

Avoiding Solutions, Worsening Problems

*A Critique of
"World Bank Water Resources Sector Strategy: Strategic Directions for
World Bank Engagement
Draft for Discussion of March 25, 2002"*

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EXECUTIVE SUMMARY

The draft Water Resources Sector Strategy (WRSS) was posted on the Bank's web site for public comments in late April 2002. The WRSS is not supposed to be a new policy. It states that it is a strategy through which the Bank can assist its borrowers in translating into actions the principles from the Bank's 1993 Water Resources Management Policy Paper (WRMPP). The WRSS claims to take stock of eight years of experience in implementing the WRMPP, as well as the institution's "renewed commitment to poverty alleviation." The Bank told the Commissioners of the World Commission on Dams that the WRSS would be the main vehicle in which the Bank would address the findings and recommendations in the WCD's final report.

The WRSS comprehensively fails at these tasks. It does not translate earlier principles into suggested actions. It ignores or misrepresents many of the key principles in the 1993 policy. The WRSS does not address how the WCD's recommendations can be translated into World Bank policies and practices and it seriously distorts the Commission's findings.

The WRSS also distorts the four "Dublin Principles" on water management upon which its analysis is supposed to be based and makes no mention of the Dublin Principle on the vital role of women in water management.

The WRSS claims to be based on a "broad global consensus" on water management yet fails even to mention the conclusions of important global water events and processes such as the International Conference on Freshwater held in Bonn in December 2001 and the Water Supply and Sanitation Collaborative Council's *Vision 21*.

There is a huge potential for improving the environment and the lives of the poor by implementing low-cost, decentralized and community-led solutions for water and sanitation, in particular rainwater harvesting and low- and no-water sanitation technologies. Implementing the model proposed in the WRSS will set back efforts to realise this potential and will further worsen the already serious failings of the water sector.

The two main thrusts of the WRSS are promoting the privatization of urban water supply and boosting Bank funding for major dams and inter-basin transfers, which it terms "high-reward/high-risk water infrastructure." The "risk" in this expression refers mainly to the risk to the Bank's reputation of being involved in controversial projects, rather than the risks to communities, national economies and the environment.

The WRSS justifies its support for privatization and big dams by claiming that megaprojects are necessary for the well-being of the poor and environmental protection, and that only the private sector has the funds to pay for them. This argument can be shown to be fallacious on several counts:

- Four-fifths of the world's people without decent access to safe drinking water live in rural areas. Water multinationals have little or no interest in rural drinking water systems. Corporations are rarely able to profit from poor and dispersed rural populations who mainly depend on local water sources. Similarly rural populations in developing countries cannot afford the huge costs of water from centralized water systems dependent on large reservoirs, pipelines, aqueducts and pumping stations.
- The WRSS implies that providing water and sanitation to the poor and protecting the freshwater environment will require annual investments of \$180 billion in water infrastructure in developing countries. This estimate is predicated on the need for major dams and other capital-intensive infrastructure. But if demand-side management and decentralized and community-led approaches are promoted the cost of meeting water needs will be much lower. According to the Water Supply and Sanitation Collaborative Council, all the world's people could be provided with adequate water supply and sanitation with an annual expenditure of \$9 billion between now and 2025.
- The WRSS provides no analysis to back up its sweeping claims about the great benefits of urban water privatization. It makes no mention of lessons to be learned from the water privatization failures in Bolivia and Argentina. It fails to address the many criticisms of water privatization, and especially concerns over the impact of water privatization on the poor.
- A renewed push to build major dams and inter-basin transfers, as called for in the WRSS, will further degrade freshwater and related ecosystems.

The WRSS makes no mention of the pressing need to adapt water infrastructure and management systems to deal with the risks of climate change. It is particularly important to retrofit dam spillways to cope with the larger floods expected as climate changes.

Public involvement in decision-making is recognized in the WRSS as key to sustainable and equitable water management. But public participation in the WRSS process itself has been totally inadequate. At the “consultations” in 1999 and 2000, NGO numbers were kept small, and their opinions have been ignored in the WRSS. No lists have been released of invitees to the most recent round of regional “consultations” and no rationale given for the Bank's decisions on who to invite and who to exclude. No agendas or minutes of the “regional consultations” have been made available. Many important NGOs with long records of working on water issues have been unaware that consultations were even taking place. No translations of documents have been made available.

The process of developing the 1993 Water Resources Management Policy Paper, although also problematic, was at least much more participative than the current process. The Bank has ignored the lessons and positive precedents from this earlier experience.

If implemented, the approach recommended in the WRSS would likely contribute to an increase in the number of people lacking adequate access to clean water, and it would

exacerbate the numerous serious problems related to water mismanagement such as polluted and degraded rivers and watersheds, vulnerability to floods and drought, degraded agricultural lands, food and health insecurity, rural poverty, large-scale displacement and impoverishment of riverine people, and huge waste of financial resources.

The WRSS should be rejected by the Bank's Board. There is an important role for the Bank in improving the performance and safety, and mitigating the negative impacts, of existing infrastructure. Outside of these activities it would be better for the World Bank to disengage from the water sector than to implement the measures proposed in the WRSS.

1. Introduction

The draft Water Resources Sector Strategy (WRSS) was posted on the Bank's web site for public comments in late April 2002. The WRSS is described as the "*third of a trilogy of recent World Bank statements on water resources management*" (p.2). The other two statements are the 1993 "Water Resources Management Policy Paper" (WRMPP) and a 2001 assessment by the Operations Evaluation Department entitled "Bridging Troubled Waters." The WRSS claims that it "*takes stock of eight years of World Bank experience with implementing the 1993 Policy Paper, and takes account of the World Bank's renewed commitment to poverty alleviation*" (p.1) and "*focuses on how the World Bank can more effectively assist its borrowers in translating principles [from the earlier documents] into action*" (p.2).

Before disbanding at the release of their report in November 2000, the Commissioners of the World Commission on Dams were assured by Bank management that their findings and recommendations would be addressed in the WRSS. Similarly, "Bridging Troubled Waters" states that the "issues and recommendations" in the report of the World Commission on Dams would be "address[ed] . . . in the context of the forthcoming Water Sector Strategy Paper."¹

The WRSS comprehensively fails at these tasks. It does not translate earlier principles into suggested actions. It ignores, misrepresents or downplays many of the key principles in the earlier policy. The WRSS sets forward its own conceptual framework of water management which is fixated with privatizing urban water supply and promoting major dams and inter-basin transfers.

The WRSS does not address how the WCD's recommendations can be translated into World Bank policies and practices. Worse, it distorts the Commission's findings in an attempt to justify its advocacy for increased funding of dams. If the Bank continues to support large dams without following the WCD's guidelines there is every chance that it will continue to get involved in highly destructive and controversial projects (see also Annex B).

The WRSS also distorts the "Dublin Principles" on water management upon which its analysis is supposed to be based. While the WRSS mentions the conclusions on water from Rio, it fails to address them. The WRSS claims to be based on a "broad global consensus" on water management yet fails even to mention the consensus conclusions from the most recent global water meeting, the International Conference on Freshwater hosted by the German government in Bonn in December 2001. It also ignores other significant initiatives of the international community in the area of water and sanitation such as the Water Supply and Sanitation Collaborative Council's *Vision 21: A Shared Vision for Hygiene, Sanitation and Water Supply* and the WHO/UNICEF *Global Water Supply and Sanitation Assessment 2000*.

¹ Operations Evaluation Department (2001) "Bridging Troubled Waters: Assessing the Water Resources Strategy Since 1993", p.8 fn.12.

There is a huge potential for improving the environment and the lives of the poor by implementing low-cost, decentralized and community-led solutions for water and sanitation. Implementing the model proposed in the WRSS will set back efforts to realise this potential and further worsen the already serious failings of the water sector. While the WRSS is correct to note the linkages between water resources development and poverty levels, this does not mean that large irrigation projects are the best methods of reducing poverty. Evidence shows that local systems have more poverty-reducing impacts. (For more discussion relevant to this issue see the comments by Delhi-based water analyst Himanshu Thakker on implications of the WRSS for India attached in Annex A).

The Bank's water staff may state that focusing on sustainable, low-cost, decentralized solutions to water problems would be outside the main remit of the WRSS. The WRSS states that:

“This Strategy does not focus on the water-using sectors (which are addressed in other World Bank sector and business strategies, including energy, environment, rural development, irrigation and drainage, and water supply and sanitation) but on water resources management, and the connections between resource use and service management.” (p.12)

Yet the WRSS does in fact focus on energy, irrigation and water supply as these are the sectors whose needs it uses to promote its pro-privatization and big projects agenda. (In any case there is no clear differentiation between water resources management and water use).

The “*Strategic Options*” section of the WRSS lays out the main activities the Bank will focus on in the water sector in coming years. The section is largely focused on how the Bank should promote what it terms “*high-reward/high-risk water infrastructure*” – meaning mainly big dams and inter-basin transfer schemes. The “risk” in this expression refers mainly to the risk to the Bank's reputation of being involved in controversial projects. To manage this “reputational risk” the WRSS advocates establishing a special internal unit to fend off NGO criticisms and be pro-active in public relations for big water projects. The serious risks the projects pose to affected communities, national economies and the environment receive little attention.

The World Bank had appeared to be learning some of the lessons of its past lending to the water sector since the 1993 WRMPP with a rising proportion of loans for maintaining and rehabilitating existing infrastructure and to watershed management, and a declining proportion to new, large infrastructure.² The WRSS shows the Bank is now going backwards and that it is likely to remain part of the problem rather than part of the solution.

² See Deborah Moore (1998) “Many World Bank Projects Haunted by Grand Delusions,” *Forum for Applied Research and Public Policy*, Spring.

