



# A Case Study on the ADB-funded Southwest Integrated Water Resource Planning and Management Project (SWIWRPM) through Community Vigilance

*by* Kazi Zaved Khalid Pasha Initiative for Right View











#### Submitted to



Bangladesh is a country of growing economy. A great portion of its development

depends on foreign aid and loan. So development initiative of the country is always influenced by International Financial Institutions (IFIs) Like Asian Development Bank (ADB), International Monitory Fund (IMF) and World Bank (WB). ADB and other institutions have been lending money in the name of poverty reduction. However, these loans inevitably tide with conditions which hinder the country's economic growth and poverty reduction. However, Projects funded by ADB in Bangladesh has not been achieved its declared goals and



objectives. Many water management and biodiversity conservation projects have been implemented in the southwest coastal region of Bangladesh are example of people's sufferings and environment degradation. Two mega projects *Khulna Jessore* Drainage Rehabilitation Project (KJDRP) and *Sundarbans* Biodiversity Conservation Project (SBCP) were declared unsuccessful and cancelled leaving burden of loans on the community.

ADB has no specific theme or sector for water in Bangladesh, lending are classified under the theme/sector of natural resources/agriculture and rural development (IWRM and FCD/I). Now a day in the name of integrated water resource management ADB trying to influence its loan recipient country to modify its water management system according to ADB prescribed policy by lucrative loan promise. Integrated Water Resource Management (IWRM) is one of the approaches of ADB intervening in the water sector. The traditional community expertise, knowledge has very little space in the IWRM (though it is very much high sounding on this aspect). Day by its Day by day water becomes more costly and it becomes increasingly inaccessible to common people; thus, water issues become more prominent.

ADB started investing in components of Flood Control Drainage /Irrigation (FCD/I) schemes already spelled out in master plans and national water management plans. With the support of ADB and other lending agencies a large number of Flood Control and Drainage (FCD) schemes have been built in Bangladesh in the past.

In the last 50 years in Bangladesh 511 projects constructed for flood control, drainage and /or irrigation. Management performance of these projects fell short of expectation. The

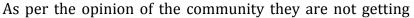


poor operation and maintenance of the systems appear to be the major causes of the schemes malfunctioning. Most of the FCD/I projects were built by "top down" management that neglected the poor. The planning, design and implementation of FCD systems has largely been carried out by Bangladesh Water Development Board (BWDB) with little involvement of water management stakeholders. similarly in from the designing phase to implementation phase in

every steps of ADB funded projects, peoples consultation were not done properly, local river management system, biodiversity were not considered properly, the cause of disaster were not analyzed accordingly. As a follow up to rehabilitate two FCD projects implemented since 1975-1995, with the loan form ADB and other development partners Bangladesh Water Development Board under the ministry of Water Resource has taken the initiative to implement Southwest Area Integrated water Resource Planning and Management Project(SWIWRPMP). The project cost amounting to \$43.4 million. This project is a implementing in the southwest coastal region particularly district of *Narail, Jessore, Magura, Rajbari* and *Faridpur.* The SWIWRMP is one of the water-related projects being implemented in the southwest coastal region. One of the main objectives of the project is for participatory IWRM Plan in selected FCD/I Schemes.

The project document claims that the project proponents have studied people's

perceptions regarding their aspirations, well being and risks. However in reality a clear lack of information among local stakeholders particularly those who would have to contribute the project.



support from the infrastructure because the gates and sluice gates are not operation efficiently. People's choices are not reflecting in construction work. Influential group are engaged in construction work so the Water Management Group (WMG)s have nothing to do. Mobilization for formation of WMOs are weak, many of the committee the conscious young



people and socially acceptable person are excluded. There is no coordination among the members of different water groups. Drop rate is high. It is mentioned in the project that it will increase the income opportunity, but committee member are not included even in the earth work. Though the sluice gate and regulators are built and operated with the target of protecting crops from flooding and

drainage congestions. However in many cases the gates/regulators do not function properly, thus the water management demanded of alternative crops cannot be met. Building, operation and maintenance of infrastructure like sluice gate/regulators the project built several committees with the collaboration of government body but after the implementation of the project there is not to look after this structure. These create problems in fair and balanced use of water for fish and crop in modification flood plains as observed at the *Narail* pilot site.

People are not satisfied of the construction work of the projects. For the project total amount \$43.4 million will be invested to promote the local people in their improved livelihood pattern. However in the FGD and Questionnaire survey in the projects area, people expressed their opinion that sedimentation and drainage congestion, late monsoon are the main hindrance in the agriculture production, salinity increasing is another threat. There is lack of coordination among the concerned government department. There is no sign of increased agriculture and fish production.

In fact a number of FCD schemes have been out of operation for long, created negative impact on aquatic environment and people wanted their demolition to restore natural

condition. The water control systems were operated as desired by landlords of the project area, and the marginal and small farmers were not consulted. The maintenance of the completed system with public revenue budget could not be continued for long due to resource constraints, and as a result many of the infrastructures deteriorated and lost their functional ability. The lack of participation by fisher-folk further adds to their existing social exclusion in the community, with most fisher-folk responding the poorest and most marginalized groups of the community.

In many, if not most cases, establishment of water institutions are being agencyadministrated, highly directive, target oriented, deadline driven to form a pre-dominated hierarchy of Water Users Organizations- with the institutional structure, composition and task. This is essentially top-down which limits the scope for participation. Beneficiaries see it as a BWDB project, not their own because they Lack ownership of the Project

As per the information of the WMOs members that most of the WMOs are inactive.

They have little role to play role in water management. They process of savings are irregular. The sustainability of membership is not satisfactory. The saving process and amount is not regular and similar. It was said that after the completion of the project for carry out the benefits of the project nothing but the WMOs will exit for the maintenance of the infrastructure build by the project. The access of the community to the natural resources was totally



denied. Livelihood initiatives, project infrastructure (such as canal, embankment) did not help to operate income generating activities in the concerning Government Land by the poor and marginalized groups from Water Management Association (WMA). The beneficiaries were not taken responsibility for regular maintenance of the benefit options for the project as well as their own betterment. As per the opinion of the community of the two sub-projects they know little about the project. The member of the different water group knows little about the IWRM process. They cannot understand what is written in the SIP documents. The most of the committee is formed including father mother sons and most of the training is taken by them. The chairman and secretary are the most powerful in decision making and they are giving priorities of their own people. The rehabilitation work is very poor. Insufficient recognition of the specific needs of the potential beneficiaries through a "top-down" approach has resulted in little sense of ownership or responsibility on the part of the beneficiaries and this has contributed to the paucity of Operation and Maintenance (O&M) carried out on the schemes.

The fisheries species affected due to FCD/I are mostly migratory white fish, which use both river and flood plain habitats in their lifecycle. But in fracture like sluice gate and regulator obstructed the migration has been the major cause for reduction in fish yield and species diversity within the modified floodplains. Apart from the fisheries impact the FCD/I project and grow more food campaign have affected the diversity of crops grown in Bangladesh's flood plains. Now agricultural production is predominantly rice based whilst cultivation of pulses, oilseed, wheat and other *rabi* crops have reduced considerably in the country as whole and within the FCD/I project particular. Though the Integrated Water Resources Management is founded on a participatory basis, whereby all stakeholders should have a voice in each element of the project cycle, from planning to operation and maintenance. But communities have less participation.

Augmentation of the surface water flows in the region, community demanded the need for sustainable operation and maintenance, mechanism should be more rationalized, However, there is a risk that the opportunities for improved water management is captured by a small number of interested groups and operating facilities for the sake of their own benefits alone, affecting the livelihoods of the excluded stakeholders. Water retention structures may be operated to draw and store excessive amount of water causing drainage problems in low-lying areas. On the other hand, the water level may be kept low, without providing intended benefits to the high land area. Private fish culture interests might oppose the appropriate flushing of the drain water causing drainage congestion in the adjacent areas. Appropriate mitigation measures have to be operated at stages of site selection, design, and WMO formation, implementation, and O&M stages to mitigate such risk. Inadequate O&M has been a problem in the two schemes. As a result of poor maintenance, sustainability of schemes is limited. Improved water management was not establishing in selected hydrologic areas.

There are large number infrastructures that provide flood protection and drainage



improvement functions to the two subproject areas, These facilities have been mostly owned and managed by BWDB as a common good (except for a few small-scale water management structures constructed by Local Government and Engineering Department (LGED). However, as indicated above, the performance of these infrastructures has largely revealed the weaknesses in their ability

to achieve and sustain intended benefits while addressing the diverse needs and interests of different stakeholders.

In particular, insufficient recognition of the specific needs of the diverse beneficiaries through a top down planning, design, implementation and management has resulted in little ownership and responsibility on the part of the beneficiaries whom the investments were to serve. As a result, facility operation has tended to be often inappropriate reflecting the needs of a few and/or causing local conflicts without mediating efforts.

Rigid institutional culture of top-down program planning driven by the primarily structural engineering solution in BWDB. Weak institutional setup as WMOs is dominated by large landowners and influential people and consequently has inadequate representation from women, fisher folk and landless people;

Existing embankments still provide some flood protection benefits, although the



reliability is low due to frequent breaches caused by river erosion, particularly in the *Chenchuri Beel* subproject. The existing regulators still function for drainage and irrigation purposes, albeit partly and efficient operation is restricted due to the poor condition of lifting

gear etc. However, the entire FCD/I infrastructure has degraded to a state where costeffective maintenance and repair is not feasible. Besides, the present organizational and management infrastructure is inadequate.

Moreover, the main infrastructures tend to be managed for the benefits of influential and powerful stakeholders living adjacent to the facilities, with little recognition for the concerns and interests of those who live in internal areas. As a result, the overall stakeholder interests and support in this option is weaker and it will not address fully the water management issues. Inadequate stakeholder consultation and participation has been another major constraint. In recent project some progress has been made but the sustainability of these achievement still needs to be proven.

Though the project establishes WMAs to mange activities as pre construction, construction and post construction stage but the members of the committee have little power to take discussion regarding water management issues. There were minimum engagement in employment opportunities for landless, poor and vulnerable people, both women and men during construction because most of the work has been done by machines. The engineering design, beneficiary contribution works and arrangements have not been discussed in WMA general meeting.

The provision of providing a limited number of beneficiaries with safe water supplies in the most heavily arsenic contaminated areas of the project is not successful; Because of the embankment re-sectioning and the construction of regulators in the open *khals*, along with the construction of water retention structures inside the subproject areas, the influx of floodwaters and capture fish will be reduced.

Approaches have been developed but their full implementation in a systematic way still need to be done there has been a general lack of irrigated water management planning. The FCD interventions have generally impacted negatively on inland fisheries of the country.

In the project there is a plan of developing a Gender Action Plan (GAP). As per the

project plan it is said that recruit 50% female staff in project team. But in reality employment of female staff at all levels and training was not possible. Under the project women of the water groups took training but they were not properly supported in their home based post harvest production, processing and marketing activities by providing local market information and linkage. But it is clear that in IWRM process women participation is minimal. Women



engagement in the implementation process of IWRM especially their said role in WMO is in effective. Especially in remote areas there are ornamental presences of women as member in different water groups. Successful initiative to make women engagement as member of WMO was not seen.

As per guideline 33% women will include in WMA but their selection process is not clear. ADB's said Gender Policy has not been followed in the project. Social Development

Strategy and Gender Development Strategy are not clear and shared. Most of the places for formation of WMA's gender issues were not considered. The information is not disseminated among the members. They have no scope to participate in decision making process. They are not awarded about their responsibility. As pert the GAP separate meetings with women were not organized effectively. As a result integrated activities were not address women's need in



the integrated water management plan. At the very beginning of the project water management groups were formed but as per the GAP women were not provided enough to increase their capacity and skill to engage in water management process. They ply only the ornamental roll of ensuring women participation but in decision making process their roll is minimal. Women's access to quality seeds was not ensured. Women were getting training on crop

diversification, seed production; percessing, compost making and marketing but they have no live linkage with agriculture extension offices. In the case of maintaining embankments and other in fractures women have no role. Although they are included as a member of each and every committee but they do not feel ownership because they are elected to feel the committee and also the gender balancing.

As per the GAP women are not Provide time-saving technology for women. Linkage was not with establishing agriculture extension activities. In the project GAP said that women will be involved in maintaining embankments and other infrastructure but it is very clear that it is not possible because where men are not getting work how women will engage in this process? And thereby would not be in a position to reap benefit form such activities.

#### Conclusion

Participation of all stakeholders is considered to be crucial in order to ensure the longterm integration of social and environmental considerations. The emphasis has, therefore, been shifted from flood control to water management; from purely structural solutions to combinations of structural and non-structural measures, designed to meet a broader range of water management needs; and from purely consideration-based project development to stakeholder participation in all stages of project development. The participatory water management approach is now considered an effective way to manage the complexity of water management in Bangladesh.

The lessons learnt from past water management effort point out that the focus of integrated water resource management must go beyond flood control, drainage and irrigation and that environmental consideration must be integrated into water resources management. To achieve this the need for reforming water institutions has become even more pronounced and is felt that more attention must also be given to the social dimensions that promote stakeholders participation and the transfer of appropriate water management activities to the local communities. The present and planned future activities indicate that the participatory water management approach will be an effective way to manage the complexity of water management in Bangladesh. The first initiative to achieve this condition must come from the government and be develop as a social movement instead of bureaucratic job.

