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When Does Reform Policy Influence Practice? Lessons from the Bankwide Resettlement Review

Jonathan A. Fox

How consistently does the World Bank implement its social and environmental policy reforms, and how do we know? Advocacy non-governmental organizations (NGOs) continue to document specific project cases that fall short of the Bank's own minimum social and environmental standards. Bank staff recognize problems with specific projects, though in other cases debates over the "facts" persist. Critics and defenders of the Bank differ sharply over whether individual "problem projects" are the exception or the rule.

Because of the vast number, scale, diversity, and complexity of Bank-funded investments, it is extremely difficult to document the precise scope of Bankwide compliance versus noncompliance with its own reforms. Most external critiques of Bankwide performance in entire sectors, countries, or policy areas are based on information generated by the Bank itself. However, the Bank's own information on reform-policy compliance turns out to be based more on official intentions than on independently verified, field-based information about implementation, as this volume's concluding chapter shows.

In contrast, the World Bank's 1993-1994 resettlement review set a still-unmatched precedent in terms of rigor, comprehensiveness, transparency, and self-criticism. Insider reformers strategically used public transparency as a tool for increased institutional accountability (defined here as increased compliance with official reform commitments). The 1994 report, *Resettlement and Development*, was produced by the Environment Department's Resettlement Review Task Force, with strong support from the vice president for Environmentally Sustainable

Development, environmental staff in the regional operational departments, and elements within senior management and the board.¹

Problems with “involuntary resettlement” have provoked some of the most intense controversy between the World Bank, advocacy NGOs, and grassroots movements. As many of the other studies in this volume suggest, the *impact* of external criticism of the Bank often depends on the uneven presence and leverage of pro-reform factions within the institution itself. In order to explain this interactive process, this chapter focuses on the internal dynamics of policy reform. *Reformists* are defined here as insiders who promote compliance with or strengthening of the Bank’s social and environmental policy reforms—though not all are comfortable with that label, because it implies a recognition of internal conflict.

The resettlement policy is the Bank’s first social/environmental reform policy, dating from 1980, and is now highly institutionalized, including explicit operational standards and benchmarks for staff to assess resettlement issues in project design and implementation. The policy encourages project managers to minimize involuntary resettlement in the first place and then details how to “rehabilitate” those who are resettled in order to leave them at least as well off as they were before relocation. Technical guidelines were developed based on lessons from repeated social disasters over previous decades. Nevertheless, the 1994 review documented high levels of Bank and borrowing government noncompliance.

One might have expected that the external scrutiny of the 1980s would have created at least public relations incentives for avoiding overt resettlement policy violations. Mass evictions provided critics with dramatic photo opportunities, as when Indonesia’s Kedung Ombo Dam forced villagers to cling to their homes while flood waters rose around them (see Rumansara chapter, this volume). Forced resettlement attracted widespread condemnation by human rights activists and environmentalists around the world, creating rapid response, media savvy networks that were ready to highlight violations of resettlement policy as examples of much deeper problems with the World Bank’s approach to development.² Though projects involving displacement accounted for 15 percent of the Bank’s portfolio in dollar terms, the controversies they provoked undermined international support for the institution as a whole. Never-

theless, policy compliance did not improve markedly until the early 1990s—and then more for future than for ongoing projects.

This study addresses two questions about the interaction between external pressure and institutional reform. First, the *Resettlement and Development* report found that Bank compliance with the resettlement policy increased in projects approved after 1992. Moreover, NGOs have found significantly fewer *new* resettlement disasters in recent years. What explains this partial progress toward institutional reform? Second, what made the Bankwide review itself possible?

In response to the first question, the timing of the upturn in compliance coincides with the height of India’s Narmada Dam conflict. Because the reform policy had been largely ignored by much of the Bank’s operational apparatus for more than a decade, the timing of the increased compliance strongly suggests that external political pressure was a critical factor. Internal Bank attention to resettlement issues also increased during this period. The record of internal debates over resettlement at the time reveals a pervasive staff fear of being caught with “another Narmada.” To explain the second question—the origins of the Bankwide review process itself—internal factors were more important. Indeed, NGOs did not call for such a review. Key participants concur that the assessment was the direct result of a strategic staff initiative, the culmination of years of internal education, research, and debate over how to increase policy compliance. Nevertheless, it would be difficult to explain high-level management’s *support* for the review process outside of the context of the Narmada conflict. The record suggests that Bank senior management decided to allow a serious preemptive search for other “potential Narmadas.”

This chapter briefly discusses two alternative conceptual frameworks for explaining institutional change: *external pressure versus institutional learning*. A third approach—synthesizing elements of both—is proposed to explain the World Bank’s experience with resettlement policy implementation. The policy itself is then described, followed by a discussion of the Bankwide review’s origins and key findings. The chapter then analyzes the tensions between the task force and the more recalcitrant elements of the operational apparatus. The India portfolio is examined in

some detail because it accounted for much of Bank-documented policy noncompliance, affecting many hundreds of thousands of people.

Contending Explanations: External or Internal Causes?

Among many conceptual frameworks for explaining change in large public organizations, two contrasting approaches stand out as plausible alternatives to explain the degree to which World Bank operations actually follow resettlement policy in practice. An *external pressure approach* suggests that, by themselves, large bureaucracies are not predisposed to be self-critical and reflective, and are therefore unlikely either to recognize or to learn from their mistakes in the absence of external pressures. Some would go further, arguing that effective self-evaluation in a bureaucracy is inherently contradictory because critical self-evaluation is likely to threaten entrenched interests and will therefore be treated as a threat.³ An *institutional-learning approach*, in contrast, recognizes that merely adaptive-reactive behavior is certainly the most frequent pattern, but suggests that some bureaucracies are able to learn internally from their mistakes, become self-critical, and effectively change *without* the pressure of external sanctions.⁴ The institutional-learning view plays an important role within Bank discourse, which often frames changing means and ends in terms of “learning lessons.”⁵ The first view would argue that genuine institutional learning leads to self-criticism that affects entrenched interests and is therefore usually ignored or crushed. The empirical discussion of the Bank’s resettlement policy shows that this was the dominant pattern for more than a decade, but began to change in the early 1990s.

Both approaches make implicit predictions about the context and timing of policy change: an externally driven explanation would predict that change should only follow dramatic increases in external pressures, whereas an internal learning framework would predict that institutional encounters with new data or new institutional efforts to acquire or analyze data would lead to changed behavior. An internal-learning approach might also suggest a pattern of active intellectual search within the organization, such as an institutionalized learning process lodged in a distinct unit. An external pressure approach would suggest that such a unit would

be created in response to external pressure, and even then may or may not influence the rest of the institution. An institutional-learning approach would also suggest that one should find evidence of a “learning culture” throughout the organization, where leaders encourage staff to engage in active learning and adapting. An external pressure approach, on the other hand, would focus on a dominant culture mostly concerned with deflecting outside threats, especially from actors that have leverage over the organization (such as advocacy groups with influence over foreign aid allocations). The analytical challenge that underlies the empirical issue of compliance/noncompliance with resettlement policy involves disentangling two interactive processes: (1) the ebb and flow of external pressures (international NGO advocacy and protest, mediated by the World Bank’s executive directors representing donor governments that control foreign aid flows), and (2) the gradual and uneven internal advances of reformist ideas and institutional leverage.

This study focuses on the shifting balance of power between insider reformists and staff within the operational apparatus who fail to comply with reform commitments. Reformists’ concerns may not be based on new learning, in the sense that they have long known the social costs of ignoring the resettlement policy, whereas much of the operational apparatus may know about the policy but disregard it in favor of other priorities. Whereas some operational staff and managers learn, others simply adapt—paying attention only when external political costs of ignoring resettlement issues go up.

Organizational learning is not a strictly intellectual process. Because interests are affected, conflict may result. Therefore change agents need to learn how to shift the balance of power within the organization. World Bank insider reformers are often allowed to do research, to write reports, and to make recommendations, but they are often ignored by those who actually manage projects. Many Bank-funded disasters were predicted by insiders, who were not heeded. Sometimes, however, insiders do manage to veto or mitigate socially or environmentally destructive projects, or even to propose beneficial ones. Explanations of World Bank reform must account for when, why, and to what degree reformists have influence in a context where “more of the same” behavior often dominates. This study has found that external pressure

empowered those within the institution who had already “learned,” whereas it weakened those within the apparatus who paid little attention to the already learned lessons of the past. In a process of reciprocal interaction, external critics and insider reformists each legitimate and reinforce the other.⁶

Resettlement Policy and the Origins of the Bankwide Review

In 1980, the World Bank was the first international development agency to adopt a formal policy to mitigate the social costs inherent in involuntary resettlement. Bank discourse began to reject the then-conventional wisdom that the immiseration of those evicted in the name of development was unavoidable and necessary.⁷ Decades of project-driven evictions in a wide range of urban and rural settings from the United States to Africa had produced a major body of social science research, but these findings had not managed to influence the policies of international development agencies.⁸ Bank social scientists developed the 1980 policy partly in response to the mass resistance to projects that forced evictions in authoritarian Brazil and the Philippines.⁹ Amended in 1986 and 1990, the policy was made public in 1988; until then, such Bank policies were confidential. According to sociologist Michael Cernea, the principal internal advocate of resettlement policy reform, “translation and wide distribution of the 1988 paper was intended to increase the accountability of both the Bank and borrowing governments.”¹⁰ In its own words, the basic elements of the policy include:

- “Involuntary resettlement should be avoided or minimized whenever feasible ...
- Where displacement is unavoidable, the *objective* of Bank policy is to assist displaced persons in their efforts to improve, or at least restore, former living conditions and earning capacity. The *means* to achieve this objective consist of the preparation and execution by the Borrower of resettlement plans as development programs ...
- Displaced persons should be: (i) compensated for their losses at replacement cost, (ii) given opportunities to share in project benefits, and (iii) assisted in the transfer and in the transition period ...
- Indigenous people ... and other groups that have customary rights to the land or other resources taken for the project must be provided with adequate land, infrastructure and other compensation. (p. 5)

The policy also mandates Bank staff to set benchmarks that detail the government’s commitments in advance, as an integral part of a proposed investment project. The compensation provisions are more comprehensive than almost any borrowing government provided until that time (such as their recognition of customary land rights). The Bank first reviewed compliance with resettlement policy in a 1985 portfolio review of hydro and agriculture projects approved between 1979 and 1985. This review found some improvement compared to the time before the 1980 policy, but alternatives to displacement were rarely considered, and therefore evictions were not minimized. More generally, according to the policy document, “the ‘consistency curve’ between projects and policy oscillated, however, running higher in projects appraised in 1980 to 1982, shortly after the policy was issued, than in projects appraised during 1983–1984, when attention lapsed and the curve declined” (p. 84).

