

**Consultation on ADB's Draft Energy Strategy
Central and West Asia
Hyatt Regency Hotel, Almaty, Kazakhstan, 14 June 2007
Summary of Participant Comments**

I. Background

ADB organized a consultation workshop with representatives of government, civil society organizations, academe, the private sector, and others from 8 countries in Central and West Asia (Afghanistan, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan).

In the first part of the workshop, participants heard a presentation on an overview of the draft energy strategy. This was followed by a period for clarification questions (not comments) related to the draft.

Participants then critiqued the draft energy strategy in break-out groups organized by stakeholder type and language ability. Groups were instructed that it was not necessary to reach consensus or agreement, and that divergent views should be noted. Each group's chosen representative reported the highlights of the group discussion to the workshop plenary; presentations were followed by a plenary discussion.

Following is a synthesis of the participants' recommendations and a summary of the plenary discussion. Appendix 1 contains additional written comments submitted at the close of the workshop. A list of workshop attendees is attached in Appendix 2.

II. Breakout Group Discussions

A. Feedback from Government Representatives' Group

1. *Pillars of the Draft Energy Strategy*

- Pillar #1 and #2 should be combined.
- Pillar #3 should be expanded to include regional cooperation, energy security, energy efficiency, and social aspects (poverty reduction).

2. *Strengths of the Draft Energy Strategy*

- The strategy's inclusion of CDM is seen as a strength.
- The strategy's emphasis on the importance of renewable sources of energy is a strength.
- The strategy's mention of cooperation between government and private sector is important, because without government support, it is impossible to implement private sector projects.

3. Recommendations for Improvement

Hydro Power

- There is an apparent contradiction between what the strategy says regarding selective ADB support for large hydro projects and the need to meet the demand for energy.

Energy Data

- The strategy uses data mainly from IEA. Some data are erroneous; sources of information should be diversified in the final energy strategy .

CDM

- The CDM and regional cooperation section of the document do not seem to present the same approach.

Nuclear Power

- The use of nuclear energy for peaceful purposes could greatly contribute to the reduction of the environmental impact of energy production and consumption. It should be included in the strategy.

Clean / Renewable Energy

- The strategy should include greater focus on the use of renewable energy to meet the growing energy demand, including strengthening financial support to the countries that are using clean energy sources.
- More focus should be given to the diversification of energy sources use.

Regional & Bilateral Cooperation

- In the context of regional cooperation, construction of energy production units should be undertaken near the country that will benefit from the energy, in order to reduce transmission costs. Production capacities should be located closer to sources so as not to deprive countries of jobs.
- The use of bilateral collaboration should be considered as part of the global strategy.
- It is important to maximize the use of local expertise and regional cooperation for technical assistance purposes
- Strategy paper should elaborate on cooperation in the Caucasus region and other regions.
- In para 53, the list of the countries should include Kyrgyzstan and Tajikistan.
- The strategy should include greater focus or mention of countries such as Georgia, Armenia, Azerbaijan.

Coal

- The strategy neglects issues related to coal and coal production.
- References to coal energy sources neglect to mention the implications for job loss or creation.
- The strategy should mention coal liquefaction and gasification.

Strategy Components

- The strategy should identify steps on how to achieve strategic goals – short, medium, and long term goals, e.g., how to start, how to continue, and how to achieve final goals.
- A plan for monitoring and evaluation of the strategy implementation should be included.

Legislation

- The strategy paper lacks elaboration on legislation in member countries.

4. Recommended Interventions by ADB

- ADB should provide financial support for pre-feasibility and feasibility studies of proposed projects. To the extent possible, local experts should be used, as they are more familiar with the region, instead of bringing in experts from outside the region. However, in some countries there are not enough specialists to realize such studies and their level quality is inadequate. ADB can facilitate technical support and donor community coordination.
- ADB should look for possibilities in regional cooperation, and for cooperation in the South Caucasus region.
- ADB should support the development of national energy strategies, which should take into account the experience of other countries.
- ADB should continue the PREGA project, which is seen positively within the region.
- ADB should establish a steering committee comprised of government representatives of the concerned countries to evaluate the natural resources available in each of the countries and discuss how to use them the most efficiently.
- Restructuring of the energy sector can be done at different levels, and legislation is one level. ADB can help in undertaking work on harmonization of legislation among countries for compatibility.
- ADB should support livelihood projects to encourage people not to be involved in the production of narcotics.

