THE WORLD BANK AND HUMAN RIGHTS:

Implications of Development Lending for Big Dams

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DECLARATION

I declare that the dissertation entitled **"The World Bank and Human Rights: Implications of Development Lending for Big Dams"**, submitted by me in partial fulfilment of the requirements for the award of the Degree of **Master of Philosophy** of Jawaharlal Nehru University, is my original work. This dissertation has not been submitted for any other degree of this University or any other university.

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We recommend that this dissertation may be placed before the examiners for evaluation.

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For,

Dadu…Dida…Ma…Bappi…to whom I owe all…

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LIST OF ACRONYMS AND ABBREVIATIONS

CAS	Country Assistance Strategy
CDF	Comprehensive Development Programme
CPIA	Country Policy Institutional Assessment
EDI	Economic Development Institute
EIR	Extractive Industries Review
ESAF	Enhanced Structural Adjustment Facility
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GNP	Gross National Product
GSM	Global Social Movement
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
ICCPR	International Covenant for Civil and Political Rights
ICESCR	International Covenant for Economic, Social and Cultural Rights
ICOLD	International Commission on Large Dams
ICSID	International Centre for the Settlement of Investment Disputes
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IFIs	International Financial Institutions
ILO	International Labour Organization
IMF	International Monetary Fund
IUCN	The World Conservation Union
MDGs	Millennium Development Goals
MEI	Multilateral Economic Institution
MIGA	Multilateral Investment Guarantee Agency
NBA	Narmada Bachao Andolan
NEAP	National Environmental Action Plans
NGO	Non-Government Organisation

NIEO	New International Economic Order
NWDT	Narmada Water Disputes Tribunal
OED	Operations Evaluation Department
PGRF	Poverty Reduction and Growth Facility
PRSPs	Poverty Reduction Strategic Papers
R&R	Resettlement and Rehabilitation
SAL	Structural Adjustment Lending/Loan
SAP	Structural Adjustment Program
SAPRI	Structural Adjustment Participatory Review Institute
SECAL	Sectoral Adjustment Loans
SSP	Sardar Sarovar (Narmada) Dam Projects
TOD	Technical Operations Department (Later Project Department)
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific, and Cultural Organization
WBG	World Bank Group
WBI	World Bank Institute
WCD	World Commission on Dams
WTO	World Trade Organization
ECOSOC	Economic and Social Council
DEC	Development Economics Senior Vice-Presidency
DERT	Development Effectiveness Remedial Team
RTD	Right to Development

CHAPTER I

INTRODUCTION

The World Bank, the largest and the most visible multilateral development bank, along with the International Monetary Fund (IMF) and the World Trade Organization (WTO) constitutes the 'troika' of International Financial Institutions (IFIs) that has come to characterize contemporary international economic cooperation. Established in 1944 as the International Bank for Reconstruction and Development (IBRD), it has broadened to become the World Bank Group (WBG),[1] with the stated mandate: 'Our Dream is a world Without Poverty'. The change is not merely nomenclatural but includes addition of specialised institutions, along with a discernible expansion in its size and mandate and a transformation of its character and style of functioning. This is reflective of the Bank's endeavour to constantly interpret its founding Articles of Agreement (henceforth Articles). However, the Bank's golden jubilee celebrations were accompanied by slogans of 'Fifty Years is Enough', raised by Non-Governmental Organizations (NGOs), the civil society, academicians and scholars, who asserted the inability of the Bank to adequately respond to the demands of the dynamic international conditions; thereby questioning its legitimacy and the need for continued existence.

Human rights have been firmly lodged in the global consciousness since the end of the Second World War. The Universal Declaration of Human Rights (UDHR) together with the International Covenant for Civil and Political Rights (ICCPR) and the International Covenant for Economic, Social and Cultural Rights (ICESCR), adopted by the United Nations (UN), were among the first international instruments that endorsed human rights as 'universal' and 'inalienable' by establishing certain common standards and norms. They were accompanied with a weakening of state sovereignty and an increase in the numbers of actors that define the international context today. Implementation of human rights is increasingly being demanded in

[1] The 'World Bank Group' is the collective expression used for the conglomerate of five specialised institutions – the IBRD, the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID). For the present purpose, the terms 'World Bank' and 'the Bank' would be used to refer primarily to the IBRD and the IDA, and specific mention of an affiliate would be made wherever required.

terms of *respecting*, *protecting* and *fulfilling* these rights, from all the players in the international arena. Enjoined to include human rights concerns, the development discourse has progressively evolved from the single-point economic agenda of growth to incorporate the concepts of 'welfare', 'choice' and 'freedom' to render a 'human face' to development. In this context, the Bank as an international actor cannot remain immune to the international dynamics or to ignore the emerging interface between the paradigms of development and human rights.

The Bank transcended from the function of reconstruction to that of promotion of development earlier than expected. At the embryonic stage, its major thrust was to lend for infrastructural projects, strictly under economic overheads – transport, communication, power projects, ports, dams etc., that could be shown as financially viable in terms of rate-of-returns. Gradually, the Bank adopted non-economic (poverty alleviation, human resource development, education, health facilities, employment schemes, water, sanitation etc., – components of the 'basic needs approach') and non-project (program based lending and structural adjustment) lending. Bank lending, over the years, incorporated concerns of environment, gender etc. 'Governance', 'participation' and 'ownership' also attained recognition in the Bank's lexicon. Nevertheless, project-funding continues to be one of its major lending areas and with the increasing awareness of issues relating to 'project affected persons', the Bank has been critically targeted for the negative social and human rights impacts of the projects it funds.

Big dams are among the Bank-funded infrastructural development projects that have attracted the maximum national and international controversy. The Bank has been one of the chief financers of big dams, which have raised grave questions about their implications on environment and human rights, especially those of the indigenous and tribal peoples. Big dams are inevitably accompanied by involuntary and at times coercive displacement, and insufficient and belated resettlement and rehabilitation (R&R) measures. The Bank being the largest source of external funding for building big dam has been called upon to assess the human rights implications of its lending policies and to incorporate internationally recognised and accepted human rights standards in its lending procedures throughout the 'project cycle'.

These issues constitute the context of the present study, 'The World Bank and Human Rights: Implications of Development Lending for Big Dams', which attempts a human rights assessment of the Bank's lending to build big dams, the human rights violations caused, the existing policies and the plausibility of accommodating human rights in its lending policies and addressing their violations.

The development-human rights relationship has never been a comfortable one, often considered as being antithetical. The Bank being the single largest source of development finance, with the stated mandate of international development, has a direct impact on the lives and rights of those living in the borrowing countries. Its unmatched resources engaged in establishing policy frameworks that provide a model for developmental policies and practices, make it an obvious choice to explore the interface between human rights and development. However, human rights, one of the chief non-economic indicators of development are directly in conflict with economic parameters of development promoted by the Bank. Hence, the Bank is dragged to the centre of controversy on account of its alleged inability to balance between its developmental mandate and their social implications. Whether the Bank has been successful in incorporating human rights standards in its functioning or in addressing the violations of these norms through its lending is a predicament open to debate.

Extensive literature is available on the World Bank: its genesis and evolution; and on human rights: their content and implementation. Moreover, the escalating enquiry into the need for their mutual reinforcement has resulted in substantial literature on the definition, political connotation and critical assessment of development from a human rights perspective. It is indeed a difficult feat to select an essential few texts to provide the necessary overview. However, recognition of their inter-relationship has been conspicuously absent from the classic works on the Bank like *The World Bank since Bretton Woods*, by Edward S. Mason and Robert E. Asher (1973), *The World Bank: Its First Half Century*, by Devesh Kapur, John P Lewis and Richard Webb (1997), *Investing in Development: Lessons of World Bank Experience* by Warren C. Baum and Stokes M. Tolbert (1985) and *Economic Development Projects and their Appraisal: Cases and Principles from the Experience of the World Bank*, by John A. King Jr. (1967). Most of the available literature on the World Bank deals with its functional and institutional evolution, sparsely considering its growth vis-à-vis the changing notions of development. They abstain from critical evaluation of the human rights dimension of the Bank's operations. The theoretical writings on organizational change make the Bank's evolution intelligible, but they fail to capture the growing human rights demands, particularly in relation to its functional and structural transformation. This gulf is alarming in contemporary international relations where human rights concerns are increasingly defining the development paradigm.

Most of the works on the Bank that are by its staff members or are commissioned by the Bank are inward-looking, endorsing the Bank's ideological baggage that colours its businesses. Very few critical works have emanated from within the Bank, while most of the non-Bank literature on its functioning is often cynical both regarding its past record and future prospects. The expanding mandate of the Bank vis-à-vis the human rights-based approach to development and the human rights violations caused by the Bank's operations has failed to generate adequate academic interest and research. One searches in vain for articles on the Bank's engagement with human rights in journals like *International Organization*, *The World Bank Research Observer*, and *The Journal of Development Studies*. However, *Global Social Policy*, *Cornell International Law Journal*, *The International Journal of Human Rights* and *Transitional Law and Contemporary Problems* have rare articles discussing the Bank's human rights obligations. Students and scholars have to rely on *Human Rights Quarterly* and *Harvard Human Rights Journal* to get an insight on the meaning and scope of human rights for the Bank's operations. Therefore, *The Human Rights Obligation of the World Bank and the IMF*, by Sigrum I. Skogly (2001) and *Between Light and Shadow: The World Bank, the IMF and International Human Rights Law*, by Mac Darrow (2003) make path-breaking inroads in the direction.

Considerations of human rights in the policies and practices of the Bank that have featured in recent academic research have been primarily legalistic, attempting a defence of the Bank based on the provisions of its Articles. Some writings that do advocate a human rights role for the Bank have been rather limited in approach and scope. Because of a purely technical approach, the target audience has been limited to only the Bank officials and staff and the governments of countries. Analysis of the impact of Bank-funded projects on human rights and consequently, the incorporation of human rights criteria in the various stages of lending to estimate the implications beforehand and ensure proper policies to address them is wanting.

Big dam projects, one of the fundamental areas of the Bank's traditional lending, has surprisingly attracted the least research. Despite the Bank's involvement in some of the internationally controversial dam projects that involved large-scale involuntary displacement, amounting to violations of the human rights of life and livelihood, the role of the Bank receives only a cursory reference in the available literature on the adverse impacts of the big dams. The criteria that the Bank applies before funding dam projects and their implications, subsequent appraisal, monitoring and evaluation have received inadequate treatment. Most of the dam-related literature is by national sources and NGOs. The Report of the Independent Review (1992), constituted by the Bank following mounting criticisms regarding its involvement in the Sardar Sarovar (Narmada) Dam Projects (SSP) in India, and the Report of the World Commission on Dams (2000) (WCD), provide valuable reference points for examining the human rights implications of Bank activities, specially the social and environmental impacts of dams. Although literature on particular dam projects details their economic, social and environmental aspects, it does not specifically address the question of the Bank's liability in various stages of the project.

The present study attempts to bridge this gap by bringing the argument of rights-based development into the ambit of the functioning of the Bank, explicitly in relation to its lending for big dam projects. The integration of human rights into the developmental agenda of the Bank has remained absent from scholarly attention for a long time. However, in order to remain relevant and legitimate, the Bank has to effectively adapt itself to the changing notions of development in the international context: to incorporate human rights standards and address human rights violations. Although recently, the Bank's involvement with human rights has become an area of academic research, studies have confined to assessment of the strict legal mandate, or proposed a very narrow perception of human rights in the Bank's glossary, or confined to the social and environmental implications of particular projects funded by the Bank, thereby failing to comprehensively incorporate the dynamics of the development-human rights interaction, especially infringements of the latter caused by development lending.

This study is not a historical chronology of the World Bank's evolution process over the six decades of its existence. It is not about the legal and normative involvement of the Bank's development paradigm with international human rights standards. Rather, it is about how the lessons derived from the ostensibly missing human rights link from lending for big dams and resultant violations could be made useful to progressively incorporate human rights impact assessment in project lending and sensitise the Bank towards human rights infringements. This is situated within the larger debate regarding the relationship between development and human rights, on the one hand, and dams as an instrument of development or responsible for human rights abuses, on the other. The focal point is the Bank, since it provides development lending for construction of big dam projects.

The scope of the study, therefore, pertains to: the process of the classic development lending by the Bank for infrastructural projects (especially the construction of big dams) and human rights abuses caused by involuntary and coercive displacement and unsatisfactory R&R, to which the Bank largely remains oblivious. Two aspects require mention here. First, why project lending? Because, the impact of a particular project on human rights is immediate, affecting a definite group of the population, that can be easily recognized and the reasons can be unequivocally traced back to the project design, appraisal, negotiation and implementation. Second, why big dam projects? Because not all Bank projects have similar human rights implications. The large infrastructural projects are more prone to cause flagrant human rights infringements. Investments in big dams are extensive, sometimes the single largest in a country; displacement caused by them are large and relocation is almost always problem-ridden.

The Bank's engagement with human rights is explicated through its project behaviour in the case study of the SSP in India. Presenting a case study demands sufficient details and in-depth investigation. The selection of this project has been is based on the following parameters: it qualifies as a big dam with clear developmental purposes of providing irrigation and electricity generation; the participation of the Bank is explicit in terms of the credits disbursed; the human rights repercussions are enormous in terms of involuntary displacement of population, primarily indigenous and tribal, and deficient R&R policies; it gained immense national and international attention and resistance from NGOs, civil society and concerned individuals; the Bank was forced to commission a first-time Independent Review to look into the issue; and finally the Bank loan was discontinued.

A plethora of articles about the SSP is available in national and international journals as well as in newspapers and magazines, giving voice to views from both the supporting and opposing camps, apart from the description of the latest status of the project and its consequences. Articles published in academic journals have been particularly significant for the present study, because of the technical details and contrary perspectives. While the *Sardar Sarovar: Report of the Independent Review* (1992) provides an assessment of the Bank's involvement in the project, the Report of the WCD, *Dams and Development: A New Framework for Decision-Making* (2000) identifies a normative standard to be emulated when balancing between dams, development and human rights. A careful study of the Bank's existing operational policies and directives is undertaken to analyse its accountability for implementing its own policies when financing development projects and addressing their implications.

The emphasis is on the Bank's involvement in the initial stages of the project appraisal and loan agreement as well as in the later stages of monitoring, implementation and evaluation with regard to the relocation of the project affected people vis-à-vis the Bank's existing policies and directives. The policies of the government and the claims of the NGO movement are considered only to the extent relevant for determining and assessing the Bank's reaction. Microscopic and detailed focus on the domestic politics and the civil society agitations is avoided because of the more pragmatic reason of constraint of space and the nature of the study, which concerns mainly with the Bank's relation to human rights. Also, the claims of the government and NGOs are far from being homogenous and consistent, precluding their neutral and impartial assessment.

This study endeavours to conflate the legal aspects and the human rights ramifications of the Bank, considering the views from both supporting and opposing camps. Institutional mechanisms, like the Operations Evaluation Department (OED) (now the Independent Evaluation Group, IEG) and the Inspection Panel are also pertinent for examination. The silence of this study on the human rights ramifications of the other activities and lending policies pursued by the Bank, structural adjustment lending or policy based lending for example, does not imply by any means that research on them is not of importance. These functions of the Bank are very crucial aspects of evaluating its interface with human rights and demand equal scholarly investigation. But they lie beyond the scope of the present endeavour.

Bringing together the issues of relevance, legitimacy and endurance of the World Bank, lies the quandary of organizational change – why and how organizations change. Should international organizations adhere to their creators' intentions or should they progressively reinterpret their mandate and functions in the context of changing demands and expectations? How has the Bank responded to the dynamic international context in terms of the changing conception of development? How do the available organizational theories explain the evolution and adaptation in the World Bank? These questions form the subject matter of Chapter II, which seeks to situate the study in the larger theoretical paradigm of 'learning' and 'adaptation' of international organizations in the dynamic international perspective. The theories make the growth and expansion of the Bank intelligible and provide a suitable backdrop to comprehend the sixty years of the Bank. The conception of development has also transformed in relation to the prevalent thinking among economists, social scientists, scholars, civil society and practitioners. This chapter seeks to trace the evolution of the Bank's thinking about what constitutes development and how to promote it in relation to the predominant thinking on development.

The development discourse is hard-pressed to incorporate human rights-based approach. However, the content of both development and human rights is contentious and their relation far from being established. Nevertheless, their mutual interdependence and overlap are being increasingly asserted. How has the concept of human rights developed to become one of the pivotal concerns of all international actors? How have growing human rights concerns redefined the concept of development in contemporary times? How has the Bank responded to the mounting demands of accommodating human rights within its developmental policies? Chapter III attempts to capture the catapulting of human rights as a global phenomenon through the adoption of international instruments and the integration of the economic, social and cultural rights with civil and political rights. The Right to Development

(RTD) is advanced as a pragmatic technique for integrating human rights and development. The Bank's response to and engagement with human rights is developed through examining arguments both in favour of and in objection to the inclusion of human rights within the Bank mandate and functioning. The Bank's assertion that it is promoting human rights through poverty alleviation and other non-economic lending is assessed in the background of its actual lending practices.

The traditional lending area of the Bank – physical infrastructure – continues to remain its pivotal activity. However, in the recent years the growing consciousness among the NGOs and affected persons has resulted in a storm of criticism based on the argument that the social and environmental disasters caused by the projects far outweigh any tangible development that might accrue from them. Big dam projects are among the most vehemently criticized projects funded by the Bank. What is the Bank's modus operandi for lending for development projects? Whether funding the big dam projects by the Bank actually promotes development or results in human rights violations? How far has the Bank adhered to its own operational policies and directives that it had put in place while considering loan requests for dam projects? Chapter IV, moving away from the normative framework of chapter III, draws attention to the actual 'project cycle' of the Bank and chronicles some of its disastrous lending for dam projects that left an enormous population displaced without adequate provisions of R&R. The existing policies of the Bank on R&R, and on indigenous peoples are considered in detail to set the stage for the case study of the most controversial dam funded by the Bank, SSP and the lessons derived from it.

The working hypotheses for the present study are that the World Bank, with its limited mandate embodied in its Articles at its inception, has been unsuccessful in accommodating the imperatives of the changing international circumstances within which it operates and in incorporating the changing notion of 'development' in its functioning and therefore, has not displayed adequate dynamism as an international organization. Despite the Bank's repeated assertions regarding the progressive accommodation of human rights in its policies, programmes, and development lending, particularly for big dam projects, the Bank has failed to take into account the policies that it has put in place while appraising and negotiating loans, rendering it incapable of determining and addressing the human rights implications of its projects.

This study is attempted on the integration of objective and subjective methods. The legal and technical aspect of the Bank's response to human rights vis-à-vis its Articles are assessed objectively while bringing in the subjective assessment of the human rights implications resulting from the actual instances of its practice. The study involves a historical description of the organizational and functional evolution of the Bank, while simultaneously analysing the Bank's actual policy implications on human rights and the violations caused by its practices exposing the real ramifications of the restricted Articles. Case study method is resorted to in order to study the traditional functions of the Bank, namely, project-lending, with specific reference to its controversial funding for big dam constructions, to see the actual human rights abuses inflicted by the Bank.

The study is essentially inductive in nature – by assessing the particular cases of the Bank's development lending for big dam projects and their affects on human rights, a general statement is attempted regarding the tension between and potential integration of development and human rights paradigms of the Bank. The study is primarily based on secondary sources, books and journal articles on the Bank, organizational theories, development, human rights, large dams and their inter-relationships and internet sources. It attempts to scrutinize the text of the Bank's Articles, relevant treaties, reports, resolutions, conventions, protocols, legal documents and other official documents and integrate them in the broader perspective of the Bank's relation to human rights and its role in funding big dam projects. Some Bank documents and research papers are procured from the internet.

A study like this cannot avoid certain limitations. Looking at the case study in retrospect inevitably leads to focussing attention on the evaluation of the impact, eschewing assessment of the rationale and history of lending. Furthermore, the over-all appraisal of the selected case study has not been carried out here. For example, although environmental impact, health standards and economic/financial outcomes etc., are significant implications of projects and equally constitute fields of debate and enquiry, the focus here has been restricted to social impacts and human rights violations. Moreover, the available literature presents extreme perspectives. The primary literature, the Bank publications and documents are justificatory of its stand, while the secondary literature is mainly critical and sceptical, thereby making it difficult to have a neutral access to facts.

Despite the wide canvas of the study and the inherent limitations of studying controversial issues that are located in the interface of two important issue areas, it is still hoped that the study will be able to sketch out an overall picture of the issues at hand and raise some pertinent questions. Further, although the discussion in the subsequent chapters ranges across theoretical and issue-based discussions, the primary focus of this study remains on the organization – the World Bank – and its handling of the identified issues – Human Rights.

CHAPTER II

THE EVOLUTION OF THE WORLD BANK: A STUDY IN ORGANIZATIONAL CHANGE

Introduction

Contemporary international economic cooperation is characterised by multilateral economic institutions that includes the World Bank, the IMF and the WTO. The World Bank is described as 'a transnational expertised state-like institution that sets the scene for both global politics and global knowledge' (Clair 2006: 77). It is considered as the 'throbbing heart' of development cooperation – the political, intellectual and financial leader among the community of agencies involved in development cooperation (Ritzen 2005: 5). The Bank not only lends money to client countries but also sets the conditions under which further billions, in loans and grants, flow to third world and post-communist countries. Taken together, these two interventions – direct loans and the setting of policy conditions – make the World Bank the most important development institution in the world (Peet 2003: 111).

The sixty years of the Bank's existence has by no means been a static one. Repeatedly the Bank has confronted criticisms, discontent and disapproval from various quarters. Questions have been raised regarding its legitimacy and endurance in an international context that is far removed from the one it was created in. Since the Bank does not exist in a vacuum, changes in the international realm, in which it is embedded, create continuous pressure on it to respond to the emerging trends and to 'change' accordingly. The Bank is definitely not the same institutions its founding fathers had envisaged during its inception. This chapter attempts to examine the origin and growth of the Bank and the breadth and diversity of its work to understand its survival in completely changed circumstances from those in which it was born.

The chapter begins with the theoretical paradigm of organizational change that provides the backdrop for understanding the Bank as it appears today. A few existing theoretical frameworks that describe the change process in international organizations have been explicated in order to comprehend the reasons and nature of change in the

Bank. The primary rationale for studying 'change' in the Bank is to analyse its responses to external pressures such as the increasing demand to incorporate human rights considerations in its work and to be accountable for the human rights violations caused particularly by its activities along with the Bank's inclination to make changes in response to such external pressures. The theories provide a general understanding of the continuance of international organizations which are then applied to the particular case of the Bank to make intelligible its evolution.

Organizational Change: A Theoretical Perspective

There is little sustained scholarly research on why and how international organizations evolve and adapt to the dynamic circumstances and pressures for change. Should international organizations adhere to what their creators had intended them to do? Or should they progressively reinterpret their mandate and functions in the context of changing demands and expectations? This section attempts to use the theory of organizational change for an improved understanding of the dynamics of the Bank's response to change, particularly in the context of human rights,

It is recognised that 'the hallmark of organizational and managerial life in this, the last decade or so of the twentieth century, is change' (Patrick Connor and Linda Lake as quoted in Knight 2000: 37). The question of the relevance and legitimacy of an organization is intricately associated with the discussion of its change. 'Change', according to Knight, refers to any planned or unplanned alteration (innovation) of the status quo in a society, organization, situation or process, which affects its endogenous structure, ideology, process, technology and personnel. 'The declared purpose of any attempt of change in an international organization can vary from the need to improve a situation within the organization, to correct a perceived or actual problem, to make the organization more efficient or more effective and/or to make it more relevant to the demands of its broad and task environments' (Knight 2000: 39).

Multilateralism is the most promising conceptual approach for understanding the place of international organizations within the broader context of world politics and for theorising about their adaptation and transformation process (Ruggie 1992:

567).[2] Ruggie cautions against confusing multilateralism with formal multilateral organizations, which are relatively recent phenomena (Ruggie 1998: 106). Multilateral development has witnessed several twists and turns, international organizations being the most concrete expression, a pattern labelled 'multilateral evolution' by Knight (Knight: 2000: 3). The concept of 'evolution' in the context of multilateral institutions can embrace growth and retardation, succession and dissolution, progression and regression. Conceptually, therefore, multilateral evolution is viewed as an unfolding process of change (Knight 2000: 2-3), as international society changes, adjustments in the nature of multilateralism should be expected (Knight 2000: 39). Ruggie asserts that multilateral institutional arrangements have adaptive and even reproductive capabilities (Ruggie 1998: 107). Hence the distinctive characteristic of multilateralism appears to be its ability to evolve over time. The term multilateralism derives its meaning(s) from historical conditions and the prevailing form of the world system and power; it can change depending on the particular historical context (Robert Cox as quoted in Knight 2000: 38).

Multilateral evolution has gradually embraced a growing number of actors and the scope and subject matter of multilateralism has broadened (Knight 2000: 1-2). Two competing conceptual approach to multilateralism are delineated by Knight (Knight: 2000: 6-8). While the 'traditional approach' uncritically accepts the existing configuration of state and power, forging only piece-meal reform to prevailing organizational structures without questioning the constitutive principles and ideas, the 'critical approach' states that the institutional arrangements of any international organization should not be treated as given since they are relevant only for a specific period and must, inevitably, be adapted, transformed or radically changed over time. As international society changes, so will the pressure increase on such organization to reform and adapt their processes and structures to accommodate them.

Knight also considers three broad approaches to international institutions (Knight: 2000: 14-15). The 'rationalist approach' views institutional development as

[2] Ruggie defines multilateralism as coordinating relations among three or more states in accordance with three principles (Ruggie 1998: 107): indivisibility, illustrated by collective security arrangements wherein an attack on one is considered an attack on all; non-discrimination implying that all parties be treated similarly; and diffused reciprocity implying that states do not rely on specific, quid-pro-quo exchanges, but on long-term assurances of balance in their relations (Ruggie 1992: 569-74).

being affected by particular leaders and by exogenous shocks; the extent to which organizations change will depend heavily on the support (or lack thereof) which those in control of the organization are willing to give to change proposals. The 'reflectivist approach', on the other hand, asserts that the possible evolutionary trajectory of an organization can be constrained or channelled by historically determined forces and structures that are sociologically informed. The 'radical approach' argues for the need of institutional multilateral change as a movement towards the eventual dissolution of an international organization. (Knight 2000: 27-36).

All international organization literature by and large reflected a rationalist approach to multilateral institutions with almost exclusive focus on the examination of the constitutional and bureaucratic structures. This eventually gave way to analyses of actual ways in which they have adapted over time and how they, in the process, have expanded their role in world affairs beyond what was initially conceived. The reflectivist approach does not treat existing international organization as a given and envisions different types of arrangements beyond the current ones.

According to Ernst Haas, international organizations, designed by the founders to 'solve problems', undergo change through a process of problem redefinition manifested by 'adaptation' and/or 'learning' (Haas 1993: 2-3). 'Adaptation' is when change occurs by addition of new activities without questioning the underlying principle or values upon which the organization undergoing the change is based (Knight 2000: 51). Conversely, 'learning' occurs when the ultimate purposes of the organization are redefined and its ends are questioned, preceded by the accumulation and analysis of consensual knowledge[3] provided by epistemic communities[4] (Knight

[3] By 'consensual learning' Haas means generally accepted understandings about cause-and-effect linkages about any set of phenomena considered important by society. The finality of this accepted chain of causation is subject to continuous testing and examination through adversary procedures. Cause-effect chains are derived from information, scientific and non-scientific, available about a given subject and considered authoritative by the interested parties, though the authoritativeness is always temporary. Knowledge is not in principle opposed to interest; it is, in the extreme case, the handmaiden of interest. Consensual knowledge is socially constructed, not given by nature, and therefore inseparable from the vagaries of human communication. It is neither true or perfect or complete knowledge and often depends on political factors for becoming truly consensual (Haas 1993: 21-23).

[4] International organizations are exposed to knowledge through the medium of epistemic communities, composed of professionals who share a commitment to a common causal model and a common set of political values. They are united by a belief in the truth of their model and by a commitment to translate this truth into public policy, in the conviction that human welfare will be enhanced as a result. Linked

2000: 56). Most habit-driven organizations can adapt, but only a few seem to be able to learn. Organizations, because they adapt and sometimes even learn, permit change to occur even if they do not actively favour it (Haas 1993: 43-46). According to Haas, adaptation can occur through 'incremental growth', as actors add new tasks to older ones without any change in the organization's decision-making dynamics of mode of choosing and/or 'turbulent non-growth' that involves major changes in organizational decision-making; ends no longer cohere, internal consensus on both ends and means disintegrates. He associates learning with 'managed interdependence', in which the purposes of the organization are re-examined (Haas 1993: 4) and occurs only when the dominant coalition changes (Haas 1993: 128).

Most of the approaches that attempt to explain organizational change focus on organizational culture and emphasize the process by which staff interpret and negotiate the meanings of their mandate, rules and policies which then shapes its response to external stimuli. Such stress on organization can lead to the neglect of the environment. International organizations can make their history but not under the conditions of their choosing. Drawing from sociological institutionalist theories, Barnett and Coleman view international organizations as strategic actors that adopt strategies in response to environmental pressure, representing an important source of change in their tasks, design and mandate (Barnett and Coleman 2005: 594). This assertion echoes Haas's position that attributes the expansion in the mission of international organizations to survival seeking activities (Haas 1993: 29).

The response of international organizations to environmental pressure depends on the level of organizational insecurity, the congruity between organizational culture and the environmental pressures. The combination of these factors determines their preference for one of six strategies arrayed from conformity to resistance: acquiesce, compromise, avoidance, defiance, manipulation and strategic social construction (Barnett and Coleman 2005: 595). Barnett and Coleman point out that international organizations, concerned about their professionally defined goals, survival and

to the organization, epistemic communities are open to constant re-examination of prevailing beliefs about cause and effect, ends and means. The ultimate test of truth is the collective decision by the users of knowledge as to which claim is more successful in solving a problem agreed by all as requiring solution (Haas 1993: 40-46) autonomy, can adapt to the environment or have the environment adapt to them. They suggest that international organizations may chose to accept, resist, or actively change environmental pressures. They will have exogenously and endogenously defined preferences: they will seek to survive, further their mandates and protect their autonomy; but the ways they achieve these goals are socially constructed and driven by ongoing negotiations with the environment (Barnett and Coleman 2005: 595).

The sociological approach treats organizations as 'social facts' to be investigated. Though international organizations are constrained by states, they are not passive mechanisms and have independent agendas of their own (Barnett and Finnemore 2001: 407-409). Rather than treating organizations as mere instruments, used by other actors (states) to pursue their interests, the sociological approach explores their social content – culture, legitimacy concerns, dominant norms that govern behaviour and shape interests and the relationship of these to a larger normative and cultural environment (Barnett and Finnemore 2001: 410). Thus, any attempt to understand change in international organization, must include its historical contextualization that informs its original mandate and social constructivism that explains its evolution as a reaction to the fast changing environment.

In the immediate post-Second World War period, 'economic multilateralism' emerged out of the prevailing structure of world political economy that was conducive to capital expansion on a world scale. However, with the broadening of the concept of global society, including economic and social forces (ecological, ethnic, human rights, gender, peace) that cut across state boundaries, economic multilateralism also has to be adjusted for it to serve a meaningful conceptual purpose (Knight 2000: 38-39).

The Bank's organizational evolution has been viewed by Mason and Asher in three ways. The first view is of a highly centralised institution with strong leadership but embarking on an era of increased decentralization from the top downward. The second is the rapid development of an organization qualified for the financing of development projects, mainly electric power and transportation. The battle persists between those who want the Bank to concentrate on doing what it has learned to do well and those who want it to extend to the whole spectrum of development. The third is the dream of the architects of the post-second world war system of autonomous agencies created to deal with recognizable technical problems in various functional fields – international trade, international finance, monetary policy – acquiring competence and authority and thereby building technical ties that would facilitate international cooperation at the political level (Mason and Asher 1973: 101-102).

Origins and Growth of the World Bank in the Context of Development Debates

In the backdrop of the theoretical understanding, the attempt of this chapter is to trace the history of the World Bank from a modest beginning to its emergence as a leading source of development lending and antipoverty agency. How has the Bank adapted itself, internally and externally to the changing world, in which it is called upon to operate, in roles that are different from those contemplated by their founders?

Since the Bank is inseparably wedded to the dynamics of the development paradigm, its origins and evolution are analysed within the larger context of the understanding of development. Perspectives on development have not remained stable, changing radically with the varying international context and new theoretical approaches contributing to the shifting debate. Originating in the post-Second World War period as a 'technical' issue, explicitly recognising physical capital in the economic analysis of growth, the understanding of 'development' has matured into a framework inclusive of human, cultural, social and political aspects.

As wisdom about development changed, expectations from development agencies such as the Bank also changed, calling for different role and functions than had been envisaged during its inception. How has the Bank progressively responded to the development demands? Has its mandate been suitably adapted to, and its operations made adequately inclusive of, the broadening understanding of development? Since, the contemporary Bank is unequivocally a development agency, the general understanding regarding its genesis and growth requires to be situated within the dynamics of the development debate in order to draw linkages between the broad understanding of the process of development and the corresponding evolution of the Bank.

Most of the existing literature either analyses the Bank through a chronological[5] trajectory or through the functioning of its presidents. The present chapter involves two simultaneous endeavours. First is a chronological narrative and analysis of the Bank's functions and performance, with reference to the changing presidency. Second is an attempt to situate the above in context of the evolution of the Bank's thinking about the nature of the development process and its engagement with that process vis-à-vis the changing notion of development. A brief mention of the Bretton Woods Conference is provided as background for further comprehension of the Bank through the prism of its Articles. The preponderance of the United States of America (USA) in the origin and functioning of the Bank is an evident trend.

The discussion on the analysis of the evolution of the Bank is chronologically divided, broadly corresponding to the shifts in the international conception of development and the major landmarks in the Bank's presidential, operational and institutional history. The Bank's vision of the process of development is enunciated and its policies and operations are visited to identify the trends of its gradual transformation in the context of the development debate. The study of the evolution of the Bank is carried out in the context of its intellectual leadership; technical assistance; diverse staff; organizational adaptation; ideological underpinnings; and creditworthiness and accountability. The components 'world' and 'bank' in the 'World Bank' are examined to understand it as a universal organization without the intrinsic qualities of a bank. The final section includes consideration of some criticisms levied against the Bank and assessment of its overall evolution.

At the Bretton Woods[6]

The international economic system after the end of the Second World War was characterised by severe inequality, particularly in terms of economic development after the failure of the free unguided market that had culminated in the economic depression of the 1930s. The Bretton Woods discourse was set in the context of an

[5] For the Bank's chronological chart see the WBG Archives, WBG Historical Chronology, available at: <http://siteresources.worldbank.org/EXTARCHIVES/Resources/WB_Historical_Chronology_1944_2005.pdf>

[6] For details on the Bretton Woods Conference see Armand Van Dormael (1978), *The Bretton Woods Conference: Birth of a Monetary System*, available at: <http://www.imfsite.org/origins/confer.html>

'open international system' characterised by a free market that represented sovereign autonomous states apparently enjoying equal opportunity and the aggressive desire of the capitalist market to expand globally beyond the boundaries of the developed industrial world (Peet 2003: 33). 'Honest referees' (Haq 2000: 164) were required and hence, multilateral institutions of economic governance were established to lay down some mutually agreed rules for all nations on the conduct of their affairs.

The 'inventor' (Ritzen 2005: 86) and the 'intellectual father' (Gavin and Rodrik 1995: 329) of the Bank, Harry Dexter White (the chief economic advisor to American Treasury Secretary, Henry Morgenthau) and John Maynard Keynes (the famous economist and advisor to the British Treasury) developed, completely independent of each other, similar plans for global economic cooperation with a 'central bank' for the nation of the world. This culminated in the meeting of the representatives of forty-four nations, led by the USA and the United Kingdom, at Bretton Woods, New Hampshire, in July 1944, to discuss the post-war economic plans of peace and prosperity. The establishment of a framework for future international economic cooperation was envisaged – the IMF and the World Bank – that would shape the post-war world (Peet 2003: 27; Mason and Asher 1973: 1).

Although the importance of the maintenance of a stable monetary order was realised, the necessity of a multilateral institution to channel funds for reconstruction and development did not appear to be obvious for international cooperation (Gavin and Rodrick 1005: 239). Hence, the immediate concern at the Bretton Woods was to formulate definite proposals for an International Monetary Fund. The Bank was only an after-thought; the letter that was sent to forty-four governments invited them, 'for the purpose of formulating definite proposals for an International Monetary Fund, and *possibly* a Bank for Reconstruction and Development' (Mason and Asher 1973: 12) and the first week's discussion was devoted entirely to the Fund. However, the delegates from the less developed countries and a number of the European countries, whose economies had been damaged by war, were more interested in the Bank than in the Fund. While the Russians and European countries stressed reconstruction, the less developed countries feared that heavy emphasis on reconstruction might impede development (Gavin and Rodrik 1995: 329).

The Bank was finally born as a twin of the IMF, offspring of the same parent states. The IBRD had the two-pronged functions, explicit in its name, to assist in the reconstruction of the war-ravaged economies of the Europe and in 'development' of the 'less developed' countries. The Bank's engagement with development has been coloured by the changing understanding of the concept of development.

Understanding the World Bank

This section primarily aims to look at the structure, organization and functions of the Bank as conceived of in its Articles and the evolution of its mandate over time. The Bank has an intimate relationship with the IMF; substantial portions of the IBRD Articles were lifted from those of the Fund. The membership of the Bank was made conditional upon the membership of the Fund. And any member that ceases to be a member of the Fund automatically ceases, after three months, to be a member of the Bank, unless decided otherwise by three-fourths of the total voting power.

The World Bank was to facilitate the provision of capital for reconstruction in the immediate post-war period and then to make development loans.[7] The Articles 'apparently' left the priority of purpose to the discretion of the Bank. 'The resources and the facilities of the Bank shall be used exclusively for the benefit of members within equitable consideration to projects for development and projects for reconstruction alike' (IBRD Articles, Article III, Section 1 [a]). The next paragraph added that in determining the conditions and terms of loans made, the Bank should

[7] Article I of IBRD Articles establishes it official purpose to: (i) assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries; (ii) promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised y it and its other resources; (iii) promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investments for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labour in their territories; (iv) arrange the loan made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first; (v) conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

'pay special regard to lightening the financial burden and expediting the completion of restoration and reconstruction' (IBRD Articles, Article III, Section 1 [b]).

