

The struggle against water privatisation in Nepal

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The mountainous terrains of Nepal are sandwiched between its two mega-neighbours China and India. It is home to a little more than 27 million people with an area of 147,181 km — of which 2.8% is covered with water.

As the country and its people after a strong political movement against the monarchy - the culmination of which was the '*Jan Andolan-II*' (peoples' movement) in April 2006 - are progressing towards a new constitution and the abolition of monarchy, Nepal has come under the grips of a different kind of 'monarchy'. This is a monarchy which has advanced the interests of the mega corporations or the big capital of the advanced industrialised countries of North America and Europe in collaboration with the local elite and the ruling class since the end of the Second World War through its financial leverage and primarily through debt. The phenomenon of plunder and deprivation of the masses is further advanced by the imperatives of neo-liberal globalisation which champions the commodification of all our resources, an unbridled market mechanism and the privatisation of our existing 'public' possessions. The recent controversy surrounding the water privatisation in Nepal under the dictates of the Asian Development Bank (ADB) is another illustration of how this apparatus works.

Private sector participation (PSP) or the privatisation of water supply services in Nepal is a conditionality of various loans and technical assistance projects of the ADB with co-financing from other donors such as the Japan Bank for International Cooperation (JBIC) and the Nordic countries. In December 2000, the ADB approved a US\$ 120-million loan to finance the controversial Melamchi Water Supply Project (MWSP) to divert 170 million litres daily (MLD) of water from Melamchi River via a 26 km long tunnel for treatment and distribution in the Kathmandu Valley. The ADB-funded project aimed to introduce PSP through a performance-based management contract. Three years later, ADB approved an additional loan of US\$ 15 million for the Kathmandu Valley Water Services Sector Development Program (KVWSSDP) to restructure the public water utility and "rightsize" the new water entity.

MWSP is aimed to solve the chronic water supply shortage in the Kathmandu Valley in Nepal by improving the existing water supply network and associated equipment. The MWSP also sought to develop a comprehensive institutional framework for water resource management within the valley. The total project cost was originally estimated at US\$ 464 million; JBIC, Norway and Sweden agreed to co-finance the project. The World Bank earlier agreed to provide financial support to the PSP process but pulled out in mid-2002; Enters ADB to help prepare a 5-year management contract. Full cost recovery for urban water supplies is among the reforms instituted through the MWSP. In 2004, the government decided to increase prices annually by 15 percent. Norway pulled out from the project in July 2005, citing developments after the February 1 royal takeover as "a serious setback to multiparty democracy, constitutional monarchy and human rights". The Swedes followed in 2006. Also in July 2005, Nepal's former Prime Minister, a minister and Melamchi project officials were convicted of corruption and got two years jail sentence. In March 2007, a Joint Review Mission of project donors agreed to scale down the project from US\$ 464 million to US\$ 350 million, raising serious concerns about the original cost estimates of the project. Earlier scheduled to be completed

by 2006, the Melamchi project would now go beyond 2011.

With the withdrawal of three other bidders UK's Severn Trent Water International (STWI) bagged the US\$8.5 million contract to manage Kathmandu's water supply for six years, amidst questions of the legality of selecting a single bidder and the lack of competition. The government insisted on STWI's 'foreign expertise' over the local capacity of ameliorating public water supply. However, STWI record elsewhere in the world had not been as authentic as portrayed by government. In February 2007, the government of Guyana cancelled a five-year water management contract with them citing the company's failure to meet the principal objectives in the contract. Several Nepali water rights activists and workers unions launched a campaign for its withdrawal from the contract.

While Nepal is about to taste its celebration on democracy, the Parliament had passed a resolution to privatize the government owned Nepal Water Supply Corporation (NWSC) on December 3, 2006 due to ADB pressure. However, tensions mounted on May 9th 2007 when Minister for Physical Planning and Construction Hisila Yami disgruntled with the previous government's decision of appointing STWI as Kathmandu Valley's water utility management, postponed the award of the contract and expressed that the matter would be reviewed and alternatives explored.

Immediately, the ADB issued an ultimatum of terminating their loan agreement in the event of government's non-appointment of STWI by May 15. It blackmailed the government saying that "without appointment of a private management contractor, there will be no ground to persuade extension of the funding commitment." However, Yami found support in a number of mass movements in Nepal who endorsed her decisions on the grounds that water was too precious and too basic a human right to be placed at the mercy of multinational companies whose primary goal is to maximise profits at the expense of the deprived and downtrodden. They also felt that water needs to be protected from predatory capitalist promoters, like the ADB, who forces privatization as a pre-condition for loans to developing countries. Inevitably, water then becomes more expensive and the quality drops contrary to higher quality claims by the so-called experts and promoters. It's the common people, especially the poor who then suffer as the soaring water price makes it impossible for them to afford the otherwise widely and easily available natural resource.

On May 22, 2007 the ADB finally washed its hands from the project and finally said that it was impossible to take the \$ 500 million project to its logical conclusion because the government has not given the contract to manage water supply to the STWI as suggested by the bank. The pronouncements produced shivers in the Nepalese ruling class and the Nepalese Prime Minister, GP Koirala in a meeting with Prachanda, the chairperson of Communist Party of Nepal -(Maoist) CPN(M) insisted on honouring the contract approved by the previous cabinet led by Koirala himself. Further, he is also said to have told him that monthly salaries for Peoples Liberation Army (the Maoist army in an insurgency with the state since 1996 until the pact between the seven party alliance and CPN (M) in 2006) combatants will be released after ADB's condition on Melamchi is fulfilled. Thus the ADB could induce the Nepalese Prime Minister and the other senior ministers and leaders belonging to the Nepali Congress Party to blackmail the Maoists on their behalf since Yami is a senior leader of the CPN (M) and the department for Physical Planning and Construction is controlled by them.

A serious of debates and also protests rocked the valley with the exposure of ADB's covert design to hand over the water supply to private organisers. Solidarity actions took place in UK where over 1000 people expressed their dissatisfaction to the managing director of Severn Trent calling on him not to sign the contract. The campaigners also protested outside Severn Trent's headquarters alongside Gopal Chintan from the Water and Energy Users' Federation in Nepal.

This brazen act of by ADB and their cohorts in Nepali cabinet reveals the hidden agenda of its

programs for “development” and especially it’s “Water for All” policy. The Bank’s own estimate state that 1.1 billion people of the world’s population lack access to improved water supply and 2.4 billion people lack access to improved sanitation. However, the Bank’s working and its mechanisms do not do anything to rectify the situation, instead it is oriented at using its financial leverage and indebtedness to create conditions for the entry of private capital in areas which were hitherto away from its domain. This further complicates matters and makes basic services inaccessible to billions of the world with low purchasing power struggling to meet their ends.

In conclusion, it can be said that that privatisation together with linked strategies of liberalisation and deregulation are policy-dictates of imperialist capital through ADB-IMF-World Bank in collusion with the local capitalists and the third world ruling elites. A consistent struggle against their designs is the only way forward for humanity and it is in this context that the struggling Nepalese masses must be congratulated for their refusal to bow down under the orders of ADB.

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