B. Feedback from Civil Society Break-out Group

1. Pillars of the Draft Energy Strategy

- Human rights should be included as a pillar.
- Demand reduction through energy efficiency would likely not be able to attain the objectives related to the energy access for all.

2. Strengths of the Draft Energy Strategy

- The strategy's support of renewable energy sources.
- ADB does not support nuclear energy and the development of coal mines.
- The strategy's emphasis on the importance of renewable sources of energy is strength, even though it should be further reinforced.

3. Recommendations for Improvement of the Draft Energy Strategy

Hydro Power

- ADB should not support "large hydro" projects, even if they are considered renewable energy projects, due to their important negative environmental and social impacts.

CDM

- The CDM and regional cooperation section of the document do not seem to present a consistent approach.
- CDM would not solve the climate change problem ("this is simply trading of quotas") and therefore should not be included in the strategy.

Human Rights / Transparency / Governance

- There is a lack of reference to human rights in the draft energy strategy. Human rights in power resources refer to the right of citizens to use energy resources of their own country.
- Transparency in projects supported by ADB should be included, involving the public and private sectors, as there is a need to keep governments accountable.
- ADB does not seem to have taken into account the past lessons of privatization.

Clean / Renewable Energy

- Increase the strategy's focus on the use of renewable energy to meet the growing energy demand, including strengthening of financial support to the countries that are using clean energy sources.

Definitions

- The way that the sustainable development concept is included in the present draft is not obvious and should be better defined.

Social responsibilities

- Ecological responsibility of businesses is neglected and should be included.
- A component related to the support of social responsibilities by the different participants in the energy market should be included.

Coal

- The use of clean coal energy in the strategy contradicts all the positive efforts towards climate change mitigation that are in the strategy.

Regional Cooperation

- National interests should not be ignored in the regional context.
- The strategy did not consider some specific countries, e.g., Caucasus. There are important projects in the Caucasus region that can be mentioned in the paper as examples of the role of the regional cooperation to achieve the goals of the ADB.

Consultation Process

- An independent commission should be developed to take into account all the comments obtained and ensure their introduction into the final version of the ADB energy strategy document.

4. Recommended Interventions by ADB

- Provide support to NGOs and local communities to undertake renewable energy and energy efficiency projects.
- Support the construction of small and mid-sized hydro projects.
- While each country should be responsible for developing its own national energy strategy, ADB should help in the development of such strategies.
- Develop a specific strategy for countries near the Caspian Sea.
- Provide more support for education projects related to the energy sector.
- ADB should mention its support for the Extractive Industries Transparency Initiative (EITI) in the energy strategy.

C. Feedback from Industry, Private Sector, and Afghan Civil Society Break-out Group

1. Pillars of the Draft Strategy

- Include the development of biofuels in one of the pillars.

2. Strengths of the Draft Policy

- The flexibility of the strategy

3. Recommendations for Improvement

Strategy Implementation

- Paper should include a section on how implementation of the strategy will be monitored and evaluated.
- Strategy should include short-term, medium-term, long-term timeframes (roadmaps and benchmarks) related to the achievements of the different objectives of the ADB.

Integrated Planning

- The use of integrated planning should be included in the strategy.

Regional Cooperation

- The regional cooperation focus should be increased as a major goal in the strategy

4. Recommended Interventions by ADB

- Regional cooperation and coordination.
- ADB should think about multi-purpose projects, e.g. large hydro project for electricity, and also for irrigation, etc.
- ADB should establish a regional association.

III. Plenary Discussion

Following the breakout group presentations, workshop participants discussed a variety of issues related to the energy strategy.

