged that, although they were dispossessed of the land, the house located on the land remained in the complainant’s ownership. However, the complainant informed CAO that the house was demolished two years later. The complainant maintains that the part of the land bearing their demolished house was illegally included in the project announced by the Client.
- iii. IFC Management recognizes the important contribution of complainants in bringing issues to light and of CAO for its engagement with this case. IFC takes E&S concerns in relation to its projects very seriously, in particular, any reprisal allegations. Since receipt of the complaint, IFC has engaged with the Client and CAO to understand the issues raised and explore a possible resolution. During the engagement process, IFC also reviewed relevant documentation and undertook an independent, external legal assessment of the title dispute and is presenting its early and initial response to the issues raised by the complainant to CAO.

Review of the complainant’s concerns

- iv. *Land title dispute.* The 8 acres have been the subject of a legal dispute since the mid-1950s, when the complainant’s father, the tenant, sought to obtain ownership of the Disputed Land under a land law enacted in 1956. This law entitled a tenant to purchase the land from the landowner after following due procedure, but the law also provided certain exceptions to this

¹ Exchange rate of INR62 to US\$1 used for conversion of amounts for the year 2015 and an exchange rate of INR75 to 1US\$ used for conversion of all other amounts in subsequent years.

rule. The rulings by the Supreme Court of India in January and October 2014, which rejected the petitions filed by the complainant's family, confirmed the erstwhile landowner (i.e. the landowner from who MHB acquired the land) as the legal titleholder. The erstwhile landowner then sold the land along with a vacant building structure to MHB in August 2014, which subsequently entered into a development rights agreement with the Client for the Manjri sub-project in August 2019. MHB refutes the complainant's claim on dispossession of a house and stated that it received peaceful possession of land and a vacant building structure owned by the erstwhile landowner. The complainant has lodged a further petition with the Supreme Court which was registered in August 2020, and is still pending and yet to be heard.

- v. The Disputed Land (about 8 acres) and the Manjri sub-project land (21 acres) are part of a larger 42 acre development undertaken by MHB.² The Disputed Land does not physically overlap with the 21-acre parcel to be used for the Manjri sub-project housing but is part of the 9 acre land that has been earmarked for developing public amenities and housing for the economically weaker section ("EWS") buildings. No sub-project housing units will be built on the Disputed Land. However, the Manjri sub-project will utilize the Disputed Land's development area potential³ to construct the sub-project housing. While the Manjri sub-project is utilizing the development area potential of the Disputed Land, it is not dependent on the Disputed Land for execution of the Manjri sub-project.
- vi. *Environmental impacts.* After receipt of the complaint, IFC engaged with the Client and reviewed extensive documentation and photos related to the Manjri sub-project layout, including the location of water bodies in the broader vicinity. There are two water streams – one a natural drainage channel and the other an unlined canal flow outside of the northern and southern boundaries, respectively, of the total 42-acre layout. IFC determined, as part of its initial assessment, that the Manjri sub-project development would not encroach on or obstruct the flow of these two surface water streams since they are located outside the Manjri sub-project layout. Hence, the risk of land subsidence and infrastructure collapse is not anticipated.
- vii. *Retaliation.* In December 2020, after receipt of the complaint, as part of its early response, IFC shared with the Client its *Position Statement on Retaliation Against Civil Society and Project Stakeholders*⁴ and clearly articulated IFC's zero tolerance for clients resorting to retaliation towards project stakeholders who voice concerns associated with IFC projects. In April 2021, CAO communicated to IFC that the complainant had reported to CAO allegations of external pressures and threats to withdraw their case from the court and CAO, and that they

² MHB is developing 42 acres of land of which (i) Joyville, through the Manjri sub-project, has development rights on 21 acres; (ii) per law, 6 acres have been handed over to local authorities for building public amenities; (iii) per law, 3 acres will be used to construct EWS housing and (iv) the balance 12 acres will be used for future development by MHB.

³ Any land parcel, per law, is permitted to construct a certain amount of floor area (development area potential or FSI). As such, the 42 acre land parcel is permitted to build a certain FSI on the land. Since 6 acres have been handed over to the local authorities and 3 acres will be utilized for EWS housing, the 21 acre Manjri sub-project will utilize the permitted FSI of these land parcels (for EWS and amenities) to build housing on the 21-acre Manjri sub-project land. While the Manjri sub-project does therefore depend on the Disputed Land to build the requisite area, FSI can also be taken from other land parcels in case these lands are not available. The Sponsor does have other alternate land parcels available in the vicinity.

⁴ https://www.ifc.org/wps/wcm/connect/ade6a8c3-12a7-43c7-b34e-f73e5ad6a5c8/EN_IFC_Reprisals_Statement_201810.pdf?MOD=AJPERES

fear for their safety and that of their family members. After confirming that the complainant did not request confidentiality, IFC engaged with the Client in relation to the reprisal allegations communicated through CAO. In response, the Client reaffirmed to IFC that the Sponsor was fully committed to transparency and fairness and did not engage in such retaliatory actions. The Client noted that a Grievance Redressal Mechanism (“GRM”) was available in each of the sub-projects undertaken by Joyville, and any unethical behavior towards community members can be reported to the GRM. The Client stated that it would cooperate with any police investigation if the complainant preferred to make a police complaint in this regard. The complainant has neither approached the Client nor utilized the Manjri sub-project GRM process to register their concerns/complaints.

Conclusions

- viii. As part of its initial and immediate assessment of the complaint with regard to the Manjri sub-project’s legal and E&S aspects, which involved independent legal analysis of the title dispute and a review of the E&S documentation against the requirements of IFC’s Performance Standards (“PS”), IFC’s preliminary opinion is that:
- Appropriate E&S safeguards were integrated in the Project investment agreement and the Manjri sub-project is in compliance with the requirements of the Project investment agreement and the relevant IFC PS.
 - IFC PS 5 was assessed as not applicable to the Manjri sub-project, since, inter alia, the entire 42-acre layout was vacant, free of encumbrances, with no physical or economic displacement risks or impacts per independent risk screening reports; MHB was in clear possession, following voluntary negotiated land transactions, including with the landowner of the Disputed Land; the Client followed due process to determine land title, as required in the Project agreements; and the independent legal analysis of land records by IFC’s external counsel does not support the complainant’s claim to title of the Disputed Land.
 - Even though IFC PS 5 was assessed as not applicable for the Project, IFC included potential land acquisition issues as one of the key E&S risks in the investment, given the context and complexities around land resources. IFC accordingly defined corresponding risk mitigation measures in the E&S Action Plan (“ESAP”) for the Project.
 - The current land owner, MHB, refutes the complainant’s claim on dispossession of the house on the Disputed Land and has stated that it received peaceful possession of land and a vacant building structure owned by the erstwhile landowner.
 - The Manjri sub-project does not appear to result in environmental damage to any water stream for the reasons noted above.
- ix. The Client has communicated to IFC that it welcomes project stakeholders bringing forward their concerns and has confirmed to IFC that, despite the complainant’s allegations, it has not engaged in any retaliatory action. IFC will continue to work with the Client to facilitate stakeholders having access to a mechanism to confidentially voice their concerns and have them adequately acknowledged and addressed. Any future disbursements for other sub-projects will continue to be subject to satisfactory legal and E&S due diligence including land

