

Bush Administration Proposal Would Restrict Public Participation on Dam Licensing

The Bush administration is proposing a new rule that would limit public participation in hydropower licensing proceedings. The proposed rule would grant dam owners exclusive rights to appeal license conditions required by the US Interior Department on dam operation, while denying states, tribes, fishing interests and environmental groups the same rights.

Over the next 15 years, licenses for more than 400 dams affecting 130 rivers will come up for renewal, according to American Rivers. The group notes that most were built before environmental protection laws were enacted. Because their licenses to operate last 30 to 50 years, many hydropower dams have operated for decades on licenses that do not reflect current environmental standards. The relicensing process allows state and federal agencies to bring these licenses up to modern standards for protecting river health and public uses. These new licenses dictate the health of the river for the next 30 to 50 years. Under Interior's new rule, dam owners would be able to contest environmental, cultural, and recreational protections, including fish ladders;

flow requirements to enhance habitat, recreation, and water quality; and protection of cultural resources and treaty rights.

A number of groups have called on the Interior Department to either drop, or substantially modify, the proposal, warning that in its current form it will intimidate river scientists and field experts and will politicize resource decisions affecting thousands of miles of rivers over the next decade. "This is plainly a double standard, and it is another step towards enshrining energy industry dominance along public lands and waters," said Andrew Fahlund of the group American Rivers.

"This policy will ensure that decisions are made on the basis of politics rather than science," said Steve Moyer of Trout Unlimited. "Any fish biologist that sticks up for the resource can expect an invitation to Washington to chat with a political appointee."

Several regions will be most affected by this rule change. Utility-owned hydroelectric dams affect the abundance of salmon runs and other migratory fish along the East and West Coasts and the Great Lakes. In California's Sierra Nevada mountains, hydropower

dams determine the productivity and accessibility of dozens of rivers and hundreds of trout streams. Along the Atlantic and Gulf coasts, striped bass and shad fisheries will never fully recover unless utilities take steps to ensure these fish can move safely between coastal and inland waters.

Groups working on the relicensing of dams have had several recent successes that they say show the rule change is not needed. Said Moyer, "Working cooperatively with agencies and some conservation-minded electric utilities, American Rivers and Trout Unlimited have developed some fantastic new accords to restore fisheries and improve river flows in places such as Hat Creek, California, the Penobscot River in Maine, and the Deschutes River in Oregon."

At press time, many thousands of citizens and river groups had written to oppose the rule change, according to the Hydropower Reform Coalition. ■

For more information:
<http://www.amrivers.org/opposehydroproposal.html>
or <http://www.hydroreform.org/>

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NGOs Shut Out of UN Hydropower Conference

by Susanne Wong

Sheltered inside the confines of the Beijing International Convention Center, hundreds of hydropower advocates and a smattering of dam-affected people and their allies gathered on a crisp October morning for a three-day United Nations Symposium on Hydropower and Sustainable Development. The organizers – the UN Department of Economic and Social Affairs (UNDESA), China's National Development and Reform Commission, and the World Bank – claimed to want to facilitate a discussion among a wide range of participants on the role and future of hydropower in sustainable development. However, the conference was so biased toward hydropower proponents that the meeting was more like an industry workshop than a true exchange of ideas as promoted by the World Commission on Dams.

Perspectives critical of hydropower were virtually excluded and the participation of NGOs and dam-affected people was marginalized. Dam-affected people and NGO representatives were given little opportunity during the official program to speak, and information on compensation problems with Three Gorges Dam was prohibited from distribution.

"The systematic exclusion of NGOs and their voices has violated the generally established UN norms and practices for such conferences and undermined its efforts to act as an honest broker in discussions on hydropower and sustainable development," said Gopal Siwakoti "Chintan" of Water and Energy Users' Federation - Nepal.

The symposium – which brought together representatives from governments, academia, the private sector, professional institutions, international organizations and NGOs – was expected to lead to a road map of principles and policies to apply to hydropower projects, and to help developing countries mobilize technical assistance and support from international organizations and bilateral donors for such projects.



Photo: Chana Maung / EarthRights International

Despite reservations about the UN conference, representatives of Chinese civil society attended it to affirm their role in development decisions.

But very few NGOs were able to attend, and those who did were shocked at how little their experiences and opinions seemed to matter. The first barrier was the symposium's high registration fees, which prevented many NGO and dam-affected community representatives from attending. Those who could afford the cost found their presence undermined in other ways. Many international NGOs registered for the symposium and submitted papers but did not receive acknowledgement of registration forms or submissions until roughly two weeks before the symposium. Out of more than 100 slots for presenting papers or chairing sessions, only two were allocated to a representative from an international NGO. The vast majority were given to representatives from government and the hydropower industry.

In response to lobbying, some steps were taken during the few days preceding the conference to increase NGO participation, but these efforts were hastily arranged and

were too late to provide NGOs with an adequate platform. NGOs were given an opportunity to comment on the official conference declaration, but this was done through a rushed last-minute process on a draft already conceived and discussed by the World Bank, UN and Chinese government.

"We are disturbed that the UN is a part of organizing a conference that is so unbalanced toward large hydropower, and we have serious concerns about UN agencies such as UNESCO and UNDESA being used by dam lobbyists to promote large hydro development," said Alok Agarwal of India's Narmada Bachao Andolan.

International NGOs issued a statement on the conference's opening day outlining concerns about hydropower and stipulating that projects should "proceed only if they comply with the recommendations of the World Commission on Dams at a minimum." The statement also called for com-

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Are NGOs Hurting the Poor?

If only market forces were allowed to reign without interference, so the argument goes, economies would grow and poverty would disappear. This argument, as crude and outdated as it sounds, is receiving new support in the current political climate. In a new book about the World Bank (see page 13 for a review), *Washington Post* columnist Sebastian Mallaby charges that, by insisting on strict social and environmental safeguards, non-governmental organizations are hurting the poor by obstructing much-needed development projects in Southern countries. Even the tab for implementing the World Bank's "Volvo standards" – calculated at \$34-50 million per year – is paid "out of the hides of the world's poor," says Mallaby.

Sebastian Mallaby presents a number of highly controversial World Bank projects to make his point. The Bujagali hydropower project in Uganda is one of the key examples he uses in developing his argument. Mallaby claims that Bujagali was such a good project that even the people its reservoir was going to displace supported it. He asserts the project was stopped by two small NGOs – Uganda's National Association of Professional Environmentalists and International Rivers Network – that could not claim to speak for the poor. "Millions of Ugandans are being deprived of electricity – deprived by Californians whose idea of an electricity 'crisis' is a handful of summer blackouts," concludes Mallaby.

The reality of the Bujagali project shows what is wrong with Mallaby's ideological approach to development. Once they were displaced, the affected people found that they were cheated of the benefits that had been promised to them, and have since rallied against the project (see page 14). The World Bank and the government refused to properly consider low-impact alternatives to Bujagali such as geothermal power plants and the Karuma hydropower project. Uganda's parliament was pressured to sign off on the US-sponsored project after the US embassy threatened to cut off further aid. An analysis commissioned by IRN found that the private investor overcharged Uganda by \$260 million – a revelation that prompted the government to demand a better deal. Bujagali was held up by various anti-corruption investigations, and eventually the private investor pulled out of the project. Even now, the government insists that its pet project go forward – to the detriment of more viable options, and of Uganda's electricity consumers.

The Bujagali experience is not an isolated case. It demonstrates that poverty and development depend as much on the power relations between the rich and the poor as on capital flows and economic growth. Social and economic progress happens when poor people control their own resources, when the poor are empowered to participate in decisions about the public good. Sound economic development takes place when all interested groups have a say about the development strategies of their society. The environment is not a pastime of the rich, as Mallaby's sneer at the World Bank's "Volvo standards" suggests, but the very basis of the livelihood of the poor. Environmental protection cannot be separated from economic development.

Poverty is entrenched when critical information is withheld from the public realm, when the poor are excluded from decision-making. Development is choked when investments in infrastructure and social services are guided by the interests of the privileged few rather than the public good, when economic opportunities are wasted and turn into stifling debt. Poverty gives way to misery when investments are made without regard to social and environmental standards, when small farmers are sacrificed for the interests of big landowners and urban elites. IRN's experience is that around the world, this is happening all too frequently.