If implemented, the WRSS approach would likely contribute to an increase in the number of people lacking adequate access to clean water, and it would exacerbate the numerous serious problems related to water mismanagement such as polluted and degraded rivers and watersheds, vulnerability to floods and drought, degraded agricultural lands, food and health insecurity, large-scale displacement and impoverishment of riverine people, and huge waste of financial resources.

The WRSS should be rejected by the Bank's Board. There is an important role for the Bank in improving the performance and safety, and mitigating the negative impacts, of existing infrastructure. Outside of these activities it would be better for the World Bank to disengage from the water sector than to implement the measures proposed in the WRSS.

2. Avoiding the Solutions: The gloomy and fallacious arithmetic of the WRSS

The WRSS begins with a recounting of the “*gloomy arithmetic of water*” as described by the World Commission on Water: demand for water is growing, rivers and wetlands are being destroyed and aquifers are fast being depleted. Meanwhile 4 billion people will live under conditions of severe water stress by 2025 and it is “*the poorest countries and poorest people who [will be] most directly affected.*” The WRSS states that:

“the gloomy arithmetic of water is mirrored in the gloomy arithmetic of costs. The ‘easy and cheap’ options for mobilizing water resources for human needs have mostly been exploited.” (p.3)

The WRSS uses the estimate from the World Commission on Water that “*investments in water infrastructure in developing countries need to increase from the current level of about \$75 billion to \$180 billion a year*” (p.10; see also p.37). It then argues that governments cannot possibly afford such huge sums and so massive investments will be needed from the private sector.

The WRSS implies that it is concerned with contributing to meeting the Millennial Development Goals set by the UN Millennium Assembly in September 2000 (see p.9). One of the main Development Goals is “to halve, by the year 2015, the proportion of the world’s people who are unable to reach or to afford safe drinking water.” Another is to reduce under-five child mortality by two-thirds by the same date.³ (Achieving the latter is closely linked to success on the former – around one-fifth of the 10 million child deaths each year are due to sanitation-related diseases).⁴

The picture is thus built up by the WRSS of the world’s poor and the environment facing a water crisis which can only be solved with huge private-sector investments in expensive large-scale water infrastructure.

A more careful analysis of the arithmetic of water, however, paints a very different picture of reality. Below are five key reasons why the “*Strategic Options*” proposed in the WRSS will only hinder efforts to meet the Millennial Development Goals and to reverse the degradation of freshwater ecosystems.

Reason 1: WRSS Ignores the Majority Without Access to Adequate Water

According the latest WHO/UNICEF assessment, of the 1.1 billion who currently lack access to an “improved” water supply, 84% live in rural areas.⁵ Even given expected rapid urbanization over the next 15 years, it is clear that meeting the Millennium Development Goal on water supply will require a major effort to improve services in

³ UNGA (2000) “UN Millennium Declaration.” Adopted by the General Assembly 8 September 2000.

⁴ See e.g. World Water Supply and Sanitation Collaborative Council (2000) *Vision 21: A Shared Vision for Hygiene, Sanitation and Water Supply*, p.iii; WHO Press Release 67, “Drop In World Child Mortality Reaches Target, New Study Shows But Many Countries Lagging,” 12 October 2000.

⁵ WHO/UNICEF (2001) *Global Water Supply and Sanitation Assessment 2000 Report*.

rural areas. Yet the two main “*Strategic Options*” promoted by the WRSS – privatizing water supply systems and building “*major water infrastructure*” (i.e. large-dam-based water systems) – will not help meet rural drinking water needs.

Water multinationals have little or no interest in rural drinking water systems. Corporations are rarely able to profit from poor and dispersed rural populations who mainly depend on local water sources such as wells, springs and streams. Similarly rural populations in developing countries cannot afford the huge costs of water from centralized water systems dependent on large reservoirs, pipelines, aqueducts and pumping stations.

Reason 2: WRSS ignores easier and cheaper options than new megaprojects

It is wrong to conclude that the “*easy and cheap*” options for improving access to water and sanitation have mostly been exploited and that effort must now focus on large, expensive infrastructure. There is a huge potential for improving water supply and management and access to sanitation through the promotion of low-cost, decentralized, community-led technologies and approaches. These are especially - although not exclusively - relevant for meeting the needs of the poor.⁶ There is also a huge potential for water savings through demand-side management (DSM).

Decentralized supply measures, low- and no-water sanitation technologies and DSM can render many large supply projects unnecessary, can reduce the size (and cost) of any large projects which are needed, and can defer their necessity significantly into the future. (More realistic demand forecasts — which now consistently exaggerate future need — would also help reduce the perceived need for large projects).

The WCD’s Thematic Review of water supply options argues that new large water supply projects will rarely be needed. The Review states: “Rural people's drinking water needs will not result in increased demand for storage.” Some of the Review’s conclusions and recommendations for urban areas over the next 25 years are given in Box 1.

Box 1: Recommendations from WCD Thematic Review on Water Supply⁷

- Urban people's needs will create demand for more storage for some big cities only. In smaller cities, composite systems of multiple sources and multiple sector agencies will predominate.
- Sanitation, especially urban, will be the biggest problem area. It will get worse before it gets better. But it, too, should not generate big demand for water storage.

⁶ For a summary of this issue see Brian Appleton and Ashok Chatterjee, “Innovative Strategies For Water And Sanitation For The Poor: Access And Affordability”, Thematic Background Paper, International Conference on Freshwater, Bonn 2001; and John Lane (2000) “On Community Based Systems”, contributing paper prepared for World Commission on Dams Thematic Review IV.3: Assessment of Water Supply Options, p.3.

⁷ Colin R. Fenn and David C. Sutherland (2000) “Assessment of Water Supply Options,” WCD Thematic Review IV.3, p. vii.

- Pollution will become an increasing problem. Unless tackled with determination, it will create demand for more storage by reducing options.
- Groundwater will need to be looked after better, both in terms of quantity and quality.
- Tariffs and cost recovery must be resolved: then demand for new sources or storage will be lower.
- Community management and the role of civil society will become increasingly important.

One of the key technologies for improving water access is rainwater harvesting. Hundreds of millions of rural people depend directly on rainwater supplies for part or all of their domestic needs. Yet the technology is still hugely underutilized. Rainwater harvesting can provide affordable and sustainable water supply for domestic use, gardens and farms while providing numerous social and environmental benefits.⁸ Rainwater harvesting techniques can also help recharge groundwater (probably the most important source of water for human use), and so help reverse the alarming drop in groundwater levels in many of the world's drier areas.

Although it has long been neglected by water bureaucrats and politicians, rainwater harvesting is now attracting more "official" recognition. In a recent speech to the National Water Resources Council, Indian Prime Minister A.B. Vajpayee announced that "harnessing of every drop of rainwater' is a national priority" and that his government "should lay special emphasis on localized, decentralized harnessing of water resources, which is most cost-effective and which also lends itself to better community participation." Vajpayee also called upon Indian state governments to "actively encourage community action . . . to harvest rainwater in order to recharge groundwater resources."⁹

Rainwater harvesting is not just for rural areas. In their Background Paper commissioned for the Bonn International Conference on Freshwater, Brian Appleton and Ashok Chatterjee note:

"a significant challenge for urban areas is how best to utilize traditionally used rainwater harvesting designs to augment the water supply needs for times of drought, lean seasons and for security needs . . . the technique has not been given serious consideration or support by many local municipal authorities . . . Urban rainwater harvesting is a high priority issue."¹⁰

The introductory section of the WRSS notes that:

⁸ See e.g. Anil Agarwal and Sunita Narain (1997) *Dying Wisdom: The Rise, Fall and Potential of India's Traditional Water Harvesting Systems*, Centre for Science and Environment, New Delhi; John Gould (2000) "Contributions Related to Rainwater Harvesting", contributing paper prepared for World Commission on Dams Thematic Review IV.3: Assessment of Water Supply Options.

⁹ Speech at <http://pib.nic.in/archive/Ireleng/1yr2002/rapr2002/01042002/r010420023.html>.

¹⁰ Appleton and Chatterjee op. cit., p.10.

“poverty-targeted rural and urban water and sanitation projects are very important for the poor. These projects are almost always accorded high priority by communities in rural development and slum upgrading programs, and form a growing part of the World Bank’s water and sanitation portfolio. Similarly, giving smallholders access to improved and appropriate irrigation technology (such as treadle pumps) has important impacts on the lives of the poor.” (p.8)

Yet despite the recognition of the importance of such “poverty-targeted” projects, they receive no mention in the WRSS *“Strategic Options.”* The WRSS almost totally neglects the potential of rainwater harvesting (“rainwater harvesting” — and indeed the word “rainwater,” the most decentralized, widespread and cheapest of all water sources — is mentioned only once in the entire document (p.14)).

There is a huge potential in almost all parts of the world for new supplies to be freed up by using existing supplies more wisely. To quote Prime Minister Vajpayee:

“Technologies and methods are available today whereby the agriculture sector could cut its water use by ten to fifty percent, industries by forty to ninety percent and cities by thirty to thirty-five percent without any sacrifice of economic output or quality of life . . .”