title due diligence and review of these sub-projects' alignment with IFC PS. Based on the experience gained from this CAO complaint, IFC has been emphasizing to the Client about assessing social risks and impacts comprehensively even if the land parcels are acquired through negotiated settlements. Accordingly, the E&S screening and due diligence process for the upcoming subprojects (post this complaint) have laid additional focus on assessing involuntary resettlement impacts (physical and/or economic), if any, to informal occupiers and land users or involuntary restrictions on land use or access to traditional or natural resources, due to land acquisition through negotiated settlement with the erstwhile land owners. In this respect, in the upcoming sub-projects, the Client has been guided to strengthen the stakeholder consultation process to identify such social risks.

I. INTRODUCTION

1. On December 8, 2020, IFC received an email from an individual (“the complainant”) regarding an ongoing dispute about 8 acres (3.2 hectares) of land (“Disputed Land”) pertaining to a sub-project of Joyville Shapoorji Housing Private Limited (“Joyville”, “Client”) in Manjri, Pune, India (“Manjri sub-project”). The Manjri sub-project is one of five sub-projects being developed under an affordable housing platform (“the Project”) established by the Client. As described in more detail under Section III below, on the same date, the complainant also contacted Compliance Advisor Ombudsman (“CAO”), which found the complaint eligible on December 23, 2020.

2. The complainant raised concerns relating to: (i) title to the Disputed Land, alleging that the land was forcibly taken from the complainant’s family prior to being sold to the current owner, Manjri Horse Breeders Private Limited (“MHB”); and (ii) an allegation that the Manjri sub-project was being built above a watercourse, which could lead to irreparable environmental damage. In subsequent communications with IFC and CAO, the complainant also made allegations concerning (iii) reprisals, that is, verbal threats made to the complainant and their family, and expressed fears of surveillance; and (iv) dispossession and demolition of a house on the Disputed Land and illegal use of the land by the Manjri sub-project.

II. THE PROJECT

A. Project Background

3. In June 2015, IFC committed to investing US\$35 million equivalent by way of a structured equity investment in Joyville, an entity promoted by Shapoorji Pallonji Company Private Limited (SPCPL, the “Sponsor”) to develop affordable housing projects (“Project”). It was envisaged that Joyville would develop up to 25,000 residential units across 10 affordable sub-projects over its life of 8 years, for an overall commitment to invest up to US\$200 million.

4. As of today, Joyville has five active sub-projects in (i) Manjri⁵ (Hadapsar Annexe), Pune; (ii) Hinjewadi, Pune; (iii) Virar, Mumbai; (iv) Howrah, Kolkata; and (v) Gurugram (Gurgaon), Haryana. The complaint relates to the sub-project in Manjri, Pune. As of September 2021, the Sponsor and investors have invested US\$116 million equivalent in Joyville. IFC has disbursed US\$20 million equivalent to date.

5. **Manjri Sub-Project:** The Manjri sub-project is part of a larger 42-acre layout (see Figure 1 below), of which the Client has acquired the rights to develop residential housing for 21 acres of land from MHB, the current owner. In accordance with local regulations, about 6 of the remaining acres were transferred (handed over) to the local authorities to develop public amenities in February 2021 and another 3 acres will be utilized for constructing housing for the economically weaker section (“EWS”). The Disputed Land is part of the land parcel in the 42 acre layout that has been earmarked for amenities and EWS housing. The balance of the land (about 12 acres) will be used for future development by MHB.

⁵ Also spelled Manjari

6. **Scope of IFC Funding:** IFC made three disbursements to Joyville to be utilized for the Manjri sub-project between August 2019 and March 2020 totaling US\$3.5 million equivalent.

7. No physical construction of Manjri sub-project housing units for sale (not including EWS) will take place on the Disputed Land, although the Manjri sub-project does utilize the development area potential of the Disputed Land to increase its permissible development area (specified in terms of FSI). The feasibility of the Manjri sub-project is nevertheless not dependent on the Disputed Land parcel as alternate land parcels could be available for the development of amenities and building of EWS and the Manjri sub-project can utilize the development area potential of these land parcels for the Manjri sub-project. The Manjri sub-project launched the sale of residential units in August 2020 and construction commenced in January 2021.

