

December 1987 List of Upcoming MDB Projects with Possible Environmental Concerns: Background and Purpose

The Agency for International Development monitors selected multilateral development bank projects likely to have adverse impacts on the environment, natural resources or indigenous peoples. Projects are monitored in collaboration with the U.S. Departments of Treasury and State as part of a larger effort to ensure that U.S. funded development assistance be used to promote sustainable use of natural resources, to protect the environment and the status of indigenous peoples.

Projects on the list are identified early in the development cycle, in advance of project approval by the bank executive board. Through early identification we seek to strengthen environmental project planning, correct project design and mitigate adverse impacts.

The principle mechanism for early project identification is A.I.D.'s early project notification system. In this system, A.I.D. notifies field missions and selected embassies of upcoming projects one to two years prior to board consideration. Mission comment is solicited concerning a number of issues including the environment, macro or sector policy issues and project design questions. A.I.D. added detailed environmental questions to the system in 1985.

A.I.D. missions respond if there is reason to anticipate environmental problems associated with the project, and the responses are reviewed in Washington. Projects appearing on the list, then, reflect mission and U.S. Government interest and judgement. We do not consider the list all inclusive. It is a tool to assist us in identifying the need for improved environmental planning as part of project design.

In conformance with U.S. legislation, A.I.D. is particularly concerned with projects "involving large impoundments of rivers in tropical countries; penetration roads into relatively undeveloped areas; and agricultural and rural development programs."

The December 1987 list includes six project involving large dams and 14 involving agricultural and rural development programs. Nine projects included on the list fall outside of the three broad categories in the legislation.

December 1987

LIST OF UPCOMING MDB PROJECTS WITH POSSIBLE ENVIRONMENTAL ISSUES

Projects Involving Large Impoundments of Rivers in Tropical Countries

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IBRD/IDA India Narmada (Madhya Pradesh) Resettlement and Rehabilitation
3. IBRD Pakistan Kalabagh Dam
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Agricultural and Rural Development Programs

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12. IBRD Indonesia Tree Crops Human Resources Development
13. IBRD Indonesia Smallholder Estate Tree Crops Development
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15. AfDB Kenya Nyando Irrigation Project
16. IDA Lesotho Land Management and Conservation Project
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18. IBRD Rwanda Marais Development Project
19. IDA Sri Lanka Fifth Tree Crops Diversification Project
20. IBRD Yugoslavia Lonjsko Polje Drainage Project

Other Projects with Potential Environmental Effects

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22. IBRD Brazil Electric Sector Transmission and Distribution
23. IDB Ecuador Paute C Watershed Management Project
24. IBRD Indonesia Industrial Restructuring
25. IDA Lesotho Urban Development II
26. IBRD Mexico Electric Power Sector I
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Projects which are being dropped from the List after Board Vote

30. AfDB Botswana Abattoir Project
31. IBRD Brazil Minas Gerais Forestry Project
32. IBRD Brazil Northeast Irrigation II (Itaparica)
33. IDB Ecuador Central Highlands Forestation Project
34. IDA Sri Lanka Small and Medium Industries III Project
35. IBRD Tunisia Forestry Development and Range Improvement

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LIST OF UPCOMING MDB PROJECTS WITH POSSIBLE ENVIRONMENTAL ISSUES

Projects Involving Large Impoundments of Rivers in Tropical Countries

1. IDB Ecuador Daule Peripa Hydroelectric Project

Projected IDB Funding: \$110 Million
Total Project Cost: \$160 Million

Description: This project will finance the hydroelectric activities associated with the Daule Peripa dam including one transmission line and a power substation. The executing agency is the Ministry for the Study of Development of the Guayas River Basin, CEDEGE.

Issues: A number of general concerns have been raised concerning the environmental impacts of the Daule Peripa dam itself which was financed by previous loans. Continuing concerns include the need for watershed management and aquatic weed control. Also the presence of the dam will alter the seasonal flow of the Guayas River. Evaporation from the reservoir will concentrate pesticides and minerals, changing the water balance in the rest of the estuary. This may have an adverse effect on salt water shrimp ponds located along the coast and into the estuary. Specific concerns were raised with respect to the hydroelectric project because it was believed that it included funding for selective forest clearing and animal relocation.

