

**Request for Inspection  
China Western Poverty Reduction Project**

**Submitted by the International Campaign for Tibet, June 18, 1999**

We hereby request the World Bank Inspection Panel to assess the extent of compliance with World Bank policies in the design and appraisal of the China Western Poverty Reduction Project. We believe that Bank policies on Information Disclosure, Indigenous Peoples, Environmental Assessment, Resettlement, and Agricultural Pest Management have been or will be violated. In the preparation of this project, Bank management may have violated Bank policies on Retroactive Financing and Investment Lending. We believe that these policy violations represent a serious threat to the lives and livelihoods of affected peoples in the area and will result in irreparable damage to the environment, causing locally affected people material harm. The project is scheduled to go to the Board of Executive Directors for approval on June 22, 1999.

The claim is brought by the International Campaign for Tibet, a US-based non-governmental organization, acting in representational capacity for people who are living in the project area. We believe the situation presented by this project meets the criteria of “exceptional” circumstances set forth in the resolution creating the Inspection Panel, such that non-local representation is permissible. (See Resolution para. 12, Inspection Panel Operating Procedures, para. 11). In conformity with the Panel procedures, the International Campaign for Tibet is providing clear evidence that there is no adequate or available local representation. For a discussion of representational authority and evidence of exceptional circumstances, please see Annex B 1.

The China Western Poverty Reduction Project (CWPRP) includes a component designed to benefit 57,775 migrants who will be resettled into the Haixi Mongol and Tibetan Autonomous Prefecture, Dulan County, Qinghai Province. The resettlement of these new migrants into the area will directly impact 4,000 local people, and will have indirect impacts on the entire county. The project also includes components for agricultural development and intensification in Inner Mongolia and Gansu. For Dulan County, in addition to the resettlement component, the project involves large-scale land clearance and leveling and the conversion of fragile, wind-swept, arid lands currently used for grazing by indigenous nomads, into intensive agricultural production. It also includes the construction of a 40-meter dam; extensive irrigation networks; rural roads; increased use of pesticides and fertilizers; labor mobility (encouraging migration from a rural way of life to the cities); and the potential entanglement with the extensive lao gai prison labor network and its associated industries. Moreover, it raises serious questions about the recognized risk of escalation of ethnic tension and resource conflicts; and the long-term development implications for the area. The project involves a great deal of social and environmental risk, and has provoked widespread international concern.

The above issues affect the lives and livelihoods of Tibetan and Mongolian ethnic peoples who will potentially suffer irreversible harm if this project goes forward. People

living in the project area have stated that they believe that the settlement “will create a dangerous situation” and that if the project is carried out with the support of the World Bank, “then the World Bank will have participated in passing death sentence to us here.” [See Annex A, Confidential letters received by ICT]

This claim documents serious violations of World Bank “safeguard” and other policies -- policies that are meant to protect the environment and third parties, and move the Bank towards sustainable development. World Bank policies are supposed to ensure that social and environmental impacts are carefully assessed and harm is avoided, and they are supposed to shape careful and informed decision-making within the institution. The problems in this project are very clear and obvious, now that project information has finally, just days before the Board vote, been released to the public. These policy violations are not merely procedural, and they are not easily solved. They undermine the integrity of the entire project, and if the project moves forward we believe that it will constitute a serious threat to the ethnic minorities in the area and the fragile ecosystem in which they live.

World Bank Documents reviewed in preparation for this claim include the following:

1. China: Western Poverty Reduction Project Environmental Information Package (hereinafter referred to as the EIP), (which includes 2 and 3 below)
2. Environmental Impact Assessment (EIA) for the Agricultural Development Poverty Reduction Project in Xiangride-Balong, Qinhai (October 1998) (hereinafter referred to as QHK-EIA)
3. China: Western Poverty Reduction Project Involuntary Resettlement Plan (May 1999) (hereinafter referred to as the Resettlement Plan).
4. Project Appraisal Document: Proposed Loan of US \$60 million and a proposed credit of SDR 73.8 million to the People's Republic of China for the Western Poverty Reduction Project (June 1, 1999) (hereinafter referred to as the PAD)
5. China Western Poverty Reduction Project Summary Paper (Released June 1, 1999) (hereinafter referred to as the Summary Paper)

Annexes to this claim include:

**Annex A** – Confidential Documents

**Annex B** – Justification of the Non-Local Representational Authority

Annex B 1 – International Campaign for Tibet- Representational Authority

Annex B 2 – Affidavit from Steve Marshall

Annex B 3 – Memorandum of China's Constitution and Judicial Process

Annex B 4 – Statement in Support of the Need for Non-Local Representation in an Inspection Panel Claim related to the Western Poverty Reduction Project in China, Lawyers Committee for Human Rights

Annex B 6 – International Committee of Jurists Report

**Annex C** – Documentation of Attempts to raise Concerns with Bank staff

Annex C 1 – Chronology

Annex C 2 – Letters Sent to Bank Staff and Executive Directors

Annex C 3 – World Bank Summary Paper on Project C, China Western Poverty Reduction Project

Annex C 4 – International Campaign for Tibet Response to World Bank " Summary Paper" on "Project C" (China Western Poverty Reduction) 8 June 1999  
**Annex D** -- Supplemental Information on Toxicity of Pesticides

1. Violations of Information Disclosure Policies

Bank Procedure 17.50 on Information Disclosure and OD 4.01 Environmental Assessment specifically require that Bank staff make the environmental analysis of a project available to the public in a place accessible to affected groups and local NGOs before a project goes to appraisal; the policies also require that once it is released locally it is to be sent to the World Bank Public Information Center, or InfoShop (BP 17.50 para. 12; OD 4.01 paras 17-19). The appraisal date for this project was January 10, 1999 (PAD, page 13). The environmental analysis was not filed in the InfoShop until June 4, 1999, nearly six months after appraisal and only after it had been scheduled to go to the Board for approval. Although the documents were sent to the InfoShop on June 4<sup>th</sup> copies were not available to the public until June 8, 1999. This failure to disclose information in a timely manner greatly hinders the ability of concerned members of the public to evaluate this project. The failure to make information publicly available at the InfoShop at Bank headquarters also raises serious questions about the extent to which the environmental analysis has been made available in a meaningful way to affected communities. We ask the Panel to investigate compliance with these Bank Policies.

2. Miscategorization of the Project as an Environmental Assessment Category B.

Bank staff have claimed that this project, which involves serious social implications, significant environmental risks, and the admitted goal of completely altering the landscape of the project area, requires only a Category B environmental assessment. We allege that this CWPRP clearly should have been screened as Category A, and that its miscategorization violates OD 4.01 Environmental Assessment.

The purpose of OD 4.01 is "to improve decision making and to ensure that the project options under consideration are environmentally sound and sustainable." (OD 4.01, para. 2) Paragraph 17 notes that the task manager must screen projects, in accordance with Annex E, to determine whether they are Category A, B or C. Annex E states, "A full EA is required if a project is likely to have significant adverse impacts that may be sensitive, irreversible and diverse. Impacts generally result from a major component of the project and affect the area as a whole or an entire sector." CWPRP contains at least seven different components that fall within the OD's list of Category A projects:

Dams and reservoirs

Irrigation, drainage and flood control (large scale)

Land clearance and leveling

Reclamation and new land development<sup>4</sup>

Resettlement and all projects with potentially major impacts on people

River basin development

Manufacture, transportation and use of pesticides or other hazardous and/or toxic material

Any one of these components should have triggered the screening of this project as a Category A, requiring a full environmental assessment. In marked contrast, the description of Category B states as follows, "Few if any of these impacts are irreversible." The illustrative list for Category B includes small-scale projects, tourism, watershed management or rehabilitation, renewable energy --- none of which are relevant to the CWPRP. The application of Category B clearly violates Bank policy.

