ECONOMICS

Where have all the Nepalis gone?

he challenges in Nepal's energy sector are not just the results of poor policy. politics and investment. The real cause lies in the fact that Nepalis have deserted their true values. Nepal's inability to get its energy sector performing has spawned an industry of energy therapists.

The diagnosis by Nepal's energy therapists contains the standard list: inadequate planning, policy uncertainty, politi-

cal instability, weak govern-

ance, lack of investment and

poor investment climate. In

short, everything that ails poor

underdeveloped countries ails

Nepal — except in our case the

The diagnosis is not surpris-

ing, or at least, not new. But it is

wrong. To make things better,

we have to start with the hones-

ty and courage to face up to

Nepal's policy and structural

framework on energy is broadly

adequate for its state of develop-

ment, size and needs. Could it be

improved? Of course. Could

there be greater efficiency? Yes.

But merely adopting these

what truly ails our sector.

lights are off most of the time.

CIVIL SOCIETY MUST REGAIN ITS INDEPENDENCE AND REASSERT ITSELF

reforms will not make Nepal's and prevent corruption. energy sector spark.

Nepal's fragmented political context with constant changes in government and uncertain environment is always cited as the critical factor that has stalled progress. Certainly, these factors haven't created an enabling environment for investment but it is a stretch to

argue that these factors have

been the key causes of stalled

progress. Even in the face of

such uncertainty, the basic

structures of the state do

remain: justice, law and order,

basic services, health, educa-

tion. In other words, despite the

challenges at the core the state

The prime cause of Nepal's

failing electricity sector is the

extremely high levels of

political interference and the

culture of corruption it has

institutionalised. No amount of

policy or structural reform can

repair that unless there is a

counterbalancing force that can

withstand political interference

continues to function.

Consider the case of Nepal Electricity Authority (NEA). NEA is Nepal's monopoly electric utility, vertically integrated across generation, transmission and distribution. The unbundling of NEA is one of the big reform tickets that have been put forth as a solution. Unbundling, reformists

have argued, will allow a

healthy electricity market to

Unbundling is a standard

text book approach, widely

implemented around the world

and an easy prescription. But

Nepal doesn't have the prerequisites that will allow unbun-

dling to produce the impact it

has in other countries. More

importantly, it will not address

the problem that currently

ails the country: political

corruption.

interference and the resulting

What will happen with the

First, in the true spirit of

bhad-phad (sharing the spoils),

the Nepali Congress will get the

generation company, Maoists

will get the transmission

company and UML will get the

variant of it). Then circum-

stances will change and *bhad*phad will result in a new config-

unbundling of NEA?

uration of control.

develop. But will it really?

Patronage will continue each representing the interests of a political party, will multiply into 12 unions. The politically driven process of appointments will continue — except there will be three times more seats to fill, which political parties should welcome with relish. Political interference and corruption will continue exactly as before — except it will be far more dispersed, far for more difficult to spot and impossible to control.

In the absence of a counterbalancing force, the net result of unbundling will perhaps more swift and nonreversible. The policy and structural reform of unbundling ancing force that can fight back

So what is this counterbalancing force?

Simple, it's civil society. Across all our institutions, including NEA, civil society is actually represented with a seat on the table, often as independent directors, observers, advisers, et cetera. However, in the face of such widespread political interference and corruption, what have they done so far nothing. Most are merely political appointments whose sole purpose is to return the favour to those that appointed them.

Civil society must regain its independence and reassert itself. It is the only force that can get institutions to perform in the true spirit of the policy; it can participate, monitor and demand correction when a lapse is spotted. It can fight back political interference and create a corruption free environment.

As Nepal returns from Dashai and Tihar holidays, celebrating the victory of good over evil, Nepalis have a simple choice to make: do we as civilians simply crumble to the pressure of corruption because it has become the norm, or do we adopt the values we celebrated over the holidays. Fulfilling the aspiration of reliable electricity for all distribution company (or some of Nepal doesn't require policy and structural reforms. It requires Nepalis to return home to the values of integrity,

exactly as it was. Four unions,

simply be further decay doesn't create the counterbalpolitical interference.

honesty and courage.

investosansar

Ingredients for energy trading

CHANGES IN THE GLOBAL ECONOMY IMPACT THE ENERGY MARKETS

Aashik Koirala

nergy markets play a significant role in everyone's life whether you are talking about the price of fuel at the pump or the price to heat people's homes. In this article, we will learn about the opportunities and dynamics of trading in energy markets. Perhaps the most famous is the price of crude oil which is

traded in the international markets. The oil traded in the USA is a crude price and in the UK is a Brent price.

The price of crude oil is basically determined by the level of supply and demand in the US markets and it is sensitive to the US economy. Whereas, the UK price of crude, which is also known as Brent price, tends to be more sensitive to the demand in Europe and therefore sensitive to the European economy. Basically, the prices of these two commod-

ities are close to one another with the differences in a couple of dollars. The dramatic political risks in the US economy also create an impact on the price of crude oil markets.

Crude oil also acts as the leading indicator of the global economy. When the price of crude oil increases, inflation in the economy also increases. The changes in the global economy also impact the energy markets because there will be a greater demand for energy commodities. Seasonality also plays a major role in trading in the energy markets. The political tension (risk) in producing geographical locations of crude oil also impacts its price because of the supply concern.

Sometimes, the demand for commod-

ities throughout the year also determines the price of energy markets. Natural gas and heating oil both tend to have a lot of demand in the winter season as they are used for home heating purposes. On the other hand, in spring and fall, demand tends to be low for these commodities. Due to the use of natural gas in power plan, especially in the summer time, the price tends to increase in this season.



