

Melamchi: Yet another Arun III

BY BIKASH SANGRAULA

KATHMANDU, May 23 - Twelve years after the World Bank (WB) withdrew from Arun III following protests from various NGOs in the country, another mega project, Melamchi, collapsed on Tuesday with the announcement by its principal donor, the Asian Development Bank (ADB), of inability to extend its funding commitment beyond June 30.

The similarity of circumstances in which the two projects collapsed is striking. In both cases, NGOs set the stage for the demise. The CPN (UML) dealt the death blow to Arun III, while it is the CPN (Maoist) that dealt the same to Melamchi.

Tale of two failed projects

In 1995, a minority government of the CPN (UML), which had still not lost its revolutionary zeal at that time, sent a delegation to the US to renegotiate Arun III with WB officials, after activists criticized conditions set by the Bank for funding the project. The conditions, activists alleged, were responsible for high cost estimate of the project. The Bank refused to revise its conditions. This created a deadlock, which later culminated in the project's demise, 10 years after WB picked the project and promoted it.

The end of Arun III spelt the end to WB's interest in hydropower development, at least in Nepal. So far, the country is yet to see any concrete evidence of revival of interest in the Bank for investment in hydropower.

Twelve years later, Minister for Physical Planning and Works Hisila Yami, who represents the avowedly revolutionary CPN (Maoist) party in the government, asked ADB to revise the condition for appointment of a private management contractor for Kathmandu Valley's water supply. This time, the main concern was the background of the proposed contractor, UK firm Severn Trent Water International (STWI), which has faced regulatory action in UK.

With ADB sticking to its condition, and Yami unrelenting in her opposition, the Bank announced on Tuesday that it would not extend its loan to the project after June 30, when the loan commitment expires.

Whether activists did a service to the country by creating the conditions for Arun III's demise can be debated on and on. Now Melamchi is on its way to becoming another topic of a very similar debate.

The real string pullers

NGOs ganging up against mega projects in the country has always been a surprising phenomenon.

As unanimous as they were in opposing Arun III, all water sector NGOs in the country teamed up to protest STWI's imminent appointment. Interestingly, the mandate of these NGOs range from protesting mega projects, as is evident in the case of Gopal Siwakoti (Chintan)'s Water and Energy Users' Federation (WAFED)-Nepal, to promoting small scale drinking water schemes, like rainwater harvesting, as in the case of most other NGOs.

The NGOs protested STWI's proposed appointment terming it as handing over the country's water to a foreign, profit-driven company. What they did not admit is that the Kathmandu Upatyeka Khanepani Ltd (KUKL) constituted by the previous government, which has a seven-member all-Nepali team, has the mandate to monitor STWI; and overseeing KUKL is a policy-

making body, the Kathmandu Valley Water Supply Management Board, which has 11 members, all Nepalese.

The protest is not limited to STWI, however.

WAFED, which was active in protesting Arun III 12 years ago, was also involved in 'sensitizing' people at the Melamchi project site in Sindhupalchowk district regarding their 'rights', years before the management contract award protest was initiated.

Thanks to WAFED, residents of project-affected areas demanded as much as Rs 2 million per ropani of land acquired by the project for building access roads, as witnessed by the Post some two-and-half years ago.

However, when it comes to opposing STWI, the role of NGO Federation for Urban Water and Sanitation (NGOFUWS), an umbrella body of water sector NGOs in the country, has been instrumental.

"We have campaigned against Severn Trent for long. We are not opposed to institutional reforms under the Melamchi project. We are only against Severn Trent," said Lajana Manandhar, chairperson of NGOFUWS, triumphantly. "The only difference is that this time we found a receptive minister."

In fact, after Minister Yami joined the interim government on April 1, water sector NGOs have held repeated consultations with her informing her that STWI has a poor background and appointing it would leave a dent in her political career. They also managed to convince Yami that there are alternatives, like public-private partnership for running the project, and in the event ADB withdraws from the project, the Valley's water problems can be taken care of through rainwater harvesting and conservation of traditional stone spouts.

"Melamchi project's successful implementation would have meant death to these NGOs, as no one would need a rainwater harvesting plant or a stone spout if there is abundant water flowing into the Valley from the project," said a disgruntled official at Melamchi project.

Melamchi the alternative to Melamchi

Manandhar, who expresses gratitude toward Minister Yami's "courage", however, said that in the long run, Melamchi is needed. "Rainwater harvesting and stone spout conservation are short term solutions. In the long run, we can't do without Melamchi." And Manandhar is very optimistic, "I am sure the government will get funding from other sources, if ADB pulls out of Melamchi."

Prachanda meets ADB resident chief

CPN (Maoist) Chairman Prachanda met with ADB Country Director Paul Heytens at the former's residence on Wednesday. In the meeting, Prachanda asked ADB to review its decision of withdrawing from Melamchi. Heytens explained Tuesday's ADB statement to the Maoist chairman and reiterated that the bank would be unable to extend its loan commitment now that a management contractor cannot be appointed for the Valley's water supply.

Source: The Kathmandu Post Daily, 24 May 2007 (www.ekantipur.com)