The 1985 review led to a 1986 policy revision, which included some remedial actions, recommendations for more staff, and more explicit policy guidelines requiring that “resettlers” be offered an alternative productive base. After a brief period of improvement, widespread non-compliance persisted. The 1994 review shows that the 1986 policy revisions led to few improvements until after 1992, “when awareness of the issue increased due to the Narmada debacle” (according to one Bank resettlement expert interviewed). By themselves, “lessons learned,” internal education, and better policy guidelines did not significantly improve compliance.

The Morse Commission’s Independent Review

The international human rights and environmental campaign against the Narmada Dam (better known in India as Sardar Sarovar) led the World Bank board of directors to commission an independent review in 1991. As one Bank executive director put it, “When I hear what NGOs say about this project and then what Operations staff say, it sounds as if they are talking about two different projects.”¹¹ Led by Bradford Morse, former director of the United Nations Development Program (UNDP), the review team was given unprecedented independence, access, and

resources to produce a field-based assessment. The Morse Commission's main conclusion echoes many of the key issues raised by the main NGO/grassroots critique:

We think the Sardar Sarovar Projects as they stand are flawed, that resettlement and rehabilitation of all those displaced by the Projects is not possible under prevailing circumstances, and that the environmental impacts . . . have not been properly considered. . . . Moreover, we believe that the Bank shares responsibility with the borrower for the situation.¹²

The Morse Commission found that the Bank and the government signed the loan agreements in 1985 with "no basis for designing, implementing and assessing resettlement and rehabilitation. . . . The numbers of people to be affected were not known. . . . [T]here was no adequate resettlement plan, with the result that human costs could not be included as part of the equation."¹³ The review focused not only on the estimated one hundred thousand villagers living in the submergence area, but also drew attention to the estimated one hundred forty thousand farmers likely to be affected by the proposed canal system, whose displacement was not taken into account in the Narmada project.¹⁴ The Morse Commission highlighted the project's "non-compliance with Bank resettlement and environmental requirements," concluding that its "incremental strategy" signaled to the Indian government that resettlement and the environment were "of only secondary importance" and therefore was even "counter-productive."¹⁵ Finally, the commission concluded that the Bank should "step back" from the project. The initial response of the World Bank's India Division to a draft was, according to Michael Cernea, "how to find fault with the facts, but they couldn't find a major fault. [They called for] small corrections, but the overall factual picture was not disputed."¹⁶

The Morse Commission report was a shock to Bank management. Their response was twofold. Narmada-specific damage control came first. The Bank's executive directors split over how to proceed, narrowly defeating immediate cancellation in favor of creating a procedure through which the Indian government could save face by canceling later. The Bank's second response was to assess resettlement problems throughout its portfolio. In contrast to the Morse report, which was a direct response

to external demands, the resettlement review proposal was an internal initiative from the Bank's senior resettlement specialist, sociologist Michael Cernea. According to Cernea, the Bank's managing director, Ernst Stern, "agreed to a new review because it was part of the formal report to the Board and the public answer to the Morse Commission." As he put it, management wanted to know, "Are there other Narmadas hidden in the portfolio?" Indeed, Cernea had gone on record with internal warnings of Narmada's resettlement risks even *before* the project was approved—suggesting that had management listened to him then, a major problem might have been avoided. The aftermath of the Morse report positioned Cernea to seize the moment.¹⁷

Reviewing the Bank Portfolio

The Bankwide resettlement review was intended not only to take stock of the state of resettlement in the Bank's portfolio, but to improve institutional performance in the process. The *Resettlement and Development* report emphasizes that "*The main product of this comprehensive review is not simply its final report, but the process that the review triggered throughout 1993 across the Bank and on the ground*" (p. 2, emphasis in original). Unlike most Bank portfolio reviews, the resettlement review received the funds and political support from management needed to carry out field-based assessments of projects on the ground, which permitted independent verification of the "official story" as reflected in project documents.

A task force was created at the "center" of the Bank's structure, and assessment reports were commissioned from each of the "regions"—the operating divisions primarily responsible for project design and implementation. The regional environmental staff were the key link between the task force and the project managers.

According to Cernea, "Even after Narmada, many thought it would blow over, and put the Review on the back burner—we realized the Task Force couldn't operate [because] the Regions were not taking it seriously." The vice president for Environmentally Sustainable Development, Ismail Serageldin, requested support from the Bank's top operational

official, Managing Director Ernest Stern. Though Stern was widely seen as unsympathetic to social and environmental policy reform, resettlement problems had severely undermined political support for International Development Association (IDA) contributions in several donor countries. Moreover, policy noncompliance raised questions about the principle of management authority over staff. Stern's pivotal December 28, 1992, internal memo to key operational vice presidents signaled both the resettlement review's priority and the central importance of external pressures to encourage reform compliance:

As you know, the Bank has a commitment to review the status of all involuntary resettlement components of existing projects. . . . *You are familiar with the widespread concern attendant on the India-Narmada projects* and their resettlement components. The importance of getting a professional assessment . . . hardly needs emphasizing in this context. I am sure that you share this *sense of urgency* to get the work done, and I would appreciate it if you would so advise your managers. . . . *We've lost much time in getting started on this exercise. The Bank cannot afford to fail in compiling expeditiously a status report on its resettlement projects.* (emphasis added)

The task force designed the review to involve operational staff directly, inviting project task managers to key meetings and briefing regional vice presidents on work in progress. These briefings were designed to encourage them to invest their own political capital in improving project performance before the report was finished, giving them a chance for their projects to look better in the final review: "[we wanted them] to coopt [us] for a good cause," according to Cernea. The goal was not to approve bad work, "but to get the facts and trigger improvement."

In Cernea's view, "facts go a long way in Bank culture. . . . [F]acts can change the culture." For the task force, the "key battle [was] over objective assessment of the facts on the ground." NGO critics had gained leverage with a similar "fact-based" approach, documenting illustrative case studies of noncompliance as a key advocacy tool (see Wirth chapter, this volume). The resettlement review task force, in contrast, was able to transcend the case study-based critique, however, to assess the whole portfolio's "consistency with policy and outcomes" (*Report*, p. 2). Their findings could not be dismissed as exceptions to rule because their mission was precisely to document the general pattern.

Documenting the "Resettlement Portfolio"

The *Resettlement and Development* report found that from 1986 to 1993 involuntary resettlement was involved in 192 projects, displacing an estimated total of 2.5 million people over the life of those projects (p. 88).¹⁸ From 1986 to 1993, forty-six projects involving half a million displaced people were officially "closed" out of the Bank's portfolio, redefining the scope of study to 146 projects considered "active," representing 8 percent of all projects and 15 percent of total Bank lending.¹⁹ More than half of all resettlement was concentrated in eleven large projects in only four countries: India, China, Indonesia, and Brazil. Projects in East and South Asia accounted for 82 percent of people to be displaced by Bank-funded projects, with 974,000 in India and 483,000 in China (p. 88). Large dams, mainly for hydropower and irrigation, accounted for 63 percent of displaced people; transportation corridors a rapidly growing sector, accounted for 23 percent (p. 92). Five large agriculture-related projects in India alone account for a full 41 percent of total Bank-funded displacement (p. 93).²⁰

The task force found significantly more resettlement in Bank-funded projects than they expected. Even the lower number of 146 projects still considered "active" in 1993 was 50 percent higher than estimated before the review. The numbers of people to be displaced by each year's projects turned out to grow over time, rising by 125 percent between 1986 and 1993, an increase attributed in part to "better identification." Perhaps the most dramatic finding was that of the

almost 2 million people in various stages of resettlement under the current active portfolio . . . [t]he number of people to be resettled is 47% higher, or an additional 625,000 people, than the estimate made at the time of [project] appraisal. . . . Data supplied by many Borrowers at [project] preparation and appraisal have commonly understated the number of people affected. The real number became apparent only part way through the project. (p. 88, emphasis added)

This finding is critical because without knowing the number of people affected, no agency can do even minimal planning and budgeting for their resettlement and rehabilitation. In terms of who gets displaced, the report notes that

the majority of the displaced are rural and poor because new projects are brought to the most under-developed, poorest areas, where infrastructure is lacking and where land and political costs are lowest. . . . The remote locations of many dam sites are often inhabited by indigenous peoples, ethnic minorities and pastoral peoples, which explains why . . . cultural differences are so prominent in resettlement. (p. 93)

In other words, there is a direct association between large projects involving displacement and the lack of political representation of displaced peoples.

Resettlement and Development argues that humane resettlement can work if Bank policies are followed systematically. The task force recognized that some critics reject all resettlement, so it instead sided with those critics who accept that resettlement is sometimes unavoidable because of the need for infrastructure but should be minimized and carried out in a legal and humane fashion.²¹ *Resettlement and Development* lists the key factors that account for resettlement successes:

- a. Political commitment by the Borrower, expressed in law, official policies and resource allocations;
- b. Systematic implementation by the Borrower and the Bank of established guidelines and procedures;
- c. Sound social analysis . . .
- d. Accurate cost assessments and commensurate financing . . .
- e. Effective executing organizations . . .
- f. Public participation in setting resettlement objectives, identifying reestablishment solutions and implementing them. (p. 7)

These factors are intervening rather than independent variables, however. They all reflect political will, which in turn requires further explanation. More to the point, the report recognizes that "Resettlement works when governments want it to work. . . . Similarly, when the Bank itself does not consistently adhere to its policy . . . project performance is weakened" (p. 8). The analytical question that follows is, in those instances where the policy was followed, why did government and Bank officials have the political commitment and resources to do so, given that noncompliance turned out to be so widespread and persistent in most situations?

"Narrowing the 'Development Gap'"

As a framework for its documentation of "consistency" between policy and operations, the report suggests that as new standards are created, a "development gap" emerges that cannot be closed overnight. It stresses that "changing entrenched bad practices takes time" (p. 97) but focuses on three main areas of partial movement toward greater "consistency" with policy.