ADB's Role: ADB has a key role to play in promoting regional cooperation. It is needed in this region.

Large hydro power projects: Large hydro power projects should be supported by ADB, but the environmental and social impacts of such projects must be evaluated and addressed. (Not everyone agreed with this point.)

Nuclear: Nuclear power should be explored, in order to meet the need for energy in an environmentally sustainable way. (Not everyone agreed with this point.)

Human rights: Human rights should be included in the pillars; alternately, the terms "social development" or "life quality" could be incorporated, or the strategy could make a point regarding "do no harm." (Not everyone agreed with this point.)

Transparency: Transparency of revenues from energy companies to host governments is a key issue. ADB should support transparency and include it in the strategy. All revenues made by the government from ADB-financed projects should be disclosed. This would enable citizens to hold their governments accountable for the use of these revenues, reducing corruption. (Not everyone agreed with this point.)

Appendix 1: Additional Comments

At the closing of the workshop, participants were each given a form on which they could write: (1) feedback on what they liked about the workshop, (2) what could be improved about the workshop, and (3) any additional concerns, issues, or suggestions they would like to share, which they did not have the opportunity to discuss during the consultation workshop. The answers to question 3 are summarized below.

Legislation

My concern is the problem of harmonization of national electric power legislations.

Sector Restructuring

More discussions are needed on the problems and issues related to electric power sector restructuring.

Strategy Basis

In the future, ADB should base the energy strategy on the operational strategies.

Diverging Views

There is a big difference between the priorities, understanding, and worries of representatives of NGO, government, and business.

Country-Specific

- The use of hydro-energy resources of the Republic of Tajikistan would allow supplying electric power to Afghanistan, Pakistan, Western China, and India. Tajikistan's potential resources exceed 500 bl kWth per year.
- It is desirable that a feasibility study of the coal deposits and water resources of the Republic of Tajikistan be implemented to study the possibilities to use them for electric power generation and its exports.
- Afghanistan should be considered as a bridge among the Asian countries and the attention of ADB should be focused on investments there. A feasibility study on infrastructure and natural resources in Afghanistan is important. Also, Afghanistan should be treated as a market for future investments. ADB should concentrate on helping in the construction and rehabilitation of the poor country of Afghanistan and the encouragement of the private sector there.

Appendix 2: Workshop Participants

GOVERNMENT

AFGHANISTAN

1. Mr. Muhammad Munsif, Senior Advisor, Ministry of Energy and Water
2. Mr. Abdul Rahimi, Electrical Engineer, Ministry of Energy and Water
3. Mr. Abdul Rasheed Aslamzayi, Head of Oil and Gas Exploration Department, Ministry of Mines
4. Mr. Noorullah Hassam, Head of Hydrocarbon Department, Ministry of Mines

ARMENIA

5. Mr. Aram Asatryan, Senior Specialist, International Financial Cooperation Division, Ministry of Finance and Economy
6. Mr. Hrayr Harutyunyan, Head of Division, Ministry of Energy

AZERBAIJAN

7. Mr. Karim Ramazanov, Senior Adviser of the Minister, Ministry of Economic Development

GEORGIA

8. Mr. Sergo Meskhi, Deputy Minister, Ministry of Energy
9. Ms. Nana Pirtskhelani, Deputy Head, Energy Policy and International Relations Department, Ministry of Energy

KAZAKHSTAN

10. Mr. Nesipkul Bertisbayev, Director, Department of Power and Coal Industry
11. Mr. Kanysh Moldabayev, Head of Power Industry Division, Department of Power and Coal Industry

KYRGYZ REPUBLIC

12. Mr. Nurdin A. Sultamuratov, Deputy Minister, Ministry of Industry, Energy and Fuel Resources
13. Mr. Akylbek Tyumenbaev, Deputy Director, State Inspectorate on Energy and Gas

TAJIKISTAN

14. Mr. Hasan Shazipov, Head of Energy Production Department, Ministry of Energy and Industry
15. Mr. Abdullojon Khabizov, Head of Energy Transmission Department, Ministry of Energy and Industry