The IBRD was to raise the bulk of its loan capital by selling bonds and the rest of the available funds would come from the subscription of member countries. The authorised capital stock of the Bank was to be $ 10 billion, divided into 100,000 shares, one having a par value of $ 100,000 each, available for subscription only by members (IBRD Articles, Article II, Section 2 [a]). The planned capital structure sought to ensure that every country – rich and poor – would participate in providing capital and that temporarily impoverished countries in balance-of-payment difficulties would be able to contribute usable capital later (Mason and Asher 1973: 105).

The Bank was mainly dependent on its six principal rich member states – UK, Canada, France, Germany, Japan and the USA – for the bulk of its finances. This was reflected in its governing bodies. The number of votes each member state has depends on the number of shares it owns, which in turn depends on its relative economic strength, as reflected in its national income, imports, export and central bank reserves. The only concession the agreement makes to the doctrine of equality of states is that each member state, regardless of the number of shares it owns, is given 250 votes (Reid 1973: 13-14). Each member has 250 basic votes plus one additional vote for each share of stock held and all matters before the Bank are be decided by a majority of votes caste, except as otherwise specifically provided (IBRD Articles, Article V, Section 3 [a] and [b]). At present the USA is the largest single stakeholder, with 16.41 percent of the vote, followed by Japan (7.87 percent), Germany (4.49 percent), the UK (4.31 percent) and France (4.31 percent) (WBG Brochure 2006: 11).

The Bank has a Board of Governors, Executive Directors, a President and other officers and staff (IBRD Articles, Article V, Section 1). The Board of Governors, consisting of one governor and an alternative appointed by each member state for five years, is vested with all the powers of the Bank and the ultimate responsibility of making decisions. Generally, these Governors are ministers, such as Minister of Finance or Minister of Development, meeting annually. The Board of Governors delegates to the Executive Directors the authority to exercise any power of the Board, except a few important ones such as admitting new members, increasing or decreasing capital stock etc. (IBRD Articles, Article V, Section 2 [a] and [b]).

The Executive Directors are responsible for the conduct of the general operations of the Bank. Every member state is represented by an Executive Director, appointed/elected every two years and they function in continuous session, meeting as often as the business of the Bank may require. The five largest shareholders (France, Germany, Japan, United Kingdom and the USA) appoint an Executive Director each, while other member countries are represented by 19 Executive Directors, who make up the Board of Directors. They normally meet twice a week to oversee the business of the Bank (WBG Brochure 2006: 11). The Executive Directors select a President who holds office till their pleasure. The President acts as the Chairman of the Executive Directors, without any vote except a deciding vote in case of an equal division. He is the chief operating staff of the Bank and conducts, under the direction of the Executive Directors, the ordinary business of the Bank. The President, officers and staff of the Bank, in discharge of their offices, are responsible entirely to the Bank and to no other authority (IBRD Articles, Article V, Section 5 [a], [b], [c] and [d]).

The Bank's relationship to other international organizations is explicated in Article V, Section 8 [a] and [b]. It is to cooperate with any general international organizations and with NGOs having specialised responsibilities in related fields. The IBRD is formally a part of the UN system according to the 15 November 1947 Legal Agreement, which confirms its status as a specialised agency of the UN.

The IBRD Articles provided for certain aspects specific to the Bank (as different from the Fund). Article V, Section 6 [a] and [b], provided for an Advisory Council, selected by the Board of Governors, consisting of representatives of banking, commercial, industrial, labour and agricultural interests, and with as wide a national representation as possible. It was to meet annually and advise the Bank on matters of general policy. Section 10 of the same Article authorises the establishment of regional offices, which shall be advised by a regional council representative of the entire area. This offers a decentralization perspective to the Bank, with lending operations concentrated in various regions of concern to the Bank (Mason and Asher 1973: 32).

The presidents of the Bank are its face and in a strong position to influence its evolution with the potential to energise the institution and alter its course. Each president, coming from diverse backgrounds with varied personalities has had to operate in a drastically changed international environment and each has accordingly left his own mark on the institution (Mason and Asher 1973: 94-95). The Bank's president exercises a strong influence in the organization. He also exercises considerable discretion in administrative decisions regarding senior management personnel and budget allocation (Weaver and Leiteritz 2005: 378).

Predominance of the USA

The Bank was essentially an American proposal and almost all the preliminary work had been done within its government. Lord Keynes had remarked at the Bretton Woods, 'I believe we have before us a proposal the origins of which we owe primarily to the initiative and ability of the United States Treasury...' (Mason and Asher 1973: 13). Bretton Woods was an occasion for the formalization of USA and UK dominance into an international monetary agreement, complete with enforcing institutions (Peet 2003: 53) and the institutions that emerged from it were de facto subordinated to American foreign policy (Hobsbawm as quoted in Peet 2003: 53).

The Bank's capacity to lend in the early years, until other currencies became convertible currency, was restricted to the 20 percent commitment the USA and the 2 percent contribution from other members (Mason and Asher 1973: 23-24). The location of the Bank's Headquarters in Washington DC also bore the stamp of American preponderance, since it was contributing most of the money. It was provided in the Articles that the principal office of the Bank shall be located in the territory of the member holding the greatest number of shares (IBRD Articles, Article V, Section 9 [a]). The USA nominates the World Bank president, it has by far the largest share of votes and on matters requiring special majority (e.g. constitutional matters), and it is the only country that has a de facto veto power. It is the provider of one fifth of the IDA funds (i.e. the single biggest contribution) and this gives it great influence not just in the IDA but on the entire Bank (Paloni and Zanardi 2006: 4). Hence, the Bank as it emerged from Bretton Woods was an Anglo Saxon creation. It was a conservative institution and in the initial stage far from being a bona fide international institution, since the USA supplied most of its loanable funds and was by far the predominant market for Bank securities (Mason and Asher 1973: 28).

The World Bank is multilateral in the sense that it is owned and governed by national governments and its clients are governments, but it is not formally or legally the creature on any one of them (Kapur, Lewis and Webb 1997, Vol. I: 2). Its policies attract enormous hostility from both governmental and non governmental observers, but because of its international character, its ability to withstand political pressures is substantially greater than any national government (Gavin and Rodrik 1995: 330).

Evolution of the World Bank

The Early Beginnings

In the post-Second World War period, development was identified with the rate of increase in the gross national product (GNP) and the indicators of economic development were limited to quantitatively measurable economic magnitudes that were directly relevant to the rate of growth of GNP.[8] Development economics in its nascent stage, therefore, involved making capital investment that would eventually raise productivity (Peet 2003: 114). In these early years, the prime preoccupation of the Bank was to prove its own creditworthiness in order to build up its standing in the financial community and winning a high credit rating in the New York financial market (Mason and Asher 1973: 180; Kapur, Lewis and Webb 1997, Vol. II: 9), and its business in the embryonic stage was shaped by these development requirements.

The introduction of the US $ 12 billion Marshall Plan in 1947[9] rendered the Bank virtually irrelevant for Western Europe's reconstruction, and its focus shifted towards developing countries in Africa, Asia and Latin America (Ritzen 2005: 90). However, the Bank realised that the less developed countries had extremely limited

[8] Put simply, GNP is a 'generalized measure of a certain way of life' and the growth of per capita GNP is the possibly the best measure of 'changing lifestyle', pattern of public and private consumption, savings etc, commonly understood as economic development (Mason and Asher 1973: 483).
[9] Through the Marshall Plan of 1946, the USA transferred $41.3 billion as financial and food aid to Europe to assist its economic recovery with the prospect of breaking down the national economic barriers to trade.

ability to absorb capital and to effectively use it for productive investments. The level of education and health was low in these countries compounded by frequent change in government, which resulted in economic and financial insecurity and prevented consistency of policy and continuity of administration, the imperatives for development. Additionally, the actualisation of existing development potentialities was thwarted by social structures characterised by extremes of wealth and poverty.

The first decade of the Bank's contribution to the less developed world consisted of relatively small annual flow of funds devoted almost entirely to the financing of foreign exchange costs of specific projects primarily in the area of public utilities. The Bank's decision to lend was strictly governed by the Bank's conception of 'good development policies'[10] and their being followed by the borrowing countries (Mason and Asher 1973: 464). The Bank viewed its dependence on capital bond markets for the bulk of its funds as an asset because this meant that it could restrict to lending that would 'build confidence in the Bank' (Mason and Asher 1973: 460).

In the Bank's early conception regarding development, 'adequate capital infrastructure; (transport – railways, roads – power plants, port installation and communication) and a satisfactory atmosphere for private investment were considered the ingredients for expanding production. Public sector investment was required to be planned and programmed and sound monetary and fiscal policies were needed to be pursued by politically stable governments. Governments were discouraged to divert resources in areas such as agriculture, industry, commerce, finance and services that could be better guided by the market than by government control (Mason and Asher 1973: 458-459). The large foreign exchange requirement for capital infrastructure was met through a limited range of project loans. Technical assistance in selection and preparation of projects was provided when necessary. Attempts were made to influence borrowing countries to adopt development policies that were designed to promote foreign and domestic capital mobilization, which were allocated to optimal productive use. Functioning as a development institute, the Bank was not equipped to

[10] The 'good development policies' rested on parameters like stabilization policies, settlement of outstanding external debt, perusal of fiscal policies, promotion of domestic and foreign private investment, demarcation of public and private sector activities and generation of public saving to cover the local currency cost of capital infrastructure.

assist the private sector since it could not directly lend to private enterprise without government guarantee. Hence, in the early days, the Bank lent to development finance companies, which in turn financed private enterprise. This resulted in what was finally institutionalised as the IFC in 1956 (Mason and Asher 1973: 459-460).

Lending during the first five years was restricted to long-term loans made on near-market rates to developing countries for 'infrastructural projects that could be shown to be viable in terms of prospective interest and principal repayments', while lending in broad social programs was 'regarded as a waste of scarce resources' (Peet 2003: 114). The Bank propagated the view that investment in economic infrastructure (transport and communication, ports and power projects) was a precondition to trigger development of economy (Mason and Asher 1973: 464, 150-152).This thrust of the early Bank was in consonance with the prevalent economic theory of that time. The Bank deliberately eschewed lending in the 'social overhead' fields like, sanitation, education and health facilities. Though investments in 'social overheads' projects is equally fundamental to development as were investments in 'economic overheads' projects, their contribution to increased production is indirect and relatively less measurable. While the Bank's first four loans, approved in mid-1947, were non-project reconstruction loans to Denmark, France, Luxembourg and Netherlands, its first development loan was made to Chile in March 1948 (Ayres 1983: 1).

The Fifties and Mid-Sixties

In the Cold War context of the 1950s and 1960s, development implied investment in physical capital (machinery, buildings and infrastructure), which constituted the main catalyst of economic growth. In this context the developing countries sought to achieve planned economic growth with foreign exchange (Foreign Direct Investment, FDI) being provided by the rich developed countries (Ritzen 2005: 74-75). Economists argued that markets and incentives worked inadequately in developing countries and so government should play a major role in determining the allocation of resources and investment. Economic debate in this period focussed on growth through industrialization and import substitution, with the desirability of a greater governmental intervention in the process (Stern 2002: 44).

With the enlargement of the Bank's developmental requirements, it recognised the need for a larger volume of financing and external assistance on easier terms and lending began to be directed towards the poorer and less developed countries. In 1959 the Bank achieved its first practical goal of an AAA credit rating with the leading financial evaluation agency. This relieved the Bank of the obsession of establishing its credibility in the global market, enabling it to diversify its activities from the strict economic domain to venture into social overheads.

Development, for the Bank under Eugene Robert Black (July 1949-December 1962), came to imply poverty alleviation, income distribution, balanced growth and human resource development, rather than transportation and electrical power projects. The coverage of sectoral lending was widened from industrial infrastructure investment to include the agricultural sector. That development required something more than merely the provision of capital became apparent since illiteracy and scant health facilities posed a serious hindrance in the less developed countries. Lending to cover certain local costs apart from foreign exchange costs was encouraged and the sharp distinction between the public and private sector was softened. The new fields of population planning, urbanization, unemployment, and export oriented industrialization were added to the Bank's lending (Mason and Asher 1973: 469-473).

Five-year lending programs were initiated by the Bank in 1968, which resulted in a thorough consideration of the relation of the financing of particular projects to the development process. Country Economic Reports (later Country Program Papers) were prepared addressing the following four aspects: development objectives; obstacles and problems; prospects of potential solution; and the Bank's financial and advisory contribution. Taken jointly with the evaluation of development consequences of particular loans, they possess the potential of making the Bank the main repository of certain broad generalizations regarding the development process in particular economies (Mason and Asher 1973: 474-475).

The Bank was founded at a time when governments were the main economic actors in the world and the Articles permitted it to make loans to governments or guaranteed by governments. But as the private sector grew in developing countries, it became evident that the Bank's effectiveness would be limited if it could not find ways to help that sector (Owen 1994: 99). This led, in 1956, to the establishment of a semi-autonomous affiliate the IFC, primarily oriented toward the private sector. Its basic purpose is to facilitate, in association with private investors, economic development to encourage the growth of productive private enterprises in developing and less developed member countries, without requiring a government guarantee of the investment. The Corporation also assists investors with technical expertise, occasionally lending to public enterprises when it is clear that their assistance will ultimately be channelled to the private sectors (Mason and Asher 1973: 80; Ayres 1983: 17). With the addition of the IFC and the IDA, the IBRD set on the road to becoming the 'World Bank Group'.

During this time, the newly independent countries (of Asia, Africa and Latin America) began swelling the Bank's membership, and the experiences in these countries contributed to shaping its views on the nature of development process. An imminent threat to the IBRD's future was its decreasing capacity to serve the developing countries the never achieved or was exhausting their creditworthiness. The Bank realised that growth and development were likely to be slower in developing countries and as these countries developed economically, their 'creditworthiness' in terms of the Bank would also increase (Mason and Asher 1973: 469-470). The IDA was created in 1960, as the 'soft-loan affiliate' ('soft' meaning over long periods of time and at very low rates of interest), to cater to the widening clientele of the Bank.[11] IDA has its separate Articles that declare it to be 'an entity separate and distinct from the Bank...' (IDA Articles, Article 6, Section 6 [a]).

The IDA supplies interest-free credits to the poor countries that require but can not afford it at the market terms. Revenues derived from 'Part I' (high-income) donor countries would be offered, for purposes that were not necessarily revenue-producing, or directly productive in the usual economic sense, to in what were called 'Part II'

[11] Article I of the IDA Articles establish its official purpose: to promote economic development, increase productivity and thus raise the standard of living in the less-developed areas of the world included within the Association's membership, in particular by providing finance to meet their important development requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the development objectives of the IBRD and supplementing its activities.

(middle and low-income) recipient countries (Mason and Asher 1973: 80; Peet 2003: 117). 40 donor countries replenish the IDA every three years, the most recent being the US $ 23 billion replenishment in 2002 (WBG Brochure 2006: 18).

The IDA marks a watershed in the evolution of the Bank by conferring to it a benign personality (Mason and Asher 1973: 397). The IDA was created to keep the Bank pre-eminent in the growing complex of multilateral agencies (Mason and Asher: 380-381). The expansion of IDA credit widened the IBRD 'projects' to include 'social' projects such as health, water and education, thereby opening the Bank to a broader perspective on development lending that made possible its later emphasis on poverty and basic human needs in the 1960s and 1970s (Peet 2003: 118). Consequently, it is argued that the Bank was transformed from a 'banking institution', financing viable projects in its member countries, into a 'development institution', transferring resources on a large scale from the developed to the less developed world (Mason and Asher 1973: 227; Ayres 1983: 10).

The Late Sixties and Seventies

During this decade, attention shifted to measurement of poverty and inequality, income distribution, rural factor, land, labor, credit etc (Stern 2002: 45). The positive economic growth of the 1950s and 60s could not be sustained and it became obvious in the 1970s that the 'trickle down' strategy of development had failed. The process of economic growth in many developing countries had bypasses the poorest people and in certain cases worsened their circumstances. The growth rates had failed to translate into an improvement in real living conditions and the necessity of changing development assistance effort to directly deal with poverty was felt.

The 1974 United Nations conference in Mexico resolved to 'redefine the whole purpose of development…to ensure the quality of life for all…', and the 1975 report of Dag Hammarskjöld foundation 'argued that the satisfaction of peoples' basic needs should be at the core of development process' (Ayres 1983: 8-9). Greater attention was accrued to human development and income inequality (Ritzen 2005: 75-76). In 1974, Hollis Chenery (then Vice-President for Development Policy) commissioned a study of the post-war development efforts of the Bank. The study, *Redistribution with* Growth, broadly concluded that though economic growth had been startlingly rapid, but the distribution of the benefits of that growth remained unsatisfactory. International action was required, both by means of aid and trade reform, to deal with the problems of income misdistribution and technological change (Mosley, Harrigan and Toye 1991, Vol. I: 21).

Under George David Woods (January 1963-March 1968), certain socio-economic reforms and distributional concerns were added to the Bank's primary objective of economic growth orientation and the central focus of its lending policies shifted towards poverty alleviation. Woods was devoted to development as a cause of improving the poor countries and was less project-bound. He shifted the Bank's emphasis from 'brick and mortar' to the 'human element' (Galambos and Milbobsky 1995: 175). Lending escalated, both in terms of quantity and for projects in novel areas such as water, sanitation, education and agriculture. Greater cooperation was forged with UN agencies such as the Food and Agriculture Organization (FAO) and the UN Educational, Scientific, and Cultural Organization (UNESCO), which till then were kept at an arm's length. Income per capita increasingly began to replace the traditional creditworthiness as a criterion for lending (Kapur, Lewis and Webb 1997, Vol. I: 15; Peet 2003: 118-119). In terms of organizational innovation, the Education Projects Division was established in 1963, a Tourism Projects Department in 1969 and a Population Projects Department in 1971 (Mason and Asher 1973: 204-405).

Changes in the Bank's thinking of development that began with President Black were continued by President Woods and given an altogether noble dimension by McNamara (April 1968-June 1981), characterised by a significant reorientation in the kind of projects financed (Ayres 1983: 1). From its almost exclusive concern with basic economic infrastructure, the Bank was reoriented towards anti-poverty work in less-developed countries; its lending activities involved rural development, low-cost housing and slum rehabilitation projects, small-scale industries, basic education and health etc. McNamara recognised that 'an adequate rate of growth of GNP is a necessary but not a sufficient condition of successful development' (Mason and Asher

1973: 475). In his address to the Board of Governors in Copenhagen on 21 September 1970, McNamara maintained that:

> We have made a start at broadening the concept of development beyond the simple limits of economic growth...we believe economic progress remains precarious and sterile without corresponding social empowerment. Fully human development demands attention to both. We intend, in the Bank, to give attention to both (McNamara as quoted in Mason and Asher 1973: 475).

By 'development', McNamara meant more than the Bank's long-lasting fixation on economic growth since it 'is about people'. The only criterion for measuring its ultimate success or failure is what it does 'to enhance the lives of individual human beings'. He set the task for the entire development community to create conditions in which 'human beings will have the opportunity more fully to realise the potential inherent in their lives' (McNamara 1973: 7-8).

McNamara noted that the critical issue within developing economies was not simply the 'rate of growth' but the 'nature of growth'. Hence, he prioritised growth targets in terms of essential human needs (McNamara 1973: 11). The Bank under him witnessed a significant reorientation in the kind of projects it financed (Ayres 1983: 1). From its almost exclusive concern with basic economic infrastructure, the Bank was reoriented towards 'a more effective and over-all development strategy' addressing the major development problems of poverty, population explosion, malnutrition, high infant mortality, low life expectancy, widespread illiteracy, increasing unemployment and distorted income and wealth distribution (McNamara 1973: 53-54). In his 1973 Nairobi speech, McNamara announced that the Bank would carry out large rural development schemes focused on small farmers as its main vehicle for direct poverty alleviation, which eventually came to be called 'integrated rural development projects' (Peet 2003: 120) and subsequently proposed in 1975 a strategy for alleviating urban poverty in the developing world (Ayres 1981: 106).

During his Presidency, the Bank's development objectives, planning and programs looked beyond GNP to include 'relevant development indicators', political, social and moral dimension; thereby striking a balance between 'quantitative and 'qualitative' goals of development (McNamara 1973: 54-55). Ayres summarises the

Bank's objectives under McNamara as 'growth with equity', to be attained in an 'incremental, reformist fashion' (Ayres 1983: 15).

The Bank, however, could not stay clear of the oil-triggered turbulence in the early 1970s. Debt and balance of payment in Third World countries, exacerbated by the oil shocks, compelled the Bank to undertake 'structural adjustment' as the solution. Under a division of labour, 'stabilization programs' (short-term adjustment lending) was allocated to the Fund and longer-term 'Structural Adjustment Lending' (SAL, aimed at correcting deeper 'structural' problems) to the Bank. Hence, programme loans were used to induce 'reforms', and to promote export-orientation and trade liberalization in recipient countries. (Peet 2003: 120-121).

In retrospect, the Bank before McNamara was a remarkably conservative institution. It was basically a project lender, in traditional terms, as it shunned riskier sectors in the borrowing nations and was particularly conservative in the ways it judged the performance and creditworthiness of its borrowers. The objective was growth and much of its cautious lending was also related to the Bank's desire to establish and verify its own creditworthiness (Ayres 1983: 3-4). McNamara's Bank markedly increased lending for poverty-oriented activities. However, the macroeconomic policy advice of McNamara's Bank continued in the neoclassical mode of export promotion and trade liberalization and dealt with poverty alleviation in a subsidiary fashion. Though it was no longer a bastion of development traditionalism, it was far from adopting the more radical implications of mounting an attack on poverty (Ayers 1983: 232-235). The Bank was centralised in Washington, with the bulk of the most important decisions being taken there; the Bank's approach to development was basically top-down. A corollary was insufficient participation of poor recipients in most poverty-oriented projects, adversely affecting project design, implementation and maintenance (Ayres 1983: 64-65).

The Eighties

The 1980s witnessed the return of free market thinking with President Reagan in the USA and Prime Minister Thatcher in the UK setting the tone for opening up the economy while reducing government control. Inability to repay the loans taken in the 1970s and the higher oil prices virtually halted the economic machinery of the developing countries resulting in the debt crisis. During this time the 'Washington Consensus' was conceived as a development paradigm by the US officials, the IMF and the Bank. It aimed 'at using the forces of the free market to reduce poverty and create convergence between poor and rich countries' (Ritzen 2005: 76, 45).

The 1980s witnessed a new and more interventionist role of the Bank, under A. W. Clausen (July 1981-June 1986), with emphasis on structural adjustment, retreat of state from economic life and the virtues of trade liberalization and free play of market forces (Kapur, Lewis and Webb 1997, Vol. I: 23-26). Poverty alleviation was relegated to cold storage and the Bank embarked on Structural Adjustment Programs (SAPs), which formed the nucleus of the Washington Consensus. SAPs are prescriptions for privatization, balance of payment adjustments, macro economic stabilization and liberalization of markets in order to attract FDI, create a dynamic private sector and to spur economic growth, to which the developing countries had to pledge in order to qualify for Bank and IMF loans (Ritzen 2005: 46; Stiglitz 2001: 48). It glorified the strict limits of governmental intervention and the virtues of flexible, self-adjusting free markets.

The Bank stepped up policy-based lending, making loans conditional on government policy and institutional reform in the borrower country. Large sums of money are made available in quickly disbursed loans in exchange for broad commitments to change the economy in general (SALs) or a main sector of the economy in particular (Sectoral Adjustment Loans, SECALs). The new driving force became macro-economic policy, stabilization and balance of payment adjustments, glorifying the strict limits of governmental intervention and the virtues of flexible, self-adjusting free markets. Beginning with a country's balance of payments, the entirety of a country's macro-economic structure became subject to change under structural adjustment (Peet 2003: 122-123).

The loan conditions of the Bank had macroeconomic focus, requiring privatization of state-owned enterprise, tariff reduction and trade liberalization, civil service reform, reform of public procurement, revision of public expenditure, strengthening of the justice system, implication of citizens in decision-making or the creation or empowerment of local government (Thomas 2004: 485-486). One rationale was to persuade recipient countries to rid themselves of policy structures which were believed by the Bank to be prejudicial to development (Mosley, Harrigan and Toye 1991, Vol. I: 300). The Bank's conditionality increased when it shifted from project-based to policy-based lending with its SAL, which included detailed microeconomic conditionality (Paloni and Zanardi 2006: 2). As the policy conditions became numerous, the Bank could not ensure their enforcement; it emphasises borrower 'ownership' of reform supposedly emerging from lender-borrower dialogue. From the mid 1980s, issues of 'good governance' were stressed, understood as official, orderly and accountable public administration (Peet 2003: 125).

The Washington Consensus failed to acknowledge the broader developmental goals and instruments beyond the mere increase in GNP (Stiglitz 2001: 57) and the SAPs were criticised as 'unsophisticated and one-sided approach' without any concern for social implications (Ritzen 2005: 45). According to Stiglitz, 'development represents a *transformation* of society, a movement from traditional relations, traditional ways of thinking, traditional ways of dealing with health and education, traditional methods of production to more 'modern' ways' (Stiglitz 2001: 46, 57-58).[12] Therefore, successful development entails consideration of a broad range of issues, complete transformation of society and maintenance of social organization and enhancement of social capital (Stiglitz 2001: 91-92).

The Bank policies were reoriented in the direction of social issues during the time of Barber Conable (July 1986-August 1991) and it engaged in programs on environment and protection and improvement for women in development. Poverty again gained centre stage and the Bank activities expanded to include the environment agenda and resettlement and protection of indigenous people. The Bank established a mandatory procedure for subjecting projects to environmental review and clearance

[12] Some critics worry about a clash between 'modern' and 'traditional' beliefs and contend that development will destroy traditional values. Stiglitz answers them by saying that contemporary development process focuses on the preservation of cultural values, because they serve as cohesive forces when others are weakening.

and also began a portfolio of 'environmental' projects, with the primary objective of improving or rehabilitating parts of the environment. It also began integrating environmental criteria in its project work as well as countrywide policies. In addition, the Bank helps its borrowers to prepare National Environmental Action Plans (NEAPs) (Wade 1997: 611-612).[13]

It was accepted by this time that apart from an increase in GNP, successful development strategy (differing from country to country) requires the adoption of a broader development focus addressing all components of society. Since development cannot be imposed from outside, hence, 'ownership' and 'participation' are the key ingredients of successful development strategy (Stiglitz 2001: 68-74). Development strategy, must aim at development at five levels: the private sector, the public sector (state/government), the community, the family and the individual (Stiglitz 2001: 76).

The Nineties

The end of the Cold War made it less urgent for the West to 'protect' countries susceptible to communist influence and for the communist world to 'protect' countries against westernization (Ritzen 2005: 77). The collapse of socialism/communism placed the issue of balance at the forefront suggesting that though markets formed the core of the economy, the government has a significant responsibility. Development should be adapted to the circumstances, capacity and institutional development of a particular country (Stiglitz 2001: 62). 'Civil society' emerged as a 'new factor' in the development paradigm, with the potential to make development cooperation transparent and democratic. The dramatic rise of FDI in the 1990s became the strongest factor contributing to development in developing countries. The effectiveness of the market in promoting development was consolidated with the experience of the East Asian countries which registered fast economic growth after market liberalization. However, by the end of the 1990s, the same liberalization of financial markets led to a rapid succession of financial crises culminating in the East Asian crisis (Ritzen 2005: 77).

[13] For details on the Bank's incorporation of the environment criterion see Wade 1997: 611-734; and Nelson 1997: 467-470.

Lewis Preston's (September 1991-May 1995) Bank had to skilfully tackle both the need to gear up for operations in East Europe while not compromising the interests of old borrowers. The central mission of the Bank continued to be poverty reduction. In addition, it became the key multilateral co-operator in the formation of the Global Environmental Facility and was more forthcoming to NGOs (Kapur, Lewis and Webb 1997, Vol. I: 32-34). The Bank during this period furthered its involvement in the protection and improvement of women in development and in the social sector – education, health, population and nutrition. The new 'governance' agenda of the Bank came to include a varied agenda ranging from defence expenditure by borrowing countries to human rights and political and administrative reform (Kapur, Lewis and Webb 1997, Vol. I: 27-29).

By the late 1980s, the Bank resources were being considered for the reduction of debt of highly indebted countries, but its main role along with the IMF began only in 1996 with the Heavily Indebted Poor Countries (HIPC) initiative – an attempt to reduce the external debt of the world's poorest countries. To get the assistance, countries have to implement 'integrated poverty reduction and economic programs' (Peet 2003: 128) and the borrowers are persuaded to take ownership of adjustments lending by the Bank. It was realised that interactive dialogues between borrowers and leaders had a better chance of achieving reform ownership than did the imposition of ex-ante conditions (Kapur, Lewis and Webb 1997, Vol. I: 30).

After decades of pursuing physical capital driven development and preoccupation with GNP, the missing link of human capital was recognised as indispensable in order to translate financial gains into real development (Haq 2000: 3-4). It is crucial to realize that 'human welfare – not GNP – is the true end of development', which has to target poverty and human needs (Haq 2000: 4). Mahbub ul Haq argues in favour of the inclusion of the human dimension in development planning, adjustment process and in policy decisions of multilateral donors such as the World Bank, emphasizing that 'people are both the means and the end of economic development (Haq 2000: 3).

The Human Development Report, commissioned by the United Nations Development Programme (UNDP), published annually since 1990, seeks to explore the relationship between economic growth and human development. The first report defined Human Development as 'both the process of widening people's choices and the level of their achieved well-being' (Human Development Report 1990: 10). Therefore, the basic objective of development was to 'benefit people' (Human Development Report 1990: 9) and 'to create an enabling environment for people to enjoy long, healthy and creative lives' (Haq 2000: 14). Though the expansion of income can enlarge all the other choices, but 'income is not the sum total of human life' (Human Development Report 1990: 9) since growth in income is necessary but not sufficient for development. Deliberate public policy has to consciously translate economic growth into human lives through public spending on social services and fiscal policy to redistribute income and assets (Human Development Report 1990: 15). The Human Development Report introduced the Human Development Index (HDI), a multidimensional comprehensive measure of development, which serves as a yardstick to measure socio-economic progress of nations. It measures longevity (life expectancy at birth), knowledge (adult literacy and mean years of schooling) and income (per capita GNP) to meaningfully compare countries' performance.

The New Millennium

The new millennium began with the UN Millennium Declaration (2000), resulting in the Millennium Development Goals (MDGs), [14] which have been commonly accepted as yardsticks to evaluate development. However, 11 September 2001 unleashed the 'war on terrorism' relegating the entire development process to the background. Some optimism was renewed by the Monterrey Conference and the Johannesburg Conference on Sustainable Development, both held in 2002.[15]

[14] The 2000 UN Millennium Declaration has eight goals: i) eradicate extreme poverty and hunger; ii) achieve universal primary education; iii) promote gender equality and empower women; iv) reduce child mortality; v) improve maternal health; vi) combat HIV/AIDS, malaria and other diseases; vii) ensure environmental sustainability; and viii) develop a global partnership for development. Available at http://www.un.org/millenniumgoals/

[15] The Monterrey Conference stressed the link between aid effectiveness and measures in which countries themselves take responsibility for their economic and social development. This entails increasing integration and partnership between the developed and developing countries 'characterised by capacity building and country ownership of good governance and the rule of law'.

The Bank uses the MDGs to set its contemporary priorities and provide a roadmap for development (WBG Brochure 2006: 2). James D. Wolfensohn (June 1995-June 2005) sought to recast the Bank's image as an institution that was moving away from structural adjustment by making elimination of poverty its central mission along with the promotion of 'good governance' and environmentally sensitive lending (Bello and Guttal 2006: 68-69). Wolfensohn, adamant on promoting an open and 'result-oriented' culture, endeavoured to give the Bank 'a human face' by altering it's priorities to include building institutions, improving governance, enhancing the voice and participation of the poor in development, strengthening the rule of law and stamping corruption (Weaver and Leiteritz 2005: 375; Einhorn 2006: 17).

Wolfensohn forged new development cooperation – inclusion, partnering and good governance – as the basis for the transformation of the Bank (Ritzen 2005: 107-108). Another decisive innovation – decentralization – which moved 40 per cent of the Bank's 8000 staff members into the countries for which they work, added value by making them better informed about the countries concerned and promoting 'development from within' (Ritzen 2005: 91). Identifying corruption as the single largest obstacle to development, the Bank since 1996 has launched many governance and anti-corruption programs, making them a central part of its analytical and operational work. Since 1998, the Bank began providing funding for bio-diversity projects and financial support to HIV/AIDS programmes in developing countries (10 Things You Never Knew About the World Bank 2006). By 1997, the Bank was moving away from SALs and SECALs to project-lending, but with emphasis on 'soft issues' such as environment, gender issues linkage with NGOs (Krueger 1998: 1990). The 'strategic compact' launched by the Bank in 1997 had 'retooling the development agenda' as one of its components by promising investment in social, environment and governance areas, which had not received adequate attention.[16]

The Comprehensive Development Framework (CDF), launched in 1999, is described by the Bank as 'holistic, long term and country-owned approach that focuses on building stronger participation and partnerships to reduce poverty'. It

[16] Four thematic networks – Environmentally and Socially Sustainable Development; Human Development; Finance and Private Sector Infrastructure; and Poverty Reduction and Economic Management – formed its core (Weaver and Leiteritz 2005: 376).

established development priorities based on the principles of 'country ownership' and 'partnership' and with a 'focus on result and a comprehensive and long-term perspective' (Fidler 2001: 45; Blake 2000: 160). In the same year, the Development Committee,[17] a joint effort of the Board of Governors of the Bank and the Fund, proposed the Poverty Reduction Strategy Papers (PRSPs), to be prepared by national authorities, in close collaboration with the Bank and Fund staff, in all low-income countries receiving support from the Bank's IDA and the IMF's Enhanced Structural Adjustment Facility (ESAF). The individual countries were encouraged to take the initiative and ownership of their development goals and strategies, policies and programmes. Development strategies transparently constructed were to be based on participation, broad national consultation and consensus (Blake 2000: 163-165).

The efficiency and effectiveness of development assistance was measured in terms of the 'empowerment of the developing countries to improve their situation' (Ritzen 2005: 187). The principles of 'ownership' and 'governance', animated in the Country Assistance Strategy (CAS), the CDF and the PRSP, increased the coherence of projects by making a country the basis for development cooperation. Through the Country Policy Institutional Assessment (CPIA), the Bank assesses 24 parameters to measure the quality of a country's governance, according primacy to transparency in the development philosophy (Ritzen 2005: 187-188).

Wolfensohn's other initiatives include, the World Faiths Development Dialogue, which brings together various religious leaders from around the world with the Bank and other development institution in order to catalyse the active, coordinated engagement of the world's faith in the development process. The Global Development Gateway attempts to encourage 'new economic' ideas in developing counties and create online portals for information on national level economic development and reform (Fidler 2001: 46). The 2000 World Development Report entitled 'Attacking Poverty' indicates a shift in the Bank thinking towards situating the social and cultural dimensions of poverty alleviation on par with structural adjustment (Peet 2003: 131).

[17] The Development Committee is a group of 24 ministers who act more or less as a board of supervisors for the Bank. It represents a selection of the Bank's governors and acts as a forum of the World Bank and the IMF that facilitates intergovernmental consensus-building on development issues (Ritzen 2005: 91).

The NGOs were increasingly becoming visible players shaping public opinion at an international scale. Opposition to projects with negative economic, social and environmental impacts triggered Wolfensohn's effort to manage civil society critics via 'consultative engagements' and 'multi-stakeholder dialogues'. Channels to civil society were opened up, especially with the formation of the NGO Committee on the World Bank (Bello and Guttal 2006: 68-69; 73) World Bank's NGO and Civil Society Unit is responsible for coordinating the Bank's relationship to its external interlocutors in civil society (Peet 2003: 142). In addition, the Structural Adjustment Participatory Review Institute (SAPRI), the WCD and the Extractive Industries Review (EIR), sought to bring Bank critics around the negotiating table in a bid to prove that the Bank was willing to become more responsive to criticisms of its operations and policies. However, the Bank failed to accept and act progressively on the outcomes of these initiatives (Bello and Guttal 2006: 79-80).

Some Bank-led initiatives under Wolfensohn ran into trouble, with shortcomings of the 'one-size-fit-all' formula of deregulation, liberalisation and commercialisation. While the actual debt reduction from the HIPC initiative was meagre, covering only 6.4 per cent of the world's poorest countries (Bello and Guttal 2006: 71-72), the 'participatory approach' of PRSPs was nothing more 'than consultations with a few prominent and liberal civil society organizations rather than substantive public dialogue about the causes and incidence of poverty' (Gomes, Lakhani and Woodman as quoted in Bello and Guttal 2006:72). Wolfensohn's attempts to make the Bank friendlier to numerous outsiders, especially NGOs, were criticised as making the institution softheaded, less analytical in its approach and therefore less relevant (Fidler 2001: 41). Under pressure from NGOs and civil society, Wolfensohn allegedly surrendered the Bank's intellectual integrity, rushing to embrace the latest fads in development thinking regardless of their substantive merit.

The Knowledge Bank for Development: Intellectual Leadership

The Bank has been actively involved in the creation, simulation, dissemination or production and application of ideas, which cannot be overlooked. Stern and Ferreira maintain that 'given its central significance as a development agency and focus for policy formation, the Bank has an obligation to play a part in the generation of the ideas that it uses' (Stern and Ferreira 1997: 525-527). The Bank acts as a consciousness raiser about development at the international level. The Bank performs this role through the annual addresses of its presidents, presented each year to the annual meeting of its Board of Governors, through the publications of its sector policy papers on development issues, its annual volume the World Development Report, country economic reports and its own research activities (Ayres 1983: 19-20).

