

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) is Tajikistan's largest development partner in the energy sector, and has extended about \$237.6 million to finance five projects, as well as 10 technical assistance grants totaling about \$8 million. The main emphasis of ADB assistance is to ensure energy security for the country and to assist the government in transforming the development and operation of Tajikistan's energy sector following market-based principles. Other development partners active in the sector include German development cooperation through KfW, the Islamic Development Bank, the Kuwait Fund for Arabic Economic Development, the Swiss State Secretariat for Economic Affairs, the United Nations Economic and Social Commission for Asia and Pacific (ESCAP), the United States Agency for International Development, and the World Bank. Several new bilateral development partners— notably the People's Republic of China (PRC), Iran, Kazakhstan, and the Russian Federation— have recently become involved, with the PRC and the Russian Federation being the largest by far (Table 1).

**Table 1: Major Development Partners in the Energy Sector<sup>a</sup>**

Development Partner	Assistance	Project Name	Duration	Amount (million)
ADB	Loan	Power Rehabilitation Project	2000-2009	\$34.0
ADB	Loan	Emergency Baipaza Landslide Stabilization Project	2002-2005	\$5.0
ADB	Loan	Regional Power Transmission Interconnection Project	2006-2010	\$22.0
ADB	Grant	Nurek 500 kV Switchyard Reconstruction Project	2008-2014	\$55.0
ADB	Grant	Regional Power Transmission Project	2010-2014	\$122.0
China	Loan	Construction of 220 kV transmission line "Lolazor–Khatlon"	2006-2008	\$55.0
Eximbank	Loan	Construction of 500 kV transmission line South–North	2006-2009	\$318.0
China	Loan	Construction of 220 kV transmission line Khujand–Ayni	2010-2011	\$35.1
Eximbank	Loan	Establishment of unified power system of north Tajikistan	2011-2011	\$24.5
EBRD/EU/IFCA	Loan and Grant	Sugd Energy Loss Reduction Project	2012-2013	€21.0
IsDB	Loan	Power Rehabilitation Project	2000-2009	\$15.0
IsDB	Loan	Regional Power Transmission Interconnection Project	2006-2010	\$10.0
IsDB	Loan	Completion of the Sangtuda-2 hydropower plant, 220MW	2006-2012	\$180.0
KfW	Loan and Grant	Nurek Switchyard 220 kV Rehabilitation Project	2008-2013	\$38.0
OFID	Loan	Regional Power Transmission Interconnection Project	2006-2010	\$9.0
RAO-UES	Loan	Completion of the Sangtuda-1 hydropower plant, 670 MW	2005-2009	\$800.0
SECO	Grant	Power Rehabilitation Project	2000-2009	\$8.0
SECO	Grant	Energy Losses Reduction Project	2007-2011	\$8.0
SECO	Grant	Pamir Private Power Project	2003-2012	\$5.0
SECO	Grant	Pamir Private Power Project II	2013-2016	\$4.4
World Bank	Loan	Pamir Private Power Project	2002-2010	\$12.5
World Bank	Grant	Energy Loss Reduction Project	2005-2014	\$36.0
World Bank	Grant	Energy Emergency Project	2008-2010	\$21.5

ADB = Asian Development Bank, EBRD = European Bank for Reconstruction and Development, EU = European Union, IFCA = Central Asia Investment Facility, IsDB = Islamic Development Bank, kV = kilovolt, MW = megawatt, OFID = OPEC Fund for International Development, RAO-UES = OAO Unified Energy System of Russia, SECO = State Secretariat for Economic Affairs.

<sup>a</sup> The table includes the key energy projects in the country.

Source: Asian Development Bank.

2. The development partners' current support for the rehabilitation of existing systems will continue. These operations are critical to prevent or minimize power supply interruptions. Their principal goal is to improve overall system efficiency, as measured by reduced commercial and system losses, and to enhance energy security. The development partners plan to help attract

private investment and explore new financial instruments to develop export potential. Their involvement is intended to complement and leverage private sector investment—for example, by improving transparency, corporate management, the financing of feasibility studies, and definition of financing strategies. Improving the business environment would also help attract quality investors to a consortium. In this connection, the Pamir Energy public–private partnership in the Gorno Badakshan Autonomous Region—involving the Aga Khan Fund for Economic Development, the International Development Assistant, the International Finance Corporation, and Switzerland—could serve as a useful model. Meanwhile, other new activities include developing (i) alternative and renewable energy sources and small hydro plants, and (ii) power saving and efficiency programs.

## **B. Institutional Arrangements and Processes for Development Coordination**

3. The overall goal of the government is to ensure effective coordination among the development partners and the government in support of the National Development Strategy 2008–2015, the related poverty reduction strategies, the mid-term strategy of Living Standards Improvement of the Population (2013–2015), the Joint Country Partnership Strategy (2010–2012),<sup>1</sup> and the updated 10 Shared Principles for Cooperation. The Development Coordination Council (DCC) was established in 2007 and is currently chaired by the World Bank (ADB chaired the DCC in 2011 and 2012). The DCC provides a platform for interaction among 35 development partners and with the State Committee on Investments and State Property Management, Ministry of Economic Development and Trade, and other government ministries.