The first area focuses on Bank efforts to change country-level policies. The review found the greatest progress in those countries and sectors that develop comprehensive, rather than project-specific resettlement guidelines. By focusing on the Bank's "unused potential" in this area (p. 98), the report implies that past problems were partly due to the Bank's failure to invest its political capital in this policy reform issue (in contrast to, for example, its high political resource investment in pro-market policy changes, such as privatization or deregulation).

In their report, the review task force conclude that the absence of country-level legal frameworks can lead to "violent displacement procedures, without due recognition and protection of the basic rights of those uprooted" (p. 101).²² The key areas of nationwide policy reform were in the electric power sector in Brazil, Colombia, and India, urban Philippines, and across sectors in China and Turkey.²³ China accounts for the vast number of displaced people in Bank-funded projects covered by national-level resettlement policy reforms. The review claimed that China's reforms, dating mainly to the early and mid-1980s, were quite consistent with the Bank's core policy principle of "resettlement with development" for those displaced. China's reforms are explicitly attributed to past dam projects that "resulted in the disastrous impoverishment of many people and in serious social and political instability" (p. 102).²⁴ In addition to its stress on countrywide reforms, the report notes that many other international agencies have raised their resettlement standards in recent years as well—including the Inter-American Development Bank (1990), the Asian Development Bank (1992), the Organization for Economic Cooperation and Development (OECD) and British and Japanese bilateral aid agencies (pp. 102–3).

The report also recognizes that “the Bank has . . . encountered serious difficulties in dialogues with some Borrowers about adopting domestic resettlement regulations” (p. 103). South Asia saw little progress on this front:²⁵

In India, where many resettlement projects in both non-Bank and Bank-assisted projects have failed to rehabilitate a proportion of the displaced people, no federal legislation or policy statement defines the country’s general resettlement norms; resettlement is regarded as a state, not a federal matter. In turn, however, most Indian states still lack state-level resettlement policies. . . . Dialogue between the Bank and borrowing state governments, with some notable exceptions [Gujarat] has still to yield significant results. (p. 103)

The report concludes that the Bank’s political strategy for dealing with resettlement problems in India—the “incremental” approach—had failed—reinforcing the findings of the Morse Commission (p. 103).²⁶ It notes that where progress in the “policy environment surrounding development-caused resettlement” has been achieved, it was driven by “the Bank’s policy influence, as well as a consequence of public opinion demands, of resistance to displacement by affected people, and of strong advocacy by many NGOs” (p. 99, emphasis in original).

The second main area of performance reviewed involves the reduction of displacement by encouraging redesign of projects. Only ten such projects were mentioned, which suggests that this key policy was applied to only a small part of the Bank’s portfolio (pp. 105–6). Indeed, the task force recognizes that

many engineering consulting firms, responsible for the technical design of major infrastructure projects worldwide, routinely display obliviousness to the adverse social implications of the designs they propose, sheltered by the absence of policy or legal demands in the client countries. . . . The studies prepared by such firms tend to end up with misleading budgets whenever the real, full costs of displacement and resettlement are omitted. (p. 104)

Most of the report, however, focuses on how displaced people were treated without questioning the more fundamental justification of the projects. Task force members tended to agree that many of the projects were indeed necessary because power, irrigation, drinking water, sanitation, and transportation can potentially benefit large numbers of people in comparison to those displaced. Nevertheless, they present little evidence that project planners considered alternative means to these ends.

One chapter does address the causes of displacement by criticizing energy and water subsidies that distort use and endorses demand-side management (p. 107). These issues are more directly addressed by the Bank’s environmental assessment policy, which specifically requires consideration of alternatives, as well as its energy policy, which mandates support for both greater supply-and-demand efficiency. As noted in this volume’s concluding chapter, however, compliance with these two mandates was still the exception rather than the rule at the Bank in the mid-1990s.

“Restoring income and livelihood” proved the weakest area of resettlement performance. The task force accepted the challenge that “the ultimate test of consistency between resettlement operations and policy is the degree to which the Bank’s basic goal—reestablishing resettlers at an improved or at least the same level of living—is achieved” (p. 109). Documenting positive outcomes proved difficult, however, partly because baseline data was largely unavailable (the result of noncompliance with a basic policy norm). The report cites only one project where “incomes for all households rose after resettlement,” Khao Laem in Thailand (p. 112). Even in China, which is held up throughout the report as the main success story, “projects in the poorest regions, particularly those with indigenous minorities, face difficulties and have a less satisfactory record” (p. 114). India again had systematic problems, though the report strikes an optimistic tone: “projects in India approved during the last three to four years have started out on a much better footing and are expected to yield better resettlement and rehabilitation results” (p. 114). Indonesia had a mixed record, combining some success with “serious failures,” especially in urban and transportation projects (p. 115). Overall, however, “unsatisfactory performance [in restoring incomes] . . . still persists on a wide and unacceptable scale” (p. 110).

Project Preparation

The Bank itself bears special responsibility for resettlement issues in the preparation and appraisal of projects because this period before signing loans is when the Bank has maximum involvement and leverage. Bank resettlement policy subjects project preparation to four basic requirements:

1. Baseline planning surveys of affected populations
2. Resettlement timetables coordinated with civil works construction
3. Resettlement plans to restore lost incomes
4. A resettlement budget (p. 129)

The report dates “significant improvement” in these four areas since 1992, but notes that “despite recent improvements, recurrent failures in project preparation and appraisal remain the root cause of much problematic resettlement” (p. 129).

The review’s key findings include:

- *Baseline population surveys* are necessary, though far from sufficient, for any other mitigating measures. For the 1986–1993 period, only 44 percent of projects with resettlement included baseline population surveys. During the first five years of the resettlement policy, only 21 percent of projects were approved with baseline population information. Since 1991, 72 percent of new projects had surveys, and the rate reached 100 percent of new projects during the review year of 1993 (p. 129).
- Projects with *resettlement plans* at the time they were approved rose to 92 percent in 1993 and 100 percent in 1994. Only 50 percent of 1986–1991 projects had such plans—a decade after the policy went into effect (p. 129). For the period as a whole, less than 30 percent of resettlement plans mentioned economic rehabilitation (support for alternative livelihoods), even though cash payments have been repeatedly shown to fail as a compensation mechanism. Very few projects included resettlement timetables at the time of approval, leading to major disruptions.
- Bank loans contributed to *resettlement and rehabilitation expenses* in less than 15 percent of projects involved (p. 147). This omission reduced the bargaining power of Bank resettlement specialists and sent the implicit signal to governments that the issue was not a priority.

The Limits of Project Supervision

Even if projects have the appropriate plans on paper, government project implementation often falls far short of promises. The Bank considers direct project supervision to be its most powerful tool for assessing the progress of project implementation, including resettlement performance. In this context, the report distinguishes between the responsibilities of the Bank’s operational apparatus and the borrowers:

Effective supervision depends on Country Departments’ ability to allocate resources commensurate with the complexity and specific needs of individual projects, and their willingness to act promptly on the findings. . . . Project performance, on the other hand, depends largely on Borrowers’ commitment to project objectives or “ownership,” and their institutional and other capacities to execute the project. (p. 153)

In other words, the resources and specialized skills devoted to project supervision can indicate whether or not resettlement implementation was a Bank priority (in a process where governments clearly bear primary responsibility).

The task force found that only 56 percent of 1986–1993 project supervision missions reported on resettlement components at all, and less than 25 percent included resettlement specialists. Specialists tended to be brought in mainly when resettlement had already “become a major problem, either because it delays implementation or triggers public criticism” (p. 156). These numbers include the bolstered supervision in 1993 that resulted from the review process itself, so the 1986–1992 supervision performance was much worse. During the year of the portfolio review, in contrast, all major resettlement projects were monitored in the field, leading to a series of “retrofitting” operations that attempted to improve problem projects.

India received the majority of all specialist supervision missions in the context of the review. A 1993 Bank review of project supervision credits the Narmada debacle as being pivotal to this concentration of resources: “Sixty percent of all specialist supervision missions were in connection with ten projects in the India portfolio, the major reason being the attention the country attracted in the wake of the Narmada Sardar Sarovar Project controversy.” More generally, this frank internal review concluded that

[The Country Department] response to resettlement issues [was] mainly influenced, not by specific project requirements, but by the pulls and pressures of the moment—crisis in implementation, public controversy, queries from the Board, lending compulsions, etc. . . . The main conclusion [is]: In spite of the significant progress made in the last five years, supervision of resettlement . . . has not become a routine and integral feature of project supervision.²⁷

Some Bank staff stress the lack of resources as a major constraint on the capacity to implement the resettlement policy, but the internal study of supervision also stresses

a sense of fear of exposing resettlement to the scrutiny of “outsiders.” The feeling that greater attention and firmer actions on resettlement will affect their relationship with the borrower country is not uncommon among [task managers]. The common incentive structure in the Bank (premium given to speedy processing of the project, quick disbursement, smooth completion, etc.) also affects the quality of supervision. . . . [A] low supervision coefficient is often equated with better management.²⁸

In other words, the dominant system of career incentives discourages task managers from risking conflict with their counterparts in borrowing governments over resettlement issues. The issue is not *whether* task managers should use bargaining power when their priorities differ from their government counterparts, but whether such pressure is worth using for the particular purpose of improving resettlement and rehabilitation performance. The report notes that the limited impact of supervision on resettlement performance does not mean that it cannot work, but instead suggests that the Bank “fail[ed] to utilize the full potential of its involvement”—in other words, Bank managers were reluctant to invest political capital in dealing with poor resettlement processes.

The Politics of Information Extraction

The task force’s combined goals of gathering information, targeting noncompliance with official policy, and producing improved performance were necessarily going to provoke discomfort, if not conflict, among those operational staff members who had failed to comply with the policy. As Cernea recalled, it was like using “forceps to extract the information—people weren’t happy to see the numbers aggregated.” By pressing the staff of Bank regions to “see” (that is, accept) the facts, “we focused responsibility for the situation.” By emphasizing this sense of internal accountability, the task force attempted to “mainstream” greater concern for compliance with the Bank’s resettlement policy. As Cernea put it, the point of the exercise was not just “to spring the report on an unsuspecting audience—we would have had a superficial impact. [But] we sent back the regional reports if they were not good enough.”²⁹ The task force’s assessment of what was “not good enough” was based on its own network of experts, both on the team itself and on the ground—among NGOs, academics, and government officials outside the Bank.³⁰

Levels of compliance varied greatly across the Bank’s operations, and these differences proved critical to resettlement specialists in their efforts to put the “old guard” on the defensive. Resettlement specialists were able to point to an operational counterpart and say, “If X goes along with the operational directive 4.30, why can’t you?” Uneven performance provided the reformers a wedge with which to isolate those project managers who were reluctant to admit to resettlement problems.

