THE WORLD BANK GROUP

ORAL HISTORY PROGRAM

Transcript of interview with

ROBERT GOODLAND

January 26, 2005

Washington, D.C.

By: Marie T. Zenni

ROBERT GOODLAND
January 26, 2005

Q: Good morning. I'm Marie Zenni, senior interviewer with the Bank's Oral History Program.

A: Wonderful to meet you. I'm Robert Goodland.

Q: Today is Wednesday, January 26, 2005, and I'm here at World Bank headquarters to conduct an interview with Mr. Robert Goodland, the early pioneer of environment in the World Bank Welcome, Mr. Goodland.

A: Thank you for inviting me. I'm honored.

Q: I would like to begin by discussing your background in general, including your educational background, and what led you to your interest in ecology, specifically tropical ecology?

A: My educational background is a degree in biology from McGill University in Montreal. For my master's degree, McGill sent me to Guyana -- it used to be British Guiana -- where my family lived. Guyana had a long research relationship with McGill. I was sent to a remote corner of Guyana with no roads nor electricity, and only one DC3 a month, to research my master's degree in tropical ecology. But I saw that the answers to the questions which I had discovered in Guyana were probably easier to resolve in Brazil. The Canadian Government awarded me a scholarship for PhD research in Brazil based on tropical semi-Amazon ecosystems.

Q: Okay. What influenced your decision to leave New York's Ecosystem Center to join the World Bank in early '78 as its first ecologist and environmental scientist?

A: The huge challenge of trying to help change the World Bank was the main reason I left New York. I admired the person who became my first boss, Dr James A. Lee. I had worked as a consultant for the World Bank off and on for many years before I joined in 1978. I worked on Malaysia's five-year National Development Plan, adding 'environment' to it for the first time in the mid 1970s. It was like a nationwide environmental assessment. I worked for the bank in several hydro and other projects around the world before I joined permanently in 1978.

Q: Okay. During the McNamara years, which were marked by a strong focus on agriculture and rural development, and a reorientation of the bank's work towards poverty, the bank became the first multilateral agency to appoint an environmental adviser, James Lee, in late 1970. Having joined the bank as the third staff member of the newly set up Office of Environmental Affairs, as it was called then, please discuss your responsibilities, and your early experience as Environmental Affairs Officer? And, what was the state of the bank's early pioneering and leadership efforts in this area?

A: You won't believe this, it's so humorous. My responsibilities were to look at the project documents of every single project the bank was contemplating at the time, and triage them all. I had to divide over 100 projects a year into three groups. The first group we guessed, hoped, frankly, won't have much of an environmental impact; therefore, we don't need to see it again. The middle group could have substantial environmental impact, we predict. That pile we sent back to whoever drafted it and asked them please look into the environment. The third group, which was much smaller than the first two groups, we predicted could have major potential impacts. The third group the office itself used to scrutinize in person. That was my responsibility from day One. It was unsatisfactory catch-up; a reactive firefighting and retail approach.

Q: How would you describe the state of the bank's early pioneering and leadership efforts in the area of the environment when you joined?

A: Well, at the 1972 Stockholm conference on the environment, Dr. Lee and President McNamara made a big splash. They promised much. They claimed that the bank was already doing a lot; hence, they had to catch up to those promises and make them come true. Lee and McNamara had publicly stated that all Bank projects were environmentally scrutinized early in the design phase such that no project with unacceptable environmental impacts would go ahead. So, essentially, Dr. Lee and I had to try and fulfill McNamara's aspirations, which was not easy. We had to prevent the riskiest projects from proceeding, which was asking for trouble from our non-environmental colleagues.

Q: I noticed that.

A: But to answer your question, the state of the environment in the World Bank was that there really wasn't any. Some people had heard of Dr. Lee. They knew Dr. Lee had some sort of a special -- although unspecified -- relationship with McNamara, so they were wary of Dr. Lee. When I went to ask project officials if they would redesign a project, they had Dr. Lee at the back of their minds. If we asked for too much, project designers resisted. There was a lot of resistance in those days, particularly in agriculture, converting 'useless' tropical forests for logging, for irrigation and for settlements. The Agriculture people said, look, we're the original environmentalists; we don't want to be told by ecologists what to do; we manage the environment to help humanity. They were prickly. The most willing to accept environmental advice were the engineers, particularly hydro engineers. They said: "well, we're hydro engineers, and our job is to generate electricity from falling water. But we know that some people are going to have to move out of the way, but we're not going to move them. Somebody else is going to have to move them, and they better do it in time because I'm not holding up my hydro project for them". Often those responsible for shifting humans out of the way would be in an area of the government totally unrelated to reservoirs or electricity. The area of the government that should be responsible didn't even know the hydro engineers were building a dam. There was always lack of interministerial coordination. That was the sort of thing we used to help with.

Q: How did the Bank's efforts on the environment at that time compare with other public and private entities?

A: We were ahead. We certainly were ahead of all the multilateral and bilateral development banks and agencies. We were also ahead of engineering and consulting firms. We were not ahead of the U.S. Government. The U.S. Government passed the National Environmental Policy Act in 1969, at least a decade before the Bank adopted a mandatory environmental policy.

Q: Okay. Please describe the state or role of the social sciences within the Bank at that time and the challenges of incorporating social science concepts and methodology into theoretical and empirical models already in use by economists.

A: You had better ask Mike Cernea because the Office of Environmental Affairs never had a social scientist in those days. We expected Mike Cernea would handle any social priorities he found necessary. In those days, social and environment ran in parallel, but they weren't managed by the same people. Mike Cernea and later Scott Guggenheim were in charge of all social impacts of projects. When someone from the environmental office identified social impacts, they would then ask Mike Cernea if he wanted to act -- which he did, especially on resettlement.

Q: In the years between '83 and mid-'87, you served as senior environmental affairs officer in the Projects Policy Department and part of the Environment, Science, and Technical Unit. Please discuss your involvement in the evolution of early guidelines influencing Bank-financed projects on how development assistance should be carried out with respect to the environment?

A: I started off as a retailer; that is, on a project-by-project basis. I triaged the gigantic flow of project documents, and focused on the riskiest group with the most serious impacts. It was unsatisfying and time-consuming. The first two projects in the "Major Risks" pile were the Yacyretá hydro project between Paraguay and Argentina, and the Polonoroeste program in the Amazon part of Brazil. I was thrown in at the deep end. They were both designed with zero social or environmental precautions. It was a huge challenge to bring them towards acceptability, which I never fully succeeded in doing: both are still causing damage and intensifying poverty. After less than a year working in the Bank, I realized that fire-fighting, the project-by-project retail approach, while personally challenging, was getting nowhere because the Bank had several hundred new projects every year. Our tiny Office couldn't hope to make a difference if we hewed to the retail approach.

My low point was 1982. But let's start earlier. As a consultant in Guatemala in 1973, I had produced a 46-page environmental impact reconnaissance of the proposed Chixoy Hydroproject with a dear friend of mine, Richard Pollard of the London School of Hygiene and Tropical Medicine. We were hired for 10 days by Consorcio Lami Lahmeyer of Frankfurt, one of the world's biggest hydro-engineering corporations[1]. We were specifically enjoined to stay out of social impacts, partly because we were told that a separate social reconnaissance was planned to be joint and concurrent with our environment one. Unfortunately, the social side was delayed – and apparently never took place. We noted the absence and importance of resettlement precautions for the Maya-Achi Indigenous Peoples. A decade later, more than 400 Indigenous Peoples were tortured and killed in a series of massacres. As the World Bank made a second loan for this dam in 1985, after the 1982 Chixoy Massacres, it was found complicit, but refuses to pay reparations[2].

So I then tried to balance the project-by-project approach with a more wholesale policy approach. In those days the Bank had no social or environmental policies. Asking for an environmental precaution to be inserted into a project always met stiff resistance. The project designers said, "Why should I add a

[1] Lahmeyer Corp has had a hand in many problematic dams worldwide. In 1998 they bought the world's biggest and most overt environmental assessment firms, ERM of London, recently the target of many lengthy demonstrations outside their HQ, being accused of "greenwash".

2 Grahame Russell, 2004. *Continuing the struggle for justice and accountability in Guatemala: Making reparations a reality in the Chixoy Dam case*. Geneva, Centre on Housing Rights and Evictions (COHRE) & RightsAction.org: 90 p.

malaria prevention component? I have never had to before, why now?" "Why should we not convert useless forest into useful cattle ranches?"

During those years I drafted and persuaded the Bank to adopt about eight environmental and social policies[3]. A mandatory Bank policy is a powerful lever. Instead of asking reservoir designers to prevent schistosomiasis, for example, we drew their attention to the new policy document which stated that the project designers had to take such precautions. We assumed people would read the new policies, which they don't. But project designers are supposed to follow the policies, they are mandatory. If project designers needed help, they asked us for help which was a very different situation from us asking designers to do something that was not mandated by a policy. Slowly, designers started to follow the new policies, so that when the projects came to us, they were already much better designed, and the whole system was more reliable and prudent.

I drafted eight policies and I had to persuade committee after committee before the Bank would adopt them. I had to produce dozens of workshops, conferences, publications, brown-bag lunch colloquia, lectures by distinguished outside specialists, and campaigns before the Bank would adopt each policy. Persuading the Bank to adopt a policy was greatly more difficult than actually drafting the policy in the first place. As soon as the Bank adopted a policy, I had to offer a lot of training to sell the policy to busy colleagues who didn't particularly want to learn. That meant publishing guidelines and manuals on how to implement the policies. For example, one of the Bank's best selling publications was the three-volume "*Environmental Assessment Sourcebook*". My job became fostering the implementation of the new policies.

We supplemented this "in-Bank" work with a series of international workshops for different stakeholders. For example, we organized a dozen workshops in various capitals in developing countries for major engineering and consulting corporations wanting to learn about the Bank's new environmental policies; implying that if they want Bank contracts, they have to follow our new policies. That was well received.

Later we did the same with the other multilateral development banks. One by one all the MDBs adopted World Bank social and environmental policies somewhat tailored for their different circumstances. The process was so fruitful that we converted that contact into an annual workshop for all MDBs. Later, the bilateral development agencies came on board. We welcomed them because they often financed activities that we MDBs couldn't get money for. Today all the multilateral development banks get together at least once a year to compare policies and to swap success stories and disappointments and try to work together.

The third activity outside the Bank focused on the commercial investment banks. Here we were less successful. Most banks limited their environmental understanding to converting incandescent to

[3] (1) Overall Environmental Policy, (2) Indigenous Peoples, (3) Environmental and Social Aspects of Dams and Reservoir Projects (OMS), (4) Cultural Property Policy, (5) Natural Habitats/Biodiversity Policy, (6) Environmental Assessment Policy, and (7) The Tobacco Policy. I designed and ran the campaign to get the WBG out of large-scale grain-fed cattle ranching, especially in tropical forests, but retired just before the "Livestock Strategy" was adopted by the Bank. For the Bank's first social policy -- the Involuntary Resettlement Policy -- see Annex 1. Pest Management was added. Later, some non-environmental policies were added (Dam Safety Engineering, Disputed Frontier Areas, Downstream Riparians), and the whole set became called "The Safeguard Policies".

fluorescent lighting and recycling used cheques. The commercial banks had little reason to adopt meaningful environmental policies. They claimed it would put them at a competitive disadvantage with others who might not become corporately responsible. IFC was tiny in those days so we had no leverage over commercial banks. We got the leading commercial banks to talk about the environmental implications of their investments. We started with the "Gnomes of Zürich" in the mid-1980s, and then we went to Wall Street and had another workshop with about six US-based banks. Then we went to the city of London and sensitized another half-dozen banks. Those workshops for commercial banks may have sensitized them, but they didn't do too much about it. A few years later, Hussein Abaza of UNEP did the same thing, and sensitized the banks even more but, again, with no significant breakthrough. The breakthrough came much more recently thanks to IFC's leadership with the World Wildlife Fund. IFC and WWF persuaded a few commercial banks to adopt the World Bank Group's environmental and social safeguard policies as they became known in 2003. They are now called the Equator Principles. Now (2006) nearly 30 commercial banks subscribe to the Equator Principles. I hope it's irrevocable. The next step is for those banks to find out how they're going to implement with the Bank's safeguard policies. Sadly, by the early 2000s the policies started to be watered down by the Bank. For example, the Bank's forest policy of about 2001 permitted finance for tropical forests to be logged, which had been banned for a decade.

Q: In July '87, the year the Environment Department was created as part of the reorganization of that year, you were promoted to Division Chief of the Environment Division in the Latin America Countries Technical Department. Please discuss the circumstances leading to your promotion as you moved from project policy to a country operational department?

A: Environment in the '70s and '80s was extremely contentious. Many staff resisted giving environment its due. President Clausen and VP Ernie Stern were skeptical of environment. They both irritated the IDA delegates during our sensitive replenishments, which led to many hearings in the U.S. Congress and other national parliaments asking why the World Bank is not doing a reasonable job on environment. The log-jam broke when Barber Conable became President in 1987. His reorganization, less than a month after he joined the Bank, emphasized environment for the first time.

The tiny Office of Environmental Affairs was basically impotent. We had a tiny budget, few staff and compelling signals from on high not to rock the boat. Yet the pressure to prevent Bank-financed environmental catastrophes intensified outside the Bank by powerful countries and civil society. Incoming President Conable created four new environmental divisions, one in each geographical region of the Bank, Latin America, Asia, Africa and Eastern Europe and North Africa. As you point out, I became head of the Latin America one.

Conable also created for the first time a Department of the Environment, with its own director-level spokesperson for the first time. The Bank's first ever environmental department director, Ken Piddington (1988 – 1991), helped us strongly. Ken brought together the four regional environment division chiefs (Leif Christoffersen of Africa, David Turnham of EMENA, Gloria Davis of Asia, and me from Latin America) in a cooperative manner with his central Environment Department. He got us all to work closely together, and we achieved much progress in that period.

Q: What were your responsibilities and what challenges did you face -- you spoke already of some of the challenges -- as a newly appointed manager with a country focus?

A: The country focus was more satisfying because you were nearer the action, and part of the country team. I had just persuaded the Bank to adopt the Indigenous Peoples Policy, and was able to get it thoroughly implemented in many projects throughout Central and South America. That provided a great sense of satisfaction knowing that the Bank was helping so many vulnerable ethnic minorities.

But it wasn't always easy. Some years later, one of the most challenging times in LAC was Brazil's hyper-inflation and severe balance-of-payments difficulties. Our VP, Shahid Husain, wanted to shift enormous sums of money to Brazil in the shortest possible time. The biggest conduit for money from the Bank to Brazil was the power sector. Brazil had gone the hydro route, and so there were many hydro projects and an even bigger number of potential hydro projects. Most of this money went to the power sector in the hope of helping the country with its macroeconomic instabilities. The trouble was the power sector loan had to have some relationship with the power sector. After all, the balance-of-payments operation was labeled a 'power sector loan'. That meant we had to agree with government what the power sector should do. The power sector was very big at the time and in poor shape (Annex 2). All the people who were kicked out of their homes by reservoirs became poorer, so hydro was a big poverty-creation machine. Brazilians were fairly élitist in those days. They didn't much care for their Indigenous People, and they didn't support their poor people much either. That meant the poor people forcibly displaced by reservoirs didn't get compensated. Often they had to squat without a home in plastic tents for five years before they could get resettled adequately. Even today there are always demonstrations and struggles for people forcibly displaced by reservoirs to get compensation -- not only in Brazil.

The Bank-supported Narmada project in India and Indonesia's Kedung Ombo are cases in point. I still remember the oustees climbing onto their thatched rooftops to prevent being drowned when the reservoir was allowed to fill before the people had been accommodated. Moeen Quereshi, the Bank's 2 i/c, personally saw these poor people hanging on to their rooftops; that got him personally involved.

We persuaded Brazil's power sector to look after these issues like resettling people adequately and not making them poorer. But when we went to check if they'd managed to improve social and environmental issues a year later, it was actually worse than it was when we'd visited a year earlier. They were moving in a regressive direction and financing all sorts of damaging and unsustainable projects such as the military's nuclear power plant, which became Brazil's most expensive form of electricity in history. Brazil started building shallow reservoirs in Amerindian areas and in the Amazon forest. They were still building reservoirs where lots of towns would be flooded and not adequately compensating people. The worst dam was Balbina in the Amazon, which flooded thousands of square kilometers of valuable intact forest on which many vulnerable Amerindians societies depended, yet generated only one year's supply of electricity to the city of Manaus. This was a damaging waste of money. The government admitted their blunder, but they hadn't managed to prevent the most serious risks as they had agreed to do under the power sector loan.

I was asked to approve the environmental risks of that power sector loan, which would have included the World Bank's first nuclear power project[4]. I pointed out the severe risks and precedent to Shahid, but he

[4]It is not generally known that the Bank financed a 150MW boiling water nuclear power plant at Garigliano, Italy in 1964. It proved to be so defective that it had to be permanently shut down in 1982, and no arrangements for its radioactive wastes had been found as of 2006. The Bank has flirted with financing investments in the atomic energy sector in Argentina, Brazil, and

was more anxious about the balance-of-payments, hence had a different perspective. The upshot was I rotated from Latin America to the Central Environment Department.

Q: So how did your previous experience prepare you, do you think, for the job with a country focus and managing a division and so on?

A: About the country focus, I had good background because I had done my Ph.D. field work in Brazil and spoke Portuguese. Then as soon as I got my Ph.D., the Canadian Government sent me back to Brazil as an exchange professor. So I used to teach tropical ecology and environmental assessment in the University of Brasília, which was brand new in those days. Later I designed and taught Brazil's first graduate course in applied tropical ecology, based at INPA in Manaus. During that time I did a lot of environmental work on mega-projects like the Trans-Amazonian highway, the world's biggest hydro project of the time, Itaipu, between Brazil and Paraguay. Before joining the Bank I also designed and started the environmental program for Tucurui, Brazil's biggest hydroproject, in the Amazon. So I had a good country grounding. As my family lived in Guyana and later in Brazil, I had a reasonable background in South America.

I'm a technical environmental scientist. My technical expertise was better than the managerial. I built an excellent team. I had by far the best team of all the four or five regional environment divisions. I had a visionary economist, Herman Daly, who later won the alternate Nobel Prize. He's an ecological economist. He went on to lead the Bank in understanding what environmental sustainability is while working with VP Ismail Serageldin and myself. Just a word on Herman. Herman's tenure at the Bank (1988-1994) was very influential although he was constantly under siege from neoclassical economists and the Chicago school. Herman softened up the Bank to pursue sustainability and especially its WDR on sustainability, and converted non-dogmatic economists. He predicted Ecuador's and Thailand's economic melt-downs. His leadership and influence in the world exceeds mine and merits detailed study. Herman was let go. Andrew Steer handed over all sustainability and 'Greening the National Accounts' work to an accountant/statistician, John O'Connor, who had had no experience with environment. This halted all progress on sustainability and the Greening of the System of National Accounts. Both these topics, so important for sustainable development, remain dormant to this day.

Then I persuaded a famous and forceful environmentalist, Marc Dourojeanni, to join my division from La Molina University, Peru, where his Dean was Alberto Fujimori. Marc had served as the VP of IUCN and had been the main enviro working for the Bank on Polonoroeste as a consultant. He was very effective in LAC for five productive years. He later went on to create the first Environment Department in IDB, and then took over all IDB's Brazil portfolio.

I also managed to recruit two superb social scientists: Maritta Koch-Weser, who took over our two biggest controversies, both in Brazil, the Carajas Iron Ore and Rail Project, and the Polonoroeste program of a highway in the Amazon, with much land settlement. She did an outstanding job (see the Annex 1 on the History of the Indigenous Peoples Policy), and went on to become President of IUCN. Sandy Davis was deeply experienced in Indigenous People, author of a compelling book on Amerindians

---

Eastern Europe. Wolfowitz mentioned nuclear energy in his first visit to India upon taking office, and President George Bush helped US nuclear energy corporations to sell their technology to India during his state visit of 2006.

"*Victims of the 'Miracle*'". So Maritta and Sandy took over the Indigenous Peoples' policy that I had persuaded the Bank to adopt a few years earlier.

Then we had a great team. We made a big difference throughout LAC. Were we popular? No. Even so, it was fun, and we made a lot of improvements, helped reduce poverty, and prevented a lot of environmental damage.

Q: In June of 1990, you moved to the Environment Department as Special Adviser in the Office of the Director. Please discuss the circumstances of your move and the status of the Environment Department at the time. And, what were your responsibilities and what did you hope to accomplish?

