

World Bank joins hands with NGOs to deprive people of fresh water

by Ramtanu Maitra and Susan Maitra

Another formidable enemy against development of physical economy has emerged in recent months, as the World Bank has decided to follow the diktats of the environmentalists, led and financed by various foundations and non-governmental organizations (NGOs) in the West. Mouthing a call for "sustainable development," a newfangled name for zero growth, the alliance has embarked on a program, similar to their destructive role against the generation of nuclear power, to prevent people, particularly in developing nations, from getting access to adequate fresh water.

Recently, this philosophy has been promoted in a water policy report produced by the World Bank. The report talks about the "guiding principles" of water resource planning and increased privatization and decentralization of water services delivery. It accuses various nations of mismanagement of water resources and a lack of accountability. It justifies its own role by including in the appendix the criticism that the World Bank has made against such commissions and omissions. The policy paper, following Adam Smith free-trade principles, outlines the concepts of comprehensive analysis, water pricing, and market mechanisms, and promotes water conservation and demand management as the panacea to water resource problems. The report also emphasizes user participation and environmental protection and restoration as the new policy of the Bank.

Among the cheerleaders for the World Bank's supposed shift to "environmentally friendly," local low-technology water projects is the Washington, D.C.-based propaganda machine called the WorldWatch Institute, which last month released its *State of the World 1994* report. One chapter, entitled "Rebuilding the World Bank," was written by Hilary F. French. At a Washington book preview briefing on Dec. 7, 1993, French said that the World Bank should be praised for adopting "new rhetoric" about how "sustainable development is now recognized as a pressing priority." But, French stressed, the NGOs will have to play a role to force the World Bank to "go for quality, not volume lending," i.e., low-technology, low-cost local projects.

The funding profile

With detailed graphs and charts, the report points out that the World Bank had financed \$35 billion for water development during the decade between 1981 and 1990. More than half of all Bank lending for water went for irrigation and

hydropower projects. These two subsectors consumed \$21 billion over the 10-year period, with large dam-related lending accounting for \$12 billion. Rural water supply projects received only 5% of overall Bank lending for water management, while urban water supply received five times as much. Flood control, fisheries and port projects, and institutional development accounted for the rest.

Of the 85 countries receiving World Bank funds for water projects, ten countries borrowed 70%, with the top five, India, Brazil, Indonesia, China, and Mexico, accounting for 50% of overall borrowing. India alone received 20% of all Bank lending, exceeding \$7 billion. The Bank did not invest in any small-scale irrigation or water conservation projects in India and funded only one rural water supply project (\$1 million) and four watershed-management projects, accounting for \$162 million.

Last year, when India canceled the World Bank loan of some \$500 million scheduled for the mighty Sardar Sarovar Project, the Bank heaved a sigh of relief, thanking India for not subjecting it to further attacks from the NGOs, a.k.a. environmentalists.

Growing clout of the NGOs

While it is evident that the World Bank was never fully committed to water development in the developing sector and had always listened carefully to the environmentalists, the process of the preparation of the latest report is a giveaway as to whom the Bank caters to. Over May 28-29, 1992, prior to the preparation of the report, the World Bank held a consultative "workshop" in Washington, D.C. which was attended by representatives from 18 NGOs. The Bank paid for the NGO representatives to attend and, following the workshop, the Bank staff prepared a memo, "Lessons from the World Bank/NGO Consultation," documenting the NGO position, which later found its way into the report. Earlier still, in January 1992, the NGO-sponsored Dublin Conference on Water and the Environment, which called for greater public participation and less governmental intervention, was also partly financed by the Bank.

During the May workshop, the NGOs made four specific proposals. The first was for the prioritization of alternatives, which underlines the necessity to look at all other alternatives before investing in large projects. It means prioritizing poor people's needs directly (which, incidentally, has become the

pet phrase of the Bank president in recent days), and removal of bias against small projects. This approach also emphasizes prioritizing sector loans for disbursements to many small, community-run projects.

