

ADDITIONAL INFORMATION SUBMITTED TO SPECIAL PROJECT FACILITTOR

June 15, 2004, Kathmandu

Following our series of meetings during the visit of SPF over the claims on Melamchi Water Supply Project (MWSP), this additional information is provided for further clarity of our claims and positions of contention and agreement with the Asian Development Bank Management and other donors.

1. First of all there are two constituencies that we are dealing with - the Melamchi and Kathmandu Valleys. This current claim is mainly related to the issues in the Valley. An additional claim for Kathmandu Valley-related issues may be filed at a later date.
2. The minimum expectations that we have from the on-going process or from the SPF is the release of all project-related studies, documents and information, including the pre-1990 feasibility studies, 2001 and 2002 water optimization studies, lending agreements and donors' conditionalities. This should immediately be followed by at least two expert level public debates or seminars relating to the MWSP before any further decisions are made with regards to the project, including the selection of the private operator and signing of the management contract. The claimants have no concerns on who did those studies and when since all of those studies are used to justify the MWSP unless the ADB and other donors have conducted their own studies independently. In the later case, it is even more important to release the information.
3. Regarding access to information, it is our firm position that all parties/stakeholders should have equal right and opportunity in this case.
4. A next remedial step would be to conduct an additional Environmental Impact Assessment, particularly on the existing and future water needs in the Melamchi Valley and access road-related compensation and resettlement issues in addition to legally binding local water right and benefit-sharing issues.
5. In the case of Kathmandu, we are beginning to realise that there is and will be enough water available in Kathmandu Valley with existing infrastructure rehabilitation, expansion of distribution network and affordable/subsidised as necessary but universal water tariff. The available information shows that it immediately leads to leakage control, which at the moment is estimated at between 70 and 90% as well as groundwater and rainwater harvesting. In this case, the MWSP will not be needed for some decades to come. The demand of water supply also depends on the population in Kathmandu Valley which is on the massive increase due to the on-going civil war.
6. The present condition of the project offers a perfect opportunity to stop MWSP for an indefinite period of time while continuing to plan and debate on when the MWSP could really be needed for Kathmandu Valley and in that case how it could be made more affordable. One problem with MWSP is that donor' conditionality makes it absolutely unaffordable to the water users as well as the country as a whole. Donors should provide more grants

than loans to Nepal if they are really sincere about helping Nepal, and even in loans, there should be no conditions attached to them except the use of that money for the stated purpose. The rest has to be left to the Nepalis to decide and we are fully capable of it. Nepal's Department of Road can build the roads and the Nepal Water Supply Corporation, the five Kathmandu municipalities and other local cooperatives, the communities and even the local private sector could form a consortium to distribute the Melamchi water once it is available. Therefore, we do not need and we will totally oppose any privatisation of water supply deal in Kathmandu Valley in any form, direct or indirect, now or later, as well as the introduction of a foreign private operator.

7. The donors and the MWSP must understand and recognise the value of water in Nepal as a social, religious, cultural and spiritual good. We respect water as a human right and. We simply do not accept the corporate approach to water for privatisation for commercial purposes.
8. So the meeting point with the ADB Management will be its willingness to engage in dialogue on these issues, start implementing the existing alternatives in Kathmandu Valley which we support in principle and pull out from MWSP for now but continue planning and dialogue for its need and the right timing for construction in the future depending on the future need of water supply in Kathmandu Valley as well as the political situation in the country in general, and the security situation in the Melamchi Valley in particular.
9. But if the SPF finds that the ADB Management and the others donor are not interested to consider these most viable and appropriate options then we will ask the SPF to immediately refer the claim to the Compliance Review Panel as well as inform them to prepare for more claims, more actions and more campaigns locally, nationally and internationally.
10. What the donors/lenders as well as all the others concerned need to understand is that we are doing all this for the following reasons:
 - a. establish a process of democratic decision-making on development projects
 - b. ensure compliance with relevant and appropriate laws as well as the international treaty obligations of both the recipient and donor countries, as well as policy compliance for International Financial Institutions.
 - c. natural resource management with community participation, ownership and prosperity
 - d. guarantee of basic public services such as water and education as the duty of the government and the right of the citizens
 - e. give priority to locally available raw materials, manufactured goods, human resources and skills to make very projects economically cheap and viable
 - f. implement immediately the available alternatives for water supply in Kathmandu Valley and do not impose the MWSP as the only option or the best
 - g. option in the gross absence of transparency but plan it according to the needs in the future and the overall project construction environment in the Melamchi Valley