The Latin America regional staff, for example, had relatively little to fear from the review because most of their still-active projects involved small-scale resettlement (by Bank standards). Most importantly, two decades of grassroots anti-eviction protests throughout the region had led to tangible, though uneven, improvements in the ways most governments—many newly democratic by the 1990s—dealt with displacement.³¹ Few new Bank-funded projects in Latin America were as large and disruptive as those of previous decades. In Latin America’s more recent projects, the task force found relatively few glaring contradictions between the Bank’s “official story” and the record on the ground, insofar as they were able to determine.³²

In South and Southeast Asia, in contrast, many government officials rejected the notion that they should be somehow accountable to the often poor, low-caste, or tribal populations most often threatened with large-scale, forced evictions. According to dominant national developmentalist ideologies, the benefits of large-scale infrastructure are more important than the losses of those who are considered to be the (relatively) few. Moreover, the Bank’s India Department, still smarting from the Morse Commission’s public condemnation, also included staff who were veterans of the Polonoeste Amazon rainforest road conflict—leading, according to one resettlement specialist interviewed, to an especially “paranoid” attitude. This attitude was quite understandable, however, in the sense that their pattern of noncompliance was so systematic that internal scrutiny, much less public scrutiny, could not be in their immediate interest (though it was not clear until the end of the Bankwide review process that the document would be made public).

Social and environmental staff inside the Bank had long known India’s resettlement record to be devastating, but until the Morse Commission and the resettlement review, they did not have the power needed to

address the issue systematically. As part of the Bankwide review process and its aftermath, however, several major problem loans in India were suspended or canceled, in some cases with little direct external pressure.³³

Although resettlement records in other South Asia countries were not notable for their compliance with Bank policy, India dominated the internal debate because of the scale of its eviction problems (related to population size and density). The review challenged prevailing operating patterns and sought to weaken the Country Department's monopoly on information about social and environmental impact, creating more room for the regional environmental and social staff with greater expertise in (and usually commitments to) such concerns to maneuver. The review process thus increased conflict not only between the task force at the Bank's center and the operational regions, but also exacerbated tensions between the task managers in charge of projects and the regional technical staff in charge of monitoring the projects' social and environmental impact.

The internal conflict over the data on the Bank's India resettlement portfolio highlights the difficulties of establishing internal accountability. A conflictual bargaining process emerged over the inclusion and exclusion of "negative" findings in the final report—including debates over the quality of resettlement operations, the accuracy of data related to the numbers of people displaced, and the cooperation (or noncooperation) among various actors involved in the process of extracting, reporting, and organizing information.

The concern with South Asia in general, and India in particular, was highlighted by Bank senior management's request that a special separate report be written on India's resettlement portfolio.³⁴ Bank directors requested detailed information about India on the heels of the Morse Commission report, which concludes:³⁵

Comparative analysis shows recurrent flaws in how the Bank approaches resettlement in India. They include the chronic failings in the Bank's appraisal of resettlement components. Projects are appraised and negotiated despite the absence of resettlement plans, budgets and timetables to meet the Bank's resettlement policy. All too often, decisions affecting the lives of thousands or even hundreds of thousands of peasant farmers and tribals are based on seriously deficient or

flawed information and approved without requiring major conditions and actions for improvement despite a well documented record of the impoverishment caused by other resettlement operations in the same area. . . .

An equally serious generic problem is that even when the Bank has been aware of major resettlement problems in its India projects, it has failed to act firmly to address them. Violations of legal covenants are flagged and then forgotten, conditions are relaxed or their deadlines postponed. Our review of the documentation as well as our many interviews with government officials support the view that the result of this failure is a widespread belief in India that the Bank is more concerned to accommodate the pressures emanating from its borrowers than to guarantee implementation of its policies.³⁶

Some Bank project managers shared the Indian government's willingness to incur significant social costs in the name of development. Note, in particular, one report to an internal Bank focus group discussion, which states,

All governments care for the poor, but the question in the end is, where will the tradeoff be, who will get the priority? This varies from government to government. In India, there is tremendous concern for the poor—there is a democratic environment and the poor have a vote. But if there is a tradeoff between resettlement of two million people and a dam, and the government does not have the resources, what do you do? . . . In the end the government for the benefit of *all* will perhaps vote for the dam and make the two million people worse off.³⁷

Recalcitrant staff were not limited to South Asia. Several projects in Africa significantly underestimated the numbers displaced, such as the Tana Plain project in Madagascar and an urban project in Tunisia. According to one Bank expert, Indonesia's treatment of displaced people was "in many ways more deplorable than India," even after the Narmada controversy. But the India Department had by far the biggest problem because India alone accounted for almost half of the people to be evicted by Bank-funded projects worldwide. Moreover, *the review discovered almost half a million Indian "oustees" who were not officially acknowledged to exist when the projects that would displace them were signed* (see table 9.1). *India represented 81 percent of the worldwide number of acknowledged oustees who were excluded from Bank estimates at the time of approval of 1986-1993 projects.* Because India accounts for such a large share of the Bank's own noncompliance problem, the Bank debate over the India portfolio is a key indicator of the internal balance of power between pro- and anti-reform factions.

Table 9.1
People displaced in India portfolio: Increasing estimates

| Project name | FY/sector | SAR data | | Asia regional | |
|-----------------------------|-----------|----------------|-----------------|----------------|-----------------|
| | | at appraisal | SA2 data 6/9/93 | report 12/93 | SA2 data 4/1/94 |
| Upper Indravati | 83/IEN | 20,000 | 26,500 | 26,500 | 16,078 |
| Dudhichua Coal | 84/IEN | 1000 | 310 | 310 | 1415 |
| Farakka II Thermal | 84/IEN | 0 | 53,500 | 53,500 | 53,500 |
| Gujarat Medium II | 84/AG | 90,000 | 128,000 | 128,000 | 140,352 |
| Chandrapur Thermal | 85/IEN | 0 | 2500 | 3800 | 4566 |
| Jharia Coal | 85/IEN | 0 | 3600 | 3600 | 3502 |
| Narmada SSP | 85/AG | 67,340 | 100,000 | 100,000 | 127,446 |
| Andra Pradesh Irrigation II | 86/AG | 63,370 | 125,000 | 125,000 | 150,000 |
| MCIP III Irrigation | 86/AG | 18,500 | 126,800 | 180,500 | 168,000 |
| Coal/Gevra Sonepur | 87/IEN | 11,800 | 24,000 | 24,000 | 13,863 |
| Karnataka Power I and II | 87/IEN | 2000 | 4000 | 4000 | 4000 |
| Talcher Thermal | 87/IEN | 9600 | 5200 | 5200 | 14,106 |
| UP Power | 88/IEN | 325 | | 360 | |
| Maharashtra Power I | 89/IEN | | 1600 | 2600 | 2202 |
| Nathpa Jhakri Hydro | 89/IEN | 345 | 400 | 400 | 1709 |
| Upper Krishna II | 89/AG | 195,975 | 200,000 | 200,000 | 220,536 |
| Punjab Irrig. | 90/AG | 825 | 825 | 825 | 3198 |
| Hyderabad Water | 90/TWU | 35,140 | 51,000 | 51,000 | 42,126 |
| 2d Nat. Highways | 92/TWU | 3575 | 2500 | 2500 | 4000 |
| NTPC Power | 93/IEN | 930 | | 896 | 1685 |
| Renewable Res. | 93/IEN | 430 | 430 | 430 | 612 |
| Totals | | 521,240 | 856,300 | 913,556 | 972,998 |

Sectors: IEN, Industry and Energy; AG, Agriculture; TWU, Transportation and Urban.

FY: First fiscal year of project.

SAR: Staff Appraisal Report (basic project document).

SA2: India Department, South Asia Division.

Source: Internal World Bank memo, Environment Department, 4 April 1994.

Who Counts?

Counting those to be displaced matters. Few oustees in India receive even minimal compensation, but if they are not acknowledged to exist in the first place, then they are at great risk of being driven into complete destitution. For example, a Bank's Operations Evaluation Department study concluded that "Bank guidelines were seldom applied in India. . . . [T]his is the country with the largest number of resettlement projects, which alone would warrant special attention. In India, the overall record is poor to the extent of being unacceptable."³⁸ In the process of implementing a project, oustees' meager resources are expropriated and sacrificed for others who benefit from the projects, representing losses that never enter into a project cost-benefit analysis. Compensation laws based on titled property and individual male "heads of household" discriminate directly against women, the landless, and tribals, who are more dependent on common-property resources that are rarely replaced.

Who counts those who are to be negatively affected by projects? The task manager has the responsibility to make sure the job gets done as part of the project preparation. The task force insisted on confirming the accuracy of the task managers' estimates of project-affected people, but it operated at a disadvantage insofar as it was organizationally distant from the country departments, which produced and controlled the information they needed. Under the regional vice presidencies, the country departments control project funds, with day to day project-related responsibilities located under the jurisdiction of their task managers. Each region also has its own social and environmental staff, located in technical units, and many of them share the central Environment Department's concern for improving compliance with Bank reform policies. But because these social and environmental staff members are located under the regional vice presidencies, they are also structurally located under the authority of the same operational apparatus responsible for the projects themselves. Social and environmental staff from the regions can travel on mission to assess the state of resettlement in Bank projects, but only at the request of the country departments. Moreover, country department

contracts are one of their key sources of financing. When input regarding resettlement questions is necessary, country departments can choose to contract outside consultants instead of experts either within their regions or in the Bank center. As a result, the staff who normally assess operational compliance with social and environmental mandates are not fully independent of those they are evaluating.³⁹ It was in this context of conflicting demands that the regional technical units were charged with requesting data from the country departments in order to prepare the regional reports, which were the central inputs for the Bankwide assessment. These Technical Department staff were the task force's most important allies in their effort to deal with entrenched anti-reform project managers.