Status: Discussions have been held with IDB staff, emphasizing the need for more rapid completion of environmental studies being done in the context of the previous loans for the Daule Peripa Dam. IDB staff indicated that the three studies on water quality, water management and conservation, and use of agrochemicals would be completed in 1988. They stated that no funds in the present project would be used for animal relocation or forest clearing. We will continue to monitor the project.

2. IBRD/IDA India Narmada (Madhya Pradesh) Dam and Power.
IBRD/IDA India Narmada (Madhya Pradesh) Resettlement and
Rehabilitation

Projected IBRD Funding (Dam): \$350 million
Total Project Cost (Dam) \$953 million

Projected IDA Funding (Resettlement): \$70 million
Total Project Cost (Resettlement): \$250 million

Description: The Dam and Power project involves the construction of the Narmada Sagar dam and hydropower station to generate 1,000 MW of power and to evaluate future irrigation of about 300,000 ha. of land. The Narmada Resettlement and Rehabilitation projects will assist the resettlement of about 100,000 people affected by Narmada Sagar reservoir submergence. Both projects are to be implemented by the Narmada Planning Agency.

Issues: Potential environmental impacts include: 1) deforestation (clearfelling and submerging) of 40,000 hectares of forest (2) destruction of wildlife (3) risk of earthquake (4) siltation due to deforestation of catchment area (5) waterlogging of irrigated soils (6) increased risk of water borne diseases including malaria and cholera. There are major concerns over the adequacy of resettlement planning. The Narmada Tribunal recommended a policy of "land for land" and rehabilitation of villages as villages. Resettlement experience in the previously approved Gujarat project has demonstrated inadequate capability to plan and implement resettlement in conformance with these policies. Questions remain concerning (1) effectiveness of the loan in making dam construction/funding contingent on resettlement planning and implementation (2) adequacy of environmental reviews and mitigation planning (3) inclusion of environmental and resettlement costs in overall cost/benefit analysis.

Status: Appraisal mission scheduled for February 1988. Concerns have been discussed with Bank staff. A.I.D. site visit planned for January 1988.

3. IBRD Pakistan Kalabagh Dam

Projected IBRD Funding: \$150 Million
Total Project Cost: Unavailable

Description: This project, if designed at its contemplated scale, would finance dam construction and the installation of a 2,400 megawatt hydroelectric capacity. It is a multipurpose project for power generation, irrigation and water control. The executing agency is Pakistan's Water and Power Development Authority.

Issues: Concerns have been raised regarding the anticipated large-scale resettlement, the flooding in the Northwest Frontier Province and the possible exacerbation of waterlogging and salinity in the project. Concerns have also been raised regarding economic and financial issues. A.I.D. estimates the cost of an environmental assessment at \$1 million.

Status: The Government of Pakistan has not yet made a decision with respect to Kalabagh. Alternative hydropower projects are being investigated by the Government and prefeasibility studies are being conducted for a hydropower facility at Basha. A new alternative has recently received attention, involving a diversionary canal from Tarbela and construction of a 1,000 MW power facility at Gaza Gariela. The project would involve fewer resettlement and environmental problems. The total project cost for the alternative is about \$1 billion.

4. IBRD People's Republic of China Three Gorges Dam

Projected IBRD Funding: Unavailable
Total Project Cost: Unavailable

Description: The project would finance a 150 to 170 meter dam in the Three Gorges region of the Yangtze River basin which would provide flood control, electrical power and inland navigation. The executing agency would be China's Ministry for Water Resources and Electric Power.

Issues: Concerns have been raised regarding the resettlement the project would require as well as the project's effects on a number of key areas including fisheries, rare and endangered species, and inland navigation. Concerns have also been raised regarding the hydrological and economic effects of altering sedimentation regimes.

Status: A Canadian financed feasibility study is close to completion. We have discussed the issues with Bank staff, who indicate that they are being dealt with in the study. We will be seeking information on the results of the study in early 1988.

5. AfDB Niger Kandadji Dam

Projected AfDB Funding: Unavailable
Total Project Cost: Unavailable

Description: The AfDB was planning to finance a hydroelectric scheme which could cost several hundred million dollars.

Issues: Concerns have been raised regarding the resettlement which could occur as a result of the project and the possible size of the project.

Status: The project appears to be on hold. It is not listed in the Bank's current lending program.

