



PROBE ALERT

September 2000

World Bank cancels China-Tibet resettlement scheme

The World Bank has cancelled a highly contentious loan to China for an “anti-poverty program” that would have resettled 58,000 Chinese farmers in an area claimed by Tibetans as part of their homeland.

Canada's executive director, Terrie O'Leary, did not support China's Western Poverty Reduction Project when it first came to the World Bank board for approval last year, due to concerns raised by citizens' groups, including Probe International, that the scheme threatened Tibetans and violated citizens' rights. But the \$160-million loan was approved anyway, on the condition that disbursement of the US\$40-million resettlement component would be withheld until an inspection panel could investigate objections.

In June of this year, a copy of the inspection panel's report was leaked to the *Financial Times* Washington bureau, confirming that bank staff had violated seven out of a total of 10 operational directives in a bid to push through the loan.

The bank had failed to conduct a full-scale environmental assessment for the project, which includes a 40-metre high dam and reservoir, irrigation canals, new roads, several new towns, the moving out of 4,000 Tibetan and Mongol herders, and the moving in of 60,000 Chinese farmers.

The panel also confirmed that “a climate of fear” surrounds the project and noted that “full and informed consultation [as required by bank policy] is impossible if those consulted even perceive that they could be adversely affected for expressing their opposition to, or honest opinions about, a bank-financed project.”

Days before the board was scheduled to decide the project's fate, e-mails and letters from concerned citizens poured into the bank. Thousands of Tibetans who were gathered in Washington for the annual Smithsonian Folk Life Festival rallied and marched for Tibetan rights, and included a stop in front of the World Bank.

Finally on July 7th, the 24 executive directors, including Terrie O'Leary representing Canada, voted 14-10 against the bank management's recommendation to conduct further studies. In her statement prior to the board's vote, O'Leary said: “It is clear from

the panel's report that we have a project today that does not comply with very significant bank policies. . . . [W]e believe this is not a problem created by a project under 'special circumstances.' This is a problem caused by an organization that has failed to live up to its own standards.”

Canadian government defends more aid for disastrous Manantali Dam

Probe Alert reported in 1998 that CIDA, the World Bank, and the African Development Bank were financing a new phase of the Manantali dam, one of two dams built in the Senegal River Valley in the late 1980s that have brought economic ruin, malnutrition, and disease to hundreds of thousands of West African farmers.

Originally designed to generate electricity and provide irrigation, the Manantali dam deprived downstream farmers of the floodwaters needed for growing sorghum and keeping pastures fertile. Once-abundant fisheries have disappeared and the valley is now infested with water-borne diseases.

Since 1997, donor governments, including Canada, have been trying to revive Manantali as a 200-megawatt power project at a cost of US\$445-million – that's roughly three times the capital cost of high-efficiency, gas-fired turbines that could reliably deliver power to consumers without the need for long-distance transmission.

The former minister responsible for CIDA, Diane Marleau, assured Probe International that the retrofitted hydro dam will be managed to protect the “health and traditional interests” of downstream farmers. But the World Bank's own documents reveal that the dam will further deprive downstream farmers of the floodwaters they need. The Norwegian government has refused to fund this phase of Manantali because of the dam's unmitigated health impacts. Germany's former minister of development assistance called it “an act of economic and environmental nonsense.”

Despite these concerns, the Canadian government views Manantali as an opportunity for Quebec companies.

Based on documents obtained by Probe International using the Access to Information Act, CIDA has paid out \$19,790,000 for turbines and alternators supplied by Sulzer Canada of Pointe-Claire, Que., \$6,847,630 for installation supervision by Tecslut International of Montreal, and an undisclosed amount for a three-year fisheries study by Roche International of Sainte-Foy, Que.

Earlier this year, Probe also learned that one-third of the dam's output will go to Senegal's electric utility, Senelec, which is now partly owned by Hydro-Québec.



Tibetan monk protests outside World Bank headquarters in Washington, DC.

What you can do ...

