

SAFEGUARDS ASSESSMENT MATRIX OF THE POLICY MATRIX

Actions/Indicators	Potential Environmental, Involuntary, Resettlement and Indigenous Peoples Impacts
Output 1: Power subsector governance structure strengthened	
<p>1. The Government implemented the electricity subsector unbundling plan to improve electricity cost accounting, operational efficiency and transparency, gender mainstreaming (corporate female management targets and training), and open the power sector to private sector participation by having:</p> <p>(i) established new and separate transmission and distribution companies (Document required: government decree legally establishing the companies);</p>	No potential environmental, involuntary resettlement or indigenous people impact.
<p>(ii) approved the charters of new transmission and distribution companies to define their operational responsibilities and governance structure, including supervisory board and audit requirements (Document required: government decree with charters of the new companies);</p>	
<p>(iii) established and staffed the supervisory boards of the transmission and distribution companies with defined authorities and decision-making processes (Document required: government decree with board positions and authorities, and copy of the confirmation by all relevant ministries on the appointments of board members);</p>	
<p>(iv) appointed CEOs of the new transmission and distribution companies (Document required: government approval of CEO appointments); and</p>	
<p>(v) transferred assets necessary for operation of transmission and distribution systems to the newly established transmission and distribution companies with no liabilities assigned. (Document required: State Investment Committee order on the decision of asset transfer).</p>	
<p>2. Ministry of Energy and Water Resources and Barqi Tojik as the sector's integrated utility approved and published the grid code, where the grid code serves as a governing document for (a) the technical operations of the generation, transmission and distribution companies, (b) the operational responsibilities and technical borders between these companies, and rules for joint operation of bordering assets. (Document required: Barqi Tojik approval of the grid code, and screenshot of the publication of the grid code on Barqi Tojik's website).</p>	No potential environmental, involuntary resettlement or indigenous people impact.
<p>3. The Government established the electricity sector regulator to govern the tariff calculation mechanism for the generation, transmission and distribution companies. (Document required: Antimonopoly Agency Order with the charter of the Electricity Regulation Division).</p>	No potential environmental, involuntary resettlement or indigenous people impact.

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Output 2: Financial management of power utilities improved	
<p>4. Barqi Tojik's debt servicing burden was reduced by (i) the conversion by the Ministry of Finance of past ADB and World Bank project grants which were on-lent to Barqi Tojik, into an increased equity stake in Barqi Tojik through a government decree (such loans comprised 34% of the loan amount of all outstanding loans from MOF to Barqi Tojik) and (ii) the restructuring of commercial debt from Barqi Tojik's largest commercial creditor to reduce its debt service and strengthen its equity basis. (Document required: government decree finalizing the debt to equity conversion)</p>	<p>No potential environmental, involuntary resettlement or indigenous people impact.</p>
<p>5. The Government approves (i) the assignment of market operator functions to Barqi Tojik including management of an escrow account to ensure on-time priority payments and sufficient fund distribution among the generation, transmission and distribution companies; and (ii) the establishment of an Escrow Account Management Board that sets a fund distribution formula to transparently calculate the allocation of funds to the generation, transmission and distribution companies to service their outstanding commercial payment obligations. (Document required: government decree to establish (a) a market operator within Barqi Tojik, (b) a sector escrow account, and (c) an escrow account management board).</p>	<p>No potential environmental, involuntary resettlement or indigenous people impact.</p>
<p>6. The Government approved the tariff methodology to reflect the cost of power supply in end-user tariffs based on the tariff concept of 2017, which targeted the achievement of full cost recovery tariff in 2025 while protecting the vulnerable population. (Document required: government decree for adopting a cost-based tariff methodology).</p>	<p>No potential environmental, involuntary resettlement or indigenous people impact.</p>
Output 3: Sustainable corporate management introduced in the new distribution company	
<p>7. As the first step for private sector participation, the Government approved the introduction of a management contract to strengthen the operational sustainability of the new power distribution company, including a gender action plan for creating a gender working group for gender mainstreaming in corporate management. (Document required: government letter to ADB confirming and requesting the initiation of management contractor recruitment).</p>	<p>No potential environmental, involuntary resettlement or indigenous people impact.</p>