Project managers were the key actors in following the policy procedures and reporting data being aggregated by the task force. A not-for-attribution focus-group discussion found that "Task Managers understand and are committed to Bank resettlement policy, but eloquently describe the lack of structural integration of resettlement ideals into Bank practices and procedures." The survey found great diversity in the attitudes of task managers, ranging from firm commitment to the resettlement policy to outright rejection, with many in between. Some resented oversight by social policy specialists:

Just dumping a directive on the Task Manager will not solve the problem. The resettlement gurus of the Bank should be in the field and work with the implementing agencies and the government. Right now they are perceived as academic individuals who are more of a hindrance than a help in project processing. We have enough NGOs and others to cope with, and we do not need Bank paid staff to add to the problem.

Others questioned key policy procedures, such as baseline data about affected populations: "People think that the affected people don't want to be resettled (but it's not true) so there is an invasion of the potentially affected areas of *more* people receiving the benefits of being resettled. . . . Making lists of people doesn't work."⁴⁰

In contrast, resettlement experts concur that baseline lists of affected people are nevertheless one of the most important tools for resettlement policy because they define the nature and scope of the problem, and set a benchmark for assessing the effectiveness of "rehabilitation."

Tension between the Task Force and the South

The work of the Asia/India review committee peaked at three points. The first occurred when a Regional Highlights document was submitted in June 1993; the second involved the completion of the India review—a separate document commissioned to the India Department by the Bank's board; and the third involved the bargaining over what information was to be included and deleted from the final Bankwide review. The official estimates of oustees grew at each stage, as table 9.1 shows.

The importance of the discrepancies in data on displaced people becomes clearer if one situates diverse projects in the context of the broader pattern. Table 9.1 compares official World Bank estimates of the number of oustees in the largest India projects and shows how these numbers changed over time. The first column lists the official estimate in each loan's staff appraisal report—the official document presented to justify the project at the time of its approval. According to Bank policy since 1980, baseline surveys and resettlement plans are already supposed to be in place at this point. The second column lists the data presented by the South Asia Region to the task force as of the June 1993 Asia Highlights report. The third column shows the oustee figures as of the ostensibly final Asia Regional Report to the task force at the end of 1993. The righthand column includes the eleventh-hour revisions, which were included in the final Bankwide review.

What is the explanation for the sharp discrepancy between estimates at the time of project appraisal and the figures presented at the end of the Bankwide review? One possible interpretation of the data in table 9.1 is that the populations to be affected grew during the period between project approval and the Bankwide review for normal demographic reasons. Some officials might also wonder whether some people moved to the affected areas to be able to claim compensation benefits. In the first case, the rate of growth indicated by the data is far too high to be explained by demographic factors. In the second case, the Indian government's track record in terms of providing compensation to project-affected people would hardly encourage outsiders to try to join in—especially because, in almost all states, only those with legal property titles are entitled to even promises of compensation. One Bank resettlement specialist hypothesized that India's projects called for such massive

involuntary resettlement that many of those projects would have been economically unviable if the full resettlement and rehabilitation costs had been taken into account, leading to powerful incentives for both Bank staff and government project authorities to undercount "project-affected people."

When the original sources for the estimates are reviewed, two factors emerge that account for at least part of the discrepancies. First, some large projects included resettlement and rehabilitation provisions for people who had already been evicted and impoverished by previous projects. One resettlement specialist pointed out that India's project numbers "grew" in part because these past oustees were "rolled over" into new projects. For example, as public pressure grew, people who had been evicted long before by Maharashtra I and II were included as "add-ons" to Maharashtra III.⁴¹

A second major reason for the discrepancies in the figures involves the basic "unit of analysis" for resettlement planning. Instead of surveying the total affected population, many India projects had used a hypothetical "household" as the basic unit on which to base resettlement estimates, an arbitrary assumption that the average household had five members. This assumption had two very serious problems. First, families are on average much larger in many regions, and second, many households include multiple extended families, such as those of landless "major sons." In response to the task force's insistence on actual numbers of individuals affected, in several cases the India Department simply adjusted their arbitrary assumption of family size from five to six people, which explains why some of their project estimates increased by 20 percent increments. As a result, the final published numbers may well still undercount the actual affected populations. These different "technical" issues are mere reflections, however, of the broader underlying reason why approximately half a million people were officially ignored by the original project plans: the lack of public accountability of both the Indian government agencies and the World Bank authorities responsible for the projects.⁴²

The conflict over policy compliance in India is an extreme case and is not representative of the Bank's resettlement portfolio in terms of numbers of projects. But India does account for a very large fraction of the

people displaced by Bank projects worldwide; therefore, the egregious violations by a relatively small number of old guard staff loomed disproportionately large in the overall social impact of Bank operations.

The Final Report

The final report was characterized by discreet but fierce bargaining over both form and content. Once acceptable data was secured, conflict focused on the presentation of the information. Numerous internal Bank documents contest the definition of the shared goal: to be "factual yet balanced." The implication of this formulation was that too many uncomfortable facts presented too directly could lead to the appearance of "imbalance"—with the glass embarrassingly half empty rather than half full.

Internal documents consistently show task force members engaged in bureaucratic trench warfare to defend specific points, sections, tables, and boxes. They believed that serious dilution of the "lessons learned" would only be detrimental to the Bank, exposing it once again to repeated cycles of promises to improve, followed by noncompliance, public protest, scrutiny, and internal damage control. Task force members saw the review's intellectual integrity and frankness as being in the Bank's broader institutional interest. Like reformists in a wide range of institutions, they were willing to challenge what they saw as the shortsightedness of those old guard staffers whose recalcitrance threatened the interests of the institution as a whole.

Among senior management, the editorial debate focused on the "Executive Summary," which set the tone for the report as a whole. Some significant sections were removed, but the task force felt that their key findings were reflected in the final version. *Resettlement and Development* was released to the public on April 8, before it went to the board for presentation and approval, thus setting an important precedent. Although the Bank's new information disclosure policy created momentum for public release, the task force still had to overcome significant internal resistance. Their internal credibility was reinforced, however, by the fact that the report was not leaked to the public, as other critical internal reports had been.⁴³

NGO activists anxiously awaited the report and criticized the lack of formal consultation with affected populations about either the data gathering or the draft of the report itself.⁴⁴ German and French NGOs were especially effective at organizing public pressure for its public release. Ever since confidential World Bank evaluations of failed projects made German headlines in 1993, the issue of forced resettlement provoked strong concern throughout German society and across the political party spectrum. German citizens sent thousands of postcards to their Ministry of Economic Cooperation and to the World Bank president, each bearing the famous quote from leading resettlement expert Thayer Scudder: "Forced resettlement is about the worst thing you can do to a people next to killing them." These preprinted postcards called on the Bank to

hold World Bank staff accountable for not complying with the Bank's guidelines on resettlement, take retroactive measures to rehabilitate those already impoverished through Bank projects, put all projects that will entail forced resettlement on hold, until alternatives are examined, rehabilitation measures are developed with affected peoples and monitoring systems are installed which ensure compliance with Bank guidelines, and make public the draft bankwide resettlement review, so that NGOs and affected peoples can have input before the document comes before the Board.⁴⁵

The impact of these postcards on the World Bank was reportedly significant because it was the first such broad-based citizen campaign from a large western European donor, and Germany's executive director was paying close attention.

Although the NGO campaign did not manage to broaden the process of public debate of the review, the pressure appears to have helped to prevent internal Bank critics from possibly vetoing its public release. Task force members urged the Bank to respond directly to the NGOs in order to avoid the appearance of having something to hide.

The final report gives significant credit to Bank critics for contributing to improved performance:

the Bank shares the views of those critics who deplore bad resettlement operations. Their concern for the welfare of the displaced populations is fully justified—and germane to the Bank's own mandate and policies. In practice, criticism of resettlement failures by NGOs and other interest groups frequently has helped improve the Bank's policies and operations. Through its very decision to adopt

a policy based on equitable principles and sound approaches, the Bank has delivered the sharpest criticism of bad displacement practice that cause impoverishment of those displaced. (p. 4)

This explicit recognition of the positive contribution of external scrutiny remained in the report in spite of strong objections from several very high-level officials who explicitly feared giving their opposition too much ammunition.

"Spin control" in the final report attempts to buffer both the external criticism and the internal backlash that were sure to follow its release. This framing strategy follows three main tracks. The first insists that the "glass was half full" because of improvement over time. The report concludes that policy implementation had been below Bank standards, but stresses that project planning had improved after 1991–1992. The second track is the so-called "small tail on the big dog" approach, which stresses the relatively small role Bank projects had played in displacement worldwide, the latter accounting for an estimated 2 to 3 percent of the total displaced people during the period studied. The third line stressed that treatment of affected populations was better in Bank-funded projects than in non-Bank projects.⁴⁶

NGO reaction was mixed—supportive of the report process itself, but focused on the more critical findings (the half-empty glass).⁴⁷ The Environmental Defense Fund, one of the U.S. NGOs most active on this issue, praised the report "for its thoroughness and candor, with a strong urging that future Bank exercises to improve project quality follow the standard the report has set," but then noted that "the major finding of the report [pervasive noncompliance with policy] is not even mentioned in the Bank's Press Release nor in the letter from the Bank's President submitting the Report to the Board."⁴⁸ As major NGO Oxfam (United Kingdom and Ireland) put it, "The latest Bank report, though it tries to put a brave face on it, is a dismal catalogue of failure. . . . On the evidence of the report, the policy is not working. . . . The report makes a number of practical and useful recommendations [but] Oxfam believes that the Bank should not fund any new projects involving resettlement until such provisions are in place."⁴⁹

Once *Resettlement and Development* was presented to the Bank's board, it received strong backing from several executive directors, including

those representing the United States, Germany, Britain, France, the Netherlands, and Japan. For example, as the May 3 statement of the U.S. executive director noted:

The question of resettlement has been a continuing, chronic concern. . . . Until the Bank does a better job in implementing [its] policies, it will not be a credible agent for change in this important area. . . . The Bank-wide review is a good start. We found the report to be thorough and candid—although we would have expected greater attention to indigenous people—and felt that it provides a good basis for future action. . . . This is a model for the Bank overall.

Though some executive directors were concerned that the report was released before their approval, the executive directors of major donor countries expressed relief that the report responded to the concerns of “critical publics” in their countries. Pro-reform executive directors then focused on reinforcing the push for remedial actions and follow-up.