# Developing a People's Perception-based Documentation on the ADB-Supported IWRM Project in Baitarani River Basin, Odisha

Submitted by Ranjan Kishor Panda Water Initiatives Odisha

#### **Background and Rationale**

Ranjan Kishor Panda, Convenor of Water Initiatives Odisha (WIO), the leading network on water in Odisha and one of the prominent voices of water in India, took up the initiative to monitor the IWRM Project supported by ADB in Baitarani River Basin in Odisha, India. The NGO Forum on ADB supported a part of this initiative through a small financial support in organising public consultations and preparing a report on the state of affairs. The issues that the report highlighted and the activities that were undertaken by WIO have made good impact in the state and besides the government going slow on the formation of the River Basin Organisation, there have been a lot of activities among civil society groups raising voices of concern about this project. Time has come to consolidate those voices and document them in an audio-visual format to be used as an advocacy tool not only at the state level but also at the national and Asia level targeting ADB's intervention in IWRM. This proposal will basically be a follow up to the previous work but will build a new scope of advocacy through an audio visual advocacy.

#### **Target Beneficiaries/Communities:**

The project was basically to cover the Keonjhar and Mayurbhanj districts in the Baitarani River basin. These are the two major districts.

#### **Key Stakeholders**

The project was supposed to cover civil society, farmers, political leaders, local social movements and community based groups. The government officials were supposed to be targeted for advocacy and can only be covered in the video documentary if they agree to it.

#### **Activities and Accomplishments**

The project, in this phase, was supposed to get update on the existing data we have already provided in the earlier report. This was basically a project whose output was supposed to be a video document for advocacy purposes.

We made visits to both Mayurbhanj and Keonjhar districts. Our visits to Mayurbhanj happened just after the Post-Phailin cyclone and we found out there was lack of preparation from the district administration with regard to Baitarani floods. This exposed the fact that the government had no proper data base on the flood situations and cyclones such as this. We met locals, discussed about them with this and got their feedback on the issues.

As we reached Mayurbhanj and Keonjhar districts post Phailin, more than one and half million people were still battling the flood that was triggered by incessant rains that followed cyclone Phailin. The following map shows the inundated areas:



Source: bhuvan-noeda.nrsc.gov.in

In fact we utilised the time mostly in finding out problems of people and linking them to local relief and rehabilitation efforts. What we confirmed is that the government and its IWRM have grossly failed in predicting floods yet again and the situation in Baitarani remains the same. Our concerns about IWRM that it does not give importance to base line data, proper disaster predictions, etc. remain the same.

Then, we followed the World Bank and ADB promises to provide loan to Odisha government for Phailin reconstruction activities. This update was sent to Forum listserve. However, you can find the link to one of the news out of many places our concerns were published. The link: <u>http://www.dailypioneer.com/state-editions/bhubaneswar/why-wb-adb-loans-for-reconstruction-work.html</u>

In fact, we have urged upon the government to let the public know what exactly will be done with ADB support and there is no response as yet. We are therefore not sure whether ADB money will be used in Baitarani or not, and it will be part of the IWRM project or not. Our concern thus remains that there is too much ambiguity in ADB supported projects and we can hardly find any transparency and accountability to the basin people.

#### **Update on Mining Scam and Conflicts**

In our last report we had highlighted about the mining scam in Baitarani basis and how over exploitation of mining is killing the river. Then, we had also narrated about illegal withdrawal of water from the industries and there were resultant conflicts.

During this phase we met the Kendujhar Citizen's Forum, local journalists, NGO and CSO members, farmers, local people's organisations and we have the following update on these aspects.

The Justice Shah Commission that was inquiring into illegal mining in Baitarani river basin has recommended revisiting the environment approvals granted to all 55 mines around

the Baitarani and its tributaries. It has asked to shut the mines till then. The commission has also said that a final decision should be taken on whether to allow large-scale mining leases to operate in the catchment area of the river. It has mentioned that about 40 firms and mining leaseholders operate 55 mining leases that directly impact the Baitarani. If this recommendation is effected, then the Tata Steel and Rungta Mines Group, with five mines each, would be worst affected because of their location in the area for which the Commission has made the recommendations.

Of the eight mines from which Tata Steel sources its iron ore from Odisha, five - Khandhbandh, Joda East, Joda West, Manmora and Malda - are located in a place which directly affect Baitarani. This company procures 80 per cent of its total iron ore from Odisha.

Future projects of Tata Steel such as the upcoming six-million-tonne mill in Kalinganagar also depend on some of these mines. Other big mining companies whose mines may also get affected are SAIL (Bolani iron ore mine), Aditya Birla group (Jilling Longalota and Kasia iron ore mines), Jindal Steel & Power (Tantra Raikela Bandhal) and Adhunik Metalik (Kulum mines). These mines may also face closure. In the list are also the Rungta Mines Group's mines — Jajang, Kolmong, Oraghat, Katasai and Kalimati; Serajuddin & Co's Balda block; Sarada Mines' Thakurani-B block; R.P. Sao's Guali; state government-owned Odisha Mining Corporation's three mines and one each of BPMEL and OMDC.

This confirms our apprehensions and reports made in the first research that almost all the mining companies are involved in illegal mining that violate environmental laws. The IWRM's RBO is therefore just an eye wash and is not going to have any impact on proper management of water resources of the Baitarani.

The Shah commission's strong remarks further confirm our apprehensions and observations made out earlier. The Commission has said that the "unscientific, non-sustainable and explosive mining" of iron and manganese ores has a lasting, very high impact on the "very existence and life of the Baitarani" and its tributaries, rivulets and nallahs. The commission further said, "On perusal of approved environmental clearances given by the environment ministry, it is observed that the information inputs of rivulets, water courses and rivers in and around mines are either incomplete or suppressed or false."

It went on saying, "River water is also polluted and it gets colour of the minerals due to discharge of effluents. It is apparent that environmental laws are not implemented effectively and polluting mining companies are not punished at all." It further remarked, "During rainy season the river water gets highly polluted, muddy and turbid with unchecked flow of salt generated from waste dump" out of 176 leases located.

It then continued, "The high content of iron, manganese and other heavy metal generated from dumps of mines flowing through rivers are highly detrimental to aquatic fauna in the estuaries and the Bay of Bengal".

The Kendujhar Citizen's Forum which has been alleging that water to industries will jeopardize drinking water supply to the city of Keonjhar reiterated their issues. The Kanhpur dam water has also been given out to industries more than its capacity. These issues still remain valid and there are local discontents.

There is a group called Baitarani Bachao Abhijan (BBA), led by a political leader, which has filed cases in the National Green Tribunal challenging intake well in the River Bed by companies like Essar Steels Ltd. The case has developed to some extent and the tribunal has issued notices to the government and companies smelling illegalities and flouting of environmental laws. However, we could not get an exact update of the issue while updating our research because we could not meet the concerned persons.

#### The Video Shoot and Issues Dealt

After having updated our understanding on the issues we had reported in our extensive research on Baitarani on the first phase, we decided to go for the video shoot in Kedujhar district to cover the above issues. The shoot covered people and issues covering both Baitarani and its tributaries. While the video footages have already been sent to the Forum, the following transcriptions talk about issues that have been covered and that are important for the River Basin at the moment, in context of IWRM.

#### Video Interviews: Baitarani Is Virtually Taken Over by Mines

#### Sabara Kanta of Bayakumutia Village:

"Drinking water is a problem here. We have to go to the river and spend hours. We are also having problems receiving irrigation water. Our farms don't get any irrigation. This man tells the reality of Baitarani. While the local people, mostly of whom are indigenous communities that live on the banks of a tributary of Bairatani, don't get their basic rights to drinking water and irrigation, the Rivers and its tributaries are being given away for mining and industries."

#### Janaka Sarangi of Bayakumutia Village:

She narrates the regular tedious job that ladies have to do as she says, "We go to river travelling one and half kilometres daily, at least twice. We use the river for all purposes including drinking water. The one tube well the government had given is yielding too little water and also dirt and contaminated with some yellow material. So, we prefer the river. We spend two hours daily to fetch water from the river. We have to carry children, containers and clothes for washing together. We face lot of hardships".

This tells us how tapping Baitarani water for benefit of local people could be actually achieved and the government could provide them with drinking water by bringing it from river to home. However, the government is busy providing water to industries. This also confirms our apprehensions that there is no base document available on the current use, diversities and contradictions in the river basin based on which an IWRM plan could have emerged. It has just been done without any consultation with local people and just to impose a loan upon the government.

#### Ajayakrushna Behera, farmer of Bayakumutia:

"We are 60-70 households of tribal families here. We have to travel this long distance to come to river and use the water. We have ourselves made a check bund (with local stones) to keep stock of some river water for our use. There is no irrigation facility provided to us. We use this water that we stop in our indigenous method for some irrigation. But during summer, our crop fields go dry."

This is another case which reveals how government has failed to tap Baitarani water to provide livelihood support through irrigation but it is busy providing water to industries.

#### Kiran C. Sahu of Kendujhar Citizen's Forum:

He has raised the same issues that he had raised during our discussion while preparing the first research report. The issues are about pollution, deforestation, conflicts of interest between industries-mines and irrigation-drinking water, etc.

His detailed views at the following link: <u>http://www.frontierweekly.com/archive/vol-number/vol/vol-44-2011-12/vol-44-5/river-baitarani-44-5.pdf</u>

#### Sanatan Barik of Jadanga Village:

"The iron ore mines are up above two kilometres from here. All the dirty discharges of the mines to the river pollute it and we are forced to use this. About 2000 people of our village bath, wash clothes and even drink water from the river here. Our problem gets acute during rainy season as the miners violate all rules to discharge almost all the pollutant to the river. From August to February we face the worse. Government doesn't listen. We go to public hearings to raise our concerns but neither the government nor the companies pay any heed to our complaints."

This is the real picture of Baitarani River at the moment and it shows how IWRM project has ignored the sad reality. Even the Shah Commission has confirmed these facts.

#### Naresh C. Sitari of Chamakpur Village:

"Baitarani is polluted due to mines. At least ten thousand people are dependent on the river in this locality for drinking, agriculture and other purposes. A lift irrigation project was there earlier that has now remained defunct for twelve years. They are diverting water to industries. Dust pollution is heavy. Government has done a Kanhpur irrigation dam project that is yet to be complete for decades. Now companies like Essar, GRPL and Jindal have been allocated water from this dam meant for irrigating crop fields. They are not giving us water."

Naresh, a local activist and leader of a People's Organisation, has raised very vital issues and shows a case how irrigation has been deliberately neglected and farmers exploited but industries have been favoured in Baitarani.

#### Gita Oram of Jarang Village:

"We live on collecting and selling woods from the forests. We have no farm land. A family of four, my husband also collects wood and sells. We take water from digging a small chuan (a pit hole in stream bed) here. This stream comes from inside the mines. The mines have encroached the stream, which goes to merge with Baitarani. We face health problems due to this polluted water. We don't get medical facilities either from the company or from the government. The hospital is very far."

This is another reality of Baitarani basin. It has virtually been taken over by mines.

#### The Progress of RBO:

Despite several tries we could not get an exact status of the River Basin Organisation. The government website still has the 2010 notification calling for formation of a RBO and nothing called any progress.

#### **Conclusion:**

The IWRM in Baitarani remains as arbitrary a project as before and there is no effort by government to involve local people or disclose information. There remains a lot to be done at local level to monitor this project with more rigorous data collection, research, awareness and advocacy efforts.

# Documentation and Advocacy Report on the Integrated Citarum Water Resources Management Investment Program (ICWRMIP) Funded by the Asian Development Bank<sup>1</sup>

by Muhammad Reza Sahib Sigit Karyadi Budiono KRuHA and Arimbi Heroepoetri Diana Gultom debtWATCH

Background

<sup>&</sup>lt;sup>1</sup> This report was prepared by Muhammad Reza Sahib and Sigit Karyadi Budiono of KRuHA (Koalisis Rakyat untuk Hak atas Air /

Citarum, a river 270 km long, is one of the important rivers in Java. Millions of people, especially those who live in Jakarta, are dependent on this river for their needs in agriculture and industry, and for their supply of clean water. Without the Citarum River, Jakarta would be a dead city since 80% of its water supply comes from the mentioned river. Ironically, it may no longer be sufficient to call Citarum as the river which can guarantee millions of lives. Many are now reporting Citarum as the longest 'trash bin' in the world. Various programs and projects keep coming in that aim to make Citarum adequate enough to be used as a river. Integrated Citarum Water Resources Management Investment Program (ICWRMIP) is one among 6 other rivers that being funded by the Asian Development Bank (ADB) with total amount of USD 500 million.

People's Coalition for the Rights to Water (KRuHA), the national coalition advocacy on water in Indonesia and one of the prominent voices campaign of water in Indonesia, took up the initiative to monitor the IWRM Projects. The issues that the report highlighted and the activities that were undertaken by KRuHA have made good impact on country level and have slow down the formation of the River Basin Organization. IWRM implementation has been so critical thus there are many civil society groups voiced their concerns. The time has come to consolidate those voices and publish them in an audio-visual format to be used as an advocacy tool not only at the state level but also at the national and Regional level in targeting ADB's intervention on IWRM.

#### Activity Design and Method

A field study at the upstream and downstream area of Citarum River done to identify the actors involved and affected in advocacy process. A focus group discussion held at the area to confirm the results of the field study. An inventory and content analysis conducted to understand the various definitions, practices of Integrated Water Resources Management. Questionnaires for household actor and in-depth interviews with the other actors were the next step asked their opinion of the implementation of ICWRMIP. A simple video documentation developed during the processes to highlight the impact of the Integrated Water Resources Management (IWRM) approach that is supported and promoted by the Asian Development Bank (ADB).