This miscategorization has resulted in a failure to assess the significant risks and potentially devastating environmental and social impacts of this project. This failure to assess the social and environmental impacts has multiple negative effects. The failure to comply with Bank policy deprives locally affected communities of their right to full and complete information; limits consideration of alternatives; deprives the public of the ability to have meaningful consultation on the project; and deprives the Bank decision-makers of the ability to make an informed decision about whether to approve this project.

Had a full EA been prepared, many of the project's obvious environmental impacts would have been fully explored, as would project alternatives. As a result of the Bank's failure to apply a Category A to this project, numerous negative environmental and social impacts can be expected. Moreover, these impacts pose serious potential harm to affected people in the project's "move-in" area.

### 3. Violations of OD 4.20 Indigenous Peoples

The Indigenous Tibetan and Mongol peoples in Dulan County will be materially and adversely harmed by the project, and this harm will be a direct result of the failure of the Bank to comply with its policy on Indigenous peoples. We strongly object to Bank staff's contention that no indigenous peoples development plan is necessary for this project. In a meeting on June 17, Kristalina Georgieva, Manager of the Bank's Environment and Social Development Sector Unit, asserted that "project documents *are* the Indigenous Peoples Development Plan", citing paragraph 13 of OD 4.20. Paragraph 13 states:

For an investment project that affects indigenous peoples, the borrower should prepare an indigenous peoples development plan that is consistent with the Bank's policy. Any project that affects indigenous peoples is expected to include components or provisions that incorporate such a plan. When the bulk of the direct project beneficiaries are indigenous people, the Bank's concerns would be addressed by the project itself and the provisions of this OD would thus apply to the project in its entirety.

Bank management's mistaken interpretation of OD 4.20, and the Bank's failure to comply with the all of the provisions of the policy, illustrate and incredible lack due of due diligence. The following supports our allegation that OD 4.20 has been violated, and that violations will cause harm to Tibetan and Mongol ethnic minorities in Dulan.

### 3.1. Defining the 'project area':

The Bank asserts that because there are no Tibetans in the *immediate* project area, the project should be of little or no consequence to Tibetans, and that protestations by ICT and others to the Bank on behalf of Tibetans in Dulan County are irrelevant. This is misleading. This assertion also completely ignores the fact that the immediate project area is in fact home to Mongols, who will see their population percentage decline from 69% to 4.5 % after the project is implemented. (Summary Paper, Table 2). ICT asserts that the most logical definition of the project area is Dulan County. There are approximately 12,000 Tibetans and 7,400 Mongols live "in the immediate project area". In a remote area where there is little that is not controlled by government, the local unit of administration is of great importance. Local government controls all infrastructure, funding and access to services. Anything which dramatically changes the overall population and ethnic composition of a county will impact everyone in the county. Residence in Dulan County is sufficient to establish proximity to the project area and to assure that anyone in the county will be affected by the project. Tibetans would be contained within the same local polity and community, and would be profoundly influenced by the introduction of nearly 58,000 new residents.

### 3.2. Population transfer and impacts on host communities:

3.2.1. Transfer of large number of non-Mongolians and non-Tibetans into a Mongolian and Tibetan autonomous area: Among the most harmful effects of CWPRP would be consequences of doubling the county population to the indigenous culture and identity. As a result of population transfers carried out by China since 1949 Tibetan and Mongol populations have already been reduced to levels of 22.7% and 14.1% respectively, according to figures provided by the Bank. Before the PRC implemented population transfer, Tibetans and Mongols were the dominant peoples in Dulan, and had been for centuries. Their majority and indigenous status were the reason for the Mongolian and Tibetan autonomous status which China first conferred upon Haixi in 1954.

CWPRP would result in a further reduction of Tibetan and Mongol populations in Dulan County to 14% and 6.7% respectively. The importance of local culture in all its nuances has declined over the years as Tibetan and Mongol population share has declined. The introduction of approximately 58,000 settlers, who would outnumber the total Tibetan and Mongol populations of Dulan County by approximately 2.5 to 1, would create further strains on Tibetan and Mongol culture, language, religion and way of life. Tibetan and Mongol cultural features will be made even more irrelevant and even more difficult to maintain within Dulan County.

ICT and other experts have concerns as to whether the Mongolian and Tibetan Autonomous status of Haixi prefecture will remain viable after this Bank-financed population transfer has reduced indigenous populations to less than one quarter of the total population. The Bank's Summary Paper asserts that it has received a written guarantee from "Qinghai Province" that the autonomous status of Haixi would not be effected by the significant change in demographics brought about by the project. This guarantee, however, cannot be relied upon as it was not issued by the proper authority. It

is the National People's Congress and State Council who have the ultimate authority in designating autonomous status. A guarantee from a different political entity, such as Qinghai Province, would be meaningless. In Dulan County itself Tibetans and Mongols together would be outnumbered by Hui, raising further concerns about the future of Mongol and Tibetan autonomous status within the county itself.

3.2.2. Increasing ethnic conflict: [See Annex A, Confidential letters from Tibetans in Dulan County]

Relations in Qinghai between the indigenous Tibetan and Mongol, and the Muslim Hui were often hostile during the first half of this century. Hui leaders repeatedly attempted to invade and colonize lands which had been held by Tibetans or Mongols for much of the previous thousand years. Tibetans in Dulan have already sent out two letters specifically expressing concerns about renewed ethnic unrest should CWPRP be implemented. The Bank has acknowledged that 21% of those surveyed locally worry that the "influx of immigrants and the increase of population will cause more social unrest" (China: Western Poverty Reduction Project, Environmental Information Package). As Tibetans and Mongols become minorities in their own lands, they face racial discrimination from both Han Chinese and Chinese Muslims.

The International Campaign for Tibet is in receipt of letters from Tibetans in Dulan highly critical of the project and stating explicit desire that it not go forward. One begins: *"Recently we heard of a Chinese plan to settle tens of thousands of Muslim (Chinese) in Tulan Dzung region. This is Communist Chinese policy to create conflicts between the Tibetans and the Muslims. There have been many conflicts and many killings over pasture lands. In view of this, the settlement is designed to create a dangerous situation in the region. Many of us will die in the conflicts and even if we survive where do we go? As it is we do not have sufficient pasture land to support our animals, how is the land going to support tens of thousands new Muslim Sala [Salar] settlers? We have no alternative but to defend our land, we have no place to move. [...] Please appeal to the world governments to help us."*

Another accuses China of "violating our culture and our natural resources" and explains that the population transfer financed by the World Bank: *"...is very dangerous to us, an evidence of the Chinese policy of ethnic cleansing of the Tibetan people."*

3.3. Violations of OD 4.20 Indigenous Peoples:

3.3.1. OD 4.20, in its "Definitions" section, para 3, states, "The terms "indigenous peoples," "indigenous ethnic minorities," "tribal groups," and "scheduled tribes" describe social groups with a social and cultural identity distinct from the dominant society that makes them vulnerable to being disadvantaged in the development 7 The Mongol and Tibetan indigenous minorities affected by the project fit within this definition.