Since its inception, the Bank worked as an 'information intermediary' among the different partners of the development process. A very substantial amount of human and material resources of the Bank is dedicated to collecting and generalising data about the economic and poverty trends of developing and less developed countries (Clair 2006: 78). As an integrated institution undertaking both research and lending operations, the Bank can draw on unparallel cross-country evidences and experiences on the merits of policy experiments and project interventions, defining and disseminating a model of best development practice from which recipient countries can learn how to reform and develop (Paloni and Zanardi 2006: 22-23).

The Economic Development Institute (EDI), established in 1956, provided technical training to member country personnel associated with development policies; also rendering to the Bank a window on the academic working being done in development economics (Galambos and Milobsky 1995: 170). Development research in the Bank, at present, is entrusted to – the Development Economics Senior Vice-Presidency (DEC) and the World Bank Institute (WBI). The DEC is responsible for generating, coordinating, funding and verifying the knowledge used in the Bank's projects and programs in various sectors. The WBI (1955) trains government officials, decision-makers, and leaders in developing countries in economic analysis and implementation of development projects related to corruption, health, trade, environment and so on (Clair 2006: 79, 87).

Today, the methods and tools of development economics, mathematical and statistical knowledge have almost become the virtual monopoly of the Bank. It publishes journals on development economics – the *World Bank Research Observer* and the *World Bank Economic Review*, organises the Annual Bank Conference on Development Economics and publishes the annual World Development Report, bringing together academic research. World Bank research and publications are widely distributed and read, are well covered in the media and disproportionately represented in graduate programme syllabi (Gavin and Rodrik 1995: 332).

Knowledge produced or supported by the Bank is, however, not objective science elaborated independently from politics and disembodied from wider social worlds. Clair argues that the legitimacy of the Bank's expertise is drawn through a circular process between the knowledge it produces and the audiences that legitimise that knowledge (Clair 2006: 77). However, the role of the Bank as a source and conveyor of ideas on economic and social development, which has gained importance due to the increasing scope of its activities and its influence over economic policy in borrowing countries, was not anticipated by its founders (Gavin and Rodrik 1995: 329). The intellectual dimension of the Bank contains the potential to endow development with newer components and develop policies and measures to incorporate the social and human approach to development in its working.

The Bank's Technical Assistance

As the Bank opened up for a series of reconstruction and development loans, it realised that in preparing project proposals, the applicants required technical assistance. Though the Articles of the Bank do not explicitly mention technical assistance, it nevertheless, decided to furnish technical assistance, when such help is related to its lending operations (Mason and Asher 1973: 72-74; 294). The Bank's technical assistance – training, advice-giving, furnishing consultants and assisting recipient countries the provision of expertise – are crucial ingredients for the long-term sustenance of projects in all sectors (Ayres 1983: 46-47).

The Bank's Organizational Adaptation

With the growth of Bank membership, especially the less developed countries, and the increasing scale and complexity of its loan portfolio, the need was felt for greater representation from the less developed countries at various decision-making levels. Arguments favouring a shift from the 'top-heavy' structure in Washington to a 'bottom-heavy' one, emphasising country-level missions, is reinforced as projects become more multifaceted and more embedded in difficult institutional and social environments (Laar 1980: 242).

Institutional development – increasing the ability of institution and agencies within recipient countries to formulate and implement development objectives – is an essential requirement. The Bank has engaged in a fourfold institution-building effort: creating entirely new institutions; establishing new project units in existing ministries; reorganising existing institutions; or strengthening existing institutions with emphasis on general organization and management, financial management and training (Ayres 1983: 46-47). Entire new units were created, reflecting both the increase in Bank work and its reorientation toward questions of poverty alleviation and income distribution (Ayres 1983: 6-7).[18]

In a major reshuffle in 1952, the personnel of the Loan Department and the Economic Department were redistributed into functional and geographical departments. The regional (later Area) departments were to maintain ongoing relations with the member states and the loan programmes in their respective regions and provided for more systematic and continuous contact between the Bank and its member countries. The functional organizations included Marketing, Administration and Treasury – and a new Technical Operations Department (TOD, later became the Project Department) (Mason and Asher 1973: 74-77; Laar 1980: 216; Galambos and Milobsky 1995: 167-168). The primary operational effect of this structure was to separate responsibility for evaluating particular projects from that for judging the desirability of lending to particular countries or borrowers and for determining the priority sectors in each country for such lending (Laar 1980: 217). However, the relationship between area department and the TOD became the Bank's most difficult and pervasive organizational problem (Laar 1980: 217).

[18] This included the Agriculture and Rural Development Department created in 1973, the Urban Projects Department and the Operations Evaluation Department (OED) created in 1975, and the Population, Health and Nutrition Department created in 1979 (Ayres 1983: 6-7).

The 1972 reorganization dispersed most central project personnel to regional sub-division, putting them along with country departments, affecting a measure of decentralization and five new regional operating departments were established (Galambos and Milobsky 1995: 181). Though this made easier the devolution of authority and responsibility from the headquarters of the Bank to offices located in the regions (Reid 1973: 83), but geographically, the great majority of Bank analysis and preliminary as well as final decision-making was done in Washington (Kapur, Lewis and Webb 1997, Vol. I: 1183-1184). The 1986-87 Bank reorganization furthered the 1972 move toward the conduct of operational decision-making within a country framework by joining the functions of program and project units in single country departments (Kapur, Lewis and Webb 1997, Vol. I: 1200). By late 1999, the number of individuals in the Bank's country offices increased to nearly 30 percent of the Bank's overall staff. Reorganization attempts are attributed to the 'tenacious survival capacity' of the Bank (Weaver and Leiteritz 2005: 377-378; 370).

The Bank's Ideological Underpinning

The dominant ideology of the Bank, derivative from its documents and publications, may be identified as that of neoliberalism,[19] emphasizing sound economic and financial management, applicable to any kind of economic system, the primary objective being economic growth. The principal routes to growth are seen to lie, domestically, through capital accumulation (savings and investment) and, externally, through export expansion and diversification (Ayers 1983: 74). The Bank was 'always pro-market' (Kapur, Lewis and Webb 1997, Vol. I: 481). An apparent paradox is interesting to note, the global financial institutions like the World Bank govern an economy that their neoliberal ideology insists is best left institutionally ungoverned (Peet 2003: 23). The antipoverty emphasis of McNamara since 1973 posed some serious challenges to the prevalent Bank ideology, resulting in an ambiguous gluing together of some divergent concepts and approaches. And by the end of 1980s and in the early 1990s, the Bank was viewed as shifting to a revised neoliberal model

[19] Neoliberalism renews the beliefs of nineteenth-century British classical liberalism and spurts deregulation of private enterprise and the privatization of previously state-run enterprises. By the mid-1980s, neoliberal economics had come to dominate a previously social democratic and Keynesian development discourse. This dominance extended to the global governance institutions (Peet 2003: 8-13).

stressing market-friendly state intervention and good governance, with a renewed emphasis on social issues like poverty and education and a dedication to debt reduction (Ayers 1983: 75; Peet 2003: 128).

The Bank's Creditworthiness

Creditworthiness is a crucial concept in the Bank's lexicon. The IBRD conditioned its lending to some extent on a member country's performance in managing its own economic resources. To be creditworthy a country must give promise of ability to service foreign debt and repay Bank loans in convertible currency. A few poor member countries, which were judged not to be creditworthy for any amount of Bank borrowing, therefore, qualify only for IDA credits. Some quantitative indicators that have been utilised for assessing creditworthiness include: a country's debt service ratio, the public sector deficits, percentage of gross domestic product and country's total savings and total investment, as well as its savings and investment rates.

Some degree of assessment of the overall economic policies took place from the very beginning of the Bank's lending to third world countries. Until the late 1960s, the Bank was more conservative in this, recommending a great many changes in development policies, reforming balance-of-payments policies, simplification of the elaborate system of controls over imports and intensification of efforts to increase agricultural outputs. It insisted on 'fiscal and monetary discipline' on the part of the borrowing countries and engaged in 'sound banking practices' such as confining its activities to project lending for the construction of easily defined, public utilities, with strict supervision and control over disbursement loans (Peet 2003: 114-115).

Although commercial and technical criteria were prominent in the early years of the Bank, environmental and sociological criteria became more important in later years (Kapur, Lewis and Webb 1997, Vol. I: 35). The Bank began distinguishing between economic management and equity performance, which went beyond narrowly defined creditworthiness but were very closely related to it. The former included both qualitative and quantitative assessment of a country's management of its economic growth, foreign trade and fiscal and monetary policy. Assessments were also made of the performance of the country's public-sector institutions. To asses a country's equity performance, the Bank referred to such social indicators as life expectancy, literacy and infant mortality. The better the economic management and social equity, the better should be the creditworthiness (Ayers 1983: 68-69).

The Bank's Accountability Quotient

Accused of accountability deficit, the Bank (and the Fund) justifies the lack of information disclosure on the nature of its work with sensitive macroeconomic and financial policy questions of member states. However, faced with growing criticism of its project management and operations performance, the Bank established a Portfolio Management Task Force that produced the Wapenhans Report in 1992. In March 1994, it also adopted a policy on disclosure of information, extensively revised in August 2001 (Suzuki and Nanwani 2005: 183-186). The Bank created the Inspection Panel in 1993[20], to assess the merits of a complaint brought by a group, whose interests have been allegedly damaged by Bank projects, or the Bank's failure to follow its own policies when implementing or appraising projects; also taking into account Bank management's responses to the allegation. The Panel is unique in combining the possibility of access by individuals and private groups to rights under international law with the opportunity to question the activities of an international organization, thereby allowing third parties to participate in its decision-making process of the (Woods 2001: 90-96; Suzuki and Nanwani 2005: 188).

In addition, the Bank has undertaken a number of other steps to make itself more accountable. To promote transparency within countries with which it work, the Bank requires the governments wanting enhanced debt relief under HIPC to produce 'nationally owned' PRSPs, in consultation with 'civil society', setting out how they intend to reduce poverty. The independent evaluation unit in the Bank, the OED, aims at self-criticism and evaluation, by auditing the development impact and performance

[20] The Inspection Panel was established by IBRD Resolution No 93-10 and Resolution No IDA 93-6 on 22 September 1993. For details on the World Bank Inspection Panel see Clark 2002: 205-226; Shihata 1994; and Bissell 1997: 741-744. Also see the World Bank Inspection Panel available at: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,menuPK:64132057~pagePK:64130364~piPK:64132056~theSitePK:380794,00.html>; and the World Bank Inspection Panel Brochure, available at: <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/BrochureEnglish6.pdf>

of all the Bank's completed lending operations, policies and processes and reports its findings to the Executive Board. The Bank has also begun to recognise non-state actors and NGOs, and information and analysis are increasingly made available to them. The NGO-World Bank Committee was established in 1982 for making the institution more transparent and opening up dialogue with new groups of stakeholders. The Bank also publishes a large amount of its own research and explanation of what it is doing on its website[21] and is also pressing the governments to permit greater disclosure and publication of policies and agreement made with the government (Woods 2001: 90-96).

The 'World' in the 'World Bank'

The 'World' in the 'World Bank' remained doubtful in the initial years because it was a Bank for two-thirds of the world, mostly the non-communist. While former Soviet Union, Czechoslovakia, Poland and China were represented at Bretton Woods and signed the two agreements establishing the Fund and the Bank, former Soviet Union failed to ratify them. Czechoslovakia and Poland joined the Bank but subsequently ceased to be members. Chinese membership was confused with both Peking and Taiwan vying for representation (Reid 1973: 171). Cold war politics, that characterised the international environment, found a viable battleground in the Bank's membership. It was only by the end of 1970s, that former Soviet Union and all the East European communist states became members of the Bank and the government in Peking took over the representation of China. With the decolonization process gaining momentum, the Bank membership expanded to include members mainly from Asian and African countries and the IDA further increased the rolls of its members, making it a universal organization.

The 'Bank' in the 'World Bank'

The World Bank lacked some of the elementary properties ordinarily associated with banks. It did not receive deposits; it made loans only to governments, or to public and private entities on the basis of a government guarantee of repayment; four-fifths of the

[21] The official World Bank website <www.worldbank.org>

subscribed capital was not paid in cash but was to be used as a guarantee fund against losses; its principal function was intended to be the guarantee to private investment (Mason and Asher 1973: 11-12). Hence, it has always been something more and something less than a 'real' bank. In its functions of technical assistance, research, in much of its country economic work, innovative development projects, involvement in poor countries, role in the international marketplace of ideas through its publications and the speeches of its presidents, the Bank has always differed substantially from a standard bank. And by getting increasingly involved in anti-poverty activities in developing countries, it has become less of a bank and more of a development agency. However, addition of social and distributive concerns to its primarily economic and growth oriented objectives did not fundamentally alter the bank's fundamental goal of modernising the international economy in its capitalist variant (Ayres 1983: 10-11).

Assessment and Conclusions

It is evident that the World Bank has undergone structural innovations as well as expansion in its original mandate to evolve as an organization exercising power autonomously in ways unintended and unanticipated by the states that created it. Inspite of the 'Fifty Years is Enough' slogan coined at its 50th anniversary,[22] the Bank celebrated its 60th anniversary, reinforcing that it is a 'vigorous organism capable of healthy growth and of adaptation to change' (Reid 1973: 23). At sixty, the Bank plays roles quite different from those its original founders had envisaged. While it has emerged as significant financer, analyst and advisor for the developing countries, the Bank also faces a number of challenges, resulting from the changes in the world economy, and as an outcome of its approaches to the problems of stabilization and development and of its own governance structure (Buira 2005: 1).

[22] The celebrations of the fiftieth anniversary of the World Bank were confronted with the proclamation of 'fifty Years is enough', by a group of 130 NGOs, available at: <www.globaljusticeecology.org>. There was a strong and widespread support for the campaign, engendered in particular by the organization Jubilee 2000, official website <www.jubilee2000.org> (Ritzen 2005: 165). The movement alleged that in the 50 years of its existence, World Bank policies have not been effective in reducing poverty. Rather, it has been promoting and financing inequitable and unsustainable development overseas that creates (rather than reduces) poverty while destroying the environment. The Bank is also criticised to be profoundly undemocratic in that it has constantly denied citizens information about, and involvement in, major decision affecting their respective societies (Ritzen 2005: 81)

The Bank's original rationale no longer holds tenable and its activities have evolved enormously, in response to the dramatic shifts in the international economic circumstances and needs that have stimulated widespread pressure for reform. Changes in global capital markets and changes in views of development interacted to lead to a shift in the focus of activities within the Bank (Stiglitz 1999: F590). This is supplemented by prevailing political pressures, rising global social and environmental issues, the varying interests of the major donor member states and the organization's borrowing countries and the dynamism and vision of the president of the organization who steers the organization through the various demands that it faces. The Bank, since it inception, has become a robust organization with an identity of its own and is not about to expire quickly (Kapur, Lewis and Webb 1997, Vol. I: 46).

The evolution of the World Bank is summed up by Aart van de Laar as 'widening' and 'deepening' of its activities. A constant broadening of the range of projects eligible for the Bank's finance manifests its widening. The deepening of activities signifies that the Bank has tended to make its projects more complex by including technical assistance and by undertaking institution-building activities in addition to the transfer of capital (Laar 1980: 209).

The Bank, nevertheless, is strongly criticised from widely divergent quarters. By the Right, it is considered to be a hangover from the interventionist early post-war era and overly political, interfering with the operation of effective market-led economic development (Gilbert, Powell and Vines 1999: F599). Its poverty-oriented emphases are claimed to only 'scratch the surface' that represents money wasted on projects of marginal rates of return (Ayres 1983: 37; 75). By the left, it is alleged to be creating a new stratum of rural and urban elites in developing countries (Ayres 1983: 75), by imposing one view of the development process. It is also criticised on its record on the environment, poverty reduction and other social issues (Gilbert, Powell and Vines 1999: F599).

The World Bank's initial focus was very narrow pertaining only to the technical and economic aspects of projects and programs without regard to social, political and other non-economic consideration. The Bank's Articles prohibited it from concerning itself with the political character of the borrowing country directed it to exclusively focus on conducive economic policies.[23] During 1960-1990, many issues such as land reform, income inequality and distribution, military spending, ethnic discrimination, gender bias, regional disparity and corruption were kept out of the Bank's deliberations on lending pattern for fear of dragging politics into economic analysis (Haq 2002: 147-148). Evidently, the Bank's Articles have been subjected to a very superficial interpretation. However, a more liberal reading has begun recently with the dawn of realization that 'political waters shape economic policies and economic issues also have political dimensions and consequences (Haq 2002: 160).

The Bank has elicited criticism from diametrically opposite quarters. On the one hand, the Bank is accused of not paying enough attention to the environmental and social consequences of its policies, ignoring the voices of local people and funding projects that damage living standards and the environment. Due to the of hundreds of Bank-financed dams, power plants and other projects in developing countries, residents have been displaced from their homes, without compensation for resettlement (Tibbetts 1995: 446-447). Moreover, the Bank requires the governments to reorient and reorganise their economies to produce for export rather than for domestic needs, to reduce trade barriers and tariffs and to open up key public enterprise (telecommunication, power, manufacturing, insurance, banking, transport) for international competition. Since, the governments cut their spending on health, education and welfare in order to comply with the Bank conditionalities, the Bank's adjustment programs resulted in the 'reduced health, nutritional and educational levels of tens of million of children in Asia, Latin America and Africa', a 'lost decade' for many of the Bank's borrowers (Goldman 2005: 22).

On the other hand, the Bank is accused of 'mission creep' (Einhorn 2001: 22), a pathological condition in which it has lost its original compass and map and is now pursuing every problem under the sun (Goldman 2005: 24). The Bank's attempt to provide environment sustainability, gender equality, indigenous people's rights, and

[23] Article IV, Section 10 of the IBRD Articles states that, 'the Bank and its officials shall not interfere in the political affairs of any members; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic consideration shall be relevant to their decision'.

community based development and good governance has resulted in its over-stretching and over-loading. It is alleged that the Bank has become rudderless and lacks strategic decision (Fidler 2001: 40). Moreover, the Bank's organizational structure remains strongly hierarchical, centred at its headquarters. Though it has opened many field offices, but most of these had little operational power. Hence, radical decentralization of decision and responsibility within the hierarchy and a geographical shift of responsibility and decision to the field were widely confined to the realm of speculation (Kapur, Lewis and Webb 1997, Vol. I: 1211-1212).

The Bank has hardly been a monolithic institution and its role as a 'bank' is often contrasted with its role as a 'development organization' (Mason and Asher 1973: 457). Though it has 'generated some fairly firm ideas as to what development is about and how an international lending institution could contribute' (Mason and Asher 1973: 458), no well structured theoretical model of development exists within its files. Academic engagement with the process of development external to the Bank has deeply influenced its views on development (Mason and Asher 1973: 458). In fact, an over-view of the Bank's engagement with development suggests that it has tailored its approach to suit the needs and demands that arose from time to time. This is reflected in the changing nature of its lending experiences that characterise the thinking of its representatives at different points of time. Ayers is of the view that the Bank is both 'determinative' and 'reflective' of contemporary understanding about development (Ayres 1983: 2).

The Bank started functioning with the understanding that 'an adequate economic infrastructure is a necessary precondition of economic development' (Mason and Asher 1973: 460) and its decision to finance projects depended on their potential contribution to this 'primordial' objective (Ayres 1983: 2, 11). It went on to expand its conception of development requirement to include the social and political considerations and human resource development that were seen as relevant to economic growth. Though education, health, political stability, extremes of wealth and poverty, social relationships have been frequently mentioned in the Bank's Annual Reports and Country Reports, Mason and Asher assert that they have not greatly affected decisions regarding lending. There appears a 'sizeable gap between the public pronouncements of some of the Bank's spokesman and its day-to-day practice (Mason and Asher 1973: 732).

Though growth of per capita GNP has been discredited as the only measurement of development, there exists no consensus regarding what are the other elements and their relative weight in relation to economic growth. Moreover, it remains doubtful whether an external financing agency should substitute its own views on the nature of development for those of the borrowing country. While the Bank has definitely begun making inroads into broadening the concept of development, it is vague about whether this involves an expansion of the considerations of inputs needed for growth or widening the meaning of development itself (Mason and Asher 1973: 484).

Whether the non-economic parameters increasingly being identified with development are considered as devices for facilitating growth or are desirable as ends in themselves is an issue that the Bank needs to resolve. The relationship, to me, appears like a vicious circle, where the broader concept of development, which includes improved health facility, education, poverty reduction etc., cannot be accomplished without economic growth and at the same time the development in these spheres would contribute towards increasing the growth rate.

Catherine Weaver and Ralf J. Leiteritz allege that the attempt to 'reform the development agenda' of the Bank during the 1990s 'reflected a pattern of institutional adaptation as opposed to deeper social learning' (Weaver and Leiteritz 2005: 382). Though the Bank appears to have embraced new development paradigm and strategies, this pertains only to its rhetoric and organizational structure. It is significant to note whether these new development agendas are congruent with the Bank's larger vision and mandate. Weaver and Leiteritz find them as posing a serious threat to the dominant economic orthodoxy of the Bank as well as to its operational norms and routines making both adaptation and learning rather difficult and weak areas of the Bank's operational work (Weaver and Leiteritz 2005: 383-84). Hence, it is essential to mainstream the Bank's newly espoused development concept through its operations, practices and policies.

According to Payer, the changes in the Bank's lending style did not represent fundamental changes, but merely incremental adaptation to a rapidly changing environment, combined with the systematic imperative to expand loans, in order to keep net capital transfers to borrowers positive (Payer 1982: 27). Ayres, siding with the reformists, views the Bank as an agent of reform. He found the Bank's poverty-oriented projects consistent with its long-standing emphasis on economic growth, stress on cost recovery and on such associated notions as the affordability of the benefits provided by its projects. The Bank's also stress on the importance of the policy environment within recipient countries is crucial to project effectiveness (Ayres 1983: 13-15). Poverty-oriented emphases appear to be pasted on the prevalent ideology without altering its fundamental slant thereby enabling the Bank to justify almost any project, study, new direction or strategic retreat (Ayers 1983: 75).

The Bank was allegedly slow to break away from the initial commitment to capital infrastructure. After considerable pressure and criticism it was convinced of the insufficiency of loans limited to financing of the foreign exchange costs of specific projects. Its concern for human resource development and affects of lending policies on income distribution, social development, political stability and ecology were criticised as being relatively belated. However, the Bank argued that through its country studies and reports it makes a significant contribution to a country-wise analysis of development process, prospects and problems (Mason and Asher: 469).

The Bank, however, lacks a systematic account of its approach towards development process. Mason and Asher contend that the Bank's sustained attention to the development of particular countries, has failed to generate, through country comparison, significant development cases that may be used to formulate development strategies. They attribute this absence of attention to development analysis to its administrative organization (Mason and Asher 1973: 467). The Bank's defence is that it was 'an operating institution concerned with lending and technical assistance' and research did not constitute its primary mandate. Nonetheless, being the principal international agency with sustained experience in most of the less developed countries of the world, the Bank was expected to be a leader in development thought as well (Mason and Asher 1973: 468).

Inspite of the Bank's claims to have replaced the Washington Consensus with a new approach to development cooperation, based on dialogue, country ownership, cultural sensitivity and good governance, Ritzen is of the view that the Washington Consensus continues to colour the Bank's preference for privatization of assets and its policy advice on the openness of capital market. 'There is little chance for the World Bank to contribute to development if it is unable to shed fully the automatic pilot of Washington Consensus thinking' (Ritzen 2005: 119). Wolfensohn's attempted to recast the Bank's image by increasingly incorporating newer areas of concern within the Bank's goal that were never conceived of as being part of its agenda. While these have diversified the Bank's conception of development, a camp of critics allege then as diluting the Bank's focus; leading them to identify the period under Wolfensohn as 'institutional dysfunction' (Bebbington, Guggenheim, Olson and Woolcock 2004: 40) and 'mission creep' (Einhorn 2001: 22).

A review of the Bank's investment in social services and in increasing people's access to social opportunities is perceived as a way by Mahbub ul Haq to look at its record in meeting 'human' concerns in the developing countries. Though the Bank's social sector allocations seems to have steadily increased since McNamara's presidency, a major portion of it is reserved for colleges, universities, urban hospitals, urban housing and other social programmes that are reflective of and beneficial to the vested interests of powerful groups in the developing countries. Basic human concerns of the masses – basic education, health, safe drinking water, sanitation, family planning and nutrition programmes – are accorded less than half the allocation meant for the social sector (Haq 2000: 156).

While concerns for ecological impact, population planning and role of women were acknowledged by the Bank, some proposed criteria like borrower's human rights performance have either been rejected altogether (Ascher 1983: 421) or covertly recognized. However, 'although human rights violations are not openly mentioned as a cause for suspending aid commitment, the Bank is beginning to pay some attention to this issue (Haq 2000: 160). For example, it put lending to Pakistan on hold during Bangladesh's birth in December 1971. The Bank postponed its aid consortium meeting for Kenya in November 1991 till it organized new, multiparty elections and curbed its rampant corruption. Such interruptions are rare and done under pressure from bilateral donors and justified in economic terms rather than in political terms, in order to adhere to the provisions of the Bank's Charter (Haq 2000: 158-160).

Keeping aside the questions of adequacy and sufficiency, the most practical way for the Bank to think of economic development, according to Mason and Asher, is in terms of sustained capacity that provides material assistance towards the realisation of the social preferences expressed by governments. Being an agency under the control of governments, the Bank could not look beyond the government's expressed indications of social preferences (Mason and Asher 1973: 487). 'The World Bank can help in the drive to development but only to a degree – largely determined by a country's circumstances' (Kapur, Lewis and Webb 1997, Vol. II: 2). The Bank's project appraisals and technical assistance attempts to increase the rate of growth, and income redistribution, employment generation, urbanization and political stability are regarded as inputs, means that would produce GNP (Mason and Asher 1973: 487). Hence, the changes related to development are means to other objectives. They enrich the lives of individuals by widening their horizons and provide them with more control over the possibility of improving their lives (Stiglitz 2001: 58-59).

Though transformation in the orientation of the Bank has been slow but it has definitely taken place, though the extent, nature and content remains debatable. Both international context and the general conceptualization about development by economists have significantly influenced the Bank's engagement with development. At the same time, interpretation of the Bank's Charter, its operations and the dynamism of Presidents have also progressively defined its relation with development. However, its development scorecard has been plagued with inadequacies and inconsistencies and therefore, severely criticised. Nevertheless, it cannot be doubted that the Bank has indeed responded positively to the emerging demands to include issues related to development that had never crossed the minds of its founders. Yet, its task is far from completed and will continue in the days to come.

The Bank today is dedicated to the promotion of 'Development and poverty reduction', which is a rather diffused and complex agenda, which requires the Bank to bundle together a number of different behavioural activities – Bank as a bank, a financial intermediary; Bank as a development research agency, producing both research and economic analysis; and Bank as a development agency, providing development assistance, attaching conditions to loans and monitoring performance (Gilbert, Powell and Vines 1999: F599-F600). As a global development agency, the Bank does not just lend money and produce ideas, but also packages them together, referred as the 'Bank in the field'. In this mode the Bank provides development skills, including skills in project and programme management. The Bank also provides global public goods like pollution control, forest conservation, financial regulation and protection of drug trafficking (Gilbert, Powell and Vines: F610-F611).

Stiglitz asserts that the challenges facing the Bank, at the onset of the new millennium, its core mission of promoting growth and reducing poverty remain as great as ever (Stiglitz 1999: F594-F95). An effective Bank is still useful because it is needed to help the public sector and the IFC is needed to help the expanding private sector. In addition, the ongoing need to eradicate poverty in areas such as South Asia and Africa consolidates a strong case for a continuing and effective World Bank (Owen 1994: 102). The Bank's core mission is no longer to partner with middle-income countries in their pursuit of balanced and externally oriented growth; it is to alleviate poverty in poor countries and in the poorest pockets of middle-income countries. It is also evolving into the institution of choice for working with developing countries on 'global commons' issues – environment and health (Einhorn 2006: 18).

The basic structure of the Bank remained stable inspite of organizational tinkering. Despite major turns in events both inside and outside, during the last sixty years, the Bank remained a stalwart institution, its dominant characteristic being continuity (Kapur, Lewis and Webb 1997, Vol. I: 1211-1212). The founders of the World Bank created an enduring institution. Over the decades, the Bank has grown enormously, provided a stage and context for some vivid personalities and underwent several quite profound changes of role and course. The most note worthy feature of the institution being continuity (Kapur, Lewis and Webb 1997, Vol. I: 1161). 'It is a lively and flexible institution with few signs of the creaking joints and blurred vision that are frequently expected in an aging bureaucracy' (Mason and Asher 1973: 723).

This raises the paradox of the rhetoric of change or the reality of continuity (Bello and Guttal 2006: 72). Whether the new priorities and the reorganizations represent an authentic redefinition of the institution's role or whether such changes are merely a cosmetic exercise? Is the Bank, to use Paloni and Zanardi's phrase, 'masters of reinvention' or 'masters of illusion'? (Paloni and Zanardi 2006: 3). The Bank and its affiliates have become an integral part of the complex of international machinery that has grown since the close of World War II. Its future depends on the future of the system as a whole – on the general climate for international cooperation in solving economic, social and political problems – whose future is not completely insulated from the outlook on the rest of the system (Mason and Asher 1973: 749).

Support for the Bank may not last unless its ends and means are radically revised to keep pace with a changing world. According to Owen, the World Bank will render even greater benefits in its next 50 years if it can adjust to the vast changes that have occurred since its founding, which requires it to make substantial policy and posture shifts (Owen 1994: 97; 108). The World Bank's power to accomplish its mission depends on the combination and balance of its two functions: lending and knowledge. Therefore the goal is to create a knowledge-and-lending Bank (Cohen and Laporte 2004). The intellectual hegemony of the Bank complements and is dependent upon its financial hegemony (Payer 1982: 17). 'Innovation and adaptation' will be necessary if the Bank is to remain relevant; it must change if it is to flourish for another 60 years (Einhorn 2006: 20-22).

The discussion in this chapter has explicated the change on the Bank since its inception vis-à-vis development. Undoubtedly, the Bank has recast itself to respond to the various demands that characterise the dynamic international scenario. However, its evolution is a continuous process; the organization has to ad infinitum revamp itself to save it from being redundant and being written-off. The increasing opposition to the Bank signifies that its refurbishment has not been adequate. In the following chapter, the innovation and adaptation of the Bank in relation to one of the vehement contemporary concerns, human rights, would be examined to see how far the Bank's developmental evolution has been receptive or hostile to them.

CHAPTER III

HUMAN RIGHTS IN THE DEVELOPMENT DISCOURSE OF THE WORLD BANK

Introduction

An important development in the last half of the twentieth century has been the steady increase in the prominence given to human rights worldwide and in all aspects of life. Human rights became an active part of the global consciousness as international vindication began stirring the conscience of the world. David P. Forsythe notes that it was during the half-century after the Second World War that human rights were 'internationalised, and internationally recognised rights had become routinised' (Forsythe 2000: 5). It was at the same time that the development discourse also began to emerge and consolidate. From a focus on pure economic aspects, it progressively evolved and expanded to include various human dimensions and an ever-growing number of actors who could raise new concerns and influence decision-making.

The subject matter of both 'human rights' and 'development' is controversial, with differing views about definition and clarity, on the one hand, and political connotations, on the other. Neither of them is monolithic, encompassing dynamic aspects varying over time. Ad nauseam the two paradigms were viewed as mutually exclusive spheres, beyond possible congruence. However, as the inaccuracy of this perspective became apparent, efforts ensued towards their meaningful convergence. In this context, the human rights responsibilities of the World Bank, considered as the largest source of development assistance, the most prolific and influential source of research and policy on development issues and one of the most prominent international actors, become a subject of controversy and enquiry. A growing body of scholars, both inside and outside the Bank, practitioners, NGOs, students and lawyers are arguing in favour of a 'rights-based' approach to development for the Bank.

These dilemmas raise certain pertinent questions. What is the trajectory of evolution of the concept of human rights? Is there any hierarchy among the various rights or are all the rights equally compelling? Are 'human rights' and 'development' mutually exclusive or mutually interdependent and reinforcing? How can the two paradigms accommodate the concerns of the other? What are the Bank's responsibilities vis-à-vis the development-human rights debate? How has the Bank balanced between the directive of its Articles and the growing demand to accommodate human rights within its developmental policies and programmes? Have the Bank's responses to the human rights discourse been only piecemeal or have they entailed substantial policy implications?

The first section of this chapter analyses two things: the catapulting of human rights as a global phenomenon demanding international acknowledgement; and the progressive integration of the supposedly exclusive groups of rights, the civil and political rights with the economic, social and cultural rights. The following section looks at the relationship between the evolving paradigm of human rights and the development process to see how they can mutually accommodate and reinforce each other. In this context, the RTD is examined as a pragmatic way to guarantee development as a human right. The final section seeks to investigate how the World Bank has responded to human rights concerns and sought to integrate them in its pursuit of development. This is attempted through an interpretation of the Articles, an analysis of the stands of the Bank, and its actual practices, followed by certain suggestion for a more proactive role.

Evolving Paradigm of Human Rights

Questions about the genesis and nature of human rights have remained unsettled and the international community seems to work on a broad and general understanding of human rights that is acceptable to all. Human rights consist of those fundamental moral rights of the person 'that are necessary for a life with human dignity' (Forsythe 2000: 3), and 'that human beings have simply because they are human beings', 'independent of their varying social circumstances and degrees of merit' (Shestack 1998: 203). They are 'something that no one, anywhere, may be deprived of without a grave affront to justice' (Cranston 1983: 12). Human rights are the rights 'of an individual or a group to participate in and take responsibility for one's own future and development' together with the 'limitations imposed upon certain actors in relation to legislation, policy implementation, and other acts which have effects on individuals or groups of individuals' (Skogly 1993: 757). Arjun Sengupta analyses human rights from an entirely novel perspective when he says,

> In the ultimate analysis, human rights are those rights which are given by people to themselves. They are not granted by any authority, nor are they derived from some overriding natural or divine principles. They are human rights because they are recognised as such by a community of people, flowing from their own conception of human dignity, in which these rights are supposed to be inherent. Once they are accepted through a process of consensus-building, they become binding at least on those who are party to that process of acceptance (Sengupta 1999: 2920).[24]

Thus, the term 'human rights' in general evokes a sense of freedom and claims but it means different things to different people, and remains a contested concept.

The modern idea regarding the inalienable rights of each individual can be traced back to the idea of 'natural rights' in the seventeenth century social contract thought of Thomas Hobbes and John Locke.[25] According to Cranston, human right is the contemporary expression for what was known as 'the rights of man', which itself had replaced the original term 'natural rights' (Cranston 1983: 1). These ideas formed the source and inspiration for the U.S. Declaration of Independence (4 July 1776),[26] the U.S. Bill of Rights (15 December 1791)[27] and the French Declaration of the Rights of Man and of the Citizen (26 August 1789)[28], all of which are together considered to be the bedrock of the subsequent

[24] This view was expressed in 'Study on the current state of progress in the implementation of the right to development' submitted by Arjun K. Sengupta, independent expert, pursuant to Commission Resolution 1998/72 and General Assembly Resolution 53/155 (E/CN4/1999/WG18/2, July 27, 1999) ECOSOC, Geneva as quoted in Sengupta 1999: 2920.

[25] For details on the origin of the idea of human rights see Cranston 1983: 1-6.

[26] The United States Declaration of Independence, 4 July 1776, is available at: <http://www.constitution.org/usdeclar.htm>

[27] The United States Bill of Rights, 15 December 1791, is available at: <http://usinfo.state.gov/usa/infousa/facts/funddocs/billeng.htm>

[28] The French Declaration of the Rights of Man and of the Citizen, 26 August 1789, is available at: <http://www.constitution.org/fr/fr_drm.htm>

human rights movement. However, human rights concerns largely remained confined to the national level till it was accepted and recognised as global international law in 1945 by the UN (Forsythe 2000: 3).[29]

The contemporary human rights movement is intrinsically associated with institutions, at state, international and non-state levels. The norms and standards related to human rights are embedded in international organizations and have vital links with NGOs as well. The first authoritative and formal expression to the human rights movement was provided by the UN Charter (adopted on 26 June 1945, entered into force on 24 October 1945) (Steiner and Alston 2000: 137). The UN, in the Preamble to its Charter, unequivocally affirmed 'faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women…' (UN Charter: Preamble, Para 2). Among its purposes, Article 1 recognises the achievement of international cooperation 'in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion…' Despite numerous references made to human rights,[30] the UN Charter was premised on the sovereignty of its member states that defined the international society. Hence, the states were enjoined to individually move towards the comprehensive image of human dignity set forth by it, in a manner respectful of their own sovereignty. What is notable, however, is the fact that despite the persistence of the sovereign state system, human rights were attributed limelight (Falk 2000: 6-7).

The UN Commission on Human Rights, established by the UN Economic and Social Council (ECOSOC) established, in 1946, was entrusted with the formulation of an International Bill of Human Rights. It drafted a Declaration, which was adopted as the UDHR on 10 December 1948 (General Assembly

[29] The League of Nations, forerunner of the United Nations, which was established at the end of the First World War in June 1919, failed to make any explicit mention of human rights in its Covenant.[29] Only in its Article 23, did the League postulate to maintain fair and humane conditions of labour; to secure just treatment of the native inhabitants of territories under their control; and to control traffic in women and children.

[30] 'Human Rights' appear in the following provisions of the UN Charter: second paragraph of the Preamble, Articles 1 (3), 13 (1) (b), 55, 56, 62 (2), 68 (Steiner and Alston 2000: 138).

Resolution 217 A [III]) by unanimous vote.[31] It 'is the founding document of modern human rights doctrine' (Beitz 2003: 36) that ushered the world into an age of international human rights (Forsythe 1998: 507) by establishing that 'all human beings are born free and equal in dignity and rights' (UDHR: Article 1) and 'everyone is entitled to all the rights and freedoms...without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status' (UDHR: Article 2).

