

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. The major development institutions active in Uzbekistan’s energy sector are the Asian Development Bank (ADB), the Agence Française de Développement, the European Bank for Reconstruction and Development, the Islamic Development Bank, Japan International Cooperation Agency, and the World Bank. The focus of development partner support has been on modernizing critical infrastructure and improving the financial sustainability of the power sector through reform measures. To meet the emerging needs of the government, the focus of support is expanding to promote private sector investment using a public–private partnership (PPP) model and to decarbonize the sector by developing renewable energy resources. ADB has provided critical budget support and targeted policy actions aimed at restructuring the power sector to enable competition and create a conducive environment for private investment. ADB has also made efforts to address energy efficiency in the district heating section and demand-side energy management. The government holds development partner coordination meetings on a regular basis to harmonize external assistance.

#### Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
<b>Economic growth</b>			
ADB	Talimarjan Power Project (formerly "CASAREM-Talimarjan Energy Development Project")	2010–2015	1,280.00
	Advanced Electricity Metering Project	2011–2020	200.00
	Takhiatash Power Plant Efficiency Improvement Project	2014–2019	700.00
	Northwest Region Power Transmission Line Project	2015–2020	255.00
	Power Generation Efficiency Improvement Project	2017–2022	1,048.00
	Sustainable Hydropower Project	2019–2023	75.30
	Power Sector Reform Program	2020–2021	200.00
	Navoi Solar Power Project	2020–2023	111.00
EBRD	Power Generation Efficiency Improvement Project	2017–2022	1,048.00
	Navoi Transmission Upgrade	2019–2023	96.10
	Electricity Support Facility	2020	103.00
	Samarkand Solar Power Plant	2020–2023	125.00
	Nur Navoi Solar Project	2020–2023	111.00
IsDB	Nizhne-Bozsu HPS Cascade Modernization and Farkhad HPS Modernization	2012–2016	100.00
	Tashkent HPS, Shakhrikhan HPS, Kadirinskiy HPS Cascade Modernization	2013–2018	130.00
JICA	Talimarjan Thermal Power Station Extension Project (cofinancing with ADB Under Talimarjan Power Project)	2010–2015	1,280.00
	Navoi Thermal Power Station Modernization Project	2013–2018	420.50
	Turakurgan Thermal Power Station Construction Project	2014–2019	704.00
	Uzbekistan Electric Power Sector Capacity Development Project	2017–2019	26.00
	Tashkent Heat and Power Cogeneration Project	2017–2019	107.00
World Bank	Construction of 500 kV overhead transmission line Talimarjan TPP–Sogdiana Substation	2011–2014	110.00
	Energy Efficiency Facility for Industrial Enterprises Project	2010–2018	34.60
	Additional Financing – Energy Efficiency Facility for Industrial	2013–2018	100.00

Development Partner	Project Name	Duration	Amount (\$ million)
	Enterprises Project		
	Energy Efficiency Facility for Industrial Enterprises Project, Phase 3	2018–2023	332.50
	Modernization and Upgrade of Transmission Substation Project	2016–2022	196.30
	District Heating Energy Efficiency Project	2018–2025	140.00
	Navoi Scaling Solar Independent Power Project	2020–2023	111.00
AFD	Power Sector Reform Program (cofinancing with ADB)	2020–2021	168.00
<b>Environmental sustainability</b>			
ADB	Enhancing Climate Resilience of Hydropower Plants	2019	1.50
<b>Regional cooperation and integration</b>			
ADB	Regional Cooperation on Increasing Cross-Border Energy Trading within the Central Asian Power System	2018	4.50

ADB = Asian Development Bank, AFD = Agence Française de Développement, EBRD = European Bank for Reconstruction and Development, HPS = hydropower station, IsDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, kV = kilovolt, TPP = thermal power plant.

Source: ADB.

## B. Institutional Arrangements and Processes for Development Coordination

2. Three key ministries—the Ministry of Energy (MOE), the Ministry of Finance, and the Ministry of Investments and Foreign Trade—have coordinated external assistance in the energy sector of Uzbekistan. In 2018, the Ministry of Investments and Foreign Trade was tasked with the coordination function as a single window for external assistance. This ministry is crucial in composing multiyear and annual investment programs, which are considered by the Cabinet of Ministers and approved through a presidential decree. The government monitors the implementation of priority projects and often grants tax exemptions and other privileges to projects that are included in investment programs. The government also regulates the processing of investment projects through a separate resolution of the Cabinet of Ministers or the President of Uzbekistan. In 2019, the government established the MOE and entrusted it with the power sector’s reform and implementation issues.

