

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

THE ADMINISTRATOR

11 MAR 1987

Dear Mr. Chairman:

In response to recent requests, we have gathered the following supplemental information regarding the multilateral development bank projects which we are investigating to ascertain whether they are likely to have an adverse impact on the environment, natural resources or indigenous peoples. As you will recall, we submitted a list of these projects to you on December 31 in response to Section 539(g) of the 1987 Foreign Assistance Appropriations Act.

This information is accurate to the best of our knowledge but, as you know, both the status and the design of MDB projects may change rapidly. The basic data regarding loan amounts, total project cost, and the description of the project are taken, in most cases, from the respective MDB's monthly or quarterly operational documents.

The concerns cited in this list do not reflect a judgement on the part of the USG regarding a particular issue or project. The fact that a project is on this list means that an official in the USG has raised a credible issue about a possible environmental problem which merits further investigation. In most cases, we have not progressed sufficiently far in our analysis to be sure that a problem exists or to be knowledgeable about alternatives.

As a result of information learned during our follow-up work on projects, we are now dropping three projects from the list. The first is the IBRD India Cauvery Delta Modernization

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

project, which has been dropped from the Bank's lending program for India. The second project is the IDA Ghana Refinery and Distribution project, which is being dropped because the USG agencies saw no serious problems after consultations with Bank staff. The third project is the Jordan Education Sector project which we are dropping because the Bank's plans appear adequate to address our concerns. Several other projects at this time appear unlikely to result in MDB funding proposals, but we believe it would be premature to eliminate them from the list.

We look forward to working with you in the future on this issue.

Sincerely,



M. Peter McPherson

Enclosure:

List of Upcoming MDB Projects with  
Possible Environmental Issues \_ \_ \_

## LIST OF UPCOMING MDB PROJECTS 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.

#### 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 to generate 1,000 megawatts of power and to evaluate 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.

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. Further processing of the project awaits environmental clearance by the Government of India.

### 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 project appears to be on hold. It 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, emphasizing the need for more rapid completion of the studies being done on these matters in the context of the previous loans for the Daule Peripa Dam. We have learned that this project is under consideration for 1987 or 1988 depending on the outcome of a

study being done by the Government of Ecuador on electricity expansion.

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 is not included in the most recent IDB program of activities for 1986 and beyond, so its future status is uncertain.

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.

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 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: Concerns have been discussed with Bank staff and we have requested a field reaction to the Bank's response. This project is in the early stages of development.

9. IBRD India Cauvery Delta Modernization Project

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

This project is no longer in the Bank's lending program for India and it will be dropped from future lists.

10. 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: We understand from the Bank staff that this project has been dropped from the Bank's lending program for Haiti. The Bank's most recent monthly operational summary says that reporting will be discontinued in the upcoming monthly summaries. Environmental issues have nevertheless been raised with the Bank. This project may be dropped from future lists if no future design activity occurs.

11. 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: According to the Bank's most recent monthly operational summary, the project has been moved to the Bank's fiscal year 1989 reserve lending program and further Bank reporting in their monthly operational summary will be discontinued.

12. IDA Burma Tank Irrigation II Project

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

Description: The project will 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: We are awaiting further comments from Bank staff. The project is the early stages of preparation.

13. 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.

14. 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: Concerns have been raised regarding the capability of the EMDEFOR.

Status: The project has been discussed with Bank staff and we are awaiting comments from the field regarding the Bank's response.

15. IDA Rwanda Second Water Project

Projected IDA Funding: About \$10 Million  
Total Project Cost: \$61 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 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 borders.

Status: We have discussed concerns with Bank staff and conveyed their response to the field. We are awaiting additional field comments.

16. 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 and 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 is scheduled for March or April. 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.

17. 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.

18. 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 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.

19. IBRD Indonesia Transmigration Projects

Projected IBRD Funding: Unavailable  
Total Project Cost: Unavailable

Description: Indonesia's transmigration program aims to resettle individuals from the densely populated islands - notably Java - to the much more sparsely settled outer islands

of the country. The World Bank has 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: A sixth loan has been mentioned as a general possibility by the World Bank and its focus would most likely be on assisting existing settlements to become more viable. USG agencies are in frequent communication with Bank officials concerning the environmental issues related to its involvement with the transmigration program.

20. IBRD/IDA India Upper Krishna Irrigation II Project

Projected IBRD/IDA Funding: \$200 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 (\$125 Million).

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

Status: Issues are being discussed with Bank staff. We are awaiting the findings of an environmental assessment for the project which is being done at the preappraisal stage.

Other

21. IDA Ghana Refinery and Distribution Project

Projected IDA Funding: \$15 Million  
Total Project Cost: \$35 Million

Description: This project will finance the rehabilitation and improvement of the Tema Refinery as well as the transportation and distribution of petroleum products.

Issue: A question was raised regarding emissions from the facility. The implementing entities will be Ghana's GOIL/GHAIP and the Ministry of Fuel and Power.

Status: After consultations with Bank staff, the USG agencies see no further reason to be particularly concerned about this project and it will be dropped from future lists.

22. IBRD Thailand Energy IV Project

Projected IBRD Funding: \$60 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 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: Discussions on the project scope are in progress. We are awaiting the release of the environmental assessment by the government.

23. IDB Dominican Republic Rosario Gold Sulphur Project

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

Description: This project will finance the processing of gold, and silver, apparently due to the expansion of an existing mine.

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

Status: Concerns have been discussed with the IDB. The government is now considering whether to proceed with this project request. The IDB says that no further design is currently proceeding on the project.

24. 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 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. Further design work will occur during the appraisal mission expected in several months. We are awaiting the results of this appraisal mission.

25. IBRD Jordan Education Sector Investment Loan

Projected IBRD Funding: Unavailable  
Total Project Cost: Unavailable

Description: This project will finance support for the Government's five-year plan for the education sector, including construction, equipment and technical assistance to replace rented primary and intermediate level school buildings.

Issues: Concerns have been raised regarding the need to preserve Jordanian antiquities in accordance with Jordanian law.

Status: After consultations with Bank staff, USG agencies see no reason to be concerned about this project due to further information we have received about the Bank's plans. It will be dropped from future lists.

26. 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, the ecology of the country and wildlife.

Status: The project has been appraised and may be considered by the Board in the coming months. 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.

27. IBRD Brazil Electric Sector II Project

Projected IBRD Funding: \$300 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. We are awaiting results of the appraisal mission.

28. 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 and others.

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