

**L1820-NEP: Melamchi Water Supply Project  
Minutes of NGO Forum on ADB "Lobby Day"  
30 March 2005, 9:00 a.m.–10:00 a.m.**

**List of Attendees:**

NAME	ORGANIZATION
<b><u>NGO</u></b>	
1. Singh, Prabin Man	WAFED
2. Bhatt, Sanjai	PAIRVI – Delhi, India
3. Hasyim, Moh. Zainuri	YDA – Indonesia
4. Tanabe, Yuki	JACSES
5. Kibria, Zakir	BANGLAPRAXIS
6. Jin, Jun	Green Watershed
7. Withanage, Hemantha	CEJ – Srilanka
8. Lalani, Chandrika	GSS – Srilanka
9. Athukorala, Sarath	U.S.P.A. – Srilanka
10. Siwakoti, Gopal Chintan	NGO Forum
<b><u>ADB Staff</u></b>	
11. Nicoll, Sandra	NGOC
12. Tamaki, Keiichi	SASS
13. Osorio, Cristina Sarah	SASS
14. Samarasingha, Nalin	OSPF

- The main concern expressed by NGO participants at the meeting was why only ADB and Japan still support the Melamchi project even after the 1 Feb political event, and indirectly support the current illegitimate military regime of Nepal. It was also suggested that ADB was working with and supporting the Maoists (by tolerating their extortion from contractors).
- The NGOs stated that other donor agencies have pulled out. No more money and no more project processing for Nepal by other donor agencies like the World Bank, the European Union, among others.
- Many documents state that the local people are threatened and harassed by the Maoists.
- ADB stated there are no alternatives to the Melamchi Project, although other experts and scientists have challenged this assertion claiming that there were other alternatives.
- The money intended to be disbursed in the future for Melamchi and other projects may be used by the current regime for military expenses; ADB should be careful about providing funds as they may be used for military purposes.

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- No information on resettlement, compensation, local water issues, environment issues, among others, was provided up to now for 10 to 15 years.

- The estimated cost of the project started from \$400 million. Now, there has been newspaper reports that the estimated cost increased to \$531 million, or so. The cost of the road construction has doubled because of change of the contractor. NGOs pointed out that if Melamchi is implemented for another 5 to 10 years, the cost could reach \$700 million and that ADB does not care about the cost. The NGOs are also concerned about corruption in Nepal. There is no guarantee that Melamchi project will be implemented on time. ADB replied that any ADB project must be completed within the budget and that ADB does care about the cost of the project.

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- There is no need for multinational corporations. Local institutions, communities, and management of the cooperatives can do the job.

- NGO participants were not happy about the accountability mechanism. They will lobby for the 'No Melamchi' campaign, and asked ADB to suspend the project.

- ADB was requested to hold conferences/workshops on the Melamchi project in Nepal, but not at the moment because some individuals are under threat by the current regime and, thus, may not be able to return to Nepal anytime soon.

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- ADB staff stated that, he was not in a position to decide on the cancellation/suspension of the Melamchi project. The provisions of the Loan Agreement must be followed. If there are provisions that will prohibit ADB to continue the project, then they must be followed. In addition, under the *force majeure* situation such as a war, then the project must stop.

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- NGO participants said that, apart from suspension of Melamchi (diversion tunnel), many parts of the project could be implemented. ADB mentioned that this is already being done in Kathmandu.

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- ADB was asked if the private sector participation (PSP) scheme could be successful. ADB pointed out that all past studies/projects failed, and the current PSP scheme had the best chance of success.

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- ADB mentioned that there is an ADB brochure containing information on Melamchi project. And, there is another brochure on Kathmandu PSP scheme coming up soon. Most of the issues raised are already answered in these brochures.

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- NGO participants requested that ADB not support an illegitimate government. ADB asked the NGOs to define the difference between a legitimate government and an illegitimate government (no parliament, military regime?).

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- NGO One-point demand: Do not disburse any more money for the time being. Do not support the regime. Suspend Melamchi project for now.

- One cannot eliminate the political factors from developing projects.
- As the World Bank and IMF said, in this kind of political environment, no development projects can be implemented.
- ~~ADB staff were~~ asked by NGO participants to explain to ADB management about the NGOs' position.
- If there are some problems/issues, there should be corresponding meetings for dialogue. There should be more evidence and more witnesses to address the issues.
- Human rights of the people must be considered.
- The report prepared by the consultant was not given to NGOs for comments (OSPF).
- Open meetings cannot be held until the multi-party system is back and emergency measures are lifted.

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\*Note that there ~~were~~ many misunderstandings, misrepresentation and misleading statements in what NGO participants said. Many of these were clarified/corrected by the Country Director, NRM, at a subsequent meeting with the NGO participants.

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