The work of non-governmental organizations is all about transparency, accountability, democratic decision-making, the protection of the environment, social safeguards, and human rights. NGOs have consistently stood up for the interests of the poor and disenfranchised, and have tried to ensure that these interests are respected by the powers that be. This role is obviously not popular with the rich and powerful. The recent backlash against NGOs is a sign of their effectiveness. It is part of a broader attempt to roll back social and environmental progress, and shows that dynamic, independent civil society organizations are now more important than ever.

Peter Bosshard

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Jeanette Madden

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IRN

Executive Director:
Juliette Majot

Staff:
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Gary Snyder

Contact Information:

IRN
1847 Berkeley Way
Berkeley, CA 94703 USA
Tel: (510) 848-1155
Fax: (510) 848-1008
E-mail: irn@irn.org



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Brazilian Activists Prevent Loggers from Reaching Dam Site

by Glenn Switkes

Charging that Brazilian environmental authorities and an industrial consortium conspired to commit fraud in the awarding of the environmental license for the Barra Grande Dam project, people affected by the dam joined forces with environmentalists to blockade the site for a few weeks beginning in late October. The action temporarily halted the clearing of the project's reservoir, now under construction on the Pelotas River in Southern Brazil.

In all, 6,000 hectares of primary forests – including rare araucaria pines, in one of the richest remaining expanses of the threatened Atlantic Coast rainforest – would be flooded by the dam. A 2,000-hectare stand of virgin araucaria forest was somehow “omitted” in the project environmental studies (EIS).

At press time, a meeting had been convened between protesters and the dam-building consortium to negotiate a solution to the impasse, and an agreement was reached that resettlement and environmental mitigation issues will be reviewed. Several hundred dam-affected people are living in camps on access roads to the dam site.

Some 400 farmers who will lose their land to the project set up road blocks to stop crews with chain saws from reaching endangered stands of *Araucaria angustifolia* pines, some more than 100 years old. Simultaneously, environmental groups brought suit against the Brazilian government and the consortium to halt the logging. The area to be logged for the dam includes about 2,000 hectares of virgin forest, and 4,000 hectares of forest in advanced states of regeneration. This area represents nearly half of the area to be flooded by Barra Grande; the remaining area is principally fertile farmlands.

The Barra Grande saga reveals the pitfalls of recent efforts to expedite licenses for new hydroelectric dams – changes being pushed by Brazilian electricity officials and their industry allies.

Brazil's environmental protection service, IBAMA, triggered the controversy in September by approving the environmental license for the Barra Grande Energy Consortium (BAESA), made up of Alcoa, the Brazilian Aluminum Company (part of the Votorantim group), and other companies. Under the terms of the agreement, the consortium would, in exchange for permission to clear vegetation and fill the reservoir, purchase a compensatory area of 5,700 hectares of native forests, and set up a “germplasm

bank” of seeds from the native plants in the area, including endangered native tree species.

The Environmental Impact Assessment for the project, completed in 1998 by Brazilian engineering firm Engevix, falsely characterized the area to be submerged as “small plantations, low gallery brush, and fields with sparse tree growth,” and said that “the dominant growth in the area to be flooded is scrub land in initial and occasionally intermediate states of regeneration.” Brazil's environmental protection service, IBAMA, issued a statement saying that the agency only became aware of the discrepancy in 2003, when the 180-meter-high dam was already 85% built – four years after BAESA had won the concession for the project, and IBAMA had issued a license to permit the dam's construction.

André Sartori of the Dam-Affected Peoples' Movement (MAB) called the agreement “a joke,” and noted, “The company is not meeting its obligations for mitigation of social impacts, and it committed fraud on the EIA. For its part, IBAMA wants us to believe that for five years, it did not know that giant araucaria pines dominated the area instead of brush.” MAB is also defending the rights to resettlement and compensation for some 650 families that the consortium declared ineligible for indemnification.

Going to Court

With MAB members blockading the area, the Federation of Ecological Groups of Santa Catarina state (FEEC) and the Atlantic Coast Forest NGO network went to court to obtain a restraining order prohibiting the clearing. On October 25, a federal judge issued a court order suspending the license issued by IBAMA. In his decision, the judge held that “if the environmental license ... was based on false environmental studies ... then the process is completely irregular.”



Farmers affected by Barra Grande at a meeting to discuss blockading the dam site.

Photo: Adilano Becker/Amigos de Terra, Brasil

However, on November 5, a higher court overturned the decision. Judge Vladimir Passos de Freitas ruled IBAMA's agreement with the consortium to be legal, saying that “the dam is essential for economic development,” and that “even if not ideal, the agreement is the best way to compensate for the inevitable environmental damage that will occur.” Barra Grande, with an installed capacity of 690 megawatts, has cost more than \$450 million to build.

Tensions between the dam-building consortium and demonstrators intensified following the shooting death of a member of the clearing crew on November 9, even as protesters insisted their actions continued to be non-violent.

MAB insists it will remain vigilant at Barra Grande and will not permit deforestation to take place without a negotiated agreement between dam-affected people and the BAESA consortium.

MAB's actions come at a time when the dam-affected movement is mobilizing on a national basis to demand that past damages and predicted future impacts are addressed more thoroughly by dam building companies and government authorities. In early November, MAB blocked the entrance to Samuel and Tucuruí dams in the Amazon and to Acauã dam in the semi-arid Northeast to demand just compensation for Dam victims. MAB has also mobilized to spur compensation talks at the Campos Novos Dam in Santa Catarina state, which recently received financing from the Inter-American Development Bank. ■

Taming the Beast

Efficiency Experts Work to Slow Growth in US Energy Use

By Lori Pottinger

Nearly every country in the world has potential for improved energy efficiency. With only 5% of the world's population, the US currently consumes about 25% of the world's energy, creating tremendous potential for efficiencies, and elevating its importance to the US economy and the world's climate. Yet funds for such work have been dwindling as the energy market has been deregulated. WRR talked to Bill Prindle, deputy director for the American Council for an Energy-Efficient Economy (a Washington, DC based nonprofit) to learn about the latest efforts in this important field.



Bill Prindle

Photo: ACEEE

WRR: Tell us a bit about ACEEE's work.

BP: Our research focuses on all aspects of energy use in this country – transportation, utilities, buildings, industry, etc. We do advocacy on federal legislation, appropriations, environmental issues such as the Clean Air Act and climate change – wherever efficiency has a contribution to make. Our work has taken on new urgency lately, given the dormancy of the federal government on energy policy in the past four years.

WRR: ACEEE is “dedicated to advancing energy efficiency as a means of promoting both economic prosperity and environmental protection.” Can you talk about that link?

BP: Efficiency has been seen as a “personal virtue,” because it saves energy and money for individual families and businesses. And of course the environmental impacts of energy use are well known. But understanding the wide macro-economic virtues of efficiency can bring new players to this effort. The *Wall Street Journal* did an annual survey of economists in August that said the number-one action that would best support economic recovery would be a drop in energy prices. We recently released a report that details how reducing natural gas demand in small increments, combined with modest growth in renewable energy, could lead to rapid reductions in energy prices. Our analysis shows we could achieve a 26% drop in wholesale gas prices in five years with such a plan. That saves money for all gas users, not just those who invest in efficiency, and thus

helps the whole economy. Natural gas price increases have cost the nation over \$100 billion and counting in the past four years, and these cost savings could be put back into the economy. And it would be good for the environment, too, of course.

WRR: Describe some success stories in the energy-efficiency realm.

BP: The biggest success story in the past 15 years has been the advancement of appliance efficiency standards. We helped negotiate the first national standards in 1987, and have been working to improve them ever since. These standards affect refrigerators, clothes washers, lighting, motors, and even water conservation. Working with water efficiency expert Ed Osann, we helped institute efficiency standards for showerheads, faucet aerators, and other plumbing fixtures, which saves energy used for heating, pumping, and treating water as well as the volume of water itself. In clothes washers, the savings come not only from the need for less hot water, but also from shorter clothes-drying times because more water is wrung out of them. By 2007, clothes washers will be over 40% more efficient than they were five years ago. Water consumption in dry places like the US West is a growing issue that I think will overshadow the energy issue in the near future, and will drive energy savings indirectly, so there's a juncture there on these issues.

Looking forward, we've just analyzed some 60 different emerging technologies, and found a number of potential winners for the next generation of efficiency efforts. For example, furnace fans contain as much energy saving potential as refrigerators use today. We've developed some basic technical specifications for furnace fans that help create a marketable package; these are now being used by utilities in New England.

