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SARDAR SAROVAR PROJECTS  
INDEPENDENT REVIEW

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October 13, 1992

Mr. Lewis T. Preston  
President  
The World Bank  
1818 H. Street, N.W.  
Washington, DC 20433  
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BY FAX

Dear Mr. President:

On June 18, 1992 we delivered the report of our Independent Review to you. This completed our task. As we said in our report, the future of the Sardar Sarovar Projects is for India to decide; whether the Bank continues to support Sardar Sarovar Projects is for the Bank to decide.

Nevertheless, we feel that we have an interest in seeing that our report is not misrepresented. We have been deeply concerned, therefore, on reading the *Review of Current Status and Next Steps* document, dated September 11, 1992, sent to the Executive Directors. We believe this *Next Steps* document, along with its Annexes, is misleading. It ignores or misrepresents the main findings of our Review.

Our report is extensive, detailed and technical. Given the many projects before the Bank, we cannot expect you or the Executive Directors to have the familiarity with the Sardar Sarovar Projects issues that we gained during the course of our work. But we do want to ensure that the senior decision-makers at the Bank are not left with an account of our findings that is at variance with what we wrote.

It would, therefore, be a disservice to you and to the Executive Directors to allow *Next Steps* to pass without appropriate comment.

#### Resettlement & Rehabilitation

The *Next Steps* document ignores our conclusion that the Bank's incremental strategy greatly undermines prospects for achieving successful resettlement and rehabilitation (for example, see our report p. xxiv and p. 351). This conclusion is central to our report and bears on many of its findings. *Next Steps* not only ignores our conclusion on the failure of the incremental strategy, but even seeks to enlist our report in furthering the strategy. We believe that unless the Bank recognizes the failure of its incremental strategy, the well being of tens of thousands of people will continue to be at risk.

Our report pays careful attention to the very real differences between resettlement, on the one hand, and rehabilitation on the other. A resettlement time table does not constitute a rehabilitation plan. This issue is disregarded in the *Next Steps* assessment.

This is not the place to go into the subject of resettlement and rehabilitation at length, but it may be useful to illustrate the way in which *Next Steps* purports to deal with resettlement issues without addressing the problem obscured by its incremental strategy, i.e., the Bank's failure to adhere to its own requirements as set forth in its Operational Directives and in the credit and loan agreements.

#### Gujarat: The Canal

*Next Steps* fails to make reference to the Gujarat government's reluctance to deal fairly with the problem of canal oustees. *Next Steps* says that "only about 24,000 will lose more than 25% of their land" (paragraph 2.07 and Annex I, p. 3); but 24,000 families comes to at least 120,000 people. To assess the nature of this problem, and how to deal with it, is not a question of doing a quick survey between now and March 31, 1993 and proposing that the new survey will be used to devise a sound policy. Appraisal of the canal impacts has not been done; it needs to be done and it will take time. Meanwhile, the impacts of the construction of the canal continues without adequate compensation for those displaced. This was our point, and it seems to have been ignored.

#### Madhya Pradesh: Land

*Next Steps* identifies some of the Madhya Pradesh problems of both policy and implementation. Madhya Pradesh is said to have come up with plans to deal with these problems. These include provision of one hectare of land to landless oustees and provision of money in controlled bank accounts that can only be used for land purchase. In this way, a basis for rehabilitation is supposed to be put in place, and the gap between Madhya Pradesh and Gujarat policies is said to be sufficiently narrowed.

Our report explains that one hectare of land is inadequate; in 1979 in India the Narmada Water Disputes Tribunal itself found two hectares to be a minimum (see, for example p. xv). Our report also points out that cash cannot provide alternative compensation. Madhya Pradesh has been reluctant to make land available for its oustees, if only because it hopes that they will go to Gujarat. Undertakings set out in *Next Steps* and designed to meet the Bank's concerns, offer no more land and indicates that the hope continues to be that Madhya Pradesh oustees who qualify for land will go to Gujarat. We believe that the gap between Madhya Pradesh and Gujarat policies is continuing, and that, as our report explained, this erodes the right to choice by oustees in Madhya Pradesh.

There are many other examples we could give of ways in which the resettlement and rehabilitation findings of our report are being misrepresented or disregarded in *Next Steps*.

