

Concern at Funding Scheme for Giant Tajik Dam

Campaign to raise money to finish hydroelectric project not as voluntary as it seems. As the Tajik authorities prepare to issue shares in a giant hydroelectric scheme which could eliminate power shortages for good, there are concerns that people are being coerced into contributing funds for the dam.

When it is finished, it will have the world's highest dam, but right now the Roghun hydroelectric plant is in desperate need of funding, so the government is urging people to contribute whatever they can to finish the work and help overcome the country's severe power shortages.

According to the latest schedule, shares in the Roghun project will be issued on January 6.

President Imomali Rahmon appealed to the nation on December 2 to buy shares in the plant. He set a target of 600 million US dollars, enough to finish the dam, fill the reservoir and get two out of what will ultimately be six generating turbines going.

PRESSURED INTO DONATING FUNDS

Since a deal with a Russian investor fell apart in the autumn of 2007, the Tajik government has been trying to fund the remaining work on the giant dam by itself, and is encouraging citizens to contribute either by taking out some shares or by responding to a parallel scheme – a direct appeal for cash contributions.

To encourage the spirit of giving, the official media have been full of reports of companies and private individuals – from cash-strapped students to elderly people on tiny pensions – making donations to the fund, or announcing their intention to buy shares.

But people interviewed by IWPR said they are being coerced into buying shares in the power plant or making a straight donation, neither of which they could afford.

President Rahmon has insisted the share sales are entirely voluntary. In a TV address in mid-October he said there were 1.3 million households in Tajikistan, of which 300,000 were too poor to buy shares, whereas the rest should be able to.

“We are counting on something like a million Tajik families to acquire shares in Rogun at 5,000 somonis a time,” he said. “We are sure all citizens of Tajikistan will do their bit for the construction of an asset on which our country's future depends.”

Even if the poorest of the poor are exempted, this target seems a little high – 5,000 somonis is worth around 1,150 dollars, about one-and-a-half times the average annual wage in Tajikistan, where most of the population live below the poverty line defined by the World Bank as an income of two dollars a day.

Many Tajiks interviewed by IWPR said they understood the importance of the Roghun hydroelectric plant and would be keen to help if they could, although many said they were simply unable to afford it. Others complained that they were being forced to donate money whether they liked it or not, and were alarmed by rumours they would be coerced into buying shares as well, despite the president's assurances.

Teachers in the Yavan district of southern Tajikistan, for example, said they discovered that "contributions" to the Roghun fund had been deducted from their wages only when they received their diminished pay-packets. School heads told them afterwards that a day's wages for each staff member had been transferred to the fund.

One teacher who asked not to be named expressed indignation with the lack of consultation.

"In the Soviet Union they used to take a day's wages from us as well, to save the people of Cuba or for the starving people of Africa," she said. "But in those days, they'd hold meetings and a decision was taken, and only then would the money be transferred.

"Now they don't even deign to warn teachers that their wages are being taken."

It is not just public-sector workers who say they are being coerced into making a donation. This month, the employees of a major commercial bank were told at a general meeting that half their December wage would be contributed to the Roghun fund.

"In formal terms, the management asked for our consent – they did ask the question. But no one raised any objections because we're afraid of losing our jobs," one of the bank employees, who did not want to be identified, told IWPR. "There are fears that if anyone refuses, the management will note down the rebels' names and sack them at a convenient time."

Many people are now worried that they will be forced into buying shares as well as making donations.

"OK, so it's a day's wages, but now we're going to have to buy shares in the power station as well," said the schoolteacher in Yavan. "They're saying we have to buy no less than 5,000 somonis' worth. A teacher on an average salary will have to work at least two years to gather that money. Where am I to get money like that? I'm still hoping they won't make us."

Although the sales are not being issued until early January, there are already reports of compulsory tactics and threats being used.

At one university in Dushanbe, a student who gave her first name as Nilufar said she and her classmates had been told to come up with 100 somonis each to buy shares.

“They gave us to understand that if we refuse to hand in the money we might be excluded,” said Nilufar. “They told us that when we were considering whether or not to pay, we should think about our exams and tests.”

Shokirjon Hakimov, a legal expert and deputy head of the opposition Social Democratic Party, says officials in state institutions are forcing subordinates to buy shares or contribute part of their wages.

“No one has a right to force people to transfer funds for Roghun or to buy shares in it,” he said. “It’s even got to the stage where officials are competing among themselves to see who collects most money, or whose department buys the most shares. In time, this could become counter-productive.”

His party’s leader Rahmatillo Zoirov has been similarly vocal in his criticism of the way the process has been handled.

“Basing it on the monthly salaries of the country’s citizens does not make sense, and more importantly, it is amoral,” he said at a press conference on December 8.

The authorities continue to deny there is any element of coercion. Presidential spokesman Abdufattoh Sharifzoda told the BBC that any official found to have forced people to buy shares or make a donation would face prosecution.

“The president is demanding that no coercion be used to attract funding for these purposes from the public,” he said.

One of the population groups the authorities are relying on is the large number of labour migrants in Russia or other countries, who send substantial sums of money home. But many of them have now returned home as the global financial crisis hits the Russian labour market, especially in the construction industry. Those who remain are sending less money back to their families – money transfers this year are 30 per cent down on 2008, by some accounts.

“Where am I supposed to get savings? I can’t find the money to buy bread for my household tomorrow,” one returning migrant told IWPR. “I used to make money in Russia but this year I couldn’t go because of the financial crisis.”