#### I. Overview of Citarum River Basin and the ICWRMIP

The Citarum River is one of the most critical river basins in Indonesia. Located in the province of West Java, the basin extends over 13,000 square kilometres, which provides home and life to 10 million people<sup>2</sup>. It supplies 80 percent of metropolitan Jakarta's water needs, irrigates over 240,000 hectares of rice and other agricultural crops, and is the source of 1,400 MW of hydroelectric power.

<sup>&</sup>lt;sup>2</sup> According to ADB's Environmental Assessment and Review Framework for the ICWRMP, 7 December 2006

Citarum's multi-productive functions, indeed, are essential to urban and industrial development as well as rural communities and agricultural activities. However, several researches, including those commissioned by World Bank (WB), Asian Development Bank (ADB) and the Government of Indonesia (GoI)<sup>3</sup> reveal that the development potential and sustainability of Citarum river has been constrained by: inadequate institutional arrangements, deteriorating infrastructure, competing water demands, and rapid urban and industrial growth, which result shortage in water supply and unhealthy environmental conditions throughout the upper and lower basin.

Such challenges to Citarum's capacity to provide sustained water supply and to rehabilitate its degraded water systems are complex yet interrelated; and they need to be addressed in a clear, participatory and informed multi-stakeholder process. The ADB has entered the scene, purporting to offer a package of assistance that aims to encompass such a process of restoring Citarum through an investment called Integrated Citarum Water Resource Management Investment Project (ICWRMIP). ICWRMIP uses ADB's Multi-tranche Financing Facility<sup>4</sup>, which will mark the start of the influx of a new lending instrument that finances not a single project but a program composed of multiple projects, apparently larger in lending volume compared with traditional loans and is programmed for execution between of 10 to 15 year. The Bank has entered into an agreement with the Government of Indonesia (GoI) with the former providing loan, technical assistance and grant to prepare and manage ICWRMIP.

Over six hundred million US dollars are being invested for ICWRMIP that comprise of technical assistance, special fund, financing from the Netherlands, ATF Spanish and Cooperation Fund for the Water Sector, GEF and loans from the OCR and ADF. Four TAs have been approved while 3 other TAs are yet to be scheduled for approval.

The loan, Integrated Citarum Water Resources Management Investment Program -Project 1, will be invested in key areas: (i) institutions and planning for integrated water resource management (IWRM); (ii) water resources development and management (which includes the rehabilitation of West Tarum Canal or WSTC); and (iii) environmental protection. It will also cover supporting Investment Program Management. The expected outcomes are (i) improved reliability of water supply to Jakarta and irrigation areas supplied by West Tarum Canal; (ii) improved water use efficiency and increased yields for rice irrigation in three districts in the Citarum River Basin; (iii) significant increase in the number of community and NGO-driven initiatives for improved water and catchment management in

<sup>&</sup>lt;sup>3</sup> Many studies have been made about the Citarum River Basin. The Government of Indonesia (GoI), World Bank, ADB and JBIC have commissioned their own studies on Citarum's governance challenges.

<sup>&</sup>lt;sup>4</sup> MFF uses a flexible framework that allows the ADB to fund, using prospective loans and guarantees, an agreed and a set of investment program coming out of a sector roadmap. ICWRMIP is the first MFF-type of lending program (facility) which includes multiple sub-projects, carried out in various phases over medium to long term, and includes physical investments, technical advice and capacity building. Financing will be carried out in tranches. MFF is a curious case of new funding modality since it has been beset with concerns including those from the Board, citing risks to implementation and accountability. See: <a href="http://www.adb.org/Documents/Board/Chairs-Summaries/2008/Chair-Summary-Mainstreaming-MFF.pdf">http://www.adb.org/Documents/Board/Chairs-Summaries/2008/Chair-Summary-Mainstreaming-MFF.pdf</a>

the Citarum River Basin, and (iv) improved water quality in the waterways and reservoirs of the Citarum River Basin<sup>5</sup>.

The rehabilitation of West Tarum Canal is a critical component of the first phase upon which this assessment was developed. WTC is a 68.3 km long artificial waterway that diverts water from the Citarum River used as a vital source of water for irrigation, industries along the canal and households in Karawang, Bekasi and metropolitan Jakarta. The total loan for this sub-project is US\$50 million, which is a slice from the US\$500 million program fund or "facility".

The West Tarum Canal runs through three districts, Kabupaten Karawang, Kabupaten Bekasi and Kota Bekasi whose communities are identified to be involuntarily resettled by the project. The draft Resettlement Plan of WTC rehabilitation project indicates that there will be 872 affected households who will be displaced. In developing the RP, the GoI uses Indonesian law as the legal basis for acquiring properties needed for the project.

According to ADB, the LRP (Livelihood Restoration Program) in the Resettlement Plan was developed to fill the gaps of Indonesian policies with the view of ensuring that affected households are able to rehabilitate themselves to at least their pre-project condition<sup>6</sup>.

However, the LRP and the overall Resettlement Plan (which remains draft up to this stage) suffer serious deficits relative to compliance with the ADB's Involuntary Resettlement Policy and its Handbook. Such deficits are elaborated in this paper.

#### II. IWRM in ICWRMIP: Demystifying the Concept and Strategy

Focus of the assessment:

• Does ADB have empirical evidence that demonstrates successful IWRM initiatives in Indonesia or in Southeast Asia?

• Does ICWRMIP have clear strategy to address such vertical and horizontal conflicts over Citarum river management arising from the differential power and competing claims of central and local governments, private companies, farmers, women and other poor water users?

• How does the project intend to approach controversies in establishing a water board at river basin level?

<sup>&</sup>lt;sup>5</sup> Link: http://pid.adb.org:8040/pid/LoanView.htm?projNo=37049&seqNo=02&typeCd=3

<sup>&</sup>lt;sup>6</sup> Resettlement Planning Document, 37049-01-03 INO, INO: Integrated Citarum Water Resources Management Investment Program (West Tarum Canal Rehabilitation), 11 August 2008, Project Background, page iii

• Does the rehabilitation of West Tarum Canal project address the growing problems of farmers' declining access to Citarum water to irrigate their rice fields due to significant increase of water allocated for industrial and drinking consumptions?

ICWRMIP is being packaged as an embodiment of integrated water resource management (IWRM). The latest fashionable development thinking for managing water resources (since mid-1990s), its most widely cited definition, developed by the Global Water Partnership (2000), refers to IWRM as a process which promotes the coordinated development and management of water, land and related resources, in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems<sup>7</sup>.

IWRM focuses on integrating management of upstream and downstream interests, water quantity and quality, surface and groundwater, and land and water resources<sup>8</sup>.

IWRM is promoted as a departure from traditional water management, which is topdown, supply-led, technology-orientated and sector-driven, that has resulted in unsustainable use of water resources with high environmental, economic and social costs. It calls for the 'integrated' management of water usage that coordinates water use between population; water supply; agriculture; industry; energy; navigation; and natural ecosystem. Overall criteria in pursing IWRM objectives are: economic efficiency in water use; public-private partnership; multi-stakeholder involvement in all aspects of decision making process; equity; and environmental and ecological sustainability

In principle, central to IWRM should be participation. The most appropriate scale at which to manage water resources is the sub-basin or tributary level. Basin management requires the establishment of 'River Basin Organizations' (RBOs) with decision made by River Basin Committees (RBCs). In theory RBOs are a progressive co-management arrangement in which central-level Government ministries delegate more responsibility to local water users and local authorities to make management decisions regarding the river basins<sup>9</sup>.

#### **Does IWRM Work in Practice?**

It is important not to uncritically accept the IWRM concept. Whilst IWRM sounds great in principle, many think that in practice it is impossible to implement. An international expert argues that:

While at a first glance, the concept of IWRM looks attractive, a deeper analysis brings out many problems, both in concept and implementation, especially for meso-to macro-scale projects. The definition of IWRM continues to be amorphous, and there is no agreement on fundamental issues like what aspects should be integrated, how, by whom, or even if such

<sup>&</sup>lt;sup>7</sup> In 2002, the World Summit on Sustainable Development (WSSD) in Johannesburg adopted IWRM as a key strategy for its WSSD's Plan in addressing water allocation and scarcity issues.

<sup>&</sup>lt;sup>8</sup> 10 ADB, <u>http://www.adb.org/water/wfp/basin.asp</u>

<sup>&</sup>lt;sup>9</sup> Visit <u>http://www.gdrc.org/uem/water/iwrm/slide-start.html</u> to learn more about the ideas behind IWRM

integration in a wider sense is possible. In the real world, the concept will be exceedingly difficult to be made operational<sup>10</sup>.

There are legitimate issues associated with IWRM. One, some think the definition of IWRM is so general that it allows a business as usual approach where donors and other development actors can claim to be following the newest development thinking (whilst really doing the same as before).

Two, some think the only people to benefit from IWRM are the highly paid consultants working on the idea. It is also developed with techno-centric approach<sup>11</sup>.

Three, many projects purporting to embody the IWRM concept often falls short of integrating water and land management, linking natural territorial river basins with administrative organizations, and more importantly, facilitating public participation in the planning process (Wescoat, 2004).

Four, IWRM has been used by many international financial institutions, including the ADB, to justify their increased investment in water sector, including the IWRM-inspired projects for 25 rivers in Asia. But such push has its underlying agenda: to get the market or the private sector have a greater stake in water management. Ninan and Saravanan found that international agencies financing IWRM projects shape and reshape watershed landscapes to meet their own visions and goals. Schulze revealed how the South African National Water Act-1998 embraces IWRM but emphasized commercialization of agriculture. The same thing also happened in Indonesia, in which the Water Policy is based on IWRM concept, but it only reinforced the water privatization agenda through the loan from the World Bank.

Five, policy setting and implementation has become the basic requirement for IWRM; but it is not easy to do this especially when it is left at the overall discretion or management of the central government.

Six, lopsided coordination is also a common problem that hampers IWRM. Tapela mentioned that these are often attributed to (1) the fast tracking approach of government, (2) inadequate knowledge of the social and environment conditions, (3) lack of synergy among various policies, (4) overlapping institutional jurisdictions and power relations among institutional structures.

Seven, there is not any evidence of successful strategy to cope with the problem of transaction cost<sup>12</sup> in water allocation. Transaction costs are usually associated with organizing the large number of beneficiaries to agree collectively on water allocation.

<sup>&</sup>lt;sup>10</sup> Asit K. Biswas, Past President IWRA, President, Third World Centre for Water Management, Atizapan, Mexico

<sup>&</sup>lt;sup>11</sup> Saravanan.V.S., Geoffrey T. McDonald, Peter P. Mollinga, Critical Review of Integrated Water Resources Management:

Moving Beyond Polarised Discourse, Bonn, 2008, page 4

<sup>&</sup>lt;sup>12</sup> World Bank's Water Resources Management (1993) book elaborates the notions of transaction costs

Eight, there is a big problem of representation of who represent whom and the result is lack of legitimacy especially in involving civil society in the establishment of water board<sup>13</sup>. And the result is an inclusion of civil society which is in-line with the government and market as other members of a water board, and an exclusion of which is against them.

#### Marketing ICWRMIP as an IWRM model

ICWRMIP is being used as one example of ADB's IWRM projects in the 25 rivers in Asia-Pacific region. The rivers of Citarum, Ciliwung-Cisadane, Ciujung, Progo-Opak Oyo, and Bengawan Solo are among those targeted for IWRM in Indonesia<sup>14</sup>.

West Tarum Canal is an artificial waterway constructed in 1968 to transfer water from Citarum River to irrigate West Java's agricultural fields, industries and supply potable water to Karawang, Bekasi and Jakarta. WTC originates from Curug village in the sub-district of Teluk Jambe, district of Karawang. It then passes through the district of Bekasi and empties the water at the Water Treatment Plant in Buaran, Kalimalang in East Jakarta. There are many parties involved in the allocation of water of WTC. At least three PDAM and two private partners of PAM Jakarta (Palyja which is owned by Suez Lyonnaise of France and Aetra); hundreds of industries along the canal; irrigation; hydropower companies, fisheries, and tourism at the upper side of the canal, three municipal governments of Purwakarta, Karawang and Bekasi, two provincial governments of West Java and Jakarta. It is not to mention so many central government departments: the Forestry Department which is responsible for conservation, the Department of Public Works which manages surface water, the Department of Energy and Mineral Resources which is responsible for groundwater management, the Department of Environment for the quality of the water, the Bappenas, the Department of Agriculture and also the Department of Finance. The so many parties with their own vested interests make it difficult to manage WTC.

The Regional Autonomy Law makes the problem more complicated. For example, the Bupati of Purwakarta is trying to push the PJT II to contribute to Purwakarta's local revenue, just because the Jatiluhur dam where the water of WTC comes from is located at Purwakarta municipality. Many controversies and opposition to the establishment of Citarum River Basin Water Board are also indirectly caused by this law. Municipal and provincial government has a prejudice that this organization is only a way of the central government to take back the authority from the local governments. The opposition of establishing river basin water board is also supported by the Ministry of Home Affair. That is why until today there is not any Presidential Decree on the establishment of river basin water boards<sup>15</sup>.

WTC has been fraught with conflict based not only on regulating water allocation but also on the competing stake of various interest groups such as the multilateral development

<sup>&</sup>lt;sup>13</sup> See: Swyngedouw, E. 2006. Governance Innovation and the Citizen: The Janus face of Governance-beyond-the-State- in *Urban Studies* 42 (11).

