

IAMO conference 'Regional Economic Cooperation in
Central Asia: Agricultural Production and Trade'



Formation of market relation in water – economy complex of Tajikistan and the Central Asia

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Formation of the market relations in water-energy sector at the national & regional levels is establishment of the economic relations at distribution of water(payment for water).



Problems

National level :

lack of economic opportunity

still weak economy in the transition period

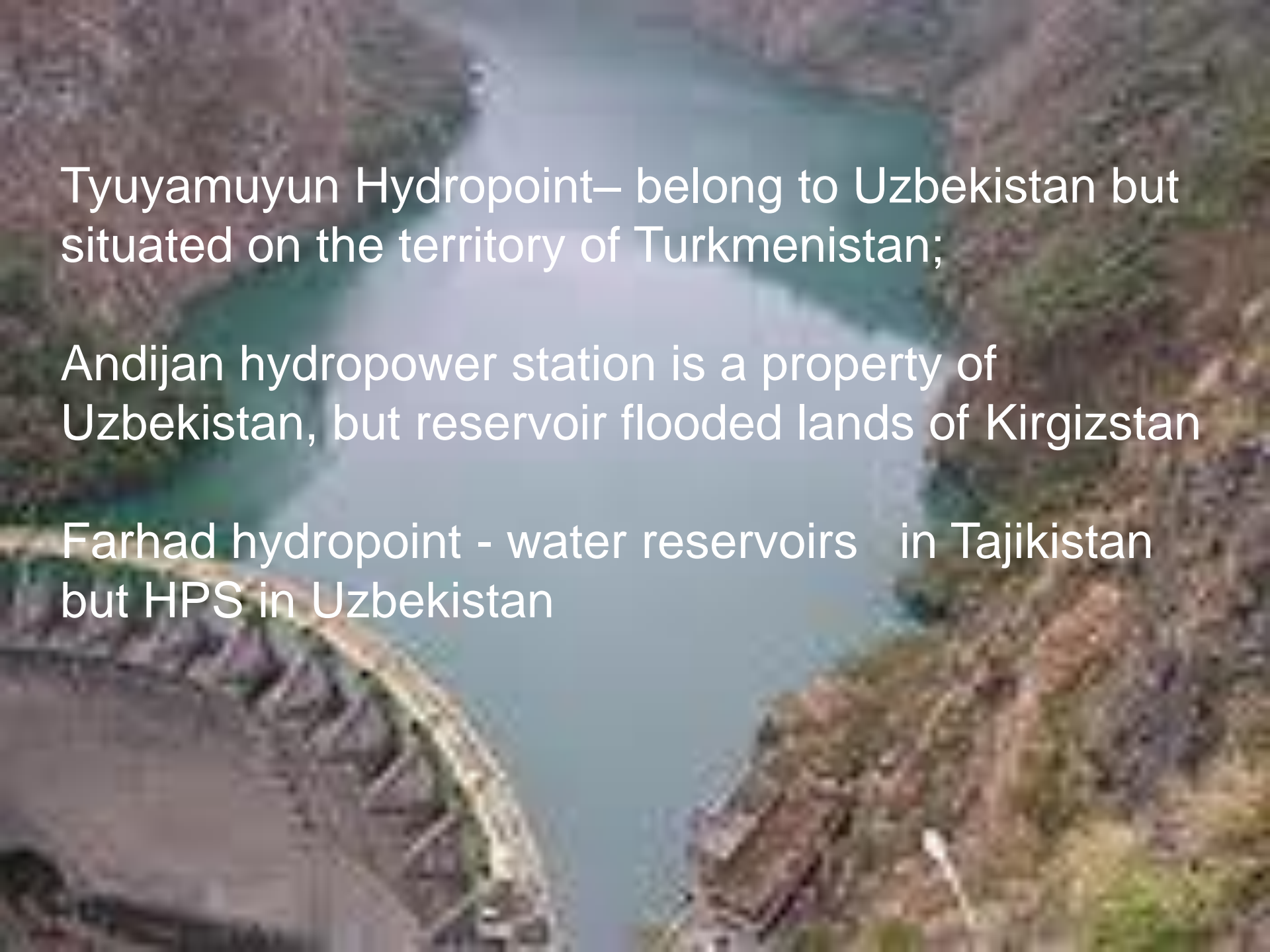
doesn't allow

- ☘ introduction of the market relations according to standards of the developed countries
- ☘ for full-scale introduction of the market relations