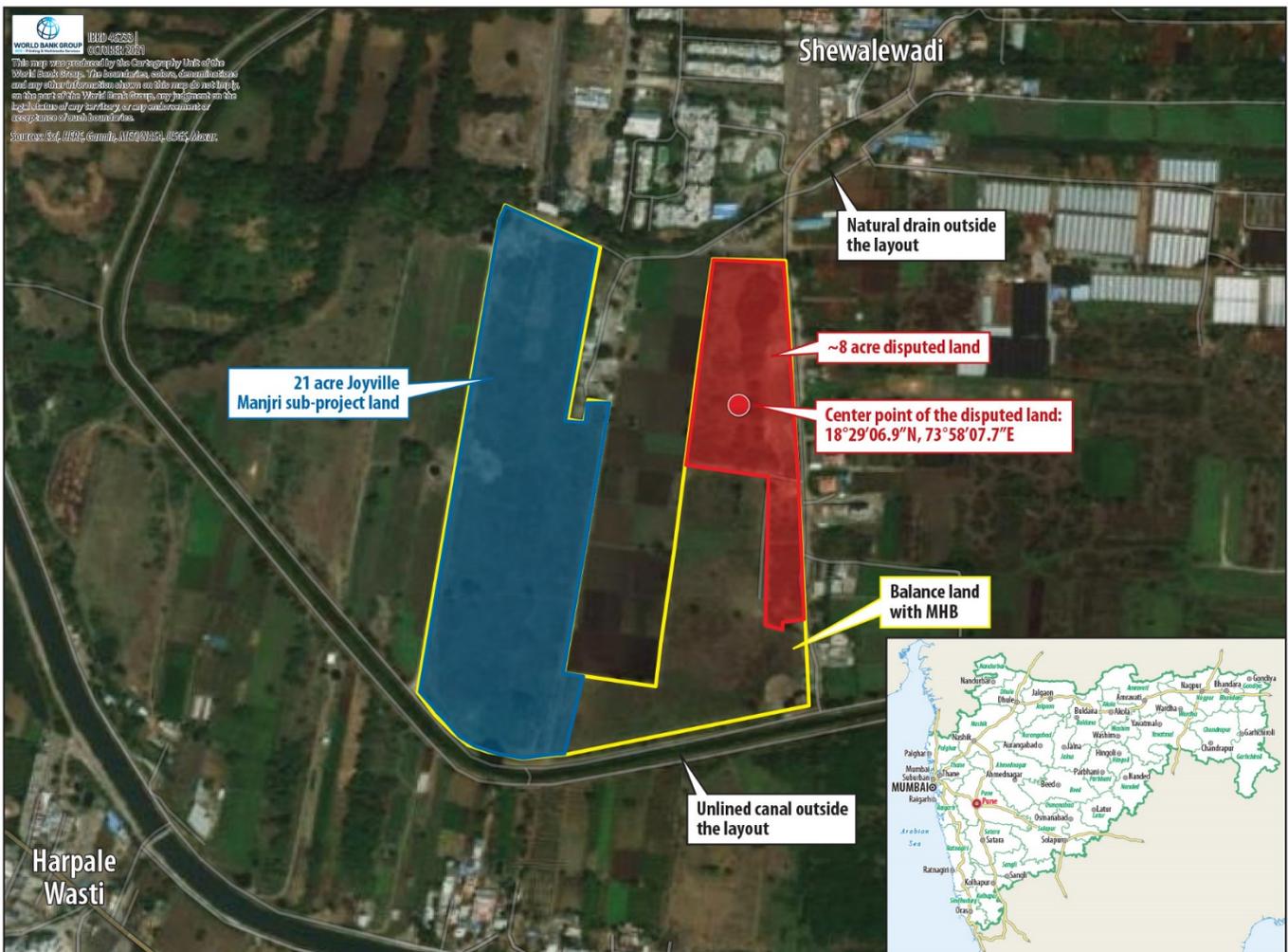


Figure 1: Manjri Sub-Project Location map showing “Disputed Land” parcel in larger layout (not to scale).

B. Project Purpose

8. The Manjri sub-project is expected to provide affordable housing units of 2.3 million square feet (over 2,700 units) over the 21-acre land parcel over the next 2-3 years in line with the overall investment objective. In addition, 250,000 square feet, or approximately 360 units of EWS housing will be constructed by Joyville, and public amenities will be developed by the local government authorities as outlined above.

C. IFCs Environmental and Social Appraisal Process & Outcomes at Project Level

9. As part of IFC's appraisal of the Project, in June 2014, IFC's environmental and social ("E&S") review included appraising the land purchase process and associated risks. Site visits were made to three randomly chosen construction sites in India managed by the Sponsor's affiliate construction company. IFC's process of environmental and social categorization of the Project resulted in "Category B", reflecting the Project's magnitude of risks and impacts, per IFC's Policy on Environmental and Social Sustainability. IFC Performance Standards ("PS") 1 through 4 were assessed to be relevant. The Environmental and Social Review Summary was disclosed⁶ in November 2014 and IFC committed the Project in June 2015.

10. The Sponsor, directly or through its affiliated companies, proposed to purchase the land required for the Project through voluntary negotiated transactions directly from the landowners on a willing buyer-willing seller basis. Thus, per Clause 6 of IFC's PS 5 (*Land Acquisition and Involuntary Resettlement*), requirements of PS 5 were not considered applicable to the investment. Nonetheless, given the context and complexities around land in India, IFC included potential land acquisition issues as one of the key E&S risks in the investment and accordingly defined corresponding risk mitigation measures as summarized below.

11. To screen, identify and manage/mitigate any land-related risks and impacts, four specific safeguards were integrated in the Project investment agreement in the form of E&S Action Plan ("ESAP") items. These were: (i) formulation of a Project-specific land acquisition policy; (ii) engagement of an independent, third-party consultant to conduct a land-purchase process review/audit for every sub-project proposed under the Project to verify their compliance with the Project land policy, IFC PS 5 and the safeguard requirements of the Asian Development Bank ("ADB") who is also an investor in the Project; (iii) requirement to share reports from the land-purchase process review/audit for IFC review post disbursement; and (iv) development and implementation of a community Grievance Redressal Mechanism ("GRM") for all sub-projects under the Project.

12. Accordingly, the Client formulated a Project-specific land policy and GRM by October 2015. The land policy had multiple commitments, of which the following were key:

- Purchase aggregated, non-agricultural, contiguous land parcels that are appropriately zoned and have at least one direct primary access;
- Ensure that at the time of purchase, the land is vacant and free from any claims, encumbrances, and adverse possession claims;

⁶ <https://disclosures.ifc.org/project-detail/ESRS/34628/spah>

- Purchase land on a willing buyer-willing seller basis without any concern (for the seller) of expropriation;
- Not purchase land where any of the landowners are expected to be involuntarily displaced, either physically or economically;
- Undertake due diligence and audits on the practices followed by the land aggregators; and
- Undertake due diligence on land acquisition, including title due diligence, to confirm the flow of title for a minimum period of 30 years preceding the purchase.

13. Additionally, per its E&S management system requirements, the Client was to commission independent E&S risk screening studies for every sub-project proposed under the Project as part of planning phase studies and share the same with IFC for review prior to disbursement requests. The Client has complied with this requirement in all sub-projects to date. IFC reviews and disburses only after ensuring that all E&S risk issues identified in the screening documents are mitigated in compliance with IFC PS requirements.

III. CAO COMPLAINT

14. CAO received the complaint in December 2020 and found it eligible later that month. During CAO's assessment in March 2021, the Client and the complainant could not reach consensus on pursuing a dispute resolution process, and thus the complaint was automatically transferred to the CAO compliance function, per CAO's Operational Guidelines effective at the time. The key issues/concerns raised by the complainant to IFC and CAO are elaborated below.

A. Concern #1: Land Title Dispute

15. The complainant alleged that the farmland of their family, i.e., the Disputed Land, was forcibly and illegally taken from them and sold to a company to build and sell affordable housing units in August 2014. The complainant, whose father had originally leased the land nearly 70 years ago, was in a longstanding legal dispute with the erstwhile owner of the land. A lengthy legal process reached the Supreme Court of India in 2004. Later during their engagement with CAO, the complainant alleged that although they were dispossessed of the land, the house located on the land remained in the complainant's ownership. The complainant indicated that after they lost the land and had to engage in legal proceedings to regain access to the land, the complainant's health deteriorated. The complainant informed CAO that the house was demolished two years later. The complainant maintains that the part of the land bearing their demolished house was illegally included in the project announced by the Client.

