

## Samut Prakarn (Klong Dan) Wastewater Management Project in Thailand

February 27, 2010

Klong Dan is located in Thailand's Samut Prakarn Province. Although it is only 20 kilometers east of Bangkok and is very close to industrial zones, Klong Dan still retains rich natural resources and environment. The livelihoods of many of its 60,000 residents still depend on various fishing activities, including mussel farming.



In November of 1995, the Asian Development Bank (ADB) approved a 150 million USD loan to support the Thai government's Pollution Control Department (PCD) in establishing systems to manage wastewater discharged by factories and residents in the Bangkok metropolitan area, including Samut Prakarn. In the beginning, the plan was to build two separate treatment plants close to where main pollution sources, about 5,000 factories, are located. However, by the time ADB approved an additional loan of 80 million USD, the project site had been shifted some 20 kilometers away to Klong Dan, which is situated towards the eastern edge of Samut Prakarn Province. The new plan was to build a very centralized plant, one of the largest wastewater treatment plants in Southeast Asia, to process 525,000 cm<sup>3</sup> a day of wastewater, including heavy metals and hazardous waste. Japan's Overseas Economic Cooperation Fund (OECF, later restructured as the Japan Bank for International Cooperation, or JBIC, and most recently re-structured as the Japan International Cooperation Agency, or JICA) co-financed the project with an additional 50 million USD loan. After the site change, the total project cost more than doubled to 687 million USD.

Klong Dan villagers came to know about the project after the construction had started. In late 1998, they saw a sign put up by a construction company, a joint venture (JV), in front of the wastewater management facility. They were surprised to learn that a huge wastewater treatment plant was already under construction in their neighborhood. In addition to the total lack of information disclosure and meaningful participation by the local community, Klong Dan people were able to point out the following major flaws with the project:

- 1) The plant was not equipped to properly treat heavy metals and hazardous waste. They would be discharged into the sea and would destroy local fishing activities;
- 2) The plant was built on soft soil along the coast and would be impacted by flooding and erosion;
- 3) An Environmental Impact Assessment (EIA) was not conducted in Klong Dan; and
- 4) The project site included public land, such as canals, which was not legally permitted to buy and sell. The land for the plant, approximately 1,900 "rais" (1 "rai" is equal to 1,600 m<sup>2</sup>), was sold at a price much higher than the official price. The original owner of the land, a local politician, was behind this transaction, which could also account for the sudden project site change.

Klong Dan villagers were also informed that ADB was supporting the project and that Thailand was hosting the ADB's 33<sup>th</sup> annual meeting in Chiang Mai in May 2000. They decided to talk to ADB directly, believing that ADB would agree to cancel the controversial project. Thus, 200 Klong Dan representatives met ADB's senior officials, including a vice-president and a few executive directors in Chiang Mai. However, it turned out to be quite difficult for the villagers to convince ADB of what seemed so obvious to them. Subsequently in June 2000, villagers met ADB's mission team in Klong Dan. In late 2000, they also approached ADB's Anti-Corruption Unit. Villagers wholeheartedly warned ADB about the problematic project, but their warnings were in vain. By the time ADB decided to send yet another independent review mission in March 2001, Klong Dan residents had pretty much given up hope that ADB would admit to its mistakes.



However, determined to try every measure to block the project, in April 2001, Klong Dan villagers proceeded to file an official grievance with ADB's Inspection Mechanism (now developed into two separate offices: the Special Project Facilitator and Compliance Review Panel). Following its procedures, the Inspection Panel tried to visit Klong Dan for a field investigation in October 2001. However, the Thai government did not grant permission for the Panel's site visit. Thus, the Panel had to complete its report in December 2001 without meeting Klong Dan residents but pointed out in its final report that ADB had violated several of its own policies and procedures. This was quite significant, given ADB's previous negligence on the matter. The bad news, though, was that the Panel still did not agree that the project should be canceled. They only recommended minor remedial changes, such as paying adequate compensation to affected villagers. What was worse was ADB's management rejected the Panel's conclusion and denied the policy violation. On March 25, 2002, the ADB's Board of Directors discussed the Klong Dan case but also avoided making clear decisions on ADB's policy violations.

Changes had to be initiated from within Thailand. Prime Minister Thaksin Shinawatra, who had just come into power in 2001, promised to review controversial large-scale infrastructure projects, including the Klong Dan wastewater treatment plant. In fact, Mr. Thaksin visited Klong Dan himself in May 2002 and said in front of Klong Dan villagers, "This project is not transparent." The Thaksin administration subsequently established several committees, which conducted a number of studies. Based on these studies, on February 24, 2003, Mr. Prapat Panyacharak, the then Natural Resources and Environment Minister ordered the construction of the plant to be suspended, explaining that the government had found a flaw in the project's contract. The JV did not inform the government that one of the companies specializing in wastewater treatment had withdrawn from the JV before the contract was signed. The JV lacked the capacity to implement the project without the company.

Subsequently on January 13, 2004, PCD filed charges against 19 private firms and individuals in the Thai criminal court, including Mr. Vattana Asavahame, a former Deputy Minister of Interior for having illegally obtained title deeds to the project site land and selling them to PCD at an inflated price. In March 2004, the Land Department revoked the deeds to 1,358 “rai” of land. This invalidated the government’s contract with the JV.

On 14 June 2007, Thailand’s National Counter Corruption Committee (NCCC) concluded that 9 government officials, including Mr. Vattana, had been involved in illegal land deed acquisition and decided to forward the case to the Supreme Court’s Criminal Division for Holders of Political Positions. The court was scheduled to rule in August. However, Mr. Vattana fled Thailand and failed to appear in court. The court later ruled that Mr. Vattana was guilty of having bribed officials in a land grab connected to the project. He was sentenced to 10 years in prison in absentia.

In October 2009, the Dusit District Court was also scheduled to hand down its verdict on the Klong Dan case but decided to put it off until November, because Mr. Vattana had failed to appear in court again. The court issued a warrant for the arrest of Mr. Vattana. On November 12, 2009, Mr. Vattana was sentenced to additional 3 years in jail in absentia.

Soon after the Thai government’s contract with the JV had been declared invalid in March 2003, JBIC requested the Thai government to repay the entire loan to them. As for ADB, they kept posting on their website a semi-annual report on the Klong Dan project with the purposes to monitor the implementation of the corrective measures that had been proposed by the Inspection Panel and endorsed by ADB’s Board of Directors. ADB stopped issuing reports after 2004. The Samut Prakarn Wastewater Management Project is now completely closed.

In the meantime, the wastewater treatment plant has been left uncompleted in Klong Dan. The Thai government at one point showed some interest in reviving the project, including the idea of installing a system to recycle treated water, instead of discharging it to the sea to avoid environmental impacts. Villagers countered the government’s initiative with a proposal to remodel the facility into an environmentally non-threatening marine research center. None of these ideas have materialized. When you travel on canals (“klong” in Thai) in Klong Dan these days, you will be surprised to see how quickly mangrove forests, which were once cleared by construction activities, are coming back and will find it difficult to imagine a huge wastewater management plant is sitting right behind them. It is as though nature knows best how the residents want Klong Dan to live.



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