Problems

Regional level:

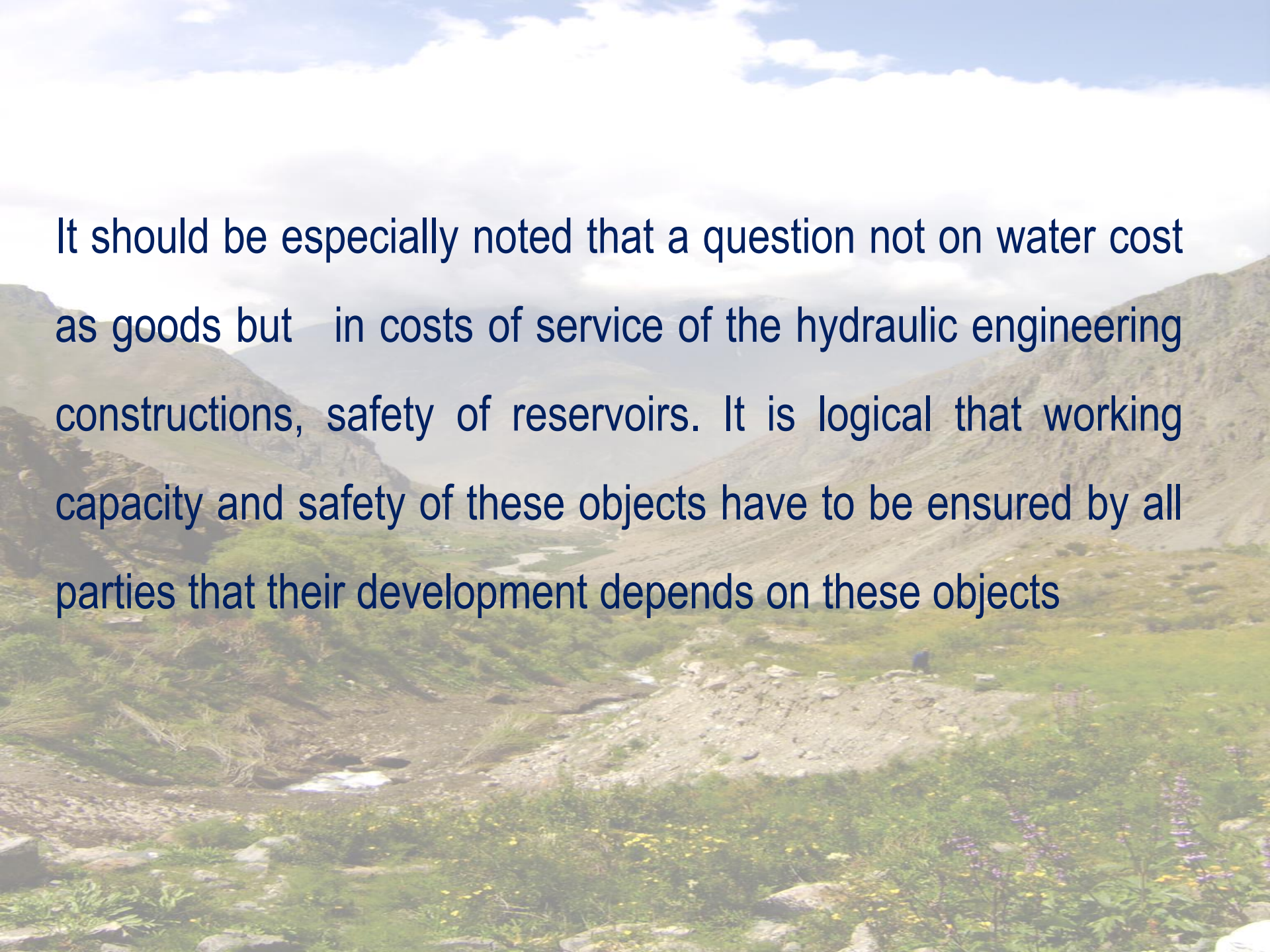
- ❖ Transboundary of waterways of Central Asia - formation of water resources of the region happens in the territory of the upstream countries and mainly are used by the down countries
- ❖ In the period of the USSR water resources of the region of Central Asia it was considered as the general national wealth of the uniform state. All infrastructure of a hydroelectric complex (an irrigation and hydropower) developed by the principle of a community and uniform economy

