



JVS-NePaSaFa (Jalsrot Vikas Sanstha and Nepal Pani Sadupayog Foundation) organized their first joint interactive policy workshop on “Challenges of Crafting Nepal-India Water and Energy Relations” at the Annapurna Hotel, Kathmandu, Nepal on July 18, 2014. Experts, political party representatives, and the media participated. As water resources and energy intrinsically have security as well as foreign policy dimensions, some key persons from these sectors were also invited to contribute their thoughts.

Context and Consensus

The workshop objective was to craft a response to the recently sent Indian proposal, “Power Development Cooperation Agreement”. The agreement had been issued to the Ministry of Energy privately. The media had reported about this “cooperation agreement” and evoked a controversial and loud response from the Nepali public, who urged the Ministry to exercise patience and restraint rather than quick formalization.

The Ministry of Energy has not made the contents of the “Power Development Cooperation Agreement” public. It has not shared and discussed with the political parties, civil society and the experts.

The participants of the workshop discussed the challenges posed by the Indian proposal, and agreed to the following points:

- i) Power trade and hydropower development cooperation are two different issues and, therefore, they must be kept apart and dealt with separately.
- ii) The concept of power trade between Nepal and India had begun with a Memorandum of Understanding back in 1996. In 2010, Nepal had submitted a proposal on power trade. But like the MOU, this proposal was never acknowledged. Instead, the Indian government sent an entirely new proposal without referring to the earlier Nepali documents.
- iii) If Nepal is to enter into any new agreement on power development with India, its content and the issues involved should be discussed widely with a view to soliciting expert opinion and build consensus among the political parties. For this purpose, the content of such a “Power Development Cooperation Agreement” must be made public and transparently discussed among all the stakeholders.
- iv) For building trust and confidence between India and Nepal on matters of water resources cooperation for mutual benefit, there is a need to set positive and constructive examples by doing projects which could engender such trust and confidence. In the present

situation it is not advisable for both the countries to jump into any comprehensive agreement on water resources.

- v) Demand and market for domestic consumption of energy is already high in Nepal, and it is growing even more rapidly than recent Nepal Electricity Authority (NEA) projections, which do not taken into account suppressed demand or replacement of fossil-fuel based generation which has grown alarmingly since 2008. Nepal is paying a very high economic and financial price to meet this demand for energy. Therefore, power trade should be for export of the surplus power only after meeting Nepal’s domestic requirements.
- vi) Transmission lines (grid connectivity) are a major constraint for power trade between India and Nepal. Without resolving this issue, including the issues in the past agreements with India on this subject, power trade is not possible.
- vii) To start with, power trade can take place in alternative ways, too. For example, swapping (bartering) of electricity between India and Nepal according to the season of high demand in the two countries (wet season and dry season).
- viii) If the power exchange has to take place in monetary terms, then the pricing should be based on commercial market prices for export to India and on cost-plus basis for domestic consumption in Nepal, since Nepal’s development requirements dictate that electricity be seen as an infrastructural requirement, an input to industrialization that provides jobs in Nepal for its growing youth population.
- ix) India’s views and commitments towards developing a regional power market must be made clear. A better and more vibrant South Asia can emerge with the establishment of regional or sub-regional power grid connectivity and a power market with attributes like non-discriminatory access, commercial trading, and market-based pricing.

Critical link

For the participants of the workshop, the premeditated abolition of the Ministry of Water Resources in Nepal was the most critical missing link in pro-Nepal water resources planning and development. With one voice, they asked for the reinstatement of the Ministry of Water Resources supported by a strengthened and empowered Water and Energy Commission Secretariat.

The workshop also recalled that India restructured

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During the workshop, five presentations were made. The first one “Purpose and Process of the National Consultation Workshop” was made by Dr. Dibya Ratna Kansakar, Executive Member of GWP Nepal/JVS while the second one was done by Mr. Gopi Mainali, Joint Secretary of National Planning Commission on “Status



Figure: A glimpse of the national consultation on Sustainable Development Goal”. Similarly, Mr. Abodh K. Mishra, Joint Secretary, Ministry of Urban Development presented on “TARGET A and D: Achieve universal access to safe drinking water, sanitation and hygiene and Reduce untreated wastewater by (x%), nutrient pollution by (y%) and increase wastewater reuse by (z%), Mr. Kamal Regmee, DWIDP on “TARGET E: Reduce mortality by (x%) and economic loss by (y%) from natural and human-induced water-related disasters” and Dr. Dibya Ratna Kansakar on “TARGET B and C: Improve by (x%) the sustainable use and development of water resources in all countries and All countries strengthen equitable, participatory and accountable water governance.

Various water experts from governmental agencies and non-governmental organizations and donor agencies put their suggestions and concerns regarding

the national priority on water sector to be reflected in the Post 15 development agenda.

Study on Integrity in Hydro Projects in Nepal

JVS/GWP Nepal has undertaken a study entitled “An Assessment of Integrity in Hydropower Development Processes in Nepal” which intends to identify major integrity risks in the identified stages of hydropower development process, and to suggest appropriate interventions to the concerned government agencies to mitigate the identified risks.

Kulekhani III and *Upper Trishuli III A* Hydropower projects have been selected for the case studies. The literature review of relevant materials; review of institutions involved in hydropower development process and identification of hydropower development stages/process and review of relevant policies were done systematically. Transparency, Accountability, and Participation (TAP) are considered main pillars of integrity and these were taken into consideration for development of Integrity Framework and identification of Integrity

Risks at various stages of hydropower development process. How integrity aspects have been addressed and integrated in hydropower development processes are analyzed through these three integrity parameters (TAP) lens. The key informants’ interview was done with project managers of **Kulekhani III** and **Upper Trishuli III A** Hydropower projects. For the identification of potential intervention, focus group discussion and interaction with concerned stakeholders were done.

Stocktaking report on National Adaptation Process (NAP)

JVS/GWP Nepal is preparing a stocktaking report on **Climate Vulnerability on Water Resources sector for NAP Process** as it intends to document the climate vulnerability on water resources sector and assess gaps and needs to support the formulation of NAP Process.

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its water resources ministry just months after Nepal had established its Ministry of Water Resources. Nepal had tenaciously developed the whole constitutional and legal regime on water resources. The abolition of the Ministry of Water Resources in favor of the Ministry of Energy undercut the legal regime for wholesale mercenary interest. Thus a critical institutional link was eliminated and needs to be restored as speedily as possible.

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Editor’s Note: we have reproduced a note written by Dr. Upendra Gautam. This note was published in *The Rising Nepal* on 22 July 2014. The note refers to a policy workshop organized to discuss future co-operation between Nepal and India for hydropower development. Given the recent interest in hydro development in Nepal and the constructive impact the policy workshop had on the on-going debate on the features of a power trade agreement, we have chosen to republish the note in the achieve section of our journal.