## C. Achievements and Issues

3. The government has embarked on a program of investment to modernize its power supply chain and improve the financial sustainability of the power sector. Before 2009, ADB provided technical assistance projects focusing on identifying investment projects and renewable energy development. In 2010, ADB approved two loans from its ordinary capital resources (\$340 million) and the Asian Development Fund (\$10 million) for the Talimarjan Power Project.<sup>1</sup> As a result, a new 900-megawatt (MW) high-efficiency combined cycle gas turbine power plant was successfully commissioned in 2017. In 2011, ADB approved an ordinary capital resources loan (\$150 million) for the Advanced Electricity Metering Project.<sup>2</sup> In 2014, ADB approved a loan from its ordinary capital resources (\$300 million) for the Takhiatash

<sup>1</sup> ADB. 2010. [Report and Recommendation of the President to the Board of Directors: Proposed Loans and Administration of Loan to the Republic of Uzbekistan for the Talimarjan Power Project](#). Manila.

<sup>2</sup> ADB. 2011. [Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for the Advanced Electricity Metering Project](#). Manila.

Power Plant Efficiency Improvement Project.<sup>3</sup> In 2015, the Northwest Region Power Transmission Line Project (\$150 million) was approved.<sup>4</sup> In 2017, the second phase of the Talimarjan Power Project (\$450 million) was approved to install additional least-cost and most-efficient 900 MW generation capacity at the existing Talimarjan thermal power plant, complement sector reforms, strengthen financial management and corporate governance.<sup>5</sup> In 2019, the Sustainable Hydropower Project (\$60 million) was approved to install 25 MW small-scale run-of-river hydropower plants with attached technical assistance to enhance climate resilience.<sup>6</sup> In 2020, ADB provided a nonsovereign loan for the Navoi Solar Power Project—Uzbekistan’s first major private sector renewables investment made through a PPP.<sup>7</sup>

4. In parallel with the investment programs, the government initiated major reforms in 2019 to liberalize the sector, reduce state regulation, promote competition, and encourage private sector investment. In this course, ADB has provided a series of technical assistance projects and tailored capacity building. Based on the ADB-assisted power sector master plan, the MOE prepared a power sector development strategy, 2020–2030 to diversify the energy mix and reduce the carbon intensity of the power sector.<sup>8</sup> In 2020, ADB provided a policy-based loan to support Uzbekistan’s reforms aimed at restructuring the power industry to enable competition and creating a conducive environment for private investment.<sup>9</sup> The government has also introduced regulatory reforms that enable PPPs, and private sector investment commenced following the introduction of the PPP modality. ADB was mandated to provide transaction advisory services for the development of a 1,000 MW solar program on a PPP basis. ADB will bring a suite of services, including sovereign and nonsovereign products and transaction advisory services.

#### D. Summary and Recommendations

5. ADB’s intervention in the energy sector has contributed to the government’s development objective by improving and modernizing Uzbekistan’s energy supply infrastructure and enhancing its service quality. Collaborative work between the government and ADB has improved the capacity of executing agencies to manage and implement externally financed projects, as demonstrated by the successful completion of complex energy projects. ADB is uniquely placed for the sector in key complementary areas (e.g., reforms, urgent investments at scale in critical infrastructure, and capacity building of institutions and agencies), which are crucial for the success of any reform actions. ADB’s role remains strategic. It supports the government’s policy goal for a market-oriented power sector with greater private investment.

<sup>3</sup> ADB. 2014. [Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for the Takhiatash Power Plant Efficiency Improvement Project](#). Manila.

<sup>4</sup> ADB. 2015. [Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for the Northwest Region Power Transmission Line Project](#). Manila.

<sup>5</sup> ADB. 2017. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Technical Assistance Grant to the Republic of Uzbekistan for the Power Generation Efficiency Improvement Project](#). Manila.

<sup>6</sup> ADB. 2019. [Report and Recommendation of the President to the Board of Directors: Proposed Loan, Technical Assistance Grant, and Administration of Technical Assistance Grant to the Republic of Uzbekistan for the Sustainable Hydropower Project](#). Manila.

<sup>7</sup> ADB. 2020. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Loan to “Nur Navoi Solar” Foreign Enterprise Limited Liability Company for the Navoi Solar Power Project in Uzbekistan](#). Manila.

<sup>8</sup> Government of Uzbekistan. 2020. [Concept Note for Ensuring Electricity Supply in Uzbekistan in 2020–2030](#). Tashkent.

<sup>9</sup> ADB. 2020. [Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach and Policy-Based Loan for Subprogram 1 to the Republic of Uzbekistan for the Power Sector Reform Program](#). Manila.