A: By 1990, I had set up the Bank's strongest environmental division, which was off to a powerful start. So I had completed what I came to LAC to achieve. Battling to keep the Bank from financing Brazil's nuclear power sector did not earn me any kudos. The main reason for my move was that Ken Piddington, the newish Director of Environment, was having great difficulties with two critical issues. The first was the policy on environmental assessment,[5] which is my specialty, and which had just been shot down in flames by all and sundry as being anachronistic and weak. Conable told Ken Piddington that he wanted a modern and effective environmental assessment policy as a matter of great urgency. The other issue was the draft Environmental Assessment Sourcebook which was going nowhere. While I was in LAC, I had not been involved with either the unacceptable EA Policy, nor with the early drafting of the EA Sourcebook. Ken wanted muscle for those two issues, so he persuaded me to leave LAC and join him. Ken gave me a fascinating job to produce an up-to-date environmental assessment policy, and also to persuade the Bank to accept the EA Sourcebook. I totally overhauled the environmental assessment policy from scratch, and eventually got it accepted by everyone. In fact, Barber Conable signed it on his last day in office, 31st August.

The Bank's *"Environmental Assessment Sourcebook"* was in a rough and early stage, but after a lot of compiling, rewriting and editing, we (Tom Walton, Valerie Edmundsen and I) then managed to 'sell' it to all our colleagues throughout the Bank, or at least enough of them, so that the Bank signed off on all three volumes. It became a Bank best-seller, and still is, although it needs updating. That was the challenge attracting me to the central Environment Department.

Q: Okay. Well, you've already answered part of a follow-up question on your role in the formulation and promulgation of the Bank's early policies on the environment. I'm sure you want to add more to that.

A: Sure.

Q: And then we can discuss the evolution and role of the Bank's safeguard policies and their impact on project design?

A: Certainly, I'm very proud of those environmental and social policies. It was a big challenge. I learned the trade when I was a very new staff member in 1978, because Mike Cernea, the sociologist at the Bank, was developing a policy on involuntary resettlement, which was by far the biggest problem on

[5] I'm not sure of the origin of the EA draft policy that the Bank found unacceptable as I was preoccupied in creating my new division and hiring the best staff I could. Gloria Davis, Colin Rees and Stu Lintner may have been involved in the drafting.

the social side. Mike had two people to help him: Scott Guggenheim, now leading social sciences in the Bank's office in Jakarta, and Dee Rubin, a consultant sociologist. Mike asked me to put into his draft some human ecology and environment, which I was delighted to do. Mike showed me the power of policies. I had a very minor role in his resettlement policy, but it taught me that I had to progress away from my then current retail project-by-project or fire-fighting approach, and adopt instead a more wholesale preventive policy approach. My original job was to change the design of one project, or to persuade one project officer at a time to prevent environmental damage. This inherently reactive, piecemeal approach gradually evolved into a policy, wholesale approach. Persuading the Bank to adopt a mandatory policy, which covered all relevant Bank work, created an enormous multiplier effect.

The first policy I drafted sought to protect vulnerable ethnic minorities (OMS 2.34 of February 1982), now called the Indigenous Peoples policy. In my project review work I had noticed a series of projects impacting ethnic minorities and knew how vulnerable they were from my years working in the Amazon. I took up the ethnic minority issue because I was working a lot on what became known as Polonoroeste in Brazil, which was essentially a big highway, BR 364, which went right through the Amazon jungle and didn't make any concessions for the forest dwellers or vulnerable ethnic minorities or Amerindians. I wrote the policy in time to be used in draft in the design of Polonoroeste, but the team -- Bob Skillings, Denis Mahar, Nils Tcheyan, Maurice Asseo, van der Heiden, and Simon Hocomb (FAO’s pesticide specialist) demurred. The Bank didn't follow the draft policy closely enough to avoid harming the Amerindians, partly because the policy had not by then been formally adopted by the Bank. Second, the Bank had no anthropological expertise at the time and would not hire any for Polonoroeste during its design.

The outrageous saga of the first two anthropologists hired by the Bank, to work on Polonoroeste, has yet to be told. The admirable anthropological stalwarts, David Price and Ken Taylor, were hired too late to design out the most ferocious impacts on the Amerindians. Dr. David Price had just earned a doctorate on the Nhambiquara, the group of Amerindians to be most impacted by highway BR 364. He was hired by Enrique Lerdau, Director of the Brazil Department, but was fired soon thereafter and threatened with a lawsuit. That mean-spirited episode was well aired later in David’s 1989 book[6].

Bob Skillings and Dennis Mahar then hired Dr. Ken Taylor[7] to get them out of the mess that had been created. Ken agreed to try to reverse the worst social impacts of Polonoroeste, but had to sell or farm out the livestock of his Scottish sheep farm before he could absent himself for a year or more. When he was in the air en route to Washington, he was ordered -- too late -- by Bob Skillings to go home. When he arrived in the Bank, Bob sent around a memo offering Ken Taylor’s services as a ‘free good’ as he had been legally contracted for 6 or 12 months and the Brazil Department refused to let him to work on Polonoroeste. I immediately accepted, as I knew Ken could help with the Indigenous Peoples Policy we were drafting. Then Ken’s contract was bought out and he was ‘let go’ from the Bank. However he managed to work on Polonoroeste to great effect under other auspices. He is now active in Survival International. In those days, the Brazil Department scarcely accepted the importance of preventing either social or environmental impacts, and was ruthless with the Bank’s first two anthropologists.

[6] *Before the Bulldozer: The Nambiquara Indians and the World Bank.* Cabin John MD, Seven Locks Press 212 p.

[7] Ken was well known in Amerindian circles for his detailed knowledge about the Yanomami Indians from his 1979 book with Alcida Ramos: *The Yanoama in Brazil.* Copenhagen : International Work Group for Indigenous Affairs [&] Cambridge, MA., Anthropology Resource Center 170 p.

The next big project in Brazil after Polonoroeste in 1982 became the world's biggest iron ore mine called Carajas, with an 800-kilometer-long railroad to the port. The Indigenous Peoples' policy was used to great effect. Later, an outstanding Bank anthropologist, Maritta Koch-Weser, took over managing the Indigenous Peoples policy. There was a time in Brazil where the World Bank, thanks to Maritta, was financing more than half of all the Amerindian reserves of Brazil. That was a huge success, and a source of great satisfaction for me. Earlier, Maritta had researched her doctorate in Brazil, knew the relevant institutions and key people, and so was wonderfully effective in getting things done. I managed to persuade her to join my Division. Later she became President of IUCN. She is now President of an influential social advocacy group, Earth 2000.

Then I wrote a general environment policy, but to get it accepted I had to water it down, so it became aspirational and explicatory. The Bank erroneously decided that a voluntary hortatory approach would suffice, hence would not permit much of it to be mandatory. Certain Bank documents had to mention environment, but the specifics were left to the judgment of the project officer, so most mentions were perfunctory boiler-plate and unhelpful.

My shift from project-by-project review to the policy approach was effective but still insufficient and too slow to promote environmental prudence. Then I decided to bolster the policy approach with a sectoral approach. I chose the agriculture sector because it was the largest in the Bank at the time and imposed more environmental impacts than any other sector. Land colonization, logging tropical forests, Transmigration and financing cattle ranches in tropical forest were especially damaging. In fact, much of this had been pointed out by the USA's General Accounting Office in a sharply critical report to President McNamara in the early 1970s. Congressman Henry Reuss urged McNamara to strengthen the tokenistic one-person Office of Environmental Affairs, Dr. James Lee, partly because of massive clear-cutting of Malaysian forest for oil palm plantations and colonization, the Jengka Triangle controversy.

I labored long and hard with the help of two diligent interns, George Ledec and Cathy Watson. We met almost weekly with Agricultural colleagues, especially their designated environmental focal point, Clive Collins, sharing all drafts outlining the environmental implications of agriculture projects on the environment. After two years of dialog, the agriculturalists almost accepted our draft as their guidelines, but the whole deal fell through at the last moment. Our labors were published in 1984 as the book *"Environmental Management of Tropical Agriculture"*, but it was not as effective as if it had become an official guideline accepted as such by the Agriculturalists. Soon thereafter agriculture went into a long decline in the Bank.

The folly of destroying tropical forests, land colonization, and cattle ranching in forests became recognized by most people outside the Agriculture Department and by a few within it. A massive firestorm broke out about tropical forest destruction in the early 1990s. Agriculturalists could not accept that one should plant trees to provide sustainable sources of pulp and building materials until all natural forest has been liquidated. They prefer to log natural forests rather than to finance tree plantations. Deficient economic analysis externalized most social and environmental costs so the rates-of-return were illusory and misleading. Forest trees are the only major commodity still extracted from the wild. In 1986, the tropical logging lobby had set up their International Tropical Timber Organization to make tropical timber acceptable. One of its first studies, by a dear friend of mine, Duncan Poore, published the unwelcome conclusion in *"No Timber Without Trees"* (1989) that practically no tropical forests are being managed sustainably. The Bank, led by its foresters Chip Rowe and John Spears[8], wanted to counter the trend to conserve tropical forests by boosting the financing of logging, hence drafted a policy to do just that. Michel Petit, then Director of Agriculture was riven. His staff wanted to log tropical forests; civil society and the Bank's few enviros claimed it would spark massive damage to Indigenous Peoples and the environment. The VP took the ensuing struggle out of Michel's hands and oddly dumped it in the lap of the WDR team. They were told to rewrite the logging policy over a single weekend in 1991 by adding a total ban on tropical logging! This was Andrew Steer's biggest environmental contribution, and it was before he joined the environment staff. He was assisted by another environmental skeptic and logger, Bill McGrath. It's still a mystery why they supported the logging ban.

For more than a decade, this logging ban kept the Bank from financing much environmental damage while helping the Indigenous Peoples living in such forests. The logging ban was shamefully rescinded in 2001 by which time I had retired, hence *hors de combat*. Tom Lovejoy was supposed to have been the environmental representative on the Bank's secretive logging policy drafting team over the preceding couple of years (c.2000-2001), but he quit the Bank just before the logging ban was rescinded, in order to head the Heintz Foundation. Massive controversies ensued, led by Bank plans to quintuple logging in African forests, especially in the Congo Basin, with total disregard for the Indigenous People and their livelihoods.

If the agricultural sector approach to policies would not work, I decided to write policies on individual agricultural topics and started with what I thought would be the easiest sell, namely tobacco. How wrong I was. I wrote a tobacco policy urging the Bank to phase out of investing in tobacco production partly because of the by then clear health reasons and secondly because fuel-wood collection for drying and curing tobacco had led to extensive loss of forests. On the contrary, I argued, the Bank should help tobacco farmers to grow something less damaging. I didn't manage to get the Bank to adopt that policy for ten long years. The Agriculture Department, Graham Donaldson, then very powerful in the Bank, called me 'scurrilous'. My successor as Division Chief of Environment in LAC, Nancy Birdsall, took over my tobacco policy draft and boosted it for a couple of years, but she also didn't manage to get it adopted before she left the World Bank to join IDB. Then a far-sighted and caring physician in the Health Department, Tony Measham, took it over, and we got it adopted by the Bank exactly a decade to the day after I first floated the draft. I'm pleased we managed to get the Bank out of financing tobacco production worldwide. The experience with tobacco illustrates how strongly the Bank resists change, even when it is so obvious and necessary -- as in the case of tobacco. The policy came a decade too late, but at least it was a strong policy. The Bank no longer invests in tobacco production.[9] That saved a huge number of lives and greatly boosted productivity.

---

[8] John Spears started his professional career as a colonial official in East Africa, where he became so effective in logging Kenya's natural forests that the East African Wild Life Society was created in the early 1960s with the sole aim of curbing this irreversible damage. Some of these natural forests were converted to sterile pine and eucalyptus. (*Fide:* Dr. Lee Talbot, founding member of the society in Nairobi, later Director-General of IUCN). Lee's Festchrift is being published by Oxford University Press later in 2006. Meanwhile John Spears had become the Bank's chief forester where he was amplifying his Kenyan logging career worldwide. Later in 1986, he married forester Kathleen McNamara and may be trying to become an enviro himself.

[9] The only other policy I drafted on a single substance was that on asbestos. The Bank's excellent Science Adviser, Erik Arrhenius, had made a compelling case to phase out of asbestos financing on human health grounds. But he did not push his paper into a mandatory policy before he left the Bank. Later, when I was compiling the Environmental Assessment

I next turned to the Bank's most controversial type of project, namely hydroelectricity, which absorbed a biggest portion of the Bank's energy lending at the time. I drafted a specific policy on the environmental and social impacts of dam and reservoir projects. That was adopted fairly readily and became mandatory, partly because it was championed by Ken Piddington, my Director, partly because the Bank knew that hydro projects cause so much suffering and environmental damage, and partly because some hydro projects provoked the sharpest criticism of the Bank. More poverty was created by reservoirs than any other type of project at the time, with forest logging and colonization schemes (e.g., Indonesia's Transmigration) in second place. Later, my dams and reservoir policy led to an OED review and to creation of the World Commission on Dams, which I helped to start up in Cape Town under the able leadership of Achim Steiner. After heading the Dams Commission, Achim became president of IUCN. Now he heads UNEP.

Then, when the Bank rejected a draft policy on environmental assessment (EA), I wrote a new EA policy, which was scientifically rigorous and which fully met and in significant places exceeded international best practice. The main achievement was that the policy mandated environmental assessment for all big infrastructure projects that would create major impacts. The final clearance process was strongly promoted by the new ENV Director, Mohamed El-Ashry, who was appointed in May 1991. Mohamed later felt he had spent some of his political capital on the struggle. The final version was signed by Barber Conable on 31st Aug, the day he left the Bank. The US Congress, by means of the brilliant amendment proposed by Rep. Nancy Pelosi -- The Pelosi Amendment – mandated that the US ED to vote against any project which had not disclosed its EA before appraisal. This was strong support for the EA policy over which I had labored so hard. Soon thereafter in 1991, Mohamed El Ashry became Chair of GEF, thus leaving the environment department. Sad days; the faltering of environmental progress in the Bank. Mohamed's successor, Andrew Steer, announced that environment was going to 'plateau'. It sure did. That sorry promise was fulfilled.

Next was the biodiversity policy called Natural Habitats or Wildlands, which is still in force today. Bank staff had only a hazy idea what biodiversity was as it was then a newish term, and no had idea of its economic importance. I had good fortune in the support of Herman van der Tak, a farsighted director (of the Projects Advisory Department), probably the main reason the Bank adopted that policy. George Ledec and I wrote a book published by the Bank in 1989 to explain how to follow the new policy. George later became the World Bank's main biodiversity guru, a role he still plays.

Maybe the most enjoyable – certainly the least contentious -- was the policy I wrote on cultural property. I had to write a book, published by the Bank in 1987, in order to sell the idea that the Bank should refrain in financing destruction of cultural property, such as financing highways through archaeological remains, or religious or sacred sites. The Yugoslavian's were delighted (and surprised) when I supported

---

Sourcebook, I arranged that anyone seeking to finance asbestos had to obtain written waivers from the Director of Health and the Director of Environment in an attempt to raise transaction costs. I felt it was inappropriate to permit the use of certain forms of asbestos and for certain uses (underground and wet as in asbestos cement pipes) because developing countries could not easily distinguish between the various forms of asbestos. Any asbestos financing depends on its mining and manufacturing which in those days could not be achieved safely by developing countries. Later in 1998/1999, I obtained financing for an environmental procurement specialist, Bernie Ross, to join the Procurement Staff and inject some environmental prudence into procurement in general starting with a negative list of substances the Bank refused to finance. Progress with "Greening of Procurement" had started by the time I retired in 2001.

them to move the site of a planned Višegrad hydroproject about two kilometers upstream in order to conserve their most famous Ottoman bridge over the Drina River, built in 1571 and immortalized by their only Nobel Laureate (1961), Ivo Andrić (1892-1975). This magnificent bridge was damaged in the Second World War, but restored partly with World Bank support under the hydroproject, but did not survive the 1992 war. The hydro operators had assured the Bank that turbined water releases would be controlled to prevent damage to the Bridge, but I'm not sure how much that clause was fulfilled.

It was relatively easy to get the cultural property policy passed through the Bank and signed off by the President. The new policy and my accompanying booklet persuaded the Bank to hire its first archeologist and architectural historian, Dr. June Taboroff. Later, she persuaded VP Ismail Sergeldin to move on Cultural Property in Africa in the early 1990s, and came out with a valuable text book in 1994. I feel another externality was therefore internalized in economic development. She married ICOMOS VP Third Baron Donald R. A. Hankey in 1994. Now they both conserve much cultural property worldwide.

Soon after June and Ismail had moved on, MNA VP Kemal Dervis and Mike Cernea took up cultural property conservation in North Africa and the Middle East. Instead of building on the existing mandatory policy, they tried to get the Bank to adopt a new policy. The Board baulked, accused the Bank of "mission-creep", and flatly rejected the Dervis/Cernea policy draft for the Bank. It was later used voluntarily in one region, MENA only. In 2001, former Bank Managing Director, Jessica Einhorn, had published a pointed critique of the Bank's "mission-creep" in Foreign Affairs. She had a point; Wolfensohn had let a thousand flowers bloom. Unfortunately the result, partly of Jessica's essay and partly the counter-productive "Cost of Doing Business" report (c.1999) by the notoriously non-environmental bean- counters, Peat Marwick (KPMG) Corp., was that the reactionary hardliners of the Bank used her critique to weaken the social and environmental concerns of economic development.

The sad 'reformatting' process of the safeguard policies took a team more than a decade to revise the Cultural Property policy that I had managed to get adopted by the Bank. The policy revision, now called Physical Cultural Resources, looks like it will be approved by the Board in 2006. What does that tell us about institutional efficiency or commitment if it takes longer than ten years to revise a few pages? The policy provides forward-looking staff with an opportunity for improving the quality of development; it doesn't stop reckless development. The policy led to archeologists being hired by the Bank; now there are several. The policy has led to financing the conservation of many invaluable sites worldwide.

Q: Impressive. Based on your extensive experience, how rigorous has the application of safeguard policies been in the Bank? And how well does the Bank ensure safeguard policy compliance?

A: Not rigorous compliance by any measure yet, I'm afraid. It's a long learning curve, and sometimes the curve isn't moving in the right direction. Although I've been retired for several years now, I hear that the Bank Group is returning to the Amazon forest to cut it down and finance cattle ranching. I hear they're cutting down more tropical forests for monoculture soybeans. So, clearly, the learning curve hasn't reached as far as it should; it's an ongoing process. Sometimes I feel it's going backwards. There was a bloody battle over the integrated pest management policy, which was gutted. Several pesticide salesmen were hired, and the champion of the policy, Harry van der Wulp, was let go. Clearly there is a long way to go. On the other hand, project designers who care increasingly take the opportunity to conserve biodiversity and cultural property.

Q: Moving on to NGOs, their burgeoning numbers and their engagement in the development process have resulted today in over one-half of Bank projects involving NGOs. Based on your experience in dealing with NGOs, how would you characterize the evolution of the Bank's involvement with NGOs, especially with relation to the environment?

A: The Bank's involvement with NGOs started off as badly as it possibly could. The NGOs were seen by the Bank as the enemy. They were considered the biggest enemy of the World Bank. The Bank's response was secrecy, keep them in the dark, never let any NGO know what was being designed; never divulge any project documents, 'we know best'. Business people could obtain key project documents directly from the US Department of Commerce so that corporations could bid on Bank contracts. But not NGOs, and not the people who would be affected by the projects.

Q: Are we talking specifically about northern NGOs at the time?

A: No, because most of the NGOs at that time, Northern or Southern, always worked together. It is the fact of solid cooperation between north and south NGOs that provides their legitimacy. Now it's the other way around. There are more southern NGOs or developing country NGOs. They drag the northern Beltway bandit NGOs in if they want the Bank to change. Earlier on in the Bank, it was grounds for instant dismissal if you were caught talking to an NGO. Then years later it became mandatory as you had to discuss tentative plans with NGOs before your project would be approved, thanks to the admirable achievements of John Clark, whom the Bank hired from Oxfam. That switch, which occurred in the 1990s, was a big change. It greatly improved the Bank, which although large (10,000 people), doesn't know the details of what goes on in the project areas that it finances. But the NGOs do. In fact, most of southern NGOs are formed from affected people. They're the people that suffer needless impacts from development projects. People impacted by a project know the most details about that project from bitter, first-hand experience. If a whole town gets flooded by a hydro reservoir, one thing they do is to create a grass-roots NGO. And so they know precisely who is affected, who lost their farm or their livestock or their dwelling or shop, if there was violence, even bloodshed due to a project. If an impacted person is killed by the project, that rallies even fiercer opposition. So in-country NGOs are much better informed than anyone in Washington.

