

## Bishkek solar energy market

In the Kyrgyz Republic, energy is one of the key sectors of the economy. In recent years, the country has faced a number of problems in this area, such as deteriorating infrastructure, electricity shortages and dependence on imports. We discussed these issues with the head of the World Bank office in the Kyrgyz Republic, Naveed Hassan Naqvi.

KABAR: What measures is the Kyrgyz Republic undertaking to reform, modernize and develop its energy, and is the World Bank engaged?

MR. NAQVI: It is important to remember that energy issues are important not just for this country, but for the [Central Asian] region as a whole. The Kyrgyz Republic's energy sector and the development needs of the energy sector impact not just the population of the Kyrgyz Republic, but also downstream countries.

As you know, the installed capacity in the Kyrgyz Republic is about 3,900 megawatts. Of this, around 800 megawatts is the Bishkek coal power plant [CHP]. And the rest of it is largely hydro. The important thing to note is that more than half or about 60% of the transmission and distribution network is past its useful life and needs to be replaced. Similar numbers concern hydropower plants and their machinery: more than half of the installed capacity needs repair or replacement.

This was the situation in which the country found itself when the current government took over in 2021. Since then, the leadership - this includes the President, Mr. Sadyr Japarov; Chairman of the Cabinet of Ministers Mr. Akylbek Zhaparov; and Mr. Taalaibek Ibrayev, who has been in the energy sector for a long time and has served as the Minister for about two years now - identified energy sector reform as a key priority for the country.

Our first serious conversation about this with Mr. Akylbek Zhaparov took place in April 2021 when he was finance minister. He asked the World Bank to provide assistance and support in both developing and then financing and supporting the energy reform agenda.

Since then, we have done a lot, but I want to take this opportunity to thank the Government, particularly Chairman Akylbek Zhaparov and Energy Minister Taalaibek Ibrayev, for leading this work. It is extremely politically difficult to tackle.

I want to highlight a few things. The Kyrgyz Republic's energy tariffs were the fifth lowest in the world. The government was subsidizing it to the tune of 2 to 3% of GDP every year, while tariffs had not been increased for a long time. Most of the energy is consumed in the residential sector, and those tariffs have almost never gone up - not in the last decade anyway. Therefore, our conversation with Mr. Akylbek Zhaparov was about how to move forward in a sustainable way.

Between September of 2021 and April of 2022, with our support, the government prepared a white paper on the energy sector, which included a strategy for putting the energy sector on the modernization path.

Then in April, there was an international energy sector conference. The government invited not just the World Bank, but also representatives from other international financial institutions (AIIB, ADB, EBRD), bilateral organizations (Switzerland's SECO), China, and others.

Then the government went to Washington. The Prime Minister led the delegation to the World Bank Spring Meetings, where he shared their plans with the World Bank leadership. As a result, we were able to approve \$50 million of World Bank funding in June of 2022. At the same time, \$8 million of bilateral grant funding was provided by SECO. This funding is aimed at modernizing the low voltage infrastructure transformers, transmission lines, as well as installing smart meters in parts of the country to improve the efficiency of the energy sector.

The President also clearly identified Kambarata-1 as the country's most important and urgent priority.

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