The thirty articles of the UDHR, stating a wide assortment of aspirations, were the first comprehensive formulation of international human rights put forward as 'a common standard of achievement', but took the shape of a 'declaration' rather than a legally binding 'agreement' (Beitz 2003: 38; Falk 2000: 6-7). It was adopted in the form of a statement of aspirations and goals. Falk asserts that the norms affirmed were 'a compilation of various legal and moral ideas about state-society relationships...conceived as an admonishment to governments, and more relevantly, as a kind of heterogeneous wish list cobbled together by representatives of liberal individualism and collective socialism' (Falk 2000: 38). Nevertheless, it signified the initiation of a process that had a cumulative impact on the role of human rights in international politics.

The UDHR envisaged to incorporate both civil and political rights, and economic, social and cultural rights. While the civil and political rights are akin to negative rights (freedoms from) enumerating prevention of state interference in a citizen's life, economic, social and cultural rights are analogous to positive freedoms (rights to) concerning affirmative action on the part of the state (Centre for Development and Human Rights 2004: 43). In the backdrop of the Cold War, the East-West rivalry conditioned the debate about the nature of human rights. While the Western liberal societies focussed on the civil and political rights of the individual, the Communist societies emphasised social and economic well-being. The so-called Third World countries that gained UN membership in the 1950s

[31] Forty-eight in favour with no opposition and eight abstentions from Byelorussia, Czechoslovakia, Poland, Ukraine, the Soviet Union, Yugoslavia, Saudi Arabia and South Africa. All, but Saudi Arabia, have publicly renounced their abstentions.

further accentuated the demand for economic rights. Despite the successful establishment of a broad normative framework, human rights became a zone of serious ideological disagreement. As a compromise, two separate covenants – the ICCPR (General Assembly Resolution 2200A (XXI), adopted on 16 December 1996 entered into force on 23 March 1976) and the ICESCR (General Assembly Resolution 2200A (XXI), adopted on 16 December 1996 entered into force on 3 January 1976) – were established. These two Covenants[32] along with the UDHR constitute the International Bill of Rights. Initially emphasis was inclined towards the civil and political rights, with very little attention being directed towards economic, social and cultural rights. Only recently has it been realised that civil and political rights are infeasible without socio-economic and cultural rights.

The UDHR was supplemented by numerous human rights treaties, declarations, conventions and resolutions promulgated by the UN and its organs pertaining to slavery, genocide, refugees, racial discrimination, women's rights, child rights, etc. However, the proliferation of human rights instruments does not automatically signal their actual implementation. Though they have aided in the 'universalization'[33] of human rights, these instruments are mainly standard-setting, their 'application' ranging from making recommendations to adopting declarations, carrying no legal obligations or means of enforcement.

In addition to the expanding UN machinery for human rights, there has been an exceptional growth of regional arrangements, and civil society and NGO advocacy to propagate human rights.[34] The regional arrangements – the European Convention System, the Inter-American System, the African System and the Arab League's Human Rights Commission – provide important additions to knowledge derived from UN and its organs. NGOs, both domestic and international –

[32] The differences and interdependence of the two Covenants are discussed in Steiner and Alston 2000: 246-247.

[33] 'Universal' human rights mean that 'all human beings at all times and places would be justified in claiming them' (Beitz 2003: 43); 'it is based on treaties that aim at worldwide membership' (Steiner and Alston 2000: 136). The 'universality' of human rights is discussed in Henkin 1989: 10-16.

[34] For a detailed discussion on the regional mechanisms for human rights see Forsythe 2000: 110-138 and Steiner and Alston 2000: 779-937; for civil society and NGO advocacy of human rights see Forsythe 2000: 163-190 and Steiner and Alston 2000: 938-983.

Amnesty International, Red Cross, Human Rights Watch – are vital for fact-finding, spreading awareness, sensitising, mobilising, and standard-setting, promotion, implementation and enforcement of human rights norms.

The human rights tradition is often alleged to have evolved out of Western initiative and priorities, with only nominal non-Western participation, resulting in lack of any real moral force and eroding the voluntary bases of compliance upon which its effectiveness depends. The non-Western countries upon gaining independence from colonial subjugation confronted massive poverty and underdevelopment and hence, were preoccupied with the daunting task of nation-building and economic development. But the West, spearheaded by the USA, supporting private capital and the market ethos, was committed to upholding the civil and political rights (Falk 2000: 8, 49-50). With the end of the Cold War and the collapse of the Soviet Union, the socialist thinking was generally discredited as neo-liberal ideas spread to the far corners of the world; and the stage was set for a new phase in human rights advocacy.

Contemporary international relations has moved away from the seventeenth century Westphalian sovereign state system and 'global political processes now exist that can no longer be accounted for strictly in terms of interstate politics' (Ruggie 1983: 105). Boutros Boutros Ghali signalled in 1992 that 'the time of absolute and exclusive sovereignty...has passed...' (An Agenda for Peace Preventive Diplomacy, Peacemaking and Peace-keeping 1992: Para 17). Undoubtedly, the nature of state sovereignty has altered, yet the authority and power of the state cannot be disregarded. Territorial state, its claims to sovereignty and its consent still remain the substratum of the international political system. However, increasingly states are being obligated to share the international arena with other actors and become part of international institutions that consequently restrict the operation of state sovereignty. Hence, international relations remain, what Forsythe calls, 'a modified state system' or 'pooled sovereignty' (Forsythe 2000: 22-24). Borders have lost their sacrosanctity in an era of electronic communication and mobile capital. For instance, the original members of the Council of Europe use their legal authority to enhance international human rights at the expense of national independence, to the extent that compulsory jurisdiction of its supranational European Court on Human Rights is mandatory for consideration of membership in the European Union (Forsythe 1998: 509).

Nevertheless, in an increasingly globalised world characterised by deterritorialization of political authority and identity, the agenda of international politics has enlarged beyond its traditional scope. Promotion and preservation of human rights has become the pressing concern for academicians, government officials, human rights activists, students, civil society and inter-governmental organizations joined by multinational and transnational corporations. All the national and international actors are increasingly being enjoined to incorporate human rights into the dynamics of development.

It is amply evident that despite the abundance of literature, reaching a consensus on a conception or definition of human rights or attempting to explain global human rights practices with any degree of scientific rigour seems practically infeasible. Human rights remain an ambiguous concept often meaning different things to different people. For the present purpose, human rights would be treated as universal, indivisible, interdependent and interrelated; encompassing all the rights laid in the International Bill of Human Rights. 'Economic, social and cultural rights can no longer be seen in isolation from civil and political rights. They are not only inter-related but are actually integrated'. Violation of one would cause violation of the other and there cannot be fulfilment of either without development. The RTD[35] signifies a progressive step towards the integration of these rights enumerated in two separate Covenants (Sengupta 1999: 2921).[36]

[35] The Right to Development was first articulated by Justice Keba M'baye of Senegal, a former Chairman of the International Court of Justice in his lecture at the International Institute of Human Rights in 1972, published as 'Le droit au développement comme un droit de l'hommé', *Human Rights Journal*, 5 (2-3): 505-534 (Marks 2004: 37, Note no. 18).

[36] While the civil and political rights are known as the 'first generation rights', the social, economic and cultural rights are called the 'second generation rights'. Karel Vasak developed a 'third generation of solidarity rights', which included 'the right to development, the right to peace, the right to environment, the right to the ownership of the common heritage of mankind, and the right to communication' (Karel Vasak 1979, "For the Third Generation of Human Rights: The Right of Solidarity", Inaugural Lecture, Tenth Study Session, International Institute of Human Rights, July as quoted in Steiner and Alston 2000: 1319). These rights, though address new

Integrating Human Rights in the Development Discourse

Development, in the immediate post-Second World War, was primarily contemplated as an economic process, characterised by increase in GNP, construction of infrastructure, expansion of industry and increased production and consumption of goods and services, conspicuously oblivious to any reference of human rights. In fact, till the 1960s, the understanding was in favour of an inverse reinforcement between the degree of freedom and the speed of development. It was argued that, 'each gain in the degree of freedom will be paid for with a slowing down of development; each degree of speeding up development will be paid for with a certain loss of freedom' (Richard Lowenthal as quoted in Klaff 1998: 77). The argument in favour of tolerating a temporary violation of human rights in order to achieve the end of development was used to legitimise particular forms of government initiatives in the developing countries of Asia and Africa (Klaff 1998: 77). This reinforced the focus of development only on economic variables, more or less omitting socio-political facets from its sphere of influence.

However, practical experiences have proved contrary to these assertions as economic gains failed to percolate and promote development. It was realised that without the protection of human rights, genuine development is impossible since human rights violations impede the process of development. Hence, the need for a holistic, human, basic need, equity and poverty based understanding for pursuing development was felt. This was paralleled by a broadening of focus of the international human rights debates to include a range of economic issues that had previously been considered solely as the prerogative of international development agencies (Alston and Robinson 2005: 1). The entry of newly independent nations into the UN in the 1960s and 1970s particularly spurred the beginnings of the attempt to bridge the two domains in the context of their struggle to establish a New International Economic Order (NIEO), a package of reform that was fair to the poor countries (Cornwall and Nyamu-Musembi 2004: 1422). The spotlight turned on the relevance of the human rights framework to the development

dimensions, are very vague and ambiguous in their definition, scope and application. Therefore, it is difficult to ascertain the beneficiaries of these rights and against whom the claim can be made.

discourse[37] and by the 1990s, the human rights and the development communities began direct and constructive engagement signalling the beginning of a 'rights-based' approach to development.[38] It has rightly come to be argued that, 'human rights should never be sacrificed to development. Rather, development should serve to promote and protect rights – economic, social, cultural, civil and political. Respect for human rights will facilitate development by bringing about a society in which individuals can freely develop their own abilities' (Okuizumi as quoted in Moris 1997: 196). Human rights were redefined as 'claims to the requirements of human development and the exercise of those rights are consequently the necessary actual condition of development' (O'Manique 1992: 1992).

Since the end of Cold War a confluence of factors – globalization, increasing influence of non-state actors, academics, policy-makers and advocates and innovative international attempts – have contributed to the 'gradual rapprochement and increasing dialogue' between the human rights and development paradigms. While scholars like Amartya Sen spearheaded the conceptual integration of the two concepts, the adoption of the UN Declaration on the Right to Development (General Assembly Resolution 41/128, 4 December 1986) paved the way for a rights-based approach to development. Growing NGO activism has led to increasing awareness and helped build public opinion in support of integrating human rights in development and urged for a more comprehensive view of rights as encompassing civil, political, economic, social and cultural rights (Cornwall and Nyamu-Musembi 2004: 1423-1424; Brodnig 2001: 1, 10-13). The dominant contemporary theoretical framework appears to be the interdependence approach, which interprets human rights and development as being positively interdependent and mutually reinforcing (Klaff 1998: 77).[39]

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[37] Seven approaches – the holistic approach, the rights (or human rights) based approach, the social justice approach, the capabilities approach, the right to development approach, the responsibilities approach, and the human rights education approach – are used to analyse the relevance human rights to the development by Marks 2005: 23-60.

[38] The United Nations High Commissioner for Human Rights (UNHCHR) and the UNDP's definition of 'rights-based approach to development' are available at: <http://www.unhchr.ch/development/approaches-04.html> and <http://www.undp.org/rbap/Nexus.htm>

[39] For the changing themes in human rights and development, the converges and diverges of the two paradigms and human development generally see Sano 2000: 734-752; Darrow and Tomas

The theoretical underpinnings of the new development paradigm were developed by Amartya Sen in his work *Development as Freedom* and *Poverty and Famines: An Essay on Entitlement and Depravation.* He gave an entirely new connotation to 'development', described as 'a process of expanding the real freedoms that people enjoy' (Sen 2002: 3). An adequate conception of development, according to him, must traverse individual income and the growth of GNP because they are not desirable for their own sake but are general-purpose means of expanding the freedom of people to lead the kind of lives they have reason to value. Freedom also depends on social and economic arrangements; education, health care, social security, political and civil rights and participation in development activity. Human freedoms are both intrinsically important to be pursued as the pre-eminent objective of development (primary end) and they also have instrumental effectiveness to promote different kinds of human freedoms (principal means) (Sen 2002: 36-37).

Sen further elaborates the 'constitutive' and the 'instrumental' role of freedom in development. Development in this view is the process of expanding the substantive basic human freedoms (Sen 2002: 36). The freedom-centred understanding of development is also agent-oriented. Individuals are not merely the passive recipients of the benefits of development process, rather adequate social opportunities would equip them to effectively shape their own destiny (Sen 2002: 11). The effectiveness of freedom as an instrument lies in the fact that different kinds of freedom interrelate and help in advancing one another (Sen 2002: 37). 'Development', therefore, for Sen is, 'momentous engagement with freedom' possibilities' (Sen 2002: 298).

Closely related to this is Mahbub-ul-Haq's assertion that human beings 'are both the means and the end of economic development' (Haq 2002: 3), the 'principal object and subject' of the development dialogue (Haq 2002: 11) and therefore, 'human welfare – not GNP – is the true end of development' (Haq 2002: 4) implying a movement towards 'a new human development paradigm'

2005: 471-538; Hamm 2001: 1005-1031; Nayar 1980: 55-81; Sethi 1981: 11-24; Streeten 1994: 232-237; Srinivasan 1994: 238-243; Nelson and Dorsey 2003: 2013-2026; Gready and Ensor 2005.

(Haq 2002: 12). The basic purpose of development according to Haq is the enlargement of people's choices – economic, social, cultural and political. 'The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives (Haq 2002: 14). Though an expansion in income can enlarge all the other choices, but uneven income distribution and national priorities render accumulation of wealth insufficient for fulfilment of several human choices. Challenging the presumed automatic connection between accumulation of income and escalating human choices, human development paradigm emphasizes the need of translating economic growth in people's lives through deliberate and conscious public policies on social services and fiscal policies to redistribute income and assets (Haq 2002: 15). 'Human development', says Haq, is a 'holistic development paradigm embracing both ends and means, both productivity and equity, both economic and social development, both material good and human welfare' (Haq 2002: 22-23).

The Human Development Report seeks to foster innovative ideas and methods for rethinking the development ingredients and thereby changing the statistical its measures by using the HDI. Unlike the past emphasis on economic growth, the contemporary understanding of development focuses on the human being as the main target of development. Achievement of human rights protection has become an integral part of efforts towards development. However, Paul Streeten contends that 'the concept of human development is much deeper and richer' than what can be captured in index like HDI or such set of indicators (Streeten 1994: 235) though they may be useful in focussing attention and simplifying problems of development.

The RTD personified the 'right-based' approach to development and 'is defined as the right to a particular process of development that ensures realisation of all human rights – civil, political, economic, social and cultural' (Centre for Development and Human Rights 2004: 44). The UN Declaration on the Right to Development envisaged to bridge the chasm between the two ostensibly exclusive discourses of civil and political rights, and economic, social and cultural rights. It recognises 'development' as 'a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting there form...' (The Declaration on the Right to Development: Preamble, Para 2).[40] It states that 'The right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized' (The Declaration on the Right to Development: Article 1, Clause 1).

It is the duty of the state 'to take steps, individually and collectively, to formulate international development policies' (The Declaration on the Right to Development: Article 4, Clause 1). The Declaration also recognises the significance of generating 'efforts at international level to promote and protect human rights...accompanied by efforts to establish a new international economic order' (The Declaration on the Right to Development: Preamble, Para 15) because 'effective international co-operation is essential in providing developing countries with appropriate means and facilities to foster their comprehensive development' (The Declaration on the Right to Development: Article 4, Clause 2). The states have the duty 'to promote a new international economic order based on sovereign equality, interdependence, mutual interest and co-operation among all States, as well as to encourage the observance and realization of human rights' (The Declaration on the Right to Development: Article 3, Clause 3).

Jan Martenson identified development as 'a many-faceted concept', which 'is much more than continuous increases in the leading economic indicators'. 'Development means respect for human rights and the basic rights of the community to which she or he belongs and the access to the necessary resources of growth...' (The United Nations 1991: 9). He adds that, 'The enjoyment of human rights will constitute an essential; element in evaluating socio-economic

[40] The nature and content of the Right to Development and the programme for its implementation have been discussed at length in Sengupta 2000: 553-578; Sengupta 2001: 2527-2536; and Sengupta 2002: 837-889. For detailed account of the historical evolution of the concept of Right to Development see Sinha 2002: 512-523; Osmani 2005: 110-126; and Malhotra 2005: 127-152.

perspectives...ratification of human rights instruments and the degree of respect for ... basic human rights will have to be taken into account when considering the realization of development objectives...' (The United Nations 1991: 10-11). Hence, development and human rights have a complex and interdependent way and 'development... has as one of its constituent elements respect for and promotion of human rights of the individual (The United Nations 1991: 27).

The principle of the indivisible, interdependent and non-hierarchical nature of rights was further consolidated in the 1993 World Conference on Human Rights in Vienna that resulted in the Vienna Declaration and Programme of Action (General Assembly Resolution A/CONF.157/23, 12 July 1993). It endorsed that 'democracy, development and respect for human rights and fundamental freedoms are interdependent and mutually reinforcing' (The Vienna Declaration and Programme of Action, Para 8).

Focusing both on the ends and means of development and the interdependence of all human rights, the RTD identifies 'development' as a human right, therefore, soliciting treatment similar to that of any other universally upheld human right. In substance the RTD is a human right and therefore, 'interdependent with and indivisible from other civil, political, economic, social and cultural rights'; denial of one would amount to denial of the RTD itself (Sengupta 2000: 566). Every human person is entitled to the process of development that is determined and shaped by equity and justice (Sengupta 2000: 568; Sengupta 2001: 2534). Thus, it not only goes beyond looking at development simply in terms of growth or income by recognising development as a process where all fundamental freedoms are realised, the RTD envisages both national policy programme and international cooperation.

While the primary responsibility for realising the 'rights-based development' rests with the state, the international community also has an indispensable obligation of enabling the states to do so.[41] The monitoring and

[41] Arjun K Sengupta suggests that the implementation of the right to development can begin with some well defined rights: the right to food, the right to primary health care and the right to primary

accountability procedure extends on the international level to global actors such as donor community, inter-governmental organizations like the UN and its specialized agencies, international financial institutions like the IMF and the World Bank, international NGOs, Trans-National Corporations and bilateral aid agencies, whose actions bear upon the enjoyment of human rights in any country (Cornwall and Nyamu-Musembi 2004: 1417; Skogly 1993: 754).

The international community and the financial institutions have woken up to the need for doing away with conventional methods of development cooperation and acknowledge social development consistent with the human rights framework as steering development policies. A number of international development organizations have actually begun to explore the operational implications of the relationship between development and human rights. The Global Compact (initiated in 2000 by the UN Secretary-General, Kofi Annan), corporate social responsibility, transnational social networks are some of the concepts increasingly shaping the human rights discourse. The UNDP's *Human Development Report 2000* focuses on the relationship between human rights[42] and human development[43] by establishing 'a common vision and a shared purpose – to secure the freedom, well-being and dignity of all people everywhere' (The United Nations Development Programme 2000: 1) and secure basic freedoms (The

education, which are closely related to the right to life, the most basic of all human rights (Sengupta 2000: 562).

[42] 'Human rights are the rights possessed by all persons, by virtue of their common humanity, to live a life of freedom and dignity. They give all people moral claims over behaviour of individuals and on the design of social arrangements – and are universal, inalienable, and indivisible. Human rights express our deepest commitments to ensuring that all persons are secure in their enjoyment of the goods and freedoms that are necessary for dignified living' (Human Development Report 2000: 16).

[43] 'Human development is the process of enlarging people's choices, by expanding human functionings and capabilities. Human development thus also reflects human outcomes in these functionings and capabilities. It represents a process as well as an end. At all levels of development the three essential capabilities are for people to lead a long and healthy life, to be knowledgeable and to have access to the resources needed for a descent standard of living. But the realm of human development extends further: other areas of choice highly valued by people include participation, security, sustainability, guaranteed human rights – all needed for being creative and productive and for enjoying self-respect, empowerment and a sense of belonging to a community. In the ultimate analysis, human development is development of the people, for the people and by the people' (Human Development Report 2000: 17).

United Nations Development Programme 2000: 2).[44] The World Bank launched the CDF in 1999, followed by the PRSPs for the HIPC.[45]

It is evident from the above exposition that, human rights have attained growing international salience progressively incorporating civil and political rights with economic, social and cultural rights. This has influenced the development paradigm by insisting on the adoption of rights-based approach to development. This has been actualised to certain extent by various international organizations though an expansion of their functions and responsibilities. This, however, has also resulted in significant disconnect between the actual power of international institutions and the legal and political options to hold them accountable, particularly the international financial institutions – IMF and the World Bank being the centre of attention (Gernot Brodnig 2001:1-2). The following section attempts an examination of the nature and scope of engagement of the Bank's development practice with human rights demands.

World Bank's Interaction with Human Rights

The World Bank has witnessed steady growth in its funding.[46] Since the Bank provides direct loans and financial assistance to nation states for the purpose of development, and is considered the 'primary source' of foreign capital for developing countries, it is directly involved in their economies and can exercise greater influence in their human rights area as well (Moris 1997: 175-176). Moreover, the Bank has unmatched institutional resources and plays a pioneering role in establishing policy framework and development related research, often

[44] The prevalent view was that the concept and action of human rights and human development followed parallel paths, the former dominated by philosophers, political activists and lawyers, while the latter steered by economists, social scientists and policy-makers. However, at present the seemingly wide gap between the two is narrowing with the increasing understanding that 'human development is essential for realising human rights, and human rights are essential for full human development' (The United Nations Development Programme 2000: 2).

[45] The PRSPs as crucial means to converge human rights principles and poverty reduction policies, based on the experiences of the World Bank is discussed in Stewart and Wang 2005: 447-474; Nankani, Page and Judge 2005: 475-497; Taillant 2002.

[46] The Operational Summary of the 2006 Annual Report of the Bank is available at: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/EXTANNREP/EXTANNREP2K6/0,,contentMDK:21045361~menuPK:2915545~pagePK:64168445~piPK:64168309~theSitePK:2838572,00.html>

followed by other multilateral and bilateral financial institutions in their own policies and practice (Horta 2002: 227). A close look at the human rights responsibilities of the Bank is necessary in the light of the growing human impact of the economic policies and programmes pursued by the Bank, especially as the principles of human rights law became more definite and binding.

The Bank's relationship with human rights can be approached from three dimensions. First, many of the borrowing states have been accused of human rights violations.[47] Hence, whether the Bank should consider human rights records when making credit decisions and withhold funds on such grounds is controversial. Second, being an international organization with considerable leverage over countries, whether the Bank has any obligation towards the promotion of human rights and inclusion of human rights mechanisms and safeguards in its operations. Finally, the Bank is accused of violating human rights through its SAPs[48] that impoverish the developing countries or through funding specific projects[49] that have little regard for their human rights impact (Oestreich 2004: 57). Hence, the Bank's responsibility and reaction are crucial aspects of consideration both within and outside that Bank. While some preclude the Bank's involvement in human rights, others postulate a proactive role for it, in line with the evolving human rights paradigm and its increasing interaction with the development discourse. The present study will not delve into the first aspect, it would consider the Bank-human rights relations only for the last two perspectives.

The World Bank and the United Nations

Though it pre-dated the UN, the Bank was recognised as its specialised agency of by an Agreement concluded between the UN and the IBRD on 15 November 1947, which provided the Bank with a specific financial purpose and a clearly

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[47] Some of the world's most repressive governments have been the World Bank's clients. See Marmorstein 1978: 113-136.

[48] For the relationship between development, structural adjustment and human rights and the social, cultural and political effects of World Bank structural adjustment on human rights see Abouharb and Cingranelli 2006: 233-262; McBeth 2006: 398-400; and Skogly 1993: 751-778.

[49] For human rights obligation of World Bank development projects see Paul 1988: 67-120; and McBeth 2006: 394-397.

designated role within the UN structure and the two International Human Rights Covenants.[50] Article I (2) of the Relationship Agreement states that, '...by reason of the nature of its international responsibilities and the terms of its Articles, the Bank is, and is required to function as, an independent international organization' and the UN recognises in Article IV (3) that, '...it would be sound policy to refrain from making recommendations to the Bank with respect to particular loans or with respect to terms or conditions of financing by the Bank'. The Agreement however, sets forth certain mechanisms of consultation and cooperation between the General Assembly and the Bank in terms of providing information and mutual benefit and to implement the UN's objective, including respect for human rights.

Article VI (1) of the Agreement requires the Bank to conduct its affairs with 'due regard for decisions of Security Council under Articles 41 and 42 of the UN Charter'. Thus, while General Assembly resolutions are not binding, even the Security Council decisions are not compelling since they do not create absolute obligation on the Bank. The Bank's Articles allows it to 'cooperate with any general international organization...having specialized responsibilities in related fields...' and to 'give consideration to the views and recommendations of such organization' in loan decisions. But these have to be within the terms of the IBRD Articles (IBRD Articles, Article V, Section 8 [a] and 9 [b]).

Arguments against the Bank having Human Rights Criteria

Strong arguments exist against the use of the Bank to monitor or enforce human rights. Conceived as a multilateral financial institution, the Bank is considered to be an inappropriate body to judge which governments are better or worse in terms

[50] This was derivative from the Article 57, Para 1, of the UN Charter provides that, 'The various specialized agencies, established by intergovernmental agreement and having wide international responsibilities, as defined in their basic instruments, in economic, social, cultural, educational, health, and related field, shall be brought into relationship with the United Nations in accordance with the provisions of Article 63'. Article 63, Para 1, holds that, 'The Economic and Social Council may enter into agreements with any of the agencies referred to in Article 57, defining the terms on which the agency concerned shall be brought into relationship with the United Nations. Such agreements shall be subject to approval by the General Assembly'. Para 2 of the same Article further asserts that, 'It may co-ordinate the activities of the specialized agencies through consultation with and recommendations to such agencies and through recommendations to the General Assembly and to the Members of the United Nations' responsibilities.

of human rights observance. Such functions are considered better left to the UN and other multilateral and regional organizations that are specifically mandated to conduct fact-finding investigations of alleged human rights abuses (Marmorstein 1978: 132). Instead of donning the role of 'human rights police', the Bank is urged to retain the economic focus (McBeth 2006: 392). It is argued that allowing the Bank to examine non-economic factors like human rights in its loan decisions contains the potential of transforming it into a political tool that could be used for the purpose of political gains (Moris 1997: 188-190).

It is also asserted that consideration of human rights by the Bank is violative of the principles of sovereign integrity and the international law that prohibits any form of coercion, including economic coercion. The use of economic coercion, in the form of withholding loans to developing countries by the Bank, to force recipient countries to comply with and respect human rights, constitutes a form of coercion prohibited by international law and by the UN Charter (Article 2, Para 4). It is argued that imposing human rights criteria by the Bank amounts to interference with the domestic affairs of the states, which is prohibited by the UN Charter (Article 1, Para 2; Article 2, Para 1, 4 and 7; Moris 1997: 183-186). Moreover, withholding loans due to human rights abuses by the government of the borrower country will not only adversely affect the populace of the country, already victims of their government's action by furthering their misery, but will cause economic stagnation and poverty thereby increasing human rights abuses (Shihata 1988: 47; Marmorstein 1978: 133).

Further, 'institutional elasticity'[51] – the extent to which institutions are created and used for other purposes and can be stretched in order to get them to perform human rights functions – has its limitations and all institutions cannot do everything. Constraints ought to exist to the extent of the Bank's performance before it strains its own statutory capabilities too far. Ignoring the limitation to institutional elasticity can be detrimental to the Bank and its operations (Shihata 1988: 47; Moris 1997: 190; Oestreich 2004: 61).

[51] 'Institutional elasticity' was used by Reisman 1987: 391-9.

The internal operating procedures of the Bank make it an improper organization to pursue non-economic social goals because neither its composition not its decision-making process is democratic (Oestreich 2004: 59). In fact the Bank itself has been prescribed to be in need of the elements of 'due process', transparency, accountability and open communication etc. (Bradlow 1996: 51, 66). Besides, the Bank's staff is not adequately experienced to deal with human rights issues and the Bank lacks an effective human rights monitoring and enforcement mechanism, which makes it impractical for it to engage with human rights issues (Moris 1997: 183-192).

The Bank's hesitation in promoting human rights is partially based on Article 2, Para 7 of the UN Charter[52] and partially on Article III, Section 5 (b) and Article IV, Section 10 of the IBRD Articles[53] according to which: 1) only 'economic considerations' of 'economy and efficiency' shall be relevant to the Bank's decisions; 2) the Bank shall not be influenced in its decisions by 'political or other non-economic considerations' or the 'political character' of the member concerned; and 3) the Bank shall not interfere in the 'political affairs' of any member[54] (Moris 1997: 182-183; Skogly 1993: 760; Dañino 2005: 515-517; Bradlow 1996: 54). The 'political activity prohibition' clauses, according to Oestreich, were inserted to ensure the Bank's neutrality toward member countries and to prevent it from using its financial clout on behalf of some members in order to interfere with the internal affairs of others. It was seen as vitally important since

[52] Article 2, Para 7 of the UN Charter holds that, 'Nothing contained in the present Charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state or shall require the Members to submit such matters to settlement under the present Charter...'

[53] Article III, Section 5 (b) of the IBRD Articles prescribes, 'due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations'.

Article IV, Section 10 of the IBRD Articles prohibits political activity by stating that, 'The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I'.

[54] The International Development Association (IDA) Articles contain almost identical language in Article V, Section 6 (Political Activity Prohibited), which states that, 'The Association and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement'.

it ensured that the Bank would stick to financially sound policies and not allow politics to lead it into bad investments (Oestreich 2004: 60-61).

None of the critical terms – development, political affairs, political character, economic considerations, non-economic considerations – however, were defined in the Articles (Ciorciari 2000: 344; Brodnig 2001: 8), their broad interpretation, in terms of what issues and activities fall within their permissible scope of operations, was left to the Bank's discretion (Bradlow 1996: 54-55). In the initial years, the Bank maintained a strict separation between 'economics' and 'politics' and Ciorciari points out that the Bank's policy on human rights predominantly hinged on an interpretation of these terms (Ciorciari 2000: 337).

Conventional 'economic' conditionality tends to focus fairly narrowly on economic factors (such as trade liberalisation, abolishment of subsidies, and devaluation of local currency, privatisation and reduced public expenditure) that influence the success rate of a project or programme, and the overall performance of a country's economy.[55] 'Political', almost implicitly clubbed with 'non-economic' influences (environment, human rights, governance), broadly refers to the practice of running a country or governing – partisan politics, favouring political parties or candidates in elections or taking part in political life, endorsing or mandating a particular form of government or political ideology. As a specialised economic organization, it was contended that the Bank has a limited mandate; the scope of its permissible activities was restricted to the economic aspects of development processes and did not extend to political features. Since human rights are commonly understood to be political in nature, they were considered beyond the Bank's main purposes stated out in Article I of its Articles, which must be furthered by all the Bank activities. Here, it is pertinent to mull over Horta's query regarding whether the Bank could achieve its goal of economic development and poverty alleviation where political and civil rights are repressed and social and cultural rights are absent (Horta 2002: 227).

[55] For detailed analysis of the conflict between the economic consideration that guides multilateral development banks and the increasing demand asking them to engage with human rights violations see Kneller 1980: 361-428.

Arguments in favour of the Bank having Human Rights Criteria

The proponents of the Bank taking into account human rights argue that such a role is legal, beneficial and practical (Moris 1997: 192). This is based on two arguments: human rights do not necessarily implicate 'political'; and since the Bank has to ascertain the creditworthiness of its borrowers it is has to take all factors, including, non-economic, political and human rights, into account, particularly so because political and human rights have direct impact on the economic viability of a country.

Marmorstein argues that the Bank's classification of human rights as 'political' and as an 'internal affair' of a state is untenable and outmoded (Marmorstein 1978: 125), since human rights did not constitute a political affair but were a source of legal obligation under the UN Charter (Uriz 2001: 226). Human rights are not part of partisan politics since they neither belong to a specific political ideology nor are they exclusive internal political affairs of a state, hence the Bank should not be apprehensive about their explicit inclusion in its working.[56] In fact, a government's observance of basic human rights is not the political affair of any state, rather these rights are derived from international law and therefore transcend domestic jurisdiction. Hence, human rights fall beyond the purview of political prohibition of Article IV and hence, the Bank is empowered to incorporate human rights factors in its lending policies (Marmorstein 1978: 124). This has to be seen in conjuncture with the increasingly blurring border between 'political' and 'economic' issues, with the broad excursion into probable political domains being justified with the need to create adequate 'enabling environments' for economic development (Brodnig 2001: 4).

The Bank, while making decisions about any investment, needs to evaluate the wisdom of its proposed investment by analysing all the factors that can affect the investment. According to Article III, Section 4 (v),[57] the Bank is instructed to

[56] This is further explicated by Gunduz 2004: 18.
[57] Article III, Section 4 (v) of the IBRD Articles states that, 'In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower, and, if the borrower is not a member,

pay due regard to the prospective ability of the borrowing member to repay the Bank's loan. Thus, any factor affecting a borrower's ability to meet its obligation is permissible for the Bank's consideration. In determining the credit-worthiness of a country, the Bank needs to consider various non-economic and political factors that can threaten the internal stability. The potential political, social and economic hazards have important consequences for investments in a country and hence form part of country-risk analysis (Moris 1997: 196-197). Therefore, political and human rights criteria are pertinent from the Bank's point of view.

The political stability and the efficiency of the government of a particular country affect its prospect of development (Mason and Asher 1973: 27-28). And a country's human rights record reflects the presence or absence of socio-political conditions for the successful pursuit of development objectives; poor human rights record definitely constituting a significant (negative) risk factor (Brodnig 2001: 16). Shihata asserts:

> human rights violations may in specific cases also have broader implications related to the country's stability and prospective credit-worthiness or to its ability to carry out Bank-financed projects, or the Bank's ability to supervise them, which obviously are factors that the Bank must take into account to the extent they prove relevant in the circumstance of a specific case' (Shihata 1988: 66).

Therefore, both political and human rights factors are relevant to country's overall economic performance Moreover premised on the mutually interdependent and reinforcing understanding of the 'development' and 'human rights', the Bank must take human rights into account to enable the Bank to fulfil its development mandate (Ciorciari 2000: 349). Since the twofold arguments nullify the classic justification of political prohibition, the Bank ought to interpret its mandate creatively to include human rights issues.

Shihata, through a series of memoranda and related writings, formulated the official legal position of the Bank on human rights, which stated that the Bank

that the guarantor, will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interests both of the particular member in whose territories the project is located and of the members as a whole'.

may not consider the protection of human rights as part of its mandate, but it may consider such issues in order to asses the effect of individual development projects and programmes on human welfare (Brodnig 2001: 14). He specifies two provisions. Firstly, the design and implementation of projects depend on the participation of and consultation with affected people, which requires reasonable measures of free expression and assembly. Ensuring this freedom for the above purpose would be within the Bank's limit. Secondly, extensive violation of political rights could become an issue for the Bank if they are predominantly economic in nature and have 'significant' economic effects, directly jeopardising the objective of the Bank. Accordingly, 'the case for a direct and obvious economic effect has to be established in a clear and unequivocal manner based on objective analysis, not on academic assertions or political pressure' (Shihata as quoted in Brodnig 2001: 15) and 'must be of such impact and relevance as to make it a Bank concern' (Shihata as quoted in Bradlow 1996: 60).

The Bank, however, cannot don the role of a political or ethical reformer of its members (Shihata as quoted in Steiner and Alston 2000: 1339). Shihata notes that though the Bank should acquire relevant knowledge about the political situation of the borrowing country, it should not be involved in ascertaining the political feasibility of the proposed measures on economic grounds. The Bank, through its operations, should not advocate any political system or form of government and cannot reward or punish a country for its respect or disrespect of human rights. It is to have no role in the general political reform of borrowing countries (Shihata as quoted in Brodnig 2001: 16-17).

The criteria of deciphering whether a human right consideration is 'economic' or 'political' and the 'direct and obvious' economic implications of political considerations and human rights being vague and difficult to determine, the political prohibition should not be interpreted to preclude the Bank's involvement with internationally recognised human rights. Therefore, Dañino asserts that the decision-making process of the Bank should incorporate social and political factors that may effect economic decisions. In the same line, human rights – economic, social, cultural, civil and political – are also relevant for making economic decisions (Dañino 2005: 515-517). The Bank should at the very least take steps to ensure that its resources do not undercut international measures to exact human rights reforms (Marmorstein 1978: 131).

Human rights have been recognised as *jus cogens*[58] by international law, traversing national boundaries. Hersch Lauterpacht expressed that an issue that has become the subject of international obligation does not remain essentially a matter of domestic jurisdiction (Hersch Lauterpacht as quoted in Uriz 2001: 226). The UN also sets out the commitment to fundamental human rights and the superiority of the obligation of the member states under its Charter over that of any other international agreement (UN Charter: Article 103). Though a non-state entity, the Bank is composed of member governments individually obligated to abide by *jus cogens* norms and also committed to respect and promote human rights under the UN Charter, over and above any obligation under the Bank's Articles. Hence, the Bank must comply with human rights norms in its operations or its member states will be in violation of their international obligation. Moreover, as a specialised agency of the UN, the Bank is obligated to cooperate with the UN, including in the area of human rights, since refusal will amount to breach of its agreement with the UN (Moris 1997: 193-194; Skogly 1993: 759-760; McBeth 2006: 390; Dañino 2005: 519).

The Bank's Position in Relation to Human Rights

Based on the conventional distinction between political and civil rights, and the economic, social and cultural rights, the Bank maintained that civil and political rights were outside its mandate. It however, defended itself by justifying its investment in projects as furthering economic and social rights, which were non-political issues of development.[59] The Bank has placed significant emphasis in furthering rights enshrined in the ICESCR (Uriz 2001: 203-204). Bradlow

[58] *Jus cogens* means 'compelling' or 'higher' law that may not be violated by any country, available at: <http://www.legal-explanations.com/definitions/jus-cogens.htm>

[59] For the Bank's defence see "The World Bank Defends its Records on Human Rights", Advocacy Project, November 2002, available at: <http://www.globalpolicy.org/socecon/bwi-wto/wbank/2002/1101rights.htm>

observes that the dramatic expansion in the Bank understanding of development as it addresses social and human rights issues in its operations in member states:

> World Bank-funded operations now promote such economic, social, and cultural rights as health, education, social welfare, jobs, and property. In addition, the World Bank through its financing and advisory activities influences the status of women, children, indigenous peoples, and other vulnerable groups in those Member States that borrow from it. The World Bank's governance operations, which address such issues as the rule of law in society, reform of the civil service, and the management of the public sector, have an impact on civil and political rights in Borrower States. Furthermore, the World Bank's new practices of requiring participation by primary stakeholders in the design and implementation of its projects is, in effect, a statement about the importance of political rights in the development process' (Bradlow 1996: 49-50).

