

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

DEPUTY ADMINISTRATOR

June 30, 1987

Dear Mr. Chairman:

Pursuant to the requirements of Section 539(g) of the Foreign Assistance and Related Appropriations Act, 1987 (as included in Public Law 99-591), enclosed is the semi-annual list of multilateral development bank (MDB) projects which we are investigating to see whether they are likely to have an adverse impact on the environment, natural resources or indigenous peoples.

This list also includes several projects which, although they may have environmentally beneficial objectives, may have design or technical problems which could detract from optimum effectiveness. We will continue to examine these and the other projects on the list to determine whether serious issues exist.

As a result of information obtained during our follow-up work on projects, we are dropping three projects from future lists because they are no longer being processed by the World Bank. These are the Burma Groundwater II and Tank Irrigation II Projects and the Haiti Tree Planting and Forestry Project. We have not yet eliminated several other projects which are not being actively considered by the MDBs at the present time, because they might still receive funding in the future.

The Honorable Daniel K. Inouye  
Chairman  
Subcommittee on Foreign Operations  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

We appreciate your interest in this important issue.

Sincerely,



Jay F. Morris

Enclosure:

List of Upcoming MDB Loans  
With Possible Environmental Issues

LIST OF UPCOMING MDB LOANS WITH POSSIBLE ENVIRONMENTAL ISSUES

Projects Involving Large Impoundments of Rivers in Tropical Countries

1. 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.

Status: Revised feasibility studies are being completed to deal with the environmental and social issues, particularly regarding resettlement. These concerns have been discussed with Bank staff and the USG is awaiting the results of the feasibility studies. The latest Bank documentation shows that project preparation is being finalized. To facilitate the Government's decision-making on the next large hydropower project, the World Bank is requesting that the Government proceed with engineering studies on another prospective site, Basha, where prefeasibility studies have been conducted. If the Government decides not to proceed with the Kalabagh Dam, then Basha would therefore be a logical alternative hydropower investment site.

2. IBRD/IDA India Narmada River Development Projects

Projected IBRD/IDA Funding: \$420 Million  
Total Project Cost: \$1.203 Billion

Description: The World Bank is planning two further projects to deal with the development of the Narmada River basin: a \$350 million IBRD loan for a dam and power project and a \$70 million IDA loan for a resettlement and rehabilitation project. The first project will support the construction of the Narmada Sagar

dam and hydropower station which would generate 1,000 megawatts of power and the evaluation of future irrigation of about 300,000 hectares of land. Total project cost is estimated at \$953 million. The second project will finance the resettlement of about 100,000 people affected by the Narmada Sagar reservoir. Total project cost is estimated at \$250 million. Both projects are to be implemented by the Narmada Planning Agency, Government of Madhya Pradesh.

Issues: Concerns have been raised regarding the project's planned resettlement as well as the effects on irrigation water quality.

Status: Discussions have been held with Bank staff who are concerned about the same issues and have developed a separate project to address the resettlement problems. We understand that the Secretary of the Environment in India may have granted an environmental clearance for the project. We also understand that there will be a reappraisal mission late this year. We will be discussing these matters in greater detail with Bank staff.

### 3. African Development Bank (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 status of this project remains unchanged. It continues to be on hold and is not listed in the Bank's lending program for 1987.

### 4. InterAmerican Development Bank (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. It might include

funding for selective forest clearing and animal relocation. The executing agency is the Ministry for the Study of Development of the Guayas River Basin, CEDEGE.

Issues: Concerns have been raised regarding the need for watershed management and aquatic weed control.

Status: Discussions have been held with IDB staff in Washington and in the field. We understand that this project is still under consideration for 1987 or 1988 depending on the outcome of a study being done by the Government of Ecuador on electricity expansion. We will be holding follow-up discussions with Bank staff in the near future.

5. IDB Guyana Tumaturmari Hydroelectric Project

Projected IDB Funding: \$60 Million  
Total Project Cost: Approximately \$250 Million

Description: This project would finance a hydroelectric project on the lower Potaro river.

Issues: Concerns have been raised regarding the adequacy of the IDB's assessment of the environmental impact of the project, including the effects on the land and wildlife in the project area.

Status: The project does not appear in IDB documents indicating projects under consideration. In recent discussions with IDB staff, the U.S. Executive Director's office confirmed that the project is not under active consideration at this time.

6. IBRD 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 feasibility study is scheduled for completion in the summer or fall of 1987. We have discussed the issues with Bank staff, who indicate that they will be dealt with in the forthcoming study. We plan to seek information on the progress of this feasibility study in the next few weeks.