There is a lot of political commitment expressed on energy efficiency from various countries around the world, but it often falls short of making a difference on the ground. Outside of the US, the Chinese are working the hardest on efficiency at this point. They do long-term planning, and they see the steep demand growth curves – plus they are already seeing production losses due to their energy shortfalls. They know they can't sustain their economic development miracle without the “juice” of new power supplies, and they are quickly realizing that efficiency is the quickest, cheapest, and cleanest way to balance their energy needs. They're becoming a very important player in this field right now.

WRR: What are some of the main targets to achieving maximum energy efficiency?

BP: We are always looking at market “gateways” where decisions are made that affect energy use, to see if we can find lost opportunities. For example, there are opportunities in new construction of buildings or when houses are sold or renovated – if you don’t capture the energy efficiencies then, it’s a lot harder to get them later. Building codes and related programs are needed to capture these opportunities. Turnover of heating and cooling equipment and appliances is another key market opportunity, and here appliance standards have been a huge success. We also have voluntary programs that help transform markets, centered around the federal Energy Star program that labels high-efficiency models. As a result, refrigerators today use just one-third the energy they used 20 years ago. Air conditioning is twice as efficient as it was 20 years ago. There is certainly room for improvement in these and other products, but the policy models of mandatory standards complemented by voluntary programs is working.

We’ve also seen some progress in the utility sector – several states have committed significant funds to save energy. California has been the leader on this, though the majority of states do nothing or let the market manage the issue. However, there are signs that totally unregulated energy markets, which were supposed to offer more consumer choice and lower prices, are not working as intended, and that moderate, targeted efficiency policies are important to bring balance to the marketplace.

We have a terribly antiquated electricity transmission and distribution system in this country, and the continuing regulatory patchwork under which it operates makes it really difficult for anyone to invest in improvements to it. Deregulation has in effect “defanged” many state utility regulatory agencies, and we now have a hugely problematic situation. Right now, under peak load conditions, some transmission grids experience up to 30% losses. We could increase the capacity of the wires, but it would take a huge investment. A problem with grid improvements is that it’s harder for investors to see how they will make money on their investment than with a merchant energy plant. Big money goes where the highest returns are, and in the 1980s, merchant plants in California had an 80% return on investment. So far, there are

no good business models for funding distributed resources like grid system improvements or efficiency measures; the basic economics are tough, and so it takes a public policy commitment to make it happen.

WRR: Do you anticipate any changes on energy efficiency policies from the Bush Administration?

BP: The Bush administration has been cagey with efficiency funding. They initially tried to cut funding, but Congress basically said “don’t even think about it,” so there has remained a fair amount of core research and development funding in the budget. But it hasn’t kept up with the need. Presidential advisory groups have recommended doubling energy efficiency R&D funding, as it returns several dollars to the economy for every taxpayer dollar invested.

Federal energy policy has gone backward on transportation, as average vehicle fuel economy has fallen over the past 15 years. Hopefully, higher fuel prices will move the market toward reduced oil consumption,

and there is technological hope with hybrids and other efficient automotive technologies. But Detroit automakers are really behind the curve on this, and I think in the end they’ll be hurt by their (and the Bush administration’s) intransigence on the issue. Out-of-control oil demand will keep oil prices higher than they need to be, which will slow the economy, causing more damage to automakers’ interests than any fuel economy standards ever could. Meanwhile, Japanese and European manufacturers will continue to take away market share by offering more fuel-efficient vehicles.

On a hopeful note, energy efficiency has proven to be a bipartisan issue. It’s seen as being about technology, innovation and a stronger economy. So efficiency tends to get broad support from Republicans as well as Democrats. The challenge is to make that support deep enough so that efficiency can compete with energy-supply interests when hard policy choices have to be made. ■

For more information on ACEEE, see www.aceee.org

Fast Facts on US Energy Use

■ The US used about 29% of world’s energy in 1980, and about 23% in 2002.

■ The US uses about 15 times more energy per person than a typical developing country, and has the second-highest per-capita energy use in the world (Canada uses more energy per capita, but its population is one-tenth that of the US).

■ “Off the shelf” energy-efficient technologies available today could cut the cost of heating, cooling, and lighting homes and workplaces by up to 80% in new buildings, and by 50% in existing buildings.

■ A 25% improvement in average fuel economy for US vehicles (easily achievable and cost-effective with today’s technologies) would save up to two million barrels of oil a day – more than the US now imports from Iraq. Fuel economy regulations are now coming from states facing serious pollution problems and a lack of commitment from the Federal government on the issue. California has a new policy to cut greenhouse gas emissions from new vehicles by 30% by 2016, and states in the Northeast as well as

Canada are considering similar cuts. This combined market encompasses nearly one-third of the cars and trucks sold in North America.

■ At least 28 states have undertaken measures to reduce greenhouse gas emissions. Among those are 17 states that have enacted renewable energy requirements for their utilities. Some of the more ambitious standards include New Mexico, which requires 10% renewable electricity by 2011; Nevada, requiring 15% by 2013, and New York State, 25% by 2013.

■ State programs will make available nearly \$3.5 billion to promote renewable and clean energy over the next decade, according to the Clean Energy States Alliance.

■ A number of major US companies – including IBM, General Motors, DuPont and Xerox – are cutting carbon dioxide emissions to remain competitive in European countries that have adopted the Kyoto Protocol rejected by President Bush.

Reaching the Millennium Development Goals with Help from the WCD

by Patrick McCully

In September 2000 the largest-ever gathering of heads of state met in New York for the United Nations Millennium Summit. The declaration adopted by these political leaders – representing all 189 members of the UN – includes a set of goals for reducing poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women. UN Secretary-General Kofi Annan has described the adoption of these Millennium Development Goals as “a seminal event in the history of the United Nations.”

The eight Millennium Development Goals (MDGs) constitute an ambitious, shared agenda to significantly improve the condition of humanity by 2015. For each goal, a set of targets and indicators have been defined and are used to track progress in meeting them. The task is huge – particularly in sub-Saharan Africa, where almost half the population is struggling to survive on a dollar a day or less.

Drastic improvements in water and energy policies and practices will be required to meet the MDGs. The two goals most closely linked to water and energy management are “Eradicate extreme poverty and hunger” and “Ensure environmental sustainability.” But there are many links and synergies between the goals. Improvements in water and energy management and provision are needed to help meet most of them.

Indicators for reaching the poverty and environment goals include halving, between 1990 and 2015, the proportion of people whose income is less than \$1 a day, and over the same period halving the proportion of people without sustainable access to safe water and basic sanitation. The link between better water policies and increasing access to safe water is obvious. But there is also an inseparable connection between poverty reduction and water policy. Most of the world’s poorest are small farmers in developing countries on rain-fed lands. Increasing their incomes requires, among other changes, increasing their farms’ yields. This usually means increasing their water productivity – getting more crop per drop.

Improved access to modern energy services is also widely agreed as a key part of poverty eradication strategies. Improving energy services would also make a direct impact on reducing child mortality: smoke from domestic stoves is one of the world’s

most deadly killers of children. World Health Organization figures indicate that respiratory illnesses due to smoke from cooking fires kills nearly one million children every year.

Enter the WCD

The report of the World Commission on Dams was published just two months after the Millennium Declaration. The WCD did not refer to the MDGs, but their recommendations flesh out the types of approaches that could redirect energy and water policies to an MDG-compatible path. The WCD’s recommendations are based on a vision of development that is rights-based, equitable, efficient, participatory, sustainable and accountable. These values can all be found in the Millennium Declaration which calls for an end to “the unsustainable exploitation of water resources” by developing strategies “which promote both equitable access and adequate supplies.” It also commits governments to “work collectively for more inclusive political processes, allowing genuine participation by all citizens in all our countries.”

The WCD found that current water and energy decision-making processes have often resulted in huge expenditures on poorly performing megaprojects that delivered benefits to the well-off at the expense of the poor and of national economies. The WCD explained these perverse outcomes by showing how vested interests were able to capture opaque and autocratic decision-making processes.

The WCD recommends transparent and participatory decision-making, and advocates for directly affected communities to be able to negotiate legally binding agreements with developers. Such an approach should favor projects with low social, economic and environmental risks and high rewards to communities. Implementing the WCD should lead to water policies biased toward optimal management of existing schemes over building new infrastructure, and toward decentralized small-scale projects with widespread benefits over centralized megaprojects with unmanageable social and environmental impacts and benefits for limited areas. A similar bias toward decentralization and more community- and environment-friendly projects is likely in the energy sector as the WCD’s approach gains acceptance.

