



Renewable Energy: From Green Dream to Economic Driver

Serena Hotel, Kabul

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Participating Institutions

The Afghan National Standards Authority (ANSA), the Afghan Renewable Energy Union (AREU), ICC, Da Afghanistan Breshna Sherkat (DABS), Ministry of Energy and Water (MEW), Ministry of rural rehabilitation and development (MRRD), Kabul University, Ministry of Finance(MoF), Ministry of Economy(MoEC), Afghanistan Banks Association(ABA), Afghanistan Mirco Finance Association, Insurance companies, Banks and renewable energy businesses.

Contents

- 1. Background information on Afghanistan Energy Sector..... 2
- 2. Introduction 2
- 3. Event Objective: 2
- 4. Key Speakers: 3
- 5. Panel Discussion..... 4
 - 5.1. Challenges questions: 4
 - 5.2. Discussions: 5
- 6. Understanding of Memorandum: 6
- 7. Networking Session:..... 6
- 8. Product Showcase:..... 6
- 9. Communications and Public Relations:..... 6
 - 9.1. Media Coverage 6
 - 9.2. Slide show 7
 - 9.3. Photography:..... 7
- 10. Closing remarks:..... 7
 - 10. Conclusion:..... 7
- 11. photos 8

1. Background information on Afghanistan Energy Sector

The Government of Afghanistan is increasingly laying emphasis on utilizing Afghanistan's domestic energy resources to increase its power generation capacity.

The objective is to become self-reliant in electricity supply and reduce dependence on imported power, which currently constitutes about 70% of the total electricity consumption in the country. The Ministry of Energy and Water (MEW) governs the power sector in the country. It is responsible for formulating policies, strategies and plans for the development of the power sector and implementation of these. It thus takes a vital role in the sustainable development of the power sector in the country.

The installed generation capacity in Afghanistan is only about 600 MW, which is largely based on hydro and diesel generation. The present power demand is largely met by importing power from the neighboring countries i.e. Uzbekistan, Tajikistan, Turkmenistan, and Iran.

The country has about 1.2 million consumers and the per capita consumption of electricity is about 195 kWh, which is low as compared to South Asia average of 776 kWh and the global average of 3,100 kWh in 2012. The level of electrification in Afghanistan is presently about 40%. The Government aims to take it up to 85% over the next 5 years.

2. Introduction

GIZ-ESIP “Energy sector improvement program” support public and private sector of the energy with an objective to improve the condition for promoting the renewable energy and energy efficiency in Afghanistan, is determined to achieve its goals on sustainable energy development and to support relevant stakeholders to improve the energy sectors’ condition.

As the private sector is a major factor in the growth of the economy, job creation and sustainable development; so, one of the main objectives of the GIZ energy program is the mobility of the private sector and its sustainable development. Therefore GIZ-ESIP with conjunction of AREU, organized an event on challenges and opportunities in the energy sector on December 18, 2019, in Kabul to address the status of the private sector, sectoral challenges, market conditions, identifying requirements, providing opportunities for sectoral growth with around 150 participants from different institution involved in the energy sector.

The RE- from green dream to the economic driver which was organized on December 18, 2019, by Afghanistan Renewable Energy Union (AREU), with coordination of Ministry of Water and Energy (MEW) and GIZ- ESIP project in Kabul, at Kabul Serena Hotel.

3. Event Objective:

This one-day event was designed to provide a platform for networking, information exchange, and knowledge sharing and highlighted with presentations and panel discussions to explore opportunities and potentials important to the further development of the industry and offer a

unique opportunity for private practitioners, private investors and financial institutions in the renewable energy sector to learn about the importance of financing renewable energy projects in Afghanistan as well as accommodate matchmaking meetings to help facilitate access to finance in the renewable energy sector in Afghanistan through networking groups.

4. Key Speakers:

The event started with a welcoming speech given by His Excellency Almas Zakhilwal, Deputy Minister of Administration and Finance of Energy and Water (MEW). He officially welcomed all the participants and opened the event and stated that the future goals and visions of MEW concerning Renewable Energies and Energy Efficiency and continued contribution of MEW with the private sector. He was pointing the current and upcoming projects of MEW in regarding the energy.

This opening was followed by a speech given by His Excellency Eng. Amanullah Ghalib, the Chief Executive Officer, Da Afghanistan Breshna Sherkat (DABS), stated that DABS is a national electricity utility in Afghanistan aims to provide reliable and affordable electricity to the public and need the private sector association in delivering better electricity services. He added that DABS is interested to promote the usage of renewable energy through the private sector and keen to work closely with AREU and have the AREU in different bidding project meetings.

Subsequently, Mr. Kabul Khan Tadbir, AREU board member, he started his speech with thank remarks from all government agencies, stakeholders and specially GIZ for always being the partner with AREU and continued with highlighted the main accomplished & progress of AREU since 2015 to 2019 and the current and future activities.

The event continued with speeches of government agencies, Afghanistan Bank Association, insurance company and ANSA includes Mr. Rafiqullah Danish, General Director of Ministry of Finance provide information about the PPP module in renewable Energy, Mr. Ajmal Shinware, ASERD Director talked on ASERD update projects and about the procedures & criteria, Mr. Mustafa Halim, Deputy Program Director of GIZ, highlighted the four indicators of the AESIP Program and more talked on the Private sector indicator, Mr. Najibullah Amiri Executive Director of Afghanistan Banks Association discussed on current and up opportunities of Access to Finance to Renewable Energy sector, representative from Afghanistan National Insurance company emphasized on the insurance process for energy sector and follow up of the AREU contribution to it member, Eng. Qaderdan, Chief Executive Officer of Qaderdan company presented the achievement and product of Qaderdan company and a representative from VISTA company on the success of net- metering.

5. Panel Discussion

Following speeches, the event went on with the panel discussions between Ministry of Energy and Water, Ministry of Finance, Ministry of Economy, Afghanistan National Standards Authority, Afghanistan Banks Association, Da Afghanistan Breshna Sherkat (DABS) and MRRD-ASERD project, Kabul University, to discuss the solution for identified challenged questions in energy sector and opened unique opportunity to the participants to raise their questions and get answers from relevant institutions representatives.

The moderator of the Panel discussion was Mr. Najibullah Saboory, AREU chairman.

Discussion panel Questions:

- MEW: Why we still don't have a national energy sector master plan? What documents are produced so far to illustrate the future of the energy sector in Afghanistan?
- MoF: Tax, custom, and other policies on imported items need to be adjusted in order to help the rapid growth of the energy sector in the short run. How open and interested ministry of finance is to support the energy sector including MEW, private sector, and industry.
- Kabul University: What is the plan of the Kabul university in terms of human resource development? Where are our educational institutions in terms of developing human resources for the energy sector of Afghanistan (challenges and opportunities)?
- PPP: What is the PPP role in the development of the energy sector of Afghanistan? What is PPP plan in managing energy projects in upcoming years? Do you think there are overlaps and conflicts in the role of PPP, MEW, Regulatory body and DABS in energy projects?
- Afghanistan Banks Association: Does the banking sector look at the energy sector as one of the potential areas of investment? if yes, how are you preparing for it? What is the current involvement of Afghanistan banks in the energy sector projects?
- DABS: What is DABS plan in making itself ready to absorb and purchase thousands of Mws to be generated by 2032 (Upgrading its transmission infrastructure, financial standing, management, transparency)? What will be the role of DABS 5 years from now in the energy sector of Afghanistan? Is it planning to unbundle? If yes, what will be transferred to the private sector or other entities?
- Ministry of Economy: Is there any plan of the ministry of economy to link electrification projects with the economic development of Afghanistan? How is MoE planning to reach the SDG goal?
- MRRD: What challenges MRRD has faced in implementing its energy projects? Are you linking any economic development activities with these projects?

5.1. Discussions:

Ministry of Energy and Water: Engineer Faridullah Sharafmal, head of the Renewable Energy Department of, Ministry of Energy and Water, explained the plans and rules of the Ministry of Energy and Water for the development of renewable energy sector in Afghanistan and private sector involvement. He stated that MEW has planned to provide the citizen with access to renewable energy for upcoming 10 years and he added that key focus of the MEW is on the solar installation because Afghanistan already has 30-40 MW Installed capacity, therefore, MEW has planned to work closely with DABS energy department in order to connect the Afghanistan electricity grid with central Asia, this time the investment would be among the Asian countries.

Ministry of Finance (MoF) - PPP: Mr. Rafiqullah Danish introduced PPP and stated that that PPP is as an alternative funding method in addition to the national budget to expand efficient service delivery and physical infrastructure at the national level for:

- Attracting and utilizing private sector business expertise
- Effective use of public properties and assets
- Reducing reliance on foreign aid
- Effective use of existing capital in the private sector and banks.

He said that MoF tries to solve the major challenges that hamper the enforcement of trade and transportation laws through coordination with the representatives of the private sector. The PPP department started his work in 2012. And he added there some risks involved in PPP Models and we try to manage PPP policies to ensure a balance between social benefits and private partner interests.

