

August 20, 2004

Dear Executive Director,

In June 2004, the World Bank released the draft Country Assistance Strategy for India. The draft CAS spells out the Bank's strategy for India for FY 2005-2008. The CAS will be discussed by the World Bank Board of Directors on August 26.

Civil society groups in India met in early August 2004 to discuss the India CAS and its implications for poverty reduction and development in India. Indian groups decided to reject the India CAS for the following reasons:

-- Inadequate consultation process and lack of transparency:

The CAS was prepared without input from the Indian parliament, and with only a mock consultation of civil society.

-- The new CAS does not reflect lessons learned from previous World Bank engagement in India:

Notwithstanding the negative social and environmental impacts of the Bank's support for hydropower projects in India and the negative performance of the major institutions in India's hydropower sector, the World Bank plans to double loans to India, with most of the additional money earmarked for hydropower projects.

The new CAS also promotes an agenda of further privatization and liberalization, not taking into account negative experiences with support for similar reform processes in Orissa and Andhra Pradesh. Indian NGOs believe that the unabated promotion of further privatization disregards important messages from the recent Indian elections.

Indian civil society groups therefore demand that the Bank withdraw the draft CAS for India and only finalize it after extensive debate and consultation in India, including with India's parliament.

International civil society groups, recognizing the importance of finding appropriate and effective solutions to the poverty challenge in India, herewith express their solidarity with and support for the demands expressed in the following position paper of a coalition of Indian civil society groups.

We urge you to consider the concerns and demands expressed by Indian civil society groups when defining your position on the India CAS.

Thank you for your attention.

Best regards,

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Milena Müller, Catholic Women's Movement, Austria  
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Rev. Walter Stark, Cumberland Countians for Peace & Justice, USA  
Rev. Charles Lord, Obed Watershed Association, USA  
Donald B. Clark, United Church of Christ & Network for Environmental & Economic Responsibility, USA  
Basav Sen, World Bank Bonds Boycott & Center for Economic Justice, USA  
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Diana Bohn, San Francisco Bay Area Jubilee Coalition, USA  
Steve Watrous, Wisconsin Fair Trade Campaign, USA  
David Batker, Asia Pacific Environmental Exchange, USA  
Soren Ambrose, New Voices on Globalization / 50 Years Is Enough Network, USA

Position Statement of Civil Society Organisations in India on the Draft Country Assistance Strategy (2004) of the World Bank

WE, the civil society organisations in India, national alliances and movements, reject the present World Bank CAS 2004 draft and concur on the following position with regard to the draft CAS.

#### KEY CONCERNS

##### Inadequate Consultation and Lack of Transparency

The process leading up to the drafting of the CAS in consultation with and participation of the Government of India has not been transparent and inclusive. The civil society in India has been kept in dark while the Members of Parliament and State legislatures, the elected people's representatives, have not been informed or consulted.

The access to the draft CAS was severely restricted since the draft was put only on the Bank website and unilaterally withdrawn after 30 days. None of the Annexures as mentioned in the draft, constituting important policy directives have been released to the public. Thus whatever access provided was also for an incomplete document.

The World Bank India Office unilaterally decided the so-called Consultation dates within India and these were organized a mere two months before the draft CAS goes to the Bank Board on August 26, 2004. The participants were invited with only one working day prior notice. Prominent civil society organizations in India working on Bank's past record and accountability were not invited and deliberately left out of the Consultation process along with many others.

The Consultation process for the draft CAS does not include Members of Parliament and State Legislatures, the elected representatives of the Indian people and thus violates and undermines the basic tenets of Indian democracy that the people of this country and its institutions stand for.

CAS does not reflect lessons learnt from Bank's previous engagement

CAS does not reflect critically on the Bank's previous engagement in India - abysmal failure in sectors such as power, dams including large hydro project, forestry, poverty reduction, environmental and social mitigation measures, especially in the States of Orissa, Andhra Pradesh, Karnataka and Madhya Pradesh. Andhra Pradesh, which the bank has lauded as its model investment and intervention State in India, today records among the worst human development indicators in the country. The previous chief minister whom the Bank held up as an ally who best understood and implemented the Bank's policy thrust was overwhelmingly defeated at the polls in the national and state elections. Earlier Orissa was the Bank's show piece, but the experience there is not reflected in CAS.