The greatest disadvantage that Mongols and Tibetans face in the development process is increasing marginalization through dilution of their status within their traditional homelands. Thus, they have already been reduced to about one third of Dulan's official population (36.8% according to the Bank). A further reduction to less than 21% as a result of this project would further marginalize them. CWPRP sets up a new development model that favors agricultural settlers, diverting scarce water and land resources from the Tibetan and Mongol traditional inhabitants in favor of the majority Chinese newcomers. This resource transfer away from ethnic minorities in favor of the dominant national groups stands in direct contrast with the terms and objectives of the World Bank Indigenous Peoples Policy.

3.3.2. The Policy's objective is to "...ensure that the development process fosters full respect for their dignity, human rights and cultural uniqueness...ensure that indigenous peoples do not suffer adverse effects during the development process, particularly from Bank-financed projects, and that they receive culturally compatible social and economic benefits."

Tibetans and Mongols are not opposed to environmentally and socially sustainable development. Tibetan and Mongol leaders living outside China have repeatedly expressed their desire to see development projects carried out in areas indigenous to their peoples which fostered respect for their cultures. They would support internationally funded development that, consistent with World Bank policy, fostered "full respect for their dignity, human rights and cultural uniqueness."

This project is not designed to foster the interests or alleviate poverty amongst the Tibetan and Mongol host communities. The beneficiaries of the project are clearly the 57,775 incoming settlers. Doubling Dulan County's population by resettling persons with very different cultural and historical backgrounds is not consistent with the Bank's objective vis a vis ethnic minorities. Instead, indigenous peoples are faced with a harsh choice: join the program or face poverty, alienation and irrelevance in your own homeland. Many indigenous persons, often for the sake of their children's future prosperity, opt to adapt. Their language, culture and traditions are often diminished as a result, and sometimes eventually sacrificed. Many Tibetans believe that China is utilizing economic pressure to force them into accepting a development model which ensures their assimilation into a social and economic stream where there is no need to maintain their own culture and little opportunity to do so. The CWPRP would place the Bank in the unfortunate position of ensuring that indigenous persons would "suffer adverse effects during the development process."

Moreover, the legal system in China will not tolerate challenges to CWPRP on the basis of violation of human rights, nationality's issues, or other issues which the Chinese government will view as offenses against ethnic unity. These issues are particularly sensitive in traditional Tibetan areas. Persons subject to Chinese law who make complaints against the State on the basis of human rights face imprisonment. Tibetan political prisoners have been sentenced for political expressions including disapproval of Chinese settlement in Tibetan areas. Such objections were treated as "counter-revolution"

until 1997 and were relabeled as "endangering state security" under China's new Criminal Code. China's 1982 constitution has a range of articles guaranteeing citizens' rights, such as freedom of speech and association, but all are made subordinate to broad State interests by two articles:

Article 51: "The exercise by citizens of the PRC of their freedoms and rights may not infringe upon the interests of the state, of society and of the collective, or upon the lawful freedoms and rights of other citizens."

Article 54: "It is the duty of citizens of the PRC to safeguard the security, honor and interests of the motherland; they must not commit acts detrimental to the security, honor and interests of the motherland."

China's judiciary is not independent and does not provide a venue where constitutional principles or laws can operate free of government control through legislative or Party manipulation. Articles 62, 63 and 67 of the Constitution hand control of the public prosecutorial function and courts at every level of government to People's Congresses, including charging the Standing Committee of each level of People's Congress to "supervise the work" of the public prosecutorial function and courts. The powerful constitutional articles above are not interpreted by any judicial body, but by the top official in China's legislative body, the National People's Congress. Article 67, section 1, empowers the Standing Committee of the NPC "to interpret the Constitution and supervise its enforcement". The current Chairman of the Standing Committee of the NPC is Li Peng, who is also the second most powerful official in the Chinese Communist Party. Under this legal and judicial architecture it is most unlikely that Tibetan and Mongol residents of the affected areas can freely or honestly state their views on CWPRP.

The Tibet Information Network (TIN) holds translations of Chinese criminal court documents which describe criminal behavior with phrases such as "damaging national ethnic unity", "attempted to eliminate the unity of the nationalities", and "created ethnic disputes" and "stirred up disputes between nationalities, had [fomented] nationality splits. In each of these cases the defendant had, among other things, objected to the influx of Chinese settlers into traditionally Tibetan lands. Three were criminally sentenced in Delingha, the capital of Haixi, in 1994. (See Annex B2)

3.3.3. Consultation of local indigenous population: Consultation is a requirement under OD 4.20 and also within OD 4.01 Environmental Assessment and OD 4.30 Involuntary Resettlement. The probable inadequacy of the consultation process would violate all three Bank policies. OD 4.20, para. 8, states: "The Bank's policy is that the strategy for addressing the issues pertaining to indigenous peoples must be based on the informed participation of the indigenous peoples themselves. Thus, identifying local preferences through direct consultation, incorporation of indigenous knowledge into project approaches, and appropriate early use of experienced specialists are core activities for any project that affects indigenous peoples and their rights to natural and economic resources."

China's laws requiring unity of the nationalities and penalizing those who oppose the will of the government make it extremely difficult for people to state their real feelings about development projects. China's laws and Constitution constrain citizens from airing views or carrying out activities which the State deems contrary to its own interests. Article 54 of China's current constitution states:

"It is the duty of citizens of the PRC to safeguard the security, honor and interests of the motherland; they must not commit acts detrimental to the security, honor and interests of the motherland."

Moreover, if Chinese government representatives were involved in opinion gathering, it would be dangerous for anyone to speak against the project. The Bank has admitted that all "consultations" were carried out in the presence of Chinese government officials and that confidentiality cannot be assured. The PAD acknowledges that, "the presence of Chinese officials at interviews with herders and farmers may have introduced inhibitions." Raising further questions about the efficacy of the consultation, the Bank PAD, (page 102), says, "Qualitative approaches are less well developed, however, and even when implemented, often compromise respondent confidentiality. This is a common weakness in assessment techniques carried out in China but are usually offset in the initial data gathering stage through the use of structured interviews" as mentioned above.

Bank Project documents summarize results of consultations as follows: The Project Appraisal Document (pp. 109) states: "The SA [Social Assessment] found that the herders welcome the project, *with about 10 percent expressing their reservations.*" (emphasis added) Apparently, the survey found that 29% of herders said migrants were welcome; 62% "did not object"; and 9% did not welcome the settlers (due to concerns about public disorder and fears of grassland overgrazing). The QHK-EIA (para. 72.2., page 66) also notes that, "21% of the population worry about the influx of immigrants and the increase of population will cause more social unrest." The SA apparently identified that herders were concerned about losing access to water supply and that new settlers would not put them at a disadvantage. 100% of those surveyed in the move-in area expressed concerns that the "new settlers would cut vegetation and destroy the ecological environment." (EIP, page 3 and page 65)

The Bank's Social Assessment, however, has been carried out in an environment in which many significant objections cannot be expressed. The environment is almost certain to provide the results China expects. Even though some concerns were identified, there is absolutely no mention of how the project design was influenced by these significant concerns or how the views and opinions of affected peoples was taken into account. Project mitigation plans do not adequately deal with these concerns. (See Annex B 4)

#### 3.4. Regarding the Bank Role

OD 4.20, para 11, states that, "Country departments should maintain information on trends in government policies and institutions that deal with indigenous peoples."