Bank management agreed to produce a regular annual report, known as the regional remedial action plan, to institutionalize regular reporting on problem projects. Follow-up reporting on resettlement implementation, however, was left in the hands of the project task managers rather than left to an independent body. As the remedial action plan itself candidly notes, “positive ratings by Task Managers may be somewhat optimistic in light of the Bank’s earlier experiences.”⁵⁰ This limitation makes it difficult to draw strong conclusions from the follow-up data on policy compliance.

The remedial action plan reported significant improvements in project design, especially for the larger projects. Improving performance of ongoing projects was more difficult in the short term, and the Environmental Defense Fund has argued that several of the specific projects cited as having few problems actually remain quite controversial.⁵¹ The original remedial action plan itself was heavily revised on orders from high-level managers in between its original presentation to the board in May 1995 and its eventual public release in November 1995. The revision and delay in publication suggest that it might not have been made public if pressure had not been exerted by letters of concern cosigned by the Environmental Defense Fund, the National Wildlife Federation, and the Sierra Club. In other words, the internal influence of resettlement specialists remains contested.

Conclusions

The resettlement review task force was able to make its precedent-setting breakthrough because it combined high degrees of both autonomy and authority. It would have been easy to imagine an evaluation unit with *either* autonomy or authority, but this group’s unique feature was that it was able to exercise *both* the autonomy and authority needed to (1) extract controversial information from sometimes extremely reluctant operational staff and (2) make critical findings public. Unlike any other Bankwide review to date, internal or external, the resettlement review is the only one to cross-check systematically the information produced by inherently interested parties—the Bank staff and government agencies responsible for the projects themselves.

In reflections on the contending external pressure and internal-learning approaches to change in public sector organizations, internal learning must be disaggregated in terms of who learns what within an institution. Some recalcitrant staff reportedly did “learn,” though others merely adapted. Optimistic reformers stressed the role of education as well as debate and confrontation in their work: “You simply cannot underestimate how uninformed the old guard was. I honestly don’t think the majority didn’t care; they had no idea how their poor management of resettlement was affecting people’s lives. When confronted with the evidence, they naturally wanted to cover up, but they also wanted to clean up the mess.” A more independent assessment of staff motivations would require extensive ethnographic research.

The insider reformists also learned, but only after many years dedicated to what one might call “learning without leverage.” Their forewarnings and documentation of social disasters had little effect on the operational apparatus and borrowing governments until quite recently. The resettlement review finding that policy compliance for new projects improved significantly only in 1991–1992 suggests that learning about how to avoid or mitigate mass suffering, by itself, did little to make resettlement policy a priority for much of the operational apparatus. The NGOs’ political threat to donor government contributions added a new and intangible set of disincentives in 1991–92 for operational staff, thus increasing the potential cost of ignoring reform policies. After the Morse

Commission published its findings and the Inspection Panel was instituted, the need to head off potential external criticism reinforced the reformers' internal education and lobbying efforts.

Learning was also political: the reformers learned to isolate the most anti-reform elements within the Bank and borrowing governments, and at the same time tried to avoid being perceived as disloyal to the institution. Unlike many NGO critics, they firmly believed that their institution was reformable, but they agreed with the critics that resettlement was a critical test case. Many reformers—accustomed to fine-tuning their own internal critique and struggling to gain credibility with skeptical Bank colleagues—rejected what they saw as rhetorical, misdirected, and sometimes exaggerated criticisms of the Bank by U.S. and European advocacy NGOs. The more radical external critics, whose discourse treats the Bank as a monolithic institution, tarred internal reformers with the same brush as those most directly responsible for “problem projects,” thus causing further resentment. Although dealing with NGO critics can provoke ideological and professional dissonance, insider reformists are nevertheless well aware that advocacy groups create an enabling environment that bolsters their own leverage. For all their differences, external critics and insider reformists agree that public transparency can be a major force for institutional accountability.

In conclusion, approaches that focus on external pressure alone ignore the diversity of interests and ideas within large bureaucracies. External pressure can change the internal balance of power within an institution so that reformers are at least sometimes *heeded* by those who actually control the money. Those who advocate internal-learning approaches, on the other hand, need to recognize the power of insider-outsider synergy and the central role of conflict, both inside and outside the organization. The World Bank's resettlement policy experience of the early 1990s suggests that it is the *interaction* between external pressure and internal reform initiatives that encourages public accountability.

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Notes

1. World Bank, Environment Department, *Resettlement and Development: The Bankwide Review of Projects Involving Involuntary Resettlement, 1986–1993* (Washington, D.C.: World Bank, April 1994). It was later reformatted and published by the Social Policy and Resettlement Division as *Environment Department Paper*, no. 032 in March 1996. (Washington, D.C.: World Bank). Quotations in the text cite the page numbers in the more recent edition.
2. Key civil society actors on resettlement issues include project-specific local protest movements and their international allies: the transnational Narmada Action Committee; Northern environmental and development NGOs groups such as the Environmental Defense Fund, the Berne Declaration, Urgewald, and the Oxfam network; North-South NGO bridging coalitions such as the International Rivers Network, World Rainforest Movement, Friends of the Earth, and INFID (Indonesia); developing country networks such as the Third World Network; as well as indigenous and human rights groups such as Survival International, Cultural Survival, and Human Rights Watch.
3. Thanks to Steven Van Evera for discussions about these alternative approaches. For a classic assessment in a broad public policy context, see Aaron Wildavsky, “The Self-Evaluating Organization,” *Public Administration Review* 32, no. 5 (September/October 1972).
4. For a comprehensive discussion of the institutional-learning approach, see Ernst B. Haas, *When Knowledge is Power: Three Models of Change in International Organization* (Berkeley: University of California Press, 1990). *Learning* refers to “situations in which an organization is induced to question the basic beliefs underlying the selection of ends” (p. 36). Haas's broad overview of diverse international organizations finds that “adaptive behavior is common, whereas true learning is rare” (p. 37). He argues that the World Bank is one of these exceptions (although his analysis seems ambivalent at times). For a more recent

- formulation, see Peter M. Haas and Ernst B. Haas, "Learning to Learn: Improving International Governance," *Global Governance* 1 (1995).
5. It is not clear to what degree this discourse is accepted at face value or is simply used to mask conflict between factions (for example, between those who want to implement social and environmental reforms and those who do not).
 6. For conceptual elaboration on an interactive approach to the dynamics of reform, see Jonathan Fox, *The Politics of Food in Mexico: State Power and Social Mobilization* (Ithaca: Cornell University Press, 1992).
 7. On the networking between social analysts inside and outside the Bank during this period, see Nuket Kardam, "Development Approaches and the Role of Policy Advocacy: The Case of the World Bank," *World Development* 21, no. 11 (1993).
 8. Among the vast literature on resettlement, see Michael Cernea's annotated bibliography of World Bank research publications, *Sociology, Anthropology and Development* (Washington, D.C.: World Bank, Environmentally Sustainable Development Studies and Monographs Series no. 3, 1994); as well his many articles, including: "Social Science Research and the Crafting of Policy on Population Resettlement," *Knowledge and Power* 6, nos. 3-4 (1993); and "Social Integration and Population Displacement: The Contribution of Social Science," *International Social Science Journal*, 143, no. 1 (1995). See also Scott Guggenheim, *Involuntary Resettlement: An Annotated Reference Bibliography for Development Research* (Washington, D.C.: World Bank, Environment Working Paper, no. 64, February 1994). On the role of World Bank-sponsored research on resettlement, see Michael Horowitz, "Victims Upstream and Down," *Journal of Refugee Studies* 4, no. 2 (1991). Most of the literature on displacement is empirical, but one of the contributions to the early U.S. literature on urban "renewal" offers a conceptual discussion of the determinants of local resistance that turns out to be directly relevant to the current debate on the nature of social capital. See, among others, Mark Granovetter, "The Strength of Weak Ties," *American Journal of Sociology* 78, no. 6 (1973). On anti-dam movements more generally, see among others, Patrick McCully, *Silenced Rivers: The Ecology and Politics of Large Dams* (London: Zed Books, 1996); Anthony Oliver-Smith, "Involuntary Resettlement, Resistance and Political Empowerment," *Journal of Refugee Studies* 4, no. 2 (1991); and Sanjeev Khagram, "Dams, Democracy and Development: Transnational Struggles for Power and Water," Ph.D. dissertation, Stanford University Political Science Department, 1998.
 9. On the role of Brazil's Sobradinho and the Philippines Chico River dam conflicts in the Bank's policy process, see Cernea, "Social Science Research" and "Social Integration."
 10. Cited in "Anthropological and Sociological Research for Policy Development on Population Resettlement," in Michael Cernea and Scott Guggenheim, eds., *Anthropological Approaches to Resettlement* (Boulder: Westview, 1993), p. 24. See World Bank *Involuntary Resettlement in Development Projects: Policy Guidelines for World Bank Financed Projects* (Washington, D.C.: World Bank Technical Paper no. 80, 1988). They were published by the Bank in English,

