

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB), which is Tajikistan's largest development partner in the energy sector, has extended about \$373 million to finance six projects, as well as 11 technical assistance grants totaling about \$10 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, the United States Agency for International Development, and the World Bank. Several new bilateral development partners—notably the People's Republic of China, Iran, and Kazakhstan—have recently become involved, with the People's Republic of China being the largest by far (Table 1).

Table 1: Major Development Partners^a

Development Partner	Project Name	Duration	Amount (\$ million)
Electricity Transmission and Distribution			
ADB and IsDB	Power Rehabilitation Project	2000–2009	\$49.0
ADB, IsDB, and OFID	Regional Power Transmission Interconnection Project	2006–2010	\$41.0
ADB	Nurek 500 kV Switchyard Reconstruction	2008–2015	\$55.0
ADB	Regional Power Transmission Project	2010–2014	\$122.0
China Eximbank	Construction of 220 kV transmission line Lolazor–Khatlon	2006–2008	\$55.0
China Eximbank	Construction of 500 kV transmission line South–North	2006–2009	\$318.0
China Eximbank	Construction of 220 kV transmission line Khujand–Ayni	2010–2011	\$35.1
China Eximbank	Establishment of unified power system of north Tajikistan	2011–2011	\$24.5
EBRD, EU, and IFCA	Sugd Energy Loss Reduction Project	2012–2013	€21.0
KfW	Nurek Switchyard 220 kV Rehabilitation Project	2008–2013	\$38.0
SECO	Power Rehabilitation Project	2000–2009	\$8.0
SECO	Energy Losses Reduction Project	2007–2011	\$8.0
SECO	Pamir Private Power Project	2003–2012	\$5.0
SECO	Pamir Private Power Project II	2013–2016	\$4.4
World Bank	Pamir Private Power Project	2002–2010	\$12.5
World Bank	Energy Loss Reduction Project	2005–2014	\$36.0
Large Hydropower Generation			
ADB	Emergency Baipaza Landslide Stabilization Project	2002–2005	\$5.0
ADB	Golovnaya 240 MW Hydropower Plant Rehabilitation Project	2013–2021	\$136.0
EBRD, PPCR, Austria, and United Kingdom	Qairokkum Hydro Power Rehabilitation Project (Phase I)	2014–2018	\$75.7
IsDB	Completion of the Sangtuda-2 hydropower plant, 220 MW	2006–2012	\$180.0
Conventional Energy Generation			
China Eximbank	Construction of Dushanbe CHP-2 (Phase II)	2014–2016	\$348.9
Sector Development			
World Bank	Energy Emergency Project	2008–2010	\$21.5

ADB = Asian Development Bank, CHP = combined heat and power; EBRD = European Bank for Reconstruction and Development, EU = European Union, IFCA = Investment Facility for Central Asia, IsDB = Islamic Development Bank, kV = kilovolt, MW = megawatt, OFID = OPEC Fund for International Development, PPCR = Pilot Program for Climate Resilience, SECO = Swiss State Secretariat for Economic Affairs, UK = United Kingdom.

^a The table includes the key energy projects in the country.

Source: Asian Development Bank.

2. The development partners' current support for the rehabilitation and/or construction of electricity sector assets will continue. These operations are critical to prevent or minimize power supply interruptions. Their principal goals are 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, e.g., by improving transparency, corporate management, the financing of feasibility studies, and the definition of financing strategies. Improving the business environment would also help attract investors to join a consortium. Along these lines, the Pamir Energy public-private partnership in the Gorno-Badakhshan Autonomous Region—involving the Aga Khan Fund for Economic Development, the International Development Association, the International Finance Corporation, and Swiss State Secretariat for Economic Affairs—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 2006–2015; the related poverty reduction strategies; the midterm strategy of Living Standards Improvement of Tajikistan, 2013–2015; the joint country partnership strategy, 2010–2012 for Tajikistan; and the updated 10 Shared Principles for Cooperation.¹ In 2007, the Development Coordination Council (DCC) was established. The DCC provides a platform for interaction among 35 development partners and with the State Committee on Investments and State Property Management, the Ministry of Economic Development and Trade, and other government ministries. Since 2010, the DCC has intensified efforts to improve donor coordination and interaction with the government. Based on the outcomes of the Tajikistan Development Forum, the 12 development partners prepared the joint country partnership strategy, 2010–2012 for Tajikistan to enhance aid efficiency and effectiveness (footnote 1).² The joint country partnership strategy was signed on 2 November 2009.

4. ADB is actively involved in DCC activities. ADB was the sole chair of the DCC Energy Sector Working Group (ESWG) until July 2014, when ADB and the World Bank became co-chairs. The DCC 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 the ESWG an important forum for open discussion of energy-related matters that enhances improved cooperation and coordination in the energy sector.

5. The 2012 Tajikistan Development Forum launched the government's new midterm strategy of Living Standards Improvement of Tajikistan, 2013–2015.³ At the forum, DCC partners presented nine multi-partner coordinated initiatives, including an energy security initiative designed to achieve measurable results by 2015 in six priority areas, 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, which would 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.

¹ The Government of Tajikistan. 2006. *National Development Strategy 2006-2015*. Dushanbe; The Government of Tajikistan. 2002. *Poverty Reduction Strategy 2002-2006*. Dushanbe; The Government of Tajikistan. 2007. *Poverty Reduction Strategy 2007-2009*. Dushanbe; The Government of Tajikistan. 2010. *Poverty Reduction Strategy 2010-2012*. Dushanbe; The Government of Tajikistan. 2013. *Living Standards Improvement Strategy of Tajikistan 2013-2015*. Dushanbe; ADB. 2010. *Joint Country Partnership Strategy: Tajikistan, 2010–2012*. Manila.

² The Joint Country Partnership Strategy was prepared by the Aga Khan Foundation in Tajikistan, Asian Development Bank, European Bank for Reconstruction and Development, European Commission, Germany, Organization for Security and Cooperation in Europe Office in Tajikistan, Swedish International Development Cooperation Agency, Swiss Cooperation, UK Department for International Development, United Nations Agencies, United States Agency for International Development, and World Bank Group.

³ Footnote 1.

6. 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 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.⁴ The restructuring is being managed by the Supervisory Board, established in May 2012. The SOPI consultants completed the phase 1 assessment in February 2013. The first supervisory board meeting was held on 11 June 2013, during which the board approved the assessment report; the intervention plan of SOPI consultants; and the new structure of Barki Tojik, which established three departments (generation, transmission, and distribution) under the same legal entity. Heads of these three departments have already been appointed, and formation of the new structure, based on international practices of modern power utilities, is ongoing. The detailed action plan, prepared by SOPI consultants, was approved by the supervisory board in March 2014. SOPI consultants continue to be engaged by assisting Barki Tojik management in implementation of the detailed action plan.

7. The proposed Wholesale Metering and Transmission Reinforcement Project is in line with the country partnership strategy, national development strategy and new midterm strategy.⁵ 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

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

9. 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.

10. 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 points were (i) the adoption of the new structure of Barki Tojik; (ii) the development of an intervention plan for SOPI consultants; and (iii) the appointment of the heads of the generation, transmission, and distribution departments of Barki Tojik. The next step is to implement the approved detailed action plan.

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 to maintain strong synergy with the government in policy-level discussions to enhance energy sector reforms and address unstable tariff regimes, system inefficiencies and losses, unreliable power supply, and weak governance issues.

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

⁴ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Republic of Tajikistan for the Regional Power Transmission Project*. Manila.

⁵ The Government of Tajikistan. 2006. *National Development Strategy 2006-2015*. Dushanbe; The Government of Tajikistan. 2013. *Living Standards Improvement Strategy of Tajikistan 2013-2015*. Dushanbe.