16. The complainant alleged that while the dispute was still pending before the Supreme Court, the erstwhile landowner sold the Disputed Land to MHB, the current owner. The complainant also alleged that the case in relation to the Disputed Land is currently pending before the Supreme Court of India, and that the Manjri sub-project does not mention the ongoing litigation in its advertisements to future buyers. The complainant requested that IFC withdraw its support from the Manjri sub-project.

B. Concern #2: Environmental Impacts

17. The complainant alleged that a small portion of the Disputed Land contained an “odha” (natural stream/waterbody) as inferred from the “potkharaba” (uncultivable land) land-use description. They alleged that if the Project were to build on top of this underground water source, it could lead to irreparable environmental damage, and cause land subsidence and infrastructure collapse.

C. Concern #3: Retaliation

18. In April 2021, separately from the initial complaint, the complainant informed CAO that they started receiving external pressures and threats to withdraw their case from the court and the CAO, and that they feared for their safety and that of their family members.

IV. MANAGEMENT RESPONSE

19. Following receipt of the complaint, IFC, as part of its immediate and initial response, actively engaged with the Client and the other investors to discuss the issues raised; it also worked with the Client to identify any gaps related to IFC PS implementation. During this engagement process, IFC held multiple review meetings with the Client; requested and reviewed relevant documentation since December 2020; and engaged external legal counsel to undertake an independent legal assessment of the merits of the case between January and April 2021. Based on these actions, IFC’s understanding of the specific issues raised and its response are detailed in the following sections.

A. Concern #1: Land Title Dispute

20. ***Background to the land title dispute:*** Based on the complaint and the independent legal assessment carried out by external legal counsel, IFC understands that the complainant’s father became a tenant on the Disputed Land in 1952. Under the provisions of the Maharashtra Tenancy and Agricultural Lands Act, 1956 (“MTAL Act”), a person who was a tenant on April 1, 1957 was entitled to purchase the land from the landowner at a purchase price to be fixed by the concerned authority after following the procedure in the MTAL Act. However, the MTAL Act also provided certain exceptions to this rule, including cultivation of specific crops and breeding of livestock, which would allow the owners to retain title. The erstwhile landowner claimed exception under this provision and sought to retain ownership of the Disputed Land. The complainant’s family disputed the erstwhile landowner’s claim, which resulted in a lengthy legal process. Table 1 below provides a brief timeline of the land dispute and transactions related to the relevant 21-acre parcel up to December 2020, when the CAO complaint was received.

Table 1: Brief timeline

Timeline	Event Description
1952-53	The complainant's father acquired leasehold rights and was recorded as a tenant of ~8 acres of land, (i.e., Disputed Land) owned by the erstwhile landowner.
1957	Under MTAL Act provisions, the complainant's father claimed ownership of tenancy land which was disputed by the erstwhile landowner.
1957–1986	The complainant's father and the erstwhile landowner legally contested their respective claims in government forums such as Office of Additional Tahsildar (local revenue authority), Sub-Divisional Officer, and Maharashtra Revenue Tribunal.
1986–1999	The erstwhile landowner filed a writ petition in the Bombay High Court in 1986. In July 1999, the Bombay High Court ruled that the Disputed Land was used for cultivation of sugarcane and/or betel leaves as per the evidence produced and therefore the erstwhile landowner was allowed the benefit of exemption under the MTAL Act, and the rights of the tenants, i.e., the complainant's family, were dismissed.
2000–2002	The complainant's family filed a review petition with the Bombay High Court in 2000, which was rejected in February 2002. Based on the High Court judgement, the local land authority granted possession of the Disputed Land in favor of the erstwhile landowner and rejected all the claims of the complainant's family under the provisions of the MTAL Act.
2005 – January 2014	In 2005, the complainant's family filed a special leave petition in the Supreme Court of India against the Bombay High Court judgement. The petition was rejected by the Supreme Court in January 2014.
May 2014	Based on the Supreme Court judgement, the Tahsildar rejected all the claims of the complainant's family in respect of the Disputed Land, deleted the name of the complainant's family as the tenant from the revenue records and pursuant to this order, the possession of the Disputed Land was transferred to the erstwhile owner of the Disputed Land.
August 2014	In August 2014 after having secured the land title through the process outlined above, the erstwhile landowner sold the Disputed Land to MHB in a voluntary market transaction.
October 2014	The Supreme Court rejected the complainant's family's review petition filed against its January 2014 judgment.
January 2019– August 2019	The Client commissioned separate, independent E&S and legal due diligence of MHB's 42-acre layout and entered into a development rights agreement with MHB in August 2019.
August 2019	IFC first disbursed funds for the Manjri sub-project, with subsequent disbursements in March 2020. To IFC's knowledge and based on due diligence, there were no pending legal disputes at that stage.
August 2020	The Client launched the Manjri sub-project marketing campaign after due approvals. The complainant's curative petition against its October 2014 judgment was registered with the Supreme Court on August 18, 2020. This petition is yet to be listed or heard by the court.
December 2020	The complainant submitted concerns about the Manjri sub-project to investors (IFC, ADB, among others) on December 8, 2020. On December 23, 2020, the CAO found the complaint eligible.

21. ***The Client's Due Diligence Process & Outcomes (January 2019 to March 2020):*** The Client entered into a development agreement with MHB on August 8, 2019 to acquire development rights over 21 acres of land that were part of the same 42-acre parcel where the Disputed Land was located. As part of the sub-project due diligence process and in line with its E&S management system requirements, the Client had commissioned an independent E&S risk screening study in April 2019, which confirmed that there were no E&S risks in respect of the land over which the Client proposed to acquire development rights.

22. An independent external legal due diligence process was also completed and a report on land title was provided to the Client in January 2019. The report stated that public notices were published in English and local language newspapers, inviting objections/claims in respect of the land parcels for which the Client proposed to acquire development rights for the Manjri sub-project. There were two objections received, but neither of them pertained to the parcels under consideration. The title report commissioned by the Client went on to confirm that MHB had clear and marketable title to the subject parcels.

23. The Client submitted the E&S and legal due diligence reports to IFC, along with confirmation from the Sponsor that the parcels were not subject to any dispossession risk. The Client did not highlight any pending litigation as part of its advertisements for the Manjri sub-project since there was no pending litigation in relation to the Disputed Land when the Client had launched its marketing campaign for the Manjri sub-project units, because the dispute had been resolved by the Supreme Court in January and October 2014.

