**Terms of Reference**

**Energy Policy Based Loan Monitoring**

# Context

In August 2020, the Republic of Uzbekistan signed an Energy Climate Policy Based Loan (PBL) Phase 1 with AFD in co-financing with the Asian Development Bank (ADB). The aim of the PBL was to implement reforms in the energy sector to ensure low-carbon development.

In addition to this, AFD provided the 1st Technical Assistance (TA) amounting to 400 000 EUR to perform some activities in different areas such as energy regulation, electricity tariff, bioenergy, energy sector modelling, gender support and screening of future transmission projects.

More than 3 years after the signing of the PBL Phase 1, Uzbek authorities renew an action plan backed by a coherent budgetary and fiscal strategy aimed at tackling power sector restructuring, strengthening of the regulatory environment, improvement of financial stability, power sector decarbonisation, and energy efficiency.

Within the framework of this political commitment, the Ministry of Energy (MoE) and the Ministry of Economy & Finance (MoEF) confirmed their interest for an Energy Climate Policy Based Loan (PBL) Phase 2 in 2024 with a co-financing from AFD and ADB.

As with PBL Phase 1, AFD provide a TA of 1.5 M€ related to the PBL Phase 2 to support the authorities’ efforts in line with the previous TA described above.

Expertise France (EF) is implementing this TA to the benefit of the Uzbek government (notably MoEF and MoE) for a period of 3 years (2023-2026).

In this context, a Matrix of public policy actions (Annex I) was built and constitutes key objectives for the Government of Uzbekistan for implementation. This policy Matrix was designed in dialogue between AFD, ADB and representatives from the Government of Uzbekistan (GoU), mainly the MoEF and the MoE. This Matrix is composed of four areas:

* Area 1 - Power Sector Restructured and Regulations Adopted (5 policy actions);
* Area 2 - Sector financial sustainability improved (5 policy actions);
* Area 3 - Power sector carbon intensity reduced (3 policy actions);
* Area 4 - Demand Side Energy Efficiency Increased (1 policy action).

The Matrix includes several follow-up points (third column in the Matrix; “Follow-up points”) per public policy actions package. They describe the expected impacts (mainly technical, organisational, legal and social) after the fulfilment of the policy actions of the PBL Phase 2. Please note that these follow-up points are not binding for the government of Uzbekistan but will be used as a basis of discussion between MoEF/MoE and AFD for a multi-year dialogue.

As part of this ongoing public policy dialogue, AFD also plans to monitor the policy actions completed and to be completed in the future by GoU in order to consider the possibility of an Energy Climate PBL (Phase 3).

# Executing entities & Technical Assistance Steering Committee

MoEF, MoE and the Energy Market Development and Regulatory Agency (EMDRA) are the Executing Entities for the Program (PBL and Matrix implementation). They have, among others, the following functions:

* Collaborate with the other institutions/stakeholders to fulfill the objectives of the Matrix;
* Organize regular meetings of the TA Steering Committee with EF;
* Name a focal point within each Executing Entity to facilitate the implementation of the Matrix;
* Review and provide no objection to the terms of reference for TA activities undertaken in relation with the PBL and Matrix.

Technical Assistance Steering Committee (TASC) consist of representatives from the Ministry of Energy (Deputy Minister), Ministry of Economy and Finance (Deputy Minister), AFD deputy representative and Expertise France (team leader).

TASC have annual meetings (in total three meeting throughout duration of TA) and can be consulted in an informal session during the entire implementation of the TA.

As indicated in section *4.Provisional schedule & Deliverables*, the Consultant or team of consultants may be invited to take part in the TASC to present the deliverables produced (Activities 1 to 3).

The preparation of the intervention during the TASC and the execution of the Activities will be under the responsibility of the EF Team Leader.

# Objectives & Scope of Work

The purpose of these Terms of reference is to hire an independent and international consultant or team of consultants (“the Consultant”) to perform the following activities over the next 2 years:

1. **PBL Phase 2 Monitoring Reports** before each TASC (summaries, presentations and reports in English and Russian):
   1. 1st report due in June 2025;
   2. 2nd report due in June 2026.
2. **PBL Strategic environmental and social assessment (SESA)** to evaluate the anticipated and/or observed E&S impacts following the implementation of PBL Phase 1 & 2 policy actions (summaries, presentations and reports in English and Russian).
3. **Evaluation report of the PBL Phase 2** in order to assess the project's performance and propose recommendations for a possible PBL Phase 3 (summaries, presentations and reports in English and Russian):
   1. Inception report (detailing the evaluation design, work plan, and methodology) due in April 2026;
   2. Final Report due in June 2026.