There seems to be a lack of awareness amongst Bank staff of "trends in government policies and institutions that deal with indigenous peoples." The Bank has not indicated awareness that it is the policy of China's government to encourage the resettlement of non-Tibetan peoples in Tibetan autonomous areas. The Bank's views (as expressed through CWPRP documentation) are generally congruent with official Chinese positions, revealing little awareness of the negative consequences to indigenous peoples in autonomous Tibetan areas which have arisen from official trends, policies or from specific institutions. The most important trend which the Bank has not taken note of is the resettlement of non-indigenous populations in "autonomous nationality" areas.

One of the most recent pieces of evidence on that policy was reported by the Tibet Information Network on May 20, 1999. The Tibet Daily published a story on 13 March, 1999, announcing a new political campaign. Known as "Three Stresses", it will be aimed initially at Tibetan Communist Party cadres in the Tibet Autonomous Region (TAR). The cadres will be urged to implement the "stressing of study, stressing of theory and stressing of sound healthy trends". A principal goal of the campaign will be to overcome resistance to Chinese population influx which the Party believes is embedded among Tibetan cadres. The campaign demands loyalty to the principals of "mutual inseparability" and "hailing from all corners of the country". As with most political education campaigns, it can be expected to be applied to other autonomous areas after initiation in the Tibetan Autonomous Region. The campaign clearly indicates that the Party views opposition to the influx of non-Tibetans as a dangerous attitude which must be eliminated.

### 3.5. Indigenous Peoples Development Plan

OD 4.20, para 13, notes: "For an investment project that affects indigenous peoples, the borrower should prepare an indigenous peoples development plan that is consistent with the Bank's policy". As noted above, there is no specific IPDP, and in justification of that gap, Bank staff assert that the project documentation constitutes the IPDP. Given that assertion, the following summarizes violations to the Policy based on project documentation. The Bank has clearly failed to meet the requirements of the provision for an IPDP.

#### 3.5.1. Regarding Prerequisites to an IPDP:

Para 14 (a) "the key step in project design is the preparation of a culturally appropriate development plan based on full consideration of the options preferred by the indigenous people effected by the project". Information received from Dulan and the opinions of Tibetan experts strongly suggest that if CWPRP's indigenous peoples could express their sentiments safely and freely, the Bank would have learned that population transfer in the CWPRP can not be made "culturally appropriate". CWPRP, which would cause the resettlement of almost 58,000 persons (more than the current population of Dulan County), about 48,000 of whom are Chinese, Hui and Salar, with whom Tibetans have had a turbulent history, into a Tibetan and Mongol homeland of many centuries, may embody the antithesis of cultural propriety. There is no indication in the documents that are publicly available that the Bank gave, "full consideration of options preferred by the indigenous people." Rather, the Bank claims that the project is in their interests.

Para 14 (b): "Studies should make all efforts to anticipate adverse trends likely to be induced by the project and develop the means to avoid or mitigate harm." The most significant adverse trend, to which CWPRP would contribute, is the ongoing and far-advanced erosion of Mongol and Tibetan ethnicity. Under PRC development, these people have been reduced to about one quarter of the prefecture population in less than fifty years. The Bank has refused to recognize the scope or nature of the changes which have set the stage for CWPRP. The Bank must evaluate CWPRP in light of the adverse trends in Haixi and Dulan since 1949 and in light of China's determination to continue with resettlement in indigenous autonomous areas. Rather than avoiding or mitigating the harm, the Bank will contribute international funds and institutional validation to the most destructive of all trends affecting Tibetan areas.

In addition, the Bank project could also facilitate a trend toward inter-ethnic hostility in the area. The Bank documents repeatedly recognize that residents are concerned about both the trend and the likelihood that the project will exacerbate this problem, which has enormous implications and sets up a volatile situation in which the ethnic minorities could face harsh repercussions.

The Bank would attempt to mitigate negative social impacts by resettling the Hui and Salar Muslims side-by-side in one place, and resettling the Tibetan and Tu Buddhists side-by-side in another place. A mechanism would be set up for mediating disputes. Settling these peoples in separate areas indicates the Bank is aware of the potential for ethnic conflict, but the mitigation device resembles ethnic partitioning. The Bank's promotion of such a scenario would enhance the prospects for harm, rather than mitigate them. The potential for ethnic tension is in fact increased because of this project for two reasons. One, it brings conflicting minorities into the area and numerically overwhelms the traditional ethnic minorities. Second, the project sets up the potential for resource conflict between the predominantly Chinese and Chinese Muslim settlers and the Tibetan and Mongol peoples.

The harmful effects of resettling such a large population into Dulan County, especially when 84% of those to be resettled would have few cultural similarities with indigenous Buddhist peoples, defy mitigation when assessed in a county-wide context. Even though China has already carried extensive population transfer which has set the stage for the current controversy, the Bank has not adequately explained or justified its intention to contribute further to the process of cultural diminution in an area of autonomous nationalities.

Paragraph 14 (c) of OD 4.20 states, "The institutions responsible for government interaction with indigenous peoples should possess the social, technical and legal skills needed for carrying out the proposed development activities. Implementation arrangements should be kept simple. They should normally involve appropriate existing institutions, local organizations, and non-governmental organizations with expertise in matters relating to indigenous peoples."

A review of the documents shows the lack of social, technical and legal skills. This is problematic at both the governmental and non-governmental level. Bank and Chinese institutions are unlikely to possess or exercise the social and legal skills for dealing with the most relevant issues. Skills which facilitate forced acceptance of CWPRP are not helpful and mask more significant problems. Assistance to Tibetans and Mongols may be available to facilitate their cooperation with CWPRP, but will not permit them to question or object without penalty. The prevailing social and legal system in Tibetan areas does not permit the existence or function of what many countries would recognize as a "non-government organization". NGOs in China operate within narrowly defined parameters decided by the government, particularly in autonomous ethnic areas. They are "encouraged" to enhance government function, not monitor or question it. (See Annex B 4) Under the constitution, no organization may carry out any activity which does not "safeguard the security, honor and interests of the motherland". Any "local" Tibetan organization which is permitted to exist will be expected to promote government policy.

3.5.2. Contents of an IPDP: Para 15 (a). Legal Framework: "The plan should contain an assessment of: (1) the legal status of the groups covered by this OD, as reflected in the country's constitution, legislation, and subsidiary legislation...(ii) the ability of such groups to attain access to and legally use the legal system to defend their rights..."

In large part because there is no separate IPDP, the Bank has not explained what, if any, assessment has been made of the "legal status" of Tibetan and Mongols, nor how the doubling of Dulan County's population with non-Mongols and non-Tibetans accords with that legal status. The Bank has not made available any study of Tibetan and Mongol ability to attain access to the Chinese legal system, nor any other assessment of that legal system.