CIVIL SOCIETY ORGANIZATIONS

16. Mr. Khial Shah, Managing Director, Agency for Rehabilitation of Energy Conservation in Afghanistan (AFGHANISTAN)
17. Mr. Tigran Parvanyan, Program Consultant, Alliance to Save Energy (ARMENIA)
18. Ms. Sona T. Taghiyeva, Head of Department, Oil Workers Rights Protection Organization (AZERBAIJAN)
19. Ms. Svetlana Spatar, Coordinator with IFIs, The Ecological Society Green Salvation (KAZAKHSTAN)
20. Ms. Svetlana B. Ushakova, Coordinator, NGO Coalition “Oil Revenues under the Public Oversight” (KAZAKHSTAN)
21. Mr. Anton Artemyev, Director of the Kazakhstan Revenue Watch Program, Soros Foundation (KAZAKHSTAN)
22. Ms. Zulfira Zikrina, President, Centre for Sustainable Production and Consumption (KAZAKHSTAN)
23. Ms. Kairat Imanaliev, Chairman, Public Association Invalids Having Higher Education “Namys” (KAZAKHSTAN)
24. Mr. Azel Nurgazieva, PA Blago (KAZAKHSTAN)
25. Mr. Atakhanova Kaisha, ECOFORUM NGO RK (KAZAKHSTAN)
26. Ms. Maya Eraieva, Central Asian Coordinator, NGO Forum on ADB (KYRGYZ REPUBLIC)
27. Ms. Kalia Moldogazieva, Director, Human Development Center “Tree of Life” (KYRGYZ REPUBLIC)
28. Ms. Zulfia Marat, Project Coordinator, Bureau of Human Rights and Rule Law (KYRGYZ REPUBLIC)
29. Mr. Nikolay L. Kravtsov, Director, USTIN Consumers’ Rights (KYRGYZ REPUBLIC)
30. Mr. Bakhrom Sirozhev, Honorable Chairman, Association of the Power Engineering Specialist (TAJIKISTAN)
31. Mr. Rustam Murzakhanov, Researcher, NGO Environmental Law Center “ARMON” (UZBEKISTAN)
32. Ms. Inara Altybayeva, Kazakhstan International Bureau for Human Rights (KAZAKHSTAN)

INDUSTRY

33. Mr. Maxat Mamashev, Chief of Finance Department, Kazakhstan Electricity Grid Operating Company (KAZAKHSTAN)
34. Mr. Idrissov Kiisovich Maxim, Engineer, PSC “Akzhaikenergosauda” (KAZAKHSTAN)
35. Mr. Yin Teh Chuan Dominic, Chairman and CEO, EESCO P2e2 Hong Kong Limited (HONG KONG)
36. Mr. Askar Zhansagimov, Associate, White and Case LLC (KAZAKHSTAN)
37. Ms. Gulmira Makhmutova, Deputy Head of Project Management Department, Kazakhstan Electricity Grid Operating Company (KAZAKHSTAN)
38. Mr. Asad Yusupkhojaev, Division Head, Uzbek Oil and Gas Company (UZBEKISTAN)

ACADEME/INSTITUTES

39. Mr. Georgy Petrov, Head, Institute of Water Issues in Hydropower and Ecology, Academy of Science of Tajikistan (TAJIKISTAN)
40. Mr. Kanat Baigarin, Director, Climate Change Coordination Centre (KAZAKHSTAN)
41. Ms. Galiya T. Yessenova, Deputy Director, Institute of Economics at the Ministry of Education and Science of the Republic of Kazakhstan (KAZAKHSTAN)
42. Mr. Shamil B. Dikambaev, Director, Kyrgyz Scientific Technical Centre Energy (KYRGYZ REPUBLIC)

DONORS

43. Ms. Alia Baidebekova, Project Manager, European Commission (KAZAKHSTAN)
44. Mr. Fernando Mier, Economic and Commercial Counsellor, Embassy of Spain (KAZAKHSTAN)