This exposition by Bradlow amply illustrates the wide range of human rights issues that the Bank claims to be addressing. This can be supplemented with Shihata's list of the Bank's significant role and impressive record with regard to RTD, freedom from poverty, education, right to health, enhanced role for women in development, refugees, environment, involuntary resettlement and creating conditions in which all basic rights can develop and flourish.[60]

The World Bank has recognised the social effects of SAPs and in its study on the Social Dimension of Adjustment in Africa, 1990, indicated that structural adjustment will necessarily increase costs for some groups in society, but this can be justified as long as it does not harm the poor. The Bank argues that an income loss by the wealthy segment of the population is not necessarily a reason for a change of policy. However, income loss for Africa's poor may be disastrous, because they are much more vulnerable. Consequently, this may be a reason to change aspects of the policy. This overt recognition of the social aspect of economic policy is a positive advancement in the Bank's policy (Skogly 1993: 751-752). The Bank has recognised that social dimension programs are not parallel to ongoing adjustment programs and is trying to 'incorporate poverty reduction as a fundamental objective of adjustment policy' (Skogly 1993: 764).

[60] The Bank's role vis-à-vis each of these rights has been elaborated in Shihata 1988: 39-66.

In order to involve itself more actively with human rights, the Bank initiated the 'good governance' program, 'which characterised human rights as a vital precursor to sustainable development' (Ciorciari 2000: 354) by including accountability, information, transparency, the rule of law, efficiency, fair and efficient judicial system. The Bank appears to be loosening its stand in favour of including political dimension as its scope has been progressively extended to the realisation of civil and political rights. In the early 1990s, the Bank strengthened and expanded its operational policy framework and safeguard policies, which analyses the environmental, social and legal implications of Bank operations by recognising empowerment of local people and emphasising on effective participation of stakeholders in all phases of its project cycle. Though the Bank has a limited perspective of the concept of participation, restricted to development projects, the goals of fostering accountability and participation definitely have human rights implications (Oestreich 2004: 67-69).

Inspite of various policy reforms, practical implementation suffered serious flaws. The discrepancy between policy guidance and real operation was highlighted by a critical report on the Bank's involvement in the controversial Narmada Dam in India (Bradford Morse Report) and an internal review of the organization's operations (Willi Wapenhans Report), condemning the Bank's 'culture of approval', where the incentive structure encouraged the staff to loan more money without adequate attention to project quality or mitigation of the social and environmental impact of projects. These reports intensified the calls for transparency and accountability mechanism, finally leading to the establishment of the Inspection Panel (Clark 2002: 216-217; Brodnig 2001: 6). The Bank's Inspection Panel, a quasi-judicial body, by providing a participatory approach towards development decisions by giving certain individuals access to it, forms a vital component of the Bank's 'social assessment'. The Bank has also substantially expanded and formalised its interaction with NGOs[61] (Bradlow 1996: 76). NGOs have become a standard part of the Bank's procedure and are regularly used as local partners in both the planning and implementation of

[61] For details on the World Bank-NGO relationship see Nelson 1995; Shihata 1992: 623-641; Ritzen 2003; O'Brien, Goetz, Scholte and Williams (2000); and Cleary 1996.

lending and have an institutionalised voice through the World Bank-NGO Committee (Oestreich 2004: 70).

The closest that the Bank has come to drafting a human rights policy is through its Operational Manual[62] and Safeguard Policy[63] on, among many other thing, involuntary resettlement and indigenous peoples (Brodnig 2001: 5). However, the implications for human rights in those directives have not been defined by the Bank (Skogly 2001: 40-41). An evolving mandate of the Bank is evident from the fact that a significant proportion of the Bank's lending is directly aimed at attainment of the MDGs, which involve more than one human right, and it has joined hands with other global partners to pledge their attainment (Dañino 2005: 521). A Work Group on Human Rights was established at the end of 2003 to analyse the legal framework applicable to the Bank's work in connection with human rights (Dañino 2005: 510). In 2005, the World Bank participated in the Human Rights and Development Task Team of the OECD Development Assistance Committee (DAC) Governance Networks, which resulted in the study called *Integrating Human Rights into Development: A Synthesis of Donor Approaches and Experiences.*[64]

Despite unrelenting expansion in its operational scope and venture into novel areas of development with covert and sometimes overt human rights implications, the Bank resisted open acknowledgement of the linkages between civil and political rights and social and economic rights, asserting that the various rights are being advanced by its various projects and programmes. However, in

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[62] The World Bank Operational Manual contains several operational statements – Operational Policies (OPs), Bank Procedures (BPs), Good Practices (GPs), Operational Directive (ODs) and Operational Memoranda (Op Memos) – organised by topic and functions. Definitional clarification is available at: <http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/284229c803270fad8525705a00112597/090a7203ac334466852570bc0002f4f0?OpenDocument>

[63] The World Bank Safeguard Policies are: environmental assessment; natural habitats; pest management; cultural property; indigenous peoples; involuntary resettlement; forestry; safety of dams; projects on international waterways; and forced labour and harmful child labour. These are directed by the World Bank Operational Manual

[64] The Executive Summary of the report prepared for the OECD DAC Network on Governance (GOVNET) by Laure-Hélène Piron with Tammie O'Neil is available at: <http://www.odi.org.uk/rights/Publications/humanrights_into_development_execsumm.pdf > The full report was published by the Overseas Development Institute in September 2005.

recent years, the Bank has become fairly vocal regarding its approach to human rights. This is evident from the publication of *Development and Human Rights: The Role of the World Bank*, in commemoration of the 50th anniversary of the UDHR in 1998. Asserting the belief that creating conditions for attainment of human rights is central and irreducible to development, the booklet highlights the measures taken by the Bank to ensure respect for human rights in the projects it supports, also acknowledging that it has been less forthcoming about articulating its role in promoting human rights within the countries in which it operates (The World Bank 1998: 2). 'The Bank's economic and social approach to development advances a comprehensive, interconnected vision of human rights that is too often overlooked'. The booklet emphasizes the Bank's crucial contribution in securing and promoting economic, social and cultural rights articulated in the UDHR and building a favourable environment for enabling people to pursue a broader range of human rights (The World Bank 1998: 3). Furthermore, the World Bank also featured a special report in its magazine *Development Outreach* aiming at sharing perspectives and raising debates on this critical connection.[65]

Mary Robinson contends that the Bank greatly increased its attention to the integration of human rights and development during Wolfensohn's presidency. He not only asserted, in his addresses, that human rights form the centre of the contemporary challenge of creating a new global balance, but also participated, along with his senior colleagues at the Bank in the March 2004 New York Law School conference on 'Human Rights and Development' (Robinson 2005: 30-31).

'There's a tremendous coalescence', states Wolfensohn, 'between human rights and what we do everyday in our institution – perhaps not speaking as much about rights as we should, but in fact giving effect to the agenda of the human rights community' (Wolfensohn 2005: 19). He asserts that the right to freedom of thought, conscience, and religion enumerated in the UDHR, is being endorsed by

[65] See the articles by human rights experts and development practitioners expressing views from different vantage points in the October 2006 issue, "Human Rights and Development" of *Development Outreach*, available at: <http://www1.worldbank.org/devoutreach/october06/#3>
The Bank in its website has a 'Human Rights' page in its 'FAQs' Section, available at: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTSITETOOLS/0,,contentMDK:20749693~pagePK:98400~piPK:98424~theSitePK:95474,00.html>

the Bank through programs like the dialogue on faith and development and the conference on culture. The Bank has engaged in these activities despite resistance from its shareholders who disparage these 'as being exotic, elitist, and not the sort of thing that a development institution should do' (Wolfensohn 2005: 20-21). Wolfensohn points out that the Bank is owned by the same people who label these criticisms and whose governments are party to the UDHR and subsequent human rights institutions. Since human rights invoke a political connotation to the Bank's shareholders, 'We decided just to go around it and we talk the language of economics and social development' (Wolfensohn 2005: 21).

In a speech delivered at a conference held at New York University Law School in March 2004, Roberto Dañino asserted that, 'Development is precisely what the World Bank works for and we believe that this work consistently contributes to the progressive realization of human rights in our member countries' (Dañino 2005: 509) since they are increasingly 'becoming an explicit and integral part of the Bank's work (Dañino 2005: 511). The Bank 'has made a substantial positive contribution to the realization of human rights...it has fulfilled and will continue to fulfil an important role in assisting its Members to progressively realize their human rights commitments' (Dañino 2005: 523). That these optimistic assertions by the Bank should be taken with a pinch of salt is explicated in the following section.

Human Rights in the Bank's Practice

The Bank has come under the most intense scrutiny and attracted substantial criticism over its human rights record. On the one hand, it is accused of lending large amounts of money to governments that have a record of systematic abuse of human rights, leading to further strengthening of their repressive apparatus and worsening the country's human rights situation (Horta 2002: 228). The Bank's operations and policies, on the other hand, are blamed for having direct and often detrimental effects on the human rights of local people. While Bank assisted projects are responsible for forcing millions of people out their homes and land, the SAPs are criticised as being carried out at the expense of the poor and the marginalised sectors of society and having negative social impact, resulting in their partial success (Horta 2002: 237-239). The Bank is criticised as 'an institution that has little contact with the people that it is supposed to serve. Supposed 'experts' are often ill-acquainted with the daily lives of their constituencies, and the full ramifications of Bank-financed projects are rarely analysed adequately' (Patricia Adams as quoted in Oestreich 2004: 70).

The structural adjustment loans infringe upon human rights in the long run and on a broader basis, result in negative consequences for large parts of the population. It is difficult to trace the deteriorating human rights situation to the Bank as opposed to the national government, making responsibility and accountability defused. However, the impact of particular projects on human rights is immediate, affects clearly identifiable groups, is easily observable and can be unambiguously traced back to project design and implementation (Gunduz 2004: 22-23). Moreover, all the Bank projects do not have similar impact on human rights. The large infrastructural projects, called 'risk prone' projects,[66] in areas of transport, highways, urban infrastructure, hydroelectric power, modernisation of agricultural sector etc., are more likely to result in flagrant human rights violations (Gunduz 2004: 23).

McBeth points out that access to the means of development is an essential ingredient for the realisation of human rights by poor and vulnerable people. To the extent of its stated mandate of alleviating poverty, the Bank's programme has succeeded in promoting development, targeted towards the lives of poor and disadvantaged people and clearly contributing to human rights. However, where development has entailed physical alteration of an area, for example, to build infrastructure such as a dam, the rights of local people are adversely affected despite the same process improving the enjoyment of the human rights of others (mostly the influential community). Furthermore, economic advancement achieved through cuts in government spending or an increase in the cost of accessing essential services potentially violates the rights of people dependent on

[66] 'Risk prone' projects have been identified by Paul 1988: 92-96.

them, despite the fact that economic reforms might lead to greater prosperity for the country as a whole (McBeth 2006: 387).

The Bank's stated commitment to economic and social rights is in reality not upheld in the Bank-funded projects that cause forced displacement of people who are viewed as impediments to development. The human rights impact is clearly visible in traditional areas of the Bank involving projects such as construction of dams and power plants that cause forcible eviction of millions of people from their homes rendering them landless, jobless and without the skills or capacity for future income. Reduced nutritional standards for local people arising from agricultural development projects; and reduced access to education and health resulting from changes in macro-economic structures due to SAPs are other negative consequences for which the Bank has failed to effectively take responsibility (Skogly 2001: 37; Clark 2002: 211-212).

The Bank had its first major encounter with human rights in the 1960s, when the UN General Assembly passed a series of resolutions successively 'inviting', 'urging' and 'requesting' the Bank to deny/cease economic lending to the Government of South Africa, because of its apartheid policy, and to the government of Portugal, due to human rights abuses and colonial policies.[67] The Bank rejected the UN's request claiming that according to the Relationship Agreement, it was under no obligation to implement the UN General Assembly resolution and subsequently approved in 1966 US $ 50 million loans to these countries (Moris 1997: 198; Shihata 1988: 43; Ciorciari 2000: 351-352; Brodnig 2001: 4, Marmorstein 1978: 114 & 122). The twofold rationale advanced for non-compliance was: the Bank's adherence to the resolutions would amount to intrusion in political affairs; and the Bank did not find the human rights abuses raising sufficient economic concerns (Ciorciari 2000: 352; Shihata 1988: 44; Marmorstein 1978: 123).

[67] General Assembly adopted the two resolution entitled "The Policies of Apartheid Government of the Republic of South Africa", G. A. Res. 2054 A (XX), 20 U. N. GAOR, Supp. (No. 14) 16, U. N. Doc. A/6014 (1966); and "Implementation of the Declaration on the Granting of Independence to Colonial Countries Peoples", G. A. Res. 2105 (XX), 20 U. N. GAOR, Supp. (No. 14) 16, U. N. Doc. A/6014 (1966).

During the Cold War the Bank focussed on consolidating its credibility as a multilateral financial institution and its lending decisions paralleled anti-communist political sympathies. The Bank cut off lending in 1972 to Chile, citing human rights violations by the Salvador Allende government as one of the reasons but resumed it under Auguste Pinochet. The Bank's hostile attitude to Kwame Nkrumah's Ghana changed when his government was replaced by a new regime supported by the USA (Uriz 2001: 209). The lending pattern of the Bank during 1960-1990 failed to progressively link the lending policies to the broader objectives advocated by the Bank. The focus often centred around project conditionality, country creditworthiness and rates of return, keeping at bay policy dialogue on national governance, land reform, income inequality and distribution, military spending, ethnic discrimination, gender bias, regional disparity and corruption for fear of dragging politics into economic analysis (Haq 2002: 148).

After the termination of the Cold War, the Bank's delaying, suspending, blocking or tailoring of loans to various states because of their human rights performance appears irregular and inconsistent. While a Bank loan was delayed for sometime after the Tiananmen massacre in China in June 1989, loans to Burma, Kenya, Malawi and Bosnia were also affected by considerations of human rights. However, loans flowed normally despite repression exercised by Palestinian authority, by Israel in the territory and by China after 1990 (Forsythe 1997: 346-347). During 1997, Croatia was denied a World Bank loan (and IMF drawing rights) until it cooperated with the arrest of certain Bosnian Croats and their transfer for trial to the International Tribunal for Former Yugoslavia (Forsythe 1998: 510). In September 1999, the Bank froze an annual 1 billion dollar program loan to Indonesia on grounds of corruption. The Bank also funds world wide projects having definite human rights impact, like giving loans to Pakistan and Somalia to create work opportunities for refugees (Moris 1997: 199). However, some high profile cases identified with the standard operations of the Bank have resulted in human rights abuses:[68] the Sardar Sarovar Project in India,

[68] Some of these cases of the Bank's negligence of human rights violations have been highlighted in Roth 2006.

the Chad-Cameroon Project in Africa,[69] Kedung Ombo Dam Project and family planning program in Indonesia, Arun III Hydroelectric Project in Nepal, China Western Poverty Reduction Project and so on that have led to disastrous consequences, engendering further human repression and marginalisation of the poor and vulnerable populations who are supposed to be the beneficiaries.

The Bank uses the creative interpretation of its Articles to determine its discretion in addressing human rights. While it attends to female genital mutilation as an economic concern, it evades issues such as prevention of torture, freedom of press or suppression of political dissent branding them as 'political' without any direct economic effect (Bradlow and Grossman 1995: 431). Evidently, the Bank's practices in relation to human rights are arbitrary and devoid of any theoretical or programmatic statement that could provide some meaningful guidelines.

Suggestions for Incorporating Human Rights Concerns in the Bank's Agenda

It is well evident that while development is impossible without the protection of human rights, the advancement of human rights is also not possible without development. Hence promotion of economic growth continues to receive attention (The World Bank 1998: 2, 8) and constitutes a pivotal international agenda. Economic growth, cannot be ignored because it is an essential means to the larger end of over-all well-being. Over the years, the World Bank has modified to some degree its understanding of the character and components of development. However, adoption of a new strategy of development beyond GNP growth is required that would seek to achieve society-wide change, embracing the public and private sectors, the community, families and individuals, and fostering participation and ownership. Human beings would form the centre of the development paradigm, which must emphasise on human rights objectives (Steiner and Alston 2000: 1312). Hence, a rights-based approach is both the outcome and the facilitator of consistent GNP growth.

[69] For details on the Bank's lending for the Chad-Cameroon Project see Uriz 2001: 197-232.

It is often argued that the 'restrictions' of the Articles and their tapered interpretation have inhibited a proactive and explicit consideration of human rights by the Bank's. It is suggested that the Bank's Articles must be considered as an evolving dynamic instrument open to extensive interpretation in tandem with changing paradigms of international development (Brodnig 2001: 9). While some scholars suggest the amendment of the Articles to accommodate human rights factors in its lending decisions (Moris 1997: 199), others argue for a redefinition of the Bank's mandate to include human rights issues through the reinterpretation of its Articles (Uriz 2001: 228). Gunduz takes a slightly different argument when he concedes that if human rights are not conceptualised as forming part of politics then they can be conveniently incorporated into the Bank's lending criteria without any change in its charter (Gunduz 2004: 3-4).

Certain adjustments within the existing apparatus of the Bank could also facilitate improved accommodation of human rights. Though the PRSPs do not make any explicit reference to the objective or condition of attainment of human rights, Taillant suggests that they could serve as a crucial instrument for bringing human rights concerns into the agenda of the Bank (Taillant 2002) by compelling the concerned countries to take into account their human rights graph before approving any lending. Uriz recommends the expansion of the 'good governance' programme of the Bank to focus on the work of human rights commissions and *ombudsmen* that work for protecting people's rights. The Bank could also enhance its support for UNDP or UNHCHR sponsored programmes and make them more systematic. The 'holistic approach' to development asserted by the CDF should necessarily incorporate human rights (Uriz 2001: 228-229). Roth recommends making 'human rights analysis the starting point for framing Country Assistance Strategies, Development Policy Loans and sector priorities' (Roth 2006). The Bank must also require guidelines on its actions in case of a human rights crisis in a country or in case of human rights violations arising out of its functions.

Haq asserts that the World Bank (the IMF and the regional development Banks) have the prerogative of an annual review of national development plans and to advise on economic planning. This could be effectively used in favour of integrating human development, for which he urges the Bank to move beyond macro-economic concerns of national income and production planning. Additionally, the Bank (and the IMF) would have to reconsider their conditionality for loans to include human dimensions, like maintenance of minimum employment, education and health standards and so on (Haq 2002: 10).

Skogly suggests the use of human rights standards in the planning stage by creating participatory structures and in the monitoring of implementation to detect human rights impact (Skogly 1993: 770-775). According to Moris, the Bank should adopt a consistent lending policy that allows withholding/withdrawing loans in case of human rights violations and it should abstain from funding projects that have a potential for human rights violations (Moris 1997: 199-200). Encouraging greater transparency would also contribute towards constituting a comprehensive human rights agenda. A vigilant and proactive media could publicise, wherever there is, human rights violations caused by the Bank-financed projects and programmes, forcing it to take notice of and necessary action on such instances. The Inspection Panel contains the potential to develop into a vociferous human rights arbiter and can be empowered to take punitive and compensatory actions when human rights violations are caused due to Bank-funded projects.

Marmorstein suggests a two-fold mechanism for the Bank to incorporate human rights concerns. Firstly, 'loans to recognise human rights violators should be granted only for developmental projects with firm assurances that proceeds will strictly benefit the general population'. Loans for population control or agricultural projects would be apposite. Secondly, the borrowers might 'be required to submit to the Bank human rights impact statements similar to those...required for environmental purposes and Bank staff should consult with borrowers to make sure that loans specifically enhance public welfare' (Marmorstein 1978: 133-134). In addition, throughout the loan period, the Bank should evaluate the borrower's progress in achieving the loan's purposes, analysing the country's economy, its development objectives and the allocation of domestic resources to be compiled in reports, which can bring into focus the country's human rights records (Marmorstein 1978: 134).

Proposals for the institutionalisation of new mechanisms and bodies to effectively address human rights have also been floated. While Uriz suggest the institutionalisation of Human Rights Impact Assessment within the Bank to provide an accurate and realistic examination of human rights impact of its projects and policies (Uriz 2001: 228-229), Dana L. Clark proposes creating the Development Effectiveness Remedial Team (DERT), to bridge the gap between policy and practice, protect the rights of project-affected people and move the Bank toward the rights-based development. Its tasks would consist of solving problems, promoting compliance and providing technical and financial assistance to borrowers and Bank staff to help accomplish the social and environmental policy objectives (Clark 2002: 224). The DERT would address the suffering caused by development-induced displacement due to violations of Bank policies, by providing oversight and effective remedial assistance to local communities (Clark 2002: 226). Moris contemplates the creation of a sub-agency with sufficient human rights experience (Moris 1997: 199) and Skogly considers a human rights office within the Bank, in which human rights experts would evaluate proposed policies, which then would constitute a part of the concern that is taken into account when making policy decisions (Skogly 1993: 776).

Despite the continued claims that it has addressed and accommodated human rights in the recent years, the Bank has never issued a coherent and publicly-available policy statement regarding its use of human rights criteria to potential borrowers and whatever sparse policies that it does have are ad hoc and ambiguous (Bradlow 1996: 51; Ciorciari 2000: 335). In the absence of any explicit human rights policy, the Bank faces an 'identity crisis', oscillating between hiding behind its Article of Agreement, which contains a prohibition of 'political activities' and obligate the institution to take only economic considerations into account, and a steady expansion into human rights territory and de facto adoption of certain human rights conditionalities in its operations (Brodnig 2001: 3). The Bank's stand on human rights is deducible only from the writings and the statements of its management and staff and from its operations and actions. These statements lack clarity and justify the constraints imposed by the Articles on the Bank's ability to consider human rights issues or glorify the faintest and remote reference that the Bank makes to human rights at times (Bradlow 1996: 80). Moreover, the Bank staff is deprived of any clear guidance on the scope of the Bank's human rights responsibilities and it appears that they are given, by default, the authority to make their own policy decisions when such issues arise, often resulting in arbitrary and incomprehensible decisions (Bradlow 1996: 51-52) making it difficult for the international community to hold it accountable for human-rights-related decisions (Bradlow 1996: 80).

Bradlow suggests the formulation of an explicit human rights policy instructing the staff and policymakers on how to appropriately incorporate them into the operation of the Bank. A well publicised, transparent and predictable human rights policy would enable all interested parties to define their expectations from the Bank when their activities have an human rights effect, holding it accountable for its performance in this regard (Bradlow 1996: 52). It would reinforce the rights of those affected by development decisions and strengthen the accountability of the recipient governments by invoking their obligation under the agreed upon human rights framework (Roth 2006). A comprehensive Bank policy on human rights should set a standard for determining when human rights issues have a sufficient economic impact to be considered as part of the Bank's mandate and a definition of the term 'political' so that the stakeholders can easily identify the issues outside the Bank's mandate (Bradlow 1996: 89-90).

Introduction of a concrete policy on human rights, according to Gunduz, would have to address issues of conditionality, identification and assessment, types of measures and coordination. Since the Bank lacks in-house capacity and international mandate, it is suggested that the initial identification of human rights are better left to an international body with clear human rights mandate and sufficient expertise. The Bank can subsequently assist in review and assessment. Caution must be maintained in deciding the precise form of measures to be adopted in cases of human rights violations to avoid adverse repercussions on the population of the country. Moreover such measures should be in tandem with various bodies of the UN and arrived at upon consultations with them (Gunduz 2004: 21-22).

Assessment and Conclusions

The post-Second World War vision about the international organization was premised on the sovereign states as the most significant international actor thereby limiting the ability of international organizations to interfere in the internal affairs of their members. However, the very establishment of the Bretton Woods institutions (subsequently the UN and the plethora of multilateral organizations), though grounded on the principle of sovereignty, represented a departure from an institutional legal order based on absolute sovereignty. In the past six decades, the increasing number of non-state actors (business organizations, national liberation movement, consumer, environment, human rights and other NGOs; political parties; individuals; trans-national corporations; trade unions), having dramatic influence on the international affairs, have further diminished the sovereign state power (Bradlow and Grossman 1995: 411-412).

The mandates of most international organizations were limited by specific and defined sets of problems, with the exception of the UN, which has general powers. However, the jurisdictional boundaries of international organizations have been blurred by the growing complexity of intertwining problems (Bradlow and Grossman 1995: 411-412). The conventional economic development paradigm faces the challenge of accommodating human rights concerns due to the growth and diffusion of human rights. Though drafted more than six decades ago, the purposes entailed in the Bank's Articles have not been rendered redundant. 'Its emphasis has shifted dramatically from bricks and mortar infrastructure to the large-scale inclusion of human development, institutional reform, and social development' (Dañino 2005: 512), encompassed in its present mission of poverty alleviation. The Bank has responded to international changes by broadening the scope of its activities to initiate programmes on poverty alleviation, rule of law, environment, gender issues, public participation in the development activities, indigenous people's rights, gender equality, access to education, importance of good governance, independent judiciary, freedom of expression, freedom of association and press, to incorporate issues of economic and social development as well as human rights (Bradlow and Grossman 1995: 412-416).

The states were the traditional human rights duty-bearers. However, contemporary understanding suggests that international organizations have a powerful bearing on human rights and hence should be equally accountable to them. Apart from being normative, human rights are codified in international law that embodies an obligatory dimension. Three levels of rights-obligation are pertinent for the present discussion: the obligation to respect; to protect; and to fulfil[70] (Gunduz 2004: 5-6; Skogly 2001: 44; McBeth 2006: 389). The states are the primary obligation holders of human rights and all three levels are applicable to them. However, except for the UN, other international organizations do not share the same obligations as states, since they are not parties to any human rights treaties. Skogly avers that while ascribing the obligation to promote and fulfil human rights to the Bank would be infeasible, since they are not mentioned in its statute and would require more proactive human rights policy operation than it has been set up to handle, assigning the Bank the obligation to respect human rights is reasonable as well as plausible (Skogly 2001: 151).

Skogly further explains the content of the obligation to respect as being twofold: negative obligation to make sure that the human rights situation is not deteriorating; and the more neutral obligation to observe human rights as they are currently implemented. This implies that the Bank, while designing policies would be under the obligation to be certain that the planned policy or programme would not violate human rights and ensure that the present level of human rights protection is observed. Thus, no policies should restrict the enjoyment human rights that are currently in place or result in their abuse. However, the Bank would not be under the obligation to introduce policies that establish new human rights standards or norms (Skogly 2001: 151-152).

[70] The notion of three levels of obligation was developed by Eide 1989: 35-51. He defines the three levels of obligation as:
The obligation to respect requires the State to abstain from doing anything that violates the integrity of the individual or infringes on her or his freedom, including the freedom to use the material resources available to that individual in the way she or he finds best to satisfy basic needs.
The obligation to protect requires from the State the measures necessary to prevent other individuals or groups from violating the integrity, freedom of action, or other human rights of the individual – including the prevention of infringement of his or her material resources.
The obligation to fulfil requires the State to take the measures necessary to ensure for each person within its jurisdiction opportunities to obtain satisfaction of those needs, recognised in the human rights instruments, which cannot be secures by personal efforts.

Operationally, the obligation to respect human rights implies for the Bank both substantive and procedural obligations. Substantive obligation refers to the content of each individual right, how it is being or should be implemented. Substantive obligation in terms of project lending of the Bank would imply an evaluation of the human rights situation for the project affected population. To identify the affected rights, each individual right should be studied to determine possible problems that may occur and policies should be amended to avoid a deteriorated human rights. The implications for SAPs are more far reaching than individual projects, affecting more human rights and larger groups of people (Skogly 2001: 152-153). The World Bank, in cooperation with the relevant government, must ensure that the allocation of financial resources do not result in discriminatory practices (Skogly 2001: 157). Human rights concerns should figure on the agenda when discussing and drafting projects and programme plans and it must be ensured that the policies that are carried out and the operations that are financed comply with respecting individual rights (Skogly 2001: 159).

Procedural obligation refers to general procedures that need to be applied in order to give effect to human rights in general (Skogly 2001: 152). The obligation to respect human rights as guaranteed in the UN Charter and the general principles of international law needs to be reflected in the processes of the Bank. The procedural obligation is of both internal and external character. Internal character refers to the procedures that are needed to be established within the institution as a consequence of their human rights obligation. The internal processes of the Bank where human rights issues would be included as a component is: project/programme identification, preparation, appraisal, loan negotiation, implementation and evaluation. External character refers to the procedures that the Bank is obligated to participate in, in relationship to other institutions' work for the implementation of human rights; the UN system in case of the Bank (Skogly 2001: 162-163).

The International Bill of Rights espouses an equal status for civil and political rights and economic, social and cultural rights that require positive action on part of government and international organization.[71] Since the Bank is not a signatory to any of the human rights conventions, they are not practically enforceable and the Bank is not required to specifically apply internationally recognized human rights standards in its operations. However, being a specialised agency of the UN, the Bank has to act in conformity with the UN Charter and international law. Hence, McBeth asserts that the Bank is capable of having obligation under international human rights law. One implication of this could be that the Bank is free to establish and develop its own human rights standards and norms in its practices, policies and operations to its discretion (McBeth 2006: 401). But since the Bank has no moral authority similar to that of a government to insist on certain behaviour from borrower government, therefore, it has modest or almost no authority to make proactive decisions on human rights issues. 'The Bank has at best only a loose commitment to promote human rights and other values beyond economic development' (Oestreich 2004: 57-58).

Nevertheless, the Bank operation must not undermine human rights situation in its member states or thwart their ability to live upto their international human rights obligations, particularly the countries that are signatories to international human rights conventions (Bradlow 1996: 63). Though the Bank cannot be expected to play a leading role in protecting individuals from human rights abuses, it however, has the responsibility to ensure that its operations do not worsen the existing situation and to protect people from human rights abuses that occur as a direct result of participating in a Bank funded operation (Bradlow 1996: 86-87). Rather than the domestic human rights situation in debtor countries, the crucial point of emphasis should be the human rights effects of the policies of the World Bank. Hence, it is obligated to consider human rights only when projects directly impact them and when Bank intervention conflicts with or openly violates internationally recognised human rights.

Since the international Covenants are not open for the Bank's ratification, it is exempted from full obligation. However, it is related to the Covenants in two

[71] For the World Bank's obligation to sources of human rights see Skogly 2001: 130-131, 143.

ways: because it is a specialized agency of the UN; and since majority of the members have ratified them, voluntarily assuming the obligations contained in them (Skogly 2001: 130), the Bank has a role to play in their implementation. Though the Bank does not necessarily represent a legal obligation towards them, nevertheless, it has at least moral duties to cooperate with them (Skogly 2001: 144). Similarly, the Bank cannot accede to the other UN conventions and treaties on human rights, precluding direct obligation. But Articles and their interpretation would add to the clarity and specialisation of international human rights standards, which may be useful for the general fulfilment of the human rights obligation of the Bank. Even the RTD is legally binding neither on the states or any international organization. But since the Declaration defines development and the World Bank is heavily involved in development activities, it ought to pay attention to this concept in its operations and practice (Skogly 2001: 144-145).

Bradlow provides a defence of the Bank by pointing out the imperfect nature of human rights record in every country of the world and argues that if the Bank begins to assess human rights standards, it would not be able to lend to any country. But if it does not consider such standards then it runs the risk of supporting governments that engage in human rights violations. Given the intricate relation of human rights violation and diminished economic success, this would imply an incapability to promote sustained development and creditworthiness (Bradlow 1996: 65). The Bank indicates that its concerns run 'parallel to' human rights concerns, but Forsythe notes that to be hardly same as 'equal to' (Forsythe 1997: 341). Ecological, social and human rights issues have been frequently linked to economic development, the Bank's central concern. Though the Bank has embraced social and environmental dimensions in its operations, it has failed to progressively incorporate human rights concerns and its projects and programmes are conspicuously short of any human rights dimensions on similar lines. Interestingly, the Bank has an ecological advisor but does not have any provision for a human rights advisor (Forsythe 1997: 342).

Cornwall and Nyamu-Musembi describe the Bank's position on human rights as evolving slowly from an outright rejection of the rights agenda as political and therefore proscribed under the Bank's Articles to arguing that the its work geared towards poverty reduction contributes to the realisation of social and economic rights, according to.. The Bank asserts that though its mandate does not allow it to get involved with civil and political rights, its good governance and anti-corruption policies create broader conditions necessary for the enjoyment of all rights. It therefore, perceives no requirement to take specific steps to implement a rights-based approach (Cornwall and Nyamu-Musembi 2004: 1426). This is countered by Forsythe, when he says that the Bank made it clear that its vigorous involvement, during McNamara, with vulnerable populations, basic needs and poverty alleviation did not constitute a human rights approach to development. The Bank has 'wavered on the issue of development and human rights' by periodically flirting with the idea of joining the rhetorical consensus on the human rights aspect of development through its publications and pronouncements (Forsythe 1997: 339-340).

To comprehend the contradictory nature of the Bank, Oestreich views it as being analogous to a large corporation with clear but limited responsibilities to society. The Bank, like a corporation, is limited both in its resources and freedom of action in choosing how to use resources. It is constrained by its own internal bureaucratic logic, the need to maintain its credibility and by its Charter. Hence, the criticism of the Bank violating the rights of those targeted by its policies implicitly assumes it as being organs of international government, thereby misinterpreting both their ability to act in defence of human rights and the way they interact with international society at large (Oestreich 2004: 56).

Marmorstein categorically asserts that the objective of the various suggestions to reform and revamp the Bank is not to convert it into a human rights ombudsman or to prompt it to take action unrelated to its financing functions. Rather, the endeavour is to ensure that the direct and indirect beneficiaries of Bank loans are needy populations and not their repressive governments, while at the same time tailoring the Bank's human rights policy to avoid adverse economic repercussions which could disrupt development (Marmorstein 1978: 135). On similar lines, Dañino clarifies that 'the Bank's role is not that of enforcer.

Enforcement belongs primarily to the mandate of the member countries and to other non-financial institution'. The role of the Bank is 'a collaborative one', helping implement the human rights obligations of member countries and 'a complementary one', to the UN system, entrusted with respecting, protecting, promoting and fulfilling human rights globally (Dañino 2005: 524).

Shihata emphasises on the specialisation of international organizations when he contends that it is not mandatory for all the international organizations to concern themselves with all the aspects of human rights. Each international organization is a judicial body whose legal capacity is defined by the mandates of its Charter. If an international organization is tailored for a specific function, excluding certain human rights aspects, then that does not disparage it or render it irrelevant. But the organization cannot ignore its Charter to act outside its legal power (Shihata as quoted in Steiner and Alston 2000: 1338). While this is true, an international organization cannot be the reason for infringement of human rights through its activities. Moreover, the apparent direct friction between the concerns for human rights and the Bank's stated development policies hold defensible only when rights and development are considered as mutually disjoint and exclusive. But that view has been dismissed as parochial and contemporary understanding views the two paradigms as mutually interdependent and reinforcing.

Shihata also asserts that the Bank cannot negate the purposive and teleological interpretation of the Articles or the ordinary meaning of the text. Acting opposite to the clear injunctions made by it would amount to the interpreter applying the Articles in any way deemed fit, rendering the text meaningless for all practical purposes (Shihata as quoted in Steiner and Alston 2000: 1338). The restrictive interpretation of the Articles was based on the assumption that every consideration could be neatly classified into either 'political' or 'economic', with only the latter being lawfully under the scope of the Bank's decision-making. It pointed out that most human rights issues have both economic and non-economic repercussions and hence, simultaneously constituting both 'economic consideration' as well as a 'nation's political affairs' (Ciorcioari as quoted in McBeth 2006: 393). The Bank itself has accepted that economic development and human rights are intertwined.

It is pertinent to note that the text of the Articles is formulated in a particular historical context. The dynamics of international relations enjoins its progressive interpretation to positively respond to the emerging concerns; else the Bank would be rendered obsolete. Instead of actually departing from its insistence that it can only consider economic factors to the exclusion of political factors while making loan decisions, the Bank has (re)interpreted its Articles to widen the scope of what can be considered 'development', 'economic issue' and 'political issue' relevant to lending decisions and the tools that can be used to enhance its mission. The adoption of the 'human development' paradigm has led to a substantial effort to incorporate sociological factors in the design of development projects. In spite of these innovations, the Bank, notes Shihata, 'has been careful not to depart from explicit requirements in its Articles and not to act outside its legally authorized powers' (Shihata as quoted in Oestreich 2004: 61).

The argument that the involvement of the Bank in human rights issues would amount to infringement of conventional sovereignty is not convincing. While it has already been established that the traditional revered conception of supremacy of state sovereignty is a matter of past, even the Bank activities contribute to undermine the concept of state sovereignty. The Bank has ignored the limitations of its Articles while justifying the use of loan conditionalities, which function as a law making tool permitting it to intervene in the political affairs of the countries (Uriz 2001: 208). Project loans involve, 'dictating sectoral policy, reshaping government priorities and funding government programmes which the Bank has determined are relevant to the stated development objectives' (Cahn 1993: 169). Structural adjustment loans require even greater intervention. The Bank has got more involved with the general economic policies of the countries to which it provides funds for general and sector specific adjustment programmes. The Bank includes in its loan agreements conditions relating to the country's governance that can influence its policy-making and implementation capacity (Bradlow and Grossman 1995: 421-422). The Bank is also engaged in a broad policy dialogue with its borrower countries ranging from the economic, social and environmental aspect to the role of the state in the development process through which it can influence the member state's policies and priorities (Bradlow and Grossman 1995: 426). Hence, the Bank's mandate has been reinterpreted to accord it powers that were never contemplated at Bretton Woods and there seems to be no reason to brand only human rights concerns as constituting a possible breach to the Articles or a threat to sovereignty of the states.