24. ***IFC's E&S appraisal process and outcomes at Manjri sub-project (August 2019 to March 2020):*** After reviewing the reports shared by the Client, IFC invested in Joyville for the Manjri sub-project between August 2019 and March 2020. As part of its E&S due diligence, IFC ascertained that IFC PS 5 was not applicable to the Manjri sub-project for the following reasons, as documented in the E&S and legal due diligence documents:

- The entire 42-acre layout was vacant, free of encumbrances, with no physical or economic displacement risks or impacts and MHB was in clear possession.
- Title due diligence indicated 60 out of 62 land plots forming the 42-acre layout were aggregated/purchased by MHB in 2007 through voluntary and negotiated land transactions.
- The remaining 2 land plots were purchased in August 2012 (undisputed portion of land), August 2014 (Disputed Land portions) and October 2015 (small and remaining Disputed Land portion), again through voluntary and negotiated land transactions, after the judgment of the Supreme Court was rendered in January 2014.
- There were no pending legal disputes, claims or objections as of August 2019 and March 2020. Specifically, with regard to the Disputed Land, the last legal claim/dispute appeared to have been resolved with the rejection of the petition by the Supreme Court in October 2014.
- Public notices published by the Client in 2019 inviting objections, claims, or any rights whatsoever in respect of the Manjri sub-project land received no material or relevant objections.
- An independent E&S risk screening study commissioned by the Client in April 2019 did not identify any legacy claim, dispute, or evidence of formal/informal occupation or use of the Disputed Land parcel.

25. Following IFC's disbursements, the marketing campaign and apartment booking process were launched in August 2020 for the Manjri sub-project. In the same month, the complainant filed their second petition before the Supreme Court, which is still pending.

26. **Independent land purchase process review audit (January 2021):** The Client commissioned an independent land purchase process audit, in compliance with IFC ESAP requirements, in January 2021. The audit report documented that MHB purchased 62 contiguous land parcels to form the 42-acre layout from the respective landowners in a gradual manner between 2007 and 2014. The land purchase process was through voluntary negotiated land transaction with each of the 62 land parcel owners. The land compensation cost was negotiated based on the then-prevailing “Ready Reckoner Rate”⁷ in the market and the rates decided by farmer cooperatives bodies established in the nearby (Magarpatta) area. Landowners/land sellers were permitted to harvest the standing crops before handing over physical possession to MHB. The audit report concluded by stating that the requirements of IFC PS 5 in the Manjri sub-project were not applicable.

27. Based on the initial assessment of the complaint with regard to the legal and E&S aspects of the Manjri sub-project, IFC is of the opinion that the Manjri sub-project is in compliance with the requirements of the Project investment agreement and relevant IFC PS, and that IFC PS 5 is not applicable to the Manjri sub-project, as affirmed by the Client’s independent due diligence studies. The Client followed due process to determine land title, as was required in the Project agreements. Also, the legal analysis of land records by the independent external legal counsel engaged by IFC does not support the complainant’s claim that they hold title to the Disputed Land.

28. On the subsequent allegation raised by the complainant regarding dispossession of their house, MHB refutes the complainant’s new claim. IFC understands from the Client that that after the Supreme Court of India judgements in January and October 2014 which rejected the petitions filed by the complainant’s family and confirmed the previous landowner (i.e. the landowner from who MHB acquired the land) as the legal titleholder, the erstwhile landowner then sold the land along with a vacant building structure owned by them to MHB. According to MHB, this is documented in the purchase deed document dated August 8, 2014 and it took peaceful possession of land and the vacant building structure with no one residing inside the structure. IFC will continue to engage with the relevant stakeholders to ascertain the facts on this new allegation.

B. Concern #2: Environmental Impacts

29. After receipt of the complaint, IFC engaged with the Client and reviewed the E&S risk screening documents, the regulator-approved the Manjri sub-project layout drawings, location of the Disputed Land parcel in the overall layout, location of water bodies found in the vicinity, regulatory permits, and site photos. The review focused on identifying whether: (a) a water stream traverses through any portion of the 42-acre parcel; (b) any portion of land is identified as marshy or stream land in due diligence documents; and (c) any portion of the land or any development within the layout will encroach on or obstruct stream flow.

⁷ The Ready Reckoner, or Circle, Rate is the government’s estimate of minimum property values in various locations. The rate differs in every state, city and in different localities in those cities. Authorities determine the price of real estate in a particular locality, based on several factors. Based on these factors, a benchmark is set, below which no property transaction can take place in that particular locality. This benchmark is known as the Ready Reckoner/Circle Rate. It is the minimum price on which the government will charge stamp duty and registration fees.

30. The two water streams found in the vicinity of the 42-acre parcel flow adjacent to the northern and southern boundaries, respectively. The stream on the northern side is a small natural drainage channel, located well outside the layout. On the southern side, there is another unlined canal running about 50 meters from the boundary. Site photographs indicate that the unlined canal has earthen embankments on both sides, with access roads built on top.

31. The portion of the Disputed Land classified as “potkharaba” in the complaint refers to an uncultivable land type in the revenue record, and does not appear to have a relationship to the water courses.

32. ***Planning Phase Due Diligence Study and Regulatory Permits:*** The E&S due diligence study undertaken in April 2019 did not observe the presence of marshy land or a natural water stream flowing through any portion of the 42-acre parcel. The current land owner, MHB, has obtained appropriate residential land use permits and building/layout development permits, including environmental clearance for developing the entire 42-acre layout.

33. IFC determined that the Manjri sub-project development would not encroach on or obstruct the flow of these two surface water streams given that they are located outside the Manjri sub-project layout, as documented in the E&S risk screening report. Hence the risk of land subsidence and infrastructure collapse is not anticipated.

C. Concern #3: Retaliation

34. In December 2020, after IFC received the complaint, as part of its initial and immediate complaint response process, IFC shared with the Client its *Position Statement on Retaliation Against Civil Society and Project Stakeholders* and clearly articulated its zero-tolerance for clients resorting to retaliation towards project stakeholders who voice concerns associated with IFC projects. IFC also confirmed any requests for confidentiality with the complainant. The Client was requested to communicate the IFC Position Statement on Retaliation and an associated reprisals tip sheet among relevant internal stakeholders.

35. Subsequently in April 2021, CAO communicated to IFC that the complainant reported to CAO, allegations of external pressures and threats that they believed to be from people connected with the Sponsor to withdraw their case from the court and the CAO, and that they feared for their safety and that of their family members. After CAO relayed these concerns to IFC, IFC engaged with the Client again in April 2021 after verifying confidentiality considerations with CAO. In response, the Client reiterated that the Sponsor and its associated business entities were fully committed to transparency and fairness and did not engage in such retaliatory actions. The Client highlighted the fact that, per IFC investment agreement requirements, it had formulated and implemented a GRM in each of its sub-projects, covering grievances pertaining to land and compensation issues, among others, and aligned with PS 1. Any unethical behavior by the Client’s staff or its contractors towards community members is taken seriously and is eligible to be covered under the external stakeholder GRM. The Client stated that it would cooperate with any police investigation on this serious allegation if the complainant preferred to make a police complaint in this regard. The complainant has neither approached the client nor has utilized the Manjri sub-project GRM process to register their concerns/complaints.