<sup>&</sup>lt;sup>14</sup> <u>http://www.adb.org/water/wfp/basin.asp</u>)

<sup>&</sup>lt;sup>15</sup> According to the Law No 7 of 2004 on water resources, the implementing regulation to establish water boards is the Presidential Decree. Until today the agreement achieved only covers the establishment of the national water board.

banks, private companies, farming communities the local and central governments<sup>16</sup> In Hadipuro's research, 'water users face scarce supply during dry seasons. Farmers, in particular, bear more brunt than others as crops yields become far lower for lack of irrigation.' Risks to livelihood are further threatened as a number of companies siphon considerable volume of water from Citarum for their operations. There is a fact that the irrigation area has been reduced because of this reason and there is a systematic way to convert the irrigation area into housing and industrial area along the canal (see table 2).

| No  | Irrigation Area  | Existing Irrigation (ha) | Decreasing number (ha)* | Total (ha) |  |  |  |
|---|------------------|--------------------------|-------------------------|------------|--|--|--|
|   |                  |                          |                         |            |  |  |  |
| 1   | Kabupaten Bekasi | 52.301                   | 953                     | 51.348     |  |  |  |
| 2   | Kota Bekasi      | 196                      | -                       | -          |  |  |  |
| 3   | DKI Jakarta      | 933                      | 161                     | 772        |  |  |  |
| Tota  | al               | 53.430                   | 1.114                   | 52.316     |  |  |  |
| * Land conversion from irrigation area into housing and industrial area |                  |                          |                         |            |  |  |  |

In the upstream of Citarum, resource management conflict occurs among local parliament, central government, civil society organizations and MDBs, especially the ADB, in relation to financial burden and the effectiveness of the project<sup>17</sup>. In relation to ICWRMIP, Ichsan explained *"the project has been designed from the top and was never brought to us for meaningful and adequate consultation."* (LSM Tolak Penanganan Sungai Citarum Gunakan Dana Utang, http://newspaper.pikiranrakyat. co.id/prprint.php?mib=beritadetail&id=22103)

"In designing the WTC rehabilitation project, the local government has never been consulted by the central government. Even if there were consultations, we received no notice. It will turn out that the central government will decide how the project is run while the regional and local governments will be relegated to just comply with the central government while being obligated to provide 'dana pendamping' or supporting fund. How should we explain to our people about allocating some fund (as contribution to paying the ICWRMIP loan) that is not in our development plan?"

<sup>&</sup>lt;sup>16</sup> Two of the influential private companies are PAM Jaya (Public Drinking Water Company in Jakarta where 51% of the shares are controlled by Suez Lyonaise) and Aetra (owned by Aquatico, a local investor; Aetra was formerly owned by Thames Water of RWE Germany). See: Wijanto Hadipuro, Study on the dynamics of Water Governance: Case study of Indonesian Jatiluhur Dam Water Allocation, 2008, page 1.

<sup>&</sup>lt;sup>17</sup> According to Moch. Ichsan (a local parliamentarian from Bandung District), "the central government has a regulation to force the region to be the guarantor of the central government's debt which is used to finance development in that region."

This testimony raises questions, if not attests to failed transparency and deficient consultation with the people's representatives in the local parliament of West Java as well as how affected people in Purwakarta, Karawang and Bekasi are being kept in the dark about the ICWRMIP.

Supposedly, there should have been acceptable transparency and consultations in this "integrated" approach to managing Citarum river system. Have these been realized?<sup>18</sup>

If coordination is another critical element to make IWRM work, this appears to be not in existence. If it does, it is seen as weak. One government agency, the Department of Public Works, is single-handedly running the coordination during project preparation. Several locals including Asep Warlan Yusuf from Parahyangan University Bandung expressed that:

"The establishment of a law that governs river management remains a problem as there is still strong ego-sector. The public works department exercises its authority to move the project preparation plan forward but it failed to coordinate and consult with the local governments and their respective offices as the latter also have mandate in terms of managing the Citarum river basin and dealing with the concerns of various stakeholders. This situation can breed more conflict...and is now reigniting long-standing tensions in the basin area."

*"And the ADB is mum on this."*<sup>19</sup> There is nowhere in the project document that discusses how it plans to address (i.e. avoid or not to reinforce) political conflicts arising from competing claims and interests over Citarum river resource management.

Setiawan W, Head of environment destruction review of BPLHD (Badan Pengendali Lingkungan Hidup Daerah/ Local Environment Controller Bureau) also pointed out:

"The local government of West Java has conducted Citarum Bergetar (clean, beautiful, and sustainable) drive which was inclusive of multiple stakeholders. Yet, this initiative might vacillate because it is not recognized in the ICWRMIP, which is being pushed by ADB and the central government. ICWRMIP simply overrides local government efforts."

He also added that:

"Setidaknya ada 40-50 peraturan yang dibuat sejumlah institusi, mulai dari pemerintah pusat, pemerintah provinsi, serta masing-masing pemerintah kabupaten dan Kota. Keadaan ini amat menyulitkan dalam pelaksanaan pengelolaannya di lapangan."<sup>20</sup>

"At least, there are 40-50 regulations made by several institutions, starting from central government, provincial level government, and also from every local (district) government. These overlapping, often incongruent policies are likely going to make project execution exceedingly difficult".<sup>21</sup>

<sup>&</sup>lt;sup>18</sup> ADB put 25 key elements to the implementation of Integrated Water Resources Management (IWRM) Project, see: <u>http://www.adb.org/water/wfp/basin-elements.asp</u>

<sup>&</sup>lt;sup>19</sup> FGD November, 2013. The venue was Hotel Karang Setra

<sup>&</sup>lt;sup>20</sup> http://www.inawater.com/news/wmview.php?ArtID=884

<sup>&</sup>lt;sup>21</sup> Ibid. translated from previous footnote

The issues rose above show that there are no promising efforts that will make WTC, in particular, and the implementation of ICWRIP in general, achieve the critical requirements of an IWRM. ICWRMIP also does not address the long running conflicts surrounding the allocation and water use from Citarum. In the project monitoring and design framework, it mentions that one of the outputs expected from the ICWRMIP project is increasing water use efficiency, by decreasing as much as 45% of water use for irrigation as the indicator. It can be seen, however, that ICWRMIP puts more emphasis to water as a commodity, not as a common resource. It means that 45% of the water used from Citarum will be commoditized for use by the industrial companies and households given its high economic value (see table 3). The implication of this water commodification is that it will bring a revenue increase of the PJT II which has a powerful stake in Citarum river water (see tables 4 and 5).

| No | Details                 | 1990   |            | 2005   |            | 2025   |            |
|----|-------------------------|--------|------------|--------|------------|--------|------------|
|    |                         | M3/sec | Million m3 | M3/sec | Million m3 | M3/sec | Million m3 |
|    |                         |        |            |        |            |        |            |
| 1  | Sources                 | 182,33 | 5,750.00   | 182.33 | 5,750.00   | 182,33 | 5,750.00   |
|    | Citarum plus Its<br>Dam | 60.25  | 1,900.00   | 61.83  | 1,950.00   | 63.42  | 2,000.00   |
|    | Other rivers            |        |            |        |            |        |            |
|    |                         |        |            |        |            |        |            |
| 2  | Usages                  |        |            |        |            |        |            |
|    | Irrigation              | 177.30 | 5,591.00   | 175.00 | 5,518.80   | 168.00 | 5,298.05   |
|    | Industries              | 7.91   | 249.45     | 15.00  | 473.04     | 25.00  | 788.41     |
|    | Water Supply            | 9.77   | 308.11     | 21.30  | 671.72     | 45.00  | 1,419.12   |
|    | Fisheries               | 1.00   | 31.54      | 10.00  | 315.36     | 20.00  | 630.72     |
|    | Municipalities          | 2.00   | 63.07      | 10.00  | 315.36     | 15.00  | 473.04     |
|    | Peak Electricity        | 9.51   | 300.00     | 3.17   | 100.00     | 0.00   | 0.00       |
|    |                         |        |            |        |            |        |            |
| 3  | Water Balance           |        |            |        |            |        |            |
|    | Source                  | 242.58 | 7,650.00   | 244.16 | 7,700.00   | 245.75 | 7,750.00   |

#### Table 2: Water Supply and Usage Trend 1990-2025

| Usage           | 207.49 | 6,543.88 | 234.47 | 7,394.28 | 273.00  | 8,609.33 |
|-----------------|--------|----------|--------|----------|---------|----------|
| Surplus/deficit | 35.09  | 1,106.12 | 9.69   | 305.72   | (27.25) | (859.33) |
|                 |        |          |        |          |         |          |
|                 |        |          |        |          |         |          |

Table 3: Water Charges for Each User and Its Contribution to PJT II Revenue

| No | Usage                                | Water<br>Charges | Contribution to PJT II/year |
|----|--------------------------------------|------------------|-----------------------------|
| 1. | Irrigation                           | Rp. 0            | Rp. 0                       |
| 2. | Raw Water for Public Water<br>Supply | Rp. 130/m3       | Rp. 64,15 Billion           |
| 3. | Hydropower                           | Rp. 185/Kwh      | Rp. 102,14 Billion          |
| 4. | Industry                             | Rp.100/m3        | Rp. 8,77 Billion            |
| 5. | Fisheries                            | Rp. 1000/m2      | Rp. 19,575 Million          |

### Table 4: Projected Revenue of PJT II

| No | Revenue from selling water to | 2009   | 2010   | 2011   | 2012   | 2013   |
|----|-------------------------------|--------|--------|--------|--------|--------|
| 1  | Hydropower                    | 772.9  | 827.26 | 835.07 | 841.20 | 862.24 |
|    | (billion kwh)                 |        |        |        |        |        |
|    | -Juanda Hydro power.          | 754.29 | 809.26 | 817.07 | 823.20 | 844.24 |
|    | -Mini Hydro power.            | 18     | 18     | 18     | 18     | 18     |
|    |                               |        |        |        |        |        |
|    |                               |        |        |        |        |        |

| 2 | Raw water          | 938.93 | 964.61 | 1,021.15 | 1,094.94 | 1,125.52 |
|---|--------------------|--------|--------|----------|----------|----------|
|   | (Billion cubic m.) |        |        |          |          |          |
|   | -PAM Jaya          | 465.00 | 465.00 | 494.33   | 539.27   | 539.27   |
|   | -Other PAM         | 261.97 | 277.69 | 294.35   | 312.01   | 330.73   |
|   | - Industries       | 165.96 | 175.92 | 186.47   | 197.66   | 209.52   |
|   |                    |        |        |          |          |          |
|   |                    |        |        |          |          |          |

#### III. Analysis of ADB's ICWRMIP-Project 1 Resettlement Plan

Focus of this Assessment:

- Is there an adequate estimation of the number of project affected peoples?
- How are land scarcity and land acquisition issues addressed?
- Is there a proper compensation, livelihood restoration and rehabilitation assistance?
- Does it guarantee livelihood restoration and are there gaps in the assistance measures

• Are the resettlement processes clear and participatory? Is the social preparation acceptable?

# 1. Flawed and inconsistent use of terms that refer to project affectees can lead to significant underestimation of people entitled to receive compensation, inadequate livelihood restoration support and economic injustice.

The draft RP adopts the term <u>affected households (AH)</u> instead of the standard use of <u>affected persons (APs)</u> to calculate the number of those affected by the project. The ADB's Involuntary Resettlement Policy and its Handbook on Resettlement define those people affected by project-related changes in use of land, water or other natural resources as "affected persons."<sup>22</sup> The use of "affected households" is misleading as it does not represent a realistic estimate or counting of those APs, both direct and indirect affectees. The AH figures can be the ground for significant miscalculation of APs. By counting "households" and not "persons", there is strong probability that the number of people affected could be four, five or six times larger than the number identified in the draft RP. In rural Indonesia, a household typically consists of 4-6 members.

The draft RP had identified 872 AHs that will be relocated<sup>23</sup>. Assuming the average number of every rural Indonesian household is 5, the number of affected persons can reach

<sup>&</sup>lt;sup>22</sup> Handbook on Resettlement – A Guide to Good Practice, Asian Development Bank, 1998, page 3

<sup>&</sup>lt;sup>23</sup> Resettlement Planning Document, 37049-01-03 INO, INO: Integrated Citarum Water Resources Management Investment Program (West Tarum Canal Rehabilitation), 11 August 2008, page 20, Table 4.1 and paragraph 42

up to 4.360 APs. By failing to identify the exact number of people that will be affected by this project, calculations for entitlements may also be flawed.

Also, there is no benchmark upon which others are excluded from the list of APs. There is also no explicit statement how many people will be directly impacted and there is no benchmark either in determining the indirect impacts they will experience.

Affected persons who are not counted are likely to be left out in receiving proper compensation for their lost and damaged properties as well as their entitlements to restore their income sources and livelihood activities. Those people left out can fall further to the quagmire of joblessness, landlessness and food insecurity. Risks of impoverishment can be higher and there is no guarantee that their economic situation will be better or at least the same as before their relocation<sup>24</sup>.

#### 2. Relocation plan is not available.

2.1. No clear Information regarding the relocation site. How many, when, and how affected persons are to be relocated and what can they expect once they are moved are not disclosed.

The ADB Handbook on Resettlement states: "Location and quality of the new relocation site(s) are critical factors in relocation planning because they ultimately determine access to land, social support networks, employment, business, credit, and market opportunities."<sup>25</sup> The whole draft RP does not contain any clear information where the affected persons will be relocated. In the relocation section, it only says: "*Based on meetings with the local government, it has been confirmed that there are available private land available within the village as replacement land for residential and commercial purposes*"<sup>26</sup>.