Please write to Canada's executive director to the World Bank, Terrie O'Leary, to congratulate her for doing the right thing. Not only did she say no to a disastrous scheme in Tibet, she also stood up for the rights of ordinary citizens to know what the World Bank is doing. Let her know that you want the World Bank to stop financing all environmentally damaging and socially destructive projects and compensate people harmed by World Bank projects. Send your letter to:

World Bank, 1818 H Street NW, Washington DC 20433, USA.
Fax: (202) 477- 4155

If you can, please send us a copy of your letter and any responses that you receive.

PROBE ALERT is published by Probe International, a charitable organization that monitors the environmental and social impacts of Canadian-financed development projects in the Third World. If you have questions or comments regarding the material in this or other issues, or if you don't wish to receive PROBE ALERT, contact The Editor, PROBE ALERT, 225 Brunswick Ave., Toronto, Ontario, M5S 2M6, call (416) 964-9223, e-mail ProbeInternational@nextcity.com. If you would like to receive our e-mail news service, visit our new website at: www.probeinternational.org.



Thai government agrees to open Pak Mun dam gates

Thousands of villagers harmed by the World Bank-financed Pak Mun dam are demanding that the dam's gates be opened year-round so that fish can return to Northeast Thailand's Mun River.

In response to villagers' protests and pressure from citizens' groups worldwide, the Thai cabinet announced in July that the dam's gates should be opened for four months of the year. But whether the state utility that owns and operates the dam, EGAT, will comply with the cabinet's recommendation remains unclear.

The villagers' demands are inspired in part by the North American experience, where a growing number of uneconomic dams are successfully decommissioned each year, and riverine communities then work to restore lost fisheries and tourist-based livelihoods.

Their cause received a boost earlier this year by the World Commission on Dams, a global fact-finding body, which confirmed what the World Bank has long denied: In its special review, the WCD found that the 136-megawatt Pak Mun dam is an economic failure. The dam, completed in 1994, barely generates 40 megawatts in the high-demand but dry months of April and May and provides zero irrigation benefits to local farmers. Even in the rainy season, EGAT can't always operate the turbines because the swollen Mekong River backs up into the Mun tributary, reversing its flow, making it impossible to spin the turbines. That the flow of the Mun River changes direction is a well-known phenomenon to local villagers but

it was overlooked by the bank and EGAT engineers. The commission also reported that 56 fish species in the Mun River have disappeared since the dam was built; the fish ladder doesn't work, and fish catches have declined by 60 to 80 per cent, amounting to economic losses of about US\$1.4-million annually. Although the report stopped short of making any concrete recommendations about compensation or the dam's future, the economic indictment of Pak Mun has strengthened the villagers' case for opening the dam's gates permanently.

To support the villagers' demands, Probe International published its economic arguments for decommissioning the Pak Mun dam in the Bangkok-based newspaper *The Nation*. (To read article, please see: www.probeinternational.org/pi/Mekong/index.cfm)

"We are not asking for compensation anymore, as the money would be gone in a few years. But please, give us back our source of income, our lives, our free-flowing river – Mae Moon."

SOMKIAT PONPAL, LANDLESS FISHERMAN

Compensation for EDC-financed dam falls short for Colombia's indigenous communities

On April 21, after four months of protest against the filling of the Urrá dam reservoir, Colombia's Embera Katió people have reached an agreement with Urrá S.A. Company (the dam builder) and the Colombian government.

For the Embera, the agreement is a partial victory.

"We are pleased that we came to an agreement, but this is just the beginning of the negotiations," said Kimy Pernia Domico, one of the Embera Katió leaders who travelled to Canada last November to plead for help from the Canadian government.

The Urrá company agreed to try and restore lost fisheries and livelihoods upstream of the dam, and the government pledged to drop plans for a second dam.

On the downside, the Embera were awarded only half the land and cash settlement they had demanded, and the government has yet to provide any compensation to the estimated 60,000 people downstream whose fishing livelihoods have been damaged by the dam.

The challenge now, say activists working in Colombia, will be getting the government and the company to live up to their commitments.

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