## Kick off meeting

Latest 15 working days after commencement of the activities, a kick-off meeting shall be arranged by the Consultant involving all Executing Entities, and on the donors’ side: EF/AFD and ADB (to be confirmed).

The objective of this kick-off meeting shall be to:

* Introduce the teams;
* Confirm communication channels;
* Present the envisaged Consultant’s workplan;
* Exchange information, data, documentation, document request list; and
* Plan for stakeholder meetings.

The Consultant will prepare minutes of meeting including a workplan and distribute to participants.

The Consultant shall proactively arrange for calls/meetings with the stakeholders throughout the whole assignment in order to obtain data, documents, reports, feedbacks and comments, inform about findings and agree on on-site activities.

## Activity n°1 - PBL Phase 2 Monitoring Reports

Each annual report (mid-2025 and mid-2026) will consist of the following parts:

1. Overview of electrical energy sector highlights in the country over the last year (max. 3 pages).
2. Detailed list of all the legal texts related to the electrical energy sector approved over the last year, with a technical analysis for each one (max. 5 pages).
3. For each area in the matrix, a dedicated section for each of the following subjects (max. 5 pages per area) :
   1. Progress made in the **follow-up points** as listed in the Matrix;
   2. Progress made towards achievement of **the four mid-term objectives** listed in the Matrix (“Outcome Indicators”);
   3. Based on (i) the progress made and (ii) the impacts (technical, legal, environmental, social and organisational) assessed, **proposals for** **policy actions & technical assistance** **activities** to be implemented by the Government in the future.
4. Conclusion and general recommendations (beyond the 4 areas) on the energy sector in Uzbekistan (max. 2 pages).

## Activity n°2 - Strategic environmental and social assessment

The overall objective of the PBL Strategic environmental and social assessment (SESA) is to ensure that the PBL’s actions and activities are designed and implemented in a manner that maximizes potential environmental and social benefits while avoiding, minimizing or otherwise mitigating environmental and social harm.

Findings of the assessment will be used for discussing the definition, formulation and implementation of measures or technical assistance to improve environmental and social performance/management outcomes of the PBL and to avoid any negative environmental and social effects, specifically harm to vulnerable groups.

The PBL SESA shall include the following activities:

1. **E&S legal framework in Uzbekistan and gap analysis**

* Identify relevant national stakeholders.
* Collect existing E&S Policies and national regulatory framework.
* Collect the results of similar activities conducted by other IFI.
* Analyse how current practices align with selected international standards for E&S, identifying key areas of non-compliance or partial compliance.
* Assess national stakeholder’s institutional capacity/responsibility to effectively anticipate, define and manage the expected E&S risks/impacts (see 2. Below) as well as to plan, monitor and report on E&S mitigation measures.

1. **Assessment of E&S impacts/risks related to the specific public policy actions of PBL Phase 1 and 2**

* Analyse and comment the screening conducted by AFD on the potential future E&S impacts (negative and positive) of each public policy action in phase 2.
* Review the following PBL’s policy actions by identifying and assessing the direct and indirect E&S risks and potential future positive impacts:
  + 2.7
    - Look in particular the redistributive effects of the electricity tariff change and the potential positive impact on society of reducing energy subsidies.
    - Propose monitoring indicators to track the impact of this policy action
  + 2.14
    - In particular, analyse the involvement of civil society in the development of this long-term, structuring strategy
* Identify the existing safeguards linked to the identified direct and indirect risks and impacts. This will be done through:
  + An analysis/a mapping of regulatory and legal E&S framework in Uzbekistan (e.g., laws, regulation, procedures, standards etc.);
  + An analysis of existing institutional practices, institutional policies and management procedures in the context of E&S management;

1. **Recommendations**

* Propose actions (as part of a possible technical assistance) to strengthen the institutions for a better management of the E&S framework.
* Formulate concrete mitigation measures for direct and indirect E&S significant risks for policy actions 2.7 & 2.14, in the form of new policy actions, to be included into the policy matrix of the next phase of the PBL. The formulation of these measures should be done by paying a particular attention to their relevance, their acceptability towards all parties as well as the PBL’s overall design and approach;

The PBL SESA will be based on publically available information as well as documents provided by AFD and the relevant stakeholders.