#### Where are those lands?

The non-existence of information on relocation site is a clear indication that there is no sound and acceptable Livelihood Restoration Program (LRP) and this is an indicator of noncompliance with the Involuntary Resettlement policy. The absence of clear relocation site and plan means that the affected people who will be displaced are unable to predict or to assure their livelihood afterwards.

The Handbook also underscores that site selection should be part of the Feasibility Study. In this case, how can one do a feasibility study when the relocation site is not clear, and the department in charge of commissioning the RP (Directorate General of Water Resources,

<sup>&</sup>lt;sup>24</sup> According to the principles of ADB's Involuntary Resettlement Policy, principle (iii) stated that "If individuals or a community must lose their land, means of livelihood, social support systems or way of life in order that a project might proceed, they should be compensated and assisted so that their economic and social future will generally be at least favorable with the project as without it".

<sup>&</sup>lt;sup>25</sup> Handbook on Resettlement – A Guide to Good Practice, Asian Development Bank, 1998, page 56

<sup>&</sup>lt;sup>26</sup> 5 Resettlement Planning Document, 37049-01-03 INO, INO: Integrated Citarum Water Resources Management Investment Program (West Tarum Canal Rehabilitation), 11 August 2008, page 48, para 9

Ministry of Public Works) only heard about possibility of location site without even inspecting it?

Moreover, the information of relocation site itself was only based on information by local government and it is unclear which local government had confirmed this: the provincial government or the district governments? Which district? More problematic is the fact that the possible relocation site is "**an available private land available within the village**". This most likely will lead to violation of people's right to land access, as elaborated below.

#### 2.2. Flawed consultation on resettlement and non-transparent information

The handbook cited "site selection and relocation plans must be based on, and tested through community consultation. The APs and their hosts should be allowed to participate in decisions concerning site selection, layout and design, and site development."

In the Appendix 5 of the draft RP, which shows the list and details of consultation meetings, there is no record of any discussion about relocation site. There is also no record of discussion how and when the affected people will be relocated. Thus, the consultation meetings can be considered as misleading or even deceiving as it did not discuss at all these relocation issues in substance – largely because there appears to be no relocation plan.

Unclear relocation site is a gross transparency deficit. Why the affected people should be left guessing where, when and how they are going to be relocated? They have a right to choose and decide the location of their new home. Consultation meetings are supposed to inform and allow the affected people to provide feedback, assess, verify and question the assumptions, activities, indicators and targets of ht plan. They are supposed to be clarified if there are better alternatives to being displaced from their current homes. In preparing the resettlement plan, it appeared that socialization, not consultation, was what ADB adopted when they encountered selected project affectees.

#### 2.3. Depriving people's right to access and use land?

Unclear relocation site and moving the APs to an available private land can be seen as a machination of denying people's right to know their land entitlement and how to use it. There is no guarantee that the APs will find a favorable place to live and work, given the scarcity of land in West Java. The APs might end up being less well off, more impoverished than before the project. From the 872 AHs expected to be relocated, 209 are farmers. Given the uncertainty of the relocation site, these farmers affected by the project might not find a productive agricultural land.

Furthermore, if the affected people were moved to a private land, their right to access land can be deprived. There is no feasibility study on the relocation site that was conducted by the responsible central and local authorities, representatives of community organizations and NGOs. The identified or proposed private land as relocation site is unclear, which poses major risks including:

- No guarantee that the private landowner would not sell his land to another party
- The affected people may not have sufficient financial capacity to purchase the land

• It is unlikely that the relocated people can build permanent houses.

Overall, unclear relocation site certainly does not comply with the Involuntary Resettlement Policy and the Handbook on Resettlement of the ADB.

#### 3. No sound and clear income/livelihood restoration program

ADB's Involuntary Resettlement Policy underscores the importance of income and livelihood restoration program in the Resettlement Plan to ensure that people who are to be resettled are provided with sufficient resources and opportunities to re-establish their homes and livelihoods as soon as possible.<sup>27</sup>

In the Handbook on Resettlement, a schematic, step-by-step guide in identifying and developing income and livelihood restoration program is presented. The guide specifically informs the ADB and Implementing Agency in assessing prospects of (continued) employment in the project area, the types of income-generating activities available at the relocation site, how many people can be absorbed, and what training or competencies are needed, among others.

#### 3.1. Livelihood restoration program is not concrete

The livelihood restoration program, however, suffers a major loophole as it does not clearly identify and describe the relocation site. The Board is about to give a green light to the whole ICWRMIP, including the Project 1 but it nowhere in the project documents that are publicly available is the relocation site, whether the it provide better opportunities or conducive environment to start a new life, if there are better alternatives to relocation site, or if it is more economically feasible not to relocated the affected people.

Further, the trainings and other 'livelihood activities' identified in the LRP do no adequately explain why they are needed considering the absence of in-depth profiling of the relocation site. Yes, training and providing livelihood activities are important in preparing the affected people with the necessary competencies and means to rebuilding their economic well-being; but those identified in the draft RP do not justify if these are economically feasible and culturally appropriate. The ADB and the implementing agency appear to be engaged in guesswork, which was based on a 2-3 hours socialization or focus group discussion with only a few affected households (**and not affected persons**). The draft RP cited a survey where the respondents were questioned whether they wish to change their profession. Eighty-three percent (83%) of the 872 respondents said NO. Is it not too telling that affected people hardly see a future outside or away from their present homestead and present farmland?

# 4. Entitlement analysis is inadequate and flawed. It does not fully represent real social condition of the affected people.

<sup>&</sup>lt;sup>27</sup> See ADB Involuntary Resettlement Policy, basic principles point (iv)

In ADB's Handbook on Resettlement, entitlement is defined as a range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation which are due to affected people, depending on the nature of their losses, to restore their economic and social base.

The manner in which the draft of Resettlement Planning of this project deals with the entitlement component raises deep concerns.

4.1 The draft RP does not protect and fails to provide comprehensive support to affected people who are without legal land title

The draft Resettlement Plan mentions that the entitlement implementation arrangements<sup>28</sup> will be based on both the entitlement matrix and existing local government regulations, to wit:

- a. APs within the Karawang district and Bekasi City will be entitled to replacement cost as described in the entitlement matrix and calculated based local regulations where available.
- b. APs within the Bekasi District will be entitled to compensation using the *uang kerohiman* scheme as stipulated in the existing local government regulation *Keputusan Bupati Bekasi Nomor 300/Kep.71-POD. I/2007* or any updated local government regulation.

These entitlement arrangements are loose and non-binding. They could lead to varying and competing land entitlement claims of the Affected Persons, even the indirectly affected ones. These are inherently subjective, not objective as there is no clear standard in determining what Affected Persons are entitled to. This could also mean that whoever is incharge of implementing these arrangements, this can be open to abuse. If there is money involved, this can open doors for shady practices.

For the information of ADB, *uang kerohiman* in Bekasi District is merely treated as a form of charity. Based on Indonesia's experience, the term *uang kerohiman* could also lead to the corrupt practices. One case is that of a toll highway project in North Jakarta where the State's use of *uang kerohiman* resulted to unjustified and forcible relocation of people away from their land. *Uang kerohiman* spared Jakarta residents with KTP (formal legal land title) while who those who don't have a title were made to leave their homestead without their consent.<sup>29</sup>

The draft Resettlement Plan also states that *all households found within the Project area are considered squatters* (emphasis added).'45 The concept of 'squatters' is often taken as 'unlawful residents' in Indonesia on the basis of having no land use rights or legal

<sup>&</sup>lt;sup>28</sup> Resettlement Planning Document, 37049-01-03 INO, INO: Integrated Citarum Water Resources Management Investment Program (West Tarum Canal Rehabilitation), 11 August 2008, page iv, para S12

<sup>&</sup>lt;sup>29</sup> Penghuni Kolong Tol Dapat Uang Kerohiman, <u>http://m.infoanda.com/readnewsid.php</u>

ownership of the land they occupy. The draft Resettlement Plan defines a squatter as *a person* who has no legal title to land but illegally occupies and squats upon public land.

The people identified as affected people (or AHs) have no legal title to the land (embankment) where they live and farm. The draft RP treats these people as squatters. This can mean that having no land title will be a bar to compensation. There is no explicit provision in the draft RP either that guarantees protection and proper entitlements to the affected people. This is a stark contradiction to the basic principle noted in ADB's Handbook on Resettlement and Operation Manual of Involuntary Resettlement, to wit:

'**No formal title.** Indigenous groups, ethnic minorities, pastoralists, people who claim for such land without formal legal rights, and others, who may have usufruct or customary rights to affected land or other resources, often have no formal legal title to their lands. The absence of a formal legal title to land is not a bar to ADB policy entitlements.'<sup>30</sup>

It also fails recognize the affected people as humans who are supposedly the central subject of development and active participants and beneficiaries of development<sup>31</sup>. This project is going to deprive peoples' rights of their rights to decide on what kind development is needed for their well-being.

Moreover, it is important to note Indonesia's National Commission on Human Rights 9 July 2008 report that there are 15 cases of involuntary resettlement that consist of violation of human rights - two of them resulting from the rehabilitation of canal and 'normalization' (diversion of waterways) of the river. Said report mentions that while some of them only received Rp. 250.000 per household, others, if not most affected people, were having difficulties getting compensation largely due to lack of land ownership title, failure to provide sufficient evidence of documents to prove their land use rights, subjective application of *uang kerohiman*, and other factors<sup>32</sup>.

There are also several cases of involuntary resettlement in Indonesia where military or paramilitary forces were used by the government and the private companies, respectively, that resulted to human rights violations. Many people lost their bargaining position to defend their own rights to lands and their livelihood due to the employment of force.

We do not see any strong mechanism in the resettlement plan that can safeguard affected people's rights to land and to defend their livelihood given the high risks and the in the serious flaws both in the substantive and process of developing the resettlement plan.

4.2 Problems in determining the affected assets of the affected households

<sup>&</sup>lt;sup>30</sup> Asian Development Bank, OM Section F2/BP Issued on 29 October 2003, page 3

<sup>&</sup>lt;sup>31</sup> Declaration on the Right to Development, 1986. UNHCR, http://www.unhchr.ch/html/menu3/b/74.htm, Article 2 point 1.

<sup>&</sup>lt;sup>32</sup> Sri Palupi, Problem dan Tantangan dalam Akses Hak Ekonomi, Sosial, Budaya, 9 July 2008

http://komnasham.go.id/portal/files/Sri%20Palupi\_Problem%20dan%20Tantangan%20dalam%20Akses%20Hak%20Ekosob .doc

There are several assets noted in the draft resettlement plan (particularly Table 5.1) that will be covered by entitlements. It is unclear, however, whether this document has also made proper calculation of structures to be compensated in other districts where there are affected persons. The exact number of affected assets (damaged or lost) by affected persons is also unclear.

#### 4.3 Gaps in the compensation design

As mentioned earlier, the draft resettlement plan indicates the entitlement implementation arrangements will be based on both the entitlement matrix and existing local government regulations. However, a statement was given by Indonesia National Planning Bureau at a meeting held in July 2008 stressing that the compensation will be managed by the local government. It raises concerns about the structure in which the people to be resettled could receive a proper and a fair compensation. Such a statement gives no clarity how and to what extent ADB will have an oversight in the implementation of the resettlement plan based on IR Policy and on implementing and monitoring. How can a local government ensure that in applying *uang kerohiman*, affected people will be fairly and properly compensated?

The compensation design also fails to present and address risks involved often associated with availing of and providing proper compensation. In the context of Indonesia, these risks often involve intimidation and conflicts, among others.

#### IV. Key message

Since ICWRMIP has no strong and broad community and stakeholder support and given that the high impoverishment and political risks far outweigh the potential benefits (which remain unclear), at the maximum, the ADB Board should seriously consider pulling out from investing into the whole MFF-ICWRMIP unless a significant, meaningful and strongly and broadly supported re-assessment of the entire program is undertaken. If the Board proceeds with approving the whole MFF-ICWRMIP without such reassessment, it is a validation that they put legitimacy to the Program that clearly and seriously violates ADB's safeguard policies and all relevant policies and operating procedures.

# Critical project documents should be disclosed and subjected to informed, inclusive and multistakeholder consultations, especially the directly and indirectly affected people.

It is questionable how ICWRMIP could address the fundamental challenge of promoting a proper, accountable and participatory governance of Citarum water resources. We believe that this proposed Program might result in incurring bad debt, burdening people with loans that do not help ensure their sustained access to Citarum river resources. ICWRMIP is an initiative designed largely by technocrats that may obstruct local governments and people's initiatives in managing their common resources.

Implementation Constraints: The definition of integrated water resources management is an important consideration. When the definitional problem can be successfully resolved in an operational manner, it may be possible to translate it into measurable criteria, which can then be used to appraise the degree to which the concept of integration has been implemented in a specific case, and also the overall relevance, usefulness and effectiveness of the concept in terms of improving practices and processes used for water management.

In addition, a fundamental question that has never been asked, let alone answered, or for which there is no clear-cut answer at the present state of knowledge, is what are the parameters that need to be monitored to indicate that a water resources system is functioning in an integrated manner, or a transition is about to occur from an integrated to an 'unintegrated' stage, or vice versa, or indeed even such a transition is occurring? In the absence of both an operational definition and measurable criteria, it is not possible to identify what actually constitutes an integrated water resources management system at present, or how water should be managed so that the system remains inherently integrated on a longterm basis.