- French, and Spanish, and translated and published independently in China, Indonesia, and Turkey.
11. Cited in Lori Udall, "The International Narmada Campaign: A Case Study of Sustained Advocacy," in William F. Fisher, ed., *Toward Sustainable Development? Struggling Over India's Narmada River* (Armonk, N.Y.: M.E. Sharpe, 1995), p. 206. See also Udall's chapter in this volume.
 12. See Bradford Morse and Thomas Berger, *Sardar Sarovar: The Report of the Independent Review* (Ottawa: Resource Futures International, 1992), p. xii. Bruce Rich, *Mortgaging the Earth* (Boston: Beacon Press, 1994); Udall, this volume; the discussion in several chapters in Fisher, *Toward Sustainable Development?*; Amita Baviskar, "Development, Nature and Resistance: The Case of Bhilala Tribals in the Narmada Valley," Ph.D. dissertation, Rural Sociology Dept., Cornell University, Ithaca, N. Y., 1992, and *In the Belly of the River* (Delhi: Oxford University Press, 1995). Vasuhda Dhagamwar, "Reflections on the Narmada Movement," *Seminar* 413 (1994); Jean Drèze, Meera Samson, and Satyajit Singh (eds.) *The Dam and the Nation: Displacement and Resettlement in the Narmada Valley* (Delhi: Oxford University Press, 1997). Sanjeev Khagram, "Dams, Democracy and Development . . ." and his "Transnational Coalitions, World Politics and Sustainable Development: The Case of India's Narmada River Valley Projects," in Kathryn Sikkink, Sanjeev Khagram, and Jim Riker (eds.) *Restructuring World Politics: The Power of Transnational Agency and Norms* (Minneapolis: University of Minnesota Press, forthcoming). Rahul Ram, "Muddy Waters: A Critical Assessment of the Benefits of the Sardar Sarovar Project," New Delhi: Kapavrikshi (1993); and Joseph Schechla, "The Price of Development: Housing, Environment and People in India's Narmada Valley," Mexico: Habitat International Coalition (1992), among others. On the internal Bank politics of the Narmada project, see Robert Wade, "Greening the Bank: The Struggle over the Environment, 1970-1995" in Devesh Kapur, John P. Lewis, and Richard Webb, eds., *The World Bank: Its First Half-Century* (Washington, D.C.: Brookings Institution, 1997). On follow-up, see "Lessons from Narmada," *OED Précis* 88 (May 1995). See also the responses from the Narmada Bachao Andolan (letter from Shripad Dharmadhikary to World Bank executive directors, 2 June 1995) and from Narmada Bachao Andolan, "The Narmada Struggle: International Campaign After the World Bank Pull-Out," unpublished mimeo (1995). For theoretical discussions involving Narmada as the key case, see Brett O'Bannon, "The Narmada River Project: Toward a Feminist Model of Women in Development," *Policy Sciences* 27 (1994), as well as Roger Payne and Brett O'Bannon, "Environmental TSMOs and the Narmada River Dam: Rethinking Complex Interdependence," paper presented at the Workshop on Transnational Social Movement Organization, Notre Dame University, April 1994.
 13. Morse and Berger, *Sardar Sarovar*, pp. xv-xvi.
 14. Note that the Bank's India Department continued to exclude the population affected by the canal from the official "count" even after the loan was canceled (see table 9.1). According to internal Bank records, by the early 1990s staff began

to pay attention to the canal issue. They started to design a project called "Sardar Sarovar Canal," scheduled to begin in 1997 and officially estimated to affect 120,000 people. This project was dropped from the pipeline along with the cancellation of Sardar Sarovar (along with design plans for another massive dam along the same river, called the Narmada Sagar, once scheduled for 1996).

15. Morse and Berger, *Sardar Sarovar*, pp. xxiv.

16. Michael Cernea, interview by the author, Washington, D.C., 6 September 1995.

17. *Ibid.*

18. Note that these figures refer to people *to be* displaced, rather than those actually evicted during that period.

19. Projects are considered "closed" when loan disbursements are complete or canceled. Construction and resettlement could be incomplete, as in the case of several "problem projects" that were officially "closed" during 1993 and therefore dropped from the scope of the review.

20. One World Bank study estimated that fifteen families benefited for each family displaced (*India Irrigation Sector Review* [Washington, D.C.: World Bank, 1991]), but this study was probably based on the systematic undercounting revealed by the resettlement review. A nuanced independent study of one such huge irrigation project—the Bank-funded Indira Gandhi Canal—suggests that their benefits can be both exaggerated and socially concentrated. See Michael Goldman, "There's A Snake On Our Chests: State and Development Crisis in India's Desert," Ph.D. dissertation, Department of Sociology, University of California, Santa Cruz, 1994.

21. The review focused primarily on the issue of compliance with policies regarding the treatment of the displaced, much more than on the broader issue of the development logic of the investments themselves versus possible alternatives. The review text moves from the general principle that some projects justify resettlement to the implicit assumption that most Bank-funded projects justified the resettlement. For comprehensive environmental critiques of hydroelectric dams, see, among others, Edward Goldsmith and Nicholas Hildyard, *The Social and Environmental Effects of Large Dams*, 3 vols. (Wadebridge: Cornwall: Camel-ford Ecological Centre, 1984–1991); McCully, *Silenced Rivers*; as well as regular coverage in the *World Rivers Review*. One Bank resettlement expert points out that smaller dams are not always lower impact: "The Gujarat Medium Irrigation II, a project with more than 20 medium-size dam projects throughout the state, for example, generated less power, irrigated less land, displaced more people and left them in worse condition than would the controversial Narmada Sardar Sarovar Project" (Scott Guggenheim, "Development and the Dynamics of Displacement," paper presented at Workshop on Rehabilitation of Displaced Persons, Institute for Social and Economic Change, Myrada, Bangalore, India, n.d.), p. 28. For analyses of the trade-offs by the World Bank's senior environmental analyst, see Robert Goodland, "Environmental Sustainability and the Power Sector,"

Impact Assessment 12, no. 4 (1994); "The Environmental Sustainability Challenge for the Hydro Industry," *Hydropower and Dams* 1, no. 1 (1996); and "How to Distinguish Better Hydros from Worse: The Environmental Sustainability Challenge for the Hydro Industry," *The International Journal on Hydropower and Dams* (summer/fall 1996).

22. For an extreme case, note the experience of Guatemala's Chixoy Dam. According to recent testimonies of survivors, in 1982 the Guatemalan Army massacred 369 of the people to be displaced, more than half of the village of Rio Negro. See Julie Stewart et al., *A People Dammed: The Impact of the World Bank Chixoy Hydroelectric Project in Guatemala* (Washington, D.C.: Witness for Peace, 1996). The first of two loans predated the Bank's resettlement policy (1978), but a follow-up loan was given in 1985.

23. At the time of the review, India's power company reforms were new and their implementation untested. The Philippine government is also mentioned as having reformed its urban displacement laws in 1992, but implementation remains questionable. For example, a subsequent recent Japanese citizen fact-finding mission found that the Philippine government routinely ignored the law in Manila and Cavite (Nelson Badilla, "Tokyo Asked to Stop Aid to RP for Violation of Rights of Poor," *Manila Times*, 7 April 1996).

24. Human rights activists have criticized China's record with resettlement, primarily involving dams not funded by the Bank. See "The Three Gorges Dam in China: Forced Resettlement, Suppression of Dissent and Labor Rights Concerns," *Human Rights Watch/Asia Report* 7, no. 2 (February 1995); Dai Qing, ed., *Yangtze! Yangtze!* (London and Toronto: Probe International and Earthscan, 1994)—the Chinese edition was banned in 1989; and Lawrence Sullivan, "The Three Gorges Project: Dammed if They Do?" *Current History*, 94, no. 593 (September 1995).

25. Possibly related to the Bank's review process, resettlement policies were adopted in 1994 in Bangladesh and the Sindh Province in Pakistan (both governments had very poor track records).

26. Further on, the report notes, "to the extent that 'incrementalism' is used as a substitute for the resettlement planning defined by Bank policy, the field record of its failure ... is clear" (p. 157). In the Upper Krishna II project, however, "prompt action by Bank management [in suspending disbursements] sent the Borrower a clear signal that resettlement performance counted as much as performance on other project components. ... [I]nsisting on full compliance with the Bank's benchmarks, rather than hoping for incremental improvements, led to major improvements in the Borrowers' approach" (p. 158).

27. World Bank, *Annex V: Resettlement Supervision*, rev. version (Washington, D.C.: World Bank, July 1993), pp. 2–3.

28. *Ibid.*, p. 3. This review also confirmed that the absence of Bank funding for resettlement components "reinforces the 'externality' of resettlement in relation to the project" (p. 4).

29. Michael Cernea, interview by the author, Washington, D.C., 6 September 1995.
30. Cernea contrasted the resettlement review with the Wapenhans Report on portfolio management, which did not involve staff in the field and therefore, in his view, did not change staff behavior.
31. Anti-displacement grassroots movements in Brazil are perhaps the most notable. See, among others, Leinad Ayer de O. Santos and Lucia M. M. de Andrade, eds., *Hydroelectric Dams on Brazil's Xingu River and Indigenous Peoples* (Cambridge: Cultural Survival, 1990); Barbara Cummings, *Dam the Rivers, Damn the People: Development and Resistance in Amazonian Brazil* (London: Earthscan, 1990); Anthony Hall, "From Victims to Victors: NGOs and the Politics of Empowerment at Itaparica," in Michael Edwards and David Hulme, eds., *Making a Difference* (London: Earthscan, 1993); Mark D. McDonald, "Dams, Displacement, and Development: A Resistance Movement in Southern Brazil," in John Friedmann and Haripriya Rangan, eds., *In Defense of Livelihood: Comparative Studies on Environmental Action* (West Hartford: Kumarian Press, 1993); Maria Stela Moraes, "No rastro das águas: organização, liderança e representatividade dos atingidos por barragens," and Franklin Daniel Rothman, "A emergência do movimento dos atingidos pelas barragens da bacia do rio Uruguai, 1979-1983," both in Zander Navarro, ed., *Política, protesto e cidadania no campo* (Porto Alegre: Universidade Federal do Rio Grande do Sul/MAB-RS/CE-TAP, 1996); Lygia Sigaud, *Efeitos sociais de grandes projetos hidrelétricos: As barragens de Sobradinho e Machadinho* (Rio de Janeiro: Federal University of Rio de Janeiro, National Museum, 1986); and Aurelio Vianna, *Etnia e território: Os Poloneses de Carlos Gomes e a luta contra as barragens* (Rio de Janeiro: CEDI, 1992).
32. The most controversial ongoing Bank-funded project involving displacement in Latin America is the Yacyretá Dam between Argentina and Paraguay. NGO and Bank assessments of resettlement issues continue to conflict (though the Bank is also critical of project performance). See, among others, Gustavo Lins Ribeiro, *Transnational Capitalism and Hydropolitics in Argentina: The Yacyretá High Dam* (Gainesville: University Press of Florida, 1994), and Ramón Fogel, "La represa de Yacyretá: Beneficiados y perjudicados," paper presented at the Latin American Studies Association, Washington, D.C., September 1995.
33. One Bank resettlement expert cited the following cases: Upper Krishna Irrigation II (suspended in 1992, suspension lifted in 1994, and suspended again in 1995); Karnataka Power I and II (suspended and then canceled in 1993); Maharashtra Composite Irrigation III (postponed closing four times and restructured to "retrofit" past resettlement problems); Gujarat Medium Irrigation II (postponed closing five times to "encourage proper R&R"; the Bank pushed very hard and succeeded in getting the government of Gujarat to hire SEWA, a participatory and effective NGO, to assist the R&R, especially in microenterprise work with women); as well as the retrofitting of the Farakka Thermal, Dudichua Coal, and Jharia Coal projects. (Interview with author, Washington, D.C.: May 1996.)