Documents may include:

* Information about investments and/or other interventions to be enhanced by the policy reforms under the PBL;
* Documentation on relevant national legislation ;
* Documentation on the various sectors’ stakeholder’s E&S management system and practice;
* Assessment of the various sectors, including strategic E&S Assessments; and
* Other relevant documentation.

**The PBL SESA will be performed in line with the following standards (non-exhaustive list):**

* World Bank Development Policy Financing, July 2017;
* World Bank Policy (July 2015): [Program-for-Results Financing](https://thedocs.worldbank.org/en/doc/687061437494014317-0290022015/original/ProgramforResultsFinancingPforRPolicyJuly2015.pdf), Catalogue Number: OPCS5.04-POL.01, OPCS;
* World Bank Directive (July 2015): [Program-for-Results Financing](https://thedocs.worldbank.org/en/doc/593381437494441178-0290022015/render/ProgramforResultsPforRDirectiveJuly2015.pdf), Catalogue Number: OPCS5.04-DIR.01, OPCS;
* WB [E&S Safeguard Standards](https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards);
* For aspects related to labor, International Labor Organization (ILO) core labor standards.

The PBL SESA Report will be concise, focusing on tables and flow-charts and include the following main content (not necessarily in this order and outline):

1. Executive Summary (max. 3 pages);
2. Objective & methodological approach with short summary of key activities conducted during the assignment (max. 2 pages);
3. E&S legal framework in Uzbekistan (max. 3 pages);
4. Gap analysis of the E&S practices of electrical energy sector stakeholders in Uzbekistan in relation to available international standards (max. 2 pages);
5. Assessment of impacts/risks related to the specific public policy actions (max. 2 pages per policy action);
6. Recommendations Table (policy actions and TA) (max. 3 pages);
7. Conclusion (max. 1 page).

## Activity n°3 - Evaluation report of the PBL Phase 2

The evaluation is designed to assess the extent to which the inputs provided by AFD/EF in the framework of public policy budget financing (funds, public policy dialogue, and technical assistance) have had an impact on the formulation and/or implementation of public policy in the energy sector and on the public institutions supported.

The evaluation therefore covers not only financial support but also all technical assistance activities, whatever their source of funding. The nature, scope and modalities of the dialogue on the public policies concerned also fall within the scope of the support provided and will have to be the subject of specific attention during the evaluation process.

Given the nature of the operation (notably budget financing), AFD's contribution can only be evaluated taking into account the financing and technical assistance provided by other donors and the Government of Uzbekistan.

The evaluation covers the period between 2023 and 2026. The period covered is not limited to the disbursement period and corresponds to the period of dialogue, implementation of technical assistance and monitoring of results.

**As these terms of reference are drafted several months before the activity n°3 is due to be performed, it is understood that it will be possible to modify/detail the focus of the evaluation when it starts. This will be done in agreement with the Consultant and Expertise France (in discussion with AFD).**

**The methodological framework is set out in the Annex 3.**

The evaluation report shall cover the following topics:

1. **Relevance of the choice of PBL tool and its consistency with the context**

The Consultant will assess the appropriateness of the action carried out with regard to the objectives, intentions and issues at the outset (relevance of the intervention at its origin). More specifically, the Consultant will examine the relevance of the support method chosen for this intervention (PBL) compared with other support methods (project approach, programme approach).

Specifically, the Consultant will have to check that the financial instrument used is appropriate to the borrower's financial situation.

1. **Relevance and quality of the project approach and its implementation**

The Consultant will pay particular attention to the internal coherence of the intervention. This will involve assessing whether the three types of input (funds, technical assistance, dialogue on public policies) are consistent with each other in terms of achieving the objectives.

It will also assess the external coherence of the intervention (consistency with actions undertaken by other players, in particular bilateral and/or multilateral donors).

1. **AFD's contribution to the achievement of direct and indirect outputs and effects on institutions**

(i) The Consultant will first assess the **direct outputs** of the intervention:

- Predictable availability of funds. In particular, the Consultant may analyse whether the budget allocated to the energy sector has increased as a result of the PBL;

- Better coordination of public policy dialogue and technical assistance: to what extent has the PBL contributed to the coordination of support for capacity development and to effective and efficient public policy dialogue between the main stakeholders (government, donors, civil society, private sector, etc.).

- Better alignment with government strategies and national procedures.