HYDROELECTRICITY CRUCIAL FOR COUNTRY’S FUTURE

Tajikistan's mountainous terrain makes it ideal for hydroelectric schemes, of which it has several including Nurek – currently the world's highest dam pending the completion of Roghun; the Russian-funded Sangtuda-1, which began operating earlier this year but has been threatening to shut down over a payments dispute (see **Tajik Power Plant Threatens Winter Shutdown**); and the still incomplete Sangtuda-2, which has received Iranian investment. Like Roghun, these power plants are located along the river Vakhsh, a tributary of the Amu Darya.

The Roghun scheme is an impressive one by any measure.

The project began back in 1976, when Soviet planners started work on the dam scheme. Some construction was done, but by the end of the Eighties, political liberalisation in the Soviet Union brought local protests against the scheme. By 1993, the dam was 40 metres high, but much of the structure was then swept away by flooding.

The newly independent Tajikistan had found itself independent, impoverished, and on the brink of what was to become five years of civil war, so there was no question of resuming work at Roghun in the early to mid-Nineties.

When the Tajik government set about reviving the project, it found it hard to identify external investors willing to take on the commercial risk in a country still facing so many problems with its economy and infrastructure.

In the end it was Moscow – which retains a strong political, security and commercial interest in Tajikistan – that came to the rescue. In 2004, RUSAL, a world-class aluminium producer, signed a deal to finish the power station. The investment was part of a two billion dollar pledge that also included reviving the huge but decaying aluminium plant at Tursunzade, and building a second, brand new plant in southern Tajikistan. Aluminium production requires enormous amounts of electricity, which explains the Russian firm's interest in hydropower.

However, a disagreement emerged between the Tajik authorities and RUSAL, centring on the height that the Rogun dam should reach and other technical and contractual matters. The government stipulated a height of 335 metres, whereas RUSAL – citing the risk of earthquakes in the region – proposed a height of 280 metres, which would result in less generating capacity.

Tajikistan still endures severe power shortages over the winter, which leaves people in rural areas dependent on firewood, and creates havoc and misery in an especially cold winter like that of 2007-08. With Roghun and the two Sangtuda plants up and running, the country could effectively wipe out these shortages and even begin exporting surplus power to places like Afghanistan and Iran.

Roghun has been officially designated a “national project”, and there appears to be near-unanimous agreement within Tajikistan that it needs to be finished. As a result, even opponents of President Rahmon's administration are reluctant to criticise the share scheme too vocally.

Hikmatullo Saifullozoda, a spokesman for the opposition Islamic Rebirth Party, for example, says that “we too plan to encourage our supporters to buy the shares”, although he would like to see better monitoring of the way the issue process is managed.

Aside from the criticisms voiced by leaders Zoirov and Hakimov, the Social Democrats are calling for legislation to underpin the Roghun shareholdings. They point out that a law passed only this summer makes it illegal to privatise Roghun and the Tursunzade plant, which seems to be at odds with the creation of a limited company.

Hakimov points out that although shares are close to going on sale, the founding documents of the Roghun company and details of how it will operate are not yet in the public domain.

His party says that if it wins seats in parliament in the February 2010 election – currently it has none – it will work to create a fairer share ownership scheme and protect the rights of small investors, in particular.

Critics of the share scheme point out that the government set up a limited company for the then incomplete Sangtuda-1 power plant and issued shares in 1996, only to liquidate the company later when Russia’s United Energy Systems came in to invest in its construction.

It remains unclear how the owners of Sangtuda shares are to be compensated.

TAJIKS PUSHING AHEAD ON DAM SCHEMES DESPITE REGIONAL CONCERNS

The bigger picture for Tajikistan’s energy hopes is that its neighbour Uzbekistan objects strongly to the creation of new dams on the Amu Darya and its tributaries. The Uzbeks fear that this will curb water flows down a waterway on which their agriculture depends, and that the Tajiks will release water in winter, when they need to generate electricity, rather than storing it for the warmer seasons when their neighbours in other Central Asian states need to irrigate the fields.

Tashkent’s current position is that Tajik and Kyrgyz hydroelectric schemes cannot go ahead unless a proper study is carried out into their environmental impact and human cost throughout the Central Asian region.

The Tajiks, and their Kyrgyz neighbours who are working on similar hydroelectric schemes, argue that they have a right to exploit water their only energy source as they see fit, since their neighbours Uzbekistan, Kazakhstan and Turkmenistan are not only rich in oil, gas and coal but charge them near-world market prices for these commodities. (For a report on Uzbekistan’s decision to abandon Central Asia’s shared electricity grid, see **Power Struggle Threatens Central Asian Electricity Grid**, (RCA No. 596, 20-Nov-09)

Even opposition figures like Zoirov are at one with the Tajik government on this issue.

“Our party... will be able to demonstrate on the basis of international law that the Rogun construction project and other hydroelectric schemes are legally sound,” he said.

Leading Tajik political analyst Parviz Mullojonov predicts that the international dispute, and arguments over Roghun in particular, will run and run.

“The construction of the Roghun plan will be disputed at the highest level among the Central Asian countries on many more occasions,” he said. “By designating Roghun a national construction project, President Rahmon wants to gain support for his actions from the entire nation.”

Focus: Central Asia Human Rights Reporting Project

Source URL: <https://iwpr.net/global-voices/concern-funding-scheme-giant-tajik-dam-0>