36. As part of Project supervision, IFC continues to engage with the Client on the Project GRM process and to discuss opportunities to strengthen reprisal prevention measures, as outlined in IFC's *Good Practice Note for the Private Sector: Addressing the Risks of Retaliation Against Project Stakeholders*. Going forward, IFC will assess Project GRM's effectiveness in receiving and responding to complaints and verify the provisions to mitigate retaliation risks.

V. CONCLUSION

37. IFC remains committed to understanding and responding to stakeholder concerns. It takes the concerns raised by the complainant seriously and has assessed them in relation to the Project. Based on its initial assessment of the issues in terms of the Project's legal and E&S requirements, IFC is of the opinion that:

- Appropriate E&S safeguards were integrated in the Project investment agreement and the Client has completed all ESAP items to IFC's satisfaction;
- The Manjri sub-project is in compliance with the Project investment agreement requirements and IFC PS;
- The approach adopted by IFC to appraise the Manjri sub-project is aligned with IFC's internal E&S review procedures and no non-compliance has been observed in the Manjri sub-project appraisal process;
- IFC PS 5 is not triggered in the Manjri sub-project, as affirmed by the Client's independent due diligence studies;
- The Client followed due process to determine land title, as was required in the legal agreements. Also, the legal analysis of land records by independent external legal counsel engaged by IFC does not support the complainant's claim that they hold title to the Disputed Land, given that they have been unsuccessful in this claim through numerous legal channels up to the Supreme Court over the past several decades;
- The Manjri sub-project will not result in environmental damage to any water stream for the reasons noted above; and
- The Client has confirmed to IFC that it welcomes project stakeholders bringing forward their concerns and reiterated that the Sponsor and its associated business entities have not engaged in any retaliatory action. The Project has established a GRM in each of its sub-projects. Any unethical behavior by the Client or Project personnel or its sub-contractors towards community members is taken seriously and can be reported to the GRM.

38. IFC will continue to work with the Client to facilitate stakeholders having access to a mechanism to voice their concerns confidentially and have them adequately acknowledged and addressed. Any future disbursements for other sub-projects will continue to be subject to satisfactory legal and E&S due diligence including land title due diligence, and review of these sub-projects' alignment with IFC PS. Based on the experience gained from this CAO complaint, IFC has been emphasizing to the Client about assessing social risks and impacts comprehensively even if the land parcels are acquired through negotiated settlements. Accordingly, the E&S screening and due diligence process for the upcoming subprojects (since this complaint) have laid additional focus on assessing involuntary resettlement impacts (physical and/or economic), if any,

to informal occupiers and land users or involuntary restrictions on land use or access to traditional or natural resources, due to land acquisition through negotiated settlement with the erstwhile land owners. In this respect, in the upcoming sub-projects, the Client has been guided to strengthen the stakeholder consultation process to identify such social risks.

ANNEX 1: SUMMARY OF COMPLAINT AND MANAGEMENT RESPONSES

No	Complaint	Response
1	<p>The complainant’s farmland was forcibly and illegally taken from them and sold while litigation on this land is still ongoing.</p> <p>Later during their engagement with CAO, complainant alleged that although they were dispossessed of the land, the house located on the land remained in the complainant’s ownership. The complainant indicated that after they lost the land and had to engage in legal proceedings to regain access to the land, complainant’s health deteriorated. The complainant informed CAO that the house was demolished two years later. The complainant maintains that the part of the land bearing their demolished house was illegally included in the project area.</p>	<p>The complainant’s father became a tenant on the Disputed Land in 1952. Citing the provisions of the MTAL Act, 1956, the complainant's father claimed title ownership of the Disputed land, which was opposed by the erstwhile landowner. This resulted in a protracted legal dispute, which reached the Supreme Court of India in 2014. In January and again in October 2014, the Supreme Court dismissed the petitions filed by complainant’s family. Based on the Supreme Court’s January 2014 order, the local land authority rejected the claims of the complainant’s family in respect of the Disputed Land in May 2014. In August 2014, after having secured the land title the erstwhile landowner sold the Disputed Land to MHB in a voluntary land transaction, which has had possession of it since then.</p> <p>Five years later, in 2019, the Client entered into a development agreement with MHB to acquire developments rights over 21 acres of land of a 42-acre parcel. As part of the Manjri sub-project due diligence, the Client commissioned separate, independent experts to undertake a legal due diligence in January 2019 and an E&S risk screening study in April 2019 respectively, which confirmed that MHB has clear and marketable title to the 42-acre layout property. Public notices inviting objections / claims in respect of the properties were published in English and local language newspapers by the Client prior to August 2019. There were two objections received, but neither of those objections pertained to the properties under consideration.</p> <p>As part of IFC’s E&S due diligence, IFC ascertained that IFC PS 5 was not triggered in the Manjri sub-project, because, inter alia:</p> <ul style="list-style-type: none"> • The entire 42-acre layout was vacant, free of encumbrances, with no physical or economic displacement risks or impacts and MHB was in clear possession. • Title due diligence indicated 60 out of 62 land plots forming the 42-acre layout were aggregated/ purchased by MHB in 2007 through voluntary and negotiated land transactions. • The remaining 2 land plots were purchased in August 2012 (undisputed portion of land), August 2014 (Disputed Land portions) and October 2015, (small and remaining Disputed Land portion) again through voluntary and negotiated land transactions, after the judgement of the Supreme Court was rendered in January 2014. • There were no pending legal disputes, claims or objections as of August 2019 and March 2020. Specifically, with regard to the Disputed Land, the last legal claim/dispute appeared to have been resolved with the rejection of the petition by the Supreme Court in October 2014. • Public notices published by the Client in 2019 inviting objections, claims, or any rights whatsoever in respect of the Manjri sub-project land received no material or relevant objections. <p>The complainant’s curative petition against the previous Supreme Court orders of January and October 2015 registered with the Supreme Court on August 18, 2020, requesting to reconsider the judgments pronounced six years earlier in 2014. This petition is yet to be listed and admitted by the Supreme Court.</p> <p>IFC is of the opinion that the Client followed due process to determine land title, as was required in the legal agreements. Also, the legal analysis of land</p>

