Promising Start to Iranian Investment

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Tajikistan’s parliament has furnished Iran with government guarantees for a joint construction project involving a large hydroelectric power station. NBCentralAsia observers say that if the project is a success, it could become a model for other energy-sector investments, bringing in more Iranian funds.

Last week, parliament ratified amendments to the 2005 Iranian-Tajik agreement on the Sangtuda-2 hydroelectric scheme, providing government guarantees that Tajikistan will honour its side of the financial arrangements. Dushanbe’s contribution to the 220 million US dollar project has been set at 40 million dollars, with the rest to come from the Iranians.

“The main construction work will begin in March, and there is every reason to believe the power station will be built to deadline,” Iranian embassy spokesman Javad Nazari told NBCentralAsia. The plant is due to be finished by the end of 2009.

Under the agreement, the Iranians will recoup their investment costs within ten years of the power station coming into operation, by selling the electricity it generates to the government-owned electricity company Barqi Tojik. After that date, the plant will revert to the Tajik state, which should recoup its own investment after a further two-and-a-half years.

Within Tajikistan, there is confidence that the arrangements for the Sangtuda-2 project should serve as a model for similar investment projects.

“This is the most profitable yet of all the energy projects currently under way in Tajikistan. The example should be applied to other projects of this kind that are planned,” said Asomiddin Saidov, head of the parliamentary committee for international relations.

Saidov explained that while the Iranians will sell the electricity produced at Sangtuda to the Tajik state at a world-market price of 2.98 cents per kilowatt-hour, Barqi Tojik will able to sell it on to Pakistan, where one kilowatt-hour costs up to nine cents.

Saidov thinks Iranian investment should be sought for other similar projects, since the country has a strong track-record in building electricity-generating plants and the current project is likely to be completed on time.

Power industry employees are also upbeat about the project and would like to see more Iranian engagement in the sector.

“Our collaboration with Iranian colleagues on Sangtuda-2 is a first trial. Once it is finished, we will look at the possibility of Iran participating in other power-industry projects,” said Rashid Gulov, deputy head engineer at Barqi Tojik.
(News Briefing Central Asia draws comment and analysis from a broad range of political observers across the region.)

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