

Early Warning System

ADB-50130-002

Sustainable Hydropower Project

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Quick Facts

Countries	Uzbekistan
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	B
Sectors	Energy, Hydropower
Investment Type(s)	Loan
Investment Amount (USD)	$ 215.00 million

Project Description

DESCRIPTION

1. The project will modernize three existing hydropower plants (HPP), construct three new run-of-river small-sized HPPs, and provide capacity development for mini/micro HPPs development in the Republic of Uzbekistan. The six sub-projects are selected based on age of plants, technical and economic viability, and prioritized in the national investment program. The project will contribute to increasing renewable energy and access to reliable energy, and building capacity for sustainable clean energy development.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

2. Uzbekistan economy grew by 8% in 2015, averaging 8.2% for 2005 -2015. The Government of the Republic of Uzbekistan is pursuing an industrial growth and export-led development strategy and sustainability of the power sector will be critical to support Uzbekistan's development vision. However, the power supply growth, based on 13,500 MW installed generation capacity, remained only at 2% on an average for 2011 2015 due to the need for rehabilitation and replacement of existing old and inefficient power generation units and a lack of investment to expand the generation capacity. The growing demand-supply gap may soon become a critical challenge for the national welfare and economic growth.

3. Uzbekistan is one of the most energy and carbon intensive countries in the world. Thermal power, primarily based on natural gas and steam turbine technology with an average efficiency of 32%, contributes 85% of total power generation, consuming 12 billion cubic meters or 20% of the gas produced in Uzbekistan per annum. This results in (i) missed opportunities for higher value gas exports; (ii) limited system reliability and inefficient load management; and (iii) limited diversification of electricity generation mix vulnerable to long term climate change and unavailability of natural resource. Aware of the need, the Uzbekistan's energy policy has been shifting toward an emphasis on the improvement of energy efficiency and deployment of renewable resources with a target of doubling the share of renewable energy by 2030.

4. With developed capacity of 1,800 MW out of 12,000 MW hydropower potential in Uzbekistan, hydropower accounts for only 11% of total electricity generation capacity. The hydropower facilities are outdated and require considerable investment in modernization for the efficient use of existing water resources. Harnessing the hydropower potential of 650 rivers, irrigation canals and reservoirs will contribute to improving the sustainability of the energy sector in the country. There also exists the potential of local enterprises and organizations to manufacture mini/micro hydropower equipment and facilities. Recognizing this, the government of Uzbekistan recently approved a new program on hydropower sector development for the period of 2015 2019 where the government plans to allocate around $890 million in modernization of hydropower generation facilities and construction of new HPPs in the country with support by the international financial institutions.

5. The Asian Development Bank (ADB) supports energy efficiency and renewable energy projects in Uzbekistan. Lessons from these projects include the need for continued support for project preparation and project readiness, close coordination with the project executing agency on procurement, and need for continued engagement for sector reforms, all of which are addressed under this project. All key sector reforms and institutional improvements are under way with ADB support: the International Financing Reporting Standards and the International Standards on Auditing have been introduced to strengthen financial management capacity; key performance indicators have been introduced; law on renewable energy has been drafted; capacity development activities to strengthen safeguards and gender consideration are under implementation. The sector has been sustainable with cost-recovery tariff; however, further works are necessary to strengthen service delivery and promote private sector participation.

6. The proposed project is aligned with ADB's strategy for Uzbekistan which focuses on energy efficiency and reliable power supply and directly supports the government's policy to modernize and diversify the electricity generation through renewable energy resources. The government requested for stand-alone sovereign lending for the proposed project considering that it is a

Investment Description

- Asian Development Bank (ADB)

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

CONTACTS

Responsible ADB Officer Kim, Seung Duck
Responsible ADB Department Central and West Asia Department
Responsible ADB Division Energy Division, CWRD
Executing Agencies
UzbekEnergo
6 Istiklol Street
Tashkent, 100000, Uzbekistan

Bank Documents

- Project Disclosure PDF

Other Related Projects

- ADB-50130-001 Sustainable Hydropower Project