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Editorial

Self-implementation or FDIs in Hydropower Development: A Dilemma



Development of Nepal's immense hydro potential should be realized at a modest pace through self-implementation for self-consumption. This is one approach of development, which probably poses the least threat to our national interest. Thus, there cannot possibly be any debate over the approach of "through self-implementation for self-consumption". But a dilemma looms clear regarding the pace of development. Being located between China and India, both emerging as two economic superpowers of the world and also being blessed by nature with an enormous hydropower potential, can we really afford a modest pace of hydro development? Should we ignore FDI for fear of sacrifices of national interests? What really has given rise to such fear among many citizens who are genuinely sensitive to the security of the country's valuable water resource? These are some questions that urgently need a serious contemplation amongst all concerned.

As a close neighbor, there is much to learn from China, who has made amazingly big strides in economic development through massive FDIs and from India, who has recently opened its key sectors to increased FDIs to accomplish the new government's development agenda, about utilizing the FDI mechanism in the best interest of the country. As major economic sectors of Nepal, such as tourism and industry, today desperately need enough and reliable supply of electric power for smooth operation and sustained growth, FDIs could play a vital role here.

Of course, FDIs must not be made a permanent remedy. An appropriate model of FDI could be utilized that would lead us towards becoming a self-dependent and self-sufficient nation in hydropower sector within a foreseeable future. FDI based hydropower projects, however, will have to be undertaken as experimental projects to eventually equip ourselves with financial and technical capabilities required to plan and implement hydro-electric projects on our own. Nepal as a self-sufficient nation in hydropower can soon become a hydro-electricity exporting nation as well.

The bitter experiences with India with regard to developing the potentials of Nepalese rivers and the unsettled doubts over the undisclosed PDAs with two Indian companies for the implementation of Upper Karnali HEP and Arun III HEP surely raise many questions about our in-house capabilities of exploiting the strengths of FDI approach in the best interest of the country.

While FDIs and associated PDAs are being arranged and implemented with partner nations, the concerned policy makers and bureaucrats on the Nepalese side have to be alert and honest enough to ensure national interests within a win-win framework. If we fail in doing so, it will be only us to blame and not the development approach itself.

Bhai Raja Manandhar
Managing Editor