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ADB and Hydropower Project in Nepal: A Case Study of Tanahu Hydropower Project Submitted by Ratan Bhandari and Rashmi Kiran Shrestha

#### 1. Background

#### **1.1 Introduction**

Nepal is a landlocked country with an area of 147108 km<sup>2</sup> sandwiched between two developing giants India and China. Nepal suffered from decade long Maoist insurgent leaving country in more fragile condition. Every sector suffered a lot and still suffering due to civil war and political instability. Nepal is in transition and constitution making process and newly elected Constituent Assembly II has promised to promulgate a new constitution which will shape country's future. Nepalese people are eagerly waiting for the new constitution which would pretty much shape their future as well.

Nepal although challenged with its landlocked nature, is naturally a beautiful country. This country is rich with natural resources, cultural and biodiversity, Indigenous knowledge, world heritage and genetically diverse flora and fauna. However, Nepal ranked 157<sup>th</sup> among 187 countries in UNDP's Human Development Index (UNDP, 2013). The rate of economic development is only 3.56 % (EcoSurvey, 2011). The average annual income of Nepalese people is \$658 (EcoSurvey, 2011). With this dire economic context, one of the economic development means seen by Government of Nepal (GON), International Financial Institutions (IFIs), bilateral donor agencies and multination companies is hydropower development. IFIs are proposing Nepal to harness its water resources flowing from the vast Himalayas.

#### 1.2 Rivers , Dam and Power Crisis in Nepal

Nepal's major river basins make over 6000 rivers and rivulets where every year 220 billion cubic meter water flows when there is on an average 1530mm precipitation (Pokherel, 2005)

Rivers of Nepal originate in the Himalayas and some of them from China's autonomous region Tibet. Most of the major river basins (Koshi, Gandak, Kranali and Mahakali) in Nepal are of transboundary type. Nepal basically shares with China and India with larger share with India. Nepal and India already signed in Koshi, Gandak and Mahakali river treaties for the purpose of flood control, irrigation and power generation. India has been successful to divert these rivers for irrigation of her northern states Uttar Pradesh and Bihar. However, all above mentioned treaties are regarded as being unequal and unjust in terms of their joint management and benefit sharing. Now, most of the Indian companies secured hydropower project's license for power generation. 900 MW Upper Karnali, 900 MW Arun III and 600 MW Upper Marshyandhi II are the fresh examples.

There is still debate going on in Nepal about pros and cons of big dams. Generally dam building has many socio-environmental costs. For an economically poor country like Nepal, dam building and power generation for domestic consumption and export seem boon for economic growth. However for a country like Nepal, this has its own cost. Nepal has huge water resources stored in the Himalayas but the Himalayas of Nepal are continuously moving and seismically active (Dixit, 2002). This induces continuous rock felling, erosion and landslides. Therefore rivers carry all the sediments and there are many cases of rivers changing course resulting floods. Himalayas itself is very new, young and fragile mountain as well as high seismic zone, therefore building mega dam projects in the Himalayan rivers is a risky business. Earth quick, Glacial Lake Outburst Flood (GLOF), Cloud Burst Flood, Sedimentation, Landslide is other natural challenge in Nepal. Though, Nepal cannot say 'no' for dam as argued by Dipak Gyawali, renowned water resource expert of Nepal in the environmental conference stated in (Dixit, 2007). According to Mr. Gyawali, environmental activists can debate for no "bad dam" in Nepal. In a country like Nepal where all the precipitation comes in three four months of the year and with severe energy crisis, it is difficult to say no to dams.

Nepal has theoretical potential of generating 83,000 MW electricity of which 43,000 MW is at present economically viable (WECS, 2002). However, Nepal experiences 12-18 hours of 'power cut' in dry season and power cut all year around. According to Dilli Ghimire, Chairperson of National Association of Community Electricity Users-Nepal (NACEUN), only 40% people have an electricity access and rest of the 60% does not have electricity (Ghimire, 2011). However, Nepal Living Standard Survey, 2011 claims that average, 70% of households have access to electricity (Nepal Living Standard Survey, 2011),

Nepal's total installed power generation is 706 MW, the majority of which is owned and operated by Nepal Electricity Authority (NEA) while the private sector owns and run 158 MW (ADB, 2013). This capacity Shrinks to 250-300 MW during the dry season, which also happens to be the time when demand is at its highest (over 1,000 MW) (ADB, 2013). It's because, Nepal has only one storage dam project called Kulekhani. All the other hydropower projects are basis on run off the river. Even in monsoon when there is abundant water in the rivers, there is power cut in Nepal.

Thus, the Government of Nepal has declared "power crisis" in 2008 and announced to investors to invest in hydropower sector. So the government, development partners have shown their interest in hydropower development projects to reduce Nepal's power crisis. However hydropower development has its own challenges and opportunities.

#### 2. ADB and Hydropower Projects in Nepal

The IFIs and bilateral donor agencies have been playing very crucial and dominant role in the hydropower development sector in Nepal. Asian Development Bank (ADB), World Bank (WB), European Investment Bank (EIB) and Japan International Cooperation Agency (JICA) are major multilateral/bilateral donor agencies who are engaging in Nepal's hydropower sector. Among them ADB's role is more active and influential. ADB has already invested huge amount of money in Nepal's education, transportation, agriculture, tourism, infrastructure development, drinking water supply and sanitation as well as energy sector. ADB's involvement in Nepal's energy sector is quite old. ADB has been providing loan and grant assistant for rural electrification and hydropower generation with lending conditionalities. It has been providing all financial and technical loand and assistant through government. Therefore, local community's role in project designing, implementation and evaluation is completely excluded in ADB funded projects in Nepal.

Table 1: ADB Loan in Nepal's Energy Sector

| S.No | Loan No. | Year | Project Name            | Loan Amount in<br>US\$ |
|------|----------|------|-------------------------|------------------------|
| 1    | 250      | 1975 | Second Electrification  | 24,47,966              |
| 2    | 447      | 1980 | Third Electrification   | 1,48,96,395            |
| 3    | 512      | 1981 | Mini Hydro              | 83,00,000              |
| 4    | 533      | 1982 | Forth Electrification   | 11,24,234              |
| 5    | 670      | 1983 | Fifth Electrification   | 1,77,25,876            |
| 6    | 708      | 1986 | Sixth Electrification   | 2,74,67,406            |
| 7    | 1011     | 1990 | Seventh Electrification | 3,87,47,021            |
| 8    | 1452     | 1996 | Kali Gandaki 'A'        | 10,56,32,130           |

Source: Ghimire: 2011

In the past ADB was supposed to fund US\$ 127.6 million in 201 MW Arun III Hydroelectric project together with World Bank. However World Bank pulled out from Arun III in 1995 and project could not go ahead. As a result, ADB provided same amount as a loan to implement 144 MW Kali Gandaki 'A' hydroelectric projects (Gyawali, 2003). ADB was one of the leading donor agencies in Kali Gandaki 'A' project and that project was completed in March 2002. There were/are lots of controversies like corruption, compensation, rehabilitation of displaced Bote people, and low quality of dam construction and so on within Kali Gandaki 'A' project.

After Kali Gandaki 'A', ADB considered to provide loan (\$50 million to Private Sector, \$68.5million for Political Risk Guarantee and \$40.8million as Equity Investment and \$45million to the Government of Nepal) to West Seti project. (SMEC, 2007). However, ADB pulled out from the West Seti because of local resistance and finally the project was canceled in 2011. Then, ADB agreed to provide loan for Tanahu Seti Project. Recently ADB has provided loan to prepare Detailed Project Report (DPR) for the 536 MW Sunkoshi III hydropower project in Kavrepalanchwok district.

# 3. A Case Study of Tanahu Hydropower Project (THP)

# 3.1 Tanahu Hydropower Project

The 140 MW Tanahu Seti Hydroelectric Project (THP) is located in the Tanahu District of the Western Development Region of Nepal. This project would be second reservoir project in Nepal after Kulekhani. Initially this project was known as Upper Seti Storage Hydroelectric Project, but it has created confusion because there is also another Seti river known as West Seti in Far West Nepal. So project name was changed to the Tanahu Seti Hydropower in 2012. The project will affect seven Village Development Committees (VDCs) and one Municipality. Project will contribute to loss 660 metric ton crop which will raise the issue of food security. According to Environment Impact Assessment (EIA) Addendum, 2012, total 758 households will be affected. Among them, 86 household will be completely displaced from their ancestral land. The features of the reservoir and dam are as follows.

| S.N | Particulars Units       |                            |  |
|-----|-------------------------|----------------------------|--|
| 1   | Area of the reservoir   | 7.26 km <sup>2</sup>       |  |
| 2   | Length of reservoir     | 27 km                      |  |
| 3   | Dam height              | 420m from sea level        |  |
| 4   | Dam height and length   | 140m and 170m respectively |  |
| 5   | Transmission line       | 37 km, 220 Kv              |  |
| 6   | Access road to dam site | 3 km                       |  |

Table 2: Summary of the Main Features of the Reservoir, Dam and Transmission Line

Source: NEA pamphlet: project summary 2011(Nepali Version)

# Table 3: Affected VDCs and Municipality

| S.No. | Name of the Affected<br>VDCs and<br>Municipality | Villages in the Affected VDCs and Municipality   |  |  |
|-------|--|--|--|--|
| 1     | Vyas Municipality                                | Beteni, Huksetar, Patan, Bisghare  |  |  |
| 2     | Kahun Shivpur                                    | Thati, Patighar, Dharapani, Samidanda, Malinge,<br>Banchare, Lokma, Syanlun and Gyajha |  |  |
| 3     | Pokhari Bhanjyang                                | Simalswara, Belbase and Simalchaure  |  |  |
| 4     | Rising Ranipokhari                               | Tuttwa, Badarkuna, Jalbire, Jaruwapani,<br>Risingpatan and Geruwater                   |  |  |
| 5     | Kot Durbar                                       | Bajhogara, Hukadi, Chap, Chilekama, Machadanda,<br>Kortan                              |  |  |
| 6     | Majhkot  | Chorepatan, Saune and Dumsadi  |  |  |
| 7     | Bhimad   | Khanaltar, Baghtar, Malebagar, Bhimad bazaar<br>and Geruwapani                         |  |  |

| 8 | Chhang            | Thandiphant, Chanpatan, Tallotar, Jhakkas,<br>Chimkhan and Pipale |
|---|-------------------|---|
| 9 | Pokhari Bhanjyang | Downstream impact   |

Source: THP, EIA, 2009

The total cost of THP is estimated at around 505 million dollar (ADB, 2013). Along with ADB, there are other partners in THP who have financial investments in this project. One of the major funding partners is JICA and the remaining partners are EIB and Abu Dabi Fund for Development Fund (ADFD). All the loans are approved except ADFD. ADFD is already promised however the official work is remained. Following table shows the investments of different financiers of this project.

### Table 4: Financing Plan

| S.N | Source   | Amount        | Share of  |  |
|-----|--|---------------|-----------|--|
|     |  | (\$ millions) | total (%) |  |
| 1   | JICA   | 184           | 36        |  |
| 2   | ADB  | 150           | 30        |  |
|     | (regular term loan 120m + hard-<br>term loan 30m = 150m) |               |           |  |
| 3   | EIB  | 70            | 14        |  |
| 4   | GON/NEA  | 71            | 14        |  |
| 5   | ADFD   | 30            | 6         |  |
|     | Total  | 505           | 100       |  |

Source: (ADB, 2013)

The scheduled period of this project is seven years. The project has started in June 2013 and is expected to complete on October 2020(ADB, 2013). The executing agencies are Nepal Electricity Authority (NEA) and Tanahu Hydropower Limited (THL). As described in the project manual of ADB, THL will be the executing agency for the hydropower plant and all associated works where as NEA will be the executing agency for the transmission lines and the rural electrification program. According to the report and recommendation of the president to the board of directors of ADB, it is said that ADB will facilitate throughout the procurement process including bid evaluation, contract negotiations and contract payment. In addition and along with ADFD and EIB will fund on civil works where as JICA will find all the powerhouse facilities. Furthermore, the same report says ADB will fund on its own or in conjugation with the government, the transmission lines, the community development, rural electrification programs and portion of land acquisition and settlement costs.

ADB is an active player in this project. Supervision, procurement and assigning of experts will be taken care by ADB. ADB has expected that the impact will be expanded access to sustainable energy in Nepal where the outcome will be increased efficiency and supply of reliable hydropower energy. The project outputs mentioned in the report are as follows:

- A 140 MW hydropower plant and related transmission system 37 km, 220 Kv
- Rural electrification covering 17,636 households
- Community development programme in the project area
- NEA restructuring
- Other sector reforms
- Equity sale scheme for hydropower development
- Technical assistance for achieving project outputs

The special feature mentioned for THP is that all the policies of ADB along with the other funding partners will be applied in the execution of this project.

#### 3.2 Rationale of the Study

Hydropower is a sustainable energy however the development of this type of energy has its own cost. THP is not a run off river power generation. It is a reservoir dam project which has its own pros and cons. Nepal has only one storage dam till date. This dam and project as mentioned before will submerge lands, forests, settlements, physical structures, cultural sites. In the project manual report of THP prepared by ADB, it is mentioned that the project is classified as complex and sensitive and rated as category 'A' for involuntary resettlement, indigenous peoples, and environment. The project has to resettle affected communities. The report says that the preparation process (assessments, consultations and information) followed ADB's policies and procedures.

The report further says that the project will help in community development, gender mainstreaming, and livelihoods development. ADB has said that they will take special care in land acquisition and be a part in whole process so as to be sure about implementation of their policies. However, it is often found of violating such promises and policies as described in different projects around Asia and the pacific described in the book published by NGO Forum on ADB, 2013. We do not have to go that far. They do not have good track record of implementing their own policies in Kali Gandaki 'A' Hydroelectric Project and Melamchi Water Supply Project (inter basin water transfer) in Nepal.

