

Interview with Shanker Prasad Koirala Secretary, Ministry of Water Resources, Nepal



Mr. Shanker Prasad Koirala granted an interview to Mr. Jeewan P. Thanju, Editor-in-Chief of HYDRO Nepal. He is determined for rapid development of hydro power sector in Nepal by mustering support from all quarters. Excerpts from an interview:-

As the Secretary of Ministry of Water Resources, how do you assess the opportunities and challenges in hydropower development in Nepal ?

You have correctly guessed that I have taken my appointment to the current post as both opportunity and challenge. For long, we've been recognizing water resources as the country's principal natural resources to revolutionize country's economic development, but what we've achieved so far is very far from satisfactory. Such situation itself connotes that there are both opportunities and challenges. What I've observed is the key stakeholders have been assessing the sector with a surrealistic approach. There are no common viewpoints in the modes of development except that everyone recognizes the sector's potential. Therefore, national consensus building leading to a stable policy, especially in investment and marketing issues and also in the sharing of downstream benefits with the riparian partner(s) is, I think, a prerequisite for leapfrogging in the hydropower sector. As a leader of the bureaucratic team in the sector, my efforts will be to muster support from all quarters to move ahead.

Let's not talk tall for the time being, we have a severe problem of load shedding. It has adverse multiplier effects on the overall economic and social spheres in the country. We've been doing our best to push forward the development of small and medium hydropower projects, be it through the public sector or private developers to get rid of the problem. Despite the hurdles, we'll move ahead. We have opportunities also. The country has already lurched towards lasting peace. The other ministries and agencies of the government are also equally enthusiastic in the sector's development and they are supportive, too.

There are so many constraints/hurdles that developing even a small hydropower project in Nepal has become a Herculean task. (Examples are obtaining forestland on lease, permission for tree felling, years required for environmental process, getting PPA, obtaining permission from National

Parks & Wildlife Conservation Department, etc.). What steps will your ministry take to ease these hurdles?

Most of the 'hurdles' you mentioned are environment related. As per the international commitment, we have legally created them as processes to safeguard our environment, and they are compatible to worldwide recognition of environmental protection. We have to respect them. Overlooking and bypassing them may sometime create uncontrollable problems later and even lengthen the actual development time. I am always for the meticulous planning of development works, including environmental impact mitigation plans and their implementation.

However, on the part of Government, we need to deliver time-bound and hassle-free services to the developers. I am of the opinion that these procedural hurdles can be eased through effective inter-agency coordination and one window service delivery mechanism. We are now in the process of finalisation of a new Electricity Act which will pave the way for effective one door services. Similarly, MOWR is also coordinating with various government agencies and other stakeholders for better understanding and coordination in this sector.

NEA is reluctant to enter into PPA. In addition, due to sharp price increase in construction materials, the existing power purchasing rates are obsolete. In this situation, how can load shedding be minimized with the help of domestic IPPs?

Strictly speaking, MOWR doesn't intervene in the commercial agreements between IPPs and NEA or any other utilities, which buy electricity. NEA may have its own limitations. Many of the applications for PPA are pending due to congestion in transmission lines. Project costing and resulting tariff could be another issue. The problem of limitation of transmission line capacities will be gradually resolved with the construction of Khimti-Dhalkebar 220 kV, Middle

Marsyangdi-Lower Marsyangdi 132 kV, etc., that will be completed within the current Interim Plan itself. To facilitate power generated by the domestic IPPs, north-south transmission lines will be particularly beneficial. The ministry is considering facilitating the development of such transmission lines like Kabeli Corridor 132 kV. NEA is working on the flat buy back rate for up to 10 MW hydel projects. This will resolve many of the PPA related problems of domestic IPPs. For resolving electricity tariff related problems permanently, we will have to wait till the Regulatory Commission is instituted for which process has already been initiated.

It took more than one and half year to finalize the award of Upper Karnali and Arun III Hydropower Projects. Further, no bids/proposals were submitted in the case of Budhi Gandaki. What might be the reasons in your opinion?.

This was first time for the government to award such projects on the basis of global competition. All of us are fully aware that initially the evaluation report was scrutinised and approved by the two parliamentary committees. After that, it took some time for the government to give final approval by accommodating the instructions given by them. With experience and refinement in procedures, decision process will get faster. Regarding Budhi Gandaki Project, despite our efforts the developers themselves are not showing interest, probably because of resettlement issue. Now we are examining the reasons behind it and working out for the future course of action with regard to Budhi Gandaki.