		<p>records by the independent external legal counsel engaged by IFC does not support the complainant’s claim that they hold title to the Disputed Land. On the allegation raised by the complainant post CAO complaint receipt regarding dispossession of house, MHB refutes the complainant’s new claim. IFC understands from the Client that post Supreme Court of India judgements in 2014 which rejected the petitions filed by the complainant’s family and confirmed the previous landowner (i.e. the landowner from who MHB acquired the land) as the legal titleholder, the erstwhile landowner then sold the land along with a vacant building structure owned by them to MHB. According to MHB, this is documented in the purchase deed document dated August 8, 2014 and it took peaceful possession of land and the vacant building structure with no one residing inside the structure. IFC will continue to engage with the relevant stakeholders to ascertain the facts on this specific allegation.</p>
2	The company does not mention the litigation in advertising for future buyers.	<p>The Client did not highlight any pending litigation as part of its advertisements for the Manjri sub-project since there were no pending litigations in relation to the Disputed Land when the Client had launched its marketing campaign for the Manjri sub-project units, because the dispute has been resolved by the Supreme Court in January 2014 and in October 2014.</p>
3	The Manjri sub-project is built on top of a natural water stream which could lead to irreparable environmental damage.	<p>IFC engaged with the Client and reviewed relevant documents and site photos. The review focused on identifying whether: (a) the water stream traverses through any portion of the 42-acre parcel; (b) any portion of the land is identified as marshy or stream land in due diligence documents; and (c) any portion of the land or any development within the layout will encroach on or obstruct stream flow.</p> <p>The two water streams found in the vicinity of the 42-acre parcel flow adjacent to the northern and southern boundaries, respectively. The stream on the northern side is a small natural drainage channel, located well outside the layout. On the southern side, there is another unlined canal running about 50 meters from the boundary.</p> <p>IFC determined that the Manjri sub-project development would not encroach on or obstruct the natural stream flow of the two surface water streams found in the vicinity because the streams are located outside the Manjri sub-project layout, as documented in the E&S risk screening report. Hence the risk of land subsidence and infrastructure collapse is not anticipated.</p>
4	In April 2021, separately from the initial complaint, the complainant informed CAO that they started receiving external pressures and threats to withdraw their case from the court and the CAO, and that they fear for their safety and that of their family members.	<p>As part of its usual process when complaints are received, IFC shared its <i>Position Statement on Retaliation Against Civil Society and Project Stakeholders</i> on December 24, 2020 with the Client. IFC clearly articulated its zero-tolerance for clients resorting to retaliation towards project stakeholders who voice concerns associated with IFC projects. The Client was requested to communicate the IFC Position Statement on Retaliation and an associated reprisals tip sheet among relevant internal stakeholders.</p> <p>In April 2021, after verifying that the complainant does not have any confidentiality concerns, IFC engaged again with the Client as the complainant reported to CAO, allegations of verbal threats received by the complainant and their family and fears of surveillance. In response, the Client reiterated that the Sponsor group and its business entities were fully committed to transparency and fairness and did not engage in such retaliatory actions. The Client highlighted the fact that, per IFC investment agreement requirements, it had formulated and implemented a GRM in each of its sub-projects, covering grievances pertaining to land and compensation issues, among others, and aligned with PS 1. Any unethical behavior by the Client staff or its sub-</p>

		contractors towards community members is taken seriously and can be reported to the GRM. The Client stated that it would cooperate with any police investigation on this serious allegation if the complainant preferred to make a police complaint in this regard.
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PRIVILEGED AND CONFIDENTIAL

Disclaimer

This IFC Management Response is provided in response to the Assessment Report of the Office of the Compliance Advisor Ombudsman (CAO) finding a complaint to a project supported by IFC finance or investment eligible for compliance appraisal.

Nothing in this IFC Management Response or in the process provided for in the CAO Policy (“CAO Process”) (1) creates any legal duty, (2) asserts or waives any legal position, (3) determines any legal responsibility, liability, or wrongdoing, (4) constitutes an acknowledgment or acceptance of any factual circumstance or evidence of any mistake or wrongdoing, or (5) constitutes any waiver of any of IFC’s rights, privileges, or immunities under its Articles of Agreement, international conventions, or any other applicable law. IFC expressly reserves all rights, privileges, and immunities. IFC does not create, accept, or assume any legal obligation or duty, or identify or accept any allegation of breach of any legal obligation or duty by virtue of this IFC Management Response.

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Annex 3: Client Response

ANNEX 2: CLIENT RESPONSE TO THE CAO COMPLAINT ON SHAPOORJI PALLONJI AFFORDABLE HOUSING

The response below has been prepared by Joyville Shapoorji Housing Private Limited (“Joyville”) in response to the issues raised in the complaint filed with the CAO related to the Shapoorji Pallonji and Company Private Limited in India, and reflects the views of Joyville with respect to such issues.

November 2, 2021

Perspective of Joyville Shapoorji Housing Private Limited

At the outset, we would like to state that we have a robust complaint handling mechanism under which complaints are addressed and assessed based on its eligibility and merits. Even in this case, we have consulted not only our in-house advisors but external consultants as well. We have also followed the entire due diligence process which is our condition precedent before entering into any acquisition transaction. We follow the highest standards and best consultants in any acquisition process.

According to the Company, the Complainant’s father and his heirs filed various proceedings before the Revenue Authorities, Hon’ble Bombay High Court and the Hon’ble Supreme Court of India claiming to be a tenant of the said land against one Mr. Hemant Deshpande (erstwhile owner of the said land). The Complainants have already argued and presented their case earlier claiming their rights but in vain.

In light of the final decision of the Hon’ble Supreme Court passed against the Complainants, the Tahsildar vide his Order dated May 8, 2014 rejected all claims of tenancy in respect of the said land and deleted the name of Complainant’s father as the tenant from the ‘other rights’ column of the revenue extract thereof.

The land claimed by the Complainants was acquired by a special purpose subsidiary company of SPCL from the erstwhile owner peacefully. The Company acquired the said land under reference from erstwhile owner and not from the Complainants. The Company states that it carried out all the necessary due diligence related to the acquisition process. When land was acquired in the August 2014, title of the erstwhile owner was clear and marketable and his name was appearing in revenue records as owner of said land and house.

The Company understands that the erstwhile owner procured possession of the said land under the supervision and from the competent authority pursuant to a Panchnama dated 31st May 2014.

The Company further indicated that the land claimed by the Complainant does not fall within the framework of the Joyville development footprint. The Company explained to CAO that the footprint encompasses the entire project layout, including both buildings and open areas. The Company provided a visual map of the property layout, which in their view shows that the location of the area that is being developed by Joyville does not extend to the portion of land claimed by the Complainants.