#### 7. IBRD/IDB Colombia URRRA II Dam

Projected IBRD/IDB Funding: Unavailable  
Total Project Cost: Unavailable

Description: The IBRD and IDB loans would finance a 170 meter dam on the Sinu River which would provide the Colombian national electrical power system with the back-up capacity to maintain dry season power levels. The executing agency would be Colombia's Corporation Regional Electrica de la Costa Atlantica, CORELCA.

Issues: Concerns have been raised regarding the large area of natural tropical forest to be flooded and the possible effects of the project on water quality, tropical flora and fauna, riverine and delta fisheries and associated wetlands, soil fertility and watershed protection. Concerns have also been raised regarding the resettlement the project might require, particularly the movement of indigenous populations.

Status: The project design has been delayed but the Banks are continuing to conduct feasibility studies. We have discussed the issues with both IDB and IBRD staff on several occasions. If the project comes under active consideration, we will review how these issues will be addressed with IBRD/IDB staff.

#### Projects Involving Penetration Roads into Relatively Undeveloped Areas

None.

#### Agricultural and Rural Development Programs

#### 8. IBRD Paraguay Second Stage Agricultural Credit

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

Description: This project would finance the second stage of a national agricultural credit project. It would 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: Concerns have been discussed with Bank staff. This project has been dropped from the Bank's lending program. The Bank is now giving priority attention to efforts to establish an appropriate macroeconomic framework. Should there be progress in establishing such a framework, this project may once again be considered. Therefore, we will retain it on this list in the near future.

9. IBRD Brazil Minas Gerais Forestry Project

Projected IBRD Funding: \$75 Million  
Total Project Cost: \$155 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 Forestas (IEF).

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

Status: The U.S. Executive Director's office has raised concerns with Bank staff and we are awaiting their response.

10. IDA Sri Lanka Fifth Tree Crops Diversification Project

Projected IDA Funding: Up to \$15.0 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 the 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: According to the latest Bank documentation, the project is under preparation. 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 will continue to monitor the preparation of the project to determine whether any additional project components may be defined which would raise these concerns.

11. IDA Kenya Forestry IV Project

Projected IDA Funding: About \$35 Million  
Total Project Cost: Approximately \$46.6 Million

Description: This project would provide support for integrated forestry development including fuelwood, timber and agro-forestry. The executing agency is the Ministry of Environment and Natural Resources.

Issues: Although we have not identified any environmental problems with the project, concerns have been raised regarding potential implementation problems with the executing ministries.

Status: Concerns have been raised with Bank staff by the U.S. Executive Director's office and we are awaiting the Bank's response. According to the Bank's documentation, the project is under preparation.

12. IDA Haiti Tree Planting and Forestry Project

Projected IDA Funding: \$11 Million  
Total Project Cost: Unavailable

Description: The project was to finance fuelwood and multipurpose tree planting. The executing agency was to be Haiti's Ministry of Agriculture.

Issues: Concerns have been raised about whether the Government's policies might lead to destructive land use and exploitation.

Status: Environmental issues have been raised with Bank staff. However, this project is no longer under active consideration by the Bank because of the sectoral and institutional problems encountered in the pilot program. The recently approved



technical assistance project contains an environmental studies component. The Bank wants to draw from this work and look at the environmental situation from a comprehensive, multisectoral perspective. This project will be dropped from this list.

13. IDA Burma Groundwater II Project

Projected IDA Funding: \$20 Million  
Total Project Cost: Unavailable

Description: The project will expand diversified crop production and farm incomes in Taze/Ye-U, Budalin and Pale/Salingyi by increasing the irrigation area from 400 acres to 43,500 acres, using groundwater resources.

Issues: Concerns have been raised regarding the need for careful analysis in the project design of effects on such areas as drinking water, health, coastal waters and aquatic life.

Status: The status of this project has not changed from the past information that it has been moved to the Bank's fiscal year 1989 reserve lending program. This project will be dropped from this list.

14. IDA Burma Tank Irrigation II Project

Projected IDA Funding: \$35 Million  
Total Project Cost: Unavailable

Description: The project was to finance the following components: construction of one or two earth-fill dams in Yin Basin with heights ranging from 90 to 160 feet; construction of main canals and irrigation distribution systems for each irrigation command area, ranging from 10,000 to 40,000 acres; agricultural support including extension, research and inputs for crop diversification; technical assistance and training; and monitoring and evaluation.

Issues: Concerns have been raised regarding the need for careful analysis in the project design of effects on such areas as drinking water, health, coastal water and aquatic water.

Status: According to the latest Bank monthly operational summary, the Government has requested that the project be held in abeyance pending the completion of the Tank Irrigation I project and further reporting on it will be discontinued. This project will be dropped from this list.