The second point made by the NGOs was to promote community control and management of water, and public participation in water management planning. By "public," the NGOs meant themselves, water users, all affected people, and society at large. They also demanded participatory rural appraisal.

The third point dictated by the NGOs was to prioritize environmental restoration under the rubric of sustainable development. This called for maintaining the ecological integrity of entire river basins, preservation of wetlands and fisheries, incorporation of long-term decommissioning and impact costs into the analysis of projects, and emphasis on pollution prevention over pollution control.

The final point dealt with implementation. NGOs demanded complete transparency in World Bank operations and in World Bank-funded projects and programs, and enforcement of existing Operational Directives on environmental assessment, displaced populations, indigenous peoples, etc.

Although the NGOs claim that the latest report has not adopted all their recommendations chapter and verse, there is enough material in the report to suggest that that is exactly what the Bank did. The executive summary of the report contains the Bank's commitment to prioritize "improvements in operation and maintenance of existing irrigation systems and investment in small-scale irrigation and various water-harvesting methods." The same section promises that the "water supply needs of rivers, wetlands, and fisheries will be considered in decisions concerning the operation of reservoirs and the allocation of water." It also says that the "greater priority should be given to managing the demand for energy, identifying small-scale and renewable energy alternatives, and promoting watershed conservation practices."

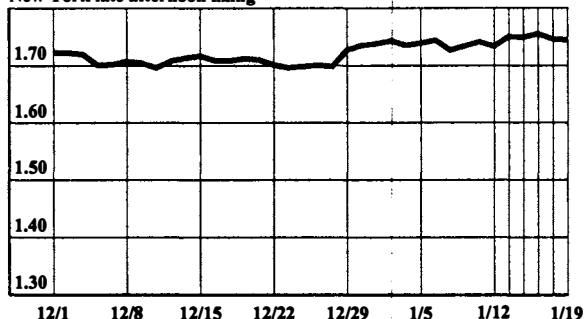
In the body of the report, the World Bank writes: "If the absence of adequate progress on priority actions is judged to produce serious misuse of resources and to hamper the viability of water-related investments, Bank lending in this area will be limited to the provision of potable water to poor households and to operations designed to conserve water and protect its quality without additionally drawing on a country's water resources."

The NGOs claim that during the preparation of the draft of the water policy report, the NGOs lobbied the executive director of the World Bank to include the specific language in the policy drawn from the position papers submitted by the NGOs at the consultative workshop. They also claim that not only the executive director but even the Bank engineers who were part of the original policy drafting team told them privately that "we have more in common with the environmentalists than we do with the economists; at least we both have experience with the actual resource."

Currency Rates

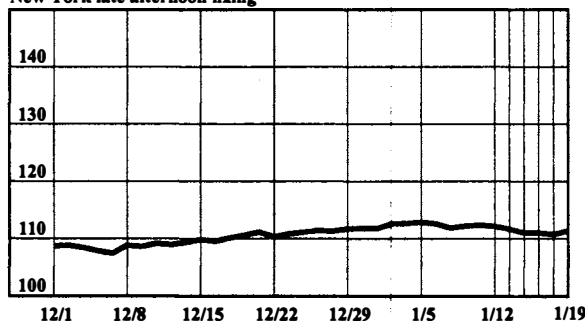
The dollar in deutschemarks

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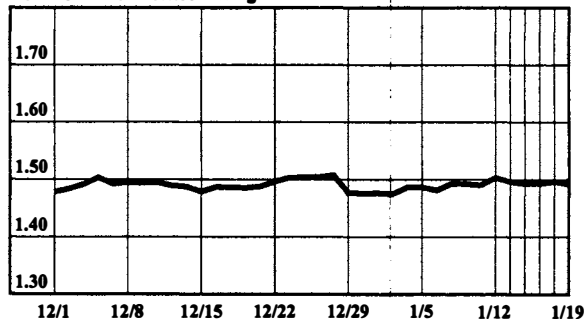
The dollar in yen

New York late afternoon fixing



The British pound in dollars

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The dollar in Swiss francs

New York late afternoon fixing

