

World Bank splits on Indian river project

by Susan B. Maitra

On Oct. 23, the World Bank Board of Executives, after an unusual, seven-hour heated debate, on a split verdict decided to continue its support to the Narmada River Valley project, now well under construction. Activists within and outside of the bank had launched a no-holds-barred attack on the bank, urging it to discontinue its financial support and condemn the \$5 billion river valley project.

The bank, in extending its support, however, has made it conditional and has asked the government of India to rectify the alleged deficiencies in the rehabilitation and resettlement program, the bone of contention among the activists, within the next six months. The bank also said that it would send a fact-finding team in April 1993, to evaluate the actions to be taken by the Indians in order to meet the bank's requirements.

The Narmada River project is mammoth; work on it began over two decades ago. The project encompasses construction of 30 major dams, 135 medium dams, 3,000 minor dams, and more than 75,000 kilometers of canals. The total project area is 96,350 square kilometers and involves three Indian provinces.

Environmentalist assault

The environmentalists' efforts to stop the construction of the major dams and canals received a boost recently when an independent commission, headed by a former U.S. congressman, Bradford Morse, and sponsored by the bank, was released in June. The independent review, the first of its kind ever of thousands of projects funded by the World Bank, had strongly criticized the bank management's approach and had called for an immediate suspension of the bank's support. Morse, who has since turned into a full-fledged activist, fired off a letter to the bank president urging him to cancel the project, citing the bank's misrepresentation of findings and conclusions of his report. The bank president, Lewis T. Preston, however, had come out strongly in support of the bank's staying with the project, and called Morse's assertions "disconcerting."

The Morse Report did provide the militant environmentalists, inside and outside India, the necessary fodder. Following Morse's press conference in Washington, the issue was given the boost by such well-heeled environmentalist

groups as the Environmental Defense Fund (EDF), in conjunction with the human rights activists of Asia Watch. EDF lawyer Lorie Udall told newsmen at a press conference in Washington in June that she and others had finally convinced two World Bank executives, who, in the process, convinced Barber Conable (then bank president) that the Morse Report was "a good way to settle things" and that the study "will have far-reaching implications for other bank projects."

Udall's activism, however, did not stop at that. One full-page ad appeared in the *New York Times* and another in the London *Financial Times* on Sept. 21, apparently to exert more pressure on the bank executives scheduled to decide whether the bank would continue its support to the project. The paid ads carried names of various environmental organizations from around the world. However, a few well-funded groups such as the Friends of the Earth, EDF, International NGO Forum on Indonesia, and the Sierra Club had footed the bill. Calling the river valley project "one of the worst human and environmental disasters the World Bank has ever funded," these ads appealed to U.S. taxpayers to stop the bank from continuing its support to the project.

The September-October issue of the *Ecologist*, a magazine printed on recycled paper whitened by hydrogen peroxide and published from Agricultural House (more appropriate perhaps would have been the Vegetable House) in Dorset, England, carried an open letter to the bank president, drafted by its editors. The editorial board, which includes representatives from such semi-terrorist outfits as Probe International and Consumer Association of Penang (Malaysia), anchored its argument on the Morse Report and added further color to it. The editorial urged the bank to withdraw its support because the project is environmentally unsound, and also it made known that "tens of thousands in the Narmada Valley have vowed to drown rather than leave their homes."

The *Ecologist*, known for its propensity to promote "monumental frauds," wrote that the project would die a natural death if the World Bank discontinues its support, because the Indian government will not be able to secure the funds "to continue its massive folly."

Project will proceed

However, the truth is just the opposite. A senior bank official, Mohammad L. Ashray, two days before the executives met, told an Indian newsman that the Narmada Dam will rise "whether we like it or not." He pointed out that "this is an Indian project and the project of three states—Gujarat, Maharashtra, and Madhya Pradesh." The project would cost about \$5 billion. As against this, the World Bank assistance amounted only to \$350-400 million. Ashray said it is unrealistic, therefore, to focus on the World Bank role, even though the issue has created sharp differences within the bank staff, executives, and board. However, the project is now part of the "green politics," with participation from hardcore greens and bank executives, at the expense of the Indian people.