The Millennium Project, a group of scholars established to advise the UN on strategies for meeting the MDGs, agrees on the need to



Photo: Nic Paget-Clarke/immotionmagazine.com

Kofi Annan has been a leader in promoting the MDGs

make decision-making more participatory and pro-poor. The interim report of the Project’s Task Force on Poverty lists six “clusters” of core MDG policy priorities with important overlaps with the WCD’s recommendations. The task force’s priorities include “a rights-based approach to poverty-reduction, one in which historically excluded or disempowered groups are given a greater emphasis in policy making and a greater voice in decision-making.” Other policy priorities include “increased public investment in basic human needs” such as water and sanitation, promotion of rural development through raising yields on small farms on marginal lands, biodiversity preservation and watershed management.

The poverty task force also stresses the central role of access to improved energy services: “Modern energy services may directly contribute to economic growth and poverty reduction ... through the potential freeing up of time for other productive activities, creating the possibilities of small enterprises, enhancing agricultural productivity and replacing ... inefficient biomass.”

“Differentiated assessments for rural and urban needs” is another policy priority for the poverty task force. While large centralized water and energy supply schemes may be needed for urban areas, in rural areas small-scale infrastructure such as dug wells and pit latrines and non-grid electrical supply systems will be most appropriate.

The Millennium Project's water and sanitation task force describe problems of wasted resources and mismanagement caused by the "ribbon cutting culture" of utilities and donors whereby big new construction projects are favored over maintaining existing systems. They stress the importance of countries focusing water and sanitation efforts on areas where needs are greatest – usually urban slums, peri-urban areas and rural areas. The great majority of the 1.1 billion people estimated to lack access to safe water and the 2.4 billion who lack access to basic sanitation live in rural areas of Asia and sub-Saharan Africa.

The water and sanitation task force also stresses the importance of promoting low-cost solutions that allow available financial resources to benefit more households. It states:

"Hand pumps, improved wells, rainwater harvesting, installations using voluntary labor, community maintenance, and the promotion of small-scale independent service providers are examples of 'lower-tech' approaches that may be particularly relevant and cost-effective for many rural and peri-urban areas. In some urban settlements, small, locally operated water supply and sanitation systems may be less expensive to construct and maintain than large, centralized systems."

Various international bodies working on water and agriculture have recently come to similar conclusions about the need for an emphasis on decentralized solutions as key to meeting the MDGs. A group of researchers from the Pretoria office of the International Water Management Institute (IWMI) argue that in Africa, agricultural

investments must be redirected from conventional big irrigation schemes to innovative decentralized options. Formal irrigation projects in Africa have historically been expensive and poorly performing. Further constraining their desirability is that there are now few untapped sources of surface water in the continent's arid and semi-arid regions, growing water demand from cities, and a need to keep water in rivers to sustain essential ecosystem services. The IWMI researchers propose rainwater harvesting, intensifying traditional techniques for farming wetlands, tapping shallow aquifers for irrigation with low-cost treadle pumps and dug wells, and recycling urban wastewater for peri-urban agriculture.

David Molden of IWMI and Professor Malin Falkenmark of the Stockholm International Water Institute argue that increasing water productivity is essential if we are to grow the food needed to meet the MDG on hunger and poverty while also leaving enough water for ecosystems to meet the environmental sustainability goal. Fortunately, the potential for increasing water productivity is huge. An IWMI study of 40 irrigation projects worldwide revealed a 10-fold difference in the gross value of output per unit of water consumed by the crops. The study implies that there are many irrigation projects that if managed better could grow much more food without diverting any more water.

Most of the world's food is grown in rainfed areas, and most of the water consumed by agriculture is delivered in the form of rain rather than from irrigation ditches. The majority of the world's rural poor live in

marginal rainfed areas where water productivity tends to be extremely low. Improving water productivity in rainfed areas is thus essential to meeting the poverty and hunger MDG. Molden and Falkenmark write that:

"In these areas practices such as conservation tillage, which help store more green water [rainfall stored in soils and aquifers] in the soil profile and reduce evaporation from the surface, can greatly increase productivity. Other practices such as supplemental irrigation [providing irrigation only at times of greatest need] combined with water harvesting, contribute to water productivity by protecting crops from yield reductions due to dry spells. These practices, which help get 'more crop per evaporated drop', have the potential to more than double yields in many areas in sub-Saharan Africa."

The WCD's transparent and participatory approach to decision-making would help steer investment away from large dam-and-canal irrigation schemes toward the approaches advocated by IWMI. It would raise public awareness of the advantages of decentralized options and force developers to take responsibility for the costs of adequately assessing, mitigating and compensating for the negative impacts of large dam projects. It would also help to reduce the rampant corruption that bedevils infrastructure projects and leads to wasted money and bad choices. Tunku Aziz of Transparency International notes that high-cost projects are often favored over cost-effective projects for the simple reason that higher-cost projects allow for larger kickbacks to corrupt officials.

Conventional approaches to water and energy planning have frequently favored capital-intensive, centralized technologies such as big dams. After a decade during which big dam building has been in steady decline, the World Bank, numerous developing country governments and the international dam industry associations are now pushing for a revitalization of the industry. These dam boosters have attacked the WCD because they claim that following its recommendations would make it more difficult to build large dams.

This is exactly why the WCD must be encouraged. If the international community is to meet its Millennium Development commitments, we need tools to discourage business-as-usual approaches to water and energy development and to promote innovative, pro-poor and pro-environment schemes. The WCD is one of the best tools we have for this job. ■



An increased focus on small-scale, decentralized technologies like improved cooking stoves are key to meeting the MDGs

For more information:
www.unmillenniumproject.org

Turning the WCD into Action

by Terri Hathaway

Four years ago, the 12 commissioners of the World Commission on Dams (WCD) concluded their three-year effort to analyze the world's record of dams and development by stating: "We have told our story. What happens now is up to you." A group of dedicated South Africans boldly accepted this challenge. Representing varied interests on dams, they have been working together for nearly four years to incorporate the WCD's findings into South African national policies and laws.

Nearly 100 delegates representing government, the private sector, NGOs, affected communities, utilities and others came together on October 13-14 for the fourth and final forum of the South African Multi-Stakeholder Initiative on the World Commission on Dams in Johannesburg. The objectives of this Initiative were to broadly contextualize the WCD report and to make recommendations on its implementation in South Africa. The multi-stakeholder method promoted a collaborative and consensual response. The group's final report is expected to be ready for distribution in early 2005.

South Africa is the first country to move so far and so collaboratively on implementing the WCD. Said Brian Hollingsworth, the Initiative's facilitator, "It has been possible to finalize the report because of the work of people with many differing views of the issues but who are all dedicated to improving dam practice in South Africa."

The October meeting concluded with an emphasis on graduating to the next step: implementing the Initiative's recommendations. The report will provide a roadmap for South African institutions of how to adapt to WCD recommendations as prioritized by the Initiative. The report will recommend changes to existing water policy and energy planning – improvements that will likely carry over to South African dam projects outside of the country as well. Likewise, the outcomes of this multi-stakeholder process will serve as a model for other countries seeking to develop a national process on the WCD.

Reparations a Sticking Point

For a process expected to be wrought with contention, some participants were surprised that only two issues were perceived as controversial during the final meeting – that of financial reparations for communities affected by past dams, and the issue of legally binding contracts between developers and affected communities.

Those affected by historic dams, like Gariep and Van Der Kloof, have lived for 30 years with the injustices of land taken without compensation and the drowning of ancestral graves. The issue of reparations was seen as the highest priority by those representing dam-affected communities. There was strong consensus in the forum that government promises were indeed broken and injustices done to many dam-affected communities in South Africa. There was little consensus, though, on how to rectify these outstanding issues.

In April 2003, two years into the South African Multi-Stakeholder Initiative, President Thabo Mbeki announced that action would be taken by the government of South Africa on the findings of the Truth & Reconciliation Commission (TRC). The TRC, which investigated apartheid-era atrocities, included written and oral testimonies of about 20,000 individuals. The government agreed to compensate victims who participated in the TRC process with 30,000 Rand (about US\$5,000) each, and stated that no additional financial reparations for apartheid-era injustices would be provided.