The WRSS claims that *“Improved resource and demand management is . . . appropriately given high priority by the World Bank and many of its borrowers.”* (p.10) Yet, demand-side management (DSM) is rarely given adequate attention by water planners, including in the World Bank. In a paper commissioned by the WCD, consultant John Gould writes that:

*“The use of roofwater, stormwater, and several other potentially significant alternative water sources such as the reuse of greywater and water conservation strategies including the installation of water saving technologies which could have a significant impact on curbing water demand are still not even considered during standard water planning exercises in many countries.”*¹¹

DSM avoids the environmental and social impacts of building new water projects, and it is invariably far cheaper to use water efficiently than to build more supply schemes and use it inefficiently. Yet the WRSS fallaciously implies that DSM will significantly increase water delivery costs:

“As demands for water services rise, increases in supply will require use of “next generation” technologies, including demand management, inter-basin transfers and sharing of benefits from transboundary waters. Together, these result in significant increases in (financial and transaction) costs of delivery.” (p.34)

Curious logic is at work in this quote, not only because of the claim that saving water is more expensive than building new supply schemes, but also because of the use of the

¹¹ Gould, op. cit., p.15.

label “*next generation technologies*.” Inter-basin transfers are hardly “*next generation*” – they date back at least to Roman times. Numerous inter-basin transfer schemes were implemented or proposed in the 20th century and are one of the main causes of on-going water controversies (e.g. transfers from northern and eastern California to the south of the state; the Sardar Sarovar (Narmada) project; the Siberian diversion schemes).

Jasveen Jairath of the South Asia Consortium for Interdisciplinary Water Resources Studies in Hyderabad, Andhra Pradesh, points out that proposing large scale and high cost approaches as *the* technical solutions to water problems helps create a perceived need for World Bank loans and private sector investments. Community-based solutions often require little if any external funding. The WRSS approach would thus unnecessarily entrench dependence and reduce self-reliance at both local and national levels.

Jairath also notes that promoting increases in foreign loans for the water sector diverts attention from measures to utilize better existing financial resources. Similarly, advocacy for inter-basin transfers diverts attention from making better use of local sources and discourages the recognition that in many cases water shortages are artificially created due to pollution and over-exploitation. Without concerted efforts to manage demand and reduce pollution, long-range water diversions will only put off the day when yet more dams and inter-basin transfers are needed.¹²

Reason 3: WRSS exaggerates investment requirements

The estimate that investments of \$180 billion a year are needed by 2025 in water infrastructure in developing countries is predicated on the need for a massive expansion in major dams and other capital-intensive infrastructure. But if DSM and decentralized and community-led approaches are promoted, the cost of meeting water needs should be much lower. The Water Supply and Sanitation Collaborative Council's *VISION 21* notes:

“Investment costs and maintenance needs of water and sanitation systems are closely linked to the choice of technologies and service levels. Given the opportunity to choose for themselves, poor communities will usually opt for systems that are affordable and locally sustainable.”¹³

VISION 21 also states:

“... if the principles of this Vision are adopted and decision making is placed close to the community, the resulting costs of water, sanitation and hygiene services can be significantly reduced. This will result in figures far lower than those assumed so far. Leveraging community resources will reduce direct costs, distribute costs among many partners, reduce costs of centrally managed systems and discourage corruption.”¹⁴

¹² Pers. com.

¹³ WSSCC, p.10.

¹⁴ Ibid.

According to *VISION 21*, all the world's people could be provided with adequate water supply and sanitation with the expenditure of \$9 billion a year between now and 2025.¹⁵

While \$9 billion is certainly a considerable sum it is less than a third of current spending on water and sanitation infrastructure in developing countries.¹⁶ *VISION 21* believes that "this money is affordable and available." Furthermore it states that "private sector investment is insignificant in providing water and sanitation services to people who are currently unserved."¹⁷

The principles of *VISION 21* are given in Box 2. It is instructive to note the wide gap between these principles (agreed through an extensive participatory process) and the "*Strategic Options*" promoted in the WRSS. Appleton and Chatterjee note that "WaterAid, WSP, UNCHS (Habitat), ISW, WSP, WHO and UNICEF all have major programmes emphasizing people-centred approaches" in line with *VISION 21* principles.¹⁸

Box 2. Principles of *VISION 21*¹⁹

Access, equity and affordability

Recognise the basic right of all people to have access to affordable hygiene, sanitation and water services and redress the present imbalances by focusing on helping the unserved poor to gain such access.

Governance and empowerment of local stakeholders

Enable communities, CBOs, local entrepreneurs and other stakeholders to develop locally sustainable solutions within a supportive regulatory framework. Take positive action to promote gender equity and encourage women to take leadership roles.

Poverty reduction and human development goals

Incorporate access to hygiene, sanitation and water services as key entry points for poverty reduction and human development and allocate appropriate resources to foster improved access. Ensure that a sanitation component is included in national *Poverty Reduction Strategic Programmes* (PRSPs)

Integrated water resources management

Link water and sanitation improvements directly with the development, protection and improvement of freshwater resources, and recognise the contribution that informed and empowered communities can make to resource protection, demand management and drought-proofing.

Capacity building and institutional reform

Foster social mobilisation initiatives through power-sharing and inclusive institutional frameworks that stimulate and respond to community-centred approaches in both rural and urban settings (different solutions).

Priority for sanitation and hygiene

Proclaim improved hygiene and sanitation as a high priority and recognise the need to stimulate demand for improvements through advocacy and education campaigns. Collect and use data on hygiene improvements. Develop cadres of hygiene professionals.

¹⁵ Ibid, p.28.

¹⁶ WRSS, p.37.

¹⁷ WSSCC, p.28.

¹⁸ Appleton and Chatterjee, op. cit., p.6.

Technology choice

Encourage the use of a wide variety of appropriate household- or community-based sanitation and water supply technologies and support research and pilot programmes to adapt proven technologies from other countries/regions.

Mobilising financial resources for affordable services

Facilitate and encourage the mobilisation of local resources, taking advantage of the lower costs associated with community-driven programmes. Focus cross subsidies on assisting the very poor. Employ financing and cost-recovery systems that both protect the poor and encourage private initiative.

Reason 4: The WRSS fails to learn lessons from actual experience of water privatization and distract governments from realistic solutions

The WRSS makes sweeping claims about the great benefits of water privatization while making no mention of lessons to be learned from the well-known water privatization fiascoes in places such as Cochabamba, Bolivia and Tucumán, Argentina. The WRSS claims “*In a word, water utility reform [i.e. privatization] usually means substantial benefits for the poor*” yet provides no analysis, nor any reference to any analysis, which could sustain such an assertion. It should be noted that the OED’s “Bridging Troubled Waters” raises several concerns about the impact of privatization on the poor:

“getting the private sector to focus on the alleviation of poverty and to design tariffs in a way that does not discriminate against the poor has proved hard to achieve in practice . . .

“There is concern among NGOs that the new focus on private sector participation has adverse consequences for the water and sanitation needs of the poor. Non-urban areas lack the economies of scale so attractive to private investment. And peri-urban areas pose the biggest service challenge to public and private sectors alike . . . So, where the private sector cannot deliver or sees the risks as too high, there may be a case for the Bank to intervene to improve capacity and policy to upgrade public sector utilities.”²⁰

The WRSS needs to address in an intelligent manner the many well-thought out criticisms made of water privatization and the proposals put forward by organizations such as the Public Sector International Research Unit (PSIRU) and the Pacific Institute.²¹ While we have many criticisms of the WRSS fixation on water privatization, others are providing comments on this issue so we will not go into it in detail here.

¹⁹ From Appleton and Chatterjee, *ibid.*, pp.6-7.

²⁰ Operations Evaluation Department, *op. cit.*, p.23.

²¹ David Hall et al. (2001) “Still fixated with privatisation: A Critical Review of the World Bank’s Water Resources Sector Strategy, Public Services International Research Unit, University of Greenwich, London; Peter Gleick et al. (2002) *The New Economy of Water: The Risks and Benefits of Globalization and Privatization of Fresh Water*. Pacific Institute, Oakland.

One privatization-related issue which is relevant to both water supply and hydropower is the difficulty the World Bank has had in making the water sector attractive to private investors. The WRSS admits that investors currently have little appetite for risk in emerging markets and predicts “*that the late 1990s level of financing will not be reached again any time soon.*” (p.38) It also notes that “*only a very small proportion of private investment in infrastructure went into water-related infrastructure,*” and that these investments were heavily concentrated in middle income countries in East Asia and Latin America. Even within these countries “*the outlook is sobering*” (p.38):

“A detailed assessment in Latin America, for example, shows that private investment (at 1998 levels) is sufficient to cover only 5 percent of water and sanitation and 20 percent of energy (including hydropower) investment needs. And currently, worldwide, only about 5 percent of water services are provided through the private sector.

“In short, under current conditions the private sector will play only a marginal role in reducing ‘the water infrastructure financing gap’.” (p.38)

One result of this reluctance to invest is a lack of competition for bids (thus negating one of the main purported benefits of privatization). The concessions for both the Bujagali and Nam Theun 2 dams (both referred to in glowing terms in the WRSS) were given without competitive bidding. Suez Lyonnaise was given a concession for water supply in Cameroon on which it was the only bidder.²²

Another result of the difficulty in attracting private investors is that the Bank must give increasing layers of guarantees and subsidies to soothe investor nerves. Thus large amounts of risk are transferred to taxpayers while private investors are guaranteed high rates of return, as is the case with the Bujagali project.²³

The Bank’s fixation on water privatization will also continue the trend whereby the great bulk of water lending goes to projects in middle income countries rather than to where needs are greatest. While only around 5% of the world’s population gets its water from private providers, 40% of current World Bank water and sanitation projects involve private sector participation.²⁴

Another negative impact of the Bank’s insistence on attracting reluctant private capital into major water projects is the long time it takes to get the projects off the ground. While the attention and resources of the Bank and governments are focused on trying to put together complex projects with private participation, smaller scale projects and strategies that could be supplying needs much sooner are starved of resources.

²² Kate Bayliss and David Hall (2002) “Glimpses of an alternative — the possibility of public ownership in the World Bank’s latest PSD strategy paper,” Public Services International Research Unit, University of Greenwich, London.

