

## DEVELOPMENT COORDINATION

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

1. The Asian Development Bank (ADB), the Government of Japan, the Islamic Development Bank, and the World Bank are the major development institutions active in Uzbekistan's power sector. Their focus is on the improvement of financial viability of the power sector, energy efficiency on the supply and demand side, the expansion and rehabilitation of the generation and transmission facilities, and reforms. Interest in accelerating investments in renewable energy, especially solar, has increased since 2010, following the ADB Annual Meeting in Tashkent. A 2013 Presidential decree mandated the development of alternative energy sources. Since 2004, the Islamic Development Bank has loaned about \$132 million for the construction of new transmission lines between major plants to improve the reliability of the 500-kilovolt transmission system as well as for the modernization of hydropower stations. The Japan International Cooperation Agency has focused its assistance on power generation and recently committed its assistance to the Navoi Thermal Power Plant, amounting to \$420.5 million. The World Bank has provided technical and financial assistance, mainly for the improvement of transmission capacity; energy efficiency, including the reduction of commercial losses and the improvement of the tariff collection rate; and water resources management.

#### Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
<b>Economic Growth</b>			
ADB	Talimarjan Power Project	2010–2015	350.0 (OCR) 10.0 (ADF)
	Advanced Electricity Metering Project	2011–2016	150.00
	Energy Needs Assessment	2002–2004	0.60
EBRD	Syrdarya TPP Rehabilitation	1998–2005	27.80
IDB	Construction of 500 kV overhead transmission line Syrdarya TPP–Sogdiana Substation (218 km)	2004–ongoing	25.10
	Construction of 500 kV overhead transmission line between Guzar and Surkhan substations (197 km)	2008–2009	42.00
	Nijne-Bozsu HPS (GES-14) Cascade Modernization Farhad HPS Modernization	2012–2015	65.6
JICA	Detailed Design Study of Tashkent Power Plant <sup>a</sup>	2002	2.50
	Sector Study for Power Sector in Uzbekistan	2004	
	Survey on Tashkent Heat Supply and Power Plant	2009	~0.40
	Extension of Navoi Thermal Power Plant	2012–2013	1.10
	Navoi Thermal Power Station Modernization Project Talimarjan Power Project (in cofinancing with ADB)	2013–2018 2010–2015	420.5 293.2
NEDO	Modernization of Tashkent Heat Supply and Power Plant	2010–2013	38.00
World Bank	Energy Sector: Issues, Analysis, and Agenda for Reform	2003	
	Construction of 500 kV overhead transmission line Talimarjan TPP–Sogdiana Substation	2011–2014	110.00
	Advanced Electricity Metering Project	2012–2017	180.00
Government of PRC	Construction of 130–150 MW at Angren Thermal Power Plant	2012–2014	165.6

China ExImBank	Construction of 500 kV overhead transmission line Syrdarya TPS – Novo-Angren TPS	2011–2013	33.02
CDB	370 MW CCGT Construction on Tashkent TPS		220.0
<b>Environmental Sustainability</b>			
ADB	Off-Grid Renewable Energy Development	2003	0.35
	Rural Renewable Energy Development	2005	0.30
World Bank	Water Energy Nexus in Central Asia	2004	
	Carbon Finance	2005–2006	
<b>Regional Cooperation and Integration</b>			
ADB	Regional Power Transmission Modernization Project in the Central Asian Republics	2000	0.90
World Bank	Regional Energy Export Potential Study	2004	
<b>Social Development</b>			
World Bank	Energy for Poor	2005–2006	

~ = approximate, ADB = Asian Development Bank, ADF = Asian Development Fund, CCGT = combined cycle gas turbine, CDB = China Development Bank, EBRD = European Bank for Reconstruction and Development, HPS = hydro power station, IDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, km = kilometer, kV = kilovolt, MW = megawatt, NEDO = New Energy and Industrial Technology Development Organization, OCR = ordinary capital resources, PRC = People's Republic of China, TPP = thermal power plant, TPS = thermal power station.

<sup>a</sup> The government is financing the modernization of the Tashkent TPP from the Uzbekistan Fund for Reconstruction and Development (Uzbekenergo) and its own resources, so JICA will not be part of this project.

Source: Asian Development Bank.

## B. Institutional Arrangements and Processes for Development Coordination

2. Three key ministries—the Ministry of Economy; the Ministry of Finance; and the Ministry for Foreign Economic Relations, Investment and Trade—coordinate external economic assistance in Uzbekistan. These agencies are crucial in composing an annual investment program, which is subsequently considered by relevant departments of the Cabinet of Ministers and approved through a Presidential decree every year. This investment program lists project names, their amounts, the investors involved, and a brief project description. The government carefully monitors the implementation of priority projects. The government 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.

## C. Achievements and Issues

3. Uzbekenergo prepared the energy sector strategy up to 2020, which the government approved in May 2011. ADB's technical and financial assistance is in line with this strategy. Prior to 2009, ADB provided technical assistance (TA) projects focusing on the identification of 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. In 2011, an ordinary capital resources loan (\$150 million) was approved by ADB for the Advanced Electricity Metering Project. An ADB capacity development TA helped Uzbekistan create the International Solar Energy Institute to link research with

industry. Another ADB TA is conducting feasibility studies for up to six solar power projects,<sup>1</sup> the Samarkand Solar Power Project being the first. On-site measurements of solar and weather data are ongoing in the six sites. The TA conducted technical, financial and economic, governance, poverty, social, and environmental due diligence safeguards for the project.

4. The proposed project will be the third ADB power sector project in Uzbekistan. The project will increase renewable energy generation and reduce greenhouse gas emissions in the country. The project has three main components: (i) construction of a 100 megawatt crystalline photovoltaic power plant including transmission and support facilities, (ii) institutional capacity development for Uzbekenergo, and (iii) institutional capacity development for solar energy stakeholders.

#### **D. Summary and Recommendations**

5. ADB's intervention in the energy sector contributes to the government's development objective. ADB has adequate capacity to implement energy projects in Uzbekistan. Uzbekenergo, the executing agency for externally financed energy sector projects, has also developed adequate capacity and its performance so far is satisfactory.

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<sup>1</sup> ADB. 2011. *Technical Assistance to the Republic of Uzbekistan for Solar Energy Development*. Manila.