

 Early Warning System

ADB-54269-002

Power Sector Reform Program (Subprogram 2)



### Quick Facts

Countries	Uzbekistan
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2024-07-31
Borrower	Government of Uzbekistan - Ministry of Economy and Finance
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 408.00 million
Project Cost (USD)	\$ 408.00 million



### Project Description

According to the Bank's website, in continuity with the subprogram 1, the proposed subprogram 2 will provide critical budget support and targeted policy actions to strengthen the legal and regulatory framework and further restructure the power sector to enable competition and create a conducive environment for private investment. These measures will improve the sector's financial sustainability and ensure adequate investment in critical infrastructure, which will help reboot economic growth and bring new employment opportunities.

The aim of these reforms is to strengthen Uzbekistan's energy security, including creating an energy ministry, unbundling vertically integrated state-owned monopoly, undertaking measures to improve financial sustainability, providing opportunities for private sector participation, improving the energy mix, and moving towards the path to market liberalization. Although some progress has been achieved in unbundling, separating policy functions from operations, and setting targets for a cleaner and more sustainable sector, further critical legal and regulatory reforms are necessary to address the need for infrastructure modernization, expansion, and more efficient energy supply and use. Despite incremental progress and important lessons gained from experience designing the proposed programmatic assistance, significant binding constraints remain, and requirements for additional measures emerge as the planned reforms are implemented.



## Early Warning System Project Analysis

Following ADB's Safeguard Policy Statement (2009), the program is classified category C for the environment, involuntary resettlement, and Indigenous Peoples. Program activities will be confined to policy and institutional reforms. No activity will result in or lead to involuntary resettlement or negatively affect Indigenous Peoples or the environment. Program proceeds will not be used for any activities resulting in physical or economic displacement, as defined by ADB's Safeguard Policy Statement.



### Investment Description

- Asian Development Bank (ADB)

The government has requested a regular loan of \$300,000,000 from ADB's ordinary capital resources to help finance subprogram 2. The loan will have a 15-year term, including a grace period of 3 years; an interest rate determined in accordance with ADB's Flexible Loan Product; a commitment charge of 0.15% per year; and such other terms and conditions set forth in the draft loan agreement. Based on the straight-line method, the average maturity is 9.25 years, and no maturity premium is payable to ADB. AFD will provide parallel cofinancing for subprogram 2 through a loan to the government of €100 million, which will not be administered by ADB (Agence Francaise de Developpement).

The government's development financing need (overall fiscal deficit) is projected at \$4,142.1 million (4.0% of GDP) in 2024, which will be mainly financed by external borrowing (\$2,500 million) from international financial institutions, gross other borrowings, and privatization proceeds (\$1,642.1 million) (Table 1). Subprogram 2 will provide \$300 million, constituting 7.2% of the government's total development financing needs in 2024.



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## Contact Information

*No contacts available at the time of disclosure.*

## ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

## 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>.



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## Bank Documents

- [Power Sector Reform Program \(Subprogram 2\): Report and Recommendation of the President](#)

## Media

- [ADB Approves Programs to Support Reforms in Uzbekistan's Energy, Financial Markets](#)



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## Other Related Projects

- ADB-54269-001 Power Sector Reform Program (Subprogram 1)
- ADB-54269-003 Power Sector Reform Support Program