

Norway firm quits \$1.5bn Nepal hydropower project

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Norwegian company Statkraft has said it is dropping plans to build a \$1.5 billion hydropower plant in Nepal, citing bureaucratic hurdles and political instability in the troubled Himalayan nation.

A vast network of fast-flowing rivers through the Himalayas means Nepal has huge untapped [hydropower](#) resources, making it a significant potential supplier to its energy-hungry neighbour, India.

Yet the country's total installed power generation capacity is only about 800 megawatts—1.9 percent of its potential—and fails to fulfil even local demand, meaning Nepalis endure blackouts of up to 15 hours a day.

The Norwegian firm entered an agreement in 2007 to build the Tamakoshi III plant and generate 650 megawatts for export to India and other neighbours before transferring ownership to Nepal after 25 years.

In a statement released on Tuesday, Statkraft's Nepal country director, Sandip Shah, said the company's decision to quit "reflects the increased bureaucratic hurdles for foreign investments, a fragile political situation and a geo-political situation leading to a non-conducive project development environment".

The project would have covered the districts of Dolakha and Ramechhap, which suffered severe damage when a massive earthquake hit Nepal last April, killing some 8,900 people.

The disaster and protests against a new national constitution adopted in September have devastated Nepal's economy, pushing growth forecasts down to three percent and derailing hopes of raising crucial foreign investment.

The protests have seen ethnic minority demonstrators in southern Nepal block a major trade checkpoint with India for nearly four months, leading to crippling shortages of vital supplies across the landlocked country.

Slow movement of cargo through other routes has prompted Nepal to accuse India, which has criticised the constitution, of enforcing an "unofficial blockade"—a charge New Delhi denies.

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