



International Rivers Network

National Drainage Program Project in Pakistan

IRN Comment on the Inspection Panel Report and the Management Response

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General Observations

With this comment, International Rivers Network wants to draw attention to the extraordinary findings of the Inspection Panel in relation to the National Drainage Program (NDP) Project and the attempts of the World Bank Management to cover up the violation of six of its own binding policies. The World Bank's lack of environmental and social due diligence has inflicted considerable harm upon thousands of people, their livelihoods and crucial ecosystems in Southern Pakistan.

The Panel says: "The LBOD system, combined with the partial destruction of the tidal Link, has heightened the risks to local people from flooding. (...) Floods during the monsoon rains in 2003 led to the loss of many lives. In addition, increased salinity has affected large tracts of agricultural lands and the Tidal link failure has led to major harm to the dhands ecosystem, wildlife and fisheries, upon which many people depend for their livelihoods. People in these areas also face serious problems of drinking water, and have lost grazing lands." (p. xviii)

The NDP drainage projects were beset with technical problems and a total lack of supervision of the World Bank compounded these problems. The Management has turned a blind eye to many technical difficulties and has totally ignored the social and environmental impacts which the technical and design faults of the infrastructure projects have caused.

The Panel says: "The Panel observes that the management response to the failure of the weir and embankments dealt mainly with technical aspects, and neglected the social dimensions of these failures." (p.133)

The Management Response to the Inspection Panel report does not acknowledge those findings and the responsibility of the Bank. International Rivers Network calls upon the World Bank to acknowledge the policy violations in connection with the NDP project and assume responsibility for the harm this has inflicted upon people and ecosystems.

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The Panel says: "To a very large degree, the damages suffered by people in the project areas, described in this Report, have not been redressed, and many of the same conditions that led to these harms are still in place." (p. xxxvii)

The World Bank needs to act swiftly to rehabilitate the people from Southern Sindh affected by the NDP and the LBOD project and to protect them from possible ongoing displacement. Immediate measures need to be deployed, in close cooperation with the affected people, to support the livelihoods of people who are exposed to a heightened flood risk as a result of the World Bank-funded drainage projects and those whose livelihoods are endangered because of the high salinity of the groundwater, the decrease of fish, the increased effluent brought by the drainage projects and the contamination and scarcity of drinking water.

The Panel says that "Rising salinity in the dhands, in particular, is compromising their biological integrity: birds and waterfowl are suffering, distinctive vegetation is being lost, and there has been a major decrease in yields and species composition of the fishery." (p. 81)

The World Bank needs to assume responsibility for its role in the degradation of the natural environment in the Thatta and Badin districts of Southern Sindh by offering financial support for people-centred and implemented restoration programs. The World Bank can not remain silent and passive when ecosystems that are affected by its own projects are in severe stress, with one of the affected ecosystems (the Pateji Dhand) pronounced "biologically dead."

The actions the World Bank Management is planning to undertake in response to the Inspection Panel report, included in the so-called "Action Plan", are a mere fig leaf that expose the unwillingness of the Bank to use its resources to address the legacy of its failed development interventions and to listen to the demands of the affected people. The central elements of the Bank's Action Plan include a \$18 million "livelihoods" project with the aim to review the social profile of the population of Badin and Thatta districts to identify nomadic and other vulnerable groups. The other central element of the Action Plan is the inclusion of a flood and drainage management plan in the Sindh Water Sector Improvement Project, that is included in the current Country Assistance Strategy of Pakistan for fiscal year 2007.

Apart from these plans and studies, the World Bank has proposed a number of other technical planning studies in the Action Plan, that are meant to lead to "specific projects and programs that are suitable for support by the Bank and Sindh's other donor partners." This means that the World Bank, which is increasing its lending to Pakistan's water sector tenfold by dedicating one billion US-Dollars to the country's water sector in the next three years, reacts to a two-year study of the Inspection Panel by offering "more studies", yet almost no action. Crucially, it also continues to ignore the suggestions and demands of the communities affected by its projects.

The current Country Assistance Strategy (CAS) for Pakistan does not include any projects to address the impacts of the LBOD/NDP project on the ecosystem or that address the concerns of the people of Southern Sindh. Although the World Bank Management Response says that the current CAS is a central part of the Bank's Action Plan in response to the Inspection Panel report, the current CAS allocates only \$140 million for water projects in Sindh, and no project included in the CAS responds to the concerns of the Inspection Panel requesters. As medium term effort, the Action Plan contains planning studies for a program for sustainable management of the coastal areas. However, the current CAS, valid until 2009, does not mention any project geared towards the restoration and/or sustainable management of the coastal zone. With one of the crucial wetlands of the area, the Pateji Dhand, already "biologically dead" there is no justification for further inaction.

