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Editorial

Time to Make Bold and Sensible Decisions



Hydropower development in Nepal has two purposes: meeting domestic energy demand for households, industries and businesses, transport, agriculture etc. and generating extra revenue via export of electricity. Both are important for national economy and for raising living standard of its people and they should, therefore, be viewed, planned and implemented separately.

Logically and sensibly, meeting country's domestic energy need, both present and future needs, must receive the top-most priority from the government in terms of policy measures, planning, funding arrangements and implementation.

It is now time to rethink and bring forth clear and meaningful policies and strategies that re-emphasize developing domestic need oriented projects and will support domestic private sector in financing the projects with soft loan arrangements and through developing access roads and transmission network, ensuring proper use of royalties, fair pricing and power purchase agreements, investment friendly tax and duties, and also through providing security and controlling politically-inspired social obstacles. Government should take soft loan from international lending agencies, financial institutions and bilateral agencies for these hydropower projects and invest within public, private and PPP domains. Government should identify and prioritize at least a few storage projects for immediate implementation to meet peak demand on a long-term basis.

For planning and implementing export-oriented large hydro-electric projects, where FDI's along with full foreign technical assistance are sought, a clear strategy must be adopted that would enable Nepal to develop its own technical capability (via provision of technology transfer) of building such large and mega projects through implementing as fewer experimental projects as possible.

Many large and mega- hydropower development projects envisaged for electricity export have so far remained elusive. Various export-oriented large power projects, with foreign direct investments involved, which are under various stages of planning, are facing multiple and diverse difficulties. Implementation of 6,480 MW Pancheshwar Multipurpose Project still remains ambiguous despite several bilateral understandings and agreements between Nepal and India.

It has been widely recognised that Nepal's domestic financial and technical resources are inadequate to harness its hydropower potential, and that foreign lenders and investors are required. The significant barriers for foreign investment include political instability, lack of consensus within the government and among political parties and stakeholders as to whether and how the country's hydropower potential should be harnessed and exported, unresolved long-term market for produced hydroelectricity, and poor infrastructures in terms of access roads and transmission lines. Resolving these issues with a sense of urgency is of utmost importance if Nepal really wants to become a self-sufficient hydroelectricity-exporting nation.

Now is the time to take bold decisions and act towards harnessing Nepal's hydropower potential for nation building and ultimately for the welfare of all Nepalese people. The opportunities that have sprung up with new hopes for the country's hydropower sector might not wait long for us. So, let us make the most of these opportunities with national interest as our *dharma* before they are swept away by the ever-flowing mighty rivers of Nepal.

B. Manandhar

Bhai Raja Manandhar
Managing Editor