²³ See Peter Bosshard (2002) “Pervasive Appraisal Optimism: A Review of the World Bank’s Appraisal of the Bujagali Project,” International Rivers Network, Berkeley.

²⁴ WRSS, p.19.

The Lao government, for example, has devoted substantial amounts of money and the time of some of the country's few well-educated cadres into the implementation of the Nam Theun 2 dam which is still to enter construction, 13 years after the Bank identified it as a priority project.²⁵ The Ugandan government and AES signed a Memorandum of Understanding on Bujagali in 1994. Even under the most optimistic scenario the project would not start producing power until 2006. While Ugandan energy officials and politicians have been focused on debating Bujagali and trying to get it ready for financial closure, cheaper, quicker-to-implement, and less-destructive geothermal options have been neglected.²⁶

Reason 5: The WRSS approach would further degrade freshwater ecosystems

A renewed push to build major dams and inter-basin transfers, as called for in the WRSS, will only further the degradation of freshwater and related ecosystems. The negative environmental impacts of what the WRSS calls "*major hydraulic infrastructure*" can at best be only partly mitigated even given the political and institutional will. The literature on the negative environmental impacts of large water projects and the generalized failure of mitigation measures is extensive and it does not need further elaboration here.

It is also important to note that there is no absolute scarcity of water for meeting basic household needs. John Lane, formerly the head of WaterAid, calculates that providing sufficient water for basic needs (40 liters per capita per day) to all those classified as "unserved" today and the extra two billion people expected by 2025 would require less than 40 cubic kilometers of water per year. This amount is less than one percent of current global water withdrawals.²⁷

²⁵ See Aviva Imhof (1999) *Power Struggle: The Impacts of Hydro-Development in Laos*. International Rivers Network, Berkeley; ch. 4, p. 31.

²⁶ See Bosshard, op. cit.

²⁷ Lane, op. cit.

3. The Illusion of Consensus: The WRSS misrepresents the Dublin Principles and ignores gender issues

The *Overview* of the WRSS states that the 1993 WRMPP “*reflected a broad global consensus which was forged during the Rio Earth Summit process. This consensus stated that modern water resources management should be based on **three fundamental principles** (known as ‘the Dublin Principles’).*” The WRSS then goes on to paraphrase the supposed three principles. Section II of the WRSS (“Stocktaking and Evaluation”) states that the WRMPP is consistent with the “*global consensus (embodied in the ‘Dublin Principles’ forged in the 1992 Earth Summit process and re-affirmed thereafter) that water resources should be managed holistically and sustainably, respecting subsidiarity and ensuring participation, and treating the resource as an economic good.*” The WRSS implies that its concern is to translate the Dublin Principles into action.

There are in fact **four** Dublin Principles. The WRSS has left out the third principle:

Principle No. 3 - Women play a central part in the provision, management and safeguarding of water

This pivotal role of women as providers and users of water and guardians of the living environment has seldom been reflected in institutional arrangements for the development and management of water resources. Acceptance and implementation of this principle requires positive policies to address women’s specific needs and to equip and empower women to participate at all levels in water resources programmes, including decision-making and implementation, in ways defined by them.²⁸

This principle was recognized in the 1993 WRMPP. While the introductory section of the WRSS contains some language recognizing the important role of women in water management (e.g. “*women can and should play a central role in programs which address the water and sanitation needs of the poor*” (p.6)) the “*Strategic Options*” make no reference to how the Bank should translate this principle into action. The word “women” does not even appear in the last 52 pages of the 71-page WRSS.

The descriptions of the other Dublin Principles in the WRSS have been adapted to fit the interests of the Strategy’s authors. Principle 2 is described in the WRSS as:

*“the **institutional** principle, which argues that water resources management is best done when all stakeholders participate, including the state, the private sector and civil society; that women need to be included; and that resource management should respect the principle of subsidiarity, with actions taken at the lowest appropriate level.”* (p.1)

However the original Dublin Principle would be much better described as the “*participatory* principle”:

²⁸ The Dublin Statement on Water and Sustainable Development.

Principle No. 2 - Water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels

The participatory approach involves raising awareness of the importance of water among policy-makers and the general public. It means that decisions are taken at the lowest appropriate level, with full public consultation and involvement of users in the planning and implementation of water projects.²⁹

Note that the original does not mention the private sector and contains a far stronger emphasis on the role of users which goes beyond “participation” to full involvement in planning and implementation. The misrepresentation of this principle helps the WRSS to ignore the need to promote participation in its “*Strategic Options*.”

The original version of the final Dublin Principle is headed: “Water has an economic value in all its competing uses and should be recognized as an economic good.” This principle of water as an economic good is used extensively in the WRSS to promote market-based solutions to water problems. What the WRSS does not clarify, is that the explanation of this principle in the Dublin Statement on Water and Sustainable Development says: “Within this principle, it is vital to recognize first the basic right of all human beings to have access to clean water and sanitation at an affordable price.” The WRSS in no place recognizes this right.

Soon after the January 1992 Dublin conference it was recognized that promoting water purely as an economic good was too narrow an interpretation. The freshwater chapter of Agenda 21, agreed six months later in Rio de Janeiro, states that water is “**a social and economic good**.” It goes on to say that “developing and using water resources, priority has to be given to the satisfaction of basic needs and the safeguarding of ecosystems. Beyond these requirements, however, water users should be charged appropriately.” Although it claims to be reflecting “a broad global consensus which was forged during the Rio Earth Summit process”,³⁰ the WRSS does not mention these important principles or how they should be put into practice.

The Recommendations for Action from the 2001 Bonn International Conference on Freshwater also qualify the language from Dublin and state that “**Water is an economic and a social good, and should be allocated first to satisfy basic human needs**.” The Bonn conference was designed to build on the Dublin and Rio agreements on water and to provide the input on freshwater to the World Summit on Sustainable Development to be held in Johannesburg in August 2001. The conference brought together government delegates from 118 countries, including 46 Ministers, representatives from 47 international organizations (including the World Bank) and delegates of 73 organizations from major groups and civil society. Yet the conference and its Recommendations for Action are not even mentioned in the WRSS.

Among the many relevant recommendations agreed at Bonn are:

²⁹ Ibid.

³⁰ Agenda 21. Section 18.8.

“Private sector participation should not be imposed on developing countries as a conditionality for funding.

“External development assistance for direct provision of water infrastructure and services in developing countries needs to be targeted towards serving the poor (especially the rural poor for whom the prospects of other types of service provision are remoter than in urban areas), preserving the integrity of ecosystems and mitigating the effects of climate variability and change.”³¹

The “*Strategic Options*” of the WRSS are wholly contradictory to these recommendations.

By misrepresenting the conclusions from Dublin and Rio and ignoring Bonn and other important international water policy processes such as *VISION 21*, the WRSS cannot credibly claim to be representing a “*global consensus*.” There is admittedly some consensus between the positions advocated in the WRSS and the policies and recommendations of the Global Water Partnership, World Water Council, and World Commission on Water. But these are all closely related and largely self-selected bodies in which current and former World Bank staff play an important role. They are largely closed to input from wider civil society. To say that the WRSS has its supporters among these bodies is just to say that the World Bank water staff agree with themselves and their close colleagues.

³¹ Bonn Recommendations for Action, Paragraph 17.

4. Ignoring and Misrepresenting the World Commission on Dams

Bank management had assured the Commissioners of the WCD that their recommendations would be addressed in the WRSS. The WRSS itself claims that it “*draws heavily*” on the WCD’s report (p.28). In reality the findings and recommendations of the WCD are largely ignored in the WRSS. (See Annex B for a critique of the World Bank’s “Position on the Report of the World Commission on Dams”, a document which was attached to an earlier version of the WRRS and which is available on the Bank’s web site).

The WRSS “*Strategic Options*” fail to discuss any of the WCD’s recommendations for changes in water and energy planning and management. In two of the few places where the WCD is mentioned its findings are distorted to justify the WRSS’s support for major dams and privatization. This evasiveness and dissembling is unfortunately consistent with the Water Resources Management Group’s overall reaction to the WCD report.

The WRSS states:

“As documented by the Report of the WCD, the World Bank has become a global leader in integrating social and environmental considerations into water development and management, and has played a major role in steady improvements in practice.” (p. 30)

The WCD nowhere describes the World Bank as a “*global leader.*” It nowhere states that the Bank has played a “*major role in steady improvements.*” The relevant section of the WCD does note that “on paper the World Bank has a comprehensive set of policies dealing with large dam projects” (p.188). But it then goes on to emphasise that these policies have made little difference to actual practices. Box 3 gives a sample of some of the relevant quotes from the Report (the emphases are added).