An aerial photograph showing a large concrete dam structure on the left, with a reservoir extending into a valley. The surrounding terrain is rugged and mountainous, with some green vegetation and brownish soil. The water in the reservoir is a clear, light blue color.

Tyuyamuyun Hydropoint— belong to Uzbekistan but situated on the territory of Turkmenistan;

Andijan hydropower station is a property of Uzbekistan, but reservoir flooded lands of Kirgizstan

Farhad hydropoint - water reservoirs in Tajikistan but HPS in Uzbekistan

A scenic view of a mountain valley. In the foreground, there is a rocky path leading down a slope covered in green grass and small yellow and purple flowers. A small stream flows through the valley floor. In the background, there are steep, rocky mountains under a blue sky with scattered white clouds. The overall atmosphere is bright and natural.

It should be especially noted that a question not on water cost as goods but in costs of service of the hydraulic engineering constructions, safety of reservoirs. It is logical that working capacity and safety of these objects have to be ensured by all parties that their development depends on these objects



In general, one can propose the following scheme to determine the amount of compensation:

Country of runoff formation zone develops its national regime of work of Hydropower stations (Kirgizstan for Toktogyl, Tajikistan for Kayrakkum) without considering the interests of downstream countries

Next, they develop a second version of its operating mode of Hydropower stations, but taking into account the interests of downstream countries

The economic difference between these two options, losses and damages related to the transfer from the first to the second option, in cash or physical terms, determines the amount of compensation