The reality, unfortunately, is that Tibetans face incarceration for attempting to "defend their rights", including the right of an autonomous indigenous area not to be subjected to large-scale population resettlement. The legal system, such as it is, is better able to suppress and punish complainants than to provide redress for grievances. (See Annex B)

Para 15 (b). Baseline Data: "Baseline data should include: (1) accurate, up-to-date maps and aerial photographs of the area of project influence and the areas inhabited by indigenous peoples...(iv) the relationship of indigenous peoples to other local and national groups..."

The Bank has not made publicly available information which could be described as "accurate, up-to-date maps and aerial photographs of the area of project influence and the areas inhabited by indigenous peoples". The only map included with external documentation is poorly detailed. No aerial photographs have been provided. Bank reports have skirted assessment of difficult and contentious inter-ethnic relations, failing to document the relationship of indigenous peoples to other local and national groups. Bank documentation reveals a nearly complete failure to assess and address the complex and sometimes conflictual relationships between indigenous Mongols and Tibetans and their Hui and Chinese neighbors. The Environmental Information Package reveals that 21% of those surveyed were bold enough to express their fear that CWPRP would foster

ethnic conflict. The Social Annex mentions that such concerns exist but provides no background or analysis.

Para 15 (d). Strategy for Local Participation. "Mechanisms should be devised and maintained for participation by indigenous people in decision-making throughout project planning, implementation and evaluation...": The same inherent and fundamental limitations will impact the Bank's attempts to devise and maintain means for "participation by indigenous people in decision-making throughout project planning, implementation and evaluation" that apply to other channels for indigenous expression and participation. There is no evidence in the project documentation that Tibetan and Mongolian residents played any significant role in decision-making.

Para 15 (e). Technical Identification of Development or Mitigation Activities: "...detailed descriptions should be prepared and appraised for such proposed services as education, training, health, credit and legal assistance." Though it may be possible for the Bank to avoid coming to grips with the most dangerous flaws in CWPRP and to focus instead on lower level issues such as "education, training, health, [and] credit", there are systemic obstacles to the implementation of a functional legal assistance scheme which stem from limitations discussed above.

Para 15 (f). Institutional Capacity: "The government institutions assigned responsibility for indigenous peoples are often weak. Assessing the track record, capabilities and needs of those institutions is a fundamental requirement. Organizational issues that need to be addressed through Bank assistance" include, "(iii) ability of indigenous peoples own organizations, local administration authorities, and local NGOs to interact with specialized government institutions." As stated in section 14(c) above, the social and legal system in China does not permit NGOs to fulfill the vital service and advocacy roles often associated with them in many countries. In China NGOs are often supervised by the "United Front", an entity which operates as an interface between the Chinese Communist Party and non-Party actors. NGOs are expected to uphold all core Party policies and principals. As such, no local indigenous peoples organization, local administration authority or NGO would be permitted to undertake any activity which was not in the best interests of the government or Party. The political, social and ethnic implications of such restrictions on any entity expected to function as an advocate for local indigenous peoples are immense. The Bank has failed to factor the lack of NGO capacity into its analysis. There is virtually no mention of NGOs in the project documents.

Para 15 (h). Monitoring and Evaluation: "Independent monitoring capacities are usually needed when the institutions responsible for indigenous populations have weak management histories. Monitoring by representatives of indigenous peoples own organizations can be an efficient way for the project management to absorb the perspectives of indigenous beneficiaries and is encouraged by the Bank...The evaluation report should be made available to the public."

The Bank has admitted that no "independent" or international monitoring agencies (aside from the Bank) will be involved in the project. The Chinese agency which carried out much of CWPRP's survey preparation, the Qinghai Plateau Geographic Research Institute, was initially described by Bank officials as "independent". When challenged Bank officials acknowledged in meetings with ICT that the institute was "not really independent", and that the term "independent" merely meant not directly controlled by the government. In meetings, the Bank staff also conceded that no "monitoring agency" in China could be function independently (Zhou Weiguo, May 9, 1999). Meaningful self-monitoring by "representatives" of Tibetans and Mongols, as mandated by 15(h), would not be permitted.

### 3.6. Project Processing and Documentation:

Para 18. "...Appraisal should assess the adequacy of the plan, the suitability of policies and legal frameworks, the capabilities of the agencies charged with implementing the plan, and the adequacy of the technical, financial and social resources ...Appraisal teams should be satisfied that indigenous peoples have participated meaningfully in the developing of the plan as described in para 14(a). (Also see para 15(d))..."

CWPRP will not be supported by a suitable legal, social, or policy mechanism that will tolerate anything other than compliance with government policy. The full and actual nature of indigenous sentiment has not been learned, nor is it likely to be learned in a legal and social system which can penalize non-acceptance through a variety of methods ranging from limiting access to services to outright imprisonment. In such a context, the Bank can offer no evidence that "indigenous peoples have participated meaningfully in the developing plan." Conditions of appraisal most certainly have been violated in this project.

## 4. Violations of OD 4.01 Environmental Assessment, and other Environmental Policies

### 4.1. Deficiencies in the EIA documents related to the Qinghai Province:

The EIA is wholly inadequate for either predicting possible environmental and social impacts, planning to mitigate harm, or providing information to inform responsible decision making. The Environmental Information Package is wholly inadequate. Examples of weaknesses in the EIA follow:

4.1.1. Impacts of the project on water resources: Although recent versions of the Project Information Document and the Project Appraisal Document attempt to conceal the size of the project, the Bank plans to construct a new 40 meter high dam, and "renovate" an existing dam. In more recent project documentation, the dam is barely mentioned, and is generally referred to as a "reservoir." The Bank documents make a conclusory statement that the dam does not require a Category A assessment (despite the clear language in the policy) without any justification for that conclusion.

The impacts of the dam and reservoir, and the irrigation system on the region's ecology, including salt marsh wetlands that provide habitat for birds and animals, have not been adequately assessed, in violation of the Environmental Assessment policy, the Indigenous Peoples policy, and the Involuntary Resettlement policy. Bank documents admit that, "The abstraction of water for the project area will come at the possible expense of water supplies to the saline swampy areas to the north of Balong and this may have indirect environmental consequences." (EIP page 12) Moreover, it appears that available water resources from the Xiangride-Balong river system and groundwater resources will be reduced from 650 million cubic meters per year to as low as 115 cubic meters (EIP pages 10,11). The Xiangride river is a water system on which nomads have historically relied and which will now primarily serve the human and agricultural needs of the resettlement area. The EIA does not assess adequately the impact this water use will have on the grassland resources upon which the indigenous nomadic peoples and their livestock depend, nor does it address potential conflicts that will arise when the nomads will be forced to compete with settlers for access to scarce water supplies, which will have significant implications for the people in the project area, both the "host" communities and the new settlers.

We further question whether Bank staff have complied with the World Bank's Environmental Policy for Dam and Reservoir Projects. Because project documentation related to the dams is so scarce, the Panel should review the project to ascertain the extent to which Bank policies related to dams and dam safety have been complied with.

4.1.2. Impacts of irrigation and intensification of agriculture on the ecosystem and water resources: The project aims to convert an arid desert environment into an intensive agricultural production system by non-local transmigrants. This can only be achieved with major intervention through the development of an irrigation system to support grain and cash crop production, the introduction of agrochemical inputs, and the continuous monitoring of technological needs and environmental impacts.