Box 3: The WCD on continuing bad practice in dam projects

Conflicts over dams have heightened in the last two decades. This results from dissatisfaction with the social and environmental impacts of dams, and their failure to achieve targets for costs and benefits. It also stems from **the failure of dam proponents and financing agencies to fulfil commitments made, observe statutory regulations and abide by internal guidelines.** In some cases, the opportunity for corruption provided by dams as large-scale infrastructure projects further distorted decision-making, planning and implementation. **Whereas substantial improvements in policies, legal requirements and assessment guidelines have occurred, particularly in the 1990s, it appears that business is often conducted as usual** when it comes to actual planning and decision-making. Further, past conflicts remain largely unresolved due to a number of reasons, including the poor experience with appeals, dispute resolution and recourse mechanisms. (p.168)

In general project planning and evaluation for large dams has been confined primarily to technical parameters and the narrow application of economic cost-benefit analyses. Decisions of this nature

were typically taken with little participation or transparency. In particular, those to be negatively affected by a dam were (and are) rarely involved in this process. (p.175)

The primary concern with planning processes is that once a proposed dam project has survived preliminary technical and economic feasibility tests and attracted interest from financing agencies and political interests, the momentum behind the project and the need to meet the expectations raised often prevail over further assessments. Environmental and social concerns are often ignored and the role of impact assessments in selecting options remains marginal. Once operations have been initiated there is a generalised lack of effort to monitor, assess and respond to operational concerns and changing values surrounding dams. (p.175-176)

While there has been a growing emphasis on transparency and participation in decision-making involving large dams, especially in the 1990s, actual change in practice remains slow. (p.176)

Additional results from the Cross-Check Survey illustrate that **while participation has increasingly been required in the planning documents of large dams and for various activities, around 50% of projects still do not plan for the public participation of affected people. The trend for requirements for transparency through information disclosure for large dam projects is similar to that for public participation.** (p.176)

The environmental risks associated with large dam projects have not been generally incorporated as key factors in the decision-making process. **Enforcement of existing regulations is often weak, initial assessment has not been comprehensive and it has frequently been incorrectly assumed that impacts could be effectively mitigated.** Generally, monitoring of impacts and assessments of the effectiveness of environmental mitigation measures have been absent. (p.182)

Similarly, the adverse social implications of large dam projects have rarely been a factor in the initial assessment and therefore have not generally influenced the decision-making process to reach a least social cost alternative. The experiences of affected people around the world as reviewed in Chapter 4 confirm the extent to which **impacts remain inadequately assessed and efforts at mitigation, development and resettlement unsatisfactory.** (p.182)

There are well-documented cases, even in the 1990s, of decisions to proceed with financing or construction before an effective EIA is completed. [The example given in an accompanying box is the World Bank-funded Pak Mun dam] (p.182-3)

Political pressures and tight schedules are as relevant today as in earlier decades and EIA results often have no significant influence on the choice of a dam as the preferred option. (p.182)

One of the most disturbing findings of Chapter 2 was the lack of monitoring of the impacts of dams and the complete failure to conduct proper ex-post evaluations of performance and impacts. That such large investments have been rarely evaluated once they have been in operation for a significant period suggests **little obligation on the part of powerful centralised agencies and donors to account for the costs and benefits incurred. Perhaps more critically it signals a failure to actively engage in learning from experience in both the adaptive management of existing facilities and in the design and appraisal of new dams.** (p.184)

The policies of multilateral banks have challenged the capacity of their borrower countries to actually implement their requirements. Bank staff have had to either exercise their own discretion

to adapt the policies to the realities of each country or ignore cases of non-compliance by their borrowers. In either case **the bank's tolerance of the staff's and the borrower's non-compliance with the policies can breed cynicism about the willingness to comply. There are no sanctions for staff members, or countries, for non-compliance. Performance criteria for staff have tended to be related to approvals and disbursement targets.** (p.189)

The multilateral banks – and in particular the World Bank – have the most sophisticated set of policies, operational procedures and guidelines amongst the international donor community, and are under regular scrutiny by civil society. In examining actual practice and compliance with standards, and the realisation of the outcomes that these imply, the Knowledge Base has emphasised the experience of these banks. Given that the banks have often fallen short of realising such high standards for planning and decision-making, it is legitimate to expect that the other donors and in-country agencies will have encountered similar difficulties and also fallen short of the outcomes implicit to the standards set by the banks. (pp.189-90)

The WRSS claims that “*the WCD Report shows that most good practices in terms of licensing and benefit sharing are associated with commercially-operated infrastructure, and that publicly financed and run dams have in many cases been bad social and environmental performers*” (p.39). This is an absurd interpretation of the WCD's findings. The text in the WCD most relevant to the licensing of private hydropower says only: “Where dams are built and operated by the private sector the duration of the license period will need to reflect a reasonable payback period . . .”³² It says nothing about good practices being linked to commercially-operated infrastructure. The projects mentioned in WCD's comments on benefit sharing are all public sector dams.³³

Almost all large dams in developing countries are built and operated in the public sector. Only in recent years have a few private sector projects entered construction (with major state subsidies). Therefore to state that “*publicly financed and run dams have in many cases been bad social and environmental performers*” is only to say that “dams have in many cases been bad social and environmental performers.”

WRSS states:

“There are, accordingly, major needs in developing countries for priority water infrastructure to be developed following best practice, from a technical, economic, social and environmental perspective (much of which is described in the report of the WCD.” (p.22)

The WCD does indeed describe in detail “best practice, from a technical, economic, social and environmental perspective” yet the WRSS (and the World Bank in general) is refusing to incorporate any of the WCD's best practice recommendations into its policies. If the World Bank intends to follow best practice it should adopt the WCD criteria and guidelines.

³² World Commission on Dams (2000) *Dams and Development: A New Framework for Decision-Making*. Earthscan, London, p.185, Box 6.8.

³³ Ibid., see pp.127-128, 240-243, 300-301.

5. The High-Reward/High-Risk Fallacy

Much of the “*Strategic Options*” section of the WRSS is taken up with promoting what it terms “*cutting edge, high-reward/high-risk water infrastructure*” – by which is meant mostly big dams and related inter-basin transfers. The description is highly misleading for several reasons. First, it is hard to see how large dams can be described as “cutting edge” when more than 45,000 of them have already been built and the technology has changed little since the 1950s. Second, the description of major dams as “*high-reward*” flies in the face of the evidence from the WCD which indicates that the large dams funded by the World Bank and other MDBs have been only marginally economically viable even before accounting for social and environmental externalities (see Box 4). Third, while it might seem correct to describe large dams as “high risk,” the meaning here is not the risks of big dams for people who might lose their livelihoods, or macroeconomic risks – but, incredibly, the risks for the Bank’s reputation.

Box 4: Economics of MDB-funded large dams³⁴

Of 20 hydropower dams funded by multilateral banks, 11 failed to meet their economic targets, while seven rose above their targets. Nine out of the 20 had an economic internal rate of return under 10 per cent.

For 14 irrigation dams funded by the World Bank and ADB, the EIRR at evaluation averaged 10.5 per cent, compared with an average EIRR estimated when the projects were approved of just over 15 per cent.

Three out of four water supply dams funded by the World Bank and ADB had EIRRs “well below” 10 per cent.

Multipurpose projects tend to fall even further behind their economic targets than single purpose projects.

Development bank evaluations are undertaken at project completion or just a few years afterwards. They thus incorporate the effects of cost overruns and initial operating results, but not the long-term underperformance which the WCD identified. They are also likely to reflect the inherent biases of self-evaluations. Furthermore, the evaluations rarely consider any of the social and environmental impacts of the projects which are difficult or impossible to quantify in monetary terms. Were these factors to be taken into account the economic record of large dams would appear even worse.

The WRSS contains various assertions of the benefits of large dams. One of its arguments is that developing countries have much lower water storage capacity per capita than developed ones, implying that increasing water storage makes countries wealthier and that storage can only come through large reservoirs. Yet there is little clear link between building huge reservoirs and experiencing sustained development. Zambia and Zimbabwe, for example, both have around twice the storage capacity per person as Australia (the developed country example in the WRSS). In any case the best form of

³⁴ Ibid., pp.54-63.

storage is not in reservoirs but below ground, for reasons including better protection from contamination, more equitable access (especially in the case of shallow groundwater which can be accessed through dug wells), and no evaporation. The importance of groundwater recharge for increasing storage is not mentioned in the WRSS “*Strategic Options.*”

The WRSS should also have mentioned the non-sustainability and astronomic costs of the water development model in places like Australia and the US. As WWF noted in their comments on the WRSS Concept Note, irrigated agriculture in south-east Australia is suffering drastic salinization problems that threaten to wipe out up to half of agricultural production in the area (worth billions of dollars per year) within the next 10-20 years. Billions of dollars are being spent in the US to mitigate the environmental impacts of past dams and water development, yet salmon runs and various other species continue to be pushed to extinction. Water development in the US is also a major cause of long-standing disputes between farmers, cities, Native Americans, fishermen and environmentalists (one example is the on-going dispute about over-allocated water in the Klamath basin in the far north of California).

It is ironic that the WRSS argues so strongly for the removal of subsidies and cost recovery in irrigation while holding up areas like the western US as models. Large water projects in the western US have been massively subsidized from federal and state funds. Daniel Beard, then head of the US Bureau of Reclamation, the major federal irrigation agency in the US, stated in 1994 that:

“We now realize the significant construction and operating costs of large-scale water development projects cannot be repaid. Our experience has been these projects repay only a small portion of their total costs because irrigation costs are repaid at zero percent interest. Thus the USBR program has provided extensive subsidies for project beneficiaries at the expense of taxpayers. In addition, the actual contribution made by these projects to the national economy is small in comparison to alternative uses that could have been made with these public funds.

“There is also the question of the anticipated costs of these projects. Our experience has been the actual total costs of a completed project exceed the original estimated costs by at least fifty percent, and often, project benefits were never realised.”³⁵

The WRSS is strongly pro-hydropower. This is perhaps not surprising given that the input on hydropower was delegated to a World Bank staff member who has for several years been seconded to Voith Siemens, one of the world’s largest suppliers of hydropower turbines and generators.³⁶

³⁵ Remarks of Daniel P. Beard, Commissioner U.S. Bureau of Reclamation Before the International Commission on Irrigation and Drainage, Varna, Bulgaria. May 18, 1994.

³⁶ “An Update on the Water Resources Sector Strategy,” undated memo to Water Resources Sector Board, and Directors.

The WRSS advocates for hydropower to receive subsidies as a low greenhouse gas emission technology. It claims that the WCD's Thematic Review on dams and global change shows that "*greenhouse gas emissions from most hydropower plants are relatively low, with the one important exception being large flat lakes in heavily vegetated tropical areas.*" (p.22) This is a mischaracterization of the WCD's work and the state of the science on dam and reservoir emissions. The key WCD document on global change is the report from a workshop in Montreal in February 2000 hosted by Hydro-Quebec and sponsored by the WCD and attended by 17 of the world's leading researchers on reservoir emissions. The main conclusions from the workshop are given in Box 5.