The draft CAS is pushing for investments in hydroelectric generation capacity 'that can be developed with limited social and environmental impacts'. This is a very ambiguous statement at best. Will a submergence of 3000 Ha - 4000 Ha of land including substantial portion of biodiversity rich forest land be considered limited? The draft CAS says, "While for many years the hydropower business in India had a poor reputation, some major actors including the NHPC have started to improve their environmental and social safeguards practices". There is nothing in the CAS that shows what prompted the Bank to arrive at this startling and unjustifiable conclusion. How has the social and environmental performance of large hydro in India in general and those of NHPC in particular has improved ever since they withdrew from the Sardar Sarovar project in 1993? On the contrary, NHPC has, in fact, consistently and flagrantly violated Indian and international human rights in Indira Sagar and Omkareshwar (Madhya Pradesh) and Koel Karo (Jharkhand) projects, among others. People have been forcibly removed by police and Rapid Action Force, rehabilitation and compensation to the PAFS remain incomplete, tribal and indigenous protesters have been fired at and killed. World Bank financed Nathpa Jhakri and NHPC constructed Parbati are reeling under severe environmental impacts. Violations have been reported from almost all the on going hydro projects of NHPC – from Jammu & Kashmir to Arunachal Pradesh, the latest being Middle Siang hydro project in Arunachal where at the second public hearing held on August 3, 2004, many of the people present were not allowed to speak.

As a matter of fact the CAS needs to include a component to make sure that Bank addresses the outstanding social and environmental issues of its past projects.

The projects and propositions in the CAS do not seem to have come out with any process to select least cost option among the various available in India. To give an example, the CAS does not even so much as mention options like renewables or demand side management.

Bank's Propriety in Dictating Government of India Policy

The draft CAS imposes conditionality of reform in and privatisation of key sectors as its basis for extending lending to the Central and State Governments. With a possible scaling

up of Bank's resources in India the projected gross disbursement of the Bank during the CAS 2005-08 period will be less than 0.2 per cent of the country's GDP. Even then, the draft CAS dares to leverage that lending with a conditionality that funding will only be extended to sectors where the reform process has already started or there is an emphasis on reform and privatisation. The CAS seeks to work in those States only where the governments support its twin policy of reform and privatisation.

The World Bank, with its minimal investment in India, has imposed these conditionalities of reform and privatization in the name of partnership with Government of India 'for implementation of the Government's poverty reduction strategy, embodied in India's Tenth Five-Year Plan'. The Bank, in fact, has not only gone beyond the mandate of the Tenth Plan but has totally disregarded the thrust and content of the Common Minimum Programme (CMP) adopted by the recently elected United Progressive Alliance (UPA) Government in the centre and which sets the agenda and process for the next five years.

#### Politically Realistic Knowledge Provider and Generator

While the draft CAS fails the most minimum standards of academic rigour in analysis thereby raising questions on its credibility, the Bank aims to 'substantially expand its role as a politically realistic knowledge provider and generator'!

The draft CAS envisages:

Strengthening Bank capacity to act as a channel for ideas and lessons of international experience; placing greater emphasis on understanding the motivations of interest groups and different stakeholders in the reform process; helping clients to better communicate the potential benefits of their reform programme; and operating in a more strategic and integrated fashion across different organizational units of the Bank to leverage knowledge resources more effectively.

Thus the CAS 2004 provides a recipe to the Bank severely undermining not only an independent country's own knowledge providing systems, generators and institutions but subverting the people's traditional and cultural rights.

This, in its thrust and operation, amounts to the imposition of a comprehensive agenda that will seek to undermine and devalue indigenous and independent generation of knowledge.

The Bank seeks to initiate such an operation by increasing its array of partnerships with local research institutions and interested organisations in both developing its analytical work and disseminating important findings; a re-shaped analytical and advisory activities (AAA) will actually promote Bank's reform and private-sector-led development paradigm trying to change the country's face of information gathering and dissemination mechanisms.

**WE, THEREFORE, DEMAND**

That the World Bank immediately withdraws the draft CAS 2004 for India and re-engage in extensive public consultations with the civil society, the diversity of the research community, project affected communities and other concerned during the next year.

That the translated copies of CAS with all its annexures be disseminated within the country extensively through various available communication channels including print media and in the form of booklets.

That the draft CAS with all its annexures be placed before the Indian People, Parliament and State Legislatures and finalised only after due process of debate and consultations.

[A detailed critique of the CAS will soon be sent out to all concerned]

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