Q: But back in the early '80s, how was the relationship with NGOs characterized?

A: Tense, because the Bank was very secretive in those days. There was no transparency and no project documents could be released to NGOs. In fact, every single policy on every page had at the bottom, "This is strictly for internal use only." It was only when I pointed out to Legal VP Ibrahim Shihata the laughable inconsistency that we expected borrowers and others to comply with a policy that they weren't allowed to read! That unnecessary confidentiality of the policies was therefore reversed. Much later, after the Bank saw it could not silence the NGOs, the Bank switched to transparency and participation. The Bank ceased to view NGOs as enemies, but more as a nuisance. But they were so well-informed because they cooperated with the grass-roots affected people on the project site. By then the Bank was releasing more and more documents. So NGOs became better informed than their Bank counterparts. While that irritated some Bank staff, NGOs had become an invaluable source of information to improve project design and provide early warning of impending damage.

Q: And now, what's the relationship?

A: Sometimes NGOs are viewed as a nuisance. The Bank doesn’t like criticism, but NGOs are here permanently, and the more you listen to them, the better off the Bank will be, and the better development will become. Again, the most recent big case, in 2000/2001 when the Bank refused to listen to NGOs until it was too late, was the China Western Region project in an area which used to be partly Tibetan, contained many Tibetan-related societies, and other vulnerable ethnic minorities. All sorts of red flags should have gone up immediately had anyone done any checking with NGOs or read some background. But no, Bank staff didn't talk to NGOs, nor to local people, nor to potentially affected people. So the project preceded past appraisal and Board, which is a very late phase, and then a huge calamity occurred. President Wolfensohn called it the World Bank's fiercest controversy. He personally intervened with the government on behalf of the Melbourne Professor Gabrielle Lafitte, who was imprisoned for visiting the project area, and Linguist Daja Meston who nearly died when he ‘fell’ out of the prison window. The third member of their group, Dsering Dorje, has never been heard about since.

I remember that controversy well, partly because the Bank -- a team led by Andrew Steer pulled out of his Vietnam post specifically for the task -- tried to refute the findings of the Inspection Panel. I was asked to arbitrate on the classification of this project as Category B (i.e., not needing a comprehensive environmental assessment). I looked into the design of the project and concluded it should have been an unambiguous Category A, which sparked a firestorm of debate. The project contravened nearly all the safeguard policies so I decided to use that controversy as a framework for my valedictory speech before retirement in 2001. I’ll send the 54 p. booklet of my speech to the Archives.

Q: How truly representative of the poor and disadvantaged are NGOs?

A: Well, most of the NGOs <u>are</u> the poor. In fact, the main reason NGOs are created is that they've been aggrieved or impacted by a project. Let's revert to a reservoir example again. If 100 villages are being submerged by a reservoir, with inadequate attention, they often form a pressure group of dam-affected peoples, and that becomes an NGO. That NGO near the reservoir then links up with an NGO in Washington, such as the very effective Bank Information Center, which knows how the Bank works. That's a powerful combination. According to the Bank's own years of research on involuntary resettlement by OED and others, people forcibly displaced by a Bank-financed project get poorer. That's creation of poverty, which the Bank shouldn't do. Impacted people are highly motivated and personally informed, that’s why they are so effective in persuading the Bank to rectify some of its errors. It's a forceful combination.

Q: In general, how welcome are NGOs by governments in borrowing countries?

A: That varies greatly. Some governments actually use their NGOs because historically governments seem to be weakening as the private sector is strengthening, and into the vacuum left by weakening governments the NGOs enter. Weak governments use NGOs for various purposes. An example is DFID, the UK’s development branch, which use the NGO Oxfam in many of their projects to scope out if there are going to be serious social impacts – something Oxfam is good at finding out. That's a fruitful mutualism.

Q: All right. Is there anything else you'd like to add about NGOs?

A: The U.S. NGOs were dissatisfied with Clausen's lack of attention to the environment, so they engineered a whole series of a dozen official hearings in Congress. As the US is the World Bank's biggest shareholder, that was influential. President Clausen's resistance to overdue environmental improvements jeopardized the Bank's IDA replenishment. In 1985, he brushed off Senator Robert Kasten who was Chair of the Appropriations Committee at the time, and so Kasten had to write to Clausen telling him to shape up. The focus of the disagreement was Brazil's Polonoroeste program which had spurred me to write the policy on Indigenous Peoples. Eventually, Kasten, who was responsible for IDA replenishments, came to see Clausen on 22nd. May 1985, in what turned out to be the lowest point of the Bank's NGO relationships. My friend David Maybury-Lewis, Harvard's Chair of Anthropology, who had helped me draft the Indigenous Peoples policy, attended the Clausen/Kasten meeting, so we received firsthand accounts. Bruce Rich, the leading constructive critic of the bank,[10] details this trauma with panache in his 1994 blockbuster "*Mortgaging the Earth*".

My position was that Brazil's bank-supported "Highway 7" project [11], later to become the Polonoroeste program, was tragically flawed from the outset. The project began as the Bank's seventh highway to be financed in Brazil, under the direction of transport Division Chief Jean Doyen. Many years later, Jean remarkably and briefly became environmental Division Chief for Africa. As a straight-line highway through the world's most heterogeneous forest ecosystem was absurd, the Bank switched its name from "Highway 7" to a project with the highway still as the core, but now gussied up to include land settlement allegedly to accommodate the poor dispossessed from their farms in Southern Brazil.

Any highway would have been a damaging waste. Any land settlements based on the fragile soils of that part of Amazonia were doomed to failure, not that reliable soil fertility surveys had been done; they hadn't. As soil surveys were almost non-existent, the project was inherently exceedingly risky.

[10] Bruce Rich (then at NRDC), together with Barbara Bramble (NWF) and Brent Blackwelder (FOE) had made the extraordinary discovery how to obtain highly secret World Bank documents in the early 1990s. Such documents were routinely deposited in the Department of Commerce reading room so that US businesses and corporations could bid on the procurement. Commerce had no way of restricting such documents to the corporate world, so civil society soon became well informed about Bank projects. This was the beginning of the end of Bank secrecy and the advent of what later became known as transparency. US Treasury official, Robert Banque, Office of Technical Assistance Management, helped us greatly in those early days. He was the nearest Treasury had to anyone looking at the environmental implications of financing. He clarified that the Treasury instructed the ES ED how to vote on each loan, although he was not sanguine that environmental risks had ever been taken into account.

11 I was alerted to this catastrophe-in-the-making by award-winning documentary film-maker Adrian Cowell very early on, in about 1979, after he had seen a mention of a possible World Bank loan in a tiny Rondônian newspaper. He had published "*The Tribe that Hides from Man*" in 1973, so knew the region better than most Brazilian anthropologists. As soon as the Bank started designing Polonoroeste, Adrian was there in advance to document the tragedy unfolding. His powerful films are recounted in his 1990 book "*The Decade of Destruction: The Crusade to Save the Amazon Rain Forest*". The decade of destruction abetted and substantially financed by the bank was 1980 to 1990, although the damage is still burgeoning today. The tragedy is that Adrian and others had fully alerted the bank to the risks to the vulnerable ethnic minorities and to the environment, and persisted in warning the bank for the next quarter century and more. His latest film on Amazonian destruction, "*The Jungle Beat*" premiered in Washington, DC in March 2006 at the National Geographic Society. NGOs later took up the warnings and ranked Polonoroeste as one of the infamous "dirty dozen" most damaging of World Bank projects (Schwartzman, S. 1986. *Bankrolling disasters: international development banks and the global environment: a citizens' environmental guide to the World Bank and the regional multilateral development banks*. San Francisco CA., Sierra Club Books 32 p.)

Limestone and fertilizer were far too expensive, and markets were too distant. I was naïve in accepting what the bank claimed, that the project provided land settlement for the poor. It didn't. The project was de facto designed to remove and burn as much forest as possible using very poor people so that cattle barons could buy cleared lots for ranches at rock bottom prices. Polonoroeste promoted land speculation by rich ranchers. That part worked well. Ranchers were greatly enriched without having to invest significantly. Polonoroeste malaria rates of the poor exceeded 100%[12] in some new towns; crop yields were dismal and declined annually.

The damage to Indigenous Peoples was so great that Polonoroeste became dubbed "Genocide 1 & 2". I had published a book with my friend and mentor Howard Irwin in 1975 "*Amazon Jungle: Green Hell to Red Desert*" on the tremendous impacts of the TransAmazon highway which was under construction while I was a prof at INPA, Manaus. I taught a graduate course in applied ecology. Our case study for the whole year was the TransAmazon Highway, so I was reasonably up-to-date on assessing the social and environmental impacts of Amazon highways by the time I joined the bank a couple of years later. The whole chapter on impacts to Amerindians was bowdlerized from the Brazilian edition, because it irritated the Brazilian Academy. My third author, Sir Ghillean Prance, later director of the Royal Botanical Gardens at Kew, dropped out. My findings on the TransAmazon highway led me directly to draft a policy to protect vulnerable ethnic minorities soon after I arrived in the bank. The bank used the draft policy during the design of Polonoroeste, which later had several Amerindian protection projects added to the highway core.

My views of Polonoroeste, circulated widely in 1979/1980, were disputed by most of the bank, especially the Brazil Department, although strongly endorsed by all enviros. I was then banned from Polonoroeste for four years. Renato Schulz, the bank's Polonoroeste transport engineer, was let go for suggesting that the highway was too risky, and that river transport would be far more economic for the Amazon. After the Bank had pumped in half a billion dollars, the social and environmental damage became undeniable. In 1985, loan disbursements were suspended for the first time on environmental grounds. In 1988, the land-speculating cattle ranchers had Chico Mendes, the leader of the sustainable rubber-tappers assassinated.

In order to swing opinion, the task manager, Luis Coirolo, took my successor, Nancy Birdsall, and the Chief Economist and VP Larry Summers to Polonoroeste. They didn't spend long there, but got the red carpet treatment at Coirolo's munificent ranch in Uruguay. These three returned to HQ enthusiastic for Polonoroeste. By then I had just rotated out of LAC and into ENV, so I was unable to counterbalance the opinions of Coirolo, Birdsall and Summers. Not one of the three greatly appreciated environmental imperatives. They did not prioritize the plight of the Indigenous People impacted by Polonoroeste. A new loan, Planaflora, designed (mainly by the bank) to rectify the worst impacts of Polonoroeste was

[12] Almost one third suffered more than one bout of malaria a year; hence the rate often exceeded 100%. Being forced to shiver in one's hammock for a couple of fortnights a year greatly lowered productivity and raised death rates. One of my more agonizing dilemmas as environmental chief in Latin America was when asked to approve a big malaria control project for Brazil, some of which was based on DDT, by then banned in USA and Europe, but far cheaper than the next best biocide available at the time. We emphasized habitat destruction and treated bednets. We restricted DDT to 100 tons only, and to manual spraying of the inside walls of dwellings by SUCAM, with much training and precautions for mixing and disposal. We banned any aerial and agricultural use. SUCAM, Superintendência de Campanhas de Saúde Pública, the Public Health Campaigns arm of the Health Ministry is one of the most efficient parts of the government. Even so, I was not sure if choosing DDT was the right decision at the time. In fact, SUCAM's education campaigns were more effective than the DDT, so only 70 tons were ever needed, and malaria diminished.

signed in 1992. It was doomed to failure as it contained inadequate social and environmental precautions. Planaflora failed worse than the Polonoroeste program it had been designed to rectify.

Eventually the Bank saw the light and insisted that Brazil rectify Polonoroeste. Clausen retired in 1986, shortly after his historic battle with Senator Kasten. Conable then became President and had already heard about that nadir in Bank relationships. As he had been in Congress, he knew all these pressures. He agreed that the Bank was doing an unacceptable job on the environment and that environmental overhaul was overdue. So that's one of the first and biggest things he did the moment he joined the Bank, vastly boosting environmental staff numbers and budget.

Q: Programs supporting international environment agreements dealing specifically with ozone, climate change, biodiversity, international water, land degradation, are linked to the objectives of global environmental conventions. In your opinion, how important are environmental assessments in identifying and mitigating the negative environmental and social impacts associated with development projects and in ensuring compliance with international environmental instruments?

A: You can't put all the international environment agreements and protocols into one package; all are different. One of the earliest, 1987, was the Montreal Protocol to phase out ozone-depleting substances. That was successful in short space of time. One of the reasons it was so quick and so successful was that it only impacted -- or asked for changes -- in a very small number of chemicals, and that meant a very small number of manufacturers, mainly the Freons of refrigerator manufacturers, would be affected. Also, there were already alternatives to Freon. So, yes, at the beginning Freon manufacturers complained the alternatives weren't as good or were more expensive, but they soon saw the writing on the wall and changed fast. Resistance to the Montreal Protocol soon sputtered out. But others, notably, the Kyoto Protocol, remain highly charged to this day. The White House still refuses to acknowledge anthropic climate change, and even till now when there are new signs of Antarctic ice melting, sea level rising, and the insurance industry terrified of climate change costs. Climate change still is denied in the Bush/Cheney White House. It's very risky for the world that climate change risks are not being reduced by the biggest emitters of Greenhouse gas. The Bank too is not enthusiastic about reducing the risks of climate change.

Q: So how important are environmental assessments?

A: Fundamentally important. Environmental assessment means prudently trying to identify risks and prevent future damage. They are critical for an institution engaged in long term projects in little known regions designed to help poor people. Let me reply with three anecdotes: first, Nepal's Arun Hydroproject, second, the Bank's History book project, third, the Bank's Extractive Industry Review.

In 1995, Robert Robelus and I were sent to Nepal's Arun Hydro reservoir site, which would flood 43 ha of the Himalayas. Nepal was importing expensive electricity and highly polluting coal from India at the time, yet still suffered from blackouts. We felt the loss of 43 ha was minor, but that the access or construction roads all the way up the Arun valley would be significant. We discovered that two huge EAs had been completed, both for naught. We were surprised that the two EAs found the impacts of the two proposed access routes to be much the same, no big differences between them. That's why we were called in at the eleventh hour. Project designers could not distinguish between the proposed severe-impact access road along the sunny mountain crests, affecting many people and much agriculture vs. the lower-impact valley-bottom alternative road with much malaria, few people, gloomy with no sun, and no agriculture. On the plane from Toronto, Maurice Strong, JDWs Environmental Adviser, urged incoming president Wolfensohn to drop Arun on political grounds. Maurice said that it was a controversy Wolfensohn didn't need so early in his presidency. Nepal's Arun project became the Inspection Panel's first case, warmly corroborating our findings.

The second anecdote is the Bank's History Project. In about 1993, when Herman Daly and I heard that the history of the World Bank was about to be written, we over-optimistically saw an opportunity to air the fascinating saga about the environmental dimension of economic development, how complex and controversial it had become. To that end we had a long series of coffees with John Lewis and Richard Webb, the two designated co-authors. We earnestly explained how the topic would interest readers, how it was fundamental to development, how it was intensifying in importance, and included depletion of resources in poor countries and so on. They listened attentively but said we have too many topics already. We are severely limited by length, sorry, environment is out. We persisted over the months, meeting and sending them brief notes on topics Herman and I found enthralling. Eventually Lewis and Webb agreed to include one single 'box' on environment and development in their history book. We half expected that we would be asked to draft it. The next we heard was that a dynamo, Devesh Kapur, had taken over the whole project, galvanized it, upped the notion of a single environmental box to a full-blown chapter, and had engaged former Bank agricultural economist Robert Wade to write it. When the two-volume *"History of the World Bank: Its first half century"* came out in 1997, Wade's chapter "Greening the Bank" right at the end of the second volume, became arguably the most widely read and quoted of the whole 2,031-page work. Wade's chapter was influential in that it showed the legitimate span of what had become labeled environment as totally under-girding economic development. It also showed that the Bank accorded incommensurate attention to environmental fundamentals, but was voluminous on the rhetoric. Wade's chapter honestly reflected the sorry state of environment in the Bank at the time. The Bank was not enthusiastic about the book. It miserably failed to persuade the Bank to integrate environment into the economic calculus.

The third anecdote happened after retirement. I helped the independent Extractive Industries Review (2001-2003) of the Bank Group's oil, gas and mining portfolio. We suggested that the Bank should extend its *de facto* ten-year moratorium on coal, phase down on coal financing, and particularly to accelerate natural gas, which is much less climate forcing than is coal-burning, while at the same time vigorously boosting lending for renewable energy. But the Bank, again, refused to learn. It seemed to side with the White House, so said no; we want to invest in more coal, not less, and we don't think there's much future in renewables, at least not yet. Despite Emil Salim's persuasiveness, despite JDW's support, as well as that of IFC's boss Peter Woicke, many of our findings were eventually rejected. Yet another big opportunity lost by the bank.

Q: In your opinion, how adequate are the tools in place for monitoring and evaluation: a) to ensure compliance with environmental assessments by either beneficiary or co-financier; and, b) in developing performance indicators to measure project success and extract lessons learnt?

A: Inadequate. The best way is participation of the affected people. The affected people, the people harmed by a project when it goes wrong, are now getting more and more capable of complaining directly to the Inspection Panel of the World Bank or to IFC's Ombudsman. Impacted people complaining directly to the Inspection Panel or CEO is a big improvement. The Bank still doesn't attach much importance to what was called supervision; that is, after the project has been approved and during construction, as well as after it's built, inspecting the project and asking around, checking that everything's going well and seeing if anything's gone wrong that needs to be put right. That process is not as important to Bank staff as preparation or design of projects. Much supervision is done by the selfsame project designers, hence not inclined to point out deficiencies in design or implementation. People do not get Brownie points for doing a lot of supervision. Bank staff still gets most Brownie points for pushing a project successfully to the Board and lending more money. That's when you get fame and glory; whereas, supervision is relegated to third place. It's an inherent problem for environment because much environmental damage is detected years after the project is up and running.

A specific example. Last year IFC categorized a large-scale grain-fed cattle ranching project in the Amazon as the relatively benign "B". That shows how inadequate are the safeguards. Converting Amazon rainforest to cattle ranches is one of the most senseless wastes of money imaginable. We had mounted a four-year campaign to get the Bank Group out of large-scale grain-fed cattle projects. We must have put on a dozen lectures through the years by outside specialists to sensitize the Bank to the gross inefficiencies, huge impacts and resulting ill-health. Our livestock colleagues hired Walter Willett Chair of Harvard's School of Public Health to refute us. Luckily he supported our side and urged the Bank to get out of such projects. In the year I retired, the Bank published a Livestock Strategy admitting that large-scale grain-fed cattle financing was inappropriate.

Q: In your opinion, what role does the Global Environment Facility play in addressing regional and global environmental objectives?

A: One of the biggest environmental roles, if not the biggest, in the world. They've gone from success to success. They're now investing something like $6 billion in environmental priorities. GEF is interesting because you can learn a lot. Why GEF is so successful is that the Bank proper doesn't mind what GEF does because GEF never says to the Bank, "Don't do this." It never says, stop financing so many bad projects like coal mining projects, or burning coal. Instead, GEF finances plantations to absorb or sequester carbon dioxide generated from a Bank-financed coal project -- crazy but true. GEF finances costs still that have been externalized by bank projects. It would be more efficient for GEF to help get the Bank out of coal and to move to natural gas and renewables. GEF would never tell the bank to phase out of coal rather than just planting trees to undo the damage of a coal project. So the Bank doesn't really care what the GEF does. GEF is popular for three reasons: first, they leave the Bank alone. Second, GEF internalizes environmental costs that the bank should not have externalized. Third, GEF is flexible because it grants money – rather than lending it. GEF never tells the Bank to change behavior. GEF makes the Bank look good. I hope GEF goes from strength to strength.

Q: How adequately funded are programs like the GEF?

A: Every year they get more and more donations. As I say, now I think they're up to $6 billion, and they're still fairly young. So I can imagine they'll be up to $10 billion soon, and that would be half of the Bank's annual volume. If the Bank continues resisting environmental priorities, persists in externalizing costs of its loans that it should internalize, then the need for the GEF increases. Governments will give GEF more and more money. GEF mitigates some of the environmental damage financed by the Bank. The Bank likes this because it means business as usual, externalizing project environmental costs and laying the burden elsewhere. I welcome the day when the GEF or its equivalents invests more money in the caring for the earth than the Bank does in damaging the earth. Restoration of environmental damage will soon become the priority of development. How much better and more economic would a preventive approach be. We sure live in an imperfect world.