All outstanding social issues with dams built prior to 1994 are considered by the South African government to fall under this condition. Government participants in the Initiative had to walk a fine line between acknowledging the importance of reparations for unresolved issues and the top-down message from government that no further financial reparations would be considered. Although dam-affected communities have been clear on the request for financial reparations, the government has indicated that it will investigate alternative forms of reparations, such as memorial plaques, provision of land and basic services, and sharing the benefits of the dams.

How They Did It

In early 2001 preparations began for a multi-stakeholder process that would analyze how to apply the WCD report in South Africa. A working group was formed, representing government, IUCN, the private sector and local NGOs. Participants say it was during this time that an atmosphere of mutual respect emerged despite differences in perspective. The respect built here served as a foundation for collaborative work throughout the process.

Representatives of each of six key sectors – government, private sector, development

finance and research, utilities, NGOs, and affected communities – sat on the Coordinating Committee to ensure that all perspectives would be given an equal voice throughout the process. The Coordinating Committee met every two months, and a broader stakeholder forum was held each year.

As a first step, the committee prepared a scoping report by canvassing opinions from all sides of the debate. According to Hollingsworth, "The scoping report brought all the issues into the debate from an early stage. So in this sense there were no surprises."

Liane Greeff, a member of the Coordinating Committee, added, "The scoping report was a powerful tool for conflict resolution because it didn't gloss over differences of opinion. Not only did it help people listen to other perspectives, but the report also provided a common platform upon which to base the analytical process." The report also described trends and key issues, such as apartheid-era impacts and existing water-stress in South Africa.

The stakeholders framed their process around the WCD's seven Strategic Priorities. For each Strategic Priority, the group determined its relevance and desirability in South Africa. Next, they analyzed the extent to which it was already covered by existing policy, regulations, and legislation. Finally, they made recommendations for changes and identified outstanding research needs. Participants consciously used examples from Southern Africa to support their analysis.

With the report nearly complete, the October forum provided the opportunity to hammer out any remaining areas where consensus had not been developed, and to consider the appropriateness of the Initiative's draft recommendations.

There was agreement on many things – including a need for a policy to address unresolved social concerns, and for an integrated national planning framework – but

Seven Strategic Priorities of the WCD

- Gaining public acceptance
- Comprehensive options assessment
- Addressing existing dams
- Sustaining rivers and livelihoods
- Recognizing entitlements and sharing benefits
- Ensuring compliance
- Sharing rivers for peace, development and security

in South Africa

some key areas remained contentious. "We failed to reach consensus on whether there should be any form of moratorium on new dams until the legacy of social equity issues on existing dams had been resolved," noted Hollingsworth. "We also spent a lot of time trying to formulate the need for options assessment to start at the macro level of planning in all sectors that require or impact on water resources."

Although the facilitated discussion became tense at times, participants said it was not as tense as the dams debate in South Africa prior to the Initiative. One representative from South Africa's state utility, Eskom, affirmed that there is now "a better understanding of each viewpoint." The forum endorsed the changes recommended at the meeting and mandated the Coordinating Committee to finalize the report on their behalf. Once the report is published, a new committee elected at the October Forum will commence work to promote the report's recommendations. Government made a special request for more participants on this committee to ensure implementation is prioritized.

Secrets to Success

Members of the Coordinating Committee identified several reasons for the Initiative's success. The South Africa process included reasonable and committed participants, who came to the table in good faith, believing that the WCD improves water- and energy- planning and can be implemented. They also acknowledged that South Africa, already water-stressed and on a course to be energy-stressed, cannot afford to repeat the social and environmental mistakes it has made in the past. Participants say they were determined to consider each proposal carefully and to build consensus. The annual forums promoted open and constructive debates. Logistically, a clear process was set and ample time given for reflection. "I think the Initiative succeeded because of the atmosphere of mutual respect, because it took the time necessary to develop that respect," said Liane Greeff, whose work on the Coordinating Committee was informed by years of monitoring the WCD process for her organization, the Cape Town-based Environmental Monitoring Group. "Other key factors were the drafting of the scoping report, the equalizing of power relations and the role of the author in finding ways of drafting text to the satisfaction of everyone."



People affected by South Africa's legacy of dams at the October WCD meeting.

Another key to success was the importance of having all stakeholders engaged not only in the process, but in the determination of the process. In early 2001, two separate forums on the WCD were being planned – one by industry and one by NGOs. "We quickly recognized that the best way forward would be to plan together. If one sector is planning the meetings, it can give them more influence over the agenda and outcomes – exactly the situation we were trying to avoid," noted Greeff. The sectors began planning together, providing an opportunity for traditionally unequal power relations to share the floor with greater equity and enabling more voices to be heard.

For international observers, the process was an impressive example of democracy in action. "South Africa is a role model for the countries in the region, and from what I experienced, the WCD process in South Africa certainly reflects a new political space for civil society participation in development issues," observed Sandhya James of Basilwizi Trust in Zimbabwe, an NGO working with people affected by Kariba Dam. "Although it will be difficult for us at first, we would also like to initiate a similar multi-stakeholder process in Zimbabwe, as we have no national policies or guidelines on dams and development whatsoever."

Water Over the Dam

South Africa's recent National Water Resource Strategy (NWRS), adopted in September, would have been a likely target for

implementing recommendations of the Initiative's report. "Unfortunately the Initiative was not able to complete its work before the NWRS," noted Hollingsworth. "Nevertheless, we believe the WCD report and the discussions within the Initiative significantly influenced finalization of the NWRS. For example, between the discussion draft and the approved NWRS, the profile of water conservation and demand management was raised considerably, and the recognition by the water sector of its interdependent relationship with broader economic and social planning frameworks was more expressly stated."

Hollingsworth added, "The NWRS envisages 19 new dams over its 20-year period. Most participants in the initiative were disappointed that the plan did not demonstrate the same amount of thought and resources given to alternative water resource solutions as it did to dams. So it's a mixed bag." When asked about incorporating WCD recommendations into the NWRS, Mike Muller, director-general of the nation's water ministry, argued that the planning of water resources is much broader than the WCD. "We are not going to frame the NWRS on a process that narrowly focused on dams."

NGOs involved in both processes have been particularly frustrated that the NWRS largely ignores the WCD report, most notably its recommendation for comprehensive options and needs assessments. NGOs are wary that South Africa is expected to build more dams, including one proposed

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Working to Protect China's Last Free-Flowing Rivers

by Susanne Wong

Over the past year, an unprecedented campaign has emerged to stop a 13-dam cascade on one of China's last free-flowing rivers. Wang Yongchen, a journalist with China National Radio for 20 years and founder of Green Earth Volunteers, has played a key role in efforts to protect the Nu River. With her wide network of contacts and energetic personality, she was influential in jump-starting the campaign about the dams. She galvanized fellow journalists to write articles, organized petitions, coordinated traveling photo exhibitions and lobbied top government officials.

The nationwide campaign to protect the Nu River has brought together NGOs, scientists, government officials and the general public who are calling for careful economic development that respects the environment and local communities. Their efforts led to Premier Wen Jiabao's exceptional announcement last April to put the dam project on hold due to concerns about the environment and ethnic minorities. This move signaled a sea change in China, where only 15 years ago journalist Dai Qing was imprisoned for raising concerns about the Three Gorges Dam.

IRN recently spoke with Wang Yongchen about the Nu River campaign and the burgeoning environmental movement in China to protect rivers.

WRR: NGOs, communities and the environment celebrated a victory when Premier Wen Jiabao called for a halt to dam construction on the Nu River. Can you talk about the significance of his decision?

WYC: We are currently experiencing a whole new era where the Chinese government now emphasizes the environment a lot more than before. It does not just consider economic development as a priority, but environmental concerns as well. Wen Jiabao stated that public outcry and lack of an adequate environmental impact assessment affected his decision on the Nu dams. The new government is very different from the previous one. If the former leadership were still in power, the projects would likely have started last November.

Wen Jiabao's decision on the Nu dams validates the voice of civil society. It may not be the first time but it is one of the rare times where the voice of Chinese people has affected government decisions.

WRR: How did the efforts of civil society influence his decision?

WYC: I think the number-one influence on his decision was the media. Journalists have really made a big difference in this case, including mainstream media and the internet. Secondly, an important factor was the strong alliance between environmental groups from Beijing and Yunnan province. Scientists also stood up against dam building this time. They testified against the dams at

forums in Beijing. Officials from the State Environmental Protection Agency also stood their ground and played an instrumental role in this fight.