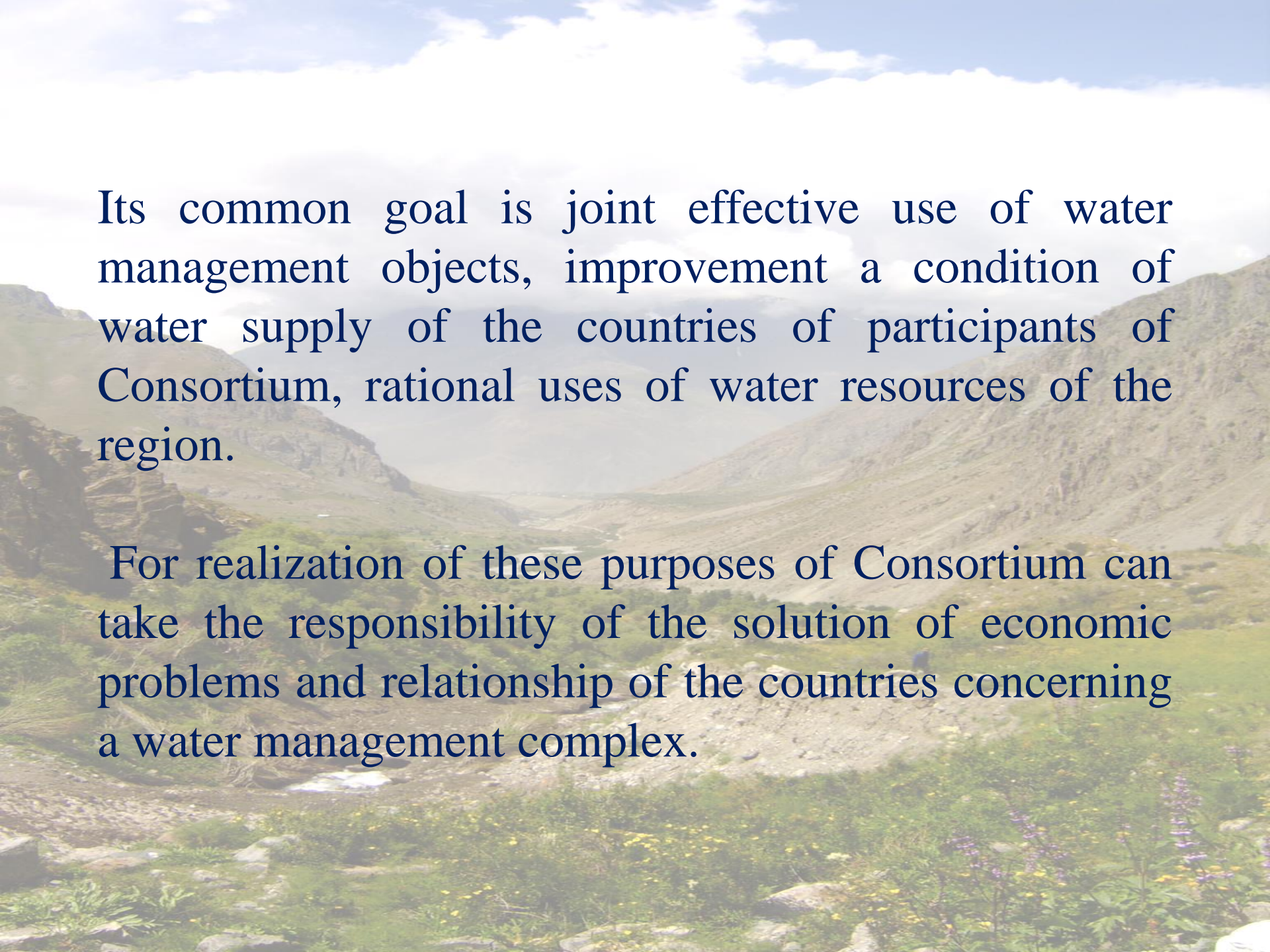
This compensation scheme is provided in the "Agreement between the Governments of the Republic of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan on the use of water and energy resources of the Syrdarya River Basin" signed on 17 March 1998 in Bishkek



Unfortunately, the scheme of compensation provided in the Agreement is not carried out.

For realization and improvement of the last scheme, it was offered option of creation *International Hydroelectric Consortium* with participation of all countries of Central Asia