Q: The environmental group World Wildlife Fund recently warned in its annual "Living Planet" report that humans currently consume 20 percent more natural resources than the Earth can produce, that basically we're running up an ecological debt and we need to restore the balance between consumption of natural resources and the Earth's ability to renew them. How effective is the World Bank's role in working with various partners to help redress the ecological balance? And, is biodiversity conservation adequately mainstreamed in the Bank's portfolio, and how would you assess its use as a tool for poverty alleviation? A loaded question. Forgive me.

A: First, your quote is absolutely true, that the world is being run like a business in liquidation, spending the earth's inherited bank account. The earth is liquidating fast. A lot of that is irreversible. Economists feel that if you run out of one thing, it doesn't matter much because you can substitute something else. But environmentalists don't believe that. They believe that substitution certainly has a big role, for example, from copper wire to aluminum wire to fiber optics. That shows that there's a lot of substitutability for copper wire. But, on the other hand, there is not a lot of substitutability in clean water and clean air and biodiversity. Economists say, well, when did a creepy-crawly do something for you? But biodiversity is important; without it we'd be all dead.

So, on some of this non-substitutable, irreversible consumption, economists have yet to catch up. We call that issue sustainability, and since the Brundtland Commission popularized and forged worldwide international consensus on the need rapidly to adopt sustainability as one of the main goals of development, the World Bank agreed. Sustainability was in all the policy statements; it became a project goal and a policy goal. The Bank started to move towards sustainability. Unfortunately, in the last few years, the Bank seems to have stepped back from sustainability as a goal. The Bank published a book in 2004 called "Responsible Growth," as a global strategy document (see Annex 3). It didn't mention sustainability. It didn't define what 'responsible growth' meant either. It sounds as if the Bank is backing off the concept of sustainability, backsliding from the Millennium Goals and direct poverty reduction, and reverting to indirect trickle-down growth. The 2002-2003 WDR focused on sustainability and development, but declined to define sustainability. That suggests to me the Bank is not taking sustainability seriously.

Q: Okay. In your opinion, is biodiversity conservation adequately mainstreamed in the World Bank's portfolio?

A: In the GEF it is. The GEF is doing outstanding work in biodiversity conservation worldwide. However, they're only one player, and they can't possibly finance rectification of the Bank's damage to biodiversity. The Bank has to change as well, and GEF must be strengthened. The Bank does some biodiversity conservation. It redesigns projects so there's less damage, but the two soy loans in the Amazon forest that the Bank Group has invested in c.2000, and the big cattle-ranching loan in the Amazon forest that the Bank Group is now pushing both show that the Bank still hasn't mainstreamed biodiversity conservation.

Q: Well, how would you assess its use as a tool for poverty alleviation? And how should the Bank deal with that, in your opinion?

A: The relationship between biodiversity and poverty alleviation is very clear. The poor depend on biodiversity for their daily needs. The rich don't. Intact forests purify air and supply clean water. Free water from rivers and wells is the only source of water for poor people. Biodiversity supplies fuel wood, supplies housing materials, supplies medicinals, and supplies food in general – all free. But the moment the habitat is chopped down, then the poor die or move to the local slums. So biodiversity for poor people is fundamentally important. By not conserving biodiversity, the Bank actually creates more poverty.

In fact, one of the high points -- I don't know whether you're coming to this in your questions -- one of the high points in my career was when the Millennium Development Goals were adopted, strongly pushed by Wolfensohn. I think adoption of the Millennium Goals, the main part of which is direct reduction of poverty, to me was the most thrilling moment of my career. I had nothing to do with it, but I certainly jumped on it and tried to promote it in all my endeavors. Direct poverty reduction -- nutrition, job creation, education, health – needs to be annually reaffirmed as <u>the</u> topmost priority of the Bank, rather than indirect and leaky trickle down from big extractive and infrastructure projects. Why should the Bank Group invest so much in gold mines? They impose severe impacts and few developmental benefits.

Q: Okay. The Bank's increasing reliance on partnerships, institutional, regional, global, to increase aid effectiveness has become an important activity, supplementing its lending and advisory work. In general, how do you see the Bank's greater emphasis on strengthening external partnerships between the public, private, and voluntary sector? And how did these partnerships during your time impact your endeavors? And what more needs to be done?

A: First, I think partnerships are good on their own; the Bank can no longer work unilaterally. In fact, it hasn't worked on its own for a long time, so I think the more partnerships, the better. Second, the Bank's partnerships are increasing in number and effectiveness. Partnerships are in general moving in the right direction. Third, strictly on the subset of environmental partnerships: Bank is so big and rich while most environmental partners are so small and poor that it's the elephant getting into bed with a gnat. The one overwhelms the other, and I hope that that's not happening in the case of the Bank partnership with World Wildlife Fund. World Wildlife used to be pretty strong and independent, and now since the Bank's partnership, World Wildlife Fund isn't as sharp and pro-conservation as it once was. Some people--I don't agree with them--say that the Bank has bought off World Wildlife Fund. I hope that's not correct. But that's the sort of danger of an unbalanced partnership.

Q: Moving on to the CDF, based on your experience, how effective an approach are the CDF principles--proposed in January '99 as the new way for the Bank to do its business--in terms of providing opportunities for progress toward poverty alleviation and sustainability beyond Bank involvement? You spoke of sustainability earlier.

A: Yes. Three comments on CDF: The first is that it did not affect my work much at all. Second, your question: Should there be more country ownership of the development agenda? The answer is clearly yes. But, on the other hand, the Bank has a lot of country experience, which should translate into firm leadership. Leadership is not something developing countries actively seek at the moment. But the Bank is a technical leader, or it should be, so there is a limit to how much ownership by individual countries there should be for Bank financing.

The third point about CDF is that it was written with zero mention of environment. The moment it came out, there was a big clamor, including by me, so the environment was rapidly retrofitted to the CDF. JDW summarily fired his lieutenant because of that. But even after environment was retrofitted, it didn't make much difference. From the country ownership point of view, it did recalibrate the balance more towards the country ownership, hence less forcing the Bank's development down developing countries' throats. That helped rectify the balance.

Q: In terms of sustainability, does it take care of sustainability?

A: CDF hasn't much to do with sustainability. As I remember, it was scarcely mentioned, much less defined or made a goal. The WDR on sustainability didn't define it, although I had inserted it in the environmental assessment policy some years earlier. Herman Daly got sustainability on to the Bank's agenda, so the Bank owes him a great debt. Later, John O'Connor took over sustainability but diverted it into the red herring of so-called 'genuine savings', where it languishes to this day. Herman retired before he got the bank to agree on what sustainability should be or how to measure it. So sustainability, I'd say, has little to do with CDF. As mentioned, the Bank seems to be backing off sustainability and direct poverty reduction as development goals, and reverting to trickle-down growth.

Q: Moving on to decentralization at the Bank, the Bank decentralized under the Strategic Compact implemented in '97, with almost one-third of its total workforce in field offices. Based on your experience again, how well has decentralization worked in bringing the Bank closer to its clients and in promoting greater policy dialogue?

A: JDW's two initiatives, the Strategic Compact of about 1996, and the Comprehensive Development Framework (c.1999), and both passed largely over my head. I scanned both for any messages on environment and sustainability, but neither one was very encouraging, so I can't say either one influenced environment greatly. I had heard that JDW had summarily dismissed a colleague with whom I had enjoyed working many years earlier on Brazil's Carajas Iron mine, because she replied to him that he had not let her integrate environment into CDF or the SC. A sad loss of much talent unnecessarily. JDW's initiative that impacted me most was SAP, a new fangled accounting system that was foisted on us full of mistakes, user-hostile, with no phase-in and no support. Of course, we had all lost secretarial support before that. Bankwide productivity must have taken a big dip for months and months. By the time they had retrofitted SAP for Bank use and added help-lines, I was a dozen travel accounts overdue.

If CDF helped pave the way to later accepting the Millennial Goals, then it would have been well worth it. Some colleagues were sent to Harvard to be re-focused on development which was odd as Harvard has never led on environment nor on sustainability. Others lived in villages for a week. I attended a lecture by a lady who had just returned from a week in Bangladesh shocked that there had been no in-house running water nor electric lights, so I guess the village stays benefited some.

I can't speak on decentralization’s non-environmental features. Some in-country departments have their own environmental team or at least one token environmentalist who's probably got a lot of other duties. Frankly, that is not enough. It's a start, but more tokenism than substantive as yet.

The second point is that environmental specialists in-country are isolated and weak. They don’t have a critical mass of colleagues. They are controlled by a country manager who pays the specialist and leads their performance reviews. The country manager may not appreciate environmental caution as much as advice to forge ahead by the rest of the country department. Co-location (nominally a member of the central environmental unit, but posted in a country department) reduces the performance review and bolsters the in-country specialist in their lonely post. Country managers dislike such arrangements as they want total control over all their in-country staff. The in-country enviro may often be overly swayed by the national government. Some people may call that a good thing, but means that in-country enviros cannot be strong environmental envelope-pushers.

Q: Are environmental specialists efficiently decentralized in the field to harness local knowledge and routinize the participation of relevant stakeholders?

A: I'd say not. There are some excellent environmentalists in a few country departments. What makes them good is that they ask for a back-up from headquarters, and they need it. But if they don't feel they need it, then they probably are not doing a good job. Most, if not all, country departments have their own NGO officer; that helps a lot. Because NGO officers in-country are more numerous than environmental officers in-country, the NGO participation and stakeholder involvement is actually going better than the strictly environmental. The two are related, but the NGO people are doing a good job. Country knowledge is important and is neglected at one’s peril: China’s Western Region firestorm is a case in point. But environmental concerns are often raised by scientists who are mainly in OECD countries.

Q: In your opinion, how well received is the potential of social development and environment by local governments in general? And how might the Bank's decentralization efforts help redefine the relationship between states and societies?

A: Well, the big leverage is poverty reduction, and the Bank, under Wolfensohn, because it adopted the Millennium Goals, put poverty reduction as the top priority. That was a thrilling moment. The Bank and Wolfensohn really meant it. They really tried to operationalize direct poverty reduction, and to a great extent they succeeded. But, frankly, many of the Bank's borrowing countries don't accord as much importance to poverty reduction as the Bank did under Wolfensohn. So that is an area where the Bank needs to lead. It tries to do this by having the Poverty Reduction Strategy Paper (PRSP) drafted or "owned" by the developing country potential borrower. That has been reasonably successful, but poverty reduction is more important to the Bank than it is to many of our borrowing clients. That's where the Bank needs to push more. Now the Bank proposes to return to trickle-down economics, that is, backing off direct poverty reduction by health and nutrition and education, particularly early education, particularly girls education, and it's going back to the trickle-down economics of the 1960s, big dams, autobahns. The theory of trickle-down from infrastructure is that if the elite get more profits, some eventually will trickle down and make the poor less poor. But in actual fact, trickle-down is leaky and never did work effectively. Transparency International finds that infrastructure is the most corrupt of all sectors, even before arms trade and oil & gas. I pray that the Bank is not returning to trickle-down and away from direct poverty reduction.

Q: You've slightly touched on the next question, which is the contentious issue of big dams. Based on your extensive experience again in the social and environmental impact of big Bank-financed infrastructure projects, please discuss how adequately equipped is the Bank in handling large size and complex projects, in particular the contentious issue of big dams?

A: I would say inadequately equipped. The World Bank was heavily into big dams, to use your example. Partly due to my history, as I had worked on the world's biggest dams before joining the Bank, I was familiar with the environmental and social impact of dams. I drafted the Banks policy on the environmental and social impacts of dams and reservoirs mainly to prevent impacts on the poor. Things went from bad to worse, with the Bank financing terrible dams. Reluctantly, the Bank eventually came around to agree that things were bad in the hydro projects it was financing, and some were totally unacceptable. OED published an embarrassing review of the big dams debate. So we had a big international conference in Gland, Switzerland at IUCN's headquarters in 1997. That led directly to the creation of the World Commission on Dams. I helped set it up in Cape Town. Minister Kader Asmal and Achim Steiner offered me the job to strengthen them full time. It may have been my mistake that I couldn't accept their offer, but I helped start them up strongly and steered them in a prudent direction for the first couple of years.

Q: What, in your opinion, needs now to be done by the Bank?

A: The Bank needs to adopt a reliable policy on big dams and on involuntary displacement. The best policy is found in the World Dams Commission's report, but the Bank rejected it.

Q: Wasn't that in April '97?

A: A bit later. The World Commission on Dams produced an excellent report entitled, "*Dams and Development: A New Framework for Decision Making*" launched under the patronage of Nelson Mandela in November 2000. If followed, it would have made dams uncontentious. Unfortunately, the Bank rejected the report of the Commission, and almost vilified the World Dams Commission staff. John Briscoe, one of the Bank's most strident environmental skeptics, promoted big dams over renewable energy and natural gas. Prudently, the Bank had already stopped financing big dams before the WCD was created. It was silly for the Bank to reject the Dams Commission's report and to say the Bank is not going to follow it. During the decade preceding the Dams Commission, the Bank had not financed a single dam. But now the Bank seems to be reinvesting in big dams. The Bank is now less equipped to finance the complex big dams than it was, say, 15 years ago.

The Bank refuses to adopt a policy that displaced people have to be modestly better off after they are displaced by the reservoir. That is partly why dams make people poorer according to OEDs own research. That was a long struggle between odd protagonists: Ted Scudder, me, most enviros and most non-bank social scientists on the one hand, against Gloria Davis and many of the Bank's social scientists on the other. Mike Cernea also came around to our position. Mike greatly improved the policy for oustees in his involuntary resettlement policy of the early '80s: Oustees must be 'no worse off' after their move. That was vast progress for those early days. Before his policy, oustees were commonly evicted by the army or bulldozed out. But the "no worse off" target was never met -- according to the thorough Bank review of 1996. 'No worse off' means stagnation at best, not development. Gloria felt that if one could not meet the lowest goal, why raise the goal? The aim should certainly have been set higher. I still feel that the poor evicted by dams must be made at least somewhat better off in the crass material sense of better housing, water, schools, clinics, roads and so on than they were before being kicked out by the reservoir. If not, displacement means impoverishment; reservoirs are allowed to create mass immiseration. Now that the bank has rejected the World Dams Commission, which was the best advice on how to build good dams, the Bank has put itself into an ignoble position.

Q: Your concern with environmental matters extended to efforts within the World Bank itself. Please discuss your input in greening the World Bank Group?

A: GSD started greening Bank HQ early on. The Staff Association's Greening Committee doesn't claim any records of starting the movement because GSD had already converted all Bank buildings in downtown DC from incandescent lighting to fluorescents early on. GSD overhauled the heating and cooling systems to be more efficient. Water was conserved. The Staff Association led on greening the World Bank's physical plant, and in the mid-nineties, they elected me Chair of the Greening Committee. We had great fun with a small group of volunteers who worked closely with GSD to accelerate greening the Bank. One of the first things the committee did was to get an outside consultant, agreed by GSD, agreed by the Bank, Amory Lovins, to undertake an environmental audit of the Bank as a whole. Amory is the founder of the world's leading energy and environmental audit firm, in Colorado. He did a thorough audit of the Bank's physical plant. He's done it for 20 U.S. Government departments and 50 multinational corporations. He's the best in the world. The result of his audit, we found that the Bank's greening priorities should be twofold. This was a real surprise to GSD. The first was that subsidized car parking was causing a huge footprint in the Washington area. Subsidized parking encouraged people to drive automobiles, while discouraging those who wanted to use Metro and mass transit. Parking subsidies also discouraged bicyclists and pedestrians. The audit concluded that rescinding parking subsidies is the biggest priority. The audit found that the second priority was closely related, and that was the Bank should encourage staff to commute by mass transit or bicycles or walk, if they could. There was a furor over that because people love their free parking -- not quite free, but substantially below commercial parking rates.

The Greening Committee chipped away at parking subsidies, but it was a challenge. A lot of people were against us, including the then head of the Staff Association. But slowly, one by one, they came around. We were very patient, persistent and tenacious, and we wouldn't take no for an answer. As a result, the Bank is slowly reducing its parking subsidies, thus raising car parking rates, both inside Bank buildings and in Bank-affiliated car parks outside, so that they're beginning to match commercial rates. That encourages more people to use mass transit.

The other thing the Bank has commendably done is to adopt Metrocheck on a pilot scale, thanks to my successor Jeff Anhang of IFC. Jeff, now Chair of the Greening Committee, managed to persuade the Bank to adopt Metrocheck. Metrocheck should now be expanded to every staff member who wants to avail themselves of this method of helping the environment in the area in which they live.

The third achievement was also a success. Again, it took a lot of fighting, but GSD was authorized to build more lockers, more bicycle racks, and more showers for everyone who wants to bike or to run or to walk to work. Lack of showers, lockers and bike racks were the main constraints on bikers and walkers. The Bank's bikers are a formidable force. That progressed marvelously. There is now no waiting line for bike-racks or for lockers. But people are odd about lockers. I learned too much about lockers when I was on the Greening committee. People have a locker and they put their lock on, and then they don't commute by bicycle. They use it as a locker, not as a means to facilitate bike use. But the Bank can't take unused locks off. Then was the ruckus about bikers not cleaning the showers. Once every couple of years we had a flap about how dirty the showers were because people wouldn't pick up their towels. The fact is that the Bank made it easy to use your bicycle or to run to work, and that went very well. That was a big greening. And now you see that all the taps are automatic. There are no more incandescent light bulbs. Computers snooze if not used. Obsolete computers are donated or recycled properly. Even the soap is less pollutive, and the towels are from recycled waste.

We had a fruitful partnership with Marriott, later Sodhexo, concessionaire of the entire Bank's food services, cafeterias and so on. There was a wonderful lady there, Mrs. Margaret Clark. The moment we pointed out that there was an endangered species on the cafeteria menu--usually it was an exotic fish from the South Pacific-- Mrs. Clark would ensure that never again would Marriott offer it. She merits major recognition. Some of our greening improvements were a hoot: the toasting machine which was on all the time during the breakfast hours. We campaigned for it to be turned on only when people want to make toast. Another oddity was phasing out of disposable chopsticks. I didn't think it was our top priority, but--

Q: But environmentally it is.

A: Yes, for some people it's really important and responsible for loss of tropical forest loss. Anyway, we changed that, too. Mrs. Clark was fabulous. She became the head manager of all Marriott's food contracts with the World Bank, a most effective person and very cooperative.

Q: Okay. Moving on to the Extractive Industries Review, you continued to be greatly involved in environmental matters after retiring from the Bank in September of 2001. Not so long ago you served as the independent environmental commissioner to the Extractive Industries Review (EIR), a World Mining Commissioner for the 2002 UN Summit on Sustainable Development, advising the EIR Chairman. In your opinion, how well defined is the role of the World Bank in the extractive industries sector? And how consistent is it with the Bank's overall objective for achieving poverty alleviation through sustainable development?

A: The Bank's role in extractive industries is stark. It creates more poverty than it alleviates. The extractive industries are the prototypical example of discredited trickle-down theory. Typically--and this is a caricature or generalization--the Bank helps a foreign mining company come into a developing country with very weak environmental and social regulations, weakened governments in general, gutted labor laws, absent health and safety standards. The company opens a mine and pays royalties and taxes to the government. The Bank hopes that some of these taxes and royalties to the government eventually trickle-down to reduce poverty.

However, it doesn't work that way. Trickle-down development, as I've said, is leaky and extremely inefficient. Frankly it does not work adequately to reduce poverty. On the contrary, the direct poverty-creating aspects of mining and extractive industries in general is unacceptable, and unfortunately the

Bank, after 24 months of roller-coaster EIR work by Emil Salim and his tiny EIR Secretariat, we produced an extremely good report. It would have been tremendously effective in improving extractive resources projects. But, just like the World Commission on Dams, the Bank more or less rejected our Extractive Industries report. Emil Salim was so persuasive that every time we went to see Wolfensohn, Wolfensohn said, Oh, well, we'll take another look and I promise I'll do what I can. In fact, the anti-environmental lobby critiqued our report so we went to seek Wolfensohn's take. He claimed he had not read the critique and told his colleagues that the critique should be withdrawn, which it was – for a few weeks. By then, the hard-liners skeptical of social and environmental precautions persuaded Wolfensohn the other way. Just as the Bank rejected the World Commission of Dams, it did not accept the Extractive Industries Review either. In fact, one of our main recommendations was to keep the *de facto* moratorium on coal. They're actually going backwards and financing their first coal mine for some years in Mozambique, Mozal it's called. So the Bank is regressing in some respects.