WRR: Can you talk about the growing environmental awareness in China?

WYC: Although more money is lining people's pockets now, people can see that the sky is less blue and the environment is getting more polluted. And so we can witness the growing environmental consciousness of the public. Many decades ago, one of communism's main ideals was man's control over nature. But this has been proven wrong after years of experiment. Today, there are more floods due to rampant logging. Because of uncontrolled grazing, grasslands have been turned into desert. I understand that this year's floods, while not the greatest in terms of quantity of floodwaters, had a high death toll. It's widely understood that the floods are triggered by logging-induced erosion.

Government officials have also recognized the importance of protecting nature and have allowed civil society more space to talk. Because of this growing recognition, when we call for support, many citizens come to our side.

WRR: What do you think it will take to stop the exploitation of China's rivers?

WYC: Right now, all local governments are rushing towards development. But first and foremost, local governments must recognize the importance of environmental protection



In October, Wang Yongchen received the Conde Nast Traveler Environmental Award for her efforts to protect the Nu River.

and pay more attention to the voices of officials in the State Environmental Protection Agency and local environmental protection bureaus. These bureaus are currently weak and have had little footing to stand on.

We also need more dedicated and committed people to join us in this movement for environmental protection. We need people who have knowledge, solutions and dedication. And we need to provide more support for local people who are living on the frontlines of these battlegrounds.

WRR: What are your hopes for the growing movement to protect rivers in China?

WYC: We hope that no more destructive dams will be built on China's rivers. We hope to maintain the life and vitality of China's rivers and ensure that rivers such as the Nu remain clean and free flowing. But how can we achieve this? One way is to bring more people to the Nu River to understand the ecological and cultural importance of this region.

I am pleased to see that more and more people in China are informed about dams. More people understand that dams will not enrich local communities but will destroy the natural environment and harm the well-being of future generations.

I'm not sure we can bank on the success of our campaigns against dams, but I know that the growing voice of the people will be a strong force for civil society in China.

Editor's Note: *At press time, the government was giving strong indications that the dams on the Nu River will go forward. "We will do everything we can to permanently block the damming of the river," said Wang.*

Picturing the Yangtze

Yangtze Remembered: The River Beneath the Lake, by Linda Butler (Stanford University Press, 2004)

Linda Butler traveled to China eight times between 2000 and 2003, documenting the often catastrophic, always heart-rending changes brought on by the Three Gorges Dam. This large-format photography book memorializes the people and places of the Yangtze River, and artfully reveals the stark contrasts and fundamental contradictions of modern China.

Despite all that has been written about this massive project, nothing quite captures its human impact as well as Butler's pair of before-and-after photographs of a man with his house that was demolished to make way for the dam's rising reservoir. His loss is New Wushan's gain: another image a few pages later shows lighted ornamental palms lining a lively shopping district in this city.

Butler describes the human and environmental trade-offs for the project not only in rich black-and-white images, but also in clear, non-judgmental essays that give the book added weight and poignancy. Of one resettled family, she writes: "During the three years I followed [them], I saw their lives go through difficult transitions. In the summer of 2001, they received about \$5,000 for their house. Over the next 18 months they lost more than half the money." The father used \$500 to bribe a local official to get a job for his daughter, but within three months the company went bankrupt. The family spent \$1,500 to start a chicken business, which failed.

Today, they have a small house and eke out an existence on a steep piece of land above the reservoir. They are too poor to afford a boat and isolated by the reservoir, but are able to grow enough food to feed themselves and their two pigs.

"The emotional, political and economic consequences of moving 1.3 million people cannot be easily assessed," Butler notes. "Who can quantify the effect of displacing people from their communities on the river and settling them hundreds of miles away to raise crops that are unfamiliar among people whose dialects are incomprehensible to them? Who can assess the impact of losing a visceral connection with centuries of human history?"

This book provides a definitive visual record of life on the Yangtze before it was changed forever by the world's largest dam.



Carpenter's house, Beishi, 2001

This carpenter constructed his own house on a hillside overlooking the Yangtze in 1982. It broke his heart to leave his dream house and see it destroyed.



Carpenter's house in ruins, Beishi, 2003

Dynamite destroyed the carpenter's house on his 53rd birthday. Six months after this photo was taken, the land was under 15 feet of water.

The Silence of the Dammed

World Bank Goes Forward with India Dam Despite Investigation

by Ann Kathrin Schneider

The eyes of two villages rested upon one man. Women in saris and middle-aged men wearing colorful caps typical for this Himalayan region sat down quietly as Shekhar Singh opened public hearings last May on the Allain Duhangan Dam for Prini and Jagatsukh villages.

Much was at stake in these public hearings. The World Bank had cast its eyes on the project. Support for Allain Duhangan by the Bank's private-sector arm, the International Finance Corporation (IFC), would be the first Bank loan for hydropower in India since its much hailed departure from the sector in 1993. The Bank claims that its decision to move back into financing for hydropower in India is motivated by the improvement of social and environmental aspects of big infrastructure projects in India.

Were these public hearings an indication that the World Bank takes its responsibility toward affected communities seriously and will move back into hydropower in India "very cautiously," as it claims? Would these public hearings give affected villagers a space to openly voice their concerns and, as importantly, would project authorities act upon the villagers' recommendations?

The public hearings with Shekhar Singh represented a victory for the affected communities and their allies. Since the contract for the 192-megawatt Allain Duhangan hydropower project was awarded in 1996, affected communities downstream of the proposed dam had been demanding information about the project in local languages, objective assistance in understanding the project documents and their implications for them and impartial public hearings.

The first public hearings for the Allain Duhangan project in January 2004 were called off after villagers demanded the Hindi translation of the project's Environmental Impact Assessment and an independent panel to chair the public hearing.

Upon the request of the villagers, the translation of the relevant project documents into Hindi was organized. Shekhar Singh, director of a New Delhi-based NGO, the Center for Equity Studies, was called in as independent observer, and his team explained the project documents in Prini and Jagatsukh villages and conducted public hearings in May.

However, the victories turned out to be short lived. The demands and concerns raised by affected communities in the public hearings were not acted upon, the criticisms of the project were not taken seriously, the project plans were not altered in response to the communities' concerns. Three months after the second public hearings, and with no implementation of the villagers' recommendations, they decided to officially oppose the project. "On July 4, 2004, at the Public Meeting in the Village Panchayat of Jagatsukh village, a resolution opposing the Allain Duhangan Project was unanimously passed. Hence the project should not be provided any loans or money by you," states the group's letter to the IFC.

Before the World Bank's Board discussed the project as part of the loan approval process, the villagers filed a complaint with the independent inspection mechanism of the IFC (known as the CAO). In the complaint, they listed the same concerns with the project as at the public hearing: the inadequacy of the environmental and social impact assessments, the lack of sufficient water for their drinking and irrigation needs after the construction of the dam, the destruction of their livelihoods due to the negative impacts of the dam on apple cultivation and tourism, and the security of the villagers, especially the women, during the construction phase of the project. The complaint states: "The concerns of the village people on this issue have not been satisfactorily addressed by the company, the consultants or the IFC in spite of repeated reminders about these concerns."

The World Bank's accountability mechanisms were created to give affected communities the opportunity to report likely or actual violations of Bank procedures and policies, and thereby to increase its accountability to project-affected communities in borrowing countries. The first inspection mechanism at the Bank was set up in the



The public hearings in May. Shekhar Singh is standing on the right.

Photo: Colin Fernandes

wake of the Narmada disaster, and its first investigation was a complaint launched by Nepali NGOs against the Arun III Dam in Nepal. In that case, the World Bank waited for the report of the Inspection Panel and decided against the project.

After the May public hearings, facilitator Shekhar Singh wrote to Bank president James Wolfensohn to urge the Bank to approve the loan only after the construction company addressed important outstanding issues raised by the communities. He explained: "The non-implementation of these and other recommendations would not only result in the project becoming socially and environmentally non-viable, but also heighten the already existing social tensions." Wolfensohn never replied.

Two days prior to the discussion about the project by the Bank's Board, the CAO accepted the complaint of the villagers and agreed to investigate. The board moved ahead, ignoring the investigation and the villagers' complaints.