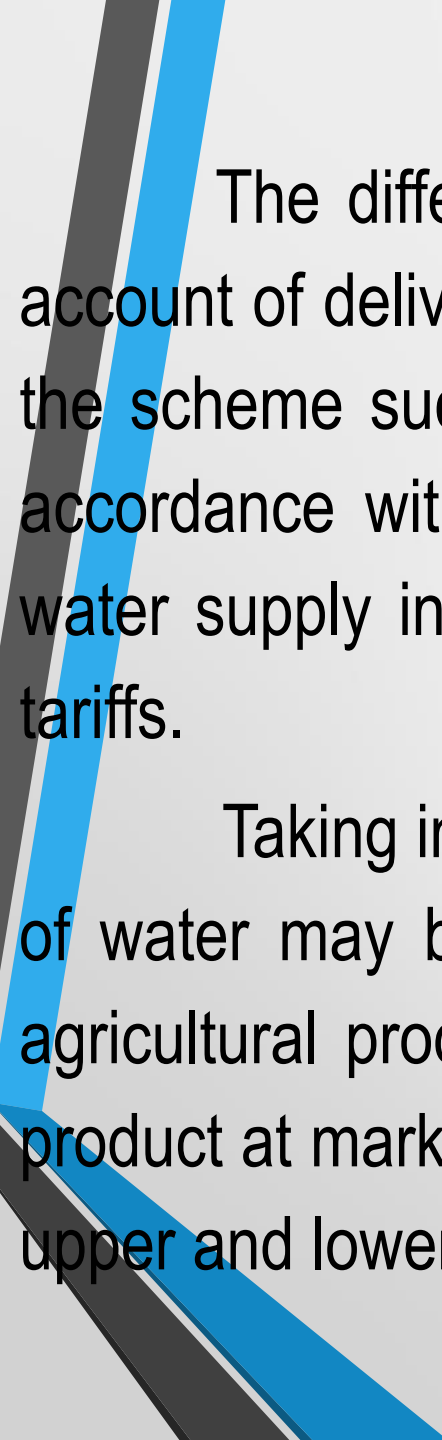


A scenic view of a mountain valley. In the foreground, there is a rocky path leading down towards a river. The valley is lush with green vegetation and small yellow and purple flowers. In the background, there are steep, rocky mountains under a blue sky with scattered white clouds. The text is overlaid on the upper half of the image.

Its common goal is joint effective use of water management objects, improvement a condition of water supply of the countries of participants of Consortium, rational uses of water resources of the region.

For realization of these purposes of Consortium can take the responsibility of the solution of economic problems and relationship of the countries concerning a water management complex.

- Consortium bees from countries of upper streams (Kirgizstan and Tajikistan partly) superfluous for its own use power, produced by them in summer, in the period of vegetation.
- Consortium implements this buying in accordance with price, promoting with countries of upper stream possibility to gain the same quantity of power that they lost in summer at the period of deficiency at the period when they will accumulate water in its reservoirs for vegetation. That is buying of summer power will be implemented by winter prices, consortium realizes this power in accordance with summer prices, which can be lower essentially.



The differences of prices consortium will compensate at the account of delivery of water for irrigation, which are the main good of the scheme such payment of water delivery will be implemented in accordance with Legislation already has been established payable water supply in the CA countries and in accordance with approved tariffs.

Taking into account deficiency of money in republics, payment of water may be produced to consortium in natural king ways, by agricultural production, by agreed price. Consortium will realize the product at market and at the result, all accounts between countries of upper and lower currents will be implemented in monetary form.

- Except of simplicity, one can point other essential advantages of such scheme:

- -It does not require development of new scheme of mutual relation in water energetic sphere. It uses an old one that is running more than five years.

- Besides, existing scheme is improving essentially at the account of replace of barter relations with monetary.

- It passes over very difficult question about introduction of payment for water between states and at the same time uses already has been formed scheme of payable water supply in the countries;

- Consortium does not substitute existing managerial economical structures; it works parallel and in close contacts with them. However, at the same time it has possibility to both cooperate and compete with them.

- In addition, the main consortium would solve the problem complexly, simultaneously, bath in economic and other spheres:

- International relations, institutional technical, economic and so on.

For realization of main idea on implementation of Consortium is necessary:

1. Studying of existing in different countries approaches to estimation of water as economical benefit (cost of water as product; cost of water as natural resource; cost of service on water – supply; water rent; water as social benefit).
2. Analysis economical activity of economy sectors connected with water using (irrigation, hydropower, industry, and municipal-social economy); analysis expenses incomes, profitable, cost and wear of main funds, programs of perspective development and necessary investments for it.
3. Analysis of inter – states economical relationship in Central Asia on sphere of using water resources (joint ownership, mutual services, irrigation compensations hydropower, direct charge of water cost).

4. Analysis possible variations of financing water economy sector sources (preparing ideology for financing water sector); state budget and budget dating of rural and water economy, own means of producers, taxes and their fiscal and regulating function.

5. Exploration of various variations of rural and water economies reform in society of universalize world economy and international dividing of labor; economical health – improving of water and rural economies, bankrupt of non – effective producers, international market of labor and labor migration.

6. Developing offers on economical mechanism of interrelation between Central Asian countries on:

- Joint use of water resources for irrigation and hydropower
- Conduct nature-protection measures in zone of flow formation.



Thank You for Yours Attention

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