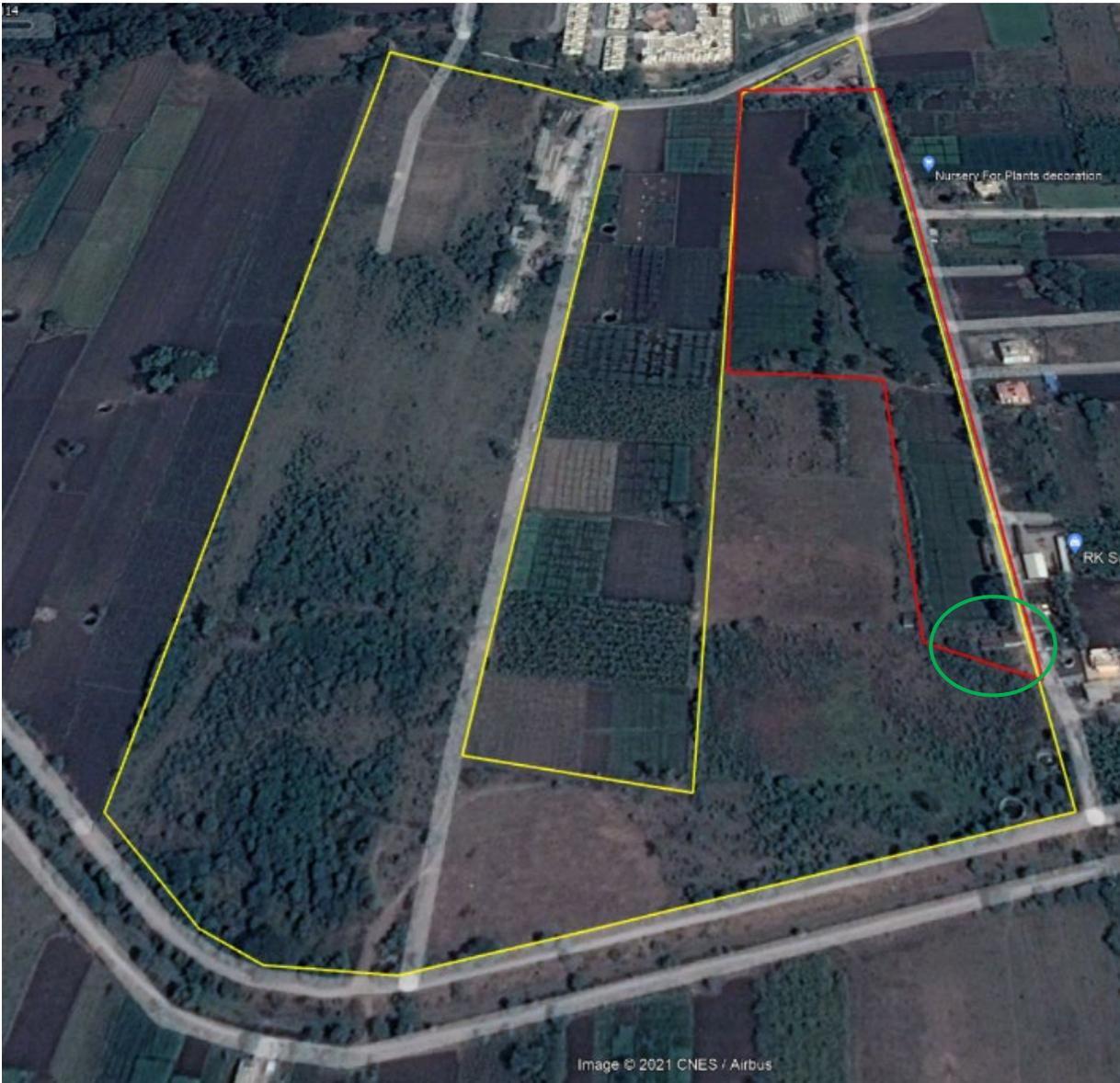
The Company asserted that all the applicable laws, regulations and guidelines were followed during the acquisition process; and they believe that the fact that the Apex Court of India, being the Hon'ble Supreme Court, also did not confirm the Complainant's ownership claims. This validates their perspective on the matter.

The Company is given to understand that a curative petition (which is rarely and sparingly entertained) has been filed by the Complainant before the Hon'ble Supreme Court of India and the same is yet to be admitted and heard and decided.

The Complainants have also filed the Tenancy Appeal before the Sub Divisional Officer and Revision Application before Maharashtra Revenue Tribunal, Pune, which are mere applications for condonation of delay in filing the respective appeal and revision. In addition, the Complainants have also moved the Pune Metropolitan Regional Development Authority (PMRDA), the planning authority. This shows that the matters are subjudice and will be decided as per law. The Company will suitably handle and contest the matters as per the advise given by their legal consultants.

In the circumstances, the Company informed the CAO that the Complainant's allegations are without any merits, already pending before appropriate legal authorities as mentioned above and hence it would be out of place in pursuing a dispute resolution process facilitated by CAO.

Annex 4: Satellite images of the disputed land between 2014 and 2016



February 2014

	Manjri Sub-project
	Disputed Land parcel
	House area



January 2015



January 2016

Annex 5: CAO Monitoring Framework and Timeline for Deferral Action Plan

Action	Timeline	CAO Monitoring Framework
Engage an independent consultant to carry out an assessment of the Complainant's claims related to informal use and occupation of the disputed land, according to the requirements of PS5 and, based on the assessment, determine, and implement any required mitigation measures.	20 weeks from start date of the deferral period	<p>Assessment conducted by a qualified consultant with TOR approved by IFC following CAO review.</p> <p>Assessment and development of any subsequent mitigation measures conducted following the requirements of PS5. Methodology for the assessment, its findings, and proposed mitigation measures to be reviewed by CAO considering input from the Complainant.</p> <p>Recommended mitigation measures implemented consistent with PS5.</p>
Review the Client's land purchase policy formulated for the project to ensure that the assessment of informal land users is integrated into it.	4 weeks from start date of the deferral period	Updated land purchase policy consistent with PS5 adopted by Client and shared with CAO.
Review the Terms of Reference (ToRs) used by the Client for engaging independent E&S due diligence consultants and land purchase process review consultants to include assessment of informal land users and undertake the stakeholder consultations necessary to identify current and past issues and claims on the said land parcels.	4 weeks from start date of the deferral period	Updated ToR for the E&S consultant and the land purchase review consultant, consistent with PS5, adopted by the Client and shared with CAO.
Training session with the Client on the updated land purchase policy and Terms of Reference.	8 weeks from the start date of the deferral period	Documentation of training shared with CAO.
Review and update the Client's existing community grievance mechanism to confirm that it covers grievances arising out of land purchases for the project, consistent with PS1 and PS5 requirements, as well as its dissemination among relevant stakeholders in project areas.	4 weeks from the start date of the deferral period	Updated grievance mechanism procedure consistent with PS5, adopted by Client and shared with CAO.

Training session with the Client on updated grievance mechanism procedure.	8 weeks from the start date of the deferral period	Documentation of training shared with CAO.
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