

Kavita Rai. 2005. *Dam Development: The Dynamics of Social Inequality in a Hydropower Project in Nepal*. Gottingen: Cuvillier Verlag.

Many in Nepal consider water from Himalayan Rivers to be the primary resource with which to transform this country into a “*nayā* Nepal.” According to many developmental paradigms (conceived both locally and abroad), local and national development must go side by side in the

development process of a country. One common line of thinking during the past decade has been that local resources must be developed to benefit local people. Nepali society for the last decade, and even today, has been weighing the impacts of large projects versus the selection of small projects. A common argument is that smaller projects will bear more benefits to people at the local level. Smaller projects would mean that local people would be introduced to people-friendly development technologies which they could manage and adopt. Others argue that a natural resource such as water is a *national* resource, one that must benefit the nation as a whole. This argument then moves a step ahead to claim that the development of resources of national importance cannot be made by primarily considering the benefits to local communities.

Development work must, of course, fit with the development aspirations of people. Nepal as a country is now at a stage where local people and communities are seeking more autonomy and more rights to determine development priorities. Understanding their view of “development” requires studying the technology at work and considering what impact that technological intervention has on them. Today the country is facing massive scarcities in all forms of energy (wood, cooking gas, petroleum products), including a severe shortage of electricity. This has resulted in eight hours of planned power outage everyday. This scarcity of electricity is expected to increase in the coming days and years. To meet the challenges of additional electricity generation, the nation is now calling upon private investors (both national and foreign) to infuse the required resources for the development of hydropower. The issues of local benefits and development can get more complicated when large scale private sector investment drives projects, in place of government funded developments. This book, while studying the Kali Gandaki ‘A’ Hydropower Project (the largest hydropower plant built in Nepal to date, and also the last hydropower plant completed by the state owned Nepal Electricity Authority (NEA)), pushes all of us to think through these developmental issues.

The book is in fact the author’s dissertation for the degree of Doctor of Development Studies at Rheinische Friedrich-Wilhelms-University of Bonn (Germany). The book is divided into six chapters and has five annexes. In the first chapter the author goes into the theory of development activities (dam building in this case) and a nation’s dreams based on such development. She further talks about social inequalities in Nepal and how the state has been selling developmental dreams to the people. This chapter also looks at the trade off between hydro-dollars, the

state's aspirations for earning foreign currency from exporting hydro energy, and the cost to local people and the environment. The second chapter goes into the theories of defining caste, ethnicity, gender, and inequalities in traditional Nepal. In the same chapter the author outlines her research methodology and data acquisition process. The third chapter, titled "Hydropower Development in Nepal: Managing Resources and Society," provides background to hydropower development in Nepal, discussing projects such as Arun III and other large projects that the state has always sold to the public as dream projects. The author further discusses the communities in the project area as well as the background of the project under study. The fourth chapter deals with the legal issues of land acquisition and how the land was actually acquired. This chapter also discusses how local and political influences affected the process. In the fifth chapter, titled "Unintended Consequences of Dam Intervention: Reshaping Social Inequalities and Patronage Politics," the author discusses the social impact brought about by the development project. The final chapter of the book looks at the policy lessons learnt from the Kali Gandaki 'A' Project with regards to social and political changes brought about by a capital intensive, high tech development scheme in a socially backward area. Chapters 4, 5, and 6 each have their own conclusion section.

Although the book is quite well organized, a lay reader could easily tune out in the first two chapters as the author discusses theories relating to her research. The book got my full attention as I started reading the third chapter, when the author begins to describe the project and shares her experiences based on interactions with local communities, the government and NEA officials, and her observations of the interactions of the stakeholders amongst themselves. I easily related to the author's experience and the responses she was getting from the stake holders. What is new is the author's special attention to gender issues. This consideration is new for research in this area and should help project developers (myself included) pay attention to the impacts of development projects on women and children.

