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REPORT COUNTERS WORLD BANK'S "HIGH-RISK/HIGH-REWARD" STRATEGY

NGOs Predict Increased Conflict Around Risky World Bank Projects

(19 September 2003 - Dubai) As World Bank representatives gather in Dubai for the 2003 World Bank/IMF Annual Meetings, Environmental Defense, Friends of the Earth, and International Rivers Network today released a report in response to the World Bank's new "high-risk/high-reward" strategy in the water, forestry, and extractive industries sectors. The report, **Gambling With People's Lives**, analyzes the World Bank's ability to manage social and environmental risks in high-risk projects and to learn from its past mistakes. The report is available at www.foe.org.

"The World Bank is playing a reckless, high-stakes game of roulette, where the poor – and not the Bank – stand to lose big," said Environmental Defense policy analyst Shannon Lawrence. "While the Bank and private investors are shielded from project risk, the communities affected by its projects have no such guarantees."

One of the Bank's most important environmental reforms of the 1990s was its more cautious approach to high-risk infrastructure and forestry projects. This policy is now being reversed. The World Bank recently announced that it would re-engage in contentious water projects such as large dams in what it refers to as a "high-risk/high-reward" strategy. In 2002, the Bank dismissed its "risk-averse" approach to the forest sector when it approved a new forest policy. The World Bank is also considering support for new oil, mining, and gas projects in unstable and poorly governed countries, against the recommendations of its own evaluation unit.

"Big is beautiful again, and in spite of their abysmal track record, megaprojects are back in style at the World Bank," says Peter Bosshard, policy director at International Rivers Network. "The Bank's new high-risk strategy will prolong the deadlock in important sectors such as water and electricity, and will block the development of sustainable alternatives."

"Large dam, forestry, and extractive industries projects funded by the World Bank have displaced millions of people and devastated the environment," said Carol Welch, international program director at Friends of the Earth. "The Bank's spotty implementation of its inadequate safeguard policies means that communities and the environment will continue to face the greatest risks in World Bank projects."

The report recommends, among other things, that the World Bank repair the damage caused by its previous high-risk projects, stay away from new high-risk projects, and address the human rights dimensions of its work. The report will be presented on Monday, September 22 at the Dubai Convention Center, Room G-01 from 11:00 am-12:00 pm.

Friends of the Earth International is a federation of 68 environmental organizations from all over the world that campaign on the most urgent environmental and social issues of our day, while simultaneously catalyzing a shift toward sustainable societies. Friends of the Earth US is the U.S. arm of the federation.

www.foei.org www.foe.org

International Rivers Network (IRN) supports local communities working to protect their rivers and watersheds. IRN works to halt destructive water development projects, to promote sustainable alternatives, and to change the policies of financial institutions, governments, and the dam industry.

www.irn.org

Environmental Defense, a leading national nonprofit organization, represents more than 300,000 members. Since 1967, Environmental Defense has linked science, economics, law and innovative private-sector partnerships to create breakthrough solutions to the most serious environmental problems.

www.environmentaldefense.org

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