



Central Asia Energy-Water Development Program

Energy

Central Asia Energy Sector Coordinating Committee: Report on Activities 2009-2012

Background and Context

While the countries of Central Asia boast significant energy resources, their uneven distribution and inadequate infrastructure leave some countries with seasonal shortages. As demand grows and aging infrastructure is expected to continue deteriorating over the coming years, these shortages are likely to intensify. Regional energy cooperation and integration of energy markets offer an opportunity to overcome uneven distribution of these resources and optimize existing and future energy developments.

The Energy Sector Coordinating Committee (ESCC) is a core forum for participating countries to discuss and explore options to strengthen energy cooperation in the region. The ESCC is one of four working committees within the Central Asia Regional Economic Cooperation (CAREC) program, an Asian Development Bank (ADB)-hosted partnership of ten countries and six multilateral institutions working together to promote accelerated growth and poverty reduction through cooperation.

The ESCC is also a cornerstone of the World Bank's Central Asia Energy-Water Development Program (CAEWDP). With an objective to improve water and energy security, CAEWDP's outputs are diagnostic analysis, institutional strengthening, and investment preparation. In this regard, ESCC provides a core forum to convene Central Asian energy experts, seek guidance on priorities, share CAEWDP outputs, and formulate a collective strategy for the energy sector in Central Asia.

Purpose of Document

This report reviews the activities undertaken by the ESCC from 2009-2012, including the Energy Action Plan (EAP) Framework (2010-2012) activities in preparation for the Energy Work Plan (EWP) (2013-2015). Through this review, the paper identifies key lessons learned over this period and explores the opportunities and challenges that lay ahead for increasing energy cooperation throughout the region. The report focuses on opportunities of regional integration through power development with **three pillars** of concentration: Energy Demand/Supply Balance; Regional Dispatch and Regulatory Development; and Energy-Water Linkages.

Major Findings/Outcomes

Six key components were identified for the upcoming EWP:

1. Developing the Central Asia – South Asia Energy Corridor;
2. Resolving Regional Energy Dispatch Issues;
3. Managing Energy-Water Linkages;
4. Mobilizing Funds for Building Energy Assets;
5. Implementing Medium-Term Priority Projects; and
6. Capacity Building and Knowledge Management

The ESCC noted a number of **achievements** across all three pillars, including a series of consultations that culminated in a draft road map to be undertaken in the next ESCC work program. Identifying activities in four key areas – data, modeling, institutional strengthening and capacity development – the document was heralded as “a key breakthrough” in countries’ acknowledgement of the importance of resolving the regional water agenda. An expansion of the topics to be covered in the 2013-2015 work program was also welcomed to now embrace three key initiatives – CASA-100, TUTAP and TAPI – which were previously considered “too controversial.” Combined with a decision to develop a priority list of regional projects, these actions will force the ESCC to address and overcome previous obstacles encountered. Finally, the addition of new country partners (Pakistan and Turkmenistan) and development partners (USAID) signals the interest in and staying power of the ESCC as a regional forum for energy.

These achievements aside, several **impediments** to expected growth in regional trade were identified. A lack of political will and commitment; limited technical interconnections; deficient market mechanisms and legal framework; and a shortage and/or lack of timely funding for investments are all areas in which new strategies need to be developed.


A **SWOT analysis** examined the strengths, weaknesses, opportunities and threats of the ESCC as a forum for dialogue and action on regional energy cooperation. Realizing the potential for significant change will require all parties to “step up to the plate,” addressing the key weakness and threats noted in the report, and actively committing to CAREC 2020 principles.

The Central Asia Energy Water Development Program (CAEWDP) is a donor-supported technical assistance program with the objective of building energy and water security for the five countries of Central Asia and Afghanistan. Divided into three main objectives: energy development, energy-water linkages, and water productivity, the program balances national and regional activities, recognizing that both are necessary for effective regional dialogue and national prosperity.

Contact: Daryl Fields, Program Manager (dfields@worldbank.org)
Worldbank.org/ECA/CAEWDP



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