(ii) The Consultant will assess the indirect effects of the intervention: improved processes for formulating and implementing public policies, strengthening of public sector institutions, improvements in terms of governance, and increased quantity and quality of goods and services provided by the public sector.

Assessing the effects on the formulation and implementation of public policies will be based in particular on monitoring the public policy matrix (Activity n°2). This will involve: assessing the implementation of policy actions and their effect on the formulation and/or implementation of the public policies they target. The Consultant will produce an overall assessment of the implementation of the policy actions and will deepen their analysis on the sectors/areas of concentration of AFD's support and will assess how the matrix was relevant and well positioned to achieve the expected results.

In addition to analysing the matrix and achieving the indicators, the Consultant will have to assess and explain the extent to which the intervention, and more specifically the public policy dialogue and technical assistance activities, have contributed to changes in public policies and institutions. The relevance, effectiveness and effects of the dialogue and technical assistance will therefore be analysed.

1. **Efficiency of the operation**

The Consultant will analyse the efficiency of the operation. This will involve:

- Assess the amount of the AFD loan;

- Assessing the amount of the technical assistance.

To do this, the Consultant will have to analyse the time spent by AFD in appraising and monitoring the implementation of the operation (a balance sheet to be provided by AFD) and account for the financial resources mobilised in the form of subsidies (subsidy for the TA).

1. **AFD's added value (including TA)**

In this section, the Consultant will assess the specific contribution and added value of AFD's action in relation to other interventions or methods available to the Uzbek government. It will be necessary to make a critical judgement, which will highlight the strengths and weaknesses of AFD's action. This analysis may focus on the characteristics of the financial resources provided by AFD, the content of the dialogue and technical assistance or any other issue identified by the Consultant.

1. **Evolution of energy sector results (between 2023 and 2026)**

In this section, the Consultant is expected to document the main sectoral developments, without seeking to link them to the public policy supported by the PBL. To do this, the Consultant will retrieve existing and available secondary data linked to the results and impact indicators and analyse them in order to document the main sectoral developments.

1. **Impact of PBL on energy sector results**

The Consultant will identify how the PBL has contributed to the results identified.

1. **French influence in the energy sector**

The Consultant will analyse the effects of the PBL on AFD's positioning in the energy sector and the benefits of public policy actions and technical assistance activities for French companies in the energy sector.

The evaluation report will consist of the following parts:

1. Executive Summary (max. 3 pages).
2. Justification, objective and methodology of the evaluation (max. 1 page).
3. PBL Evaluation (max. 15 pages):
   1. Relevance of the choice of PBL tool and its consistency with the context;
   2. Relevance and quality of the project approach and its implementation;
   3. Direct and indirect outputs;
   4. Efficiency of the operation;
   5. AFD's added value;
   6. Evolution of energy sector results;
   7. Impact of PBL on energy sector results;
   8. French influence in the energy sector.
4. Summary table of the above criteria assessment (max. 1 page).
5. Lessons learnt and recommandations (max. 2 pages).

# Provisional schedule & Deliverables

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| **Milestones** | **Date** |
| **Kick off meeting with all stakeholders & Workplan** | February 25 |
| **Activity n°1 - PBL Phase 2 Monitoring Report 2025** |  |
| Gathering information & interviews with energy sector stakeholders | March 25 – May 25 |
| 1st version of the 2025 report | June 25 |
| Final version of the 2025 report & presentation during the TASC | July 25 |
| **Activity n°1 - PBL Phase 2 Monitoring Report 2026** |  |
| Gathering information & interviews with energy sector stakeholders | February 26 – May 26 |
| 1st version of the 2026 report | June 26 |
| Final version of the 2026 report & presentation during the TASC | July 26 |
| **Activity n°2 - Strategic environmental and social assessment** |  |
| Gathering information & interviews with key stakeholders | February 25 – May 25 |
| 1st version of the report | June 25 |
| Final version of the report & presentation during the TASC | July 25 |
| **Activity n°3 - Evaluation report of the PBL Phase 2** |  |
| Inception report | April 26 |
| 1st version of the evaluation report | May 26 |
| Final version of the evaluation report & presentation during the TASC | June 26 |

# Consultant Profile

The skills required to conduct this assessment are those of a team of experts covering the following areas:

* Technical and sectoral knowledge and expertise in the energy field;
* Knowledge of the different aid modalities and in particular budgetary financing;
* Extensive experience in the definition/design/drafting of policy reforms, preferably in lower- middle-income countries, and/or countries from Eastern Europe, