

Improving Regional Cooperation in Energy Today

By Jun Tian

- **Approaches to regional energy cooperation depend on subregional resources, the market mix, and associated interests.**
- **ADB's organizational setup and set of incentives can be adjusted to further drive regional energy cooperation.**
- **Except in the Greater Mekong Subregion, the role of multilateral development banks in regional energy cooperation has been uncertain**

Regional cooperation in energy offers opportunities for efficient utilization of resources, especially for countries with different endowments in natural resources and distinct industrial bases. It can meet demand for energy, generate development finance, help rationalize investment portfolios, and minimize harmful emissions.

Regional cooperation in energy cuts across three core operations areas of the Asian Development Bank (ADB) — infrastructure, regional cooperation and integration, and environment.

The Regional and Sustainable Development Department (RSDD) and the Energy Community of Practice organized a Regional Energy Cooperation Seminar on 4–5 February 2009. Participants assessed the progress of regional energy cooperation and proposed ways to further intensify ADB's work to promote sustainable infrastructure across subregions.

Lessons Learned

- **Approaches to regional energy cooperation vary** because of differences in resources, endowments, market mix and related interests.
- **The different interests of parties make regional energy cooperation particularly complex and time consuming**, especially when it comes to technical details of utilities that affect modes of engagement in a multilateral framework.
- **In ADB, constraints to more effective regional energy cooperation include** (i) the current organizational setup; (ii) systems of incentives; (iii) insufficient client and contact management; and (iv) lack credible data.

Improving ADB's Regional Energy Cooperation Work

- **Sharpen ADB's role in energy cooperation** in each subregion, and develop concrete modes of engagement between and within government departments, countries, and multilateral development banks.
- **Increase funding and staff resource allocations** through

Regional Energy Cooperation by Subregion in Asia and the Pacific	
East and South Asia	Central and West Asia
Most cross-border energy cooperation activities in the subregion(s) are driven by large countries such as the People's Republic of China and India, and are guided by their resource diversification strategies. While multilateral frameworks for cooperation exist, bilateral agreements faster to implement and therefore more common.	The countries in this subregion enjoyed efficient regional energy cooperation when in the former Soviet Union. Today, as they move towards self-sufficiency, trade or exchange of energy has more or less stopped. Reintegration in the subregion seems needed.
Southeast Asia	
<p>Greater Mekong Subregion. The GMS program is a multilateral framework leading to regional power trade in a competitive market with interconnected grids. It is under development on a resource-market complementary basis. ADB plays a driving role.</p> <p>Brunei-Indonesia-Malaysia-Philippines East Asia Growth Area. While there are more difficulties in grid interconnections among these countries than in land-linked regions, there is significant potential in renewable energy and cooperation in energy efficiency in the sub-region.</p>	

lending and non-lending assistance to regional energy cooperation.

- **Help staff meet demand** in a changing business environment. This may require tighter inter-departmental coordination on regional cooperation and integration.
- **Establish and maintain a unified database on regional energy cooperation** by allocating resources in RSDD, the Office of Regional Cooperation and Integration, and field offices for data gathering and information management.
- **Intensify interventions through co-financing or lending** to the weaker segment of bilateral deals. At the same time, steer bilateral projects towards a multilateral framework to ensure they constitute building blocks of regional energy cooperation.
- **Expand the scope of regional energy cooperation beyond mere interconnection of physical infrastructure** to include aspects of knowledge management, technology, and equipment manufacturing.

For further information

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