

## THE WORLD BANK'S ENVIRONMENTAL DISASTERS

The World Bank is financing a series of environmental mistakes around the Third World. Barber Conable, the Bank's new president, has admitted that there are serious environmental problems with current and past bank projects, but insists that the Bank can reform and avoid the same errors in the future. He has pledged to increase the staff of environmental experts from the current half dozen or so to a department of 60 personnel. It is doubtful, however, that simply adding new staff will solve a problem that is inherent in the Bank's "have money, must lend" approach to Third World development.

Past environmental problems created in part by the Bank include:

◆◆ India, where the Bank is providing almost half a billion dollars for the Narmada Valley Development Project, a massive scheme that will dam up India's largest west-flowing river, forcibly displacing over two million people, flood 900 square kilometers, and wipe out 33,000 hectares of India's dwindling forest cover, including some of the country's best teak and bamboo. A study by the Indian Council of Science and Technology predicts that the dam will increase malaria, cholera, viral encephelitis, goitre, and other water borne diseases. The official Indian Institute of Science warns that "as much as 40 percent of Narmada Sagar's command area is likely to become waterlogged unless extremely careful and widespread measures are taken."

◆◆ Brazil, where the Bank is lending \$450 million for hydroelectric projects--even though then-Bank President A. W. Clausen conceded in June 1986 that one of the dams is "an ill-conceived project which has had substantial negative effects on the environment and on the AmerIndian population." Hugh H. Foster, U.S. alternate representative to the Bank's Board of Executive Directors, complains that the loan is "pure folly," that it will finance "a series of environmental disasters," and that "major environmental questions, to all appearances, are being swept under the rug."

◆◆ Indonesia, where the Bank has loaned the government over \$600 million to remove--sometimes forcibly--several million people from the densely populated island of Java and resettle them on comparatively barren islands. This

"transmigration" project makes little or no economic sense, and pointlessly destroys the environment. The outer islands' soil is poorly suited for farming. Crop yields often decrease 50 percent between the first and second year after deforestation. A recent government of Indonesia report complains that "an unfortunate cycle of destruction and rehabilitation is becoming institutionalized."

◆◆ Botswana, where Bank projects are helping create desert. Two livestock projects to promote cattle raising in this southern African nation have resulted in the deaths of hundreds of thousands of migratory animals and depressed "the already limited subsistence capabilities of [Botswana's] poorer citizen," according to a report by two Bank consultants. The African-based International Institute for Livestock Development says the project "has absolutely no chance of working out....Eighty percent of the rangeland which is under cattle in Botswana has already been severely degraded."

Why does the Bank get involved in these projects? Primarily to meet its self-imposed lending quotas, which increase by billions every year. For many Bank employees and managers, the most important single measure of their success is fulfilling the annual lending quota.

**Conable's Flow Charts.** Thus far, Conable's attempt at Bank reorganization appears to be primarily a change in flow charts and the ejection of a few hundred bureaucrats (with generous severance pay of up to a quarter of a million dollars each). Though hiring environmentalists might make the Bank more aware of the damage it does, it is unlikely that the Bank will change its approach fundamentally. The Bank has known for many years of the environmental damage its programs caused in Brazil, Indonesia, and sub-Saharan Africa--yet has not abolished funding for the harmful projects. It is still apparently motivated to set new records on its lending levels.

Unless the Bank can find a way to direct its megabillions intelligently to the private sector instead of to state-run enterprises and government bureaucracies, the Bank will continue doing more harm than good.

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