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Development Aid

The Experience of the Narmada Project

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Introduction

The Sardar Sarovar Project (SSP) is part of one of the largest river valley development schemes in the world. It is the largest of 30 major dams in the Narmada Valley of central India, which are proposed or under various stages of construction. As a multi-purpose project, the SSP is expected by the project authorities to irrigate over 1.8 million hectares of land in Gujarat and Rajasthan, to produce 1450 MW of power, and help mitigate flood damage downstream. Though based in Gujarat, the project has impacts related to submergence, displacement and resettlement, and distribution of power benefits, in the states of Maharashtra and Madhya Pradesh also.

Considerable controversy has dogged the SSP over the last few decades, initially due to inter-state differences over the sharing of Narmada river water, and in the last decade or so over the social and environmental impacts of the upcoming dam and canal. Social impacts include the displacement or dispossession of several hundred thousand people, many of whom are tribals, due to land acquisition and other processes related to the dam and canal network. Environmental impacts include the possibility of widespread water logging in the command area, loss of fisheries downstream of the dam, and destruction of forests due to submergence and rehabilitation.

A considerable body of literature already exists on these impacts. There are also powerful critiques of the stated benefits of the project which have attempted to show that not only are the negative impacts considerable, but also the positive aspects related to irrigation and power production may be hugely exaggerated. I will not deal with the pros and cons of the dam in this

paper, except in so far as it is necessary to put the following discussion into context.

Popular opposition to the SSP has snowballed in the last few years into strong resistance by the local people to being displaced. This has been supported by informed protest from a wide spectrum of organizations and individuals all over India and the world. The Narmada Bachao Andolan, which spearheads this opposition, has not so far been successful in stopping the construction on the project, but has undoubtedly managed to raise the issue to the level of national and international debate. Indeed, the Andolan and its associated organizations have made the SSP the focal point of an intense and widening debate on the fundamental links between development and environment, and have clearly highlighted the need to think of paradigms and strategies for achieving human welfare which are less destructive, more sustainable, and more equitable than the ones represented by projects such as the SSP.

The External Aid Component in the SSP

The SSP is India's most expensive dam project ever. Officially, the cost estimate is currently around Rs 9000 crores (Rs 90,000 million), though the project was sanctioned by the Planning Commission in 1987 at an estimated cost of about Rs 6700 crores (Rs 67,000 million). Unofficially, it is widely acknowledged that the eventual cost of the project, if it is ever completed, will be anywhere between Rs 13,000 crores (Rs 130,000 million) to Rs 20,000 crores (Rs 200,000 million).

A number of bilateral and multilateral sources have been tapped by the SSP authorities for raising a part of the funding required, including the Japanese and British governments, and the World Bank. While the experience of bilateral funding in the project has important lessons, I have personally followed the role of the World Bank more closely, and will here confine myself to this.

The World Bank (hereafter referred to as the Bank) agreed in 1985 to lend India a total of $450 million for the dam and canal components of the SSP. This agreement came after several years

of appraisals by Bank staff, including what were claimed to be detailed economic, social, and environmental appraisals. After remaining involved for the next eight years, the Bank was finally forced to send strong signals to the Government of India regarding the possibility of its withdrawal from the project. Rather than face this humiliation, the Government announced, in March 1993, that it was terminating its contract with the Bank. About $170 million was then still left to be disbursed.

The Role of the World Bank: Influencing Major Decisions

While the Bank has consistently claimed (as in the case of other projects) that it has had no say in determining the course of events in the SSP, and that it is merely responding to a purely indigenous demand from India regarding the need for funds, all available evidence suggests a rather different story. There is no doubt at all that from the very start, Bank involvement has seriously influenced, and in some cases even dictated, policy and strategic decisions with regard to the SSP.

This influence began at the time the decision to go ahead with the project was itself being debated within official circles in India. The SSP was formally proposed by the Government of Gujarat to the Government of India (GOI), for investment and environmental clearance, in the late 1970s. Approval from the GOI was not forthcoming for several years after that, for good reasons. The Ministry of Environment and Forests of the GOI, for instance, was clearly and consistently of the opinion that *prima facie*, the negative impacts of the project were very substantial, and that in the absence of thorough impact assessments, clearance should not be given. The Planning Commission too was unsure about the financial and economic soundness of the project.