Box 5: Conclusions of the WCD/Hydro Quebec Montreal Workshop on Greenhouse Gas Emissions from Reservoirs³⁷

- All reservoirs emit greenhouse gases, and continue to do so for, at minimum, decades.
- Analysis of emissions from reservoirs and their alternatives should be undertaken on the basis of net, rather than gross, emissions. This comparison should be done on a life cycle basis.
- The emissions should be considered in evaluating future reservoir sites and global inventories of anthropogenic changes in the sources and sinks for carbon dioxide and methane.
- Emissions of methane and CO₂ from water passing through turbines and over spillways may also be a significant source of these gases to the atmosphere.
- The use of the 100-year GWP for methane can significantly underestimate reservoir emissions over the first decades after reservoir filling.

The participants agreed that making informed development choices requires estimating net emissions from planned dams. To do this, it was agreed that the following must be assessed:

- carbon and nitrogen cycles in the pre-impoundment watershed,
- changes to carbon inputs in the watershed from various activities, including deforestation,
- characteristics of proposed reservoir(s) and inundated area(s) that will change the carbon cycle, and
- the cumulative emissions from multiple dams on a watershed basis in cases where a dam and its operations are linked to other dams.

In assessments of emissions from existing reservoirs it is necessary to measure "carbon flux in the whole catchment using long term assessments of the accumulation (in soils, peat, sediments) and export of carbon (to the ocean or to the atmosphere). Studies should take place over around three years . . . to increase the probability to get average values representative of long term emissions."

Agreement was also reached on the following priorities for future research:

- Measure emissions from a wider range and diversity of reservoirs.
- Measure emissions on a wider range and diversity of natural environments in countries that are currently building dams.
- Improve the understanding of the role of transient carbon in reservoirs and natural lakes.
- Study the role of oceans as repositories of carbon in sediments and how dams affect this.
- Study the fate of carbon in an undammed catchment compared to a dammed catchment.

³⁷ World Commission on Dams (2000) "Dam Reservoirs and Greenhouse Gases: Report on the Workshop Held on February 24-25, 2000."

The current state of science on reservoir emissions does not show that greenhouse gas emissions from most hydropower plants in countries where the World Bank operates are “*relatively low.*” It does show that emissions from boreal and temperate regions appear to be considerably less than those from thermal plants generating equivalent amounts of power. Yet in tropical areas emissions can be significantly higher than equivalent thermal power plants (not just from “*large flat lakes in heavily vegetated*” zones; high levels of emissions on a per-kWh generated basis have been recorded from medium-sized reservoirs and from reservoirs in the savanna zone – and in any case it would be hard to find a lake/reservoir which is not flat).³⁸ No research has yet been done on emissions from dams and reservoirs in arid and semi-arid areas. As the Montreal meeting showed, extensive research will be needed before definitive agreement can be reached on the global warming impacts of reservoirs, individually and on a global scale.

WRSS states that:

“Given the considerable untapped hydropower potential in many developing countries, the World Bank should actively support the development of small and large hydropower, ensuring, or course, that this is the most appropriate option and that good environmental and social practices are followed. Finally it is also essential that environmentally and socially sound hydropower plants be eligible for revenues from the Clean Development Mechanism . . .” (p.22)

This raises the same point as that discussed in section 3 above: the WCD (and a mass of other evidence) has shown that the World Bank has not been able to assess when hydropower is the most appropriate option or to ensure that good environmental and social practices are followed. The WCD laid out a series of recommendations which offer a roadmap for the World Bank to build such a capacity – but the Bank has refused to incorporate the recommendations into its policies.

If hydro projects are to receive CDM revenues it will be essential that the projects follow the decision-making process advocated by the WCD. Otherwise it will not be possible to assess whether the projects are indeed “environmentally and socially sound.” Given the high social and environmental impacts and generally poor economic and technical performance of large hydropower projects, their vulnerability to climate change, reservoir emissions, and the need to encourage the dissemination of new renewable technologies, it would not be appropriate for CDM credits to be given to large hydro projects (those greater than 10 MW installed capacity).

The WRSS should take note of the conclusions of a group of 32 experts, mainly from European Union governments, who met on the German island of Vilm in December 2001 to discuss possible conflicts and synergies between the UN conventions on climate and biodiversity. The workshop concluded that because of the negative biodiversity and climate impacts of reservoirs, large dams should be excluded from climate change mitigation measures such as the CDM. The participants also recommended that any small

³⁸ Patrick McCully (2002) *Flooding the Land, Heating the Air: Greenhouse Gas Emissions from Dams*. International Rivers Network, Berkeley.

hydropower plants built for climate mitigation purposes should comply with the recommendations of the WCD.³⁹

Several of the statements on hydropower in the WRSS are based more on wishful thinking than reality. The following three paragraphs stand out in this regard:

“Responsible hydropower developers have also become strong advocates for good environmental and social practice, as articulated, for example, in the strategic priorities of the Report of the WCD. This includes extensive consultation with stakeholders, ensuring that resettlement is done well, investing in community management of watersheds and ensuring that local people become beneficiaries.” (p.18)

“Water utilities and hydropower companies are increasingly developing innovative partnerships with upstream communities for maintenance of catchment quality, and upstream catchment enhancement is becoming a standard feature of most World Bank-financed large dam projects.” (p.21)

“The Report of the WCD has correctly stressed that the rights of ‘downstream ecosystems and people’ have historically been ignored. Here, too, new forms of practice are evolving, with maintenance of ecological flows now becoming an issue addressed in the design of new infrastructure, and in re-calibrating of operating rules in river basins. The World Bank is actively engaged in bringing best practice to bear, through knowledge generation, through partnerships and through its operations.” (p.21)

No supporting evidence is given for these assertions. The first two quotes are presumably based upon the World Bank’s experience with Bujagali and Nam Theun 2 dams. Both dams are highly controversial and in any case neither have been built so it is not possible to know if the proposed mitigation measures will be successful. Efforts at “catchment enhancement” have in reality long been a feature of World Bank-funded dams and have generally failed both at reducing sedimentation and improving livelihoods (e.g. Tarbela, Pakistan, 1960s; Chixoy, Guatemala, 1980s; Sardar Sarovar (Narmada), India, 1980s and 1990s).

Research on the extremely important issue of “ecological flows” downstream of dams is expanding rapidly although there is still little agreement on the best methodologies to use or how to ensure that dam operators comply with agreements to spill the recommended amounts of water at the right time. The World Bank’s involvement in this issue, while welcome, has yet to yield any clear results. The most high profile Bank-promoted study of ecological flow requirements has been done downstream of the Lesotho Highlands Water Project. This study is by all accounts a cutting-edge piece of research, yet the dam authorities have not yet allowed it to be publicly released. Furthermore, the authorities

³⁹ “Climate Protection and Conservation of Biodiversity: How to solve possible conflicts and find win-win-solutions,” European Expert Workshop Organized by the German Federal Environmental Agency and the German Federal Agency for Nature Conservation, December 9-11, 2001.

have given the clear impression that they will not change their release patterns in light of the study's findings.

The WRSS notes impressive results for the poor from ecological flows released from a dam on the Senegal River (p.8). Yet despite years of work and millions of dollars spent on research showing how ecological flows could reverse some of the negative impacts of the Manantali dam, the released flows have failed to realise their potential and have at times proved counterproductive by being released at the wrong time.⁴⁰

The WRSS advocates setting up a special unit inside the Bank to push forward major water projects. The main purpose of the unit would appear to be to manage the “*reputational risks*” of the projects to the Bank (see p.43). The chances of this unit succeeding are small. New water megaprojects which do not follow WCD recommendations, especially outside of countries such as China and Iran, will attract massive opposition from both local people and national and international NGOs. It is curious that the Bank is obsessed with protecting its reputation while seeming recklessly determined to get involved in another Narmada.

If the Bank does not follow WCD recommendations the types of projects advocated by the WRSS are likely to prove not high-reward/high-risk but low-reward/high-risk – with the most serious risks being to the people displaced and otherwise negatively affected by the projects. These are not the types of projects needed to solve the world’s water problems. Meanwhile, the **high-reward/low-risk** strategies of decentralized water and energy options offer a huge potential, but are largely ignored in the WRSS.

⁴⁰ See Adrian Adams (2000) “Social Impacts of an African Dam: Equity and Distributional Issues in the Senegal River Valley,” Contributing Paper prepared for World Commission on Dams Thematic Review I.1.

6. Recognizing the Threat of Climate Change but not its Implications for Water Management

The WRSS rightly recognizes that shifting patterns of precipitation and runoff due to climate change have serious implications for developing countries' economies. However it fails to deal with the implications of climate change for water resources management and in particular for existing and planned dams. As the WCD's Thematic Review on Dams and Global Change notes: "The major implications of climate change for dams and reservoirs are firstly that the future can no longer be assumed to be like the past, and secondly that the future is uncertain. This encourages present trends towards more adaptive, flexible water management . . ."⁴¹

The IPCC's 2001 assessment predicts that the world will warm by 1.4-5.8 degrees Celsius by 2100. For every degree Celsius warming, global precipitation is expected to increase by two to four percent. The resulting changes in regional weather patterns will vary widely, but there is widespread agreement that in many parts of the world the frequency and severity of both floods and droughts will increase.

Changes in regional weather will have various implications for water managers. Increased droughts and greater evaporation from reservoirs due to higher temperatures would reduce hydro generation (conversely more rainfall would not substantially increase power production as dam operators would have to spill high flows beyond those the dam was designed to handle). Increased uncertainty in hydropower production would require electricity system operators to arrange additional back up supplies or face economically harmful power cuts.