6. IDA Somalia Bardhere Dam

Projected IDA Funding: \$45 million
Projected Project Cost: Unavailable

Description: The project will finance a multi-purpose dam on the Juba River that will provide hydropower for Mogadishu and Kismayo, as well as irrigated agricultural development and flood protection. Executing agency is the Ministry of Juba Valley. Cofinancing expected with Kuwait Fund, Arab Fund, EEC and Italy.

Issues: Concerns have been raised over water quality, siltation and the sustainability of agricultural development. Further concerns have been raised over the impacts on indigenous peoples including impacts on their health, on land tenure and water rights.

Status: Pre-appraisal mission was scheduled for November. A.I.D. has financed extensive environmental studies associated with the Juba river development. We will continue to monitor this project.

Projects Involving Penetration Roads into Relatively Undeveloped Areas

None.

Agricultural and Rural Development Programs

7. IBRD/IDA Bolivia Agricultural Lowlands Project

Projected Bank Funding: \$25 million

Total Project Cost: Unknown

Description: The project will provide support for a regional development program for the eastern lowlands, focussing on inputs to storage for crop and livestock production; support of agriculture extension, research and training; strengthening of marketing arrangements and of the feeder road system. The executing agency is the Ministry of Agriculture.

Issues: Concerns have been raised over the potential adverse environmental impacts associated with the alteration of land use in the lowlands. Introduction of roads may lead to in-migration and deforestation. Lowland soils are acidic, prone to compaction with agricultural machinery; they lack nutrients and are characterized by poor drainage. As such they are easily degraded, and require appropriate agricultural and agroforestry techniques. Questions were raised about the capability of current insitutions to carry out a project of this complexity.

Status: The identification mission was scheduled for November 1987. Issues have been raised with Bank staff. The Bank reply emphasized that lowland areas are already subject to development. The Bank project will explicitly address environmental issues and will seek cooperation with other donors to develop project specific proposals with a focus on environment. We are forwarding the Bank response to mission for comments.

8. IBRD Jamaica Agricultural Sector Project

Projected IBRD Funding: \$25 Million

Total Project Costs: Unavailable

Description: The project will support the development of export agriculture, crop diversification and food serf-sufficiency. The executing agency is the Bank of Jamaica.

Issues: A possible concern has been raised regarding use of pesticides.

Status: The U.S. Executive Director's office has raised concerns with Bank staff. Current Bank documentation indicates that the project is in the very early stages of preparation and the components have not been developed. We will continue to monitor this project.

9. IBRD/IDA India Upper Krishna Irrigation II Project

Projected IBRD/IDA Funding: \$250 Million
Total Project Cost: \$500 Million

Description: This project will: (1) develop over five years, a total of about 200,000 hectares out of an irrigation command area of 425,000 hectares, and (2) provide a modern irrigated agriculture based on the rotational water supply technique. The executing agency is the Department of Irrigation in the Government of Karnataka. The project funding will be provided by both the IBRD (\$100 Million) and IDA (\$150 Million).

Issues: Concerns have been raised regarding the project's effects on displaced people. Problems include failure to provide land for land lost and inability of displaced people to purchase agricultural land and failure to design and implement a satisfactory resettlement plan.

Status: The Bank held up appraisal because of inadequate resettlement planning. Appraisal is now scheduled for January 1988. A.I.D. held a meeting with Bank staff on this project in November and continues to monitor the adequacy of resettlement planning.

10. IBRD Indonesia Nucleus Estate Phase II Project

Projected IBRD Funding: \$100 million
Total Project Cost: Unknown

Description: The project will finance inputs to maintain the quality of trees planted in previous NES projects through the mature phase and expand existing smallholder areas. Technical assistance may also be included. The executing agency is the Ministry of Agriculture.

Issues: If the project will expand existing smallholder areas in secondary jungles and estuaries, an environmental assessment should be carried out.

Status: Pre-appraisal mission is scheduled for mid-February. Concerns are being forwarded to Bank staff.

11. IBRD Indonesia Transmigration VI Project

Projected IBRD Funding: \$120 million
Total Project Cost: Unavailable

Description: The project will support the second stage development of ten existing transmigration settlements, strengthen the Ministry of Transmigration's (MOT) programming and planning capability, and improve the coordination of settlement development activities. The executing agency will be the Ministry of Transmigration. The World Bank has already assisted this program via several loans, the most recent being \$160 million for the Fifth Transmigration Project, approved in June 1985.