Ministry of rural rehabilitation and development (MRRD): Eng. Ajmal Shinwari ASERD director Said that the Afghanistan Sustainable Energy for Rural Development (ASERD) program developed by MRRD builds on the existing efforts to provide energy to rural areas of Afghanistan. Rural areas of Afghanistan remain socio-economically underdeveloped in terms of education, and access to infrastructure. Lack of access to energy also constrains the productivity of private enterprise and limits the delivery of public services. Rural areas of Afghanistan are also blessed with renewable energy resources such as hydro, solar, wind and biomass which, when combined with appropriate technologies and institutional approaches, could significantly support the development of rural areas.

he added that the project contributes significantly to increasing the access to thermal energy and electricity through a technology-neutral approach, in 19,500 households in 194 rural communities in Afghanistan.

The Afghanistan Birishna Shirkat (DABS): Mr. Zabiullah Tahirzada deputy of DABS stated that DABS as national electricity utility operates and manages electric power generation, import, transmission, and distribution throughout Afghanistan on a commercial basis, and is determined to help the energy private sector flourish. And added that providing safe and reliable power and

reasonable rates to facilitate national economic growth with integrity, transparency and efficiency is part DABS mission.

Kabul University: there are several institutions that graduate students in the field of renewable energies, which for the first time the energy department was established in Kabul University then in Kandahar university energy Department and now we witness that MEW vocational training institute is also involved in education. Kabul Energy department was established in 2008, and 4030 students have graduated annually with a focus on designing, polices, maintenance and networking, the Department has graduated two rounds of students among them 70% were YES interns and currently few of MEW technicians are also from Energy Department alumni.

Afghanistan Banks Association: This is to inform that the banks facilitate loans to Energy Sector investors. Annually the bank facilitates 44 million USA dollars out of it 15 million are allocated to energy sector. The enterprises/investors should meet the rule and requirements settled by the banks. The banks rules and policies are not constant but are in the changing process. Currently the banks only issued short term loans not long terms.

ANSA: The Afghanistan National Standards of Authority is the only government body working on standards and quality that has created 656 national standards, 157 of which are in the energy sector and 131 others are under the designing process with the conjunction of MRRD. The annual plan of ANSA is more related to the needs and wants of the private market.

6. Understanding of Memorandum:

The MOU has been signed between AREU and MEW- Regulator departments to have better coordination and to amend the energy sector in the long term.

7. Networking Session:

The event sought to improve access to finance for energy enterprises doing business in Afghanistan through targeted discussions between banks, insurance companies, and Micro Finance institutions; to link businesses with the financial institutions, insurance companies, and Micro Finance institutions; and to discuss challenges and opportunities that businesses face.

8. Product Showcase:

The event also furnished AREU members a platform to promote their products and services to a broader group that may have little or no knowledge of those products and services, through showcase and projector slide shows.

9. Communications and Public Relations:

9.1. Media Coverage

The event received wide media coverage with reporting from five media outlets: Tolo News, Ariana News, MEW, Voice of America (VOA) and ATV. During the event, the media also

interviewed Mr. Kabul Khan Tadbir, AREU Board member, he talked on the main challenges of Renewable Energy includes access to finance and Taxation.

Here is the link of media coverage:

<https://www.facebook.com/656519487863727/posts/1344927995689536?vh=e&d=n&sfns=mo>

<https://www.facebook.com/656519487863727/posts/1341893085993027?vh=e&d=n&sfns=mo>

<https://www.facebook.com/656519487863727/posts/1338013279714341?vh=e&d=n&sfns=mo>

9.2. Slide show

The slide show sessions offered a unique opportunity to the participants, to learn about AREU accomplishment since 2015 up to date includes events, exhibitions, workshops, capacity training, lobbying and coordination meetings, Memorandum of Understanding between AREU and related institutions, further the member achievements, and AREU contribution to members were also slide-showed in another projector. Both projectors played from the start of the event to the end.

9.3. Photography:

The photos for the whole day event were caught by GIZ, Vista company and MEW photographer. Short clicks of the event photos with a short report were posted in MEW, AREU and German Cooperation Facebook page.

10. Closing remarks:

Closing the event by Mr. Najibullah Saboory, AREU chairman expressed special gratitude to all the VIP guests and he expressed his deepest thanks to all the participants to give their value time attending the event.

10. Conclusion:

- Raised awareness and generated interest among potential members.
- Renewable energy businesses now have a clearer picture of financial services, government plans, and policies available for them.
- Sought to improve access to finance for enterprises doing business in Afghanistan and discussions between financial institutions and insurance companies.
- Furnished AREU members a platform to promote their products and services to a broader group that may have little or no knowledge of those products and services.
- Linked energy entrepreneurs with financial institutions, insurance companies and government agencies through panel discussions, networking groups and provided them with the opportunity to exchange viewpoints in identifying challenges and opportunities to improve their productivity and access to finance.



Discussion Panel



MoU between MEW and AREU



Eng. Amanullah Ghalib CEO, DABS



Eng. Alams Zakhilwal Deputy Minister, MEW



Product Showcase



Networking Panel; Financial, insurance