34. The result was the confidential *Resettlement and Rehabilitation in India: A Status Update of Projects Involving Involuntary Resettlement*, 2 vols. (Washington: World Bank, 1994).
35. On displacement issues in India, see, among others, Walter Fernandes and Enakshi Ganguly-Thukral, *Development, Displacement, and Rehabilitation: Issues for a National Debate* (New Delhi: Indian Social Institute, 1989); Enakshi Ganguly-Thukral, ed., *Big Dams, Displaced People: Rivers of Sorrow, Rivers of Change* (New Delhi: Sage Publications, 1992); Walter Fernandes and Samyadip Chatterji, "A Critique of the Draft National Policy," *Lokayan* 11, no. 5 (March/April 1995); Smitu Kothari, "Developmental Displacement and Official Policies: A Critical Review," *Lokayan* 11, no. 5 (March/April 1995); McCully, *Silenced Rivers*; Hari Mohan Mathur, ed., with Michael Cernea, *Development, Displacement, and Resettlement: Focus on Asian Experiences* (New Delhi: Vikas, 1995); S. Parasuraman, "The Anti-Narmada Project Movement in India: Can the Resettlement and Rehabilitation Policy Gains be Translated into a National Policy," Institute of Social Studies, Working Paper Series, no. 161 (1993); Jai Sen, "National Rehabilitation Policy: A Critique," *Economic and Political Weekly*, 4 February 1995; and "Displacement and Rehabilitation," *Economic and Political Weekly*, 29 April 1995.
36. Morse and Berger, *Sardar Sarovar*, pp. 54, 56.
37. Cited in Janet Mancini Billson, "Complexities of Involuntary Resettlement in World Bank Projects: Task Manager Focus Group Report," (Washington, D.C.: World Bank, 1993), p. 29.
38. See World Bank, *Early Experience with Involuntary Resettlement: Overview* (Washington, D.C.: World Bank, 1993), p. v. As Walter Fernandes and Nita Nishra, notable experts on Indian resettlement, note: "Despite the displacement of nearly twenty million persons during the last four decades, till today the country as a whole does not have a rehabilitation policy. The human factor, i.e., the welfare of the Displaced Persons/Project Affected People itself has begun to be taken into consideration only in recent years, mainly because of pressure from human rights and environmental activists, as well as from external agencies like the World Bank" (p. 3). Compensation is still considered welfare rather than a right. In terms of responsiveness, they find that "till now the governments, project authorities as well as the Bank seem to have paid little management attention to R&R except in so far as it threatened to hinder project implementation or where people were in danger of being drowned or agitated" (p. 32). See "The Impact of World Bank Resettlement Guidelines on the Processing and Quality of Bank-Funded Projects in India," unpublished paper, September 1993. For contrasting overviews of Bank-India relations, see S. Guhan, *The World Bank's Lending in South Asia* (Washington, D.C.: Brookings Institution Occasional Papers, 1995), and Public Interest Research Group, *The World Bank and India* (New Delhi: PIRG, 1995).
39. For the most comprehensive external analyses of how these internal accountability problems limit reform policy implementation, see Bruce Rich,

"Memorandum: The World Bank After 50 Years: No More Money Without Total Institutional Reform," (Washington, D.C.: Environmental Defense Fund, 1993; and U.S. House, Bruce Rich, speaking on behalf of the Environmental Defense Fund, National Wildlife Federation, Sierra Club, and Greenpeace, *Hearing before the House Committee on Banking and Financial Services, Subcommittee on Domestic and International Monetary Policy, Concerning the World Bank Effectiveness and Needed Reforms* (27 March 1995).

40. Billson, *Complexities of Involuntary Resettlement*, pp. 5, 16, 18.

41. Note that the MCIP III estimate in table 9.1 for December 1993 is higher than the final figure. This discrepancy was the result of a typographical error in the Asia regional report, which simply added a zero to the original very low estimate by accident.

42. One of the most striking internal conflicts over information presentation unfolded around the publication of the India Department's separate resettlement portfolio review, scheduled for submission to the Board at the same time as the task force's Bankwide report. Two particular issues are noteworthy: the radically different tone of the two reports and the protectiveness with which the India Department appears to have treated its own portfolio review. The major point of contention was the issue of population displacement data provided (or not) by the India Department both to their own Asia technical staff and to the task force. The report was scheduled to go to the board in late April 1994. In early April, the Bank's South Asia Region submitted new data for several projects to the task force, the ramifications of which were quite serious. The task force had been making complex assessments based on Asia Technical Department figures that were then four months old. It was not until after the Bankwide review had been completed that the task force received the new numbers, involving ninety thousand "new" oustees in at least sixteen projects in India. Some projects increased by twenty to twenty-five thousand people (see table 9.1). Given the public scrutiny of Bank activities, as well as the special interest generated by a Bank-executed review, two simultaneous reports with different data would have cast doubt over the entire process, thereby calling into question the credibility and seriousness of the review effort.

43. Bank senior management did fear that advocacy NGOs had managed to get a copy of a late draft, causing stress levels among insiders to peak. Bank managers had been forwarded an indiscreet NGO e-mail message that hinted that a copy of the report was already in their possession. Top managers therefore suspected that if the report were not released, it would be made public without the "spin control" needed to strike the appropriate balance between good and bad news. This fear led management to overrule internal pressures to keep the report confidential (Bruce Rich, Environmental Defense Fund, interview by author, Washington, D.C., May 1996).

44. See also the letter for postponing its presentation to the board until a broader consultative process was held. The April 13, 1994, letter from the World Rainforest Movement, signed by NGO leaders from seventeen countries in both North

and South called on the Bank to make the review public "in the languages of affected groups, so that affected peoples and NGOs can have input before it comes before the Board."

45. The German Economic Cooperation Ministry was swamped by this new tactic because its procedures required them to send out individual responses (Heffa Schucking, Urgewald, interviews by author, Washington, D.C., October 1995 and June 1996). Schucking noted that Germans responded well to the campaign in part because of their direct historical experience with massive forced resettlement. They followed up with direct action and the delivery of twenty thousand solidarity thumbprints to symbolically represent evicted people. In France, the human rights organization FIAN, together with environmental groups, distributed more than forty thousand preprinted cards with the headline "Forced from Their Lands by the World Bank" and the subhead "A Policy with No Effect" (Susanne Hildebrand, personal communication, 9 November 1995). The campaign was timed to send the cards to the French executive director by April 7 to influence the upcoming board meeting. This effort was a new level of campaigning in France, where Bank reform efforts are less developed than elsewhere in Europe.

46. These two affirmations are key to the report's public presentation, and they may well be true, but because the study focused only on Bank-funded projects, its statements about other projects involving resettlement are based largely on the existing literature, specialists' inferences, and extrapolation of broad trends.

47. The effort to craft this combined message produced friction when a draft of the main joint/internal NGO letter included criticisms of the proposed creation of a "resettlement industry" within the Bank. The intent was to focus on the issue of reducing resettlement rather than simply mitigating its impact, but the choice of words left Bank reformers aghast at the questioning of their effort to increase Bank resources devoted to improving resettlement implementation. The NGOs left in the critique of a growing "resettlement industry" because they contended that the Bank should stop funding projects that involved forced resettlement. More Bank social science supervision of resettlement, in this view, at best merely mitigated an illegitimate process.

48. Environmental Defense Fund, "The Bankwide Resettlement Review: Issues and Questions," unpublished memo, Washington, D.C., 2 May 1994.

49. Patricia Feeney, "Oxfam's Response to the World Bank Report: *Resettlement and Development*," unpublished memo, Oxford, U.K., 27 April 1994.

50. World Bank Environment Department, *Regional Remedial Action Planning for Involuntary Resettlement in World Bank Supported Projects: A Report on One Year of Follow-Up to Resettlement and Development, the Report of the Bankwide Resettlement Review*, (Washington, D.C.: World Bank, 1995), p. 37.

51. Few improvements in public participation or information access were claimed. According to the Environmental Defense Fund, "Even more disturbing is the fate of some 632,000 people in 22 projects that were closed or cancelled in the year

period between the issuance of the Bankwide Resettlement Review and the completion of the [Remedial Action Plan] ... although most of the people affected have been, or will be, deprived of their livelihoods" (for example, Thailand's Pak Mun Dam, Argentina's Yacyretá I and II loans, Cote D'Ivoire Forestry, India's Upper Krishna II, Upper Indravati Hydro, and the NTPC [Singrauli] power loan). Cited in Environmental Defense Fund, "Memorandum: Final Report of the World Bank on Remedial Action Planning for Involuntary Resettlement," Washington, D.C., November 1995 draft.

10

Reforming the World Bank's Lending for Water: The Process and Outcome of Developing a Water Resources Management Policy

Deborah Moore and Leonard Sklar

Water scarcity and pollution problems are pervasive around the world. Since 1940, water use has quadrupled while the global population has doubled in size.¹ To meet growing demands, governments, development institutions, communities, and nongovernmental organizations have invested in various water development projects to increase supplies available for irrigation; urban, rural, and industrial uses; and hydropower generation. Other water projects have focused on flood control, water treatment, sanitation and sewage, navigation and ports, and fisheries development.

The World Bank is the single largest source of funds for water projects in the world and thus plays a significant role in determining the kinds and number of water projects identified and financed. The water sector comprises a significant portion of World Bank lending, accounting for about 15 percent of the Bank's cumulative lending.²

Despite this large investment in water development projects, water problems have continued to worsen. In 1990, more than 1.2 billion people lacked access to adequate drinking water supplies, and more than 1.7 billion people lacked access to adequate sewage and sanitation services.³ Contaminated water causes more than 80 percent of diseases in the developing world and more than one-third of all deaths, including those of 4–5 million children per year from diarrhea.⁴ About 125,000 hectares of irrigated land becomes uncultivable annually due to waterlogging and salinization, despite the world's need to expand agricultural production.⁵ Wetlands and fisheries have been seriously degraded worldwide. These problems will be further exacerbated by the greater demands of larger populations and the prospects of reduced water availability due to global climate changes.