The impact of different news creates pressure on energy prices. Weekly inventory data, US crude and gasoline inventory data, natural gas inventory data, and demand forecast by OPEC and IEA also can drive trading in the energy markets. The company involved in energy exploration and their financial risk also determines the price.

In energy markets, there is also an opportunity for traders to gain from duo trading. Duo trading is the strategy where traders can go long (buy) in one commodity and short (sell) in other. These are the basic energy determinants which impact the prices. It is advisable to carry out further research work before trading in energy commodities.



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Privileged lawmakers

NEED TO RETHINK WHOM THEY REPRESENT

Ananta Raj Luitel

ith the increment in salary, perks and facilities for themselves by endorsing a bill from the legislatureparliament, lawmakers were bound to face serious criticism from various quarters.

The Legislature Parliament recently passed a bill to pay perks to members of parliament, office bearers of parliamentary parties of the ruling party, main opposition and the parliament.

With the majority vote of the lawmakers, the bill to in-

crease salary perks and facilities have been increased at a time when the common people of the country are still embroiled in hardships.

The lawmakers are supposed to work towards making laws and pressure the government to launch developmental activities. This must be done in order to provide opportunities for the common people in the country.

Despite this, there are so many issues pending in the country as the law makers have not yet promulgated laws relating to transformation of the country to federal structure. They have not even put pressure on the government to perform its development activities, curb corruption and irregularities that are rampant in the country.

After the increment in the salary and perks, every lawmaker will get monthly salary of around Rs 80,000 under different heads, some additional facilities and Rs 1,000 as meeting allowance for every house meeting.

> Likewise, they will receive Rs 1,000 as transportation fare for every meeting and Rs 2,500 as daily travel allowance for official travel. Altogether the state will have to spend more than Rs 1,00,000 every month on each lawmaker.

Though they need to maintain their status as lawmakers and need to meet the inflation as well this is a heavy burden on the state treasury and ultimately the people. It will take a lot of money to pay all of 601 lawmakers sitting in parliament.

In fact, if lawmakers and the politicians have commitment to the nation and the country, they can work with minimum facility and salary because voters chose them for a noble cause not to make money of their high positions. Our lawmakers should forget their power centric, money centric attitude and feel very lucky with the respect and the opportunity they have given by the state and the people.

MEET THE 10 COMPANIES OF ROCKSTART IMPACT-III

Nivida Lamichhane

ith an aim of supporting Nepali entrepreneurs through knowledge, expertise and funding, Rockstart Impact — a 100 day business support programme was introduced back in 2014. An annual programme that makes 10 ambitious entrepreneurs ready to invest in 100 days, Rockstart Impact has seen two successful editions in 2015 and 2016. Having accelerated 20 companies in the past two editions and 10 companies receive FDI, the third edition of the program is soon to start in 3 December, 2016.

Among 197 applicants, after a vigorous screening process, 10 stood selected. This article will give you a brief insight to the 10 companies.

Green Bamboo Creation: Replacing bamboo with wood, Green Bamboo Creation sells furniture made of complete bamboo, bamboo and wood composite of different design and requirements. They also construct engineered bamboo house and decorative products for interior and exterior.

Mush Nepal: Mush Nepal was nurtured in a family that belonged to mushroom farmers and it was initiated to address the issues such as food security, nutri-

Exciting new chapter tion, uses of agro waste, turer and exporter of natural, or- duction downgrades resulting in

unavailability of quality spawn and mushroom as consumable product. Rammed Earth Solutions:

Rammed Earth Solutions is a

team that has come together due to their interest and experience in the great potential offered by constructing buildings out of rammed earth and the other techniques they employ, to create sustainable and eco-

friendly structures. **Environment Protection** and Alternative Power Development (EPAPD): To prevent brain drain and create job opportunities for skilled and educated youth by giving high priority to modern, organic agriculture, EPAPD has a kiwi fruit farm and sells fresh kiwi fruit, saplings and jap has been their major contri-

bution to the agricultural sector. Global Chemicals: Global Chemicals are manufacturers and suppliers of Gum Rosin and Turpentine Oil. Gum Rosin is used by several industries while turpentine oil is a fluid obtained by the distillation of resin

obtained from live trees. Nepal Thopa Sinchai: Nepal Thopa Sinchai is working on supply, installation, commissioning and testing of advance Green House Solar pump and smart irrigation tools and services to farmers and institutes, working in technology based on modern agriculture.

National Organics: National Organics is a leading manufac-

ganic agro forest products for the global market. It visions of creating a company which not only serves its clients but, more importantly, serves the communities where the products come

from. National Organics deals

investor's impact



with soapberries, wild crafted/ cultivated essential oils, commodities, plant based butter, raw spices, herbs and botanicals.

Chainlink Engineering: Hydropower is a green source of energy and with so many hydropower plants being installed in Nepal, there is a question that comes into mind- servicing? If the repair and maintenance is missing, the capacity of the pro-

an inefficient machine. Chainlink Engineering works with repair and maintenance of parts of hydropower projects and does general civil constructions.

Best Paani: Best Paani specialises in R&D and installa-

> socially and economically sustainable water systems. It with the vision of creating a world where every person has equitable access to clean water, and they use environmentally sound technologies and 100 per cent locally available sources.

tions of environmentally,

Gorkha Tea Estate: Golden Peak is a brand under Gorkha Tea Estate which was initiated to create a name of the Nepali tea

in the international market. They aim at providing the farmers with the best rate eliminate middlemen and create women entrepreneurs by investing in

their dreams from profits. These 10 companies will now be trained for 100 days where the programme strengthens their vision and understanding of how they can realistically grow their business sustainably.



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