Years after the World Bank's involvement in the Narmada valley, and years after the creation of the Inspection Panel, in October 2004, the Bank decided to return to funding dams in India.

On a Tuesday after a long bank holiday in early October, the Board of the World Bank approved \$45 million in loans and equity from the IFC for the Allain Duhangan project. Two weeks later, a Norwegian investor agreed to provide additional financing.

The CAO investigation into the project is still ongoing. Shekhar Singh has stopped writing letters and chairing meetings. ■

The World Bank and Civil Society: Forward to the Past?

“The World’s Banker: A Story of Failed States, Financial Crises, and the Wealth and Poverty of Nations” by Sebastian Mallaby (Penguin Press, October 2004)

by Peter Bosshard

In *The World’s Banker*, Sebastian Mallaby presents an insightful account of the World Bank during the presidency of James Wolfensohn. The author loses his cool when he discusses the role of advocacy groups that campaign against Bank projects, substituting research with polemic and a substantive debate with ideology.

The author conducted more than 200 long interviews in preparing this book. He says he spent nearly 20 hours conversing with James Wolfensohn, and talked with scores of other Bank staff and managers. Mallaby spent so much time at the World Bank that he ran out of time to talk with those he calls the “Berkeley mafia” – the environmental activists whom he holds responsible for the woes of the financial institution. As a consequence, his tirade against advocacy NGOs is so ill-informed and ideological that it undermines the useful insights in the remainder of his book.

Mallaby’s book centers on James Wolfensohn, and with good reason. Few other people have shaped the institution as much as its current president, whose second term ends in 2005. Mallaby portrays the subject of his fascination as a “screamer, schemer, seducer; Olympian, musician, multimillionaire; by no means a saint but by any standards a fantastic force of nature.”

The World’s Banker leads the reader through the many turns of the Wolfensohn presidency – the newcomer’s desire to “walk with the poor,” his decision to put the “cancer of corruption” on the institution’s agenda, Wolfensohn’s growing caution regarding controversial large-scale infrastructure projects, and his eventual return to such projects in the name of a new high-risk strategy. The author neglects other important topics. He gives short shrift to

environmental issues. He does not discuss the Bank’s continued insistence on structural adjustment programs, even if under a different name. And he fails to mention how the Bank’s dogmatic privatization policies have wreaked havoc on the infrastructure and social sectors of many Southern countries.

Fundamental Contradictions

Under Wolfensohn’s leadership, the Bank began weakening its social and environmental standards in order to increase its lending to middle income countries, and marginalized the concerns of affected communities and NGOs.

The Bank also refused to adopt the key recommendations of the independent reports on large dams and extractive industries that Wolfensohn had commissioned.

Mallaby strongly supports the ongoing backlash to social and environmental issues at the Bank, and claims that social and environmental safeguard policies have increased the cost of doing business with the World Bank to the point that industrializing countries like South Africa prefer to borrow from other sources. He charges that since the 1990s, Northern NGOs have “overplayed their hand,” and that “despite their diminutive stature, the Lilliputians are winning.”

Mallaby recognizes that the current weakening of Bank guidelines contradicts the efforts to fight corruption. “Wolfensohn’s two main instincts on development – that the Bank should listen to its clients, and that development depended upon noneconomic factors such as corruption – were in some ways in tension with each other,” he notes.

Yet Mallaby’s positions are marked by the same contradictions. He dismisses “the idea that you could ignore the political context and proceed by technocratic means alone.” Yet he supports the renewed promotion of large dams in repressive and corrupt countries like Laos. The author thus falls into the same technocratic trap that marks the Bank’s lending.

Mallaby insists that the World Bank

should listen to the poor, and not to Northern environmentalists. He argues that it is unfair to apply what he calls the “Volvo” standards of the North in poor countries like Laos. Yet he unquestioningly assumes that Southern governments speak for the poor. He dismisses the safeguard policies, which give the poor a (limited) voice in Bank projects, as “infernal safeguards.” And he ignores that the environment may sometimes be considered a luxury issue in the North, but is a basic source of livelihood for poor people in many countries.

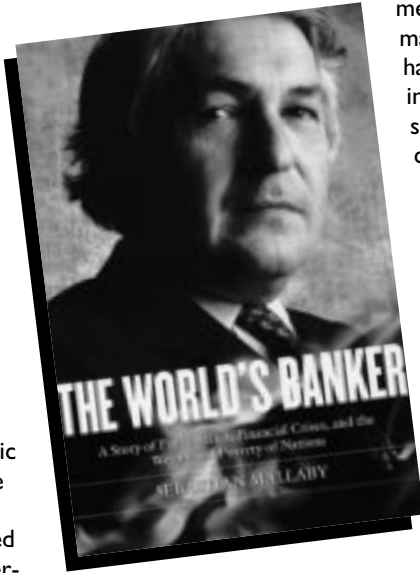
Sloppy Research

Sebastian Mallaby, a historian trained at Oxford, writes with British cool. Yet when he discusses the role of advocacy NGOs, he loses his gentlemanly style. With rapid fire, he disparages the NGOs as “ragtag legions” and “globophobes.” Mallaby argues that “discussions with the screamers from the Berkeley mafia will not get you anywhere.” He slanders the activities of International Rivers Network and other NGOs at considerable length, yet did not bother to talk with IRN while researching his book. He also spent very little time doing research for his book in Southern countries, let alone with project-affected communities.

As a consequence of his sloppy research, Mallaby’s accusations against campaigning groups are ill-informed. In his opening salvo, he asserts that a campaign orchestrated by IRN stopped a dam in Uganda that even the affected communities supported. He does not mention that once they were displaced, the affected people found that the promises made to them were broken, and turned against the dam. More fundamentally, the author ignores that Ugandan parliamentarians, civil society groups and academics opposed the Bujagali dam (and favored an alternative) because it was corrupt and excessively expensive. The project eventually collapsed because an anti-corruption investigation failed to clear it and the private investor withdrew from it.

Throughout his book, Mallaby accuses campaigning NGOs of being ill-informed and ideologically biased. Given the many errors and misrepresentations in his own account, his accusations fall back on him and undermine the credibility of his book. ■

See www.irn.org/programs/finance for more responses to Mallaby’s assault on NGOs work.





UGANDA: It has now been three years since 30 households were resettled to make way for the coming Bujagali Dam on the Nile River in Uganda. Many of these households were willing to move because they were hopeful it would better their lives. The dam was to be built by the US-based AES Corporation. In 2002, AES pulled out of the World Bank-backed deal with the Ugandan government, leaving the project in a state of indefinite suspension. Villagers who were already resettled have been held hostage by the unfulfilled promises of project proponents.

When the government of Uganda signed the agreement with AES, the task of resettlement fell to the corporation. "The government handed over the land to the company. AES was left to resettle the people," noted Frank Muramuzi of the Ugandan NGO the National Association of Professional Environmentalists (NAPE). Virtually no follow-up by the government or the World Bank has occurred since AES left Uganda; it remains unclear to whom the resettled community should target its grievances.

A key issue is that all but five households still do not have land titles for their new lands. One villager noted, "We are worried people. Without land ownership, we are like squatters." Another villager says that this is not the first time he has been resettled; his community was moved previously without compensation under the dictatorship of Idi Amin. "When I remember that story, I get worried. If the government changes its mind, then where are we going to be?"

Life has become more difficult for many in the resettled community. Villagers speak with frustration about the promised health clinic and school that, after three years, have not been built. With only one well for the resettled people, households resettled farther away have to walk several kilometers to get water. No road connects the community to the local market town, impairing trade. They feel their quality of life has been diminished.

On September 27, 2004, the resettled community submitted a letter of grievance to the Minister of State For Lands, signed by 33 members of the community. The letter describes unfulfilled promises on land titles, electricity, sanitation, and strains on natural resources. "It might also be of interest to the government in general and your ministry in particular that we are facing a serious fuel crisis, as we have to move three miles from the

resettlement land to obtain ever diminishing firewood for cooking," the letter states.