The proposal that risks of increased soil salinization and sodification can be managed by over-irrigating and constant monitoring raises additional questions which are not addressed in the project documentation. For example, what is the mineralogy of source water? Is the soil porous enough to leach salts out faster than they accumulate? What will be the ecological effects downstream of this proposed over-irrigation? On the human side, who will provide the continuous monitoring of soil and groundwater salinity and effects on non-crop species? What institutional expertise is locally available or to be developed? Are there plans to engage the settlers in participatory monitoring and how would such monitoring be sustained long-term?

The project proposes to improve soil productivity with green manures and crop rotations. However, the project undercuts this valid approach by relying on use of agrochemical fertilizers and pesticides. Both can be extremely toxic to the soil microorganisms that are essential to develop rich soil and a healthy crop.

The project severely threatens the sustainable land use practices of indigenous nomadic herders. Relegating herders and their livestock to corridors will affect the grazing resources of the livestock and change the natural ecology of the corridors themselves, which are unlikely to be adapted to increased foot and animal traffic.

Additional environmental effects include the following:

1. Irrigation will likely increase the salinity of the project area. Soil salinity could completely undermine the attempt to create an intensive agricultural oasis, the basis of the claim of poverty reduction. The PAD (page 122) notes that, "Soil investigations in the Balong irrigation area indicate the presence of saline/sodic soils in some areas which, if incorrectly managed, can threaten crop yields due to toxicity and/or impeded drainage.... this would have to be rated as a *potentially significant risk*, particularly in view of the fact that the majority of the new migrants will not have had significant prior irrigation experience." (emphasis in original)
2. Occasional high water flows would probably carry tons of sediment into the irrigation system, causing silting (and loss of function) of irrigation canals.
3. The long-term effects of irrigation on groundwater levels in project site and surrounding areas has not been adequately considered. "Long term" modeling only examined 5-10 year impacts, generally considered short to medium term.
4. The proposed environmental monitoring program mentions monitoring surface water quality, but fails to specify measures for monitoring both pesticide pulses during the agricultural season and continuous or rising levels of agrochemicals in soil, rivers and streams. Likewise, the plan for monitoring downstream ecological impacts does not mention monitoring impacts of agrochemical contamination.
5. Local and migratory birds, as well as other wildlife, could be adversely affected by pesticides in the water and in prey species. Massive bird kills are not uncommon where pesticides are used.

The project claims to increase "floral biodiversity and the structural complexity of the local ecological system" – presumably by replacing the native fauna of xerophytic and halophytic species with wheat, barley, potatoes, vegetables and other crops. However, in essence, the project proposes to destroy a fragile local ecosystem that has evolved over thousands of years under harsh environmental conditions by radically altering the natural ecology.

The QHK-EIA (page 74) states, "The critical issue of the project is whether the water resources in this region can meet the needs of irrigation and sustainable development."

The project documentation does not instill confidence that the irrigation-dependent agriculture system will be managed sustainably, not the least of which because its sustainability virtually depends on extremely technical maintenance of the irrigation system by farmers who do not have such expertise.

4.1.3. Impacts on Wildlife and Habitats: BP 4.04 Natural Habitats states that, "If, as part of the environmental assessment process, environmental screening indicates the potential for significant conversion or degradation of critical or other natural habitats, the project is classified as Category A".

There is no question that natural habitats in the project area will be permanently altered by conversion of the land to agriculture. The area to be converted to agriculture is 19,200 hectares, over an area totaling 250,000 hectares. Such large-scale conversion of high arid desert to land for agricultural production should have triggered an EIA Category A. Presumably, a full EIA would have identified more thoroughly the impacts such a conversion will have on the ecology of the region.

As it is, the EIA notes that the alteration and exploitation of the land resources by leveling, drainage and irrigation will have serious impacts on wildlife and wildlife habitat. For example, para 3.1.2.6. states, "In the northern swamp zone of the project area, the construction of the project may influence on wildlife. As a result of project implementation the surface water will be transferred from the Xiangride River to the irrigation area. At the same time and groundwater will be exploited so that the groundwater table depth may be reduced." Further, "[The] data suggest that the area of wetlands to the north of the project may be slightly reduced, and may influence the survival of wild animals in it."

Despite the obvious potential losses of wildlife and wildlife habitat, there have been no attempts within the mitigation plan to create environmental offsets or compensation areas to account for these losses, which the EIA claims are "significant", nor are other adequate mitigation measures suggested.

It should be noted that 100% of those surveyed in the move-in area expressed concerns about the "cutting of vegetation, which will destroy the ecological environment and the wild animal and plant resources."(EIA para 7.22, page 65) Such a universal concern should have prompted project alternatives to be considered, or mitigation and ecological compensation plans to be developed.

Annex Four of the EIA, gives the Bank's analysis of the impact of the project on biodiversity:

"In the project regions the main species are desert, semi-desert and grassland living things which matches the situation in ecological types. Concerning about animal species in the project regions, it consists mainly of Qaidam desert animal species and Mongolia-Xianjiang animal species. Plant species consists mainly of Mongolia- Xinjiang species and middle Asia species. There are 8 animal species, over 30 plant species. After the implementation of the project, living species will

increase continuously along with the improvement of ecological variety and the perfection of ecological system structure. Plant species will be added to 10-30 species, animal species will be added to 10-21 species, which will affect the variety of living species in the project regions positively."

Apart from lacking substance in terms of identifying biodiversity and ecosystem function, the Annex seems to be saying that after the initial degradation of the natural ecosystem, which *includes desertification*, the "inefficient" natural ecosystem will "improve" by the agricultural conversion and that the introduction of crop species will "improve" biodiversity. In fact, the ecosystem will be replaced with an agricultural system, which will require the use of large quantities of water to sustain over time. The risk of desertification is not adequately addressed in the document. It appears that the problem of land conversion is deemed insignificant enough to warrant adequate study, even though a major problem with land conversions of this type is the increased possibility of desertification. In the absence of serious studies, the long-term sustainability of the project is highly questionable.

4.1.4. Failure to Assess Environmental Impacts of Resettlement: World Bank policies on Environmental Assessment and Involuntary Resettlement both require the staff to consider the environmental impacts of resettlement on the host environment. In this case, the project will more than double the population of Dulan county, having significant impacts on the local environment. The area that the project will be targeting is sparsely populated, wind-swept arid lands that have been traditionally been used by nomadic peoples in a subsistence, sustainable way. The current population density of the move-in area is appropriate to the carrying capacity of the land. In contrast, the move-out area has been over-populated as a result of past government migration policies. In order to provide only an incremental reduction in population density of the move-out area, the World Bank plans to resettle 57,775 people from the move-out area into the sparsely-populated Mongolian and Tibetan Autonomous Prefecture. After those people are moved out, the population density of the move-out area will only decline from 114.3 persons per square kilometer to 113. This will provide at best only temporary relief from the population pressures in the move-out area, but will have significant and irreversible effects on the move-in areas.

The decision to double the population density in the move-in area poses considerable environmental and social risk, requiring a full-scale analysis of the impacts and the full-scale consultation that comes along with that analysis. The failure to conduct an analysis of the environmental impacts of resettlement violates OD 4.01 and 4.30.

