



# Knowledge, Policy and Power

Understanding the role of context and  
actors in the Nepal petroleum sector

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## Study context

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'Prospecting policy issues' for the Nepal Centre for Inclusive Growth (CIG)

- Sector analysis and policy options
- Institutional arrangements
- Knowledge-policy interface

Has been used to:

- Select policy issues for CIG engagement
  - Identify entry points, opportunities & risks for CIG projects
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# Petroleum in Nepal



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# Petroleum in Nepal: 3 issues

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- Nepal – India import regime

  - Bad deal for Nepal

£40M  
p.a

- Price setting

  - De facto subsidy



£100  
M p.a

- Petrol supply chains

  - Corruption, theft and inefficiency



£10-  
50M



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# Knowledge, policy and power

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Key dimensions:

- Political context 
  - Actors 
  - Knowledge (different types)
  - Knowledge interaction processes
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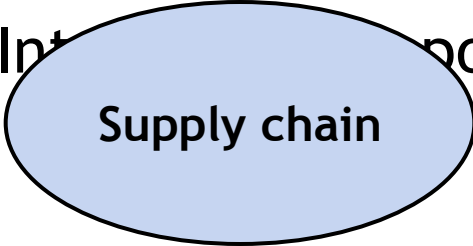
# Political context

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<b>Dimension</b>	<b>Price setting</b>	<b>Supply chain</b>
<b>Capacity to absorb change</b>	Turmoil & instability	
<b>Informal political relationships</b>	Elite subsidy	Syndicates and patronage
<b>Separation of state powers</b>	Power of cabinet	Many oversight bodies for NOC
<b>External forces</b>	South Asian petrol subsidies	
<b>Formal political participation</b>		Lack of local elections

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# Actors: spread of interests

		Benefits	
		Distributed	Concentrated
Costs	Distributed	Majoritarian politics	Client politics
	Concentrated	 Price setting	 Supply chain

# Actors: interests vs. values

		Cost-benefit analysis	
		Net benefit to key actors	Net cost
Values	High fit	Cheap moral	Costly moral action
	Low fit	Indifference	Hostility

The diagram illustrates actor behaviors based on the fit of values and the results of a cost-benefit analysis. The vertical axis represents 'Values', ranging from 'High fit' to 'Low fit'. The horizontal axis represents 'Cost-benefit analysis', ranging from 'Net benefit to key actors' to 'Net cost'. The four quadrants are: 'Cheap moral' (High fit, Net benefit), 'Costly moral action' (High fit, Net cost), 'Indifference' (Low fit, Net benefit), and 'Hostility' (Low fit, Net cost). Two blue ovals highlight specific behaviors: 'Supply chain' is located in the 'Cheap moral' quadrant, and 'Price setting' is located in the 'Hostility' quadrant.



# Actors: credibility and values

		Values are...	
		Contested	Agreed
Knowledge is...	Weak/contested	<p>‘complex’ <i>Ongoing negotiation</i></p>	<p>‘knowable’: <i>response</i></p> <p><b>Supply chain</b></p>
	Established	<p><i>De</i></p> <p><b>Price setting</b></p> <p><i>e</i></p>	<p>‘known’: <i>Regulation and instruction</i></p>



## Implications?

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What is this useful for?

- Guides policy engagement and dialogue, highlights sub-issues and windows
  - Highlights topics and key actors for knowledge/research to influence change
  - Guidance for policy-making, especially for knowledge-based tools
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**Thank you**

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