Background

The NDP project was launched in 1997 and is partly IDA-funded. It consists of a combination of infrastructure investment, institutional reform, research and sector planning. The aim of the project was to address waterlogging and salinity in the Indus Basin. Part of the project was the northward extension of the Left Bank Outfall Drain (LBOD), known as the National Surface Drainage System (NSDS). The NDP project was approved with an estimated cost of \$785 million, with a World Bank share of \$285 million.

The LBOD project, also a World Bank-funded project, was closed in 1997, but completion of the LBOD system carried forward into the NDP project. NDP depended on the functioning of the LBOD system and its Tidal Link. Therefore, the project had to deal with the social and environmental implications and the breakdown of the system that happened during the NDP project.

Specific Comments in Relation to the Violation of Bank Policies and Procedures

The Inspection Panel found that the World Bank has violated six of its own binding policies, namely those on Environmental Assessment, Natural Habitats, Indigenous Peoples, Involuntary Resettlement, Project Supervision, and Disclosure of Information. The Inspection Panel also found that the bank violated its policy provisions on consultation and participation with regard to those adversely affected by the drainage system investments under the LBOD and the NDP.

The Management says that the Bank was diligent in the application of its policies and procedures during the implementation of the NDP Project.

According to the Inspection Panel report, the World Bank violated its **Operational Policy on Environmental Assessment** by classifying the project as a Category "B" project, whereas the far-reaching impacts of the project should have triggered a Category "A" classification.

According to the Inspection Panel report, the World Bank violated its **Operational Policy on Natural Habitats** by paying little attention to the impacts on, or means to rehabilitate, the dhands as a habitat and ecosystem. The report continues by saying that the Bank also violated its Operation Policy on Natural Habitats because the impacts of the drainage system, especially the Tidal Link that runs through the dhands, amount to a “significant conversion or degradation” of the environment within the meaning of OP 4.04. The Panel says that the ecosystems of the dhands are under severe threat, with the Pateji dhand, through which the Tidal Link runs, already biologically dead. The Panel adds that the Bank did also fail to meet the provisions of OP 4.04 by failing to take action not only to conserve, but to rehabilitate those habitats.

According to the Inspection Panel report, the World Bank failed to meet its obligations under its **Operational Directive on Indigenous Peoples**, because the Bank failed to initiate a process to determine whether the NDP project would affect any group of people which would qualify as indigenous peoples under the OD 4.20.

According to the Inspection Panel report, the World Bank violated the **Operational Directive on Involuntary Resettlement** because at appraisal of the NDP project, the Bank failed to identify risks in connection with the LBOD/Tidal Link that could lead to significant harm and even displacement of local people. The Bank failed to take necessary actions under OD 4.30 to identify and prepare for the possibility of such displacement and to assess the extent to which it has occurred.

According to the Inspection Panel report, management failed to give sufficient attention to technical problems during construction of the Tidal Link and to the physical damage to the Tidal Link after construction was completed at the time of the implementation of the NDP project. This is a violation of the **Operational Directive on Project Supervision**. It is in clear violation of OD 13.05 that management failed to consult with downstream affected people over half a decade after the breach of the Tidal Link. The Panel says that there is no evidence of consultation with project-affected persons during Bank supervision. In violation of OD 13.05, management failed to identify flaws in the design and implementation of the project and failed to initiate corrective measures. Management did also not pay any attention to the deaths due to the floods in Southern Badin, which were compounded by the problems with the Tidal Link structures.

The Panel says: “The people in Southern Badin suffered major loss of life and harms from the floods in 2003. These impacts, initiated by the storms, were compounded by the problems with the Tidal Link structures and design elements of the spinal drain. The Panel did not find evidence that the dozens of deaths caused by flooding in the summer of 2003 were even mentioned in supervision documents. Further, the Panel did not see the destruction of many houses caused by flooding in the summer of 2003 was taken up in supervision.” (p.131)

The Inspection Panel report finds that the Bank did not adhere to the provisions entailed in its policies on **Disclosure of Operational Information**. The Panel finds that the

failure to disclose the 1993 DSEA to affected people in country was a breach of Bank Policy 17.50.

