

International Accountability Project
International Rivers Network
Lokayan
Urgewald

August 25, 2003

James D. Wolfensohn
President
The World Bank
1818 H Street
Washington, DC 20433

Dear Mr. Wolfensohn:

On behalf of the undersigned organizations, we are writing to you to register our concerns about serious human rights violations in the Narmada Valley and to call on your intervention in a project that is badly out of compliance with World Bank policy requirements and the terms of its loan and credit agreements.

The conditions of the World Bank's loan and credit agreements continue to apply to a project until it is repaid. The Bank has supervision and monitoring requirements to ensure that Bank policies are complied with during project preparation and implementation, and it has an obligation to assist and oblige the borrower to bring troubled projects into compliance.

In the case of the Sardar Sarovar (Narmada) Project, World Bank General Counsel, Mr. Ibrahim Shihata, in March 1993 advised Vice President for South Asia, Joe Wood, as follows:

In the brief Board discussion today of the cancellation of the Bank's loan for the Narmada Project, the impression was left that the Government of India was no longer legally obligated to carry out its obligations under the loan agreement . . . this is not the case. Section 6.06 of the General Conditions applicable to all Bank loans . . . provides that '[n]otwithstanding any cancellation or suspension, all the provisions of the Loan Agreement and the Guarantee Agreement shall continue in full force and effect except as specifically provided in this Article.'

The loans have not been repaid, and the policies and loan and credit agreements therefore continue to apply. The situation in the Narmada Valley has, once again, reached a point of crisis as this year's monsoon rains fall. The dam is currently at a height of 100m (plus three meter-high "humps" on top of the dam wall). A Maharashtra government task force declared in October 2002 that 1,500 families in the state were at risk of submergence with the dam wall at 100m, yet had not been resettled.

In Madhya Pradesh, where thousands of families are at risk of submergence with the dam at its current height, the government has been trying to induce people to accept cash compensation instead of land-for-land, in violation of all relevant policies. At the time of the loan agreement, the Bank's Staff Appraisal Report specifically provided that "In no case shall cash payments be made in substitution for actual rehabilitation."

The first rainfall in July has already led to the reservoir destroying at least 60 houses. During these rains, the Maharashtra government arrested 74 women, children and men from the village of Chimalkhedi for refusing to leave their houses. While the villagers were being detained the authorities brought in laborers to destroy the homes and belongings (including food grains) of 20 families.

There is nowhere for people facing submergence to go. The resettlement sites are not prepared. There is not enough arable land available even to replace that which has already been submerged. There is not an accurate and comprehensive survey of the numbers of people to be displaced or of their assets, including land that they own or utilize, nor is there a comprehensive and realistic resettlement plan.

The World Bank played a key role in funding and legitimizing this project in the 1980s and early 1990s, even when the project was in breach of Indian laws. The Bank thus shares with the relevant Indian authorities the responsibility for the current suffering in the Narmada Valley. And the Bank has a duty to act to end this suffering and ensure that no more people are harmed by the Sardar Sarovar dam.

The World Bank must require and assist the borrowers—the government of India and the three state governments—to bring the project into compliance with the terms of the resettlement policy, the indigenous/tribal peoples policy, the environmental assessment policy and the credit and loan agreements signed by the World Bank and the government of India and the three state governments, and the terms of the Narmada Water Disputes Tribunal Award (which is incorporated by reference in the loan and credit agreements).

In particular, the safeguard policies require that involuntary resettlement is avoided and minimized, that indigenous people's rights are respected, and that an adequate and comprehensive resettlement and rehabilitation plan is in place and is being properly implemented—and here it is important to caution about the disparity between words on paper and the reality on the ground. The Bank must ensure that people who have been displaced receive assistance to regain and improve their standard of living, and, according to the specific terms of the NWDTA, it must ensure that all people who face the risk of submergence must be moved, resettled, and fully rehabilitated at least six months before the monsoon that threatens them with submergence. Those requirements are being flagrantly violated in the Narmada Valley.

The Bank must utilize its ongoing relationship with the Government of India and the state governments of Gujarat, Madhya Pradesh and Maharashtra to call for full resettlement and rehabilitation in compliance with the law and policy framework. This relationship was described in a letter from Country Director Edwin Lim to Medha Patkar of the Narmada Bachao Andolan as follows “Through our engagements in different sectors, including in the states of Gujarat, Madhya Pradesh and Maharashtra, we continue to work to strengthen Governments’ and other agencies capacities to address social and environmental impacts of development projects.” (Letter dated March 7, 2002).

We are enclosing for your information a report on the human rights violations in the Narmada Valley issued by the Delhi-based Habitat International Coalition. We are also enclosing a copy of a recent letter from Dana Clark to all members of the Bank's Board on behalf of the International Accountability Project. The letter summarizes the ways in which this project is in violation of international human rights law, World Bank policies, and the requirements of national and state laws and policies. In addition, the letter urges the Board to call on Management to report to the Board on the content of its supervision and monitoring of the Sardar Sarovar Project, including

the present status of dam construction, resettlement and rehabilitation, and whether the project has received the proper environmental clearances. (Both of these documents, along with additional information about the situation in the valley, are available at www.narmada.org.)

The specific demands of the people of the Narmada Valley are that there be a moratorium on any further increase in the dam height—a further 40m are planned to be added to the dam—until such time as the project is brought into compliance with all applicable laws and policies, including the 18 October 2000 ruling of India’s Supreme Court.

In addition, we are calling for the Bank to initiate an independent Development Effectiveness Remedial Team (DERT) to develop and monitor implementation of remedial measures in consultation with local affected people, their designated representatives, and other stakeholders. The DERT should be comprised of experts from outside the World Bank Group and should have community representatives, including people who have directly experienced development-induced displacement. The DERT should report to the Board, and be independent of Management. Reports of the DERT should be made publicly available—in the project area, on the web, and through the Bank’s InfoShop.

The objective of the team would be to develop and oversee the implementation of appropriate remedial measures. It would work to ensure that the Sardar Sarovar Project was brought into compliance with the Bank’s policies, and foster greater understanding of and respect for those policies by Bank staff and borrowers.

Activities of the DERT could be financed out of the Bank’s net income, which in fiscal year 2002 was \$2.78 billion. Local people have long borne the brunt of the costs of noncompliance, including hunger, drowning, lost lands, lost livestock, lost livelihoods, arrest and imprisonment, homelessness, beatings, and other violations of their rights. The costs of assessing and implementing lagging R&R provisions and in conducting needed environmental and baseline socio-economic studies for Sardar Sarovar should be recognized as a cost of the failure to ensure that the project was designed, implemented and supervised in accordance with Bank policies.

We thank you for your prompt and timely interest in this matter, and look forward to a reply.

Sincerely,

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