One of the good things about the Bank and the Extractive Industries Review is that the Extractive Industries Review, particularly Emil Salim himself, was spurred by social injustice in general, as with me. Social injustice is the main spur goading most environmentalists to do more for the poor and their environment on which they depend. Emil Salim recommended that the World Bank adopt a human rights policy, and we pointed out that IFC adopted two human rights policies, one against slavery and one against extreme forms of child labor. IFC adopted them going on ten years ago, but the Bank refused to adopt them. Human Rights in the UN Family are managed and fostered by ILO. ILO colleagues come and see Wolfensohn or whoever the President is at least once a year, every year. They ask Bank to adopt some of the core labor standards, just as IFC had done. However, the Bank always invents implacable reasons as to why it can't adopt at least these two standards that IFC has been living with quite successfully for ten years.

Then there was a welcome change. Peter Woicke, a fabulous leader, also outraged by social injustice, said, "Yes. We really do need a human rights policy." He actually got, I think, a Danish lawyer who had specialized in human rights for a long time to draft, at least for IFC, a human rights policy. And I guess that was circulated. I never saw it. During the EIR's 24 months, Peter Woicke used to come see us several times a year and he said, "We need a human rights policy, please push us in that direction." He repeated that in recorded interviews, even in the Financial Times and other places: "IFC is going to adopt a human rights policy".

When we, the EIR team under Emil Salim, pointed out this glaring inconsistency, whether it was embarrassed or not, the bank tasked Managing Diector Mamphela Ramphele to take up human rights. Mamphela then hired Alfredo Sfeir-Younis to draft a human rights policy, strategy or guidance paper. That combination of Mamphela, Peter Woicke, and Alfredo looked as if it was going in the right direction. But, unfortunately, Peter Woicke retired in 2001. Former Vice-Chancellor of the University of Cape Town, physician and anthropologist Mamphela entered the Bank in 2000 and left c.2004. Alfredo retired soon thereafter. Now it looks as if the human rights policy process, which was once becoming a reality, may have faltered. That's not encouraging.

Q: Well, in your opinion, what needs to be done at this juncture?

A: First, specifically on Human Rights, the Bank needs to adopt most or all of ILOs Core Labor Standards promptly. Then it should publicly announce that it is drafting a Human Rights Policy, appoint the most effective person it can find to lead, empower a drafting team including experienced outsiders, and come up with an agreed policy within a year. Mary Robinson kept urging JDW to no avail; so did Amartya Sen. I hear VP and Chief Counsel Roberto Daniño produced a Human Rights Board paper precisely along these lines just before he retired.

Second, the Bank needs to stop weakening its social and environmental policies. On the contrary, the Bank needs to keep its policies up-to-date and commensurate with environmental and social needs in its member countries. The Bank's Mining Department financed weakening of mining codes in about 70 countries. This was the biggest shock during my EIR work. The Bank invested a lot of money in helping countries to revise their mining codes. The new mining codes are all similar. They banned trade unions. They banned joint labor negotiations. They weakened social protections. They weakened the right to strike. They banned freedom of expression and hampered freedom of assembly. They are totally unbalanced: sharply anti-labor, far too industry-friendly. In governments which are very weak or which lack adequate governance, extractive industries run wild. They scarcely have to obey any social and environmental precautions. This is part of the well-known ‘resource curse’ and ‘the curse of oil’. The Bank has actively tried to weaken what few social and environmental bits of legislation existed. That blot on the Bank's character needs to be rectified immediately.

Q: How would you assess the Bank's coordination and collaboration efforts with the UN, other multilateral and bilateral aid agencies?

A: On environment? Reasonable. Could it be improved? Definitely. But on the environment, the UN is weak. UNEP is shamefully under-funded. The UN Commission on Sustainable Development is a huge disappointment, and has failed to live up to its Brundtland Commission’s origins. Few of the other UN members care much for the environment. Some -- particularly the WTO -- is hostile to the environment. The exception is ILO which leads on labor standards. The Bank should say, of course, all its work, particularly projects and lending, will fully comply with all environmental treaties and UN protocols. But it doesn't; backsliding occurs. It was a shock when IFC's draft policy revision came out recently. The clause in the safeguard policies which used to say the Bank will respect international environmental treaties had been dropped. I hope it will be reinstated, and will not presage a trend. But, yes, the Bank cooperates reasonably on environmental treaties, although there's much room for improvement.

Q: And how effective is the Bank's coordination and collaboration with the IMF? And how unified are their ideologies?

A: I used to spend a little time each year trying to get the IMF to do something about the worst social impacts of their operations because there is often more bloodshed in IMF-created bread-lines than in Bank projects. IMF should have internalized social impacts before the World Bank. But they didn't. Still they refuse to. I used to meet the IMF people who had had ‘environment and social’ added to their job descriptions. They had never appointed a social scientist, nor an enviro. Usually, environment was the last on the list of the duties of one person in IMF, who changed quite frequently. Then a wonderful lady, Caroline Robb, one of the best social scientists in the Bank, who also successfully focused on poverty reduction, was hired by IMF as their first-ever social specialist. Caroline was a life-time specialist on Africa, although she was placed in IMF’s Asia department. Anyway, it was a start. Since then she has showed the IMF that social impacts should be reduced, particularly bloodshed and violence.

She's a most effective lady; we need to clone her. On the environment, as far as I know--and I'm three years out of date, I don't think IMF ever did much. Caroline recently returned to the Bank.

Q: During your time.

A: During my time? Little substantive. Not even during my campaign on greening the national accounts. Stan Fischer occasionally showed some interest in depletable resources, at least while he was in the Bank before he moved over to IMF. IMF's Ved Gandhi occasionally was interested in greening the system of national accounts. He edited IMF's proceedings of a 1992 meeting on macroeconomic adjustment and environment. Vito Tanzi and Johnathan Levin also were interested in the environmental impacts of macroeconomic changes.

The main progress was that my dear friend Salah El Serafy, one of the best economists in the Bank, developed a profound interest in environment and macroeconomics. When I was working to strengthen links between UNEP and the bank with another great friend, Yusuf Ahmad, we held a series of conferences throughout the 1980s on Greening the UN System of National Accounts at which Salah contributed mightily. This eventually led to a revamping of SNA, the System of National Accounts.

Salah had earned his Oxford doctorate under Nobelist Sir John Hicks, so was familiar with "Hicksian income". Salah spent many years grappling with oil economics because the bank counted depletion as costless, leading to overestimation of rates of return, thus to overinvestment in the extractive sectors. Salah elucidated an elegant and parsimonious means of separating receipts from oil extraction into two streams, Hicksian income, and the remainder -- which has to be reinvested. This later became the basis for his world leadership in devising "Serafian quasi-sustainability of non-renewable resources", a major contribution to the important concept of environmental sustainability.

Just to conclude the topic of Greening National Accounts. Under Salah's and Herman's leadership, in strong alliance with UNEP and like minded economists, this Greening campaign continued at least until my retirement. My purpose in this campaign was to persuade the Bank to improve SNA in order to account for depletion and the use of the world's waste assimilation services, to quantify environmental sustainability, and eventually to calculate sustainable national income for all borrowing members. I decided to give the campaign a shot in the arm instead of succumbing to conventional retirement farewell activities. The Bank's Chief Economist Joe Stiglitz had just been "let go" from the Bank and immediately was awarded the Nobel Prize. He graciously agreed to boost our Greening of National Accounts campaign at a workshop I organized to launch my friend Roefie Hueting's "Valuation of the Environment" book.[13] Roefie had participated influentially in all our Greening National Accounts workshops that Jusuf Ahmad and I had organized between UNEP and the Bank from the early 1980s first in Geneva, then elsewhere, with this the last one (for me) in Washington DC. Roefie had contributed greatly by calculating national sustainable income for the Netherlands, the first nation in the world to be so treated and with surprising results.

Then came the "9/11", 2001 bombings. I was meeting with Monsanto's enviro at a sidewalk café near the Bank when we heard the plane crashing into the Pentagon, although we didn't know what it was at

[13] *Economic Growth and Valuation of the Environment*. Edited by Ekko van Ierland, Jan van der Straaten and Herman Vollebergh 2001, Cheltenham UK., Edward Elgar 297 p.

the time. As a result, building security was slammed so tight that my retirement celebration workshop slated for the next week could not be held on Bank premises on my day of retirement, 1st. October 2001. Instead Joris Vos, the Netherlands Ambassador, always helpful with environmental priorities, generously invited us to put it on in his Embassy. The admirable Minister Jan Pronk, whom I had known since his valuable work on the Brundtland Commission, chaired the event. Joe Stiglitz and Bank VP Ian Johnson spoke; Roefie was the star turn. That was a big step forward for Greening the National Accounts.

Q: How successful, in your opinion, is the Bank in coordinating donor activities and in mobilizing resources for aid through consultative groups, consortia, aid agencies, etc.?

A: Well, I think it's very successful, but it hasn't much to do with the environment, so I don't follow it closely. GEF is the sole exception as it fundamentally promotes environmental conservation. CGIAR, on agriculture, I think is the biggest. It is getting better on environment and poverty. They have stopped pushing cattle ranching and are becoming more concerned with human nutrition for the poor. Occasionally a CG group gave me start-up money for some odd environmental need. The best time was when I needed a million dollars, which is not that much nowadays, to help start up a new Ministry of the Environment in Indonesia. The Bank said, absolutely not, why should we invest in a Ministry of the Environment? Not at all important. But I got the million dollars from the UNDP collaborative program, thanks to a wonderful colleague Mel Loewen. All I had to do was to fill in a long form, and there was Mel to push it through the red tape in a matter of days. I was startled. Suddenly this million dollar lump arrived to help Emil Salim with his first step of creating a really good Ministry of the Environment. After that I got another million, then more from the Government of Canada. When the Ministry was three years old, I asked the Government of Canada to come and see what their environmental investment looks like on the ground. They sent a couple of odd people. I showed them around, and within a month they'd promised $24 million. This is absolutely great. I catalyzed it. The ministry was off to a great start, and now it's going to get $24 million instead of $1 million a year. The Government of Canada genuinely wanted to foster this ministry. And so I moved out. We created 17 environment centers in that far-flung nation. Many Indonesians were trained in Canadian universities, and it made a huge difference. Big success; I was delighted with it.

Q: Knowledge sharing is at the core of the Bank's development assistance. As a key broker in an increasingly interrelated and interconnected world, what is your assessment of the Bank as a purveyor of global public goods? You've already spoken of the GEF.

A: I can't speak of public goods. Are they purveyed? The Bank needs to take account of global public goods which it did not used to do. Is this like the Carbon Dioxide Fund?

Q: Yes, one of them, and the AIDS Global Fund, and CGIAR and--

A: They're all commendable and they should go ahead, but I have little to do with them. There are several environmental funds--like the Carbon Trust Fund. I had a minor role in getting the Bank to be concerned with it. I said to the Bank, try to ease up on financing the dirty forms of energy like coal, and to a certain extent oil – leave them to the private sector. The Bank should emphasize financing gas and renewables. Bob Watson was environmental director in the mid-nineties. They more or less told me to butt out. So I then I strategized with the Chairman of the Federation of American Scientists, Jeremy Stone. A powerful renowned personality. We had a couple of planning lunches, and he said, “How can

I help?" I replied "Well, the main thing is get the Bank to internalize the cost of carbon dioxide disposal in their budget, just to put it in very non-emotional economic terms, but leave me out, because if they knew I was involved they will stop it." So the President of the Federation of American Scientists went to see Ismail Serageldin, Ian Johnson and others, and eventually the Bank said, yes, we'll do it. We're skeptical. The Bank said, before it started, "It's not going to make a difference". We don't think that if we calculate the costs of emitting carbon dioxide into the atmosphere it will make much difference to project selection or to fuel switching, but we'll try, because it comes from this very powerful President of the Federation of American Scientists". And bless them, they did it. They had a long weekend confab at Airlie House in Virginia; Jeremy Stone and Herman Daly were there. They recalculated a selection of energy projects with a modest shadow price for carbon dioxide release onto the cost-benefit. It became known as the "Back-Casting Exercise". They recalculated the B/C ratios internalizing the cost of CO_2 emissions at a low cost but above zero, such as $5/ton, then an intermediate cost per ton, then at a higher cost. After they'd done the Back-Casting Exercise, a very simple back-of-the-envelope calculation, they found, surprise, surprise, that it did make a big difference. That added pressure to ease up on coal and oil and accelerate gas and renewables, so in part led to the Extractive Industry Review some years later.

Bob Watson's team wrote an energy strategy paper called: "*Fuel for Thought*." It was so weak that the Board rejected it thrice, which was unprecedented. Eventually it was accepted, but then some other priority came along and it was forgotten. That's the fate of many strategy papers; they are voluntary, not mandatory, so most don't make much of a difference. The same fate befell the "Environmental Strategy" that Kristalina Georgieva bet all her chips on. Then the EIR came along and said very much the same thing, phase out of coal, internalize greenhouse emission costs, and accelerate gas and renewables, but the Bank still said no.

Returning to your partnerships question, the Bank's Forest partnership was mixed. Most Bank foresters were somewhat hostile to environmental precautions or skeptical at best. By far the best was Horst Wagner who cooperated fully on environmental prudence and promoted tree plantations. Tragically he was struck by a truck and was severely wounded for months, eventually having to leave the Bank on medical grounds. John Spears and Chip Rowe, mentioned above, represented to other extreme: 'never plant a tree until there are no more natural forests to log out'.

In 1989, Mike Jenkins managed to get a big MacArthur grant to explore the fascinating topic of the meaning of sustainability as applied to forests. The Forests Partnership gave him a perch inside the Bank to write his book[14]. Lamentably, sustainability was relegated to only one chapter, written by someone other than the book authors, and entirely missing the point. The Forest Partnership with WWF was led in the Bank by Bill Douglas and Dave Cassells, both Australian loggers. The latter pretended to be a green, but caused a flap from his time in Guyana in the Iwokrama Project which fizzled. Cassells led the struggle by the partnership to rescind the Bank's tropical forest logging ban, in which he prevailed (I had retired just beforehand). Glee was short-lived however when much of the Democratic Republic of the Congo was slated to be logged, the Pygmies revolted, so the Bank's loggers had to publicly admit to 'terminological inexactitudes'. Enough persiflage for that topic.

Q: Basically that knowledge sharing today is at the core of the Bank's development assistance.

---

[14] Michael B. Jenkins and Emily T. Smith, 1999. *The business of sustainable forestry: strategies for an industry in transition*. Washington DC., Island Press 356 p.

A: The Bank is not yet a learning institution. It's not a fountain of knowledge. I would say the Bank staff needs to learn more, listen more, and to read more, and not exclusively Bank sources. It should get out into the real world more. The main reason the China Western Region project became the Bank's fiercest controversy was that Bank staff had not done background reading or background listening. They went in and said, “Oh, we've done this land settlement stuff many times in Indonesia, Brazil, and many other places, totally routine.” They had also done it many times in China, and so this is the same old routine, just a standard project.

In fact, they did say it was a standard project. They classified it as Category B in the environmental assessment. That means run-of-the-mill. No need for thorough environmental assessment. That's what caused the controversy. Had they just talked to a few people--they didn't even need to leave Washington--or read a little about the geographic and political context of that project area, they would have learned that they were standing on a minefield, and they could have avoided very expensive anguish that tarnished the Bank’s reputation. It's going to be difficult to earn that reputation back. The Inspection Panel later corroborated the near total lack of social and environmental prudence by the Bank team. So did the visionary Beijing office leader, Pieter Bottelier.

Q: Well, speaking of Bank staff learning, what do you think of the systematic learning of lessons in the Bank?

A: Oh, the World Bank Institute? WBI? The WBI is improving. It used to train only Bank staff. Then it used to train borrowers. Now it's actually branching out, and it's becoming more effective. I think they're doing a good job, and that sort of knowledge sharing is important. On environment, WBI historically has been weak. I hope they have rectified that. When they asked me to give a mini-course or a few lectures from time to time I asked to meet their environmental person or unit, but they never had a single enviro. I feel that if you know what you're looking for, you can get more off the internet in one morning than you can from a couple days' lecture from the World Bank Institute. But I guess the fact is that our developing country counterparts until recently did not have access to Google like we do, and they don't know the questions to ask. Showing how to access information and what questions to ask, that is more important than actually sharing information.

Q: What about the learning of lessons?

A: Oh, the Bank scarcely learns lessons. Very difficult for the Bank to change.

Q: Is it the nature of the organizational culture?

A: Partly, Yes. Any lesson which says don't do it the way you're doing it, do it differently, is automatically almost invariably rejected. Sometimes the Bank’s lesson-learner, OED, also fails to learn. OEDs review of big dams for example was shot down in flames the moment it was released. The World Dams Commission did a great job. They had all the top experts, from the hydro industry to engineers to infrastructure specialists, to sociologists to enviros. They came up with a great menu of how to avoid the worst impacts of hydro projects. The Bank knew much less than the World Dams Commission, and the World Bank said no and rejected three years and $5 million worth of distilled expertise.

The EIR was similar. The Bank paid for an expensive process. They got a most useful report. They rejected it. They accepted some on human rights, but as we've discussed, those seem to be backsliding.

Q: As an input in policy formulation, how do the lessons learned……?

A: Scarcely at all. The era of environmental and social policy seems to have petered out. There was a heyday when the safeguard policies one by one were compiled and new policies, as needed, were cooked up and sold within the Bank and finally adopted by the Bank. Old policies were updated as needed. You had manuals, sourcebooks, training and all that good stuff. But that ended in the mid-nineties, and since the mid-nineties there's been no new policy, practically none--well, participation, disclosure, those are new. But strictly on environmental and social impacts, no new policies have been adopted since the mid-nineties. So the policy aspect of the World Bank has actually halted for the last ten years on environmental matters and social. And, in fact, I think that there is a suggestion that the Bank is going to rescind the safeguard policies. They don't say that so clearly, but they say where a country's environmental and social policies are adequate--judged by whom or what criteria is not yet known--but where the country policies are okay, they should be followed and not the Bank's safeguard policies. This could be the start of a trend to get out of all the safeguards. I hope it's not. I think the safeguards should be revised, strengthened commensurate with the weakening of global environmental quality, and new ones added as a new need arises. A few years ago, no one thought that we'd need a global policy like the Kyoto Protocol. Now we've got it. Let's update it and implement it rather than undermining it. But the Bank reverts to coal burning instead.

Q: How would you assess the Bank's various mechanisms for evaluating and measuring the results of its work in terms of contribution to quality and effectiveness? We have, as an example, OED, the Inspection Panel, and the Quality Assurance Group? And I know that you're currently consulting for the Inspection Panel.

A: Well, the Inspection Panel is an interesting outfit. I had a tiny hand in its creation because I was involved in India's notorious Narmada program, which caused so much damage. John Clark, Ted Scudder, Scott Guggenheim and I persisted in our claim that Narmada was a disaster and would worsen. The Asia Region, David Hopper, Joe Wood, Ann Hamilton, Pam Cox and others supplied the counter view that all was well, maybe not perfect but improving. These two conflicting views eventually led President Conable to ask for an independent view which became the Morse Commission. That in turn led to the Inspection Panel. Although the Bank has long been totally out of Narmada for some years, if you read Arundhati Roy's *"The Road to Harsud"* about 2004, it shows that people are still even now being brutalized and killed. There's a lot of violence and bloodshed, shifting people out of the way of the reservoirs. I had designed a pragmatic environmental and social assessment outline (many Indigenous People would be affected) specifically for the Narmada projects with the governments of Gujurat, Madhya Pradesh and Maharashtra in the late 1980s. Although I was commended in the aftermath by Hans Wyss (see also: Narmada's Wyss report 1993), the Bank halted my further involvement as it did for one of the world's leading resettlement experts, Ted Scudder and others, so no EA ever got compiled. That was one of the spurs for me to persuade the Bank to make EA mandatory, which it did, much later. John Clark of Oxfam led the pressure to stop the injustice and damage. He later joined the Bank and successfully mandated NGO involvement.

Coal India is an even better example. Coal India has caused more bloodshed and violence against the poor and the vulnerable ethnic minorities than possibly any other Bank project.

Q: Do you want to tell us a little bit about Coal India?