An acceleration in the loss of reservoir capacity to sedimentation is also expected. Most sediments enter reservoirs during and soon after major rainstorms. The predicted increases in the duration, intensity and frequency of storms would thus increase reservoir sedimentation.

Dam spillways are generally designed to pass the maximum flood considered probable in their catchments. If the capacity of a spillway is exceeded, water may flow over the top of the dam, potentially causing the dam to collapse ("overtopping" is the single most important reason for dam failures). The maximum flood estimates used in dam design have not allowed for a changing climate. Many dam spillways may thus be unable to cope with future floods.

The World Commission on Dams report expresses concern over the adequacy of existing spillways given the likelihood of increased flood intensities. It also recommends that planning and monitoring of dams should take account of the impact of potential climate changes on both dam safety and performance.

⁴¹ Nigel Arnell and Mike Hulme (2000) "Dams and Global Climate Change: Implications of climate change for large dams and their management," World Commission on Dams Thematic Review II.2.

The heightened hydrological risks due to climate change will make large dam projects even less attractive to the private sector than at present. They also heighten the economic risks to developing countries that are significantly dependent upon large water projects. Examples include Uganda, which is almost 100% dependent upon hydropower for its electricity generation, and Laos which is dependent on hydropower not just for electricity generation but also foreign exchange receipts. Climate change also increases the attractiveness of below ground relative to surface storage, and of non-structural water management options especially demand-side management, and improved flood early warning and evacuation measures.

The WRSS “*Strategic Options*” are correct in identifying “*a major need for improving the benefits from existing infrastructure*” (p.34). Yet no mention is made of the urgent need for investments in developing countries in assessing and adapting the safety of existing water infrastructure (especially dam spillways) and management procedures in the light of climate change. The World Bank also needs to include climate change risk assessments in all its analyses of planned water projects.

7. Potemkin Consultation

Public involvement in decision-making is widely recognized – *inter alia* in the 1992 Dublin Statement, Agenda 21, the 1993 WRMPP, the World Commission on Dams report, the Bonn Recommendations for Action, and even the WRSS - as key to sustainable and equitable water management. It is thus ironic that the process of developing the WRSS has been opaque and has kept out opinions from outside of the World Bank and the water bureaucrats and politicians with whom it most closely works.

A handful of NGOs have been present at earlier meetings which were supposed to feed into the process of developing this document (e.g. the 70 participants at the “Roundtable” in Brasilia in March 1999 included four NGO representatives; of the 42 participants at a Consultation in Washington in June 1999 four were from NGOs). The NGO numbers at these consultations were kept small and their opinions were ignored in the WRSS. OED’s “Bridging Troubled Waters” notes several concerns raised by NGOs and states that “stakeholders in Brazil thought that the Bank’s urban water group seemed fixated on privatization and water tariffs, driven more by Washington’s agenda than local concerns.”⁴² These comments are disregarded in the WRSS.

Public Sector International Research Unit and World Wildlife Fund made comments on an earlier “Concept Note” posted on the World Bank’s web site in late 2001. Both sets of comments were disregarded in the writing of the current draft.

An important section of the “*Strategic Options*” part of the WRSS “*draws heavily and often directly on the report*” of a “*high-level World Bank Group-wide panel to articulate a vision for how the World Bank might actively reengage*” in major water projects (p.39). This report has been kept confidential and requests to see it from outside people involved in the “consultative” process have been refused.

The current round of “consultations” has been little short of a farce. On 10 April 2002, an NGO worker in Washington was told by Bank water staff that no dates had been set for consultations. One week later the NGO worker rang to speak to the Senior Water Advisor and was told that the Advisor had gone to Nigeria for a “consultation.” IRN immediately contacted some Nigerian NGOs working on water issues who knew nothing about the Nigerian “consultation.” A Nigerian NGO worker then called the World Bank office in Abuja to be told that they knew nothing about the Senior Water Advisor’s visit and the “consultation.” Eventually the World Bank office admitted that a water meeting had happened but that the NGO had not been invited because it was “not a consultation *per se*.”

Of the many Indian NGOs working on water issues with which IRN is in contact, only one had been invited to the recent Delhi consultation. Neither of the two Indian ex-Commissioners of the WCD were invited to the Delhi consultation, nor was the NBA, the largest and most important water-related mass movement in India. Brazil’s largest civil society organization related to dams, the national Movement of People Affected by Dams

⁴² Operations Evaluation Department, op. cit., p.36.

was not invited to the Brasilia consultation despite the major focus on dams in the WRSS. It is difficult to know who has attended these consultations or what was discussed as no invitee or participant lists and no notes from the meetings have been circulated.

Some NGOs have been invited to the one-day “final Consultation Workshop” to be held in Washington on May 29 although again no invitee lists have been circulated and it is not known how the invitees were chosen. Two NGO workers from Europe working on World Bank and water issues who were to be in Washington at the time of the workshop and asked for invitations, were refused. It is to be expected that this workshop will be yet another Potemkin consultation and that any opinions which diverge from those of World Bank water staff will be disregarded. It can also be assumed that Bank water staff will not explain why these comments were ignored, and that the next draft of the WRSS will go to the Board for approval without being made public so that there will be no chance for NGOs to assess whether their comments have been fairly incorporated.

The process of developing the WRMPP, although also highly problematic, was at least much more participative than the current process. This was mainly because two NGOs, IRN and EDF, took the initiative to lobby World Bank staff and to encourage the wider international community of NGOs interested in water issues to participate in the process. A first meeting was held between Bank staff and a small group of NGOs to design a consultative process (although Bank staff did not live up to commitments they made at the meeting).

Following lobbying from IRN and EDF and comments from numerous other NGOs, the Bank was persuaded to hold a two-day consultation on the WRMPP to which 17 NGO representatives were invited. At the end of the meeting the Bank agreed to NGO requests that the next draft would incorporate areas where agreement had been reached, that they would continue to accept written comments, that they would circulate a memo summarizing the Bank’s understanding of NGO concerns and that later drafts would be distributed to NGOs prior to seeking Board approval. The Bank later reversed the decision to allow NGOs to see later drafts although NGOs were able to lobby Executive Directors and the US Congress based on leaked drafts.⁴³

Looking back on this process IRN and EDF believed that they succeeded in improving earlier drafts of the WRMPP although they still felt that the policy fell short in important areas. However, they felt that they had made little progress in terms of formalizing improved consultation procedures within the Bank. The “consultation” process around the WRSS shows that the Bank has in fact moved significantly backwards in this regard over the past decade.

One of the demands of the NGOs involved in the 1993 process, which was refused then but which took place during the WRSS process, was the regional “consultations.”

⁴³ This process is described in detail in Deborah Moore and Leonard Sklar (1998) “Reforming the World Bank’s Lending for Water: The Process and Outcome of Developing a Water Resources Management Policy,” in Jonathan A. Fox and L. David Brown (eds.) *The Struggle for Accountability: The World Bank, NGOs and Grassroots Movements*. MIT Press, Cambridge, MA.

However these workshops have failed to meet the basic requirements of meaningful consultation. The Bank has failed to translate documents, failed to give adequate notice to participants, failed to ask NGOs involved in the earlier process for suggestions on who to invite, failed to release invitation lists or explain why people were invited, and so far has failed to release any information on what happened in the “consultations.”

The 1993 WRMPP notes the need for the Bank to help build capacity in borrower countries to lead participatory processes. Clearly, however, it is the Bank water staff that first need training in public participation. The WRSS mentions that half of the water resources staff in the Bank will retire over the next decade (p.43). This provides an opportunity to bring in new capacity and staff who are open to new thinking and for the Bank to shake off its big project and privatization fundamentalism.

8. Conclusions

The actions proposed in the WRSS would worsen water problems and harm the poor and the environment while hindering the adoption of real solutions. The problems in the WRSS will not be resolved with some tinkering of its language; if the Bank wants to develop a water strategy which contributes to reversing the world's water problems, it would need to restart the process with a different set of assumptions and motives. The Bank would also need to show a commitment to reflect honestly the conclusions of other international water-related processes and actual experiences with water management, and to listen to outside opinions.

ANNEX A

Comments on the World Resources Sector Strategy section on “What the new Sector Strategy might mean in India in general and the state of Andhra Pradesh in particular” (pp.55-60)

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(These comments form part of a forthcoming critique of the WRSS by SANDRP).

The India section does not give an accurate account of the successes and failures of what the World Bank has been doing, and is at present doing in India. Because it gives a false impression of the Bank's work in India, the contents of the section and its conclusions are by necessity quite misleading.

* Para 167: While it is true that Water Resources Development has linkages with poverty levels, this does not mean that the large irrigation projects are best methods of reducing poverty. In fact, evidence shows that local systems are far superior at reducing poverty: unlike large projects, local systems **do not generate** any poverty, and they have much lower social, environmental, economic and opportunity costs. 70% of the population are dependent on agriculture, most of them on rainfed agriculture. Any water resources-related activity that helps the maximum number of the poorest of rural people would have the greatest impact on poverty and the **cost of not doing local systems in terms of impact on poverty is much larger than cost of not doing large systems**. Today, India, produces about 210 million tons of foodgrains, but a very big proportion of poor people still do not have purchasing power to buy the food. This leads to uneconomic and wasteful storage of over 60 million tons at the same time compelling loss-making export of foodgrains. The only activity that can change this picture is local water development and management systems.