#### Environment

*Next Steps* omits any reference to those parts of our report describing how the project continues to disregard the environmental requirements of both India and the Bank. Most of these have been in place for a decade or more. To continue to ignore these standards places the environment at risk. The risk becomes greater the further along construction proceeds.

It is a non sequitur to suggest, as *Next Steps* does, that delays in studies have not yet resulted in "dire ecological impact" or "severe environmental consequences" as implied

11 [sic] by our report. (paragraph 3.01 and 3.02) Of course, there has so far been no "dire ecological impact", and "no severe environmental consequences". The Sardar Sarovar dam has yet to impound any water and the canal is not yet functional. Next Steps' indifference to the proper place and utility of environmental work is astonishing, especially given the Bank's own undertakings as set out in the project documents and the Bank's Operational Directives.

#### *Pari-Passu and the Environmental Work Plan*

On the environmental side, we found that the *pari passu* principle - the idea that environmental impact studies would be done as construction proceeds - undermines the prospect for achieving environmental protection. (p. 352) Yet the substantive issues of environmental planning and impact have been reduced in Next Steps to yet another listing of studies - something that our review found was never lacking and rarely meaningful. The Executive Directors are invited to continue the *pari passu* approach, without any mention in *Next Steps* of the fact that we found that the *pari passu* approach had frustrated the meaningful definition of environmental impacts and the implementation of appropriate mitigative measures. You will note that even something as basic as the Environmental Work Plan is still unavailable (legally required by the Bank before the end of 1985 and by India's 1987 conditional environmental clearance and discussed in our report from page 226 to 230). *Next Steps* indicates that something will be available by January 1, 1993. It says that a plan is "under consideration by the Environmental Sub-Group of the Narmada Control Authority" (paragraph 3.04) This kind of "consideration" has been underway in one way or another to no avail for the last six years. The "key" elements of the plan, summarized in Annex III to *Next Steps*, consist almost entirely of "studies" and "action plans" that we considered very carefully. As our report makes clear, most of these were found to be seriously flawed. Many were only marginally relevant. Few will be of significance in developing and implementing proper measures to protect the environment. The way in which these now are placed before the Executive Directors fails to take into account the substance of our work and is misleading as to almost every component of the environmental preparations in all three states. The hydrology and sedimentation issues as they are presented in Next Steps illustrate the point.

#### Hydrology

The Executive Directors are given the assurance in *Next Steps* that the hydrology issues raised in our report have been addressed. This is not true. The data, it is said, were "discussed at length with specialists from the Independent Review." These "at length" discussions consisted of three telephone conversations from July 30th to August 17th. During the first calls it was apparent that the Bank staff person making the call had no previous familiarity with the studies for the Sardar Sarovar Project, that he had not read the summary report prepared by our consultant and was unaware how our analysis had incorporated daily streamflow data in a computer assessment. In the second phone call (August 14) he said that he was working on a written reply for the Director of the India Department to be sent to us on this subject (which we never received). He had, by then, read our consultant's report but he still did not have any daily streamflow data to work with. He had made incorrect assumptions based on monthly or ten day averages and was speculating about the possibility of leaving spillway gates open as one way to meet some of the concerns raised by previous oversights in the calculations. He was told by our consultant that the assumed power and irrigation benefits would be shown to be wrong if the proper calculations were made and he was directed to the relevant sections of our consultant's summary report. During the third phone call (August 17) he agreed that he could not get to the heart of the matter without more data. He still did not have the daily hydrologic data that we had used. From what he said, it was clear the Bank still had not

0734.

done its own calculations. Our consultant told the Bank staff person that the data and detailed information upon which we relied was available if he contacted the office of the Review. We never heard from him again.

*Next Steps* says that it agrees with the view in our report that the hydrological information needs "to be updated periodically to reflect changing conditions in the Narmada Basin". (paragraph 3-14) This is misleading. What our report does say in the hydrology chapter is that there are problems with data, that there are problems with the analyses done to date such that "there is no appropriate understanding of the hydrology of Sardar Sarovar with or without Narmada Sardar". (p.253) This has nothing to do with a periodic update. Our report says "a comprehensive evaluation is needed, including a complete systems analysis" (p. 252) On these substantive matters, *Next Steps* is silent.