NAPE is working with the communities to ensure their grievances are addressed. In mid-October, the group hosted a public meeting to discuss the recommendations of the World Commission on Dams in Uganda; people resettled by Bujagali attended. "We hope the WCD approach can prevent such resettlement disasters from being repeated," stated Muramuzi. — **T. Hathaway**

*The full letter is at
www.irm.org/programs/bujagali/*

BRAZIL: The Lula government's plans for the US\$1.5 billion São Francisco river diversion project have been handed a significant setback, as the São Francisco River Basin Committee, charged with planning the management of water resources of the basin, voted 42-4 to reject the diversion plan. José Carlos Carvalho, president of the committee, called it "a historic decision," but said "the problem is that the government is insensitive to the will of the committee, and still wishes to carry out the project." The committee voted to limit withdrawals from the river to extreme cases of drought, where human and animal husbandry needs for water were threatened, and held that such water transfers could not be channeled to agriculture.

The basin committee's decision gives a fresh impetus to an alternative plan for the "revitalization" of the basin, which emphasizes restoration of the headwaters of the São Francisco, soil conservation and sanitation projects, and setting aside new areas for environmental protection.

CHINA: Human Rights in China (HRIC) reported in late October that it had received an urgent appeal from 650 people resettled as a result of the Three Gorges Dam project. The resettlers' group, led by Fu Xiancai, asked HRIC to deliver a petition to the United Nations in hopes that the international community will assist them in obtaining appropriate compensation. The petition claims that the villagers have suffered losses totaling more than 2 million yuan, and that their living conditions under resettlement are greatly inferior to what they originally enjoyed.

The group, which was resettled from Hubei Province, told HRIC that their leader, Fu Xiancai, is at imminent risk of detention because of his activism on their behalf. Fu has been

detained and interrogated on a number of occasions, and is regularly subjected to threats and harassment. At the end of September Fu went on another trip to Beijing to petition on behalf of the group, but was detained by police and escorted back to Hubei.

The resettled residents have petitioned various levels of the government dozens of times since the 1990s. During that time, leaders of the group have been repeatedly subjected to suppressive action by the local government; dozens have been detained and interrogated, and two have been imprisoned, while another has been sentenced to Reeducation Through Labor. This past May five petitioners were detained and are currently awaiting sentencing.

CHILE: One of the most hotly-contested hydroelectric projects in Latin American history, the Ralco Dam on the Biobio River, was inaugurated in October. After more than 15 years of conflict, and with Chilean president Ricardo Lagos declining to participate in the inauguration ceremonies. The notorious project will now begin generating about 10% of Chile's electricity.

Also missing at the inauguration were the Quintremán sisters, Berta and Nicolasa, whose tenacious resistance along with fellow Pehuenche indigenous families displaced by the dam had challenged the will of the Spanish company Endesa, the dam's developer. The Pehuenche had taken their complaint to the Inter-American Human Rights Commission, and had sued Endesa in Spain for ethnocide. The Commission decided that Chile had violated the rights of the Pehuenche, but by that time, with the dam 90% built, the Chilean government brokered a hasty settlement to permit licensing the project. Under the compensation agreement, 1,200 hectares and \$300,000 were awarded to four families, to be paid in large part with public resources.

Manuel Baquedano, president of the Political Ecology Institute, told IPS that "given Chile's current energy crisis, it may well be that Chileans feel that inaugurating Ralco is the lesser of two evils." He added that "avoiding a new Ralco in the future will mean developing renewable and sustainable energy sources, such as solar, wind, geothermal, tidal, and small hydro." But Endesa has other ideas. At the opening ceremony for Ralco, the company demanded that the government give "a clear signal" that it will support the development of new large hydroelectric dams, principally on the pristine rivers of the Patagonia region of southern Chile.

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prehensive assessments of the transboundary impacts of hydropower projects on international rivers and consultation with communities living upstream and downstream.

Affected People Voice Concerns

Five representatives from communities affected by the Tiger Leaping Gorge, Manwan, Xiaowan and Dachaoshan dams also attended the conference to highlight problems with dam-building in southwest China. They did not have an official platform from which to speak at the conference.

At an NGO-organized press briefing abruptly terminated by conference organizers, Zi Yinsheng, a leader from communities affected by the Manwan Dam, spoke of hardships people have faced since the dam was built on the Lancang River. "While developers become richer, dam-affected communities are getting poorer," said Zi Yin-sheng.

Construction on the dam began in 1986 under the ambitious slogan, "The day the Manwan Dam generates electricity is the day local people become rich." The reality has been rather more cruel. Dozens of displaced people, especially the old and infirm, have been forced to become garbage scavengers, picking through rubbish for pennies a day.

Ge Quanxiao, a farmer whose land would be flooded if the proposed Tiger Leaping Gorge Dam is built, also defended the communities' rights to information and participation in decision-making, which were outlined recently by the Communist Party's Central Committee. The dam would displace some 100,000 ethnic minorities, including Naxi, Tibetan, Lisu, Bai, Yi, Miao and Pumi, who have lived in the Jinsha river basin for generations.

"Right now, local people have no role in decision-making on development, but we are fighting for this," said Ge. The presence of Chinese dam-affected people and NGOs at the UN conference elevated their standing

Unprecedented Protests on Conference's Opening Day

As the UN opened its symposium on "hydropower and sustainable development," several hundred miles away dramatic protests against a Chinese dam were unfolding. Tens of thousands of villagers in Sichuan province descended on the construction site of the Pubugou Dam and launched a sit-in protest against unfair compensation standards set by local authorities and the project developer, China Guodian Corporation. The villagers braved cold nights without shelter, while shopkeepers and middle school students waged a strike in downtown Hanyuan County.

Hundreds of villagers protesting the dam on the Dadu River were detained, and several dozen were hospitalized after violent clashes with police. Paramilitary police were deployed to disperse demonstrators who reportedly surrounded a top provincial official.

Villagers argued that compensation offered for homes and fields – as little as 18,000 yuan (\$2,200) per house – was not enough to start a new life and that the project developer intentionally misrepresented their rich farmland as barren mountain slopes in its approval application. Villagers said their existing land usually yields three crops a year, from which they earn about \$850 annually – several times the national average for farmers.

with some government officials and forced some to acknowledge the role of civil society in development decisions.

In his closing statement, Wang Jun, Deputy Director-General of the National Development and Reform Commission's Energy Bureau, acknowledged the legitimacy of NGOs in development discussions.

Sounding hopeful for the future, Ge said,

Land set aside for resettlement is undeveloped and of poor quality.

"The government always says people in the dam reservoir must sacrifice for the greater good, but there is a limit to sacrifice," a farmer surnamed Cao told Hong Kong's *Apple Daily* newspaper. "It can't always be us farmers who must sacrifice."

The protests triggered an unusually strong response from the central government. Wang Yang, a vice secretary-general of the State Council, met with local party leaders on November 15 and announced the firing of two county officials. He promised villagers that construction of Pubugou would not resume until an agreement on resettlement and compensation had been reached. Speaking to more than 1,000 provincial, city and county officials, Wang said the central government gave top priority to protecting the interests of the people.

The \$2 billion dam is proposed to generate power and prevent flooding and silting of the huge Three Gorges reservoir downstream. About 100,000 people would be displaced to make way for the reservoir. The dam is the first of a series planned for the Dadu River, a tributary of the Yangtze. US equipment manufacturer GE Energy won a \$37 million contract to supply three turbines, additional equipment and services for the dam.

"I believe the Tiger Leaping Gorge Dam will not go ahead because local people and environmental groups do not support it ... But we are going to be fighting for a long time. This is only the beginning."

What is clear is that communities and NGOs will continue to fight dam projects until they are given their rightful place at the negotiating table. ■

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for the Olifants River, which would primarily supply water to mines, without a proper needs assessment based on resource limits.

The Way Forward

The goal is to implement the final report's findings and recommendations into national policy. Expectations are high that Forum participants like Eskom will adhere to the report's findings and recommendations even when conducting business outside of the country (it is Africa's biggest energy company,

and has intentions to develop projects around the continent). Frans Louwinger of Eskom, a member of the Coordinating Committee, noted, "The WCD initiatives are very similar to [existing] South Africa's environmental legislation and guidelines. Eskom always strives to meet and even exceed national environmental requirements, both inside and outside South Africa. No substantial impacts to Eskom's business are therefore foreseen."

International parties will continue to observe the implementation of this prece-

dent-setting WCD process. The Southern Africa Development Community (SADC) is encouraging all member countries to adopt a position on the WCD. Three other SADC countries – Namibia, Malawi and Zambia – have already held initial multi-stakeholder workshops on the WCD. Other countries in Africa are also taking interest. In Uganda, an all-day meeting to launch a national WCD process was held in October. Lessons learned from South Africa will likely inform and invigorate these countries' processes. ■