In this case, there was already news of confusion on compensation disbursement in THP. Field visit done by one of the author (*Ratan Bhandari*) of this report in the year 2011 had found that there was no communication done about the preliminary study and assessment of the project. The communication and consultation was lacking. As the project has gone to implementation phase, this case study will review the impact of the project and the actual implementation of ADB policies on this project.

# **3.3 Data Collection Method**

Following data collection methods were used to prepare this case study.

- Field visit: Field visit was made to the project site (reservoir area and dam site) and to the affected communities.
- Questionnaire survey: questions were prepared and distributed in the affected communities. Questionnaires were filled up using random sampling method.
- Interviews: structured and non structured interviews were conducted in the project site with different stakeholders and project staff.
- Focus group discussion: focus group discussion was carried out in the affected communities (among women, indigenous peoples, *dalit*, landless group, community forestry users group, fisherman, local concern group and community school) of the project site.
- Literature review: Literature on act, policies and strategies of Nepal on water resources, land acquisition/compensation, right to information, information act and rule, environment act and regulation were reviewed. Similarly, policies of ADB related to water, environment, gender, indigenous peoples, energy safeguard, communication and project reports were reviewed. Likewise, EIA, 2007 report prepared by JICA and NEA, EIA, 2009, EIA addendum 2012, Initial Environment examination (IEE), 2012 were referred. In addition relevant books and reports were studied and referred in preparing this case study.

# 3.4 Data Analysis

The data is mainly quantitative in nature. They are analyzed in reference to the existing acts, policies and safeguards of ADB, JICA, EIB and also Government of Nepal particularly focusing on ADB policies.

# 3.5 Limitation of the study

The major limitation of this study was the time provided for this case study. In short time, study and analysis could not be done in detail. This study mainly targeted socio impact considering environment in some extent. Engineering and physical dimension of the project structure is beyond the scope of this study. This study mainly analyses relevant policies of ADB on THP and their implementation.

# 4. Findings of the Study

# 4.1 Impact of the project

As already mentioned before this project is a storage dam project and the reservoir will submerge land, forest, communities, public structures and cremation sites. It will also regulate the river flow downstream. Thus, it is seen that the project will have following main impacts. This study has mainly focused on environmental and social impacts.

# 4.1.1 Land Acquisition

According to the EIA addendum 2012 prepared by NEA and THL, the total land required by the project is 828ha. Out of this, project implementation will have to acquire 112 hector and leasing of 19 hector of private land (THL and NEA, 2012). In total eight Village

Development Committees (VDCs) (Bhimad, Chhang, Majhkot, Rising Ranipokhari, Kot Darbar, Jamune and Kahun Shivapur) and one Municipality (Vyas) will be direct and Pokhari Bhanjyang VDC located in downstream will be indirectly affected by the project. VDC is the lowest tier of the local government in Nepal. There is no mentioning of landless people who are living there from many generations without land certificates. During field visits, it is found that lands in Vyas Municipality and Kahun Shivapur have already been acquired by giving compensation in cash. Compensation in other seven villages is yet to be provided so that people from these villages are confused and worried whether or not they should built new structures such as houses, cowshed, toilets etc. There are people and community school (Dipak Community Secondary School has occupied 216 *ropani* land without land-certificates. According to Land act of Nepal, they are not entitled to get compensation.

As one of the locals said in Damauli, their land (*Darai*: marginalized community) was taken for establishing District headquarter and was paid cash compensation as well. But *Darai* community had no idea to manage those cash and did not have wisdom to buy lands for survival. Finally they spend all money and they are now landless around Damauli.

#### 4.1.2 Public Resources and Infrastructure

According to EIA addendum, 2012 prepared by NEA and THL, it is found that suspension bridges, source of drinking water, access roads, foot trails, temples, and cremation sites will be completely destroyed by the project. In addition, it is found from the EIA 2012, this project will have pressure on public resources due to relocation of the affected households. It is already seen that due to tunneling work, the water supply is halted. The tunneling has disturbed the groundwater flow. Now they just have few hours' access of water instead of 24 hours/7 days supply. It is already pointed in the EIA 2012 that the project will have major impacts on environment and livelihood of the project sites.

#### 4.1.3 Involuntary Resettlement

According to the resettlement framework prepared by NEA and THL, about 758 households will be affected by this project. The framework further says that out of 758 households, 86 households will be physically displaced and relocated to their current village. The report further says that the affected households are rated as indigenous and vulnerable. In addition EIB' report also confirms that the majority of affected people belongs to indigenous groups whose social and cultural ways if life may be compromised. According to the field visit, it is found at 19 families in Wantang Khola of Rishing Ranpokhari VDC, 7 families in Chhang VDC as well as in Beltar of Kahun Shivapur, Bhimad and Jamune VDCs.

#### 4.1.4 Environment

According to EIA addendum 2012, the project will have impacts on aquatic ecosystem, terrestrial ecosystem and the habitat of fauna and flora. It further says 400.3 hector forests will be lost which contains 162,000 trees, 18.7 ha of shrub land and 94.3 hector grassland. Mainly there is a concern of barrier on fish migration. There are altogether 36 species of fish, out of which six species came from long distance migration, six other came from short distance migration and the rest are the species found in the Seti river. The project will hamper the free migration of fish and loss of population. According to IUCN there is

endangered and nearly threatened species. The barrier may threaten diversity and fish population. The EIA addendum 2012 further says that International Union for Conservation of Nature (IUCN) and World Wildlife Fund (WWF) has not seen this project particularly threatening however they advised to follow international norms and condition to maintain aquatic and terrestrial species.

The flash flood of 5<sup>th</sup> May 2012 which came all of sudden in non monsoon period had taken 72 lives, more than two dozen houses and a dozen suspension bridges were damaged. Kharapani Bazaar, Sardikhola VDC of Kaski district completely washed. This has warned us the unpredictability of natural calamities in this basin.

The reason of such calamities was published on the website of NASA earth observatory on 24<sup>th</sup> Janauary 2014 by Dr. Kargel of Arizona University, USA. According to Dr. Kargel, mountains of Himalayas are moving upward and there is continuous rock felling and erosion in the Himalayas. Furthermore, Dr.Kargel says continuous rock felling and erosion in Mt. Annapurna IV had accumulated millions of cubic meter of water in Tanahu Seti gorge which finally burst as flash flood in May 2012.



Suspension bridge after Seti flood in 5 May 2012, Photo credit: Kantipur daily



The origin of the Seti River Basin Source: NASA Earth Observatory image (acquired Dec 22 2013)

According to EIB's report, there will be shoreline erosion at vulnerable locations around reservoir. There is an enormous problem of erosion, landslides, sinkhole and sand mining in upstream of dam site. The surface of geology Bhimad Bazaar, Wantang Khola and Chorepatan in reservoir area seems very fragile and poor and reveal typical vertical bank erosion. So erosion, landslide and sedimentation seem big problem in reservoir area.



Erosion and landslides in Basin (Source: DP Upadhyay, January, 2014))

### 4.1.5 Livelihood

This project will have major impact on the livelihoods of affected people. The means of livelihoods affected by the project is agriculture, fishing, fuel wood and fodder collection. *Majhi, Bote, Danuwar and Darai* are known as fishermen who are indigenous and marginalized, vulnerable group in Nepal. Fishermen depend entirely on rivers for their livelihoods. So river is their lifeline. They cannot survive without river and most of them are landless. Fishing is their ancestral profession. Fodder, Cattle rearing, manure production and agriculture are interlinked. If one is affected the entire cycle is affected. Women and forest is so interlinked and community forest programme in Nepal has positive impact on women empowerment.

Likewise it is seen that the project will make impact on rafting as well. According to the environment addendum 2012, the river flow will be regulated downstream from the tailrace of the dam which will diminish the flow in the Seti river and finally in the Trishuli river. Thus it will shorten the rafting period. The report further says around 75 tour companies operate rafting trips across Nepal, variously headquartered in Kathmandu, Pokhara, and at other locations. The number of rafting companies that use the Seti river is not known, but an estimated minimum of 200 persons raft the Seti river each day during the rafting season, with this number expected to increase over time. Rafters are chargedUS\$60-75 per person per day (NARA, pers. comm.)".



Photo: Ratan Bhandari (field visit, 2014)

# 4.1.6 Gender and Vulnerable

According to the Environment Addendum 2012, the census survey was done in 2011/12 which pointed out that there are female headed households. In addition the IEE, 2012 says that men's share in agriculture is less against women. In addition elderly people, children and socially excluded group are found in project area. So the project will have impact on this as well.

#### 4.1.7 Culture and religion

Most of the people are Hindus by religion however there are other religion such as Buddhist, Islam and Christian as well. The cremation sites and the temples which will be destroyed by the project would have impact on the people. The intervention by the project will bring new culture to the project sites and affected area which may affect the original culture practiced over there.

#### a. ADB's policies Vs implementation

Analyzing feasibility study and Environment Impact Assessment 2004, upgraded feasibility study 2007, EIA 2009 and EIA addendum 2012, it is clear that the impact is enormous. Thus extensive relevant policy review of ADB, JICA, Japan ODA (Official Development Assistance) loan and EIB were done and field visits in affected villages were conducted for this case study. In addition different stakeholders were interviewed for preparing this case study.

Lenders of this project such as ADB, JICA and EIB have specific policies related to THP project. Their policies complement each other and there is no major difference in the meaning. There are many policies, strategies and guidelines which secure access to information, participation, safeguards of affected people's rights, sustainable environment management, gender mainstreaming and livelihood development of the affected villages and project sites. Policies, strategies and guidelines sound so nice and all directed to the benefit of the local people, environment, community and nation. It was expected the same from the field visits and from the interviews with the people. It has already been more than a decade that the project was conceptualized and incepted. The project has already gone to implementation phase from June 2013, few policies implementation could be expected from the project. In this case study following issues and shortcoming were identified.

#### b. Access to information/Prior Notification/ Participation/ Consultation

Access to information is a human right in Nepal. ADB's Public Communication Policy (PCP), 2011, also recognizes the freedom of information as a fundamental human right as set forth in the covenant on civil and political right. PCP, 2011 further recognizes the right of people to seek, receives, and imparts information about ADB operations. It supports knowledge sharing and enables participatory development or two-way communications with affected people. Para 47 of PCP, 2011 further says "the borrower or client should facilitate dialogue on project outcome and impacts to the affected people and other interested stakeholders, including women, the poor and other vulnerable groups." It further says "the information should be provided in a manner, form and languages understandable to them in an accessible place."

It further says "ADB shall work closely with borrower or client to ensure that such information is provided and feedback on the proposed project design is sought, and that a project focal point is designated for regular contact with affected people and other interested stakeholders. This process will start early in the project preparation phase, allowing their views to be adequately considered in the project design, and continue at each stage of project or program preparation, processing, and implementation. ADB shall ensure that the project or program design allows for stakeholder feedback during implementation. ADB shall ensure that relevant information about major changes to project scope and likely impacts is also shared with affected people and other interested stakeholders." What an excellent policy?

Similarly government of Nepal has Environment Protection Rules (EPR), 1997 which mandates to inform people before EIA process and should conduct one public hearing should in one of the affected communities.

In addition, JICA also mandates to have three stakeholder meetings in process of EIA. This should include affected people. Likewise EIB also recognizes this project as category 'A', it mandates for extensive public participation and consultation. All lenders ADB, JICA and EIB recognized this project as category 'A' with social and environment impacts, it demands for extensive public participation, consultation in the affected areas.

In addition World Commission on Dams (WCD) formulated new framework in 2000 called *"Dams and Development: A New Framework for Decision making."* One of the main principles of this framework is participatory decision making.

Thirteen (13) years have already been passed since the first EIA study process that was held in 2001. Consultation and different stakeholders meetings conducted by the project were structured and analyzed. According to EIA 2009, EIA addendum 2012, Upgraded Feasibility Study 2007 and Resettlement and Indigenous People's Plan (RIPP), the following table shows the information disclosure and public interaction since 2001.

| S.N | Date                                    | Venue                                | No. of<br>participan<br>ts | Remarks   |
|-----|---|--------------------------------------|----------------------------|---|
| 1   | 1 February<br>2001                      | Damauli(Distr<br>ict<br>headquarter) |                            | NEA   |
| 2   | 25 January<br>2004                      | Damauli                              |                            | NEA, Public hearing                                     |
| 3   | 2June 2006<br>7 June 2006               | Damauli<br>Kathmandu                 | 450<br>56                  | 1 <sup>st</sup> stakeholder meeting<br>(JICA and NEA)   |
| 4   | 1December<br>2006<br>6 December<br>2006 | Damauli<br>Kathmandu                 | 600<br>74                  | 2 <sup>nd</sup> stakeholder meeting<br>(JICA and NEA)   |
| 5   | 4 May 2007                              | Beltar                               | 350                        | 3 <sup>rd t</sup> stakeholder<br>meeting (JICA and NEA) |

# Table: 5 Public Consultations

|   | 5 May 2007                       | <b>Rishing Patan</b>                   | 400 |                             |  |      |
|---|----------------------------------|--|-----|-----------------------------|--|------|
|   | 6 May 2007                       | Damauli                                | 600 |                             |  |      |
|   | 10May 2007                       | Kathmandu                              | 56  |                             |  |      |
| 6 | 8 June 2011                      | Damauli                                | 111 | NEA                         |  |      |
|   | 9 June 2011                      | Bhimad<br>Bazzar                       | 100 | NEA                         |  |      |
| 7 | October 2011 to<br>February 2012 | Various at 12<br>different<br>location |     | NEA for RIPP<br>preparation |  | RIPP |

Source: Environment Addendum 2012, EIA 2009, Upgraded Feasibility Study 2007, RIPP 2012

Meetings, consultations, public hearing and stakeholders meetings were conducted although only the proceeding of 8<sup>th</sup> and 9<sup>th</sup> June 2011 were found in detail. Field visits and interviews with the affected people show that there are many issues about information and prior notification. They were not informed that somebody was coming to measure their lands. The affected people do not know what they would lose in terms of environment and in terms of livelihood. They have not heard about EIA even to date. They complain that all villagers and every household were not invited for meetings and public hearing.