No license and royalty payment are needed for the hydropower projects below 1 MW. However, DOED call for many paper requirements, which are tantamount to getting a license. In addition, the National Parks and Wildlife Conservation Department ask for the commitment from developers for additional royalty. As Secretary of MOWR, how are you going to remove these hurdles?

DOED's paperwork is to safeguard potential sites, which otherwise might have been spoiled by hydropower projects of less than one megawatt capacity and remain unnoticed. However, we are trying to make it more transparent and hassle free.

There are certain demands from National Parks and Wildlife conservation sector that hydropower developers need to pay additional amount for the conservation works. MOWR has taken this matter very seriously as it hinders the development of hydropower. This is not acceptable to us and we are now coordinating this matter with the agencies concerned.

When will the proposed Electricity Act be enacted?

New Electricity Act, together with the proposed Regulatory Commission Act, is under consideration in Council of Ministers for long. I am confident that enactment of these laws will take course once the Constituent Assembly streamlines its regular business.

Government of India is keen to construct a medium hydropower project in Nepal under grant assistance. Why has there been so much of delay in requesting for the bilateral assistance for developing Naumure Hydel Project?

Originally, it was conceived in the form of hydro project only. Later on, we decided to make it a multi-purpose project covering both electricity and irrigation component. There are certain amendments needed in the overall scope of work of the Naumure Hydel Project development for the optimum mutual benefits, especially to ensure availability of irrigation water in Kapilvastu district. With this modification, we have already sent our request to the Government of India through diplomatic channel.

Many licenses for hydropower development have been awarded, whereas the actual implementation is negligible. Should MOWR or DOED not try to find out the reasons, and try to remove the obstacles, if any?

We are also not satisfied with the rate of issuance of generation licenses and project implementation compared to that we have awarded for survey. You must have better observed neutrally from a distance why developers' achievements ended in survey licenses. For many past years, there were security problems, which discouraged potential investors. I hope with the current improved situation, project implementation will also gain momentum. We are trying our best to remove any obstacles that come across power sector development.

The Maoist Party manifesto calls for developing 10,000 MW hydropower in next 10 years, but some individuals involved in the field say that considering the existing hurdles, not 10,000 MW but even 10 MW is a challenge. How would you like to comment?

If CPN (Maoist) has put forward their hydropower vision in their election manifesto, there must be some basis and means in consideration to remove hurdles. My job is to promote utilization of water resources including that in hydropower, and I wholeheartedly encourage such vision. If we are able to prepare an

environment conducive to foreign investment, the target is not altogether unachievable. All we need for this is our sincerity and commitment. Now this is high time for all of us to translate this **vision** into the **reality**. And I firmly believe that we have that capacity too.

Some people perceive that there is mistrust between the Government and the private sector developers. What is your opinion for creating conducive environment in which mistrust is gradually eradicated?

Since economic liberalization began in early nineties in Nepal, I have not found any government or a political party that is against private sector investment in hydropower. I don't think there exists any such mistrust. Since being the major stakeholder, private sector has been fully entrusted with the responsibility of developing our hydro power potential. Government's door is always open for them.

Would you like to convey any message to the stakeholders through this journal?

I think I have conveyed adequate message through series of your questions. Anyway, on behalf of the ministry and on my own, I invite all potential developers to invest in hydropower sector. I welcome all constructive comments and suggestions from the stakeholders. Our offices are accessible all the time. We are always ready to facilitate development endeavors from any quarters.

A Brief Background

Shanker Prasad KOIRALA, has been associated with the Government service for the last 21 years. He is currently working as Secretary for the Ministry of Water Resources for last six months.

Prior to his present tenure, he has extensively worked in various key Ministries like Ministry of Finance, Ministry of Industry, Ministry of Culture, Tourism and Civil Aviation, Ministry of Commerce (then), Ministry of Information and Communications. Mr. Koirala has also worked at the Asian Development Bank in Philippines as part of his service tenure. He has widely participated in a number of international workshops, seminars and conferences and extensively traveled around the globe in an individual and positional capacity.

His academic persuasion enabled him to graduate for the Master degree in Strategic Business Economic Program from Manila, Philippines and a Master degree in Economics from Tribhuvan University of Nepal.

Mr. Koirala besides his bureaucratic career has also established his stature as a noted Nepali poet and lyricist (sp koirala is his pen name) with a number of books and solo musical albums authored to his credit.