Issues: Concerns have been raised about the environmental effects of the overall transmigration program of which this project is a part. Overall concerns include destruction of tropical forests, insufficient support for resettled peoples to ensure self sufficiency or sustainable agriculture, displacement of indigenous peoples, impacts on rare and endangered wildlife and on water quality. Concerns about Transmigration VI include failure of the project to benefit indigenous peoples impacted by settlement, environmental effects of spontaneous transmigrants to new sites. There is concern that the project not proceed before completion of a site specific socio-economic and environmental impact study.

Status: Transmigration VI is due for appraisal in February 1988. The US Government agencies have often indicated our serious concerns about these projects. The Bank has emphasized IBRD role in improving planning and implementation of the project and that Transmigration VI is limited to improvement of existing sites. Previous mission commentary indicated support for the project assuming extensive monitoring and Bank involvement to improve quality and sustainability to transmigration program. We are awaiting further communication from mission.

12. IBRD Indonesia Tree Crops Human Resources Development

Projected IBRD Funding: \$18 Million
Total Project Cost: Unavailable

Description: The project will provide funding to ease manpower constraints in the implementation of the estate crop program through training of smallholders and Director General of Estates' (DGE) provincial and headquarters staff. The executing agency is the director General of Estates (DGE), Ministry of Agriculture.

Issues: Concerns have been raised regarding the need for environmental management and impact analysis of estate crop activities. Training efforts need to include environmental analysis and management.

Status: The Executive Director's office has raised these issues with Bank staff. The Bank staff has provided a positive response regarding the field mission's recommendations, indicating their agreement that some funding should be earmarked at negotiations for training estate crop personnel in environmental analysis. The project has been postponed. Bank staff said they would incorporate our concerns into the project when the project is again under preparation. On the basis of these discussions, A.I.D. will drop project from the list.

13. IBRD Indonesia Smallholder Estate Tree Crops Development

Projected IBRD funding: \$45 million
Total Project Cost: Unknown

Description: The project supports the Government's efforts to improve smallholder coconut and rubber production. The executing agency is the Directorate General of Estate.

Issues: While this project targets existing settlements, there could be some new land development. Also the project may result in attracting new settlers to project sites creating secondary impacts. An environmental assessment should be carried out.

Status: Project preparation is under way. A.I.D. concerns have been forwarded to Bank staff.

14. IDA Kenya Forestry IV Project

Projected IDA Funding: About \$30 Million
Total Project Cost: Approximately \$46.6 Million

Description: Support for integrated forestry development (fuelwood, timber, agroforestry). The executing agency is the Ministry of Environment and Natural Resources.

Issues: Concerns have been raised regarding potential implementation problems with the executing ministries including the Ministry of Environment and Natural Resources.

Status: Project under preparation but will depend on progress of forestry policy dialogue. Concerns were raised with Bank staff and the Bank's response indicated that a Forestry Sub Sector Review had been prepared which suggested a possible 5 year Forestry Program. A main thrust of the Forestry Sector Review calls for strengthening and improving "agro-forestry." The Bank response acknowledged bureaucratic problems with the project. Bank staff intended to meet with A.I.D. staff in Nairobi. We are awaiting mission comments on the Bank's response and on discussions in Nairobi.

15. AFDB Kenya Nyando Irrigation Project

Projected AFDB Funding: \$15 Million
Total Project Cost: Unavailable

Description: The project will finance the construction of a wier across the Nyando river and a main canal, as well as the rehabilitation of 1,000 hectares of the Ahero irrigation scheme.

Issues: Concerns have been raised regarding the adequacy of planning to avert or mitigate such environmental and social concerns as the effects on health, on the rights of the indigenious peoples and on land and water.

Status: Concerns have been raised with Bank staff. The project is in pre-preparation stage. A feasibility study has been carried out. Although no separate environmental impact study was completed, Bank staff have said that environmental and socio-economic questions are being examined as part of project preparation. We expect the project to be presented to the Board sometime in 1988.

16. IDA Lesotho Land Management and Conservation Project

Projected IDA Funding: About \$12 Million
Total Project Cost: Unavailable

Description: This project will finance the provision of technical assistance and facilities for land use planning and conservation activities. The executing entities will be the Ministry of Agriculture and the Ministry of Interior.

Issues: Although we understand the project is intended to be environmentally beneficial, concerns have been raised regarding a number of issues with the proposed implementation arrangements and the capability of the implementing entities.

