

ADB Washes Its Hands Off Melamchi Project Says impossible to take the US\$500-million project to its logical conclusion

Himalayan News Service

Kathmandu , May 22:

Asian Development Bank today finally said it would not be possible to carry on with the project activities of US\$500-million Melamchi Water Supply Project because the government has not given the contract to manage water supply to the Severn Trent Water International Limited (ST) as suggested by the bank.

ADB had agreed to lend US\$120 million for the construction of the tunnel and for improving water distribution network.

The Manila-based bank had been pressing the government to accept ST's bid for the management of water distribution.

"As it stands now, it would not be possible to carry on with the project activities, with the project due to close on June 30. In such difficult circumstances, it is now for the government to decide how it wishes to proceed," the statement reads.

It says the inability of the government to authorise the signing of the duly negotiated management contract at this late stage creates considerable uncertainty on the way forward.

New Minister for Physical Planning and Works Hisila Yami had stood up against the ADB's pressure to accept ST's bid unconditionally.

Meanwhile, Prime Minister Girija Prasad Koirala and chairman of CPN-M Prachanda had a meeting over the future of Melamchi project.

Prachanda will meet ADB representative in Kathmandu tomorrow.

"We believe that ADB would find some flexible way out to give continuity to the project, which ADB considers a lifeline for Kathmandu's water supply," said Yami while talking to this daily.

She, however, denied that ST had formally written to the government. "I have no idea that ST has written anything to the government. As a responsible institution, it should notify before pulling out of the project proceedings."

A high-level officer at KUKL, ST's partner, said it had not received any such letter from ST.

Source: The Himalayan Times Daily, 23 May 2007 (www.thehimalayantimes.com)