4. ADB is actively involved in DCC activities. ADB is chairing and the World Bank is co-chairing the DCC Energy Sector Working Group (ESWG). ADB facilitates (i) strengthened coordination and consolidation of donor efforts in formulating and implementing a sector reform agenda; and (ii) regular and structured dialogue and interaction between the government and development partners, and among development partners. Participants consider ESWG an important forum for open discussion of energy-related matters that enhances improved cooperation and coordination in the energy sector.

5. Since 2010, the DCC has intensified efforts to improve donor coordination and interaction with the government. Based on the outcomes of the June 2007 Tajikistan Development Forum, the twelve development partners developed the Joint Country Partnership strategy (2010–2012) to enhance aid efficiency and effectiveness, which was signed on 2 November 2009.

6. The 2012 Tajikistan Development Forum launched the government's new mid-term strategy of Living Standards Improvement of the Population (2013–2015). At the forum, DCC partners presented nine multi-partner coordinated initiatives, including an energy security initiative, designed to achieve measurable results by 2015 in the six priority areas of the living standards improvement strategy (one of which is energy independence). The energy security initiative has been prepared by the ESWG in consultation with the government. It focuses on: (i) addressing the winter deficit that also advance long-term energy security; and (ii) intensifying measures to rehabilitate existing hydropower assets, improve overall transmission and distribution system efficiency, and strengthen energy sector governance. The government and ESWG are in the process of finalizing the initiative's outcome indicators and milestones to measure progress on main priorities.

7. The DCC will continue supporting sector reforms initiated by the government. It praised the government for adoption of the individual restructuring plan for Barki Tojik on 30 August

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<sup>1</sup> ADB. 2010. *Joint Country Partnership Strategy: Tajikistan 2010-2012*. Manila.

2011, which is in line with the agreement reached with ADB through the Sector Operation Performance Improvement (SOPI) Program under the Regional Power Transmission Project.<sup>2</sup> The restructuring is managed by the Supervisory Board, established in May 2012 and chaired by the first deputy prime minister. The SOPI consultants completed the phase 1 assessment in February 2013. The assessment report, including a new structure for Barki Tojik and proposed areas of intervention, was reviewed by concerned ministries during February–May 2013. The first Supervisory Board meeting was held on 11 June 2013. The board has approved the assessment report, the intervention plan of SOPI consultants, and the new structure of Barki Tojik. The board also instructed Barki Tojik to establish three departments (generation, transmission and distribution) and appoint the department heads in consultation with the Ministry of Energy and Industry. Following the Board’s guidance, the Barki Tojik chairman has issued a resolution on appointment of the three department heads on 28 August 2013.

8. The proposed Golovnaya 240 Megawatt Hydropower Plant Rehabilitation Project is in line with the country partnership strategy, national development strategy and new midterm strategy. Several missions undertook extensive consultations with all the development partners and key government agencies during project formulation and processing, and will continue to do so during implementation and review missions.

### **C. Achievements and Issues**

9. During the 2007–2008 winter energy crisis, development partners came together quickly to support development of an emergency action plan, demonstrating good coordination among development partners and with the government.

10. The new 220 kilovolt Tajikistan–Afghanistan transmission line (116 kilometers in length) was energized in September 2011 under the ADB-funded Regional Power Transmission Interconnection Project, co-financed by the Islamic Development Bank and the OPEC Fund for International Development, which allows exportation of up to 600 megawatts of power to Afghanistan (footnote 1).

11. The joint effort of development partners, led by ADB, has resulted in progress in energy sector restructuring; the government demonstrated a strong willingness and commitment to reform the sector, and undertook steps to implement the jointly developed restructuring plan. The major turning point was the adoption of the new structure of Barki Tojik, an intervention plan for SOPI consultants, and appointment of the heads of generation, transmission and distribution departments of Barki Tojik. The next step is to finalize and adopt a detailed action plan, implementation schedule, and restructuring progress indicators by November 2013.

### **D. Summary and Recommendations**

12. Although coordination among Tajikistan’s development partners is considered one of the best examples in the region, especially in the energy sector, it is crucial to maintain coordination at a high level, and maintain strong synergy with the government in policy-level discussions to enhance energy sector reforms, address unstable tariff regimes, system inefficiencies and losses, unreliable power supply and weak governance issues.

13. As the lead development partner in Tajikistan’s energy sector, ADB assistance to the sector has been successful and contributed to achievement of the government’s development objectives. ADB will continue its strategic role and work closely with the government and development partners.

<sup>2</sup> ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Loans, Technical Assistance Grants, and Administration of Loan by OPEC Fund to the Islamic Republic of Afghanistan and the Republic of Tajikistan for the Regional Power Transmission Interconnection Project*. Manila.