Status: Both the A.I.D. mission and the U.S. Executive Director's Office have discussed our concerns about this project. The Bank staff stated that many of our issues have been addressed and we are confirming this with the mission.

17. IBRD Paraguay Second Stage Agricultural Credit

Projected IBRD Funding: \$50 Million
Total Project Cost: Unavailable

Description: This project will finance the second stage of a national agricultural credit project. It will be implemented by Paraguay's Banco Nacional de Fomento.

Issues: Concerns have been raised regarding the Paraguayan implementing agency's standards for the financing or utilization of insecticides and other toxic agro-chemicals as well as possible soil erosion problems.

Status: The Bank's priority attention is still on establishing an appropriate macroeconomic framework. Until there is further progress in this area there will be no projects under active consideration. Therefore, this project will be dropped from this list.

18. IBRD Rwanda Marais Development Project

Projected IBRD Funding: Unknown
Total Project Cost: Unknown

Description: Project would develop Marais (wetlands) in Rwanda.

Issues: Questions have been raised about ecological and social effects of marais development.

Status: The project is in early stage of development. A.I.D. is awaiting mission comment on its status and design.

19. IDA Sri Lanka Fifth Tree Crops Diversification Project

Projected IDA Funding: \$27 Million
Total Project Cost: Unavailable

Description: The project will support increased production of tea, rubber and coconut for the smallholder sector by enhancing producer incentives, improving extension services and supply of inputs, reducing constraints to credit, rehabilitating private factories and improving marketing mechanisms for smallholder output. The executing agency is the Ministry of Plantation Industries.

Issues: The primary concern is the possible effect of project activity on tropical forest resources.

Status: Negotiations are scheduled for February 1988. The U.S. Executive Director's office raised these issues with Bank staff who responded that the project will primarily rehabilitate the existing rubber plantations and thus would not have a detrimental effect on tropical forest resources. We are continuing to monitor the project.

20. IBRD Yugoslavia Lonjsko Polje Drainage Project

Projected IBRD Funding: About \$78 Million
Total Project Cost: Unavailable

Description: The project would provide drainage for about 49,000 hectares in Croatia, including pumping stations, on-farm development, construction and farm equipment. The executing agency is Yugoslavia's Sava Basin Water Organization.

Issues: Concerns have been raised regarding the project's possible effects on the wetlands, on plant and animal species, and on fisheries. Concerns have also been raised regarding the preparation of an environmental assessment.

Status: The appraisal of the project has been completed, but the project awaits a decision from the borrower on whether to proceed. Concerns have been conveyed to Bank staff.

Other

21. IBRD Brazil Electric Sector II Project

Projected IBRD Funding: \$500 Million
Total Project Funding: Unavailable

Description: The loan would continue support for the Government of Brazil's measures to rehabilitate the power sector. The executing agency is Brazil's ELECTROBRAS (Centrais Electricas Brasileiras).

Issues: Concerns have been raised regarding the effective design and implementation of the sector's environmental review process and regarding several specific projects: Itaparica, Balbina, Ji-Parana and others.

Status: Concerns have been discussed with Bank staff. The environmental review process now includes several prominent Brazilian officials who have been named to a Blue Ribbon Review Board. However, the details of this review process are not yet clear and a primary concern is to ensure full participation by the public in the environmental review. In addition to the projects mentioned, we are following how the proposed hydroelectric scheme in Altamira-Xingu will be assessed in the environmental review process. We are continuing to pursue these concerns with Bank staff.

22. IBRD Brazil Electric Sector Transmission and Distribution

Projected IBRD Funding: \$300 Million
Total Project Cost: Unavailable

Description: The loan would continue assistance towards financial rehabilitation of selected utilities. The executing agency is Brazil's ELECTROBRAS.

Issues: Concerns have been raised regarding the effective design and implementation of the sector's environmental review process.

Status: Concerns have been discussed with Bank staff. Bank documentation indicates that project preparation is underway. We will continue to pursue our concerns with Bank staff.

23. IDB Ecuador Paute C Watershed Management Project

Projected IDB Funding: \$15 Million
Total Projected Cost: Unknown

Description: Project will fund watershed management to be implemented by INECEL.

Issues: Concerns have been raised regarding soil conservation measures to be used in the project and the capability of INECEL to undertake the soil conservation activities.