15. IDA Lesotho Agriculture/Land Management and Conservation Project

Projected IDA Funding: About \$10 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: The A.I.D. mission discussed its concerns with Bank appraisal staff who have not finalized their appraisal but were willing to seriously address our concerns. The U.S. Executive Director's office is reaffirming our concerns with the Bank staff.

16. 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 indigenous peoples and on land and water.

Status: Concerns have been raised with Bank staff who are examining environmental issues in the context of the project preparation. Project preparation has been tentatively scheduled for November 1987.

17. IDB Ecuador Central Highlands Forestation Project

Projected IDB Funding: \$12-14 Million  
Total Project Cost: \$18-20 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: Although no environmental problems have been identified, concerns have been raised regarding the capability of EMDEFOR as well as regarding the feasibility of possible reforestation alternatives.

Status: Concerns have been discussed with Bank staff in Washington and in the field. The IDB, however, did not commit itself to resolving the issues so we are following up with Bank staff to determine how they plan to address our concerns.

18. IBRD Brazil Northeast Irrigation II Project (Itaparica Resettlement)

Projected IBRD Loan: \$125 Million  
Total Project Cost: Unavailable

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 have been raised about the effects of the resettlement planned in the project and the timely implementation of the project activities.

Status: The project appraisal has not yet been completed. Representatives of the affected population have accepted the resettlement plan. Concerns have been raised with Bank staff, and we will review the results of the appraisal mission.

19. IDA Nepal Babai Irrigation Project

Projected IDA Funding: \$37 Million  
Total Project Cost: \$64.5 Million

Description: The project would construct headworks on the Babai River and irrigation and drainage facilities as well as strengthening extension services. The executing agency would be Nepal's Ministry of Water Resources.

Issues: Concerns have been raised concerning the possible effect on the Royal Bardia Wildlife Reserve, the role of the project in the Bank's country assistance strategy and the effect on riparian states.

Status: According to the Bank's monthly operational summary, project processing is delayed indefinitely due to the riparian issue and country assistance strategy considerations.

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. We will continue to monitor this project.

21. IBRD Indonesia Transmigration VI Project

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

Description: The project will support the second stage development of 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 regarding the program's resettlement of large numbers of people, the possible

uncontrolled clearing of tropical forests, the impact on rare and endangered wildlife, and the impact on water quality, among other areas.

Status: The World Bank has added Transmigration VI to its list of projects under preparation. The USG agencies have indicated our serious concerns about these projects. The Treasury Department has sent a memorandum to the Executive Director's office expressing concerns on this latest project and it has been conveyed to Bank staff. We are awaiting the Bank's response.

22. IBRD/IDA India Upper Krishna Irrigation II Project

Projected IBRD/IDA Funding: \$275 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 (\$75 Million) and IDA (\$200 Million).

Issues: Concerns have been raised regarding the project's planned resettlement and its effects.

Status: Issues have been discussed with Bank staff. We are awaiting the mission's comments regarding the Bank's response. We are also awaiting the findings of an environmental assessment and a resettlement plan for the project which are being done at the preappraisal stage.

23. 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. In addition, Bank staff stated that they had insisted that an environmental impact assessment study be undertaken before negotiations of another upcoming estate crop program. The current monthly operational summary indicates that negotiations for this project have been postponed. We will continue to monitor the status of this project.

24. IBRD Tunisia Forestry Development and Range Improvement

Project IBRD Funding: \$20 Million  
Total Project Funding: Unavailable

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: Although no environmental issues have been identified, concerns have been raised regarding the effects of the tighter control of public forest lands on the income of local inhabitants.

Status: The Executive Director's office has raised these concerns with Bank staff and Bank staff responses have been sent to the field. We are reviewing the mission's comments and the Bank responses. Current Bank documentation indicates that negotiations are scheduled for June.

25. IBRD Jamaica Agricultural Sector Project

Projected IBRD Funding: \$40 Million  
Total Project Costs: Unavailable

Description: The project will support the development of export agriculture, crop diversification and food self-sufficiency. The executing agency is yet to be determined.

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

Status: The U.S. Executive Director's office is raising concerns with Bank staff. Current Bank documentation indicates that project preparation is underway.

Other

26. IDA Niger Energy Project

Projected IDA Funding: \$35 Million  
Total Project Cost: \$76 Million

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

Issues: Concerns have been raised regarding whether the proposed increase in the price of fuelwood is an effective way to deal with desertification problems.

Status: The U.S. Executive Director's office is raising concerns with Bank staff. Current Bank documentation indicates that negotiations are scheduled for June.