The Bank is confronted with the contrast between its narrow, technocratic self-understanding as an economic development agency and various efforts to broaden its mandate by including a number of 'non-economic' areas in its practice. The theoretical rejection of human rights conditionality by the Bank is weakened by its contradictory practice of increasingly venturing into human rights operations. The Bank's refusal to acknowledge the formal relevance of human rights to its operations is at odds with its recent practical experience, which provide compelling evidence that it has gradually but surely increased its role in the human rights arena by adapting its programmes to achieve better human rights outcome (McBeth 2006: 393). The contradiction is evident between the Bank's contemporary concern with corruption, governance and citizen empowerment and its 'depoliticised' approach to development financing (Horta 2002: 228).

The world in which the Bank was conceived has dramatically changed - from the all powerful state to the increasing irrelevance of national borders. Simultaneously, the role and operations of the Bank have evolved to the point that they are almost unrecognisable from the original ones. It is not possible for the Bank, in its present reincarnation, to continue to operate in a vacuum, free from any liability to address human rights and oblivious to evolving international law and the human rights movement (McBeth 2006: 386). The role of an intergovernmental organization is unambiguous in case of bodies that are specifically set up for and are entrusted with human rights responsibilities. But for organizations with obscure mandate with respect to human rights, like the Bank, such role is complicated. While, in principle, it might be desirable to expand the international human rights regime and include all the intergovernmental organizations and international financial institutions within its ambit, it is pragmatically challenging to determine specifics (Oestreich 2004: 55).

Adoption of a rights-based approach to development that regards human rights and development as two sides of the same coin could serve as the potential instrument to enable the Bank to integrate human rights parameters in its development goals. Without diverting from its core mandate of economic development, a rights-based approach to development promises to provide a 'human face' to development, emphasising that human rights and development are compatible and complementary. The hierarchy among the various human rights is rendered irrelevant as social, economic, cultural, civil and political rights are accepted as interdependent and mutually reinforcing, both in terms of each other as also in terms of development. Ambiguity looms large regarding the extent and nature of the Bank's involvement with human rights. The Bank needs to move from rhetoric and put in practice development policies by committing to minimum human rights standards that are unequivocally respected. The International Bill of Rights could form the framework on which the Bank can premise its various activities and programmes. While the Bank is not legally obliged to consider human rights, it is neither legally prohibited from taking the same. Though the final decision remains with the Bank, but eventually it cannot escape from joining the 'rights-based bandwagon' (Cornwall and Nyamu-Musembi 2004: 1427).

It is amply clear from the above legal and pragmatic exposition that the World Bank faces a dilemma in relation to adopting a clear-cut human rights policy. Contradictory arguments both in favour and against the Bank venturing into human rights prevent any common grounds of agreement. Pending that, however, the Bank's primary function of providing loans for projects that are supposed to advance development continue to have adverse implications for human rights. One such instance – the case of lending for big dams – is explored in the next chapter from the perspective of human rights implications to examine the application of the legal stricture discussed in this chapter.

CHAPTER IV

HUMAN RIGHTS IMPLICATIONS OF THE WORLD BANK'S DEVELOPMENT LENDING FOR BIG DAM PROJECTS: A CASE STUDY OF THE SARDAR SAROVAR

Introduction

The imperative desire to see swift economic progress accelerated large-scale infrastructural development projects by developed and developing countries alike. However, their human rights repercussions overlooked and ignored earlier, are increasingly eliciting national and international attention, calling into question the rationale and efficacy of such ventures. Massive involuntary displacement and inadequate R&R caused by so-called development projects are becoming contentious as project affected persons with support from NGOs have organised themselves in vehement opposition. The most visible and vociferous expression of such resistance is against big dam projects, evident from the rising national and international awareness Dam-building has witnessed investigation and standard setting at the global level, forcing the national and international actors to justify it from the human perspective and to modify and adopt related policies.

The Bank, being the largest source of external funding for development projects, has been repeatedly volleyed with criticisms. This has been prominently pronounced in case of the Bank's infrastructural lending for big dam projects. The Bank has been one of the chief financers for construction of big dams that have resulted in inundating millions of hectares of land, and raised grave questions about their human and environmental impacts. The affected areas are often tribal habitation and the displaced people are the rural and indigenous peasants. This brings to focus the issue of their right of access to resources essential for their livelihood and their participation in the process that affect their lives.

The essential subject of inquiry, thus, is the international dimension of the human rights consequences of development projects, particularly, big dams. This is approached through the perspective of the Bank, the largest multilateral lending agency for development projects, including big dams. The components of such a problematic are the inter-linkages between development and project lending; the Bank's conception of the role of 'projects' in triggering development; big dam projects as the contentious site of promoting development and causing human rights violations; and the Bank's lending for big dam projects adversely affecting the human rights of certain sections of the population and its obligation to be accountable for the human rights violations caused by its development lending.

Each of these inter-linkages has been explored in this chapter to argue that involuntary displacement and relocation arising out of the construction of dams constitute human rights violations. The score-card of the Bank is examined with regard to the safeguards and policies that are already in place; the extent of violations caused; its obligation to account for such human rights infringements; and the potential to develop appropriate resettlement and rehabilitation policies, including those for the indigenous people, for it to retain its legitimacy by adapting to the changing international context of human rights accountability.

These assertions are examined in the context of the case study of the SSP in India. A landmark in the Bank's history, this case attempted to provide the hitherto absent human rights dimension to it. It symbolised the conflict between development and human rights in the context of international awakening to the human and social consequences of big dams in remote and rural areas, especially for the indigenous and tribal people. While some perceive it as a harbinger of economic development with the potential of bringing benefits to millions; others regard it as causing social, cultural and economic impoverishment of millions of people. In the context of this case, the Bank commissioned an unprecedented Independent Review and subsequently set up a permanent quasi-judicial appellate body, the Inspection Panel. Any examination of big dam projects would remain incomplete without an assessment of the report of the WCD, which marked a breakthrough in the debate between dam-produced development and dam-induced human rights violations. Both the reports of the Independent Review and the WCD have been examined in detail to draw out important lessons for the Bank and for the larger purpose of this study – to analyse the human rights violations caused by development lending for big dams in the international context.

World Bank Lending for Developmental Projects

Development does not entail a single blueprint or prescription. Rather, in the context of the complex and interdependent modern global economy, it is 'a long, slow and often painful process of learning from experience'. Project, in the sense of a plan, design or scheme for doing something, appears as the most potent instrument for promoting economic growth, which until recently was synonymous with development. Projects, as the 'cutting edge of development', have become important means of marshalling a country's resources, human and material, for investing in development (Baum and Tolbert 1985: 5-6). It is 'a discrete package of investments, policies, and institutional and other actions designed to achieve a specific development objective (or set of objectives) within a designated period' (Baum and Tolbert 1985: 333).[72] For Albert O. Hirschman the term 'development projects' connotes, 'purposefulness, some minimum size, a specific location, the introduction of something qualitatively new, and the expectation that a sequence of further development moves will be set in motion'. He continues that they are, 'privileged particles of the development process, and the feeling is that their behaviour warrants watching at close range...' (Hirschman 1967: 1).

The Bank has played a key role in the evolution and application of the concept of project as an instrument for advancing development. In the preparatory draft at Bretton Woods, the US had proposed 'programs and projects', while the UK emphasised 'specific projects of reconstruction and development' (Mason and Asher 1973: 24). However, the final IBRD Articles upholds projects – their appraisal and supervision – as a basic concern of the Bank. Except for 'special circumstances', the Bank is directed to make loans 'for the purpose of specific projects of reconstruction and development' (IBRD Articles, Article III, Section 4 [vii]). The Bank is also required to ensure that the proceeds of the loan 'are used only for the purposes for which the loan was granted, with due attention to

[72] For a detailed discussion on the elements of a project see Baum and Tolbert 1985: 333.

considerations of economy and efficiency...' (IBRD Articles, Article III, Section 5 [b]) and the borrower is permitted to draw the loan 'only to meet expenses in connection with the project as they are actually incurred (IBRD Articles, Article III, Section 5 [c]).

Prior to approving any loans, the Bank has to satisfy itself regarding the merit of the project and the capacity of the borrower to repay the principal and interest. The Bank is required to act prudently in the interest of both the particular member country in whose territory the project is located and of the members as a whole (IBRD Articles, Article III, Section 4 [v]). In addition, the Bank also has to satisfy itself that, 'in the prevailing market condition the borrower would be unable otherwise to obtain the loans under conditions which in the opinion of the Bank are reasonable for the borrower' (IBRD Articles, Article III, Section 4 [ii]). The Bank has to determine that, 'the rate of interest and other charges are reasonable and...charges and the schedule for repayment of principal are appropriate to the project' (IBRD Articles, Article III, Section 4 [iv]).

Since neither 'special circumstances' nor 'projects' have been explicitly defined by the Articles, the staff and the officials of the Bank assume an ambiguous discretion in interpreting the meaning of these terms. However, the Bank has usually interpreted the concept of 'project' to broadly mean ensuring the investment of resources for a specific 'productive' purpose in accordance with the primary objective of the Bank as stated in Article I (Baum and Tolbert 1985: 6-7; Mason and Asher 1973: 25). It was perceived as a proposal for a capital investment to develop facilities to provide goods or services and in this sense projects could vary widely in size, character and complexity (King 1967: 3-4). Bernard Chadenet and John A. King Jr. define project in the Bank's lexicon thus:

> An optimum set of investment-oriented actions, based on comprehensive and coherent sector planning, by means of which a defined combination of human and material resources is expected to cause a determined amount of economic and social development...each Bank project constitutes a discrete unit of operation, with its own appraisal, negotiation of terms and conditions, legal documents, board presentation, disbursement procedures, and supervision. Depending on the objectives and circumstances, the Bank loan may finance a minor or a major part of the items packaged in a

> project, and the project itself may be limited to a small fraction of the development program for the sector or embrace the whole program (Chadenet and King as quoted in Ayres 1983: 4-5).

The cardinal function of the Bank was to lend for reconstruction and thereupon for development. The Bank's initial and only reconstruction loans – made to France, the Netherlands, Denmark and Luxembourg in 1947, totalling to $497 – were 'non-project' program loans allowed under 'special circumstances' exception of Article III, Section 4 (vii) of the Articles (Rich 1994: 67-68). However, the Marshall Plan diminished and subsequently halted the Bank's reconstruction role. Investments were then diverted towards funding development projects. Starting with its first loans for specific projects in 1948 (two concurrent loans to Chile - $13.5 million for electric power and $2.5 million for agricultural credit to bring farm machinery), the Bank has steadily grown to become the largest international lender for development projects, its single most important contribution to worldwide development process (Baum and Tolbert 1985: 8-9).

The 'mandated commitment to "project" lending' was 'one of the Bank's more central characteristics' in the 1950s and remained its defining feature in the succeeding decades (Kapur, Lewis and Webb 1997, Vol. I: 7), becoming 'the institution's prototypical activity' (Kapur, Lewis and Webb 1997, Vol. I: 46). In its initial career, project loans were conceived as investment, mainly in physical assets and infrastructure that were expected to generate income. However, the Bank's conception and appositeness of 'project' have evolved and the range of activities embraced within it has expanded and diversified, rendering the boundary between project and non-project difficult to discern in practice. Project lending today can span from an investment in dams, railways, telecommunications, and highways to social sectors like agriculture, schools, health clinics, family planning etc – virtually straddling every aspect of human life.

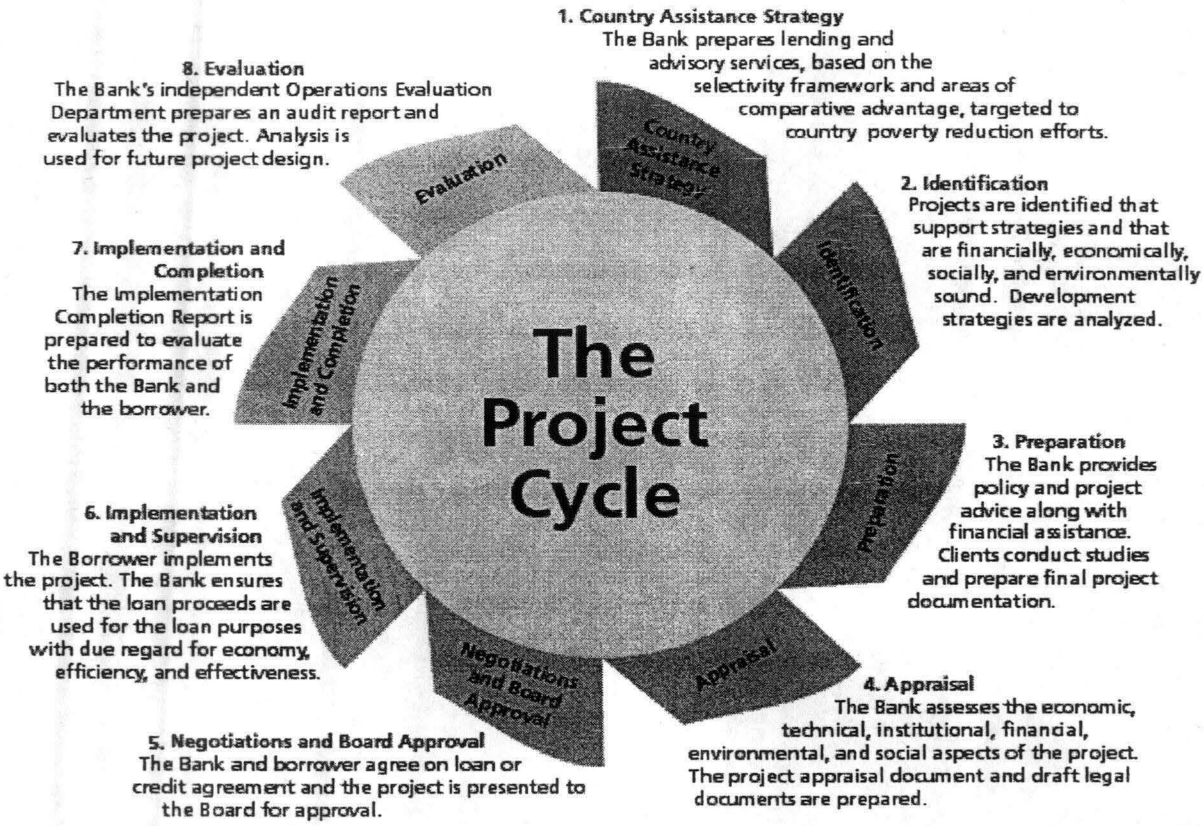
The Bank developed a standardised process of loan processing consisting of closely linked and logically progressive stages – Identification, Preparation, Appraisal, Implementation and Evaluation – cumulatively called the 'Project

Cycle' (see Figure: I).[73] The terrible deficit of quality of 'bankable' projects submitted for prospective loans in the initial years (Rich 1994: 68), forced the Bank to get intimately involved in their identification and preparation. However, till the appraisal point, the Bank only acted as an adviser to the borrower, after which it dons 'the hat of a lender and disposes of the application' (Mason and Asher 1973: 235). During the implementation period, the Bank is involved in providing technical assistance and supervision, which ensures the use of the loan to carry out the project at the least cost, prompt completion and the efficient operation and maintenance of the completed facilities (King 1967: 14). Thus, the Bank is closely involved in all the stages of project cycle, from assisting borrowers in the initial selection of projects through to completion and evaluation of result (Baum and Tolbert 1985: 9). However, the appraisal and the evaluation stage are the most significant in terms of the Bank's equation with the project. While in the appraisal stage the Bank can ascertain the efficacy of the project, deciding whether to lend or not, the evaluation process is more of a learning experience, equipping it with knowledge for future purposes.

The appraisal stage marks the Bank's clearest involvement with the project it funds. It is the conventional technique for managing the use of resources in order to achieve important development objectives. The reasons for the Bank to appraise and supervise the projects are: the requirements of the Articles; and convincing the lenders, the money market of the world from where the Bank raises it funds, that lending to it entails relatively little risk. The Bank has to demonstrate institutional creditworthiness to private lenders in order to persuade the financial community that it was adopting competing policies (King 1967: 14; Kapur, Lewis and Webb 1997, Vol. I: 8). The fundamental purposes of project appraisal are to ascertain the feasibility of the project in terms of its technical soundness, ability to provide adequate economic and financial outcomes and its compliance with the overall economic objectives of the country (King 1967: 4).

[73] For a detailed analysis of the Project Cycle – Identification, Preparation, Implementation and Evaluation – see Baum and Tolbert 1985: 331-388; and for Project Analysis/Appraisal – Technical, Economical, Financial, Managerial, Organizational, Commercial, Social, Institutional and Environmental – see Baum and Tolbert 1985: 389-588; King 1967: 3-30; and Jenkins 1997: 38-42; also see 'Project Cycle' in the World Bank's website, available at <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:20120731%7EmenuPK:115635%7EpagePK:41367%7EpiPK:279616%7EtheSitePK:40941,00.html>

FIGURE I: THE WORLD BANK PROJECT CYCLE



Source: World Bank – Projects & Operation – Project Cycle, available at <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:20120731%7EmenuPK:115635%7EpagePK:41367%7EpiPK:279616%7EtheSitePK:40941,00.html>

While appraising a project, the Bank undertakes to 'examine and evaluate the economic and social objectives that it is designed to meet, to assess whether the proposed project is likely to meet these objectives efficiently, and to recommend conditions that should be met to ensure that the purpose of the project will be achieved' (Kapur, Lewis and Webb 1997, Vol. I: 36). Hence, an examination of both the intrinsic soundness of the project and the circumstances surrounding it is importuned. Pragmatically, this converts into investigating six different aspects of a project – economic, technical, managerial, organizational, commercial and financial – and requires experts with a variety of talents to work together – engineers, economists, financial analysts, sociologists, agronomists, educators (King 1967: 5). While in the early years, commercial and technical criteria were more pronounced, environmental and sociological criteria became increasingly eminent in the later years (Kapur, Lewis and Webb 1997, Vol. I: 35).

The standard appraisal tool for selecting development projects at the Bank has been cost-benefit analysis that calculates the economic rates of return of a project (Pohl and Mihaljek 1992: 225). Social cost-benefit analysis was demonstrated as yielding low returns.[74] However, one segment within the Bank advocated that it should confine lending to projects that would generate economic return; while a contrary view urged the Bank to engage with areas and sectors that are worst run and needed support. From the 1980s, adjustment lending stole the limelight from the traditional project lending of the Bank as it ventured into lending for social sectors and modified its project emphasis as sectoral approach, linking Bank projects to broader sector investment and policies. Participatory approaches were emphasised by the Bank where involvement of relevant groups of people (project beneficiaries) were encouraged in lending operations. Decentralisation of the Bank was enhanced by the joining of civil society and NGOs in the processes of the Bank (Kapur, Lewis and Webb 1997, Vol. I: 37-40).

The Bank has in place an evaluation procedure that entrusts the operational staff to review every Bank-assisted project after one or two years of completion of disbursement and prepare project completion report. This ensures comprehensiveness and participation of operational staff. The objectivity of the evaluation process is ensured by a second stage of project evaluation assigned, since 1970s, to the OED,[75] which lies outside the operational complex. Although all projects are subjected to project completion report, only half of them are randomly selected for detailed performance audit by the OED, the rest are issued to the Executive Directors without audit. OED also prepares an annual overview of all the evaluated projects in order to highlight trends and recurrent problems and conducts several special studies on groups of projects or on particular aspects of the Bank's operational experience. The borrower's participation in the Bank's evaluation process is ensured by their obligation to prepare completion reports under the terms of Bank loan agreements (Baum and Tolbert 1985: 383-384).

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[74] For the debate on social cost-benefit analysis and rate-of-return calculations see Devarajan, Squire and Suthiwart-Narueput 1997: 35-46; and Harberger 1997: 73-79.

[75] The express function of the OED, now called the Independent Evaluation Group (IEG), is to carry out independent audits of completed projects and to prepare recommendations to ensure that errors are not repeated. The IEG Brochure is available at <http://www.worldbank.org/oed/ieg_brochure.pdf>

Evaluation of the Bank's projects became controversial in the 1990s. The Bank was accused of a 'culture of approval', concentrating on the quantity of loans approved than their successful implementation.[76] In 1992, the Task Force on Portfolio Management under Willi Wapenhans was commissioned to study project effectiveness. Its report, *Effective Implementation: Key to Development Success*, held that the Bank's procedure and incentives tended to reward projects at the expense of implementation, causing a decline in the quality of project supervision. It was apprehended that a pervasive 'pressure to lend' undermined the rigor of appraisal and project quality as many Bank staff perceived appraisal as marketing devices for securing loan approval (Kapur, Lewis and Webb 1997, Vol. I: 33-34, 42-43; Bosshard, Bull, Horta, Lawrence and Watch 2003: 3-4). Thus, the successful implementation of the projects, in terms of its economic and social soundness and achieving the estimated benefits, should be used as the yardstick to gauge the Bank's performance.

The Bank loans[77] (for both projects and programmes) are made as a part of the comprehensive lending programme set out in the CAS, which tailors Bank assistance to each borrower's development needs and the Bank's comparative advantage to further the country's overall development objective. All Bank loans are governed by its Operational Manual, which aims to ensure that Bank-financed operations are economically, financially, socially, and environmentally sound. The Safeguard Policy helps to prevent unintended adverse effects on third party and the environment (World Bank 2000: 3). In the pages below, the Bank's lending for development, in the original understanding of infrastructural projects, is examined with particular reference to lending for big dam projects as the harbinger of development. The attempt is to investigate the relationship between the Bank's particular developmental lending for big dam projects and human rights concerns – whether the lending procedure is informed by its operational manual and whether they cause violations of internationally achieved human rights norms and the Bank's obligation thereof.

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[76] For arguments on reduction of lending by the Bank see Bandow 1989: 73-89; and Bird and Rowlands 2001: 83-103..

[77] The Bank has two basic types of lending instruments: Investment Loans and Adjustment Loans. For details see World Bank 2000: 3-23.

Big Dams:[78] Development and Human Rights Dimensions

The twentieth century, called 'the era of the big dams' (Rigg 1991: 42), witnessed the emergence of big dams as one of the most significant and visible instrument for the management of water resources. By 1949 about 5,000 dams had been constructed worldwide which increased to more than 45,000 by the end of twentieth century (Report of the WCD 2000: xxix). However, the simultaneous practice of decommissioning dams that no longer served a useful purpose or were too expensive to maintain safely or had unacceptable levels of impact also became a prevalent by this time (Report of the WCD 2000: 10).

Big dams, conventionally viewed as essential for development, have become battlegrounds of major social conflicts and contending views on development (Goulet 2005: 883; Joyce 1997: 1050; Goldsmith and Hildyard 1984: 2-14; WCD Report 2000: xxix; Bandyopadhyay, Mallik, Mandal and Perveen 2002: 4108-4112; Bharati and Rao 1999: 1374-1375; Gill 2000: 13-32).[79] They were viewed as monuments of nationalistic vision, the 'touch-stone of future prosperity', symbols of modernisation and humanity's ability to harness nature, synonymous with development understood as economic progress and growth. The multi-purpose benefits from big dams were charted as: obtaining abundant and cheap electric power; rural electrification; irrigation; domestic and industrial consumption; flood and drought control; food production; local employment and skills generation; and the expansion of physical and social infrastructure such as roads and schools. Coloured by these visions, there was a dramatic acceleration in

[78] The International Commission on Large Dams (ICOLD) defines 'large dams' as one having a dam-wall height of 15 meters or more from the lowest general foundation to the crest. However, even dams between 10-15 meters in height could be classified as large dams if they satisfy any of the following criteria:

- Crest length > 500 meters;
- Reservoir capacity > 1 cubic million meters;
- Maximum flood discharge > 2,000 cubic meters;
- It has difficult foundation problem; or
- It is of unusual design (Rangachari, Sengupta, Iyer, Banerji Singh 2000)

ICOLD is a non-governmental International Organization which provides a forum for the exchange of knowledge and experience in dam engineering, for details see <http://www.icold-cigb.net>

For the purpose of the present analysis this will be accepted as the working definition that would apply to 'big' and 'large' dams alike.

[79] See for example: International Rivers Network, official website <http://www.irn.org>; and Probe International, official website <http://www.probeinternational.org/catalog/index.php>

dam construction from the 1930s to the 1970s, fuelled by the availability of funding from multilateral financial institutions such as the World Bank.

However, behind the glowing list of advantages believed to be accrued from big dams, their adverse effects on people, river basins and ecosystems get obscured. Big dams are inevitably accompanied by social consequences of coercive displacement[80] of people, mostly poor and tribal, physical transformation of rivers, siltation in reservoirs leading to economic inefficiency, salination and water logging in irrigated areas and the creation of health hazards. Dam-building enthusiasm was soon dampened and opposition to big dams began to consolidate as the full cost of large dams began to surface as a serious public concern.

Perhaps the most appalling repercussion of damming rivers is the uprooting of millions of people from their homes due to submergence of huge areas of land. The estimated number of people displaced by dams stands at 40-80 million (WCD Report 2000: xxx). Not only are their social lives shattered, their cultures destroyed and their health jeopardised, but their fundamental human rights to life and livelihood are also infringed upon. Moreover, the costs of dams are often disproportionately borne by the poor, indigenous and other vulnerable groups. Though they pay the social and environmental costs of dams, they receive neither the water or electricity services nor the socio-economic benefits promised from the dams, which instead goes to the urban areas. The distribution of the costs and benefits of big dams are highly unequal and therefore, unacceptable (Goldsmith and Hildyard 1984: 14; Joyce 1997: 1054; Dhawan 1990: 28; Engineer 1990: 157; WCD Report 2000: xxx-xxxi).

The R&R of the dam oustees is a most stupendous exercise. The rehabilitation measures are expected to not merely mitigate hardship but also ensure for the affected people a quality of life as good as if not better than what they are losing. The record, however, in almost all dam projects has been rather dismal, accompanied by untold human misery (Dhawan 1990: 28; Engineer 1990:

[80] The WCD Report defined 'displacement' as referring to both 'physical displacement' and 'livelihood' displacement (or deprivation), which is almost always involuntary and involves coercion and force (Report of the WCD 2000: 102-103).

157; Iyer 1990: 77). Goldsmith and Hildyard identify twin problems as the common features of almost all R&R schemes: lack of adequate compensation and resettlement on inferior lands. Moreover, those who are allocated for resettlement are most often unwilling to move (Goldsmith and Hildyard 1984: 20, 27). Commenting on the human effects of large dams William Ackermann held that:

> From the human point of view, relocation has been one of the least satisfactory aspects of reservoir projects... Settlement schemes have a high failure rate around the world... resettlement inevitably imposes physiological, psychological and socio-cultural stress... Even where planning is effective, some (especially the aged) will never come to terms with their new homes... (Ackermann as quoted in Goldsmith and Hildyard 1884: 17).

The pace of dam construction has significantly slowed down in the recent years, partly because the industrialised countries have used most of their attractive sites, and because dam financing has shifted from public to private sources, matched with the decline in donor funding and increasing costs of large dams. This also reflects the effectiveness of anti-dam struggles developed by environmental and human rights activists around the globe (WCD Report 2000: 20). Nevertheless, dam projects remain a tempting and profitable option for development lending making it one of the frequently funded Bank projects.

World Bank Lending for Big Dams

The World Bank has been one of the principal sources of external funding for big dams worldwide (see Table I). In the last six decades, it has made 552 dam-related loans for a total of $86 billion (in 2004 dollars) (Sklar and McCully as quoted in Bosshard 2004: 3). However, the catalogue of the Bank-funded dam projects that resulted in massive involuntary displacement, derisory R&R, and consequent impoverishment and misery of the relocated population is shamefully protracted. Often being 'the first and single largest financer of large dams', the Bank is a priority target of dam critics (WCD Report 2000: 19), with large dams accounting for 63 percent of the total displacement caused by the Bank-funded projects (WCD Report 2000: 104). Though the scale and nature of displacement vary, but dislocation of families and villages, without satisfactory alternatives, occurs in almost all of them. In some cases coercive apparatus of police are also used to threaten torture and even kill people who refuse to move.

TABLE I: WORLD BANK LENDING FOR BIG DAMS OVER 60 YEARS

Number of dams funded	at least 552
Amount of money invested in those dams	more than $86 billion (in 2004 dollars)
Number of people evicted by Bank dam projects	at least 10 million
Number of World Bank–funded dams that improved income of oustees according to 1994 Bank wide Resettlement Review	1
Number of people that 1985 appraisal of Sardar Sarovar dam failed to count as losing their livelihood to the project's canals	140,000
Average percent increase in number of people to be displaced at completion, compared to estimates at time of appraisal	47
Percentage of IDA projects that failed to meet their development objectives in the period 1994–2000	65
Average construction cost overrun on World Bank–funded dams	30%
Amount of money lost to corruption for Yacyretá Dam (Argentina/Paraguay)	more than $6 billion
Number of internal reviews conducted by World Bank to analyze actual performance of its large dams	0
Number of World Commission on Dams recommendations that the World Bank has incorporated into its safeguard policies	0
Number of companies debarred by the Bank for corruption on dam projects	0
World Bank Net Income for 2003	more than $5 billion

Source: International Rivers Network, available at <http://www.irn.org/basics/ard/pdf/UnhappBdayWB.pdf>

A Select Chronicle of the World Bank's Dam Projects

The record of the Bank-funded dam projects hardly paints an optimistic picture regarding its handling of displacement and R&R. While the Aswan Dam project in Egypt had over 100,000 people displaced; in China the Danjiandkou dam required resettlement of 383,000 people and Shuikou dam had 67,000 people relocated from the valley floor and another 17,000 from Nanping City. In India, the two dams on Upper Krishna displaced a total of 40,000 households, about 240,000 people, excluding another 150,000 to 200,000 people who are threatened with the same fate when the height of the dam is raised (not part of the Bank-financed project), forcing the Bank to suspend funding twice (Cernea 1988: 8; World Bank Operations Evaluation Department 2000; Bosshard, Bull, Horta, Lawrence and Watch 2003: 27-34). The resistance of indigenous peoples to four dams along the Chico River in the Philippines led the Bank to withdraw from the project (WCD Report 2000: 19).

The World Bank assisted the building of Panlo Afonso I and Panlo Afonso IV at Sobradihno dams on the São Francisco River in north-eastern Brazil and Machadinho dam in south-eastern Brazil that resulted in displacing approximately 120,000 of the rural majority, without adequate consultation and compensation. The Bank approved a $500 million loan for the Itaparica Dam and subsequently, formulated the Itaparica Resettlement and Irrigation Project and lent $137 million and $100 million to finance the R&R of the Itaparica relocates. The money, however, never reached the affected population (Horgan 1999: 25-26; Rich 1994: 136, 157-158). The Polosindica[81] accused the Bank of omissions and inadequate supervision and monitoring on the implementation of resettlement system. It held that the Bank financed the project without ensuring the borrowers' compliance with R&R policies for involuntarily displaced communities (Horgan 1999: 27).

The Bank-funded Tarbela Dam in the Indus Basin Irrigation System in Pakistan displaced 96,000 people (Bosshard, Bull, Horta, Lawrence and Watch

[81] Polosindica is a federation of local communities and 13 trade unions in Brazil, supported by the radical section of the Catholic Church and international NGOs.

2003: 28). Refusal by many villagers in the Rio Negro region to relocate was met with massacres, involving torture, rape and killing of Mayan people by the army and paramilitary troops. The Bank not only remained silent, but its own internal investigation absolved it of any responsibility (Bosshard, Bull, Horta, Lawrence and Watch 2003: 40). The Kedung Ombo dam in Java, Indonesia, became one of the several Bank-financed dam sites where a massive number of people were coerced into resettlement. The villagers were threatened with imprisonment and loss of their identity cards, if they refused to transmigrate (Rich 1994: 149).

The Bank's dismal record on human costs arising out of its funding for dams further extends to the Awash River Valley Project in Ethiopia and the building of a dam there, which displaced 25,000 pastoralists, leaving them homeless and bereft of any means of supporting their traditional ways of life. The Kainji dam in Nigeria, supported by the Bank, displaced 42,000 farmers. In case of Bakolori dam, not only the government paramilitary forces attacked the villagers who refused to be relocated, killing many hundreds, the project collapsed as a result of poor engineering work, resulting in over-flooding of the relocated areas and loss of lives. In Kariba Dam Project in Zimbabwe, 56,000 peasant farmers were displaced, and in Akosombo dam in Ghana, 80,000 farmers lost their homes and livelihood. In the construction of the Ruizzi Dam II in Zaire, 13,000 farmers were displaced and the Nangbeto dam in Togo affected 34 villages with 7,626 people loosing their homes and land (Thomas 2002: 341, 343).

The Bank-financed hydroelectric dam, Bhumibol in Thailand, displaced more than 3,000 people, while the Pak Mun Dam project affected 5,000 people and required resettlement of about 2,000, for which 'the Bank's resettlement policy was little more than a public relations hoax' (Rich 1994: 9-11). The Bank-financed Subernarekha Multipurpose Project in India, a massive irrigation and water supply scheme, involved the construction of two major dams, Chandil and Icha along with smaller barrages and canals. The whole scheme threatened to forcibly displace around 120,000 people, mostly tribals, with Chandil and Icha dams displacing 68,000 people and inundating 30,000 hectares of farmland and forest. Protesters and fasters were repressed by police, open firing on unarmed crowd, killing and arresting villagers. Though the Bank suspended loan disbursement in 1988, it resumed funding in 1990, claiming that resettlement situation had improved (Rich 1994: 43-46).

The instances of the Bank-funded dam projects that cause human rights violations by involuntary dislocation and relocation can be multiplied. But the essential argument to draw from this select chronicle is the extent of displacement and neglect of R&R, which runs as a common thread through all the Bank-funded dam projects. Involuntary displacement and absence of R&R have been their most unsatisfactory component. While the basic relocation operation of the Bank is flawed, lacking in social planning, restoration and improvement of the social and economic well-being of the displaced population remains a far cry (Cernea 1988: 9). The Bank has not learnt form its experiences and continues to fund such projects on the pretext of promoting development. Below is a discussion of the R&R policies of the Bank which attempts to answer the critics and justify its lending. The R&R policies developed by the Bank are hardly sufficient and seldom adhered to. Ii is quintessential to institute the R&R policies in tandem with the internationally accepted human rights standards.

World Bank Resettlement and Rehabilitation (R&R) Policy

Dam construction does not take place in a vacuum. At the international level, numerous treaties, guidelines and policy recommendations have evolved to guide the parties involved in dam-building to realise projects without jeopardising the human rights of the oustees.[82]. The earliest international recognition of the rights of the displaced tribal population came with the International Labour Organization (ILO) Convention 107 (1957),[83] which India was one of the first countries to ratify on 29 September 1958 (Morse and Berger 1992: 18).

[82] For example, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights; and United Nations Commission on Human Rights (1998), *Guiding Principles on Internal Displacement*, UN Doc. E/CN.4?1998/53/Add.2. See Anaya 1999: 223-263.

[83] International Labour Organization Convention 107, was adopted on 5 June 1957, as a "Convention Concerning Indigenous and Tribal Populations", is available at: <http://www.ilo.org/images/empent/static/coop/pdf/Conv107.pdf>

The Convention recognises 'the right of ownership, collective or individual, of members of the populations concerned over the lands which these populations traditionally occupy' (ILO Convention 107: Part II. Land, Article 11). It affirms that the 'populations concerned shall not be removed without their free consent from their habitual territories except in accordance with national laws and regulations for reasons relating to national security, or in the interest of national economic development or of the health of the said populations' (ILO Convention 107: Part II. Land, Article 12, Section 1). In case of inevitable displacement, the Convention stipulates that the displaced peoples shall be 'provided with lands of quality at least equal to that of the lands previously occupied by them, suitable to provide for their present needs and future development. In cases where chances of alternative employment exist and where the populations concerned prefer to have compensation in money or in kind, they shall be so compensated under appropriate guarantee' (ILO Convention 107: Part II. Land, Article 12, Section 2).

The series of the Bank Safeguard Policies come almost close to a formal and systematic recognition of human rights norms within it, and therefore, serves as 'the obvious starting point' (Mcbeth 2006: 394). The policies on involuntary resettlement,[84] indigenous peoples,[85] and safety of dams,[86] clearly represent a type of 'rights-based approach', however, avoiding explicit mention of any of the human rights enumerated in the international instruments or the legal obligation of Bank or its project partners to observe the international human rights norms. The overarching assessment process for development projects, which covers social

[84] See 'Involuntary Resettlement' available at
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTLAWJUSTICE/EXTENVIRONMENTNATRESLAW/0,,contentMDK:20675447%7EmenuPK:1737138%7EpagePK:148956%7EpiPK:216618%7EtheSitePK:1001743,00.html>

[85] See 'Indigenous Peoples' available at
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTLAWJUSTICE/EXTENVIRONMENTNATRESLAW/0,,contentMDK:20675451%7EmenuPK:1737088%7EpagePK:148956%7EpiPK:216618%7EtheSitePK:1001743,00.html>

[86] See 'Dam Safety' available at
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTLAWJUSTICE/EXTENVIRONMENTNATRESLAW/0,,contentMDK:20477636~menuPK:1736816~pagePK:148956~piPK:216618~theSitePK:1001743,00.html>
Also see Operational Policies 4.37: Safety of Dams, October 2001, is available at:
<http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/023c7107f95b76b88525705c002281b1/c12766b6c9d109548525672c007d07b9?OpenDocument>
And Bank Procedures 4.37: Safety of Dams, October 2001, is available at:
<http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/023c7107f95b76b88525705c002281b1/d3448207c94c92628525672c007d0733?OpenDocument>

issues, though with less emphasis than environmental concerns, is pertinent to a human rights approach for the Bank (Mcbeth 2006: 395-396).

The Bank's first R&R policy was put in place in February 1980 as an Operational Manual Statement (No. 2.33) on 'Social Issues Associated with Involuntary Resettlement on Bank-Financed Projects'.[87] This Statement described the policy to be followed by the Bank in projects that require involuntary resettlement, the procedure for preparing and appraising schemes for resettlement and the conditions that are to be met by the borrowers. The Statement recognised involuntary resettlement resulting from 'the construction of dams for hydro-electric power, irrigation, or water supply...the construction of canals, highways, transmission lines and the like...' (Morse and Berger 1992: 23).