Status: Concerns were raised with Bank staff. The Bank replied that soil conservation would be carried out by CREA and the Ministry of Agriculture. IDB would provide technical assistance, equipment and cost-sharing schemes. We will continue to monitor these issues.

24. IBRD Indonesia Industrial Restructuring

Projected IBRD Funding: \$100 million
Total Project Cost: Unknown

Description: Industrial restructuring will include: (1) technical assistance for monitoring group in MOI; (2) policy changes and institution building; (3) specific restructuring or development programs in key areas; and (4) technical assistance to enterprises. The executing agency is the Ministry of Industry.

Issues: Concerns have been raised about need to assess, monitor and control industrial pollution.

Status: Project preparation is under way. Concerns are being forwarded to Bank staff.

25. IDA Lesotho Urban Development II

Projected IDA Funding: About \$20.4 Million
Total Project Cost: Unavailable

Description: This project would enhance the delivery of urban services through establishment of a Municipal Council in Maseru, develop a national housing policy and restructure existing institutions. The executing agency will be the Ministry of Interior.

Issues: Questions have been raised regarding the apparent lack of sewage and water systems as well as treatment plans and the possible effect on the local aquifer.

Status: Concerns have been raised again with Bank staff and we are awaiting their response. Current Bank documentation indicates that the appraisal report is still under preparation.

26. IBRD Mexico Electric Power Sector I

Projected IBRD Funding: Up to \$400 Million
Total Project Cost: Unknown

Description: The project involves financial rehabilitation of the power Sector to improve operation, maintenance and utility management practices; and new investment in hydrogeneration.

Issues: Questions have been raised about how the environmental analysis and review will be carried out for specific power projects financed by this loan.

Status: Project preparation is under way. The U.S. plans to pursue issues with Bank staff in early 1988.

27. IDA Niger Energy Project

Projected IDA Funding: \$42.5 Million
Total Project Cost: \$78 Million

Description: The project will finance the continuation of priority investments in the energy sector. The executing agencies are the Department of Energy, Department of Forests and Fauna and NIGELEC.

Issues: Concerns have been raised over the household energy component of the loan. Under this component, a tax increase on fuelwood to urban areas will increase the price of fuelwood by 70%. At the same time, taxes will be eliminated on other fossil fuels. The project attempts to alleviate the "fuelwood crisis" by pricing policies. USAID/Niger questions effects of implementation of new tax policy and fears it will result in blackmarket activities, increased illegal cutting and will undermine many years of sustained and USAID funded effort to develop managed natural forests in Niger.

Status: Vote scheduled for February 1988. Issues have been raised with Bank staff. Differences in assumptions and technical approaches remain. A.I.D. will determine its final views and work with Treasury and other agencies on a U.S. Government position at the time of the appraisal report.

28. IDA Pakistan Punjab Urban Water Supply

Projected IDA Funding: \$90 Million
Total Project Cost: Unavailable

Description: The project will support water supply, sewage and urban services in various cities in the Punjab province. The executing agency is the Punjab Department of Planning.

Issues: Concerns have been raised regarding the effects of seepage on groundwater levels if sewage disposal by seepage is proposed.

Status: Concerns have been raised with Bank staff. Bank responses have been sent to the A.I.D. mission and we are awaiting mission comments. Current Bank documentation indicates that the appraisal report is under preparation.

29. IBRD Thailand Energy IV Project

Projected IBRD Funding: \$50 Million
Total Project Cost: Unavailable

Description: This project could consist of the expansion of the LPG plant, products pipeline and a new gas pipeline to Southern Thailand. The implementing agency will be the Petroleum Authority of Thailand.

Issues: A concern has been raised regarding the need to develop and follow the results of the upcoming Eastern Seaboard environmental plan.

Status: The U.S. Executive Director's office has discussed our concerns regarding this project with the Bank staff. According to the Bank, it is unclear whether the project will be developed as described and even whether Bank financing will be sought by the Government. We continue to monitor the status of this activity.

PROJECTS WHICH ARE BEING DROPPED FROM LIST AFTER BOARD VOTE

30. AFDB Botswana Abattoir Project

Projected AFDB Funding: \$5 Million
Total Project Cost: \$28 Million

Description: The project will finance the construction of an abattoir to process beef for export in Francistown. The executing agency will be the Botswana Meat Corporation.

Issues: The U.S. has strong concerns about the effects of increasing livestock in Botswana and the effect of livestock policies and projects on wildlife. Debate existed over the extent to which the abattoir contributed to increased livestock activity, overgrazing, and reduction of wildlife habitat.