The project's field study provides clues to some developmental concerns. The study shows that the people affected by the project did actually benefit financially from its implementation. Although follow up studies will be required to conclude that people actually benefit in the long run, the short term financial impact on most of the affected communities is positive. The study also shows that social dependencies were influenced during and after this developmental intervention. An

interesting finding of this research is that class and caste hierarchies were, to a great extent, diluted by the development of the hydropower project. Development initiatives have for a long time attempted to get rid of traditional caste structures. There has been effort at the national level to empower the lower caste population so that they are not exploited by the upper caste population. In this case, Sarkis (shoe makers, traditionally untouchable) became better off due to opportunities for jobs and cash compensation. This resulted in declining numbers of Sarkis available for upper-caste people to employ as agricultural laborers under traditional payment systems, which forced the upper-caste land owners to renegotiate the terms and conditions for employing lower-caste people. This was, in fact, empowering for lower-caste people. This shows that providing economic opportunities can be an effective means of realigning caste and class relations in a very short time, and of empowering people that were here-to-fore powerless. Economic opportunities can and do trigger the kinds of social transformations sought by many in this country. This could be a strong message that the government should heed to while trying to deal with social and caste issues in the new Nepal.

This research also clearly shows the necessity for some kind of education for the local population as part of the compensation program. There are examples of displaced people who received handsome compensation packages but did not know what to do with the compensation they received. A few years later these people were a lot worse off than they were before because not only had they lost their land, they had also not been educated enough to invest their compensation money wisely.

The book is also about organizational commitment. Many hydropower projects fail to look at the key stake holders and identify their problems. The NEA itself has had troubles taking care of social- and community-level demands in its previous projects (such as Kulekhani or Lower Marsyangdi). But in the Kali Gandaki 'A' Project the donors made it clear that the local issues had to be addressed adequately. The NEA complied, local people were well compensated, and the end result was much more positive than in previous projects. Unfortunately the same experience could not be carried forward with ease in the next project that the NEA undertook. The Middle Marsyangdi Project today is still suffering and is witnessing massive cost over runs as well as time over runs, partially because the NEA could not replicate the methods used to mitigate the social and environmental issues at the Kali Gandaki 'A' Project. One

wonders if this is due to a lack of institutional commitment from the executing agencies.

Another insight this book provides is into the politics of patronage. In the preliminary stage of the project, local politicians are crucial for defining affected people and developing compensation packages for them. At this stage local people are not familiar with the contractors or the government agencies that are implementing the scheme. So politicians play a key role to get the project off to a start. Interestingly, the politicians' impact on the project diminishes as the project progresses because the people providing employment or quantifying and providing compensation are different from the politicians. Therefore people stop relying as much on the politicians and start responding to project staff and contractors. Project developers need to pay attention to this kind of phenomenon if they are to be successful at initiating and completing projects.

Economic independence has an impact on families as well. The author's research shows that people do in fact become more individualistic and rely less on extended families with increasing personal cash incomes. This is yet another critical insight in what awaits a society that is looking for economic modernization. We need to be prepared for changes like these and accept them as natural phenomenon. It will be wise to venture into future economic development programs knowing that this is an inevitable outcome, rather than being caught off-guard when it actually occurs.

The government, domestic investors, and international private parties are all major players in the field of hydropower in Nepal. There are now laws that make it easy for private investors to play a crucial role in the sector. In the next few years we may see more private sector than governmental involvement in this sector. In this context it will be wise to streamline local development practices when it comes to compensating and uplifting the local communities where hydropower projects will be developed.

I have spent most of my professional life developing and studying hydropower. I found the parts of this book that dealt with field research and their outcomes extremely interesting. It reminded me of the challenges we faced while developing the Jhimruk Hydropower Plant in Pyuthan District and also my on-going day to day interactions with people from Mustang, Parbat, Ilam, Sindhupalchowk, etc. where we are trying to build hydropower projects of varying sizes. This book has a strong message for hydropower developers who are often reluctant to spend

money on social and environmental mitigation. More often than not, the cost of *not* doing so is much greater than what it would be if a fair compensation package was prepared at the very beginning and was followed in a transparent manner.

Whether we like it or not, Nepal will continue to build bigger hydropower projects in the future. The Kali Gandaki ‘A’ Hydropower Project was a huge investment designed to bring in large benefits to the nation in terms of electricity. With the existing deficit in electricity in the country, one can be sure that bigger projects will be built in a few years time. This book should serve as a guide to parties that are relying on technological intervention to develop the country. Promoters need to be fair and remain committed to the project, the marginalized communities, and their aspirations for equitable development, if they are to be successful. The developers must internalize the changes that have taken place in the country along with the people’s changed aspirations for development. Donors need to also understand that their commitment is important to ensure that governmental agencies actually implement development work in a socially equitable manner. It is most important for our policy makers and politicians to understand that social development and empowerment can come about through fair economic development. Therefore the focus for empowering poor people should be the upgrading of local economies.

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