The one who attended the meeting said that the language of the presentation was in technical and local people did not understand the technical terms. The vulnerable and socially excluded groups *(dalit)* feel they are totally excluded. They were not participated for any consultation. If the project has adverse impact then those impacts were not disseminated for all affected communities. Meetings were done in Damauli, the district head quarter which is far from affected villages. They complain that people come and go and they do not understand why they are there and what they will do. They said they do not know whether they should build new structure and toilets. If they will be displaced or relocated then there is no point of building these structures which is essential. They are confused.

Then the meeting dates, proceeding, presentation and participation lists were analyzed. First of all it has been nearly 13 years that the first EIA was done. Although there was meeting in Damauli in February 2001, it can be assumed as there is no data of participants that there was very less representation from the affected communities. Again the public hearing in January2004 which has no participants list was held in Damauli. Again people from affected communities were missed.

Similar things happened in consecutive meetings. Why those meetings and hearings were not done in the affected communities? The meetings proceeding of 8<sup>th</sup> June and 9<sup>th</sup> June 2011 which was attached in EIA addendum 2012 was analyzed. The participant lists were analyzed and the presentation delivered to the audience was analyzed. The brochure of four page was also analyzed which was distributed in the meeting. Participant list shows very less representation of affected communities and also there was no women participation from

affected communities in Damauli meeting. The report says some farmer participants walk five hours from affected community to attain the meeting. The presentation attached was in English and it was very brief. The meeting in Bhimad bazaar, one of the affected communities had more participants from the affected communities. Meetings and consultations in district headquarter and Kathmandu is out of access of affected poor, marginalized and backward communities. As they said our communities, houses, land, resource are here so even we if we invite why should we go district headquarter and Kathmandu? Meaningful and participatory meetings and consultations should be held in our village, every VDC not in district headquarter and Kathmandu.

So where is the ADB policies applied here? The place of consultation should be accessible; the language should be in understandable form, there should be continuous consultation and communication to the affected communities. There is huge gap in communication from 2001 until now with the community people who are the most affected by the project. There is ADB office in Nepal. Participants list of Damauli meeting does not have single representation from ADB.

### i. Information Disclosure

Resettlement and Indigenous Peoples Plan (Dec 2012), Indigenous Peoples Planning Framework (Dec 2012), Resettlement Framework (Oct 2012), Environmental Assessment and Measures for Rural Electrification of the Village Development Committees (Aug 2012), Environmental Assessment and Measures for Upper Seti (Damauli)-Bharatpur 220 kV Transmission Line Project (Jun 2010), Project EIA (Aug 2009) finalized and approved however local people have not seen of the above documents yet. These documents never disclosed to the project affected communities in the project area.

Local affected people, local concern groups, stakeholders, and community schools, community forestry users group are demanding project EIA report (Bhanjyang Daily, 2014). EIA hardcopies are even not provided and disclosed to the affected VDCs. Documents like Project data sheet and summary of EIA, 2009 are translated in Nepali language which can be downloaded in ADB's website. None of the other project related documents are in local language so there is no point that the affected communities would understand the beautiful provision written in the policies for the safeguards of their rights. Whatever information and documents are available regarding this project are uploaded in ADB, JICA and EIB's website which is not accessible to local people because of lack of computer and computer literacy, lack of electricity, knowledge, technology and language.

#### ii. Safeguards

ADB, JICA and EIB have categorized this project as category 'A' which means this project has adverse social and environment impact. Thus ADB has high safeguard policies framework. But data, EIA and other reports are not updated according to new census. As the project has not gone into full implementation, it is not yet ready to review safeguard policy implementation. However we can analyze some issues regarding safeguard policies in the project site. According to Safeguard Policy Statement (SPS), 2009, ADB's safeguard policy framework consists of three operational policies on the environment, Indigenous Peoples and Involuntary resettlements.

SPS, 2009 says safeguard policy implementation requires that the affected people and information is disclosed in the form, manner and language accessible to them. Three operational policies requires following points to be included in project preparation and implementation.

### iii. Environment

According to the SPS, 2009, the objective of the safeguard on environment is to ensure the environmental soundness and sustainability of projects and to support the integration of environmental consideration into the project decision making process. Furthermore it says environmental safeguards are triggered if a project is likely to have potential environmental risks and impacts.

EIA studies at several stages show that there is an adverse environmental impact on fisheries, aquatic ecosystem, wildlife, terrestrial ecosystem and climate. There is more threat of erosion and landslides. Furthermore the study of Dr. Kargel of Arizona State University, USA, it is seen that the basin is very seismically active and sudden flash floods like the one in 5<sup>th</sup> May 2011 could occur all of sudden without any warning. During the field visit, it is found that affected people do not know about EIA results. They are worries about landslides/and erosion in the proposed reservoir area. They are concerned about the submergence of their settlements after the reservoir would be built. After project would to full operation, it must be scrutinized how safeguard policies on environment and environment management plans are executed.

### iv. Involuntary Displacement

According to SPS, 2009, the objective of Involuntary Displacement safeguard is to avoid involuntary resettlement wherever possible, to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

From table 3, it is clear that the projects had had 12 consultations from October 2011 to February 2012 in different venue to prepare RIPP covering all affected village. However during recent field visit in the third week of January 2014, affected communities are very confused about land acquisition and compensation. In Vyas Municipality and Kahun Shivapur, compensation has been disbursed however the other majorly affected villages where settlements would be displaced and affected do not know when and how compensation was distributed and how they will be compensated. They are scared that they will not be provided at all.

Other affected people who do not have land entitlements and living there from many generations, the vulnerable and marginalized groups (*Majhi, Bote, Darai* and *Kumal*) and socially excluded (*dalit*) groups are very worried about their future. One of the interviewee from the affected community said they will lose fertile land for ever where they can grow food. Now if they have to lose it, then the cost should be good and sustainable. Otherwise they are not going to leave it.

### v. Compensation

NEA already distributed cash compensation in dam site (Kahun Shivapur VDC) but not in reservoir site. According to the EIA, while distributing compensation there should be an independent committee which would be fully authorization to compensate those who will lose their property including (lands, houses, cattle, plants, crops and community infrastructure). But local people from submerge area are totally unhappy with this compensation mechanism. They are demanding their own community people's meaningful participation in compensation committee.

They are questioning why compensation was distributed in cash rather than proper rehabilitation package. Why some people are already compensated in dam site but not in reservoir site? Their demand is that compensation should be equal in dam site and reservoir site. But as project staff told us during the field visit that there is a price gap in reservoir site and dam site because dam site lies just near District Headquarter so land price near district headquarter must be higher than reservoir site which lies furtherer from the district headquarter. That's why land price and compensation will be different in dam site and reservoir site. But affected people are not agreeing whatever project staff said. They are demanding equal compensation basis on land quality.

So there is clear lack of regular communication and assurance to the project led displaced people. They lack information and do not know any plans regarding involuntary displacement. They do not know where they will be relocated and what will happen to their livelihoods and how they will be restored.

# vi. Indigenous people

According to SPS, 2009, the objectives of Indigenous People safeguards is to design and implement projects in a way that fosters full respect for indigenous people identity, dignity, human rights, livelihood systems and cultural uniqueness as defined by the indigenous people themselves so that they i) receive culturally appropriate social and economic benefits, ii) do not suffer adverse impacts as a result of projects and iii) can participate actively in projects that affect them.

Most of the people (75%) in the project area are indigenous people as classified by Government of Nepal. They have their own language, culture and livelihood systems. During the field visits, affected indigenous people want their rights to be exercised during the project implementation and also need Free Prior and Informed Consent (FPIC). It is found that their whole problem born with the lack of information, communication and meaningful consultation during the preparation and planning phase. ADB's policy sounds very nice however they are not found implemented by the borrower/client. ADB said that it will monitor or make client accountable in executing their policies. However it is actually missing.

# vii. Gender mainstreaming

According to the EIA addendum and EIA 2009, there are women headed households which will be affected by the project. There are more women in agriculture than men. This project has prepared "Gender equality and social Inclusion Action plan" which supposed to insure the empowerment of women, legal entitlements and rights of girls/women. It further

says grievance from women and socially excluded person are to be collected and recorded separately by women mobilizers.

The implementations of such plans need supervision and scrutiny. However women are already excluded in preparation and planning phase. There was no good representation of women in consultation and meetings.

### viii. Livelihood Development

Reports like EIA addendum 2012, EIA, 2009, RIPP, 2012, and Indigenous Peoples Planning Framework (IPPF), 2012 assure on livelihood restoration. The major livelihood means is agriculture. The project will acquire such lands. The project has plan for compensation and facilitating access to local jobs. This project will provide jobs as per qualification in the projects. Vocation and other life and financial trainings will be provided for the project affected people.

During the field visit for preparing this case study, the affected people will not leave without good compensation and agreed livelihood restoration plan. They said they will lose their fertile land where they could grow food for themselves and their families for lifetime.

During the field visit, it was found that compensation was provided in Vyas Municipality and Kahun Shivapur. The money which was provided was used to buy expensive motorcycle, luxury goods and divided among family members. This is not sustainable at all. Once the compensation money will be finished they will be bankrupt and come in to the street. So what kind of community development we want. Has ADB who says it is accountable for project planning and implementation has ever thought about this? Lots of money was provided, so what? Who is getting the money and how to manage that money for the sustainable livelihood?

# 5. Conclusion and Recommendation

# 5.1 Conclusion

There is severe power crisis in Nepal which has halted in economic growth of the nation. Nepal cannot just say no to dams however it can avoid having bad dams. People have not opposed this project. However they want adequate information, timely notification, inclusive and meaningful consultation, dialogue and interaction. They need of whole project documents including full volume of EIA, IPPF, Resettlement Plan as well as ADB, EIB and JICA's guidelines and safeguards in local language in local level not in website. They also want their meaningful role in decision making process of the project. They need Free Prior Informed Consent regarding this project. They want guaranty of their livelihood and best cost for their lands and schemes to restore their livelihoods. They want less impact on environment and do not want project induced disaster. They want electricity, employment in the project, regular income generation sources in the future to continue their livelihood. Local demand also certain percent of share in the project.

ADB, JICA and EIB have policies and safeguards and their policies complement each other. They advocate reducing poverty and saving environment. Mainly this case study analyzes ADB policies and their implementation. It says all good things for people, environment and society. It says it is accountable or it will make borrower/client accountable to all its policy implementation. However it is not found like that. Although the project has just gone to implementation phase, it can be concluded that in planning and preparation phase, many ADB's policies have been violated regarding communication, consultation, participation and prior notification.

If the project is expected to bring economic boon or solve power crisis in Nepal, it should not forget the people there. If they are happy and prosperous then there is a future for the project otherwise it will be like one more ADB funded Melamchi Water Supply project.

#### **5.2 Recommendations**

This project needs to scrutinize from external bodies so as to make sure the affected people, environment and the society get what they should get. This project needs to be reviewed continuously throughout the implementation phase. The application of all ADB, JICA and EIB policies, plans needs to be monitored. ADB, JICA and EIB should be more accountable and participatory in implementing its own policies and strategies.

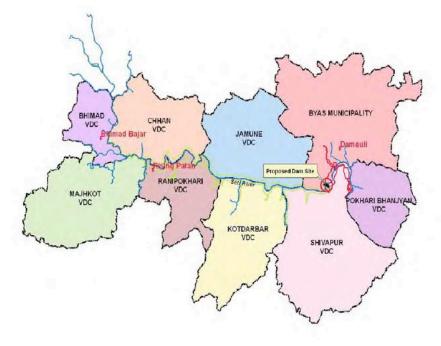
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### Glossary

Dalit: marginalized and so called untouchable community Majhi: Marginalised Fisherman ethinic group Darai: Fisherman Danuwar: Ropani:



Tanahu Seti Hydropower project affected VDCs and Municipality, Map: NEA



Interview with local, Photo: DP Upadhyay



Group discussion with local Photo: DP Upadhyay



Seti fury, After May 2012 flood, Photo credit: Kantipur daily



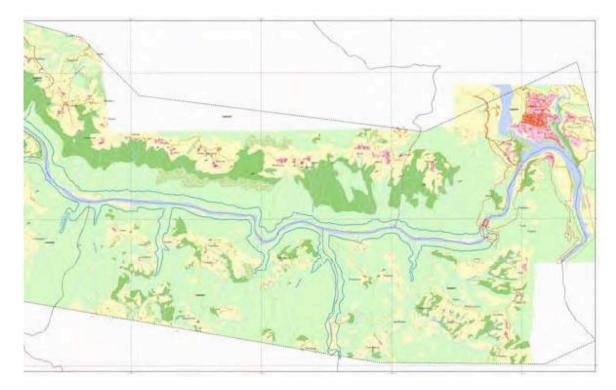
Bhimad Bazaar in upstream reservoir, Photo: DP Upadhyay, field visit, January 2014



Erosion in Wantang Khola, tributary of Seti river



Map of Tanahu Seti hydroelectric project



Tahanu Seti map dam site and reservoir; source: NEA