* Para 168: The World Bank became a key lender to Indian water sector only after the early 1970s, leading to the construction of many big dams, most of them unaccountable, uneconomic, destructive projects giving unsustainable and inequitable benefits. Today, about 80% of India's water resources budget goes for large dams and the World Bank is largely responsible for these warped priorities, taking away the precious resources and development opportunities for the people in drought-prone and flood-affected areas. Any activity by the Bank that fails to correct this anomaly and instead puts further resources into large projects would not be helpful in poverty alleviation in India.

* Para 169: “Efforts to promote reform, however, often had little result.” This last sentence of para 169 captures the essence of World Bank experience in India. Eight years ago **Orissa was a model state** for the World Bank with India's first state water resources consolidation and power sector restructuring projects being implemented there. Today

these World Bank projects are so disastrous that the name Orissa seems to have become unmentionable. **Nowhere in the WRSS is Orissa mentioned.** While the Bank has accepted the major challenge is in attention to the environment, managing scarce resources in an efficient and accountable manner etc, there is little reflection of this in the Bank's activities in India. At the same time the WRSS shows the Bank is ready to support yet more large projects. The case of hydropower development illustrates this. In this para the Bank says there is opportunity for development here, but it is well known that existing hydropower stations are not performing most efficiently, and there is huge scope in improving their performance and addressing the large unresolved social and environmental problems caused by these projects, many of them supported by the Bank.. Moreover, the Bank's bias for large projects and its equation that development means large projects is once again apparent. We do not find the Bank saying that there are many options for development for water resources and energy, and that least-cost and appropriate options should be adopted in a participatory way. In the entire WRSS, there is little mention of local water options, groundwater recharging, and watershed development as an option in water resources development, nor is there mention of drought-prone areas and flood-affected regions, both of which are large in India.

* Para 170: While political economy of reform (means) is important, the goals (ends) you want to reach are equally important.

* Para 173: (Note the lack of any mention of Orissa, Haryana or Tamil Nadu, where the Bank has implemented Water Resources Consolidation projects over the last 7-8 years). The claim that in Andhra Pradesh, “This ambitious experiment has proved to be successful . . . water distribution and overall productivity improved . . .” are rather early and too self-congratulatory in the absence of credible figures. Other feedback on the Andhra Pradesh experience raises questions about the sustainability of the institutional reform, and whether there has been real benefits from the program so far.

* Para 174. The Bank forgot to mention here that it has a Haryana Water Resources Consolidation Project. If Haryana farmers are so unhappy with their irrigation systems, does this not suggest the Bank's Haryana WRCP which has been largely a failure?

* Para 176: The mention of an “integrated river basin approach” as central in India's National Water Policy only shows how shallow and superficial the Bank's standards are. It is well known to any objective observer that there is little happening in terms of a river basin approach in India. The same is true for most states and their water policies.

* Para 179: The World Bank's hope of supporting private hydropower in India, particularly when the most well-known experience in this regard has been such a disaster (the Maheshwar HEP), shows the Bank is essentially interested in imposing what it considers good for the private sector and neither consulting nor keeping the interests of poor people in mind.

* Para 180: the discussion here only goes to show once again that the option of going in for local water systems in Godavari basin or the drought-affected portions of Krishna

basin does not even figure in World Bank thinking. If the large projects option is exhausted, immediate option looked at is long distance, inter-basin transfer of water. Moreover, there is no attempt to understand the experience of lift irrigation systems either. Nor is there any effort to get people's views on available options.

* Para 181: The Bank here does not even mention the basin-wide approaches. Thus if Krishna basin is the issue, the people of the other states of the Krishna basin, namely Karnataka and Maharashtra, need to be involved, and it should be decided in a participatory way what kind of development will thus come about when the river basin approach when taken with the Dublin subsidiarity principle is applied. Nor is there any mention of the need to assess the appropriateness of existing cropping patterns.

* Para 182: It is questionable whether the Bank should be talking about the appropriate incentive system for political leaders. Secondly, the strategy of picking up the lowest hanging fruit first may not apply in irrigation sector. The jury is still out on whether the sequence of reforms selected by the Bank in Andhra Pradesh is indeed the best available or even an effective option.

ANNEX B

No Learning from Experience

A Critique of "The World Bank Position on the Report of the World Commission on Dams"

The World Bank played a more active role in the development of the WCD Report than any other institution. The idea to carry out, for the first time, an independent global review of the impacts of large dams, was conceived at a seminar hosted by the World Bank and IUCN in April 1997. The World Bank and IUCN were mandated to set up the World Commission on Dams. Except for one NGO Commissioner, all members of the WCD were proposed by the World Bank and IUCN.

World Bank representatives were active members of the WCD Forum, and the Bank was consulted at every stage of the WCD's work program. At several instances, Bank President James D. Wolfensohn applauded the WCD process as a model for future multi-stakeholder dialogues.

Once the WCD report was published, the hardliners of the Water Resources Management Group seem to have taken control of the World Bank's position, and any efforts to learn from the WCD's evidence and apply the new guidelines were thwarted. While other institutions welcomed the Report as a "major milestone in the assessment of large dams" (African Development Bank) or "the nearest we have to global guidelines for the development of project involving large dams" (Geoff Sims, Vice-President of the industry association, ICOLD), the World Bank did not take any substantive position. Breaking away from earlier multi-stakeholder consultations, President Wolfensohn announced that the Bank's position would depend on the response from major dam-building governments. In preparing its position, the World Bank almost exclusively relied on the dam-building government agencies in the major dam-building countries.

The latest "World Bank Position on the Report of the World Commission on Dams" (available on www.worldbank.org) is characterized by major gaps and misrepresentations, and a complete lack of commitment to learn effectively from past mistakes.

Misrepresentation of the WCD Report:

Even when the World Bank decided against responding to the WCD Report constructively, it should at least present the findings and recommendations of the WCD in a fair and honest way. This is not the case. The new Position contains serious misrepresentations and omissions:

- **Misrepresentation of the WCD’s comments on the World Bank:** According to the Position, the WCD describes the World Bank operational policies as “the most sophisticated set of policies, operational procedures and guidelines amongst the international donor community.” This is a very incomplete picture. The Report says that “whereas substantial improvements in policies, legal requirements and assessment guidelines have occurred, particularly in the 1990s, it appears that business is often conducted as usual when it comes to actual planning and decision-making” (p. 168). It points out “the failure of dam proponents and financing agencies to fulfil commitments made, observe statutory regulations and abide by internal guidelines” (p. 168). And it warns that “the bank’s tolerance of the staff’s and borrower’s non-compliance with the policies can breed cynicism about the willingness to comply” (p. 189).
- **Misrepresentation of the WCD’s findings and recommendations:** The Bank’s Position misrepresents several important WCD findings and guidelines. It for example asserts that the WCD Report recommends a multi-stage process, starting with an agreement by all stakeholders on “the location, scope and design of the project.” In reality, the WCD Report recommends a shift away from the project-oriented approach, to a comprehensive assessment of all needs and options before any projects are identified (pp. 221ff.). The Position creates an impression that the World Bank’s resettlement policies are working, when indeed the WCD Report found that the experience with dam-related resettlement has been devastating, and that existing policies are often not complied with (pp. 97ff.).
- **Omission of essential WCD recommendations:** The WCD Report contains seven Strategic Priorities, and a series of innovative policy principles, criteria and guidelines. The Position says that the Bank “concur[s] with the need to promote the seven strategic priorities.” Yet the Position remains completely silent on the Strategic Priorities of “Addressing Existing Dams”, “Sustaining Rivers and Livelihoods”, “Recognising Entitlements and Sharing Benefits”, and “Ensuring Compliance.” It does not inform readers that the WCD Report deals with “Dams in the Pipeline” in detail (pp. 276f.), and proposes “an open and participatory review of ongoing and planned projects to ascertain the extent to which project formulation can be adapted to accommodate the principles outlined in this report” (p. 276). And the Position remains silent on many of the proposed actions which the WCD Report puts forward specifically for bilateral aid agencies and multilateral development banks (pp. 315ff.).

Lack of meaningful commitment:

According to the Position, “the World Bank shares the WCD core values and concurs with the need to promote the seven strategic priorities.” In principle, this is good news. Unfortunately, the remainder of the document, the draft Water Resources Sector Strategy and the ongoing practice of World Bank lending do not give any indication that this commitment is meant seriously.

In its conclusion, the Bank's Position calls the WCD Report – a consensus document emerging from a multi-stakeholder process unprecedented by its scope, independence, and professionalism – merely a “significant point of reference.” This is a vague and non-committal term, which in the Bank's dictionary stands for menus from which management can pick elements which suit them, and reject those which do not. Consequently, the Bank's so-called Dams Planning and Management Action Plan does not include any new elements, but simply commits to continuing what the Bank claims it has done so far, including “effectively implementing the World Bank's existing safeguard policies.”

Conclusion:

The World Bank's singularly negative and non-committal response to the WCD Report means that the Bank will no longer be accepted as an honest broker in any further multi-stakeholder dialogues. Experience since the publication of the WCD Report shows that common ground exists between civil society and forward-looking private sector and government institutions. In contrast, the World Bank's response to the WCD, its role in projects like the Bujagali dam in Uganda, and the new draft WRSS indicate that the Bank is entering a new era of intensified controversy and conflict.

An editorial in the industry journal, *Engineering News Record*, on the World Bank's funding for the Bujagali dam spells out the implications of the failure to comply with the WCD's recommendations: “How can a co-sponsor of this groundbreaking achievement [the WCD Report] justify ignoring WCD's findings?”, the industry journal asks. “What deplorable hypocrisy. In the WCD guidelines, ENR sees the best hope for balancing what have long been seen as irreconcilable conflicts among stakeholders over dam construction. If the study's own sponsors refuse to be guided by them, all we can anticipate is continued sclerosis in dambuilding.” (*ENR* editorial, 21 January, 2002)