A: Sure. Coal India used to be a government entity and now it's partly privatized or it's a QUANGO, quasi-governmental--it's a huge bureaucracy. They run the railroads. They have dozens of coal mines. The coal is 50-percent gravel. Although it doesn't have high sulfur, because millions and millions of tons of coal are burned there are tons of sulfur dioxide emitted, which kills forests and sickens people. And there's a lot of subsidence--in other words, the ground under villages suddenly cracks, like an earthquake, and the houses fall down, as they're made of sticks and mud. But the Coal India bureaucracy refused to prevent it, and they are very reluctant to help the people impacted by Coal India's projects that the Bank has financed. Coal India fiercely disputes every single minor claim of damage from the poor. The Bank tried to do something about it. They designed a project in the late '90s focusing only on environmental and social rectification of egregious errors by Coal India or NTPC. Even that environmental and social rectification project went so badly wrong that there was a complaint to the Inspection Panel. The findings of the Inspection Panel were so controversial that it was suppressed, at least for a while. Even today the impacted people still have physical force used against them in order to get them out of the way of mining needs: beatings, torture, rape, bloodshed, arbitrary arrests, and intimidation. Totally outrageous.

The Inspection Panel is one avenue to redress these social wrongs. They do a great job. I think the Inspection Panel is a source of learning for the Bank to do better. I'm sorry that the Bank has seen fit to make their relationship with the Inspection Panel on occasion adversarial. It shouldn't be. It should be totally cooperative. The Bank should value the Inspection Panel. Yes, I have a minor relationship with the Inspection Panel. If you look at the website, Colombia’s Cartagena sewage project, which the complaint says that it impacts a vulnerable ethnic minority called Afro-Colombians, descendants of escaped slaves, which I think should come under the rubric of the indigenous peoples policy. Now I’m embroiled in the Inspection Panel’s work in Pakistan’s Indus Delta. I think the Panel should be used and relied on much more by the Bank, rather than having a fight over every single finding as Andrew Steer did on China Western Region.

Q: What about OED, the Operations Evaluation Department?

A: On the environment, they're ok. Now Vinod Thomas has taken over, we can expect leadership on environmental and social concerns. But in the World Bank, first, not many people ever read even the summary of OED findings. OED doesn’t yet have a strong environmental and social unit. The Bank could save a lot of money and grief by reading and internalizing the lessons of OED findings. But instead the Bank often disputes OED. It's not healthy and it's a waste of time and money. Not a learning experience. People have stronger incentives to learn from the Inspection Panel than they do from OED.

Q: Okay. Based again on your extensive work experience on environmental issues and from your current vantage point of the insider looking in, how would you assess the Bank's overall performance so far in promoting environmental sustainability? Specifically, what do results show on the ground in terms of reversing the harmful environmental trends?

A: The 1987 UN Brundtland Commission report was one of the few international reports which focused largely on the environment that the Bank didn't reject. That was a exhilarating time for us. The Bank, on the contrary, adopted the goal of sustainability, fairly officially, and when I was writing some of my policies, I was allowed to put in "Thou shalt be sustainable." And, in fact, in one of them, I inserted the 'sources and sinks' definition of sustainability, Herman Daly's definition. The Bank went ahead with sustainability, and a Vice Presidency was created for environmentally sustainable development (prodded by an IDA replenishment). It was a wonderful time. I was delighted that the Bank was moving ahead so fast on adopting sustainability as one of their top priorities, particularly under Ismail Serageldin. Ismail wrote a lot about sustainability, and listened to Herman Daly. But then Ismail retired and Herman went to academia: sustainability faltered. The 1992 WDR on environment had set back environment to pre-Brundtland levels.   One decade later, the Bank produced a WDR on "Sustainability". It was eventually called: "Sustainable Development" in 2003.

Then Nick Stern came. He was the new Chief Economist and Vice President; sustainability was not his biggest strength. He decided instead that the WDR is going to be on a hodgepodge of relatively modest topics. Courageously, the Bank, Ian Johnson and others, fought him and said, No, we've decided it's going to be on sustainable development.

Unfortunately, the WDR comes under the Chief Economist and Vice President, and although Nick Stern was new, he was very forceful. So there was a compromise. Nick Stern was overruled, so the WDR would indeed be on sustainable development. But the compromise for overruling Nick Stern was that the two people who were going to write it, namely, a wonderful person who's just moved from Brazil to head up the OED, Vinod Thomas. He had worked many years ago near São Paulo, where he did a tremendous service for Brazilians. He discovered that an awful birth defect called anencephaly is tightly correlated with specific industrial air pollution. It means that an increasing number of babies were born with chunks of their brain missing. Vinod Thomas traced it back to specific chemicals polluting São Paulo and Cubatão Brazil. He very effectively marshaled a lot of money to clean up the pollution of this particular chemical causing anencephaly, as well as the whole of the city of São Paulo, over ten years. He was by far the main force behind that whole clean-up, saving many lives. After Vinod teased out cause and effect, Brazil about-faced on environment. From the UN Stockholm Earth Summit in 1992, Brazil said "Give us your pollution; it is a sign of industrialization and progress. As soon as Cubatão became known as the 'world capital of anencephaly', Brazil became more reasonable on pollution and environment in general. Partly because of anencephaly, a close friend, Paulo Noguiera Neto was appointed Brazil's first environmental secretary. We collaborated from then on as I was just starting in the Bank at the time. The leader of Brazil's delegation to Stockholm, Army General José Costa Cavalcanti had his first brush with environmental issues. He later became President of Eletrobras when I got to know him and his Canadian wife. I completed most of the early environmental and social analyses for Eletrobras, especially its hydroprojects and had to walk Costa Cavalcanti through the main findings each time. Then we worked together again when he was President of Itaipu Binacional, then the world's biggest hydroproject, while I did their first social and environmental report.

Anyway, Vinod Thomas was nominated to lead the team to write the sustainability WDR, and you couldn't have a better person. He got another visionary person to co-lead with him, Jed Shilling. Jed Shilling was one of the best economists in the Bank at the time. He's retired. First, he was an excellent economist, not an orthodox, doctrinaire neoclassical. Second, he had married a world leading enviro, Jane Pratt, who ably led the Bank into the Rio Environmental Summit when she was in the Bank. She used to work closely with Ernie Stern, who *de facto* ran the Bank for years. She left the bank in 1994 to become President of The Mountain Institute, so Jed Shilling was also an inspired choice. Jed and Jane contributed a visionary background paper to the sustainability WDR. Vinod and Jed were appointed to lead the WDR on sustainability, but because Nick Stern was overruled, he said, Okay, you can overrule me on the sustainability topic, but the *quid pro quo* is going to be get rid of Vinod Thomas and Jed Shilling. Nick Stern put a transport economist in their place, who labored diligently and did more than should have been expected. Nick Stern then slashed the budget, and stringently curtailed WDR's schedule. The result is that the sustainable development WDR doesn't define sustainable and scarcely mentions the concept of sustainability. So the whole process was an expensive disappointment. As a result, sustainability is moribund in the Bank right now. Does that answer your question?

Q: Yes, it does. Well, specifically, what do results show on the ground in various countries in terms of environmental sustainability?

A: The Bank tried to do a lot on the sustainable WDR and failed. Now it seems to be backsliding on sustainability. The Bank is regressing to the trickle-down theory--and it's now called, responsible growth. The Bank published a book in 2004 called "Responsible Growth." That's the new environmental strategy, but it doesn't say what responsible growth is. If it says growth, it's backed off direct poverty reduction and reverted to indirect trickle-down economics. When I asked Ian Johnson after the book launch, because during would have been too embarrassing, he just said, "Oh, I'm sorry, we didn't define responsible growth," which is the title of the book. It doesn't mention sustainability. That suggests that the Bank is backing off sustainability and direct poverty reduction, and reverting back to infrastructure loans vainly hoping for some trickle-down to the poor.

Q: Okay. How successful, in your opinion, are governments in integrating economic growth with environmental responsibility and social equity?

A: Well, much the same as the Bank. A lot of rhetoric. Sustainability in the Bank is dying, but it is alive and well in the countries. They haven't let it be killed as readily as the Bank did. They are empowered or taking authority into their own hands in designing development projects which help them. So instead of actually exacerbating poverty, they're reducing poverty. That is a big element of sustainability, and that is becoming successful.

Q: So the role of the state is diminished in this context?

A: It is. But the state also doesn't stand in the way.

Q: In terms of the Bank's overall performance in promoting environmental sustainability, how should the Bank respond to its critics today?

A: The Bank is not pushing sustainability any longer. If the Bank Group can pursue cattle ranching and soybean production in the Amazon forest in 2004 and 2005, then it's clearly not taking environment as seriously as it used to. If the Bank now is going to re-emphasize coal energy rather than natural gas and renewables, then it's going backwards.

Q: Moving on to World Bank Presidents, how would you assess the various Presidents you served under in terms of leadership attributes and in spurring on and scaling up attention to the environmental and social dimensions of development?

A: I was far too low down the totem pole to know—

Q: Yes, but in terms of overall leadership?

A: McNamara, compared with the rest, was great from the point of view that you never had to look for money. If you were told to do something, there was no question that you would get more than adequate money, and instantly, as soon as it was needed, to do all of what you were asked to do. McNamara also treated us like the élite. We were supposed to be the best. We were supposed to know what needed to be done and how to do it. His role was to get us money and permission to get it done, and we did. Those were good times. You never had to raise funds. It was unthinkable that you'd have to raise funds. He created the Bank's environmental capabilities, such as they were and expected them to burgeon. His VP, Warren Baum, did not fully share McNamara's views on environment though, so kept us underfunded for several years. We managed to get UNEPs Director-General, Mostafa Tolba, to see VP Baum, but the meeting broke up after a few minutes. Baum told us never to bring Tolba to see him ever again.

Then came Clausen. He was either neutral, or somewhat hostile to the environment, and it was only when he had a big clash with the Chair of the U.S. Congress Appropriations Committee over an IDA replenishment did he change. We engineered a lunch for him to meet Prince Philip, then Chair of WWF. Soon after the soup, conversation deteriorated and the lunch broke up. Clausen retired soon thereafter. So that was my impression of Clausen. And then--

Q: Conable.

A: After the low point of Clausen, Conable blasted in having seen the environmental crisis from the US Congress' point of view. As soon as he came into the Bank, he made a huge policy speech in WRI, saying, "I'm going to completely revamp the environment, it's going to be central in the Bank." He fulfilled that pledge. Environment expanded enormously, the biggest expansion of environment the World Bank has ever achieved. It's never looked back since then. And he also--

Q: So he really spurred on the environment?

A: He galvanized and augmented environment several-fold, and he also signed most of the policies that I managed to get to his attention, notably environmental assessment. He was totally transparent on the Narmada crisis. He said, "Frankly, I don't know who to believe. I don't know whether to believe my own high-level staff, or to believe the outside criticism. I just do not know. Both sound so credible. Because I don't know, I'm going to appoint the Bank's first independent environmental commission." It was led by Brad Morse -- the Morse Commission. They scrutinized the Narmada controversy. They found that the Bank had erred in major ways, and there was a lot of bloodshed, indiscriminate violence, and total social injustice. Brad Morse's 1992 conclusion was the Bank has to step back and do a huge rethink. By then, Conable had gone. Conable started the Morse Commission, but he wasn't there when it reported. It was Lew Preston who actually received the report a year later.

Q: The Morse Report.

A: The Morse Report, that's right. But the trouble was that Preston was ailing by then, and his staff had given him a speech saying the opposite of what Morse had written in his report. When Preston read his speech having just received the report, Brad Morse was apoplectic. He had to rise from his deathbed and tell Preston that he had totally misrepresented his commission's report. Morse publicly urged Preston to retract his statement. Then Morse went back to his hospital bed, and died shortly thereafter. Despite a huge mission from the Bank in July, Pam Cox, Andrew Steer and Ernie Stern decided against the mission's topmost recommendation to suspend or cancel the loan. The VP for Asia, Joe Wood, also publicly refuted the Morse report for the Board. The US ED, Patrick Coady, accused the Bank of a 'cover-up'. Only when an admirable guy, Hans Wyss, came in did the fight abate. The Wyss Report was much more balanced, and found that essentially Morse was correct, the Bank wrong, and that the Bank must rectify its stance. The Vice President for Asia, Joe Woods, rotated or retired, and the Inspection Panel was promptly created, which was an enormous plus. Creation of the Inspection Panel was the biggest impact of the Narmada crisis on the Bank, except for the bloodshed and killing of the people.

Q: After Preston then came Wolfensohn and you've already covered a bit of Wolfensohn.

A: Wolfensohn: everyone has different views because he has many attributes. My view was wonderful. Yes, there is a lot to criticize, but I cannot criticize him because of one massive achievement. That was the Millennium Development Goals (MDGs). Even before the Millennial Goals were adopted, he said, "Direct poverty reduction is going to be my priority." Yes, they'd said that during McNamara's era, but it was more rhetorical. There were some policy measures, a little bit here and there, but it was basically trickle-down. Wolfensohn completely changed that. He promoted direct poverty reduction. He said what he meant by poverty reduction, direct poverty reduction, not trickle-down. He urged us to promote nutrition: "we don't want any more babies going hungry, no one is to go hungry". Preventive and maternal health would have a huge role. Health lending mushroomed under Wolfensohn. Education was ramped up. Direct poverty reduction, health, nutrition and education: all of that expanded enormously. He really meant it, and he translated the rhetoric of poverty reduction into meaningful, highly commendable results on the ground. That was the most empowering time for me at the Bank. The Bank should do more of it, and should back off trickle-down. That's my preaching. That's my view of Wolfensohn. Also, at least the few times I addressed it directly with him on the Extractive Industry Review, he wanted to adopt more of EIR's recommendations than his staff wanted him to adopt. No doubt about it. Emil Salim and I met Wolfensohn several times in small meetings, and he said, "Oh, this is terrible. Is that how my staff reacted? Oh, they did it without my approval. I had no idea the Bank had rejected EIR. I'll look into it, and I'll get back to you in a short time." And human rights, "Yes, we have to do more. It's going to be difficult to sell to the Board, but, yes, we have to do more on human rights." He instructed M.D. Mamphela Ramphele and IFC VP Peter Woicke to proceed on human rights.

I fear that when JDW retires in June 2005, the fundamental under-girding of development could be lost. I hope that direct poverty reduction will not be lost. He introduced it and made it meaningful. Wolfowitz will have to keep direct poverty reduction as a priority.

Q: Would you say he humanized development?

A: A smile on a child's face. Yes, he did. He humanized it because he prioritized direct poverty reduction, and the Millennial Goals. Direct poverty reduction should be the Bank's main goal by a long way, and trickle-down should be demoted.

Q: So what, in your opinion, are the essential attributes and criteria for an effective World Bank President? In other words, what should the major shareholders look for in Wolfensohn's successor?

A: Well, you're asking that question to an environmentalist. I've just sent a 25-page "Green Welcome" to Mr. Wolfowitz: "*How the World Bank should cut poverty and help make the world environmentally sustainable*". It was hand-carried to him on his first day in office on the 1st. June 2005. I'll leave a copy for you for the record. Nancy Birdsall and colleagues also wrote Wolfowitz on his first day in office by means of a pamphlet entitled: "*The Hardest Job in the World*".

From the environmental point of view, the President should actively promote all the environmental priorities that directly impact the poor. Environment and poverty reduction are so closely related that if you're serious about poverty reduction, you will do much more on the environment than the Bank has done to date. So, the most important attribute is a passionate conviction that direct poverty reduction is the number one goal of the World Bank by a long way. Nowhere in the top priorities is any trickle-down. That would be my preference. Despite JDW's genuine espousal of the Millennial Goals, he still pushed trickle-down. For example, in the few years before retirement, I strived hard to make Exxon's Chad-Cameroon Oil Pipeline project less damaging. The first step was to insinuate myself on to the team. That was hard because the introverted Bank team didn't want any 'outsiders' rocking their politically sensitive project, while I had a reputation for being one of the very few hardliners in the Bank on the Safeguard Policies. However, I drafted a paper on what the project needed to do in order to meet the Safeguard Policies, and the VP, Jean-Louis Sarbib, woke the team up by repeating that the project had to fully meet all relevant safeguard policies before he would approve it. That was an extremely unusual – and for me galvanizing -- statement for an operations manager. The Africa Environment Division Chief, Cynthia Cook, was not exactly leading vigorously on environmental priorities at the time, but eventually I was invited onto the team and started to do what I could with my dear colleagues Robert Robelus and Cyprian Fisiy, with our two IFC stalwarts, Ron Anderson[15] and Erik Brusberg. The most immediate need was to get the project out of its IDA grant mode, and into IBRD loan status. The biggest hurdle was Exxon itself. They were so secretive that they were not allowed to use e-mail at the time (1999-2000). Exxon had zero in-house environmental staff. They had commissioned a 17-volume environment and social assessment by an engineering corporation which was partly irrelevant, but was too late to revise. We failed to get the pipeline rerouted outside from the Bakola and Bagyeli (Pygmy) territories, although we managed to reroute it to avoid some sensitive biodiversity areas, and managed to get two new big National Parks gazetted by the President of Cameroon as compensatory offsets. Well before appraisal, when I had mentioned that the pipeline violated Bakola lands, JDW asked me why we

[15] Ron Anderson was IFC's first enviro. IFC didn't have a single enviro at the time they provoked a big crisis by investing in Chile's Biobio dams, against our explicit warnings in c.1993. In 1997, Jay Hair, the President of IUCN and ex-President of the National Wildlife Federation had been commissioned to investigate, which he did but IFC 'redacted' his report so ham-fistedly that the crisis intensified. About six years later, IFC relented and published Jay Hair's report. When IFC had to extricate itself from the controversy, Ron was hired to rectify matters, which he largely did. That project was a salutary learning experience for IFC. Afterwards, IFC started to accord more attention to the social and environmental impacts of their investments. Their high point came in 2003 when they had adopted the Bank's Safeguard Policies and managed to persuade the first ten big private and commercial banks also to espouse them at a time when they became called the Equator Principles. Equator Principles have now been adopted by more than 40 banks.

could not have a separate stand-alone Pygmy Protection Project of a couple of million dollars irrespective of the pipeline project. Unfortunately my colleagues responded that money was not the constraint, that absorptive capacity was too low, and that they were already protecting the Pygmies adequately etc etc so JDW's brilliant suggestion was let slip. What a lost opportunity.

Q: So if you were to characterize in terms of personal and professional attributes for Wolfensohn's successor, what should that person have?

A: A powerful conviction that direct poverty reduction is the number one goal.

Q: Yeah, apart from that? A good manager? A financier?

A: No, no, not a financier. Managerial, yes, in that the President has to be able to persuade staff to implement the top priority of direct poverty reduction. The President has to be aggressively managerial in that he has to turn the helm of the World Bank supertanker fast so that it really does go in the direction of direct poverty alleviation as soon as possible. Persuading 10,000 economists to change is not easy. Changing 10,000 confident economists needs managerial aggression. So far, most economists refuse to internalize external costs. They deny environment is fundamental. They prefer trickle-down over direct poverty reduction. Bank presidents have to be passionate enough and managerial enough to change the direction of the Bank.

Q: Okay. Moving on to, last but not least, personal reflections. Looking back at a career spanning almost 25 years, how unique is the World Bank's first ecologist?

A: Well, I have to thank the World Bank that it exists, because I had a great quarter century serving its clients, mainly the poor. We always had challenges, but the outrage that we all had of combating social injustice kept us going through the bad days. It doesn't matter how many battles we lost, although there were many. Our passion to do something against social injustice kept us going and gave me a thrilling career. On my 25 years: would I have achieved more by retiring 20 years earlier and pushing environment from outside the Bank? I don't know. It was a tremendous learning experience. Working with great people, a good sense of striving and self-worth in your daily work -- that was all very satisfying to me.

Q: What have you learned from your experience at the Bank and what has it meant to you personally serving in a unique institution such as the World Bank?

A: What it meant to me personally is that it was envigorating to make the world a slightly better place. That is unique. If you work in the private sector, in manufacturing, or even in a government, it's difficult to have that galvanizing force that to me is so valuable. I enjoyed my service to the Bank. I can't say every day because I lost more battles than I won, but I look at the World Bank as a sort of a sparring partner, as my friend Sven Burmester put it. The World Bank paid me to be a sparring partner. I was paid to criticize the Bank from the inside, to spark change in the Bank, to reduce the bad and boost the good. My job was to push the envelope hard, and I did. I was always unpopular with neoclassical economists, but I didn't mind because we were moving in the right direction. Professionals don't take orders on what to do. One boss called me in and said: "These two draft papers you sent for my clearance. I have not read them but cease all work on them immediately. What you do in your own time is up to you." The paper on sustainability won a prize for "Best publication of the year" and the other is still frequently quoted. To be a successful sparring partner, you have to punch vigorously. If you don't punch hard, then the person paying you is not going to reap the benefits of your job. That's important. More important is never to give up. The Bank is a huge bureaucracy, and not a place where new ideas are accepted readily. There's almost an in-built hostility to new ideas, especially social and environmental justice, so you have to be persistent and tenacious. Putting all your efforts into avoiding trouble is not a laudable goal. Trouble is part of the turf.