4.1.5. Environmental impacts of induced development over the long term: One of the issues raised by ICT and other international organizations working on issues of Tibetan human rights is the long-term plans of the Chinese government to open these lands to future exploitation of mineral and fossil fuel resources. In the context of "The Situation of Energy Development in the Move-out Region", the EIA mentions these resources in the project area (presumably in the move-in area) almost in passing:

The project region and its surrounding areas are rich in metal and non-metal resources, which are worthy of exploitation. The Qinghai-Tibet highway also runs through the south side of the project region, providing a very convenient transportation. The main metal resources are copper, iron, gold, lead and zinc. Of the nonmetal resources there are coal, natural gas, oil. (EIA para 3.2.2. page 33)

While such resource exploitation is not a part of the CWPRP, we believe that the project will catalyze greater infrastructure and resource development in the region which will have long term environmental and social implications. We request that the Inspection Panel ascertain whether OD 4.01 should be applied to this project.

## 5. Failure to apply World Bank Policy for Pest Management

### 5.1. Review of OP 4.09 and BP 4.01

The World Bank's Operational Policy on Pest Management (OP 4.09) states the following (emphases added):

1. "In assisting borrowers to manage pests that affect either agriculture or public health, the Bank supports a strategy that promotes the use of biological or environmental control methods *and reduces reliance on synthetic chemical pesticides.*"
2. "In appraising a project that will involve pest management, the Bank assesses the capacity of the country's regulatory framework and institutions to promote and support safe, effective, and environmentally sound pest management. *As necessary, the Bank and the borrower incorporate in the CWPRP components to strengthen such capacity.*"
3. "The Bank uses various means to assess pest management in the country and support integrated pest management (IPM) and the safe use of agricultural pesticides: economic and sector work, sectoral or project-specific environmental assessments, participatory IPM assessments, and adjustment or investment projects and components aimed specifically at supporting the adoption and use of IPM."
4. "In Bank-financed agriculture operations, *pest populations are normally controlled through IPM approaches*, such as biological control, cultural practices, and the development and use of crop varieties that are resistant or tolerant to the pest."
5. "The Bank may finance the purchase of pesticides *when their use is justified under an IPM approach.*"

The Bank defines IPM explicitly as

*"a mix of farmer-driven, ecologically based pest control practices that seeks to reduce reliance on synthetic chemical pesticides. It involves (a) managing pests . . . rather than seeking to eradicate them; (b) relying, to the extent possible, on non-chemical measures to keep pest populations low; and (c) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment."*

Bank Procedures 4.01 also requires all WB projects to comply with the following: 20  
“Development of a pest management plan “when there are significant pest management issues such as (a) new land-use development or changed cultivation practices in an area, (b) significant expansion into new areas, (c) diversification into new crops in agriculture, (d) intensification of existing low-technology systems, (e) proposed procurement of relatively hazardous pest control products or methods, or (f) specific environmental or health concerns.”

## 5.2. Violations of OP 4.09/BP 4.01 in WB China/Tibet project

The CWPRP project directly violates both the word and spirit of OP 4.09 in the following ways:

1. CWPRP not only fails to reduce farmers’ reliance on chemical pesticides; it openly states that it will result in settlers’ *increased* use of and dependence on pesticides.<sup>1</sup>
2. WB documents contain contradictory statements, stating variously that farmers, rural cooperatives and even “project funds”<sup>2</sup> will be used to purchase pesticides. Regardless, the Bank’s disclaimer that “WB funds will not be used for procurement of such chemicals” is irrelevant. OP 4.09 explicitly states that the policy “applies to all Bank lending, whether or not the loan finances pesticides.” OP 4.09 further warns that “even if Bank lending for pesticides is not involved, an agricultural development project may lead to substantially increased pesticide uses and subsequent environmental problems.” CWPRP appears headed towards precisely the problems that OP 4.09 seeks to avert.
3. CWPRP fails to present any kind of integrated pest management approach remotely bordering on the IPM described in and required by OP 4.09. The project’s entire approach to “pest management” relies solely and heavily upon chemical pesticides.<sup>3</sup>

<sup>1</sup> “Increased on-farm productivity will be achieved, at least in part by increased use of inputs, including fertilizers and *pesticides*.” (EIP page 6)

<sup>2</sup> “Project funds will be provided to cover investments for the first crops to be sown by the settlers (seed, fertilizer, plastic mulch, *pesticides*, etc.).” (EIP page 7)

<sup>3</sup> CWPRP’s pesticide-dependence and the notable absence of any IPM approaches appears throughout project documents, including in sections on “Increased use of agricultural input” (EIP page 6), “Crop Production” p. 7, “Pest management in minority areas” (page 25), Mitigation strategies table for agrochemical usage, Table 2 “Proposed Environmental Monitoring Program” (absence of analysis of downstream impacts of pesticides in surface water and absence of IPM in monitoring crop production), “Cropping Technologies” (QHK-EIA, page 14), Table 4-3 on “Assessment Risks to Project Operations” (no mention of IPM training as mitigation measure, QHK- EIA) and “Management system for environmental mitigation and monitoring” (absence of water quality, environment/wildlife and health agencies role in monitoring pesticide impacts, page 41, QHK-EIA), Table 5-1 on “Possible environmental problems, harnessing measures, etc.” (pesticide regulations and use rather than IPM as mitigation for pesticide risks, p. 59, QHK-EIA) and Annex 5 (list of pesticides to be used).

The CWPRP “pest management” approach describes only pesticide regulation and monitoring and pesticide-related training activities to be carried out by local extension stations. The existence of local extensionists trained in pesticide use in the Tibetan/Mongolian autonomous area – populated only by nomadic herders – is itself highly questionable. And the utter failure of “safe pesticide use” programs around the world is well-known throughout the international development community and even within the Bank.

*The much larger problem, however, is that the project is entirely devoid of any mention of reducing reliance on pesticides and promoting an ecologically based IPM strategy as required by OP 4.09.*

The crop technology section (QHK-EIA, page 14) lists all inputs to be used in each crop, including the prescription of 0.25 kg pesticides/mu — regardless of crop type, type of pests, presence of pests or natural enemies, available cultural or varietal controls, etc. The section of “prevention of disease and pests” lists only pesticides and fungicides.

This defies the most basic understanding of ecological and health definitions of “prevention” – but also flagrantly disregards the word and spirit of OP 4.09 in which pesticides may only be considered as a last resort – after all other ecological approaches have already been implemented and an integrated pest management plan has been developed.

5.3. Violation of BP 4.01, Annex E for pest management:

5.3.1. CWPRP lacks BP 4.01’s required evaluation of China’s capacity to manage the procurement, use and disposal of pesticide products in the remote project site. The project makes no mention of Chinese capacity to monitor the impacts of pesticide use; likewise no assessment is provided on Chinese capacity to develop and implement ecologically-based pest management programs in the project area.

China’s National IPM Program is at present limited to a few provinces and IPM experts in the country acknowledge the absence of communication or coordination between provinces and the lack of any indication that IPM is being effectively developed or implemented elsewhere – let alone in the remote regions of Mongolian and Tibetan Autonomous areas.

5.3.2. BP 4.01 requires that Category A projects include components “aimed at reducing environmental and health hazards associated with pest control and the use of pesticides, including support for development and implementation of IPM programs.” For numerous other reasons in addition to pesticide hazards, CWPRP should clearly be classified as Category A — which would further underscore its responsibility to implement IPM.