Even before these bodies had cleared the project, the World Bank approved funding for it in 1985. This cannot but be considered a serious breach of any kind of sound principles regarding development aid, since it meant that established project assessment procedures of a nation were being bypassed by an external funding agency. But the matter did not end there. The fact that

the Bank had approved funding was used by the project authorities in their attempts to browbeat the Ministry of Environment and Forests of the GOI into giving clearance. It was argued that if as 'credible' an international agency as the Bank had approved the project, and if it was willing to provide funds, what possible objections could a national agency have? Though the Environment Ministry continued to raise objections, the then prime minister finally bowed to intense political pressure in 1987, and directed that clearance be given with appropriate conditionalities. The Bank's approval for funding the SSP was undoubtedly one of the factors which weighted heavily in the minds of Indian decision-makers in favour of this decision, despite strong misgivings from the expert agencies involved. Such a conclusion was reached by the Independent Review set up by the Bank in 1991 (Morse and Berger, 1992), and was recently confirmed by a senior official of the Environment Ministry, who has been involved in appraisal and impact assessment of the project since the time it was proposed (Maugdal, 1993).

Subsequent to the conditional clearance having been given to the SSP in 1987, the Bank's involvement has remained a major factor in decision-making with regard to the project. At best, this influence has been mixed in its results. Some outcomes have undoubtedly been positive, as in the case of the substantial improvements which the resettlement and rehabilitation (R & R) policies have undergone due both to Bank insistence and to popular pressure from affected people. An attempt has also been made by the Bank to get R & R and environmental measures implemented by the project authorities, by sending Bank appraisal missions, by appointing independent monitoring agencies within India, and by imposing conditions for continuation of funding. On the other hand, several negative results can also be cited. Among these is the Bank's insistence that the Government of India allow the diversion of forest land for R & R. This was in direct contradiction to the specific condition imposed by the Environment Ministry while giving its clearance in 1987, that no forest land would be released for resettlement purposes. It also meant that the spirit of the Forest (Conservation) Act of 1980, enacted by the GOI to check the rampant diversion of forest lands for non-forest purposes, would be violated. Finally, it also meant

that the respective state governments could relax their attempts at identifying non-forest land for R & R purposes. Yet the Bank's pressure worked, and in 1990 about 2,700 hectares of forest land in Maharashtra were released; though this was stated to be a 'one-time exception' to the above-stated condition, it was followed in early 1994 by permission to divert another 1,500 hectares in Maharashtra for R & R purposes. A clear signal has been sent by these decisions to all other state governments; that forests are dispensable for 'developmental' purposes, a signal which is the complete opposite of what the GOI intended to send when it enacted the Forest (Conservation) Act in 1980. The Bank has had at least a partial role in this environmentally destructive reversal of policy.

The Bank's involvement has also led to serious human rights violations in the last few years. It is no coincidence that each time the Bank imposed or reiterated conditions related to R & R and environment, there was a fresh spate of state-sponsored violence and harassment in the submergence and other SSP-affected villages. Several dozen incidents can be cited which are directly related to attempts by project authorities to fulfil, or at least make a show of fulfilling, Bank conditions. Perhaps one will suffice here: in 1992, one tribal woman was killed while defending her right to use the forest land in the Taloda area of Maharashtra, part of the forest identified for R & R purposes. She had been a resident of the area (albeit an 'encroacher' in official parlance), but had been asked to pack off by the Maharashtra Government as the area was earmarked for resettlement of SSP oustees. Indeed, several thousand tribal families, who already depend on the 4,200 hectares of forest land slated for diversion for R & R, are likely to be seriously affected by dispossession, loss of livelihood, and displacement. The Bank has been as blind to this destructive chain reaction it has set off by insisting on forest diversion for R & R, as have been the project authorities themselves.

Ignoring Its Own Guidelines

Apart from directly or indirectly causing serious distortions in India's decision-making process regarding the SSP, there is also

considerable evidence that the Bank ignored or short-circuited its own guidelines and procedures while funding the project. The Bank's own Independent Review brought this out in graphic detail in its final report (Morse and Berger, 1992), citing specific instances where internal policy was ignored or relaxed by the Bank itself. The Bank's 1980 operational manual statement on involuntary resettlement and its 1982 operational manual statement on tribals had important clauses regarding the need for detailed R & R plans prior to the project approval, and the need to ensure that at the very least, displaced people must regain their living standards after resettlement. No detailed plan which could have guaranteed such a resettlement, indeed no detailed plan at all, was available in 1985 when the Bank gave approval to funding. Similarly, according to the Independent Review report, the Bank's 1984 environmental policy required detailed environmental impact studies, which too were unavailable for the SSP in 1985. What motivated the Bank to approve funding despite such clear lacunae in project planning, and such non-compliance with its own standards, is not clear.

