

# Odd Hoftun's Perspective on Hydropower Development in Nepal

Compiled by Shiva Bista

Meet Mr. Odd Hoftun, a Norwegian who came to Nepal over 40 years ago and has made himself invaluable to Nepal's hydroelectricity development. So much so that after living here in Nepal for nearly 40 years Mr. Odd Hoftun was awarded Honorary Citizenship, in recognition of his sterling efforts. In the following article we will introduce you to the man and his thoughts about hydroelectricity development in Nepal through two different interviews that he gave over the last 15 months on the subject.

After seeing how much hydroelectricity helped to develop his own country Norway in just a short 20 year span, his vision was of a similar change here in Nepal citing that with access to electricity cottage industries grew in his own country. For Odd Hoftun his Nepal and hydroelectricity story began on the Mission Hospital Project in Tansen, Nepal. From here he began to develop the belief that "working closely with people, providing training and opportunity for personal development and growth, hardly fails". Today Mr. Odd Hoftun lives in Norway, but is actively involved still in Nepal and Norway's cooperation.

Talking about his views and perspectives for hydropower development in Nepal, he states that water resources constitute the main natural wealth of Nepal. But this does not mean that it is like a cow that gives milk without feeding it. True Nepal's wealth in water resource is great, but it must be respected on the whole. It is the basis for agriculture, economic and social development. Hydropower can serve as a platform for building industry and infrastructure which in turn builds the total economy.

Since water is free, the main part of running a hydropower station is cost effective, once all loans are paid off on their construction, the returns are even greater, especially in today's climate with its large and growing demand for power. Investment in hydropower is long term and not for those seeking the quick buck. But Mr. Hoftun believes that it is a sound kind of business giving increased returns. Mr. Hoftun warns that though water is free, its use by big business must be conscientious of its responsibilities to the people. Hydropower is both a challenge and amazing opportunity for serving the people.

For the sustainment of the industry, Nepal requires a government that is "dependable and predictable". Laws and regulations must be solid with a view to the future and not subject to opportunistic and abrupt changes. A relationship of trust between business men and the authorities must exist, not just for good working practices, but to also help reduce costs, to the benefit of everybody. Foreign investment is exceptionally important for Nepal with its weak economic condition, with this national authority and control must be kept and petty bureaucratic meddling avoided.

After his many years of stay in Nepal Mr. Odd Hoftun has learned one thing that has proved invaluable to him that – "that institutions and even commercial companies are like people: They are living beings that need good training and guidance to grow in a healthy manner. Then, when they mature, they will have their own life and personality and continue to apply the habits and principles they learned in the early years, even under changing management and ownership".



Odd Hoftun returned to Nepal in March, 2008. In an interview he spoke about how much Nepal has changed. Kathmandu is overcrowded today and continues to grow beyond its limits. He also believes that many of the changes are positive and that he doesn't see Nepal going backwards, but he does wish that certain things could move quicker. He says that opening up the private sector 20 years ago would have been unthinkable. But today people realize that the investments required are colossal! He believes that big projects are simply unrealistic and that it is better to start small and to develop and grow over time.

If you add up all the micro-plants in Nepal, there is a lot of capacity for the country. There was a time when the belief was that foreigners with their investments were the only way to develop the industry. But today Nepal and its people know better and the changes have been favourable. Companies like Himal Hydro, Nepal Hydro and Electric, and Butwal Power Company all started as small companies. Today they have grown and become internationally competitive. But what is lacking is still the understanding from the government on how to work with the private sector. Things must remain predictable. "There was a time when I thought the Melamchi water project should become a public-private enterprise. The government was supportive of the idea, but when outside financing institutions got involved the idea was dropped. I was sorry about that because it could have been a multi-purpose regional development model so that not just the city people would benefit".

On the topic of the Indian market as a potential source for Nepal's development, Mr. Hoftun believes it is both a blessing and a curse. He says that the "potential is tremendous", but that one must "look 20 years ahead to make something like that work". Ironically nobody is talking about transmission lines around the country and across the border to India. Difficulties lie with the private sectors to run the grid. India is indeed in desperate need for clean energy and dependable power; but Mr. Hoftun warns that that "doesn't mean that Nepal should rush into big projects. In some places the use of micro and small hydro concepts are ideal". These plants need to be connected to the grid in turn they can help develop rural development. "Big projects should and must be undertaken, but that is only possible through export to India. However, there has to be a fair agreement and a very high level of trust between the two nations for something like that to work".

When asked about Norwegian investment, Mr. Hoftun believes that there are many experienced and qualified people in Nepal in the legal, financial and technical sectors who can take care of Nepali interests. Nepal would be an ideal partner for working with Norway. Nepal's hydropower is only now developing whereas hydropower in Norway has fully developed.

***(This article is based on the Interviews taken with The Nepali Times March, 2008; and from Souvenir 2008 of Nepal Norway Alumni Association.)***

(Courtesy of The Nepali Times; and Nepal Norway Alumni Association.)