5.3.3. CWPRP violates the requirement to develop a comprehensive pest management plan (see review of BP 4.01 above). The project is indisputably (a) altering land use, (b) significantly expanding crop cultivation into a region that has never supported it, (c) introducing numerous new crops (including vegetables, which are specifically cited in BP

4.01 as problematic because of their association with heavy use of pesticides, and (d) intensifying low-technology crop production methods by encouraging farmers to increase their usage of external inputs including pesticides.

5.3.4. CWPRP's failure to develop an IPM plan also violates the requirements that WB projects provide a plan when (e) proposing the use of hazardous pest control products or methods and when (f) the health of settlers, wildlife and the surrounding environment is threatened by those pesticides (see Annex D: Information on Pesticide Toxicity).

#### 5.4. Other pesticide-related concerns

5.4.1. CWPRP's description of avoidance or mitigation measures regarding both pests and pesticides includes no proposal for education or training of settlers in ecologically-based IPM. The provincial agencies responsible for reducing environmental impacts of pests and pesticides (agriculture, animal husbandry, forestry) are those most likely to be heavily dependent upon pesticide use. CWPRP proposes no plans for integrating the expertise of China's National IPM Program or of FAO's IPM in China program.

5.4.2. CWPRP's proposed "Management system for Environmental Mitigation and Monitoring" relies only upon prefectural and provincial "environmental protection" agencies. Not enough information is presented to determine the effectiveness of management or monitoring. For example, what agency will monitor the frequency, dose and actual methods of pesticide applications – data necessary to understand the real ecological as well as health and social impacts. No mention is made of a role for public health agencies, e.g. in identifying and treating pesticide poisoning, and monitoring the health impacts of increased pesticide use (e.g. acute poisoning, reduced cholinesterase activity, chronic effects, deaths, etc).

5.4.3. CWPRP also lacks specific plans for measuring pesticide levels in foods, surface water, groundwater, soil, air, and wildlife and their ecosystem-wide impacts (for example, contamination of surface water may poison livestock and inhabitants downstream of the project area; pesticides often cause the death of zooplankton may result in loss of fish species; contamination of birds directly and through their prey, direct poisonings of project and non-project inhabitants of the region, their livestock and other wildlife, pesticide flows downstream, etc.). The project lacks a plan to monitor the life cycle of pesticides applied in such an arid region.

### 6. Violations of Resettlement Policy, OD 4.30

#### 6.1. Failure to Prepare an Adequate Involuntary Resettlement Plan.

The involuntary resettlement plan for the Qinghai Province component, which involves the migration of 57,775 persons over 450 kilometers into a Mongolian and Tibetan Autonomous Prefecture, and the displacement of 4,000 persons living in the "move-in" target area, is only 5 pages long, plus a one page matrix. There is no mention whatsoever of the preferences of the affected communities, other than an assurance that they were consulted. The inadequacy of the resettlement plan is clear and obvious, and it fails to meet the standards of the World Bank policy. Whether the project planners wish to

categorize the move-out resettlement as voluntary or involuntary, they must meet the 23 terms of OD 4.30. That policy requires a detailed analysis, consultation, planning, and careful implementation. The involuntary resettlement plan prepared for this project is not, in fact, a plan. Rather than meeting the analysis and planning requirements of Bank policy, it simply lists the policy requirements (see para. 11 of the Resettlement Plan), with absolutely no description of how the policy requirements have been or will be met.

6.2 Failure to Make the Voluntary Settlement Implementation Plan (VSIP) publicly available. Bank documents make repeated references to a VSIP, but they have not made this document available to the public. Therefore, ICT requests the Inspection Panel to evaluate compliance with OD 4.30.

6.3 Failure to Meet Conditions of Appraisal relating to Resettlement. Bank policy requires that "Submission to the Bank of a time-bound resettlement plan and budget that conforms to Bank policy is a condition of appraisal for projects involving resettlement." (OD 4.30, para. 30). Once again, Bank staff have failed to comply with the policy. The 5-page "Involuntary Resettlement Plan" is dated May, 1999 (project appraisal was in January, 1999). This document was not prepared prior to appraisal, it does not conform to Bank policy, and it does not offer a time frame.

#### 7. Potential Violation of World Bank Policy on Retroactive Financing

OD 12.10, Retroactive Financing, states that the Bank will only rarely authorize the reimbursement of expenditures made by the borrower before the date of signing a loan agreement. (para. 1). The reason for restrictions on retroactive financing is primarily because "The Bank's Board of Executive Directors reviews and decides on every lending operation. It would be a serious infringement of the Board's prerogative if staff were routinely to present to the Board projects that were already largely implemented." The PAD says, "The cost of reclaiming about 300 hectares in Qinghai as a pilot for voluntary settlement, and of social services and rural infrastructure would be financed retroactively." (PAD page 10). It also says, "During appraisal, the pilot program was approved for retroactive financing." (PAD, page 36).

This raises questions as to whether the pilot phase has already begun, a situation that is nowhere discussed in the project documentation and that certainly is relevant to the Board decision that is scheduled for June 22<sup>nd</sup>. We request the Panel to examine this project to see whether it has already commenced implementation prior to Board approval, and to examine compliance with OD 12.10.

#### 8. OD 10.00 Investment Lending: Identification to Board Presentation

Considering the many flaws that we have found in project documentation and the information that we have received from Bank management, we question whether the project meets Bank standards for quality at entry (OP 10.00). For example, OP 10.00 states:

"The Bank finances investment projects that contribute to the sustainable socioeconomic development of member countries. Such investments help borrowers make the best use of their resources – natural, financial, and human – to alleviate poverty, protect the environment, and enhance the effectiveness of their public and private sectors. To achieve these goals, the Bank and borrower need to ensure the quality of projects at entry."

## 9. Summary

The China Western Poverty Reduction Project poses serious harm to the Tibetan and Mongolian ethnic minorities of Dulan County, as a direct result of the failure of Bank staff to comply with the Bank's policies as noted above. In a meeting on June 17, 1999, between Bank Vice President Jean-Michel Severino, project staff, ICT, the US Tibet Committee, Students for a Free Tibet, three Tibetans from the Amdo region (Qinghai) now living in exile, the Center for International Environmental Law and the Bank Information Center, Mr. Severino stated that he stands behind the technical merits of the project, and that he had recommended the project for approval by the Board. ICT, on the other hand, believes that the technical analysis for this project to be in clear violation of World Bank policies.

In accordance with the Inspection Panel Operating Procedures, we have raised our concerns repeatedly with Bank management, and we strongly believe that Bank management's response is inadequate. The Tibetans meeting with Mr. Severino and Bank staff on June 17 explained that by approving this project, "the Bank is contributing to the ethnic annihilation of Tibetans." It is as a last resort that we are submitting this claim to the Inspection Panel for an investigation.

We therefore believe that the above actions / omissions which are contrary to the above policies or procedures have had and will in the future materially and adversely affected the rights and interests of locally affected people whom we represent, and request the Panel to recommend to the Bank's Executive Directors that an investigation of these matters be carried out in order to resolve the problems.

As advised in your Operating Procedures, this request for Inspection is brief. We also are willing and able to provide supplemental information.

We authorize you to make this request public, with the exception of Annex A.

John Ackerly  
President  
International Campaign For Tibet

Bhuchung Tsering  
Director  
International Campaign for Tibet