Q: And so, how much room is there within the Bank's organizational culture for individual values, initiatives, and skills to grow and evolve?

A: Not enough room. There's not enough room because the Bank is not changing, the Bank is not keeping up with need, it's not keeping up with the outside world as fast as it should. If it takes ten years to revise my one-page policy on cultural property, there is something wrong in the state of the Bank. The Bank has to pull its socks up and be able to do things smartly and more efficiently. The Bank is dysfunctional if it always has a negative reaction to all commissions and constructive criticism (e.g., Morse Commission, World Dams Commission, Extractive Industry Review). The Bank should say, maybe there's something behind these recommendations, maybe there's something to learn. Knee-jerk rejection is counter-productive. The attitude should be: "Let's look at it on its merits and face up to facts. We can accept this, we can't accept that, for the following reasons". In-built hostility to new ideas doesn't make a good learning institution. I fear that team-playing and 'don't rock the boat' hampers the Bank because the Bank becomes a popularity contest. If you rock the boat, then you wouldn't be asked to go on mission. If you weren't a team player, if you didn't say, yes, this is right, then you wouldn't be asked to help. If you weren't sought after by project colleagues, then the Bank was unhappy and let you go or rotate or whatever. Critics don't get budget. Any tendency to sycophancy is bad for the Bank. It hampers initiatives, and kills energy. The Bank should relish and encourage lively debate all the time. It should learn more.

Q: How does the Bank's diversity affect its coherence in decision-making? In other words, does diversity contribute to coherence in decision-making in the Bank?

A: The Bank has some diversity, not enough, because it doesn't have enough women and it doesn't have enough people from developing countries. The Bank actually is not as diverse as you might think because diversity is measured by country of birth. In fact, many of our borrowers are élitist. The best and the brightest go to the Chicago School of Economics, and so they're not diverse. A Chicago economist is a standard building block: a clone, seen one seen the lot. The Washington Consensus. That stifles diversity.   Economists have more fads than they admit. A few years ago was the surge to privatize; now they are backing off privatization especially of water supply. We should get more people from developing countries. Women are grossly underrepresented, particularly at higher levels.

Q: In terms of evolving and emerging issues that are confronting the Bank in an increasingly globalized environment, and you've touched on this a little, how do you see the evolving role of the Bank and its continued relevance on the global stage?

A: As long as development still does not focus enough on the top need of direct poverty reduction, the Bank has a role. I cannot repeat it enough. It's so important and it's scarcely improving. The Bank is failing to meet MDG goals. Sometimes they say, oh, poverty has slightly reduced this year, poverty has slightly increased, but the rate of improvement has to be much faster than it is, and only by making that a priority will the Bank retain relevance. Whether it does it by suasion, grants or loans, both have merits. The most important is emphasizing direct poverty reduction, and de-emphasizing trickle-down from infrastructure projects. The bank's influence in infrastructure is minuscule, except for clearly poverty related purposes. Trickle-down means slower poverty reduction; resources and attention are diverted away from direct poverty reduction. Every year there needs to be a recalibration of the emphasis between those two: trickle-down and indirect poverty alleviation on the one hand, versus direct poverty alleviation on the other. That has to be fine-tuned every year to get the right balance.

Q: Speaking of globalization, in your opinion, what still needs to be done to improve development outcomes as critics of globalization continue to argue that the process exploits the poor? How do we humanize globalization?

A: Well, first, I feel there's a lot in it when the critics say that it harms the poor. I think globalization seems to benefit First World industrial countries most. I amplified this in 1996 in "The Case Against the Global Economy".[16] Development needs to accelerate the progress of developing countries, getting out of being purveyors of raw material, and into value added, job creation and domestic processing.

At the moment the Bank helps industrial countries get raw, unprocessed materials from developing countries. The Bank doesn't adequately accelerate the transition from extraction to processing to selling manufactured goods and services. That should be the way the Bank pushes developing countries, and at the moment it doesn't. The Bank seems to be getting so industry friendly with many industries of the First World, that they're keeping the developing countries to be purveyors of raw material. The Bank fights timber export bans. If a country wants to develop value-added such as plywood, the Bank opposes it. The Bank opposed Mozambique from processing its own cashew nuts. That era should have long since been over.

Q: So far you have authored over 20 books on the environment. The Library of Congress lists over 30 of your titles. Moreover, your dedication to environmental concerns over the years has won you a great number of excellence awards, including from the World Bank, the International Society of Ecological Economics, and the Millennium Conservation Prize, before retiring in 2001. Of your many contributions to the World Bank Group's mission, is there one in particular that you wish to emphasize? I've also read that you were known as the "conscience" of the Bank. I should like to add this one for the record.

A: Actually, prizes never meant much to me. I was always thrilled, and I hope always courteous when receiving them, and I hope I gave a useful speech of acceptance and appreciation. But they don't mean too much. Personal satisfaction exceeds any prize you could possibly think of. Creating an environmental institution, getting a high-leverage policy accepted, refocusing the Bank on a new topic, stopping damage, and conserving the livelihoods on which the poor depend -- all brought me much more lasting pleasure. That's what kept me going, not receiving awards. Ironically, I got the prize that Al Gore was awarded the year before, in the very same week that my boss said, "You're fired." [Laughter]

[16] Goodland, R. 1996. *Growth has reached its limit* (Ch. 18: 207-217) in Mander, J. & Goldsmith, E. (eds.) The case against the global economy. San Francisco, Sierra Club Books 550 p.

I'm not going to get into this, but I think I was fired about three times in my 25 years. If you don't get into trouble every now and then, you are probably not pushing the envelope as vigorously as you should. But winning this prestigious award and being fired in the same week felt odd to me. Winning the prize can't have rescinded my firing because he Bank didn't know I had won the prize. If the prize rescinded my firing that would have been the most useful prize I ever had.

Q: Well, of your many contributions to the Bank, is there one in particular that you wish to emphasize?

A: Better than any prize was the label "the moral conscience of the Bank." I don't know how true it is, but I relished it internally, and still do. That's better than an engraved silver platter that you have to polish every month. I was delighted to earn the "conscience of the Bank" title, and more than once too. The other honor I felt was when the Vatican invited me to advise on environment and religion for a whole week.

Despite pushing hard, I still think I should have persisted harder. I rue the day when I acquiesced dropping program loans and structural adjustment loans from my environmental assessment policy. Willi Wapenhans was then chairing the President's Council--I forget what year it was--and I had been working long and hard drafting and honing this environmental assessment policy. At the time, structural adjustment and program loans were new and small, in the single digits, as I remember.

Q: This was the time after the '87 reorganization when he was senior VP.

A: About then, yes. I had had a rocky time selling this environmental and social assessment policy. Wapenhans was the last of many hurdles. His committee, the President's Council, summoned me several times on successive drafts. At what became his last summons, he said, "Okay, we'll let this go. We are not overly enthusiastic, but we'll let it go as long as you drop all of this drivel subjecting program loans and SALs to environmental assessment." I capitulated. SALs were only about a tiny percent of Bank action at the time. But I regret that compromise. It was an error on my part, and I should have jolly well have stood up more to him. I got 99 percent of what I had put in the environmental assessment policy, including that potentially impacted people have to be meaningfully consulted which means the ability to say "no" to a project. But unfortunately SALs grew from a few percent to 63% of Bank financing within ten years. No one had any idea that SALs and program loans would become so important. The Bank still refuses to do any environmental and social assessment of program lending. They said it would be impossible. Nonsense! It stung when even some fellow enviros said it would be too difficult. You don't need comprehensive in-depth ESAs. You just need to tease out the most egregious impacts, *grosso modo*. Just the obvious environmental and social impacts. Anyway, I surrendered on SALs to Wapenhans' committee and still deplore it.

Q: How do you see environmental impact assessments in the future; where is the Bank going them?

A: One of the most effective clauses in the 1991 Environmental Assessment Policy (OD 4.01) mandated consultation on the draft EA with impacted people and "local" NGOs. Wapenhans forced me to insert the qualifier 'local' in the final version although he was absurd to expect international NGOs not to be able to obtain copies of the EA if their in-country counterparts possessed them. That clause initiated participation of the impacted people in Bank-financed projects. I was tickled pink that they let me retain that clause. Shihata later officially interpreted that EA consultation had to be 'meaningful'. Meaningful was defined as the ability to say 'no' to a project. Later, that led to FPIC: Free Prior and Informed Consent of the project affected people. The Legal Department has not totally swallowed that as yet, but it is on the way. I look at the hopeful side.

Q: Now, again, is there one particular contribution to the Bank you wish to emphasize?

A: Well, the vulnerable ethnic minority policy, indigenous peoples policy, I'm really proud of it. I think it's helped some really vulnerable, weak people who were always penalized for being ethnically in the minority. Many governments hated their indigenous peoples, and now indigenous peoples have gone from strength to strength, and I'm proud of being part of that progress. I'm proud too of the Indigenous Peoples themselves when I see them standing up for their rights. I'm helping them withstand the onslaught of big infrastructure projects from the Equator (Amazon), almost to the Pole (Mackenzie Delta).

That policy actually made the front cover of Time magazine. When Maritta Koch-Weser--a very persuasive young lady--took it over, when we were both in LAC, she financed more than half, literally more than 50 percent, of all Brazil's Amerindian reserves. When Maritta and I started, there were few reserves that were formally demarcated, delineated and gazetted. There was a whole process of steps that had to be done, hoops through which we had to jump. By using this one project, the Carajas Iron Ore and Rail project, she financed more than half of all Amerindian reserves and got them protected. That was a source of great satisfaction for me. Also, the World Bank led other multilateral development banks to adopt similar indigenous policies. The United Nations System also managed to start moving with indigenous peoples, and now they're probably ahead of the Bank in helping indigenous peoples. The indigenous peoples policy helped the Bank hire permanent anthropologists.

When I wrote the policy, there wasn't one anthropologist in the Bank. There had been one or two, but they'd only lasted a few months. Anthropologist Glen Cochrane was in the Bank for less than a year, long before I was hired. He wrote a paper called "*Why the Bank Needs More Sociologists*." Few colleagues ever saw it. Ted Scudder was the most effective social scientist, but always from outside as a consultant. We had a smashing time when we were both commissioners on the Canadian Commission to investigate Hydro Québec's James Bay dams in the arctic. We were both kicked off India's Narmada crisis too. We were both embroiled in the World Dams Commission. Ted wrote an excellent book in 2005 on his experience[17]. Then we both tried to revamp Lao's Nam Theun hydroproject up to some semblance of adequacy, so we have a lot in common. Then another social type, Jasper Ingersoll, stood in while Mike Cernea was away for a year or so. He helped when I was drafting the Indigenous Peoples policy. He was sort of an intermittent consultant, but he used to come to meetings. When I was floating my trial balloon of the indigenous peoples policy, he was supportive. My boss, James Lee, was most supportive, so was the Vice President, Rajagopalan. At a big 'Energy Week' retreat in the posh Rosslyn Marriott hotel I had to go and ask Raj to tone it down because he embarrassed me by repeating, "Oh, I'm an Indian and Robert Goodland tells me you should look after Indians more. We must really take this policy seriously." He made a joke of it, but in a very supportive way. It was good to have the central vice president on your side. I was tickled too when Legal VP Ibrahim Shihata called it the World Bank's first Human Rights policy.

[17] Scudder, T. 2005. *The future of large dams: dealing with social, environmental, institutional, and political costs*. London, Earthscan, 389 p.

But, on the other hand, if you look at Coal India, where most of the violence is used in that project against ethnic minorities, it shows that the policy is not being implemented adequately. Right now there's a Bank Group gold mine in Guatemala where hundreds of indigenous people are protesting a gold mine which will use cyanide. The government is starting to shoot them. We have a long way to go before indigenous people are accorded their due.

Q: Well, finally, is there anything else you wish to talk about that I might have perhaps overlooked?

A: Maybe the biggest battle, which I lost, was with Larry Summers. My goodness, he was cynical on the environment. He was skeptical on every environmental priority, and he did his best to emasculate the 1992 WDR on the environment. He was the Chief Economist, and the WDR is under his leadership. He was such a nuisance that Sven Sandstrom, then Managing Director, had to…

Q: That was in the early '90s?

A: Yes, about 1991-1992. Sven Sandstrom had to arbitrate between Summers on the one hand, and Mohamed El Ashry (with Dennis Anderson) on the other. Thanks to Mohamed and Sven, that ugly episode was resolved promptly.

Q: Mohamed El-Ashry?

A: Yes. There was a heck of a fight. Summers was a strenuous fighter and domineering. His 12th. December 1991 memo, published by The Financial Times and the Economist, stated that the Bank should encourage dirty industries to relocate to poor countries especially in Africa, because they are underpolluted. *"…the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable…I've always thought that under-populated countries in Africa are vastly under-polluted"*: (Death or sickness of people in less developed countries costs less than death in advanced countries). This undermined the Bank's environmental reputation, but seems to have revealed the Bank's true views on environment. As the Bank's Chief Economist and controller of the WDR then under preparation, Summers strengthened those Bank staff opposed to environmental progress, especially the WDR leadership. Brazil's Minister of Environment, José Lutzenburger, had been a great friend of mine ever since 1976, when he published his book "*The End of the Future: A Brazilian Ecological Manifesto*." José called for Summers' resignation as his economics are 'totally insane'.[18] Just before the UN Rio

[18] As i had long been guided in my Bank work by Burke's warning: "All that is necessary for the triumph of evil is that good men do nothing", I welcomed Summers to Washington and to the Bank by inviting him home to dinner as soon as he arrived in 1991. I wanted him to meet some Bank friends informally and early on before we had official relations with him. Herman Daly, Salah El Serafy, Jane Pratt and Jed Shilling came to dinner with him. I remember that he guaranteed his children or the next generation would be better off than ours, that greenery was a temporary fad, and that he would not support environment during his tenure. In the Bank, Summers' complaining about my work through the years to my boss showed me I was doing something right. He was sharply critical to the Club of Rome's follow-up team, especially Dana Meadows, when we brought them to the Bank in 1992/1993 to launch their excellent book "*Beyond the Limits: Confronting global collapse, envisioning a sustainable future*". Dana Meadows, Herman Daly and Larry Summers were discussants at the Smithsonian Institution book launch that I helped to arrange for the next day. Summers was in high dudgeon as he claimed he was promised that several congressional representatives would be present to hear him. He tried to trash the whole book, ending with the assertion that *Beyond the Limits* was "beyond belief". He tried to get Mohamed to reprimand me for our 1991 book parallel to the WDR of 1992, but to little avail. 'Peoples' magazine then ranked Summers in the top five "Enemies of the Earth".

Environmental Summit, Brazil's President Fernando Collor fired my friend, Environmental Minister Lutzenberger. President Collor was impeached and stripped of all political rights for ten years.

The 1992 WDR "*Development and the Environment*" was an unparalleled chance to promote the internalization of environmental 'externalities' and mainstreaming at last, but it failed to live up to that opportunity. The fact that the Bank permitted a WDR to focus on environment at all was tremendously encouraging (although most Bank staff were skeptical or hostile to the idea). Grasping at straws, the Bank's beleaguered Greens were thrilled; we could see nothing but environmental progress coming out of it. Again, how wrong we were. The fact that the WDR did not push the envelope made it acceptable to doctrinaire economists, hence was beneficial in that regard.

It was odd that the "Environmental WDR" team hired no environmental professionals, certainly no environmental leaders. On the other hand, the team contained at least three world-class environmental cynics: First, Gordon Hughes "Forget all the green agenda; forget the biodiversity battle, its already lost; focus on pollution only". Second, Wilfred Beckerman who authored "*Small is Stupid: Blowing the whistle on the Greens*". Third, sanitation specialist John Briscoe, who later led the vilification of the World Commission on Dams in 2000, and the return shortly thereafter to the "trickle-down theory" of development by big infrastructure, rather than direct poverty reduction. These three strong skeptics largely prevailed over the few progressives on the team: energy economist Dennis Anderson, and social scientist Maritta Koch-Weser, later joined by Ken Piddington.

Larry Summers polarized the heated debate with Mohamed El-Ashry and the WDR team, such that it was raised to Summers' boss, Sandstrom. Mild-mannered Managing Director Sven Sandstrom had to order Larry to back off and cease meddling. The big difference seems to have been that Larry wanted to approve the main conclusions of each chapter before it was written and in fact before the research and analysis was done. He wanted WDR to tout his anti-environmental view of the world, and to use each chapter to confirm his opinions retroactively. Larry was hostile to the concept of trade-offs, which was where the environmental community and some economists were at the time. The focus of the WDR then changed from trade-offs to slogans and fuzzy thinking. "Win-win" was the commonest slogan, followed by "harvest the low-hanging fruit first". Dennis Anderson honorably submitted his resignation, but some of his progressive views eventually made it through to the final version leading to the Energy chapter 5 being among the best. The Bank's strongest anthropologist, Maritta Koch-Weser, was largely responsible for the successful Chapter 4 promoting the much needed transparency, participation and accountability in the public sector.

By the time Larry was ordered to butt out by Sven, a lot of the time and budget had been used up. Because the WDR was designed to be released at the first "UN Earth Summit" in Rio in early June1992, there was no more time to be had. Even if Sven had given another $10 million, it wouldn't have helped. The result was that the first environmental WDR, partly because of Summers, wasn't effective. We were pleasantly surprised when Larry came out strongly for girls education as a key to poverty reduction.

While the WDR was being compiled, the few bank Greens suggested corrections on successive drafts. Few of our comments and corrections were accepted by the WDR team. We realized that commenting on drafts was reactive, we could never get out ahead. I then dreamed up the idea of a parallel book to the official WDR to outline the environmental and sustainability dimensions of economic development. We entitled our parallel book, published with Herman Daly and Salah El Serafy, "*Environmentally Sustainable Economic Development: Building on Brundtland*". We were driven to compile our book because we could not get so much as a half-page box into the WDR to offer a counterpoint or alternative view. Few, if any, of our suggestions, were accepted. This saga is instructive that the Bank feels there can only be one legitimate view on so complex and controversial an issue as the relation of environment to development. The Bank didn't suppress our book partly because two of the chapters were by economic Nobelists (Jan Tinbergen & Trygve Haavelmo). In a way our book authors were a far stronger team than the WDR team. Indonesia's Environmental Minister Emil Salim and Brazil's Environmental Minister José Lutzenberger provided a hugely supportive preface endorsing our book. The Bank published it; the UN republished it, then Island Press did. Gro-Harlem Brundtland graciously added a supportive Foreword to the Norwegian translation.

Our book advocated sustainability for the Bank, especially for the Environmental WDR under preparation, and as a priority for economic development. As the Bank is or should be a key bridge between North and South, we focused on Herman's subversive question: Are the Bank's Southern clients better off with more Northern growth? As a tool mainly of rich countries, that question is too threatening for the Bank to tackle.[19] Salah argued for deducting the user-cost of natural resources from estimated investment, not from savings. This at the time was rejected by the bank except in the curious cases of two natural gas projects. Salah later became well known for his leadership on "Serafian quasi-sustainability on non-renewable resources", Greening of National Accounts, the Montreal Protocol and evaluating the GEF.

We (Herman, Salah and I) put on a Bank-wide seminar on how to operationalize sustainability for all staff, but the organizers (Surinder Deol) were reprimanded. Andrew Steer and Nancy Birdsall then tried to 'rectify' our views. I hope that our book partly counter-balanced the WDR which saw depletion of natural resources and degradation as positive growth. WDR's false optimism prevailed throughout; especially the fallacy that growth must come first, then environmental stewardship can come later if and when you are rich enough to 'afford' it. Quantitative growth was conflated with quality or development. Herman has a whole chapter on the charade of WDR 1992. The best critique of the 1992 WDR is that of David Reed; it was blistering. WDR 1992 stymied environmental progress in the Bank. Andrew Steer was correct when he moved from WDR 1992 to head the environmental department: he said that the era of promulgating environmental and social policies is over. Environment 'plateaued'; mainstreaming became the slogan. Not even Gloria Davis was allowed to produce a single social policy. The glorious progression of environment in the Bank from James Lee, through Ken Piddington to Mohamed El Ashry shuddered to a halt.