27. IDA Sri Lanka Small and Medium Industries III Project

Projected IDA Funding: Up to \$15.0 Million  
Total Project Cost: Unavailable

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. The appraisal mission for the project is scheduled for the summer.

Status: We have asked IDA whether the intermediate financial institution can evaluate such risks, whether IDA will fund the

specific subproject and whether the subproject requires an environmental impact assessment under Sri Lankan law. We are awaiting a response. Current Bank documentation indicates that the appraisal mission is in the field.

28. IDA Lesotho Urban Development II

Projected IDA Funding: About \$15 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 with Bank staff and we are awaiting their response. Current Bank documentation indicates that the appraisal mission is scheduled for June.

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 pipelines and a new gas pipeline to Southern Thailand. The implementing agency would be the Petroleum Authority of Thailand.

Issues: A concern has been raised regarding the need to follow the results of the completed Eastern Seaboard environmental assessment.

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.

30. IDB Dominican Republic Rosario Gold Sulphur Project

Projected IDB Funding: \$280 Million  
Total Project Cost: \$441.0 Million



Description: This project will finance the mining and processing of gold and silver starting in 1990. 800,000 tons of sulphuric acid will be produced annually as a byproduct.

Issues: Concerns have been raised regarding the need for an assessment of key environmental factors.

Status: Concerns have been discussed with the IDB. The IDB says that no further design work is underway and the project is no longer under consideration.

31. IDB Ecuador Paute C Transmission Project (Originally Entitled Additional Financing for INECEL)

Projected IDB Funding: \$60 Million  
Total Project Cost: Approximately \$100 Million

Description: This project will finance the construction of approximately 180 kilometers of double circuit transmission lines of 230 kilowatts between Paute and Guayaquil. In addition, the project will also finance the expansion of the Milagro substation and the installation of the Guasmo substation. The executing agency is the Ecuadorian National Institute of Electricity, INECEL.

Issues: Concerns have been raised regarding the possible soil conservation measures which may be used in the project.

Status: Discussions have taken place with IDB staff who were evaluating alternative soil conservation measures. We are holding follow-up discussions with Bank staff regarding their current plans.

32. 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: Concerns have been raised regarding the effects of the project on traditional social relationships, on the ecology of the country and on wildlife.

Status: The project had been delayed but may be coming up for Board consideration shortly. According to the Executive Director's office, a separate review of the project has been conducted by the AfDB's Environmental Coordinator and the ED's office will advise us of the results of this review as soon as they are available. The USG continues to have serious concerns about the project, and the U.S. Executive Director has been instructed to oppose it if it comes up for a vote as currently formulated.

33. IBRD Brazil Electric Sector II Project

Projected IBRD Funding: \$350 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: Earlier 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 our primary concern is to ensure full participation by the public in the environmental reviews. In addition to the projects mentioned previously, we are following closely how the proposed hydroelectric scheme in Altamira-Xinga will be assessed in the environmental review process. The U.S. Executive Director's office has raised these concerns with Bank staff and are now awaiting the Bank's response.

34. IBRD Brazil Electric Sector III Project

Projected IBRD Funding: \$350 Million  
Total Project Cost: Unavailable

Description: The loan would continue support for government measures to rehabilitate the power sector. 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 and regarding several specific projects: Itaparica, Balbina, Ji-Parana, Altamira-Xingu and others.

Status: Concerns have been discussed with Bank staff. The appraisal mission for the project is scheduled for the late 1987. We will review the results of this appraisal mission, as well as results of our examination of the Brazil Electric Sector II project.

35. 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 for their review. Current Bank documentation indicates that the appraisal mission is in the field.

36. IDA Rwanda Second Water Project

Projected IDA Funding: \$15 Million  
Total Project Cost: \$72 Million

Description: The project would rehabilitate, maintain and expand a system to provide piped water to the northeast region of the country for irrigation and household use and would support national institutional strengthening. The executing agency is Rwanda's Ministry of Public Works.

Issues: Concerns have been raised regarding the need for a national hydrological survey and a water development plan. There has also been a concern raised regarding the possible adverse effect of the project on the Parc des Volcans National Park and its endangered mountain gorillas. The risk is that the project may draw people to the area and thereby impinge on the wildlife habitat available to the gorillas within the park's borders.

Status: Concerns were discussed with Bank staff. The Bank provided a convincing presentation that the project will relieve short-term pressure on the Parc due to the location of the water resources outside of the Parc. However, the longer term population pressures on the Parc remain an issue for Rwandan development. The Bank staff said that the need for a water development plan was an issue that needed to be addressed in upcoming projects. The project was approved by the Executive Board on April 28.