The Statement emphasises on the possibility of avoiding and minimising resettlement. 'All large construction projects such as dams...should be examined by Bank staff at the time of identification and appraisal to determine whether people must be displaced, and, if displacement is unavoidable, to reduce it to a minimum compatible with the purpose of the project. The costs of the resettlement should be included in the project and taken into account in the rate of return analysis' (Morse and Berger 1992: 24). The borrower was required to 'satisfy the Bank that a workable plan for resettlement has been prepared in line...and that its implementation is accepted as part of the borrower's obligation to carry out the project' (Morse and Berger 1992: 23-26).

In development projects where relocation was inevitable, it must be undertaken in as a well prepared resettlement plan. The Bank must 'ensure that, after a reasonable transition period, the displaced people regain atleast their previous standard of living and that so far as possible, they be economically and socially integrated into the host communities. Planning and financing the resettlement should be an integral part of the project, and the measures to be taken in this regard should be clarified before, and agreed upon during, loan

[87] For an analysis of the host of resettlement issues that arise due to Bank-financed development projects and the 1980 Operational Manual Statement on Involuntary Resettlement see Shihata 1988: 63-65.

negotiations'. Relocation should ensure 'that settlers are afforded opportunities to become established and economically self-sustaining in the shortest possible period, at living standards that at least match those before resettlement' (Morse and Berger 1992: 23-24).

Though this statement provided comprehensive treatment of the central aspects of involuntary resettlement, it did not make any special reference to the needs of the tribal peoples. In February 1982, the Bank published an Operational Manual Statement (No. 2.34) dealing with tribal populations, entitled 'Tribal People in Bank-Financed Projects'. The Statement recognised that 'tribal people are more likely to be harmed than helped by development projects' and therefore recognised that 'whenever tribal peoples may be affected, the design of projects should include measures or components necessary to safeguard their interests and, whenever feasible, to enhance their well-being' (Morse and Berger 1992: 26).

The Statement prohibited the Bank from 'assisting development projects that knowingly involve encroachment on traditional territories being used or occupied by tribal people, unless adequate safeguards are provided.' It enjoined the Bank to 'assist projects only when satisfied that the borrower or relevant government agency supports and can implement measures that will effectively safeguard the integrity and well-being of the tribal people...including the recognition, demarcation and protection of tribal areas containing those resources required to sustain the tribal people's traditional means of livelihood'. The Statement recognised the need for 'a forum for the participation of the tribal people in decisions affecting them, and providing for adjudication and redress of grievances' (Morse and Berger 1992: 27-28).

The Bank has subsequently reiterated it commitment to the issues of involuntary resettlement and upheld the rights of the tribals culminating in a series of Operational Directive, Operational Policies and Bank Procedures towards Involuntary Resettlement and Indigenous Peoples.[88] These policy changes,

[88] Operational Directive 4.30: Involuntary Resettlement, June 1990, is available at <http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_Resettlement/$FILE/OD430_InvoluntaryResettlement.pdf>

according to Morse and Berger, reflect a universal development of concepts of human rights by recognising that large-scale projects cause displacement. 'They focus on people who are being displaced by the advance of development, and require that in any project the human rights of the oustees must be respected.' While national sovereignty and economic interest might justify a project, they do not validate the negation of basic human rights (Morse and Berger 1992: 37-38)

The OED, in 1996, upon examining the rationale, likely impacts and economic justification of 50 Bank-funded large dams, concluded that 'the large majority of the dams reviewed are yielding benefits that far outweigh their costs, including the costs of adequate measures to mitigate their adverse impacts'. Though it noted that resettlement was inadequately managed in half of the projects, with frequent problems arising in the resettlement and compensation of indigenous peoples, nevertheless, it found the outcome of resettlement satisfactory in the other half. It suggested that the Bank's resettlement policy was providing better protection to people displaced by dams. Finding 74 percent (37 out of 50) dams as acceptable or potentially acceptable under the Bank's existing guidelines, the evaluation suggested the Bank to continue supporting large dams so as to make positive contribution to development (World Bank Operations Evaluation Department 1996). The evaluation, however, relied only on the Bank's original cost and benefits calculus and failed to measure the actual benefits of the dams across a broad range of parameters like, rising standard of living of the people, electricity production and flood control; and the real costs for operation like,

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Operational Policies 4.12: Involuntary Resettlement, December 2001, is available at <http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/023c7107f95b76b88525705c002281b1/ca2d01a4d1bdf58085256b19008197f6?OpenDocument>
Bank Procedure 4.12: Involuntary Resettlement, December 2001, is available at <http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/023c7107f95b76b88525705c002281b1/19036f316cafa52685256b190080b90a?OpenDocument>
Operational Directive 4.30: Indigenous Peoples, September 1991, is available at <http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_IndigPeoples/$FILE/OD420_IndigenousPeoples.pdf>
Operational Policies 4.10: Indigenous Peoples, July 2005, is available at <http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/023c7107f95b76b88525705c002281b1/0f7d6f3f04dd70398525672c007d08ed?OpenDocument>
Bank Procedure 4.10: Indigenous Peoples, July 2005, is available at <http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/023c7107f95b76b88525705c002281b1/dbb9575225027e678525703100541c7d?OpenDocument>

proportion of displacement caused and resettlement provided, the nature of compensation etc.[89]

The Sardar Sarovar (Narmada) Dam Projects in India, which in many ways changed the Bank's perception on big dam projects and helped to further develop its R&R policies thereby setting a precedent, is undertaken as a case study below.

Case Study: Sardar Sarovar Dam Projects (SSP) on Narmada River, India

India has an estimated number of over 4000 'large dams' as defined by the ICOLD criteria. Many of these, though lower than 15 meters (the principal criterion), are still classified as large dams based on other ICOLD criteria. At the start of the twentieth century, India had 42 large dams, by 1950, a further 250 were added. A state-wise examination of the distribution of large dams show that nearly half of them are in the two states of Maharashtra and Gujarat and that almost three fourths lie within the three states of Gujarat, Maharashtra and Madhya Pradesh (Rangachari, Sengupta, Iyer, Banerji Singh 2000). Independent India's dam-led development, motivated by the then Prime Minister Jawaharlal Nehru's vision of dams as the 'secular temples' of development, was funded to a considerable amount by the Bank. One of the most controversial and highly critical projects for the Bank in India was the SSP (see Table II).

The idea of damming Narmada goes back to the immediate post independence years. The SSP is part of a gigantic scheme that seeks to build a network of more than 3,000 minor dams, 125 medium dams and 30 big dams, on the river Narmada and its 141 tributaries.[90] SSP, a multipurpose dam and canal system, with the primary rationale to provide irrigation and drinking water along with generation of electricity, was inaugurated in 1961 by Nehru. But immediate construction was thwarted by disagreement among – Gujarat, Maharashtra and Madhya Pradesh – regarding the distribution of costs and benefits of the project.

89 For a critique of the World Bank Operations Evaluation Department 1996 review see McCully 1997.

90 The effectiveness of SSP will depend on the upstream construction of the Narmada Sagar Dam in Madhya Pradesh, which in turn will form part of the larger Indira Sagar Project that includes three hydro dams: Narmada Sagar, Omkareshwar and Maheshwar (Wood 1993: 974).

The Government of India, in 1969, constituted the Narmada Water Disputes Tribunal (NWDT) under the Interstate Water Disputes Act 1956, whose final 'award', gazetted in December 1979,[91] was binding on all the three states and the Government of India, precluding further appeals (Cullet 2001[a]: 973-974; Morse and Berger 1992: 4-5, 21; Ramachandra 2006: 275-276; Wood 1993: 373-374).

TABLE II: SARDAR SAROVAR DAM PROJECTS ON NARMADA RIVER (INDIA): FACTS AND FIGURES

The River	Narmada River is India's fifth longest river, stretching a total of 1312 Kms, rising in central India, in the state of Madhya Pardesh, passing through Maharashtra and Gujarat, on its way to the Gulf of Camby in the Arabian Sea
Components of the Sardar Sarovar Project	A dam, a riverbed powerhouse, transmission lines, a main canal, a canal head powerhouse and irrigation networks
Location of the Dam	Navagam, Bharuch district, Gujarat
Beginning of construction	Preliminary preparation began in 1961 Actual construction began in 1987
Length of the main concrete gravity dam	1210 meter
Maximum height above deepest foundational level	163 meter (455 feet)

[91] The Final Order and Decision of the Tribunal, 12 December 1979, is available at: <http://www.sscac.gov.in/NWDT.pdf>

Reservoir size	Length: 214 kilometre Width: 1.77 kilometre Height: 138.68 meter
Expected benefits	Irrigation to 1.8 million hectares of land (1.79 million hectares in Gujarat and 75,000 hectares in Rajasthan), directly benefiting 800,000 families in severely drought-prone areas, mainly in Gujarat but also in Rajasthan Drinking water to 8,215 villages (3,800 villages and 147 towns in Gujarat)
Electricity generation	1450 MW and distribution of hydroelectric energy to Gujarat, Madhya Pradesh, and Maharashtra
Submergence	Reservoir submergence: 37,000 million hectares of land in three states of Gujarat, Madhya Pradesh and Maharashtra Dam submergence: 80,000 million hectares of land Villages: total 245; Gujarat 19; Maharashtra 33; and Madhya Pradesh 193, home to 41,000 families (80 percent in Madhya Pradesh, 11 percent in Gujarat, and 9 percent in Maharashtra)
Population displacement	100,000 people would be displaced approximately 23,500 people in Gujarat; 20,000 in Maharashtra; and 1,20,000 in Madhya Pradesh would be approximately affected
Tribal (*adivasi*) displacement	All the people displaced in Gujarat and Maharashtra are tribals 40 percent of the displaced people in Madhya Pradesh are tribals and the remainder include caste villages of the Nimad plain
Construction and management of dam projects (Public Corporation)	The Sardar Sarovar Narmada Nigam Ltd. in Gujarat The Narmada Valley Development Authority in Madhya Pradesh The NWDT set up the Narmada Control Authority consisting of state engineers and bureaucrats to secure compliance with its award and coordinate financing, construction and rehabilitation

Estimated cost (as of 1993)	$5.2 billion total $3 billion to be borne by the state governments $450 million funded by the World Bank (1985) followed by $350 million for construction of the canal and $90 million for environmental protection in the Narmada Basin Development Project
Canal	Canal construction will take 74,000 million hectares of area further affecting 68,000 families 24,000 of the canal-affected families stand to lose more than a fourth of their land and 2,000 of them will lose more than half

Source: Sardar Sarovar Narmada Nigam Ltd., official website <http://www.sardarsarovardam.org>; Narmada Valley Development Authority, official website <http://www.nvda.nic.in/>; Morse and Berger 1992; Wood 1993: 973-976; Drèze, Samson and Singh 1997.

The Tribunal's award specified several parameters including the height of the dam, regulation of flows, canal levels and gradients. It decided on the distribution of electrical power and energy benefits produced by the Project among the riparian states (16 percent to Gujarat, 57 percent to Madhya Pradesh and 27 percent to Maharashtra) and also set out the procedures for resettlement of persons displaced in Madhya Pradesh and Maharashtra and appointed the cost of their resettlement to the Government of Gujarat. The Tribunal's award marked a break from the existing practice of monetary compensation to landholders (under the Land Acquisition Act 1894), by explicitly guaranteeing every displaced family, losing land as a result of submergence, five acres of irrigable land at least a year before submergence. Emphasising the importance of timely and appropriate resettlement of the displaced, the award also required resettlement of villages as units and made 'major sons'[92] eligible for rehabilitation as individuals separate from their families. Since it appeared that the substantial benefits of the SSP would accrue principally to Gujarat, whereas most of the affected people were from outside of the state, the NWDT award stipulated that land for Maharashtra and Madhya Pradesh oustees would be made available in Gujarat, which will also pay the costs of R&R for all oustees. The Tribunal however, did not specify the resettlement of people in Gujarat to be affected by the Project (Cullet 2001[a]: 973-974; Morse and Berger 1992: 4-5, 21; Ramachandra 2006: 275-276).

[92] 'Major sons' are sons who have reached the age of 18 by a date stipulated in each state's resettlement policy.

The mandate of the NWDT did not include the human and environmental aspects of the project, neither were the economic returns scrutinised. Anil Patel points out that though the NWDT award marked a breakthrough in India's R&R policies, it failed to take into account the fact that the majority of the displaced communities were tribals, who do not formally own the land they cultivate. Most of them cultivate degraded forest land, considered illegally 'encroached' upon by the government, despite the fact that they may be cultivating the land for generations without formal title. Hence, 'encroachers' were classified as landless oustees, without entitlement to land under the award (Patel 1997: 67; Morse and Berger 1992: 19-22). Though the NWDT stipulate that after resettlement the 'standard of living' of displaced persons should not decline, the interpretation and assessment of the same is open ended question (Singh 1997: 2-5).

In 1985, the Bank through a credit and loan agreement with India and the three states of Gujarat, Maharashtra and Madhya Pradesh,[93] extended $450 million to assist in the construction on the Sardar Sarovar dam and canal. The three states agreed to adopt and implement, within their respective state boundaries, resettlement and rehabilitation plans for the dam and reservoir oustees, satisfactory to the Bank (Morse and Berger 1992: 28).[94] Upon forest and environmental clearances from the Government of India, construction work began in earnest in 1987. Most of the enthusiasm for the dam construction confines to Gujarat, which is one of the most drought-prone states in India, ironically also the victim of terrible floods unleashed by the Narmada River. The project, however, ran into deeper trouble of reconciling the contradictory demands of human rights

[93] The Bank's support for the scheme took the form of a ten-year 'Dam and Power Project' Development Credit Agreement [Narmada River Development (Gujarat) Sardar Sarovar Dam and Power project] between India and International Development Association, Credit No. 1552 IN, 10 May 1985 and Loan Agreement [Narmada River Development (Gujarat) Sardar Sarovar Dam and Power Project] between India and International Bank for Reconstruction and Development, Loan No. 2497 IN, 10 May 1985]; and a companion three-year credit for 'Water Delivery and Drainage Project' (Credit No. 1553). While the IDA credit for the canal project was fully disbursed and closed on 1 July 1992, the IBRD loan and the IDA credit for the dam project were still under disbursement when the project began attracting negative attention.

[94] For a comprehensive analysis of displacement, resettlement and rehabilitation experience in Maharashtra, Gujarat and Madhya Pradesh see papers based on extensive field work prepared by Tata Institute of Social Science, "Experiences with Resettlement and Rehabilitation in Maharashtra"; Centre for Social Science, "Resettlement and Rehabilitation in Gujarat"; and Independent Review team, "Displacement and Resettlement in Madhya Pradesh" in Drèze, Samson and Singh 1997: 184-266.

(and environmental) groups, on the one hand, with the government and pro-'development' interests, on the other (Wood 1993: 969).

Public debate on the economic, social and environmental costs of the SSP started only in the 1980s as the problems of the 100,000 odd oustees became the focus of controversy.[95] Spearheaded primarily by the NGOs, support was mobilised from sections of the press, human rights organizations, concerned individuals, and the judiciary to give voice to the displaced; to ensure that they receive proper compensation and treatment; and to put the resettlement concerns on the agenda of mainstream politics. In 1988 a split occurred between the NGOs espousing the cause of the oustees; while groups such as ARCH-Vahini continued their struggle for improved resettlement, the Narmada Bachao Andolan (NBA) began actively opposing the dam itself owing to the non responsiveness of the government to demands for proper R&R (Singh 1997: 8). Under the vociferous leadership of Medha Patkar, the anti-dam movement of the NBA drew substantial national and international attention to the problems associated with large dams.[96]

In response to the increasing reports of R&R negligence, the Bank deputed Thayer Scudder as consultant to the R&R sub-group of the Bank's Reappraisal Mission for the SSP to analyse the nature and extent of displacement and the R&R measures adopted by the state governments.[97] In his findings he asserted that:

> India's past record of reservoir related relocation did not meet World Bank standards, the reason being: absence of a national policy and presence of an inappropriate legal instrument for property acquisition and compensation... The Narmada Water Dispute Tribunal's 1979 provisions, though representing a major advance in India, did not meet the requirements of the Bank policy guidelines on involuntary resettlement. There were serious shortcomings, for example, with regard to landless

[95] For more information on the poor track record of large dams in India and the availability of better options than large dams see Thakkar 2000 in *World Rivers Review*.
Worlds River Review, published by the International Rivers Network, is devoted to river issues and appropriate fresh water management and provides latest news on the worldwide movement to stop destructive dams, information about alternatives to large hydro projects. All the issues since 1986 can be accessed at <http://www.irn.org/pubs/wrr/index.shtml>

[96] Agitation in India against dams, especially by the oustees and the NGOs on their behalf has become common place over the years. See Parasuraman 1997: 32-56, Phadke 2002: 1016; Dwivedi 1998: 135-179; and Chaplin 1996: 105-132.

[97] Also see Scudder 2005.

people and forest cultivators. The state governments were not serious about honouring the provisions of the NWDT Award. Their plans and cost estimates were inadequate and unreliable (Scudder as quoted in Morse and Berger 1992: 43-44).

Sardar Sarovar: The Independent Review

Though the Bank was approached by NGOs,[98] it initially ignored the protests against the problematic aspects of the SSP. However, the gaining momentum of the anti-Narmada campaign, continued failure by the government to meet the resettlement standards, local opposition, international pressure and confusion inside the Bank, forced it to rethink the soundness of its involvement in the project. Baber Conable, the then President of the World Bank, commissioned an Independent Review Team, in March 1992, under the chairmanship of Bradford Morse (a former US congressman and UNDP administrator) and Thomas Berger (a Canadian lawyer and advocate for aboriginal and environmental causes) as deputy, with the objective of assessing the implementation of the SSP (supported by IBRD/IDA Credits 1552 and Loan 2497) as regards:

a) the resettlement and rehabilitation of the population displaced/affected by the construction of the SSP infrastructure and by the storage reservoir; and
b) the amelioration of the environmental impact of all aspects of the project (Morse and Berger 1992: 9).

It also provided for the inclusion of recommendations for improvements of project implementation in the above two areas (Morse and Berger 1992: 359). In June 1992, the Independent Review Team came up with the highly critical *Sardar Sarovar: Report of the Independent Review*, in which it concluded that the SSP was flawed with protracted social (and environmental) trade-offs that tend to overstate financial benefits of the dam, while frequently understating the social (and environmental) costs. It believed that the Bank was equally responsible, along with the borrower, for the situation that had developed, considering 'that resettlement and rehabilitation of all those displaced by the Projects is not possible under prevailing circumstances' (Morse and Berger 1992: xii).

[98] In 1983 ARCH-Vahini detailed the problems and protested vigorously in a letter to William C. Roger, Divisional Chief of the Irrigation Division of the Bank and its leading member, Anil Patel, lobbied Thayer Scudder (Morse and Berger 1992: 48).

Morse and Berger pointed out that the SSP was funded despite minimal compliance with the Bank's own guidelines on the requirements for appraising the resettlement component. While the number of affected people in the SSP was anonymous, the range of possible impact was never estimated, the effects of the canal was overlooked and the R&R component disregarded, precluding adequate appraisal and any consultation with those potentially at risk (Morse and Berger 1992: 50). The failure to appraise and prepare the basic resettlement components of the projects, despite explicit policies, was criticised by Morse and Berger as 'a major management oversight' (Morse and Berger 1992: 59), the 'original sin' of the implementation of the SSP (Morse and Berger 1992: 79).

The Independent Review announced that both the Bank and India had failed to carry out adequate assessment of the human impact of the SSP, which led to inadequate understanding of the nature and scale of resettlement. This was compounded by the failure to consult the potentially affected people, amounting to complete indifference to the human rights of the displaced, resulting in their opposition to the SSP, supported by activists. To make matter worse, the Bank remained silent on the large proportion of tribal people, threatened by the SSP, avoiding any mention of their existence in the region. The Bank also failed to acknowledge the effects of the SSP on people living downstream of the dam, the rights of encroachers and the oustees due to construction of the canal and irrigation system (Morse and Berger 1992: 349-350). Hence, the Bank proceeded with the SSP based on an extremely limited understanding of human impact and without an adequate plan for and appraisal of R&R. Therefore, the Independent Review advised that 'the wisest course would be for the Bank to step back from the Projects and consider them afresh' (Morse and Berger 1992: xxv).

The Independent Review was followed by another fourteen-member team, headed by Pamela Cox, commissioned by the Bank in July 1992, to reappraise the SSP's resettlement (and environmental) provision. The Report of this team dismissed several of the criticisms of the Morse and Berger Report, nevertheless supporting the call for justice for the displaced. The Bank in October 1992 agreed to continue funding the project, conditional upon the acceptance by the Government of India to execute specific provision relating to R&R by April 1993.

A review thereafter would examine whether the project authorities had met the Bank's benchmarks (Chaplin 1996: 124). However, the Bank's image as a funder of projects that violate human rights was becoming increasingly entrenched and was a major source of concern among the donor countries (Wood 1993: 981).

By early 1993, as it became clear that the Government of India could not accomplish the minimum preconditions accepted by it in October 1992, the Bank increasingly came under fire both from some of its members as well as the international community for financing the project. Lobbying of local politicians in Europe by NGOs forced the European Parliament to pass a motion urging the Bank to withdraw form the SSP. NGOs in many of the Bank's donor countries began pressurising their country to vote in favour of withdrawal of funding. This coordinated action and mounting pressure from campaign by the Friends of the Earth forced the Japanese government to cancel a loan funding the SSP (Chaplin 1996: 116). Finally in the summer of 1993, the World Bank funding was discontinued, formally in the form of the Government of India renouncing the third and final instalment of the Bank's proposed loan of $ 450 million.

It is argued that the monitoring and evaluation by an international agency such as the Bank kept the Supreme Court of India, the Central Government and the State Governments on their toes to take stock of R&R activities and progress. Its withdrawal signalled the termination of supervision and monitoring apparently giving the government a free hand to carry out the construction. The presence of a third party like the Bank provided objectivity to the assessment process, which would be largely curtailed in its absence, making desirable effects on the implementation of R&R less likely (Parasuraman 1997: 57; Chaplin 1996: 127).

The discontinuation of the Bank funding, however, did not cease the dam construction. While criticisms of dam projects and the struggle by the affected villagers endure, the fate of the SSP continues to be determined by decisions of governmental agencies and the judiciary.[99] Wolfensohn, former Bank President,

[99] See Special Correspondent 2007; Staff Correspondent 2007; Menon 2006; Bavadam 2007. For details on the Supreme Court Judgement of 18 October 2000, adjudicating a Public Interest Litigation filed by the NBA; the January 2005 verdict of Supreme Court; and the human rights

during his visit to India in November 2000, was greeted with massive protests and demonstrations. Thousands of farmers, labourers and social activists marched upto the Bank's office in New Delhi, demanding to meet him, following reports that the Bank might consider taking up the project again,[100] seeking an end to all Banks funding in India from strategic sectors like power and water.[101]

Lessons from Sardar Sarovar (Narmada) Dam Projects

Views over the SSP are polarised and opinions sharply divided. The proponents regard it as 'the lifeline of Gujarat' (Morse and Berger 1992: 11), and the government justifies it by saying that the 'displaceable' people, primarily *adivasis*, are required to suffer for the 'good of India' (Peet 2003: 136). The opponents considered it as 'a human and environmental catastrophe' (Morse and Berger 1992: 11), and 'India's greatest planned human and environment disaster' (Wood 1993: 968). At the heart of the SSP controversy is the R&R policy that failed to make proper provision for the potential displaces. Supported by the NGOs, they took recourse to marches, protest demonstrations, sit-in dharnas and hunger strikes, confronting beatings and arrests by the police. The role of Bank as a funding agency internationalised the protests, spearheaded by the NBA as it became a participant in the campaign by international NGOs to reform the Bank to make it more accountable for implementing its own policies when financing development projects like big dams (Chaplin 1996: 71).

At the international level, the Government of India has endorsed a number of human rights that should be recognised, respected, protected and enforced, including right to life, right to freedom of movement and to choose one's residence, right to an adequate standard of living, food, clothing and housing. Though a number of these are protected by the Constitution of India, but there is no guaranteed compliance. These rights are directly relevant to the displacement of people consequential of big dam projects. In addition, civil and political rights

dimension of the judgement from domestic and international perspective see Cullet 2001[a]: 973-987; Cullet 2001[b]: 1503-1504; and Ramachandra 2006: 277-281.

[100] See Special Correspondent 2000[a]; Special Correspondent 2000[b]; Noronha 2000.

[101] See Staff correspondent 2004.

– the right to be informed about the displacement procedures and the freedom of expression – are at stake, liable to violation by the government and the multilateral development funding agency as they try to coerce people to move out from their homes. The failure of the SSP to respect even the basic rights of the people implies a conception of development that does not recognise human rights and is bound to be a complete failure at a basic human level, whether it successfully brings development benefits to the nation at large or not (Cullet 2000).

The World Bank Independent Evaluation Group recognised that the SSP operated in a complicated context. While the Bank had entered into financial arrangements with the Government of India, the responsibility of executing R&R rested with the states, under the Constitution of India.[102] The alternative of establishing a common authority in charge of R&R was never considered under the NWDT award. The Evaluation suggested:

> Investments in large dams need to be prepared thoroughly, appraised rigorously, and implemented effectively. The design and execution of these projects must be sensitive to social and environmental considerations. Their efficacy, efficiency, and sustainability depend on participation and institutional development to ensure effective operation... (World Bank Independent Evaluation Group, *Learning from Narmada*).

Therefore, an effective and acceptable approach would be the displaced persons deciding their adequate resettlement. The implementation of the project needs to be conditional on reaching a mutually agreeable resettlement plan devised on the basis of collective bargain between displaced persons and project authorities (Singh 1997: 5). It is essential that people who are threatened with displacement are enabled to defend their basic constitutional and human rights. And this is possible by importuning 'voluntary resettlement', where displacement is conditional on the informed consent of the concerned people (Singh 1997: 22).

Social considerations are an intrinsic part of technical evaluation and must feature in the dam optimization studies and cost-benefit analysis. This is evident

[102] The National Policy on R&R for Project Affected Families-2003 was adopted by the Ministry of Rural Development (Department of Land Resources), the Government of India, on 17 February 2004, available at <http://rural.nic.in/rrpolicy.doc>. An assessment of the Government Policy of R&R is available at <http://www.mcrg.ac.in/globalisation/3%20R%20&%20R%20policy.doc>

from the fact that significant trade-offs may be identified between dam height and the amount of population threatened to be displaced. In the physical layout, little increment in dam height and reservoir level can entail major increases in the number of people threatened to be submerged; conversely, little decreases may significantly reduce their number (Cernea 1988: 5). Altering the technical design to increase the feasibility of dams and making it less detrimental to human lives and livelihood was considered by B.D. Dhawan in the context of the SSP when he suggested that '...the problems of displacement of the people, which is now causing great anxiety in many quarters, can be substantially reduced in scale by adjusting the height of the proposed dams on the Narmada' (Dhawan 1990: 33).[103]

The SSP become a significant example of the Bank's inability to adapt to the global changes and the increasing social (and environmental) awareness (Chaplin 1996: 111). While negotiating loan agreement for the SSP, the Bank officials adopted the NWDT award instead of requiring the Indian project authorities to produce an in-depth socio-economic impact assessment or a project specific R&R policy, in line with the Bank's own policies and operational directives, before approving the funding request (Chaplin 1996: 112-113). Chaplin argues that the basic reason lay in the eagerness of the Bank's India department to get the project cleared, possibly reflective of the anxiety of the state governments to get the project underway. The Bank management seemed to have cleared the SSP because the Bank's operational staff report failed to inform them of the non-performance by Indian project authorities to develop resettlement policies in compliance with the Bank's standards (Chaplin 1996: 113-114).

The Bank certainly did not consult the affected people in any phase of the SSP. In Peet's words, 'the Bank's approval legitimised a project that had no input from the people whose homes were to be flooded' (Peet 2003: 136). The dam site, a hilly region, encompasses contiguous areas of all the three states, inhabited by tribal people engaged in a mixed economy, cultivating land and grazing animals in forests, collecting forest products and fishing. Parts of submergence area extends

[103] An alternative plan for the SSP, modifying the official design was suggested Paranjape and Joy 2006: 601-602.

to the Nimad plains in Madhya Pradesh, with most fertile land and irrigating arable agriculture forming the mainstay of the economy (Morse and Berger 1992: 4, 31). Though the Bank had in place the 1980 and 1982 policies on involuntary resettlement and indigenous peoples, it apprised neither of them in the loan agreement nor compelled the Government of India or the states to evolve their policies in tune with them.

Considerable confusion persisted regarding the applicability of the Bank Operational Manual on Indigenous People in the case of tribals in India, whether they could be considered 'indigenous people' in the Bank definition. This led to continued denial of the distinctive cultures of the tribal community in India and therefore, the neglect of special requirements of R&R. Morse and Berger, however, contend that the Hindi word – *adivasi* – literally means 'original dwellers' (Morse and Berger 1992: 62). Considering the Constitution of India, basic anthropological findings and the Bank criteria in Operational Manual Statements on Indigenous Peoples, Morse and Berger hold that 'a substantial proportion of those likely to be affected by the SSP are tribals and entitled to the benefit of special measures that will defend and secure their distinctive interests' (Morse and Berger 1992: 77-78). Hence, the failure on the part of the Bank to build into the credit and loan agreement the special requirements of the tribals indeed amounts to serious failure of compliance on its part.[104]

The Narmada experience had a far reaching influence on the Bank's understanding of the *modus operandi* of achieving development and infrastructural lending for big dam projects. A Management Response to the Independent Review Report, issued on 23 June 1992, while acceding to several flaws, proposed among other things the reviewing of resettlement performance throughout the Bank's portfolio along with strengthening staffing, skills mix and review process (Shihata 1994: 12). Though none of the recommendations and action proposals mentioned the creation of a permanent inspection body, the Bank established an independent appeals mechanism, the Inspection Panel, which

[104] The issue of tribal displacement in developmental projects such as dams is elaborated by Verghese 2006: 28-37.

allowed citizens, adversely affected by Bank-funded projects, to file complaints regarding the Bank's failure to comply with its own operational policies, procedures and loan agreements with respect to the design, appraisal and/or implementation of the project. Upon receipt of a formal request made by the affected parties, the Panel instigates a preliminary review by assessing the evidence. It can, however, only issue recommendations to the Board of Executive Directors, with whom the final decision rests. Since the Panel is not empowered to take direct remedial or punitive action, its effectiveness is questionable.

Bradlow draws attention to the role of the Panel in clarifying the Bank's obligation under its own Operational Policies and thereby raise awareness about procedural flaws that can be considered in future project design and implementation (Bradlow as quoted in Gunduz 2004: 32). Cullet argues that, the World Bank policies on resettlement (and environment) which are considered by the Panel, incorporate principles that are fundamentally in accordance with international human rights norms and laws (Cullet 2001[a]: 891).

However, the Panel suffers from several procedural weaknesses, which greatly undermine its ability to act as an effective last resort for human rights complaints. Shihata points out that only a group with a 'commonality of interests' may take recourse to the Panel. A group of individuals having different complaints from the same project are excluded. The Panel is mandated to refer only to the Bank's policy documents and human rights obligation arising thereof and not to any external obligation, virtually excluding the entire international human rights norms from its ambit. Since the Board of Executive Directors retains the ultimate decision-making power, the final evaluation of project funding also remains internal to the Bank (Shihata as quoted in Gunduz 2004: 32-33).

Over the years, the Inspection Panel has been approached in several cases to investigate the resettlement issue in the Bank-funded projects dam projects, the Itaparica Dam Project, the Yacyretá Hydroelectric Project, the Arun III Hydropower Project to cite a few. The Yacyretá Project on the border of Argentina and Paraguay bears particular resemblance to the SSP. The project has been under construction for over 20 years and if raised to its designed height, it will flood over 107,000 hectares of land and affect over 13,000 families. With regard to the Bank's operational policies, assessment of involuntary resettlement policies was adopted well after negotiations on the loan (Cullet 2001[a]: 982). In response to the first complaint made to the Inspection Panel, pointing out R&R shortcomings by the Bank as well as the Nepalese government, the Bank in August 1995, withdrew support from the Arun III hydropower project in Nepal. In the subsequent years, the Bank consciously stayed away from controversial dam projects., Despite being actively involved in preparing the project's feasibility studies, the Bank refused to fund the Three Gorges Project on Yangtze River in China in 1997 (Bosshard, Bull, Horta, Lawrence and Watch 2003: 5-6).

The World Commission on Dams (WCD)

As worldwide dam building accelerated, opposition to dams also became widespread, vocal and organised. In response to the increasing gap between the promised benefits and the pragmatic reality, in the backdrop of the increasing realisation of negative environmental and social outcomes experienced by large dams, the World Bank and the World Conservation Union (IUCN)[105] sponsored a workshop in Gland, Switzerland in April 1997, to discuss the controversial issues associated with large dams and the implications of the Bank funded dams. The Gland workshop brought together 39 participants representing governments, the private sector, international financial institutions, civil society organizations and affected people in a common forum that set in motion the formation of the WCD.

All parties involved in the dam debate carry their baggage of views and justifications. The perceived need for the proponents and opponents of the dam projects to negotiate a new, agreed basis for assessing options and for planning, deciding, implementing and operating them created the conditions for setting up the WCD. In addition, the 1992 Morse and Berger Report, the 1994 Manibeli

[105] The International Union for the Conservation of Nature and Natural Resources (IUCN) is called the World Conservation Union since 1990. Founded in October 1948, it is a global partnership of 83 States, 110 government agencies, more than 800 non-governmental organizations (NGOs). See the official website <http://www.iucn.org/>

Declaration[106] and the 1996 report of the World Bank Operations Evaluation Department provided a context germane to the establishment of the WCD, which was formally announced in February 1998, under the chairmanship of Kader Asmal (the then South African Minister of Water Affairs and Forestry and later Minister of Education). Constituting of 12 members, it began functioning from May 1998. The Gland workshop identified the objectives of the Commission thus:

a) to review the development effectiveness of large dams and assess alternatives for water resources and energy development
b) to develop internationally acceptable criteria, guidelines and standards for the planning, design, appraisal, construction, operation, monitoring and decommissioning of dams (WCD Report 2000: 26-28).

The WCD used both qualitative and qualitative methods for objective evaluation and released its report *Dams and Development: A New Framework for Decision-Making*, in November 2000.[107] It accepted the significant contributions of dams to human development, but pointed out that in many cases 'an unacceptable and often unnecessary price' has been paid to secure the benefits from dams, particularly in social terms by displaced people It also highlighted that despite large capital investment, substantial evaluation of completed projects of large dams are 'few in number, narrow in scope, poorly integrated across impact categories and scales, and inadequately linked to decisions on operation (WCD Report 2000: xxviii-xxxi).

Locating the dams in the broader debate between development and human rights, the WCD built a framework based on international recognition of human rights norms – the UDHR and related covenants – and the third generation of human rights – the right to development and the right to a healthy environment. Applying a series of core values – equity, efficiency, participatory decision

[106] The Manibeli Declaration signed in June 1994 by 326 activist groups and NGO coalition from 44 countries, called for, among other things, a moratorium on World Bank funded large dams until a comprehensive, independent review of all Bank-funded dam projects had been conducted. *Manibeli Declaration: Calling for a Moratorium on World Bank Funding of Large Dams*, is available at <http://www.rivernet.org/manibeli.htm>

[107] It was based on case studies of eight large dams on four continents; two country review studies (India and China); a cross-check survey of 125 large dams located in 52 countries across the globe; 17 thematic review; four regional consultations; and over 900 submissions from interested individuals, groups and institution.

making, sustainability and accountability – as the fundamental criteria of decision, the WCD developed seven strategic priorities and policy principles for making key decisions in the various stages of project cycle.[108] In order to address the reparation issues, the WCD recommended the government to 'appoint an independent committee with the participation of legal experts, the dam owner, affected-people and other stakeholders' in order to develop criteria for assessing meritorious claims and enable joint negotiations for developing mutually agreed and legally enforceable reparation provision (WCD Report 2000: 229).

The WCD Report adopts a 'rights and risks' approach, based on 'recognition of rights' and 'assessment of risks', to populations affected by dam projects and recommends participation by them at every stage of decision-making.[109] 'Those whose rights are most affected or whose entitlements are most threatened, have the greatest stake in the decision that are taken. The same applies to risks: those groups facing the greatest stake in the decision...and, therefore, must have a corresponding place at the negotiating table'. The Report also recognises the importance of ensuring 'decision-making based on transparent processes, full access for affected parties to relevant information, identification and empowerment of key stakeholders, and their adequate participation in decision-making process' (WCD Report 2000: 209).

For the bilateral aid agencies and multilateral development banks, the WCD Report included certain special proposals:[110] respecting the Commission's guidelines, developing programmes to help countries, especially those with a significant existing or potential dam population; ensuring that funds are made available only for dam that emerge from an agreed process of ranking alternative; accelerating the shift from project to sector-based finance; reviewing the past projects to identify the ones that are under-performed or present unresolved issues

[108] WCD's seven strategic priorities are: gaining public acceptance; comprehensive options assessment; addressing existing dams; sustaining rivers and livelihoods; recognising entitlements and sharing benefits; ensuring compliance; and sharing rivers for peace, development and security. For details see WCD Report 2000: 213-307.
[109] For details on what constitute the 'rights' and the 'risks' see WCD Report 2000: 206-208.
[110] Apart from bilateral aid agencies and multilateral development banks, the WCD Report also makes specific proposals for: national governments and line ministries; civil society organizations; the private sector; export credit agencies; inter-governmental organization; professional associations; and academic and research bodies. For details see WCD Report 2000: 309-320.

and share in addressing the financial burden of such projects; and reviewing internal processes and operational policies in relation to the Commission's recommendations to determine changes needed in the selection, appraisal, implementation, monitoring and evaluation of projects (WCD Report 2000: 316).