If the history of environment in the Bank is to be written, apart from Robert Wade's useful 1997 chapter, the role of the environment directors themselves will be salutary. They are a disparate bunch! James Lee, (Jerry Warford acting), Ken Piddington, Mohamed El-Ashry, Andrew Steer, Bob Watson, Kristalina Georgieva, and Warren Evans. I knew them all well; most are staunch friends. Environment in the Bank burgeoned from the early 1970s, certainly leading other development banks. Mohamed urged all bank enviros to push the envelope: environment first, Bank second. But in 1991 the bank's

[19] Daly, H. 1996. *Beyond Growth*. Boston, Beacon Press. Daly, H. & Goodland, R. 1993. *Why increase in Northern income is not the solution to Southern poverty.* World Bank Working Paper 43.

environmental leadership faltered. It’s odd that the central environment department flagged inside the Bank commensurate with the intensifying environmental problematique of the world as a whole. Stature and leadership eroded. It risked being eclipsed by regional colleagues within a decade -- by the early-2000s, notwithstanding their conflicts-of-interest and inexperience. The 2005 transition from Wolfensohn to Wolfowitz could exacerbate prevailing trends of the environment.

Q: Okay. Is there anything else that you wish to talk about?

A: Yes, I’d like to thank all my friends from the World Bank. I doubt if many will read this oral history. Never mind. I appreciated their congeniality through a quarter century of ups and downs. I wish them well. It was a joy fighting social injustice with them together for so long. That’s probably too much already. Thank you too, Marie, for making this Oral History possible.

Q: Well, many thanks for a most productive interview and for your invaluable contribution to the Bank's Oral History program.

A: Thank you for inviting me.

Q: Thank you, Mr. Goodland.

Annex 1:

The World Bank &Vulnerable Ethnic Minorities:
Early Chronology of the Evolution of the Indigenous Peoples Policy

Note: I prepared this chronology for the WBG's "Oral History of Indigenous Peoples Policies Project" in 2003, which seems to have disappeared.

1974 Michael Cernea joined WB; first permanent sociologist; led sociology in the WB until his retirement in 1996.

1974-1975 RG based in Amazonia (Manaus) research/teaching Applied Tropical Ecology at INPA

1975 RG consultancy: WB Mission to add "environment" to the Third Malaysia Plan: mentioned Orang Asli forest dwellers for the first time.

1975 RG's book: *"The TransAmazon Highway: Green Hell to Red Desert"* Elsevier Scientific, New York, with Howard Irwin; Brazilian Academy of Sciences censored the Portuguese translation, expurgating the chapter on risks to Amerindians

1976 RG consultancy: World Bank's Aripuanã-Roosevelt Land Settlement Mission (Agriculture sector): Neil Hughes, program officer for Brazil, called for environment to be added. Became: "Brazil: Seventh Highway Loan" in Jean Doyen's Transport Sector; vulnerable ethnic minorities became a major issue. Excellent transportation economist, Renato Schultz, was later let go for pointing out the folly of the proposed highway.

1978 RG's Environmental and social assessment of Brazil's biggest hydro: Tucurui in Amazônia for Eletronorte, Govt of Brazil; Amerindians the major issue.

1978 RG joined WB staff in Washington DC

1979 RG joined WB preparation mission for Polonoroeste program; vulnerable ethnic minorities highlighted as a major issue; used draft vulnerable ethnic minorities policy as a non-binding draft. (Bob Skillings was the Division Chief with, Peter Knight, Denis Mahar, Maurice Asseo, Nils Tcheyan, Dennis Koromzay, Enrique Lerdau et al).

1979 The Bank had just completed the unsuccessful Colombia Caqueta forest colonization scheme which provided the Indigenous Peoples campaign with facts to criticize the BR-364 highway project (Later became a forest land colonization scheme). Cathy Watson joined the WB sparking a year long lecture series on vulnerable ethnic minorities, later joined by Becky Latimer. This year-long Bank-wide campaign raised awareness about Indigenous Peoples in WB-work; one distinguished anthropologist seminar per month. (e.g., David Maybury-Lewis, Sandy Davis (*Victims of the Miracle*), Ernesto Migliazza (Yanomami), David Price (1989 *Before the Bulldozer: the Nambiquara and the World Bank.*

Cabin John MD., Seven Locks Press 216 p.), Anthony Seeger, Kenneth I. Taylor (Survival International), Steve Corry & Jane Safer, Darryl Posey (brought 2 Amerindians to WB), and many others, plus documentary film series, BB lunches, posters and draft papers.

1980 Cathy Watson left the WB and entered missionary nursing

1980 Involuntary Resettlement Policy OMS 2.33 adopted by the WB, championed by Mike Cernea, with Scott Guggenheim & Dee Rubin (minor support by RG).

1981-2? Prof Jasper Ingersoll, Catholic University, DC (Asian anthropology, USAID) stood in during Michael Cernea's sabattical and sick leave from the WB c.1981-1982. In Michael's absence, I could not consult with him to ascertain if he would support a much-needed policy protecting vulnerable ethnic minorities, so I had to go it alone. When he returned to the Bank in 1982 or 1983, the policy was finished and well on the way to being officially adopted by the Bank.

1981 (July) "*Economic Development and Tribal Peoples: Human Ecological Considerations*" (103 p.) published by World Bank (blue & white cover).

1982 (February) RG persuaded the WB to adopt OMS 2.34 Policy: "Tribal Peoples in Bank-Financed Projects". Dr James A. Lee (Director, Environment) supported it vigorously. Our Vice President Visvanathan Rajagopalan was supportive, but his boss David Hopper, who was said to have a PhD on the Navajo Indians, was lukewarm at best. Mike Cernea and the Sociological Brown Bag Group endorsed it, which also helped the hierarchy get off the fence.

1982 (May) WB publishes RG's *"Tribal Peoples and Economic Development: Human Ecologic Considerations"* as rationale for the policy (almost verbatim from the July 1981 World Bank publication of the same name). RG got much help from Sandy Davis, Ray Noronha, David Maybury-Lewis, Francis Lethem, Cathy Watson, Rebecca Latimer, the Villas-Boas brothers, Adrian Cowell ("*The Tribe that Hides From Man*"), John Hemming (President RGS, author of "*Die If you Must; Brazilian Indians in the Twentieth Century*" 2003), Eunice Durham, Darcy Ribeiro, Lux Vidal, Jesco von Puttkamer, Robin Wright and many others, mainly outside the WB (because few, if any anthros were inside the WB at that time)

1982-c.84 RG works on Brazil's Carajas Iron Ore and Rail project preparation/ appraisal /supervision missions; vulnerable ethnic minority policy implemented officially for the first time.

1982 CVRD/FUNAI: formal condition of WB's Carajas Iron Ore loan was to demarcate Amerindian areas 100 km either side of project area (rail is 800 km long). CVRD's environmental and social focal point, Maria de Lourdes Davies de Freitas, became our strong counterpart. WB went on to finance the then new governmental requirement of demarcation for about 50% of all Amerindians in Brazil.

1982-1986 RG applies the vulnerable ethnic minority Policy to Indonesia's Transmigration program, China Three Gorges Hydro, China Ertan Hydro, Paraguay Land Settlement projects, and other projects with which the WB was concerned.

c.1983 VP and Legal Counsel Ibrahim Shihata refers to OMS 2.34 as the World Bank Group's only Human Rights policy.

c.1984 Maritta Koch-Weser of AGR takes over anthropological management of Carajas Iron Ore; boosts WB support for Amerindian lands demarcation to c.50% of all Brazil's Amerindian territory

1986 RG creates Latin America's Environmental and Social division; Sandy Davis became the first anthropologist. Later (1988?) I persuaded Maritta to join my division, LATEN.

1986 UN ILO Geneva takes up Indigenous Peoples issues: "*Problems of Indigenous Populations*"; review by Martinez Cabo.

1987 WB's Five year Implementation Review of OMS 2.34, in OESA

1989 UN ILO Convention 169 on Indigenous Peoples (revision of 107) formally adopted; exceptionally useful

1990 "*Land rights of indigenous and tribal peoples*" Antonia Macedo (WB Legal issues with OMS 2.34)

1991 OMS 2.34 updated as the "Indigenous Peoples", Policy OD 4.20 championed by Sandy Davis

1992 "*Protecting Amerindian Lands*" Sandy Davis and Alaka Wali (Second implementation Review of OMS 2.34)

1996 Another update began of the Indigenous Peoples Policy, first by Sandy Davis, then by Navin Rai

2005 Latest revision of the vulnerable ethnic minorities policy became OP 4.10, led by Navin Rai

Related High Points (examples only):

1. Carajas Iron Ore Project: Demarcation; WB financing a full half of all Brazil's Amerindian territories
2. Helping to raise the awareness of Indigenous Peoples worldwide (e.g., Front cover of Time Magazine)
3. Led other IFIs to adopt Indigenous Peoples policies and guidelines
4. Helped the rest of UN family to progress with vulnerable ethnic minorities
5. Led to WBG hiring a permanent cadre of anthropologists

Related Disappointments (examples only):

1. Revision of Mining Codes by WBG in 1980s-1990s: weakened Indigenous Peoples and other social and environmental legislation and protections in c.70 nations (see: R Moody 2002; Colchester et al. 2003, K Anderson 1995, B. Campbell 1998, 2003, EIR 2003 et al)
2. High Profile Projects are not yet using the Indigenous Peoples policy adequately: Chad-Cameroon oil pipeline need not have bisected the Bakola/Bagyeli Pygmy areas (c1998). Pygmies inadequately protected by two D.R.Congo logging projects (2004). China: Western Region Poverty project, classified as EA Category "B" (c.1999), failed to apply Indigenous Peoples Policies effectively; became WB's fiercest controversy. India Coal failed to respect vulnerable ethnic minorities after a special social/environmental rehabilitation project was designed to do so. Inspection Panel corroborated abuses.

3. Environmental and social assessments were closely linked from the start. However, they started to diverge in the mid-1990s. The WB still has no social policy to parallel EA policy as of 2005.

4. Vulnerable Ethnic Minority Policy took about one decade (1996-2005) to be updated, suggesting questionable commitment by the WBG. Indigenous Peoples roundly rejecting current drafts (1998, 2002, 2004) directly to JDW.

5. Inspection Panel looks into the Indigenous Peoples Policy as the Bank did not apply it to the AfroColombian minority impacted by the Cartagena Sewage project 2005.

Annex 2:
Brazil's Power Sector Loan and Nuclear Energy

The second World Bank power sector loan to Eletrobras of $350 million, scheduled for 1987, was not approved for a number of reasons. Certainly, Eletrobras had not managed to demote unacceptable hydros and had not managed to promote more socially and environmentally aware hydro projects as their agreed-on Master Plan was designed to do. The hydro sector had many serious problems that had not been resolved as agreed under the first (1984) loan. Ten reasons how Eletrobras had failed:

1. Eletrobras had not managed to create effective environmental and social capacity in-house as it had legally committed to do under the first (1984) World Bank Power Sector loan, despite opening an environmental unit in 1987-8.

2. Angra dos Reis nuclear reactors: less than 2,000 MW, ended up costing over US$12 billion. Construction was on an active seismic fault; eventually taking 26 years to build. Herman Daly and I made the case strongly to our VP, Shahid Husain, to drop the Angra dos Reis nuclear component, but his priority was defensive lending to stave off defaults on previous loans by emergency Balance of Payments, not environmental and social prudence. Herman left LAC. Nuclear matters in Brazil, especially weaponry, were all under the control of the military, financed by Germany and Siemens in a secret military contract. When this massive hemorrhage of Brazil's budget became intolerable, the military transferred many nuclear assets to the Government's Nuclebras agency around the time of the second sector loan. The linkage between the military and Angra dos Reis nuclear energy plants was murky. ENV Director Ken Piddington showed that nuclear energy is not least-cost, hence should not be financed by the Bank. CVP Rajagopalan came round to our position.

3. The Balbina hydro controversy suggested that Eletronorte's environmental capacities were inadequate.

4. The new Eletrobras/Eletronorte's Master Plan proposed the Babaquara and Kararaô dams on the Amazon's giant tributary, the Xingu River. They would have imposed more severe impacts of any hydroprojects in Brazil. These two big hydros were dropped for two decades, and then resurrected under the different name of Belo Monte in 2003. I published a detailed chapter on the case against Belo Monte in 2005 in the book entitled: *"Tenotã-Mõ: Alertas sobre as conseqüências dos projetos hidrelétricas no rio Xingu"* compiled by Oswaldo Sevá Filho and Glen Switkes.

5. The then newly proposed Ji-Paraná reservoir would have flooded 100,000 hectares of the Lourdes Indigenous Reserve and a national protected area.

6. Eletrobras had not managed to persuade its subsidiaries to protect families displaced by reservoirs.

7. There were several civil demonstrations in 1984, one for 40 days, before Eletronorte agreed to improve resettlement. General João Baptista Figueiredo, President of Brasil (1979-1984), also promised to help when he inaugurated Tucurui in 1984. Although this was followed by an Interministerial

Commission (1985), several resettlement towns were constructed in areas shortly thereafter flooded by the reservoir. After filling the reservoir, about 1,500 families remained homeless.

8. In October 1987, we (Maritta Koch-Weser, Sandy Davis and me) persuaded Eletrosul to contract with the regional commission of dam-affected peoples (CRAB) not to flood villages from Rio Grande do Sul's Itá and Machadinho hydro sites before agreeing on an acceptable resettlement plan.

9. In 1989, after CHESF's Itaparica reservoir displaced more than 7,000 families, social problems became so severe that the World Bank financed the communities resettlement, although it had previously declined to finance the hydroproject itself. Itaparica resettlement went to the World Bank's Inspection Panel in 1997, yet it remains inadequate despite $7million invested in remediation by CHESF in 2004 alone.

10. Since then, the World Bank has not supported any hydroprojects in Brazil. In 1999, the Energy Minister rejected the World Bank's proposed $500 million in support for transmission, efficiency and capacity strengthening. In fact, most large dam projects create such severe damage that they are less promoted as "development" nowadays.

Annex 3: The World Bank's Retreat from Direct Poverty Reduction to Trickle-Down Infrastructure

The Bank's launch of the book "*Responsible Growth for the New Millennium: Integrating society, ecology and the economy*" in 2004 (177 pp.) was disturbing because it presages the World Bank's biggest policy shift in decades. I bit my tongue hard during the discussion period to keep silent, but the Chair asked me afterwards what i thought. I replied that the launch of a book entitled "Responsible Growth" needs to explain to the audience what the sanctifying adjective in "Responsible Growth" means. The panel didn't outline or discuss "responsible", the book doesn't define it, and it's not in the index. This lack of clarity is consistent with the 2003 World Development Report "Sustainable Development" which -- in 250-pages -- chose not to define what they meant by SD. IFC defines sustainability only as Corporate Social Responsibility.

From the launch, it appeared that the WB is backing off sustainability, scarcely mentioned development, but instead are now firmly re-focusing on infrastructure and growth. This time an undefined 'responsible' growth. They are reverting back to depending on the trickle-down theory of big infrastructure (which was focused on by most panelists and the book). The panel and book seem to be an attempt at justifying reversion to trickle-down by big infrastructure. That means less direct poverty reduction by the soft sectors -- education, health, nutrition etc. The bank loves infrastructure, so do the industrial countries that get much of the procurement benefits. Certainly, infrastructure is needed to raise output, for domestic processing, for job creation, and to facilitate development. But the bank's contribution to infrastructure is minuscule, whereas its poverty reduction can make a big difference. The private sector often builds infrastructure (e.g., factories) better than the bank/government can.

If "Responsible Growth" meant prudence and care by ensuring social and environmental quality, or clear responsibility for the poor and their environment, there would be some merit in the concept. But the opposite seems more likely. The decadal gutting of the social and environmental safeguard policies is almost complete, most recently with 2004 the IFC Safeguard Review. The newer the safeguard policy, the lower the standards. "Responsible Growth's" demotion of sustainability, development and environment -- while promoting trickle-down growth and big infrastructure -- is consistent with weaker precautions. The big shift in priorities is also consistent with the Bank's new high-risk, high-reward strategy, emphasizing big infrastructure over direct poverty reduction.

The Bank disparaged the two recent independent environmental commissions (World Commission on Dams 2000, and the Extractive Industry Review 2004), although primarily fostered by the Bank itself, which helps explain the fundamental policy shift. Switching from the widely-accepted "Sustainable Development" of the 1987 Brundtland Commission, and the two UN Environmental Summits (Rio 1992, Johannesburg 2002), to "Responsible Growth" surely cannot be muddled thinking; it must be a deliberate paradigm shift. "Responsible Growth" halts the trend over the last decade of emphasizing sustainable development, as in the Bank's "Beyond Economic Growth" (Soubbotina 2004), rather than only trickle-down growth.

The panel expects renewable energy lending to stagnate as it has done since their ill-fated 1999 "Fuel for Thought" strategy, growing at about 1% pa because it's too expensive for the poor! The WBG's first coal project for years is moving forward at Mozal, Mozambique. Russia's cabinet has approved the UN Kyoto Treaty. Meanwhile the WBG envigorates its financing for fossil fuels. Maybe that's the purpose of so-called "Strategies"; they are not mandatory, few staff know they exist, and few if any implement them.

The sole intellectual underpinning for the recent regression away from the MDGs/direct poverty reduction and back to trickle-down is the 2000 WB paper by David Dollar and Aart Kraay "*Growth is Good for the Poor*" (Development Research Group, Washington DC) advocating free market fundamentalism. It is a weak reed on which to hang such an immense policy switch away from MDGs and back to trickle-down. The Dollar/Kraay paper has been roundly rejected (e.g., Mark Weisbrot, Oxfam, Ed Amann, David Woodward and Andrew Simms of the New Economics Foundation 2006 paper "*Growth isn't working: the uneven distribution of benefits and costs from economic growth* (26 p.) Every $100 worth of growth in world income per person, only $0.60 contributed to reducing poverty. To achieve a single $1 of poverty reduction requires $166 of global production and consumption, an extreme form of environmental and economic inefficiency. Rich countries benefit handsomely from the Bank's reversion to trickle-down infrastructure, much more than from the MDG approach of direct poverty reduction through health, water supply, education, rural electrification, and nutrition

The 2001 Livestock Strategy is not mentioned in "*Responsible Growth*". On the contrary, the livestock strategy's commendable position to cease financing any large-scale grain-fed industrial livestock has long been undermined (e.g., Ecuador's Pronaca, China's Jilin). Responsible Growth encourages a resumption of cattle ranching, the most expensive form of food, unaffordable by most poor. Meanwhile IFC proposes to finance about one million head of beef cattle in the Amazon forest thru the Bertin Corp in 2005. Flip-flopping on the livestock strategy also undermines the Bank's prudent 1997 Health and Nutrition Strategy, namely to help the poor at very low social and environmental cost with immunizations and minerals (e.g. iron).

The chair emphasized that the one thing we have learned is that the client has to decide what loans they want, not the WB in Washington. This is odd because he knows that the WB has just issued a major conclusion that consultation about a project is OK, but not if it includes the right to say no. This is the WBG's official "consultation but not consent" ruling. The WBank's "Legal note on free prior and informed consultation" (2 August 2004) from the Sr VP and General Counsel calls for consultation and "broad community support", without clarifying how this differs from consent. In particular, does 'consultation' include the right of potentially impacted people to say no to a proposed project? Does 'consultation' include the right to refuse? As WB President McNamara (1968-1981) repeated that the WBank would never support a project if the impacted people did not want it, the 2 Aug '04 decision does not clarify such distinctions.

The book panel rejected steady-state economics because the 3-billion poor existing on less that $2/day cannot be told that the size of the pie can't increase. No inkling that aggregate growth is not improving livelihoods. No recognition that 178 member countries recorded negative average growth between 1990 and 2001. No mention that the costs of growth are undercounted and in an increasing number of countries exceed the benefits.[20] No attempt to target growth for the 30% poorest in a nation. Redistribution is still anathema to doctrinaire economists just like corruption, debt relief, and military expenditures were until recently. The panel admitted that the new policy (OD 8.60) still absolved structural adjustment loans from environmental and social assessment.

Now that the WB has been so effective in gutting its environmental and social safeguard policies, why does it sound surprised that civil society walked out of its first consultation on the newly dumbed-down safeguard policies (held in Brazil)? Why surprised at the flap when the loans promoting soy (AMaggi Corp), and cattle ranching (Bertin Corp) in place of Amazon forest became known?

Public-Private partnerships are a current fad. But if this means private corporations inherit the governments right to invoke eminent domain is not mentioned. The Bank misinterprets FPIC Consent to mean FPIC "consultation" without specifying the difference between consent and consultation. The rule continues, that broad community support must be sought. As of 2005, revised SAL policy refused to include social and environmental assessment.

[20] Where national indicators of national economic and social welfare have been calculated, they show OECD nations costs exceeds benefits in most cases.