According to the Inspection Panel report, the Bank did also not comply with its **policy provisions on consultation and participation** with regard to those adversely affected by the drainage system investments under the LBOD and the NDP. The Panel says that “None of the villagers who were questioned recalled any consultation initiated by government agencies or NGOs concerning the construction or expansion of the LBOD, the KPOD or Tidal Link. Local residents claimed that they had learned about these works when machinery arrived.... Residents of the affected area claimed that Bank missions visited their communities only after the flooding in 2003.” (p. 120)

Management Response

In summary, the Management says that the Bank was diligent in the application of its policies and procedures during implementation of NDP.

The Management Response says that management has responded to the concerns of the requesters, incorporated them in dialogues with the Government of Pakistan and the Government of Sindh, formulated an Action Plan and identified strategies for timely implementation of the Action Plan.

Conclusions

International Rivers Network strongly condemns the attempts of the World Bank management to belittle the findings of the Inspection Panel report in relation to the National Drainage Program Project in Pakistan. The findings are very serious in that they confirm that the Bank’s violation of its own policies has inflicted considerable harm to the livelihoods of thousands of people and important ecosystems. It is shocking that the World Bank is not ready to stand up for its mistakes and propose appropriate remedial action both for the devastation of the environment and the harm and the potential harm for the people in Southern Sindh. The Inspection Panel report confirms that the Bank’s approach to the water sector in Pakistan has a narrow focus on the economic benefits of the irrigation and drainage system for Punjab, thereby totally neglecting the environmental and social implications of the irrigation and drainage structures on the downstream people and the coastal environments.

The Inspection Panel says: “In the Indus Basin, there is a sharp asymmetry of costs and benefits of the irrigation and drainage system in the Basin. In general, the upstream abstractors of the waters who use it for irrigation receive the benefits, while downstream people mostly in the Thatta and Badin district of Sindh province incur the costs.” (p.xix)

International Rivers Network wants to draw attention to the fact that the water-related investments planned in the current CAS for Pakistan signify a continuation of this approach to water and irrigation management in Pakistan. A tenfold increase in water-related investments based on an approach that favors large landowners at the cost of

wetlands and the livelihoods of small farmers is a misappropriation of World Bank funds and runs counter to the mission of the Bank to reduce poverty. The proposed mega infrastructure projects on the Indus that the Bank is eager to finance will exacerbate the vulnerabilities of the people of Southern Sindh and further the destruction of the coastal belt.

At a Sindh Sagar Sath (People's Tribunal on the Indus) on October 5, 2006, which was attended by more than one thousand people affected by the LBOD/NDP system, the affected people, in response to the Inspection Panel report, issued demands and proposed alternatives to the World Bank, including the following:

1. Entire loan of the project should be converted into grant and money should be spent for the full reparation of affected communities in Badin and Mirpurkhas, environmental restoration of the area especially Dhands and rehabilitation of affected people.
2. There must be an honest and independent assessment of losses occurred during 1999 cyclone and 2003 floods. All the people who lost their family members, livestock, suffered crop losses, damage to houses and loss to agriculture land must be properly compensated without any delay.
3. The WB, WAPDA and government of Sindh must immediately plan the safe alternative disposal of LBOD effluent. For this local communities must be fully involved and given the leading role over bureaucracy. Few options could be the disposal in Kuhri creek, dismantling the weir at DPOD and disposal into Shakoor Dhand, disposal in Arabian sea by construction of drain from southwards at Sheikhani Ghari and closing the tidal link at zero point, construction of protection bund to stop sea intrusion, full elimination of southern embankment of KPOD.
4. WB, WAPDA and other agencies must start the plan for restoration of environment especially the degraded environment of Dhands.
5. There must be a comprehensive plan for protection, promotion and restoration of livelihood sources such as agriculture land, livestock, fisheries, grazing areas and forests.
6. The water disposed into Arabian sea by LBOD system must be treated and ensured that it does not pose any threat to marine life

(this list is not comprehensive, for a comprehensive list of the demands of the affected people, please contact Mustafa Talpur, Mustafa.Talpur@actionaid.org)

International Rivers Network urges the Executive Directors of the World Bank to challenge the inadequate management response to the NDP Inspection Panel report and call for people-centered measures to restore the livelihoods of the affected people and ecosystems. The approach to the water sector in the current Country Assistance Strategy needs to be changed in order to respond to the legacy of past World Bank projects and redress the harm caused.