*Next Steps* disagrees with our conclusion that the water delivery system will not function as planned. It says this is not supported by the analyses done in India, and that the Bank staff concurs with these analyses. These are the very analyses that we reviewed; we found that they misconstrue the way in which the project will function. Without their own assessment, how can *Next Steps* dismiss what has been documented in our report?

#### Sedimentation

Two sedimentation problems are raised in our report. (pp. 269-274) The first issue has to do with the deposition in the reservoir generally. The second and more serious problem deals with the build up of sediment which would form a delta at the upstream end of the reservoir.

*Next Steps* mentions only the sedimentation in the reservoir. (paragraph 3.09) It says that "Bank staff reviewed the Independent Review's claim that the rate of sediment depletion [sic] in the reservoir had been underestimated". It goes on to say that the Bank does not know if the "claim" was based on any detailed review of the data and methodology of India's Central Water Commission. Yet in the phone call to our consultant, on or about July 30th, the Bank staff person was told that we had done the calculations ourselves based on the daily streamflow and raw data on sediment provided to us by India. Our report also states that we not only obtained the data and analyses from India's Central Water Commission, but that we also went to the Nigam and the Ministry of Water Resources for the best information they had. (p. 272) As noted in our report, the experts we engaged were unable to replicate the results claimed by the project proponents. (p. 273) We describe why there is an error in what had been done by others and suggest the likely order of magnitude of the underestimation. We said, "Because there is no comprehensive environmental assessment, we are not in a position to judge the significance, if any, of this underestimation." (p. 273)

Our report emphasizes that there is another compelling and immediate problem related to sedimentation - the backwater effect that will be caused by the build up of sediment in a delta at the upstream end of the reservoir. (pp. 273, 274) This sedimentation problem is not mentioned at all in *Next Steps*. We had calculations done to establish the general magnitude and location of this delta-related sediment problem. There is nothing that the Bank or India is proposing that will address this issue.

*Next Steps* ignores the fact that there has never been a proper environmental impact assessment of the Sardar Sarovar Projects. Because there was no impact assessment we had to do an enormous amount of work that was not originally seen to be part of our terms of reference in order to create a database. In the process we uncovered data that had been overlooked or misrepresented in the work done before for the Bank and India.

### Concluding Observations

We are concerned that it has become necessary to write this letter. The Bank may choose to reject our findings. India may choose to ignore our report. It is clear, however, that the Bank's Next Steps document has sought to present a version of our report that is at variance with the report itself.

The findings in our report are based on project appraisal requirements as well as human rights and environmental standards to which the Bank and India have both subscribed. Yet Next Steps purports to give an account of our report without referring to the central place of these requirements and standards in our findings.

The Bank may reject our finding that its incremental strategy has failed. The Bank may reject our finding that the pari passu approach is unsound. The Bank may decide that overriding political and economic considerations are so compelling that its Operational Directives are irrelevant when decisions have to be made about the Sardar Sarovar Projects. But it should not seek to reshape our report to support such decisions.

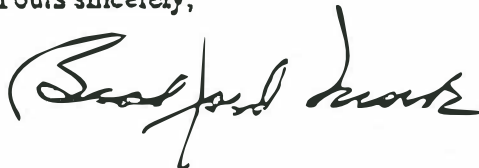
To properly address and correct Next Steps is a large undertaking because it is so inaccurate in many respects. The examples provided above are illustrative only. To set all this right on paper is a task that would take more time than is available. And it may not be efficient or effective to do so if it were to perpetuate a paper chase as a substitute for a frank dialogue supported by the careful analyses with which we sought to inform our report.

We find it surprising that, apart from the phone calls on hydrology mentioned earlier, no one from the Bank has called or written to obtain any of the submissions, analyses or other documents referred to in our report.

We are prepared to meet with you and the Executive Directors if you wish to discuss our report. We think it would greatly assist if Mr. Gamble and Mr. Brody, who worked closely with us, and whose contribution we acknowledged in our report, were to attend such a meeting.

Our Review no longer has any formal existence. All of us have returned to our private lives. We make this suggestion, however, because we wish to preserve the integrity of the Independent Review's findings.

Yours sincerely,



Bradford Morse  
Chairman



Thomas Berger  
Deputy Chairman

cc: Executive Directors  
The World Bank