In response to the WCD Report's direction to the bilateral aid agencies and multilateral development banks 'to formulate a response to the Commission's report and find ways to implement its recommendations' (WCD Report 2000: 315), the Bank asserted its concurrence with the WCD core values and the need to promote the seven strategic priorities.[111] Having paid particular attention to the sections which are relevant for its operational policies, especially with regard to project preparation and consultation process, involuntary resettlement and indigenous peoples, the Bank extended its resolve to work with the government in applying the relevant guidelines in a practical, efficient and timely manner.

The WCD reports kicked off a row of contradictory reactions in India.[112] It was branded 'anti-dam' by officials in the Ministry of Water Resources and its guidelines were described as 'unrealistic' (Bandyopadhyay, Mallik, Mandal and Perveen 2002: 4111). Parasuraman and Sengupta are of the view that the WCD Report, based on intensive consultative process, was impartial and provided informed basis for continued dialogue involving all stakeholders and that its recommendations are a unique and progressive contribution to the existing body of national and international policy, guidelines and legislation relevant to large dams (Parasuraman and Sengupta 2001: 1881, 1891). On the contrary, Navalawala asserted that the WCD conclusions were based on the report and submission of the NGOs who have their limited and sometimes 'skewed' perceptions on the subject. He alleged that the Commission's data base were not only inaccurate and inconsistent, but also lacked objectivity, weakening the very foundation of their conclusions (Navalawala 2001: 1009-1010).

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[111] The World Bank Position on the Report of the World Commission on Dams is available at: <http://web.worldbank.org/servlets/ECR?contentMDK=20424179&sitePK=336487>

[112] Since the WCD Report was published, arguments both in favour of and against it have multiplies. For details see Bandyopadhyay, Mallik, Mandal and Perveen 2002: 4111-4112; Sengupta 2001: 1647-1649; Black 2001: A80-A82; Navalawala 2001: 1008-1010; Parasuraman and Sengupta 2001: 1881-1891

Recently, the Bank has decided to resume investment in large dam projects in India, approving a loan for the construction of a dam on the Sutlej River in northern India and considering support for the Omkareshwar dam on the Narmada River, which threatens to displace 50,000 people. In its Water Resources Sector Strategy, the Bank has officially endorsed its re-engagement 'with high-reward-high-risk hydraulic infrastructure' (World Bank 2004: 3), avoiding the use of 'dam' (Bosshard, Bull, Horta, Lawrence and Watch 2003: 7). The Strategy admits to the rush of building major infrastructure without assessing different options for meeting human needs, resulting in construction of economically and socially disastrous dams that paid little attention to poor people. Some of the Bank's greatest and most publicised failures have involved the financing of dams 'that were planned and built without sufficient attention to social and environmental consequence'. Yet it claims that 'thinking and practice have dramatically changed' (World Bank 2004: 8). This seems debatable considering that the Strategy, without identifying the groups that would be exposed to risks and mechanisms to reward them, only makes a general statement of respect for 'the objectives of the safeguard and other operational policies' (World Bank 2004: 48).

Assessment and Conclusions

Big dam projects have traditionally served as the most attractive and lucrative development choice. Essentially, large dams are not abstract phenomenon but are a part of the developmental process that has come to prevail, described by Iyer as 'demand-based, demand-multiplying, technology-driven, 'growth'-oriented development that is relentlessly marching forward...', signifying 'an exaltation of demand, an exaltation of technology and the acceptance of growth as an article of faith' (Iyer 1990: 63, 97). Lending for projects serving such development goals has been the prevalent practice of national governments and the bilateral and multilateral aid agencies and development Banks. Project planning and appraisal have almost always confined to technical parameters and application of narrow economic cost-benefit analysis. Consideration of social (and environmental) aspect played a marginal role in project selection and their impact assessment was left outside the project appraisal and evaluation framework. Hence, Hirschman's observes that all projects are 'problem-ridden' (Hirschman 1967: 1).

Grave injustice towards certain sections of the population and their social dislocation has become an intrinsic feature of all development projects. 'Much of the history of Western economic development', avows Rich, 'has also been the history of the production of huge masses of superfluous people – the creation of a new class of poor, uprooted from every traditional link to the land and the local community' (Rich 199: 155). Scudder calls them 'development refugees', a disproportionate number of whom are the marginalised peoples, indigenous and tribal groups, the landless and the homeless, who are increasingly left out of the race to development (Scudder as quoted in Rich 1994: 156), and forced to endure 'relocation-induced social breakdown' (Scudder as quoted in Rich 1994: 15).

The global concern about large dams embraces a range of social, environmental and political choices on which the human aspiration to development and improved well-being depend. 'At the heart of the dams' debate are issues of equity, governance, justice and power – issues that underlie the many intractable problems faced by humanity' (Report of the WCD 2000: xxvii-xxviii). Big dams especially have serious impacts on the lives, livelihood, cultures and spiritual existence of indigenous and tribal peoples. Owing to lack of capacity to secure justice because of structural inequalities, cultural dissonance, discrimination and economic and political marginalisation, they have suffered disproportionately from the negative impacts of large dams, while often being excluded from sharing in the benefits (Report of the WCD 2000: 110).

Involuntary displacement and inadequate R&R that often accompany big dam projects have repeatedly resulted in the marginalisation and pauperisation of sections of people. Cernea identifies eight processes in development-induced displacement that converged to cumulatively produce impoverishment – landlessness; joblessness; homelessness; marginalisation; increased morbidity and mortality; food insecurity; loss of access to common property; and social dislocation – to which Horgan adds a ninth risk, 'failure to implement' (Horgan

1999: 25, 28). Still R&R are dealt with in a random, ambiguous and ad-hoc manner, as a low priority side-effect of major infrastructural works. The absence of definite and coherent objectives, consistent procedures, adequate resources and poor implementation has resulted in serious adverse effects on people relocated. Such 'destructive development' (Engineer 1990: 155) faces stiff confrontation from a wide assortment of social activists, intellectuals, environmentalists and human rights groups, with increasing support from project affected persons, increasingly pressurising the international development agencies to recognise 'universal' human rights when they engage in 'development projects, which affect the basic interest of particular people and groups' (Paul 1988: 67).[113]

For the Bank, the obligation to enforce its resettlement policy stems from the heart of the institution's proclaimed development mission of assisting the poor (Rich 1994: 156). By funding such 'development disasters' (Bosshard, Bull, Horta, Lawrence and Watch 2003: 1), the Bank is not only betraying its stated objective of eradicating poverty but also causing blatant violation of human rights. Until the 1970s and 1980s, the Bank treated the social (and environmental impacts) as 'inevitable 'side effects' (World Bank Operations Evaluation Department 1996) of such developmental dam projects. Later, the Bank developed a detailed policy designed to ensure successful resettlement and consideration of the indigenous peoples, but that provides hardly any assurance that they are adequate and would be sincerely implemented (Goldsmith and Hildyard 1984: 40-41). The Bank has repeatedly demonstrated its incapability to apply the policy and its related operational procedures with adequate rigour and consistency in its projects, leaving many serious issues relating to the resettlement policies, laws and practices unresolved, amply evident form the SSP case study. 'Specific procedures established precisely for handling resettlement have sometimes been bypassed by Bank staff or borrowing agencies' (Cernea 1988: 33).

Cost-benefit analysis has been the preferred method for project selection, applied at the expense of social equity, justice, human rights and environmental conditionalities. But the pertinent question arises – whose cost and whose benefit?

[113] For elaboration on this see Paul 1988: 67-120.

People are engaged as beneficiaries, producers, consumers and also as victims by development projects. While some projects are clearly people oriented, others, especially those that provide infrastructure are less so, evident from the big dam projects. The 'human cost' of development cannot be dealt with in a technical manner but must necessarily refer to the fundamental rights of people whose lives and livelihood is threatened by development projects (Cullet 2001[a]: 986). Therefore, current gaps can be merged with an interdisciplinary approach to the selection criteria of the projects and mobilise adequate local sociological skills (besides technical and economic) for the assessment, investigations, planning and implementation of effective resettlement programmes (Cernea 1988: 10).

Though the best way of guaranteeing sustainable livelihood appears to be the direct provision of land as compensation, the non-availability of suitable land constitutes the pivotal dilemma. The main alternative seems to be employment-based compensation through wage employment in the public sector. This however, fails to give adequate attention to the quality of life that is threatened by the resettlement policy, such as family ties and community participation.

Meaningful participation of affected people in the planning and implementation of dam projects, including R&R, has been either nil or scant. On the contrary, involuntary, coercive, traumatic and delayed relocation, along with denial of development opportunities has characterised the resettlement process. Relocation programmes have predominantly focussed on the process of physical relocation rather than on the economic and social development of the displaced thereby aggravating their already worse status (WCD Report 2000: 106-108). Hence, participation of affected groups in large dam projects is imperative. Though arguments in favour of the feasibility of participation in micro-arenas – small-scale projects, local cooperatives, in specific sector of water/dam policy are desirable and accepted,[114] participatory decision-making in macro arenas of development – national or sectoral policy or large-scale projects – is largely ignored as impractical and implausible.

[114] Goulet corroborates the viability of macro-participation through Brazil's experiences in diverse social arenas particularly in the wake of dam conflicts see Goulet 2005: 885-907.

In the background of the basic guidelines and procedures formulated by the Bank, Cernea suggests the necessity of early screening of development projects to asses their hidden potential to trigger involuntary resettlement (Cernea 1988: 3). Involuntary resettlement policy, according to him rests on basic principles related to – government responsibility, resettler rights and participation, protection of the interests of the host populations and a clear definition of the objective of resettlement – which must be embodied in the resettlement action plan, adequately financed and intrinsically coordinated with the implementation of the project's infrastructural components that cause resettlement (Cernea 1988: 13).

Cernea advances a 'development-oriented approach' to resettlement where he assert that resettlement can be advanced 'as a multisided opportunity for the reconstruction of systems of production and human settlement that would represent a development in the standard of life of those affected, as well as in the regional economy of which they are a part' (Cernea 1988: 19). The measures in this regard are required to be clarified between the Bank and the borrowers before and during the negotiation for the project and its financing loan. The backbone of the resettlement plan – the 'development package' – must offer sufficient opportunities and resources for the economic and social re-establishment of the displaced people as self-sustaining producers or wage earners (Cernea 1988: 21-22).[115] A set of operational procedures relevant to the resettlement policy is required to be designed and prescribed for all Bank-assisted projects with components that ensure the translation of the policy provisions onto substantive project realities, applicable in every stage of the project cycle (Cernea 1988: 33).

At the project identification stage, the potential scale of displacement; the size of the affected population and required R&R must be ascertained along with the relocation component and development strategy. Preparation of the resettlement operation (which is the borrower's responsibility) should begin concurrently with the preparation of the other components of the main project. At the project preparation stage, the actual feasibility of resettlement is intricately

[115] For details on the basic strategies of the 'development package' – land-bases and non-land based; compensation; habitat; social organization of resettlers and environment management – see Cernea 1988: 22-31.

explored and the phase of the actual generation of the resettlement plan is demonstrated. At this stage, the affected populations are required to be informed, consulted and involved – either directly, or through their formal and informal leaders, representatives and NGOs – with respect to the various alternatives being considered for resettlement (Cernea 1998: 34-37). Project appraisal should begin only after the borrower has developed the resettlement plan, in accordance with the national policies, the international standards and the Bank parameters.

It is pertinent to note that the various stages of a project cycle take place against a constantly shifting background of political, social and economic change (Baum and Tolbert 1985: 3334-335). Each project represents a unique constellation of experience and consequences of direct and indirect effects. This is the result of the varied interplay between the structural characteristics of project and the social and political environment (Hirschman 1967: 186). Therefore, a project that contravenes or is oblivious of traditions, values and social organization of the intended beneficiaries or has objectives that are far removed from their everyday concern has meagre chance of survival and success. Social analysis is expected to consider the suitability of the proposed project to the targeted population and to bridge the gap between the two. Hence, apart from technical, financial and economical analysis, social impact assessment is imperative and should take place along other dimensions of project analysis, beginning at the onset of project identification and continuing through each stage of the project cycle (Baum and Tolbert 1985: 473).[116]

At the stage of loan negotiation the borrower must satisfy the Bank that the plan for R&R is fully workable and accepted as an integral part of the borrower's obligation to carry out the project. The loan agreement should include guidelines on pragmatic R&R policies, like the exact mechanics of compensation, the time frame etc. The actual resettlement depends on the quality of implementation. An adequate policy, good planning and project design, can be frustrated by unsatisfactory and inconsistent implementation. Hence, regular and effective

[116] For a detailed discussion on the elements of social analysis see Baum and Tolbert 1985: 474-484.

supervision and monitoring are imperative and should provide a channel for the resettlers to make known their needs and their reactions to resettlement execution (Cernea 1998: 37-43). Phased financial disbursements, conditional on the progress of the R&R, are wise. Project appraisal at various stages of the implementation should be undertaken by the Bank to detect any lapses in the proper adherence to the agreed upon magnitude and strategy of relocation. Funds could be withheld, and in extreme cases discontinued, in case on major lapses on part of the borrower in addressing relocation issues. The Bank can be allowed some punitive actions or specific sanctions that could be levied on the borrower country if the resettlement process in not adequately addressed and implemented.[117] The Bank must ensure that all the details of its Operational Policies are adhered to and evaluations, by external sources as well, are also carried out during every stage of the project.

Cernea's 'development-oriented approach' was also echoed in the World Bank Operations Evaluation Department 2000, which enjoins that 'resettlement must not be seen as an inconvenient add-on, but as integral to the project...a development opportunity rather than a burdensome obligation' (World Bank Operations Evaluation Department 2000). However, the OED assertion that, 'if countries do not have both the capacity and the commitment to handle involuntary resettlement well, they should not embark on a large dam project' (World Bank Operations Evaluation Department 2000) seems to place the entire onus of resettlement related activities on the borrowing government. Though it is well understood that R&R is primarily the borrowing government's responsibility, the Bank also has crucial obligations of ascertaining that the projects its funds are socially sound and does not inflict human rights violations. The demand of fairness and equity is not only compensation but also improving incomes to bring the displaced into the developmental process to community and individual advantage (World Bank Operations Evaluation Department 2000).

This should be read in unison with the assertion in the WCD Report that the debate about dams is a debate about the very meaning, purpose and pathways

[117] These suggestions have largely developed on the basis of the recommendation put forward in Thomas 2002: 339-349.

for achieving development. Dams are not an end in themselves; rather they are means to an end, which is the sustainable improvement of human welfare (WCD Report 2000: 2). 'A rights based approach', asserted the WCD Report, 'provides a principled basis for mediating development choices among competing interests' (WCD Report 2000: 200) and 'can lay the basis for greatly improved and significantly more legitimate decision making' on dams as promoting development or causing human rights violations (WCD Report 2000: 210). Hence, the mainstreaming of social policies in the Bank's operations is urgently solicited.

It is argued that the suspension of loans for development projects on the ground of human rights violations might jeopardise the growth of the national economy and halt the progress of the potential beneficiaries from that projects. However, all development projects that promise to improve the realisation of human rights among the general population, but simultaneously have adverse human rights consequence for a subset of the population, are not necessarily prohibited on application of human rights law. Mcbeth suggests the incorporation of explicit references to international human rights norms and legal instruments in the Bank safeguard policy system to enable a cohesive human rights framework which could be referred to while addressing social concerns within its development projects. Additional safeguard policies are needed to cover relevant human rights issues that are currently not addressed (Mcbeth 2006: 397).

Evidently, there has been substantial advance and sophistication in project analysis and a shift away from an almost exclusive dependence on engineering and financial expertise. Concentration of lending in infrastructural projects based on a narrower perception of the development process gave way to enlargement of both the concept of 'project' as well as the activities of the Bank. Its advice is widely sought in the early stages of the project, in identification and preparation, while techniques of project appraisal, supervision and evaluation have been remodelled to suit the changing demands of development process in various borrowing countries, perceptible in the numerous Operational Policies and Bank Procedures. But, the Bank cannot be celebrated as having an impressive record in applying its own techniques of project appraisal, the international standards being a far cry. Until recently the Bank had not paid adequate attention to environmental aspects of its lending, entirely oblivious to social and human repercussions. Numerous Bank-funded infrastructural projects have revealed glaring omissions and commissions resulting in massive human costs and violations of human rights.

Equitable R&R must not be regarded as benevolence on the part of either the Bank or the borrower country; it is an internationally recognised fundamental right. Considered as a necessary companion of dam projects, involuntary resettlement has pertinent human rights issues at its core. The explicit relationship between involuntary displacement and human rights arise in the context of potential and actual infringement by the big dam projects of various accepted human rights such as right to life, freedom of movement, the freedom to choose one's residence and the right to an adequate standard of living including food, clothing and housing. The fundamental benefits of any project cannot be weighed against human rights; human rights of project-affected people are absolute rights like the human rights of all other individuals and groups on earth.

The construction of dam is essentially contextualised in development projects. The crucial aspect is to link displacement with development to assess their interconnections in terms of development-induced human rights violations. This is to recognise the fact that often the segment of population who are 'developed' by the construction of dam is different from the segment that is 'displaced' by it (Bharati and Rao 1999: 1374). Therefore the opposition to dams is rooted in the human issue of involuntary displacement and has not evolved into a complex issue of rights, laws, national and international obligation, perceived as hostile to the surge towards development. But the argument essentially is not to endorse one at the cost of the other, rather to make the two paradigms sensitive to each other, more akin to rights-based development. It is not that dams as tools of development are intrinsically violative of human rights. The assertion is rather that continued negligence on the part of state authorities and funding agencies of the problems of involuntary displacement, inadequate R&R, absence of the opportunity of the affected community to choose among options and to participate in decision-making regarding their lives make dams as development options undesirable. The debate is very much regarding 'socially acceptable technological options' for development, the choice of the exact type and scale being 'guided by a process better informed of their social, economic and ecological impacts' (Bandyopadhyay, Mallik, Mandal and Perveen 2002: 4110-4111).

Though it is evident that the Bank has evolved in terms of its mandate, understanding of development and expanded its connotation of projects, it has clearly not changed in terms of its traditional infrastructural lending. The Bank's safeguard policies are insufficient and altogether lacking in many critical areas. It does not have a human rights policy despite their violations often accompanying dam projects, nor does it have any broad based social policy. Its policies on resettlement and indigenous peoples have no mention of human rights despite them being very pertinent human rights concerns, neither do they guarantee any of the internationally upheld basic human rights. Even adherence and compliance with the existing policies are ambiguous and fragile.

Despite the ILO criteria, the Independent Review, the WCD Report and numerous other international instruments, the Bank suffers from human rights deficiency. As an international multilateral development organization and a specialised UN agency, the Bank has not even been able to properly 'respect' human rights, while 'protection' and 'fulfilment' have already been kept out of its ambit. Even in face of blatant human rights violations arising out of its activities and its explicit involvement in the processes of development that have minimal human rights respect, the Bank has been reluctant and negligent regarding its human rights obligations. It has been amply established in the previous chapter that while lending for projects the Bank must ensure that they do not violate and deteriorate the existing levels of human rights. The Bank has failed to develop adequate policies in cooperation with national governments in order to maintain their international obligations to human rights. The palpable linkages between human rights, development, dam projects and displacement and R&R arising out of big dams do not seem so obvious for the Bank. This calls to question its legitimacy, adaptability, efficacy and endurance particularly in the international context, which is beyond any doubt, witnessing a protracted human rights crusade.

CHAPTER V

CONCLUSION

A discussion of the interface of the work of the World Bank and the human rights discourse brings to light certain urgent questions. In this concluding chapter, some of the issues relating to the important areas of concern are examined.

Should international organizations adhere to their creators' intentions or should they progressively reinterpret their mandate and functions in the context of changing demands and expectations?

In the context of international organizations in general, Inis Claude remarked that though the founding fathers can state the purposes of an organization, they cannot control the course of their evolution. Organizations change, not along lines rigidly set by their creators and mandated in their constitutional document, but in response to a dynamic process that combines the propulsive and directive impulses of the international context. Since an organization is a functional response to the complexities and necessities of a particular historical context, the probabilities of its development cannot be limited by the original characteristics impressed upon it, but rather derive from the contingencies of contemporary international trends. Claude's prescription is, 'One ought not to take too literally the formally stated purposes of any political institution' (Claude 1956: 6-7). The Bank, being an intergovernmental organization cannot remain confined to its Articles that was an outcome of the post-Second World War, but has to progressively justify its endurance in the changed international circumstances.

How has the Bank responded to the dynamic international context in terms of the changing conception of development?

The question of relevance of an organization is intricately associated with the extent and nature of its change in response to the changing international context. The primary rationale for change emanates from the requirements of legitimacy and survival. The Bank, at the close of its six-decade existence seems to be facing legitimacy deficit and survival crisis, evident in the rising criticisms and protests that are attracted by its activities and meetings. Increasingly the Bank is being called upon to operate in an international setting that hardly bears any resemblance to the historical context that gave birth to it. In order to avoid becoming redundant, the Bank has to continuously evolve in correspondence with the changes in the international sphere to justify its endurance in drastically changed circumstances. The historical contextualisation of the Bank has to be sociologically informed in order to make intelligible its evolution process.

Undoubtedly the biggest development-promoting organization, the Bank's evolution is indispensably anchored in the changing notion of development. The historical analysis of the origins and growth of the Bank in the backdrop of the changing conception of the development discourse detailed in Chapter II portrays that the Bank has progressively responded to the dominant understanding of development. It has dynamically interpreted its Articles and expanded its mandate to increase its operations beyond strict economic areas. From an almost unflinching commitment to the 'trickle-down theory of economic growth', the Bank shifted to 'redistribution with growth', meeting 'basic human needs', and to an overall macroeconomic approach encapsulated in, 'policy-based-lending', which subsumes lending for 'structural adjustment' and 'sectoral adjustment'. Lending was forked to include poverty alleviation, social welfare, health and educational overheads to name a few. However, the evolving paradigm of human rights increasingly drags the Bank into debate regarding minimal consideration of human rights in its lending operations and causing violations of human rights due to its activities.

How has the concept of human rights developed to become one of the pivotal concerns of all international actors?

A general understanding of the idea of human rights and the trends that marked the process of its ascendancy are explicated in Chapter III. The noteworthy feature is the global dimension of human rights concerns that influences almost every sphere and actor of international relations. Though states continue to be the main players in the international arena, but the increasingly globalised world witnesses the waning of the traditional notion of state sovereignty and the surge of collective concerns that engulf all nations alike, beyond specific state boundaries. Human rights have been largely accepted as 'universal' and 'inalienable', primarily due to the normative standards established by the UN and its organs through various declarations, covenants, conventions, treaties and resolutions, supported by regional arrangement, civil society and NGO activism. An interesting trend has been the gradual integration of the hitherto exclusive groups of civil and political rights and the economic, social and cultural rights and the recognition of their interdependence and mutual reinforcement.

How have growing human rights concerns redefined the concept of development in contemporary times?

The development discourse, traditionally considered discrete from human rights, did not remain untouched by the burgeoning rights concerns. As economic growth failed to percolate and promote development, the customary viewing of development as increase in GNP began loosing support. The colonised non-western states, relative latecomers in the development race, upon gaining independence began swelling the membership of international organizations, including the UN and the Bank, marking an evident change in development orientation. Emphasis shifted, on development beyond the mere increase in GNP, and on human rights accentuating economic and social rights. Premised on the theoretical ground, consolidated by Amartya Sen and Mahbub-ul-Haq, the rights-based approach to development strove to integrate the two discourses by making the development process sensitive to human rights, practically incarnated in the notion of 'right to development'.

How has the Bank responded to the mounting demands of accommodating human rights within its developmental policies?

The Bank's development practices cannot ignore human rights, especially as the norms and standards of human rights are being internationally recognised as intrinsic to any development activity. In its initial years, the Bank was practically oblivious to any reference to human rights, channelling its entire resources for growth-led development. This stemmed from the strict separation of 'economic' and 'political'. While development was identified as an economic process, human rights were defined as political in nature, consideration of which was prohibited by its Articles. This separation, however, began to weaken with the vaporisation of the water-tight boundary between economic and political and the intermeshing of political and economic rights. Moreover, political and human rights aspects were frequently perceived as producing economic repercussions. Hence, these non-economic criteria, indirectly constituting factors determining creditworthiness of a country, are crucial to be considered by the Bank. In addition, international law recognises human rights as concerns equally applicable to all states, without violating their sovereignty. Being a specialised agency of the UN, the Bank derives clear responsibility to adhere to the UN human rights instruments and also to respect all other international human rights documents that its member states might have ratified.

The Bank defended itself by maintaining that political and civil rights were outside its mandate. Despite it not being party to any human rights instruments, the expansion in its purposes and operational scope to include non-economic lending were representative of its human rights efforts, vocally expressed in *Development and Human Rights: The Role of the World Bank* (1998). The 'good governance' and 'participatory' approaches were portrayed as positive steps towards engaging with human rights. The OED/IEG and the Inspection Panel were posited as instruments of social assessment, and the Operational Manual and Safeguard Policies on involuntary resettlement and indigenous peoples were considered as analogous to human rights policy. This depicts a paradox: the legal restrictions on addressing human rights by the Bank's Articles, but its functional innovation in accommodating them.

The above assertions made by the Bank appeared farcical owing to its continued lending for infrastructural development projects and structural adjustment programs accompanied by overt encroachment of the international human rights standards, rendering doubtful the Bank's interaction with the human rights discourse. The conventional Bank activity of project lending not only persists but flourishes on the pretext that it brings immediate development to a state within a specific period of time, however, at the cost of ignoring their human rights repercussions. Nonetheless, increasing international attention and NGO activism are calling into question the rationale and efficacy of such ventures.

What is the Bank's modus operandi for lending for development projects?

The primary instrument of promoting the Bank's conception of development, arising from economic growth and increased GNP, was through lending for infrastructural projects, derived from the Articles. Chapter IV takes account of the project lending activity of the Bank, especially with regard to dig dams, though it's lending includes other areas such as transport and communications. The Bank has an institutionalised mechanism, project cycle – Identification, Preparation, Appraisal, Implementation and Evaluation – through which all proposals for projects are required to pass. The Bank is practically engaged in all the five stages of the project cycle. Initially only economic and financial concerns informed the Bank's project cycle, which has gradually evolved to incorporate environmental factors and to a marginal extent social aspects. Human rights however, continue to remain absent from all the stages of the project cycle. All Bank loans are governed by the Operational Manual, which ensures that Bank-financed operations are economically, financially, socially, and environmentally sound; and the Safeguard Policy, which helps to prevent unintended adverse effects on people and environment. Despite this, the Bank funded big dam projects appear to be devoid of human rights sensitivity.

Whether funding the big dam projects by the Bank actually promotes development or results in human rights violations?

The Bank's funding for big dam projects constitutes an overwhelming portion of its total investments in development projects. It has been a principal agency to fund worldwide construction of dams, with potential multidimensional benefits: electric power; irrigation, domestic and industrial consumption; flood and drought control; food production; local employment etc apart from being a symbol of national progress and pride. However, dam projects are also sites for major social conflicts and contending views on development because of their adverse effects on people, river basins and ecosystems. From the human rights perspective, the massive involuntary and coercive displacement of people without sufficient and timely R&R constitutes the most traumatic repercussions. This is aggravated by the fact that most of the social consequences and human rights infringements resulting from the Bank's lending take place in remote rural areas, where the people at the receiving end are often poor, illiterate, voiceless and powerless, even in their own national societies. Though bearing the brunt, the indigenous people, are accrued no benefits from such projects.

A bird's eye view of a selected list of Bank-funded dam projects point to extensive displacement and neglect of R&R. There are many international instruments in place that provide guidelines and policy recommendations on R&R, the ILO Convention 107, for example. The Bank also has Operational Manual Statement, Operational Directives, Operational Policies and Bank Procedure on involuntary resettlement and indigenous peoples, representing a 'rights-based approach'. But this does not automatically indicate their implementation, which in actual application is far from consistent. Insufficient as they are, these apparatuses are seldom strictly adhered to while negotiating on loans as well as during appraisal and supervision of the project. This becomes evident from the SSP case study.

How far has the Bank adhered to its own operational policies and directives that it had put in place while considering loan requests for dam projects?

The case study of the SSP bears testimony to the fact that not only does the Bank persistently fund projects that are disastrous from a human rights perspective, but it also fails to take its own policies and directives into account while assessing such lending proposals. While the decision-making stage lacks participation from the affected communities, the implementation stage is marked by inadequate and post-dated R&R and compensation. The Bank exerted almost no pressure on the Government of India to comply with its existing policies on involuntary resettlement or indigenous peoples nor did it ascertain that sufficient and effective R&R polices were in place before granting loans. In fact, gross miscalculations marked the SSP, which later opened a Pandora's Box of problems. Massive opposition by the NGOs in support of the affected people led to the first ever Independent Review commissioned by the Bank. Though the Bank eventually withdrew from the SSP, it relegated the recommendations of the Independent Review to cold storage. The pragmatic proposals of the WCD Report were also administered similar treatment. Instead the Bank announced revival of lending for dam projects in the *Water Resources Sector Strategy: Strategic Directions for World Bank Engagement* and in the context of India reconsiders funding the other dams of the Narmada Valley Project.

How do the available organizational theories explain the evolution and adaptation in the World Bank?

The present study is closer to Knight's critical approach that emphasises the importance of analysing the nexus between evolving global order and changes in international organization, instead of uncritically accepting the existing configuration of states and the original mandate of the international institutions. It identifies traits from both rationalist and reflectivist approaches enunciated by Knight while examining the Bank's response to human rights. Employing the rationalist approach, the Bank's evolution is viewed in terms of the individual personalities of the Bank Presidents who took reign of the institution and the exogenous concerns of the changing international environment that redefined development from a human rights perspective. At the same time, based on the reflectivist approach, the Bank's origin and growth are historically contextualised and the breadth and diversity of its work are sociologically comprehended.

The Bank's overall evolution process conforms to Haas's problem redefinition. In 1945, the Bank faced the problem of rebuilding war ravaged Europe. By 1955 the problem was how to most effectively spur industrial growth in the developing countries, which by 1975, had become the elimination of poverty (Haas 1993: 3). Haas describes the first two decades of the Bank's evolution as incremental growth, devoid of any substantial changes in operation or problem redefinition as commitment to trickle down theory confined investments to specific infrastructural projects. With McNamara, the Bank witnessed extensive changes in problem definition suggesting a learning model of managed interdependence as new and more elaborate institutional practices developed. These shifts were possible, according to him, only because the dominant coalition changed very slightly, which was consistent with its interests of supporting economic development (Haas 1993: 142-145).

Applying Haas's model to the Bank's evolution vis-à-vis human rights, it appears that the Bank has simply added new tasks to the existing ones, without seeking to justify human rights as a means towards its broader goals of development. The various initiatives that the Bank identifies as promoting human rights are definitely not the result of a systematic pattern of subsuming new means under new ends, legitimised by a new theory of rights-based development. While in the international realm, development and human rights became increasingly interdependent and mutually reinforcing, the Bank failed to be informed by issue linkages, relating human rights to its larger development goals. Therefore, in terms of human rights, the Bank remains far from Haas's 'learning' model. Rather, in the initial years, the Bank demonstrated turbulent non-growth, gradually giving way to an incremental growth model of adaptation, where piecemeal human rights arrangements were arrived at from time to time, mostly to quell rising dissent.

While change is consistent in the Bank, its core philosophy and beliefs have persisted. The Bank has never systematically accounted for or accommodated human rights concerns. The redefinition and broadening objectives were never fully institutionalised. The basic human needs approach did not result in an end to, or an adaptation of, lending for infrastructural projects. The commitment to human rights professed by the Bank is meagre and fails to impress a marked integration of human rights into its understanding of development. Both problem redefinition with regard to human rights and institutionalisation remain incomplete.

Conceived primarily as a financial institution, funding initially for reconstruction and then for development, practically no human rights role was envisaged by the founding fathers of the Bank. The Articles have absolutely no mention of human rights: no human rights concerns were prescribed for its lending policies, nor were any structural arrangements put in place to carry out human rights assessment. However, the Bank cannot remain confined to the restrictions of its Articles that were the result of the concerns of a particular time, as human rights was yet to characterise the international domain. In order to defend its endurance in the contemporary international context, the Bank needs to be sociologically informed, to interpret its Articles and evolve to incorporate a proactive human rights role in the human rights conscious environment. It has to renew its underlying premises to make its development activities congruent with human rights norms and standards.

Human rights obligations are derived from normative standard-setting in international law. The distinction between three levels of rights obligations – to respect, to protect and to fulfil – is pertinent to be borne in mind while arguing in favour of the inclusion of human rights considerations in the Bank's practices. While for the states, all the three levels would be applicable, among the international organizations, only the UN has obligations similar to that of the states. It is essential to assert that the Bank's human rights obligation is by no measure tantamount to that of the states. The only reasonable and plausible obligation that the Bank can assume in relation to human rights is that of 'obligation to respect'. This implies that the existing human rights standards must be observed in its lending policies and that the projects it funds do not contribute to worsen the prevailing human rights situation in a country. The Bank is under no obligation to promulgate human rights policies or establish new human rights standards. Nor is it obligated to undertake human rights-policing to ascertain human rights records of particular countries and to take punitive actions against them. All that the Bank is enjoined to ascertain is that it adheres to its own guidelines to ensure that its activities do not amount to human rights abuse.

The struggle for human rights and development is a global one that continues with equal vigour in the developed and developing countries. Though development is primarily subjective, its accepted models are dominated by financial rather than human considerations, largely ignoring social, cultural and political aspects of human rights and focusing on questions of productivity. But any model of development must conform to the international human rights standards, where the development strategies are determined by the people themselves in accordance to their particular conditions and needs. The problem with the Bank is that it tries to fit a blanket perception of development through its lending policies to all the countries irrespective of their specific demands and circumstances, almost like fitting readymade apparels to all the customers. The need is to tailor the Bank's lending policies according to the requirements of the particular country, specifically using the human rights scissors.

Claude asserts that international organizations are part of the political and administrative apparatus of human society, made necessary by the complexity of interdependence of their society (Claude 1956: 5). Based on this assertion, it can be said that the Bank's utility would be derivative of the approval or disapproval of the people it is supposed to serve. The involvement of all peoples, including indigenous communities, is imperative for the success of the Bank's development endeavours. Though the Bank directly impacts the lives of the people of the member countries to which it provides funds, there is no direct relationship between the Bank and the affected people. Ordinary citizens have virtually no access to the Bank. They can access the Bank only indirectly through their representatives, who are often far removed from the ground realities. The consent of the targeted people, especially those adversely affected by projects funded by the Bank is more important than that of the government of the countries. Hence, the Bank must make available effective channels to ensure the same, in order to secure legitimacy. There is an acute dearth of independent accounts of the effects of the Bank's activities from the perspective of the targeted communities.

The multilateral process, conceived as one in which organizations are created in response to demands from elements within the international system or global society, reflecting the nature of world order at that time, has to continuously react as this world order changes. An-Na'im's proposal of applying human rights as the source of innovation for a new multilateralism through people-centric movement (An-Na'im 1999: 205) can be transposed in the context of the Bank to argue that by ensuring participation of people it can embark on a rights-based multilateralism.

It is prudent that the Bank should review its mandate to identify those areas of activity that might have human rights ramifications and take responsibility for the same. Since it is beyond any doubt that Bank's funding for big dam projects have direct human rights implications, therefore, its policies and operations related to promotion of development through dams should have explicit guidelines for addressing human rights, including impact assessment. Since at present, human rights criteria do not feature in any of the stages, it is therefore, argued that human rights should inform all the stages of project cycle. The Bank's involvement in the project cycle should be harnessed to ascertain its adherence to human rights and to enable detection of potential threats to human rights in order to prevent the Bank from committing any violations thereof. Ascertaining the economic/financial rate-of-returns from the projects should not be the sole criterion for decision-making with respect to lending for development projects. The RTD could be used by the Bank as one of the guiding principles for its activities. Being a development organization and facing the increasing demand for incorporation of human rights, the RTD seems to be the most viable option for the Bank to gain acceptance in the changing international context. The huge research base of the Bank could be exploited to develop explicit guidelines

In conclusion, it may be asked whether the Bank, with its limited mandate embodied in its Articles, has been successful in accommodating the imperatives of the changing international circumstances within which it operates and in incorporating the changing notion of 'development' in its functioning. Has it displayed adequate dynamism as an international organization? In the past six decades, the Bank has progressively interpreted the Articles to evolve in its functioning and responded to the changing international context and the development discourse in general, thereby displaying some amount of dynamism as an international organization.

However, more specifically, in the context of human rights, despite its repeated assertions regarding the progressive accommodation of human rights in its policies, programmes, and development lending, particularly for big dam projects, the Bank has failed to take into account the policies that it has put in place while appraising and negotiating loans, resulting in an unsatisfactory consideration of the human rights implications of its project. Since the Bank has failed to account for its own policies while considering loan proposals for big dam projects, it's abilities to determine and address the human rights implications of its projects have not been fully discovered and developed.

In sum, the study of the evolution of the Bank indicates some amount of dynamism in the responses of the organization to the changing international context in which it functions. Certainly, as far as the notion of 'development' is concerned, the Bank's viewing of what constitutes development has undergone a drastic revision over the decades. Whereas the viewing of its core activity – development – has occupied the attention of the Bank, it has been unable to respond as well to concerns of other issue areas.

When the Bank was established, the notion of human rights had not been consolidated at the international level. Since then, human rights have found universal and unquestioned acceptance. Although the primary responsibility for implementing human rights lies with states and certain international organizations have the primary responsibility for promoting these rights, it is also established that all international organizations must ensure that their work causes no infringement on human rights. The question is therefore not whether the World Bank should use its power to ensure implementation of human rights but simply whether it takes adequate action to ensure that its development projects do not cause human rights violations. Although the Bank has undertaken certain measures in this direction, it needs to consolidate its policies to take a hard stand in favour of supporting human rights.

Respect for human rights is a primary demand of the current international context and the World Bank must more effectively incorporate this demand in order to fulfil the theoretical assertion that international organizations must embrace change in order to remain legitimate and meaningful.

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