

Energy as an Economic Factor – Creating a Legal Framework and Facilitating Investment

In the long term, the German Government is assisting Afghan institutions and companies to increase the energy supply throughout the country and create investment incentives. As a result, all processes will in future be coordinated by Afghans themselves at both provincial and national level.



Situation

For three quarters of Afghanistan’s rural population, a regular power supply is hard to imagine. Power cuts are an everyday occurrence. Electricity production is inadequate, mains systems are either non-existent or outdated and distribution grids are dilapidated or underdeveloped. This situation results in high losses of electricity, with power cuts sometimes lasting several days. It also hinders the reliable supply of electricity to businesses and factories. Additionally, Afghanistan lacks the legal frameworks needed to facilitate nationwide investment in the energy sector and create investment incentives and guarantees.

AT A GLANCE



Activities in the provinces Balkh, Samangan, Kunduz, Takhar, Badakhshan, Kabul.

Programme: Institutional Development for Energy in Afghanistan (IDEA)

Commissioned by: German Federal Ministry for Economic Cooperation and Development (BMZ)

Partner: Afghan Ministry of Energy and Water (MEW), Da Afghanistan Breshna Sherkat (DABS - Afghanistan’s national power utility), Afghanistan Renewable Energy Union (AREU)

Implementing organisations: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Provinces: Balkh

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Provinces: Samangan

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Provinces: Kunduz

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Provinces: Takhar

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Provinces: Badakhshan

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Provinces: Herat

Objective

Wherever possible, the project seeks to enable Afghan society to access low-carbon energy in order to boost economic growth and reduce poverty in the long term. It also aims to empower Afghan institutions and experts to create the general conditions necessary for a reliable electricity supply.

Measures & Results

Within the next five years, the Afghan Government intends to increase national energy production to 3,200 megawatts (MW), with around 600 MW of this output coming from renewable energy sources. As a reference point: 100 MW is enough to supply around 200,000 households. In this context, the project is assisting the Afghan partners, especially the *Ministry of Energy and Water (MEW)*, to develop, coordinate and approve policy guidelines and legal frameworks and compile implementation strategies and sectoral plans. This is accompanied by support measures to improve coordination and cooperation between the key institutions in the energy supply sector, mainly the *Afghan Ministry of Energy and Water (MEW)*, the *national energy utility DABS* and the *Afghan Ministry of Rural Rehabilitation and Development (MRRD)*.

The project delivers its advisory services at both national and provincial level. The *Provincial Energy Commissions (PECs)* and the officially recognised national *Renewable Energy Coordination Committee (RECC)* play a key role in this regard: their task is to integrate the national sectoral plans into the supply plans at provincial level.

In parallel, private companies have established the *Afghanistan Renewable Energy Union (AREU)* to represent their interests. The project advises the association on internal organisation and planning in order to review and improve the quality of all processes and the work carried out by staff. After all, the implementation and success of the various plans for the energy sector, such as the *100 MW Plan for Renewable Energies*, are heavily dependent on the commitment of private companies which are organised within AREU. Optimising general legal and institutional conditions ultimately creates incentives for public and private investors and operators to push ahead with the construction and commissioning of decentralised energy systems.

In addition, the Afghan partners are receiving advice on the delivery of specialist training in professional operations management for renewable power plants. The vocational education and training centre of the *Ministry of Energy and Water (MEW)* has been supplied with teaching materials and planning support to enable it to continue training specialist staff for alternative power plants independently. This ensures that the refurbished

Provinces: Kabul

Programme objective: To improve institutional framework conditions for the provision of energy in Afghanistan

Overall term: January 2015 – September 2018

READ MORE

- Fact sheet: Energy as an Economic Factor (<https://www.ez-afghanistan.de/sites/default/files/2017-IDEA-EN.pdf>)
- Renewable energy engineer - Success Portrait -Poster (<https://www.ez-afghanistan.de/sites/default/files/Renewable%20Energy%20Engineers%20-%20Portrait%20-%20English.pdf>)
- Renewable energy engineer - Success Portrait -Poster (<https://www.ez-afghanistan.de/sites/default/files/Renewable-Energy-Engineers-Portrait-ENG.pdf>)

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and new plants are operated sustainably; it also improves the employment prospects of the technicians and engineers. In this regard, the programme is facilitating the development and management of knowledge about renewable energy, including the use of databases and suitable monitoring and evaluation systems. Furthermore, the Afghan partners are being advised on the development of administrative regulations and the use of appropriate procedures as part of the *Afghan Building Codes* (ABC) in order to ensure high-quality planning and implementation.