

Nepal woos back ADB to controversial mega project

Nepal's biggest and most controversial development project got a fresh lease of life Sunday when its Maoist minister succeeded in wooing back the Asian Development Bank (ADB), the lead financier that had last month said it was pulling out of the nearly \$500 million scheme.

The ambitious Melamchi drinking water supply project, which seeks to end the Kathmandu valley's chronic water scarcity by bringing daily 170 litres of water from an outer district, has been plagued with problems since it was conceived in 1998.

Initially, work on the project was held up due to the Maoist insurgency. In 2005 when King Gyanendra seized power with the help of the army, it came into disrepute as he tried to use it for political ends.

The royal regime accused dismissed prime minister Sher Bahadur Deuba and then minister for physical planning and works Prakash Man Singh of corruption in awarding contracts to a construction company and jailed both of them despite the ADB saying it had found no evidence of graft.

However, the Supreme Court acquitted both Deuba and Singh.

The project was in controversy again this year after the Maoists joined the new government and senior Maoist leader Hisila Yami was given the physical planning and works portfolio.

Yami refused to honour the contract her predecessor had given to a British company to manage the supply of drinking water in the Kathmadu valley once the project was complete.

She said Severn Trent, the British firm that had been awarded the contract, had a bad reputation and should not be entrusted with the work.

Her refusal caused the ADB to issue a warning last month that it would not be able to extend its cooperation after June 30.

'ADB has made strenuous efforts and shown maximum flexibility to sustain the project at several critical times when it has been at risk over the past six years,' the ADB country director for Nepal, Paul J. Heytens said.

'However, the inability of the government to authorize the signing of the duly negotiated management contract at this very late stage creates considerable uncertainty on the way forward. As it stands now, it would not be possible to carry on with project activities.'

But an undaunted Yami carried on negotiations with ADB, resulting in the bank sending a four-member team last month to study the situation.

Headed by Hafiz Rehman Sultan, ADB's deputy director-general for South Asia, the team met various stakeholders and last week began negotiations with the ministry.

After the end of the talks Sunday, ADB pledged its help for the project, the physical planning and

works ministry said in a press statement.

The ADB team would put its report before a board meeting of the bank to be held in a couple of months.

'The bank was happy with the institutional reforms we have made,' said Ishwor Prasad Poudel, spokesman at the ministry.

'It has pledged to cooperate with Nepal for a result-oriented development and has agreed that previously decided issues can be revised after mutual consultations.'

If things go smoothly, Poudel said the project would be completed by 2011 or early 2012.

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