Status: The project was approved in August, 1987. The Bank sent a reappraisal team to look specifically at the environmental issues. However, because of strong concern about the effect of livestock projects in Botswana, the U.S. abstained on the project.

31. IBRD Brazil Minas Gerais Forestry Project

Projected IBRD Funding : \$48.5 Million
Total Project Cost: \$100 Million

Description: This project will finance small-scale forestry development; forestry conservation, education and training; a line of credit for industrial scale reforestation; and special studies. The executing agency will be the Instituto Estadual de Florestas (IEF).

Issues: Questions were raised regarding deforestation in Minas Gerais State due to expansion of industrial demand for charcoal and how this project will assist in addressing the deforestation problems.

Status: The project was considered by the Board on December 17, 1987 and the U.S. supported the project. Concerns were relayed to Bank staff. The Bank reply and approach was considered adequate. The Bank staff indicates the project would reduce rates of deforestation. The credit line for industrial reforestation is a pilot effort to reduce subsidies to plantations. It takes the pressure off use of natural forests by encouraging private plantations for industrial use.

32. IBRD Brazil Northeast Irrigation II (Itaparica)

Projected IBRD Loan: \$132 Million
Total Project Cost: \$303.7 Million

Description: The project will resettle about 36,000 people presently living in the area of the Itaparica reservoir, and will also include the relocation of urban centers, roads and power lines as well as resettlement on irrigated lands. The executing agency is Brazil's CODEVASF (Companhia de Desenvolvimento do Vale do Sao Francisco).

Issues: Concerns about the potentially serious effects of forced resettlement associated with the Itaparica reservoir were expressed at the time of the First Power Sector Loan to Brazil in June 1986. Considering the impending filling of the reservoir, the current project was viewed as urgent. Concerns remained about the timely implementation of the project activities; filling of the reservoir should not proceed if key resettlement items fall behind in schedule.

Status: Project was approved on November 17, 1987. The U.S. supported the project since this loan addresses in a comprehensive way the important and urgent issue of resettlement of people displaced by the Itaparica reservoir. However, the U.S. Executive Director made a statement on the need for careful and comprehensive planning for environmental mitigation -- including resettlement -- to precede decisions on physical works of projects, not to be tacked on after the fact. The U.S. also noted need for assurance that conditions of resettlement be met.

33. IDB Ecuador Central Highlands Forestation Project

Projected IDB Funding: \$6.3 Million
Total Project Cost: \$8.4 Million

Description: The project will finance forestation in the central highlands and will be implemented by the Ministry of Agriculture, possibly using the Forestry Development Company, EMDEFOR, to carry out several project components.

Issues: Concerns were raised regarding the capability of the EMDEFOR as well as regarding the feasibility of possible reforestation alternatives.

Status: The project was approved on September 28, 1987. Environmental concerns were discussed with Bank staff. Bank demonstrated it was addressing a number of A.I.D. concerns such as use of native species and agroforestry alternatives. As a result of these changes, U.S. supported the project with comments at the Board.

34. IDA Sri Lanka Small and Medium Industries III Project

Projected IDA Funding: \$20 Million

Total Project Cost: \$55 Million

Description: The project is designed to complement and expand the ongoing program of small and medium industry development through financing of eligible industries in selected subsectors. The executing agency is the National Development Bank.

Issues: Concerns have been raised regarding one possible subproject costing approximately \$700,000 which would establish a salt production facility in a migratory bird wetland area.

Status: The project came to the Board on December 15, 1987. It did not appear that the subproject of concern was being financed. We are seeking confirmation that a subproject of this nature will not be financed unless the problems associated with it can be resolved.

35. IBRD Tunisia Forestry Development and Range Improvement

Project IBRD Funding: \$20 Million

Total Project Funding: \$50.2 Million

Description: The project will finance improved forestry exploitation and management, selected reforestation, range improvement and rural forestry. The executing agency is the Ministry of Agriculture.

Issues: Concern involves livelihood of farmers/herders living on or near forest reserves who might be deprived of traditional sources of fodder.

Status: Project was approved on August 4, 1987 with U.S. support. A.I.D. prepared talking points for U.S. Executive Director emphasizing need for social impact analysis and importance of monitoring the range and pasture component of the project to ensure that affected farmers are adequately compensated.