I myself have personal experience of the fact that considerations other than purely rational ones must have weighed with the Bank while deciding to fund and continue to support the SSP. In 1984, I was involved with producing a detailed critique of the Narmada Valley Development Project (the entire complex of 30 large and thousands of minor and medium projects), with a specific focus on the SSP and its sister dam, Narmada Sagar. This report was published in *The Ecologist*, U.K. (Kalpavriksh 1985), the editor of which sent a copy to the Bank to respond to. In response, Dr Robert Goodland of the Bank's Office of Environmental and Scientific Affairs sent a brief note written by the Government of India regarding environmental aspects, and himself wrote a covering letter which stated that:

> ... GOI is addressing these aspects and has completed detailed environmental analyses. The preventive and mitigatory measures financed as an integral part of the project will, we believe, reduce the social and environmental effects you predict so that they are outweighed by the major benefits ...

Like many environmentalists who have worked on the issue of large dams, I have respect for the work of Dr Goodland, but in

this case I could not but express astonishment at his position. In 1985, most of the detailed environmental impact studies needed on SSP had not even been started, much less being 'completed'. Without such studies, it was then impossible to integrate 'preventive and mitigatory measures', much less put them into the budgeting. To give one typical example, detailed waterlogging analyses are still (in 1994) ongoing, preventive and mitigatory measures are still being worked out, and costs for such measures still have to be budgeted for. And finally, without a comprehensive environmental impact assessment (which in fact still, nine years later, does not exist), how could Dr Goodland or the Bank conclude that costs 'are outweighed by the major benefits'?

A Tentative Conclusion

Many of the negative impacts of the Bank's involvement in the SSP stem from the fact that it is backing a fundamentally flawed project, in an administrative and political atmosphere which militates against rational and democratic planning. A basically unsustainable project cannot be made sustainable by merely imposing conditions. An impossible R & R target cannot be achieved by appointing monitoring bodies (and thereafter ignoring their critical observations). A project decided in a thoroughly undemocratic and non-transparent manner cannot be made participatory simply by mouthing platitudes regarding people's participation. Violations of all kinds, including of fundamental human rights, are an inevitable outcome of aid given under such conditions.

I hesitate to make wider assertions regarding aid in general, on the basis of just one project. It does, however, seem to me that the problems associated with developmental aid in this project are in turn an outcome of a developmental model, adhered to by most development aid agencies and governments, which disrespects nature, environmental sustainability, cultural diversity, and the rights of communities directly dependent on natural resources. For whatever its claim to environmental sensitivity, the Bank remains essentially conservative in its developmental outlook, as does the Indian state. In such a scenario, I am tempted

to say that the stoppage of all developmental aid from agencies like the Bank might do countries like India a great deal of good. It may well force us to learn how to stand on our own feet, and would leave space for the vast range of indigenous development and natural resource management models which are currently getting swamped.

Ultimately, indeed, this is probably the only answer to one of the current dilemmas of development aid: supposing that it could, should aid be used as a tool to force positive changes in domestic Indian policy? Is such intervention in sovereign decisions acceptable; would the Bank's intervention, for instance, have been more acceptable if it had obtained successful R & R in the case of the SSP? Or should we opt for a model which seeks changes from within, even if such changes are slow to come? It is not easy to answer these questions. Given that many of our internal democratic institutions are still alive, I think there is abundant scope for an internal movement for environmental sustainability and social justice. I would prefer such a predominantly indigenous movement to one dictated or even strongly influenced by external forces. But I am equally aware that this is somewhat unrealistic in the world of satellite TV and the global market.

One can only argue that in the long term, we must move to put the flow of resources—financial, economic, ecological, material, intellectual, technological—on a more equal footing, with the recognition that all nations and people have much to offer each other, and that it is not the industrial nations' prerogative to 'help' the Third World to 'develop'. If at all financial and other resources are to flow from north to south, it should be as reparation for the global destruction wrought by industrialized nations, and as returns for the continuing global ecological benefits being generated from the Third World, rather than as charity and philanthropy.

Within the current context, however, the following could be attempted:

1. A move to subject development aid in general to a far more rigorous public scrutiny, with regard to its ecological, social, cultural, and other impacts.
2. A move to make mandatory the environmental and social impact assessment of all aid policies, programmes, and

projects, and of all projects seeking aid, prior to the actual flow of aid.

3. A move to make mandatory the involvement of affected people at all stages of decision-making, and to make decision-making by both project authorities and aid agencies completely transparent.

References

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Discussion

DR SINGH: I wish to make a general observation. We have to keep in mind that development is not only economical; it would mean social and cultural development too.

MR KOTHARI: I was trying to cite an example of a destructive development model. To my mind the root cause of underdevelopment is inequality and not population growth.

MR GUPTA: Aren't you overlooking the positive effects of the Narmada dam?

MR KOTHARI: You have to see it to believe it. You can come with me during the monsoon. I can show you what's going on!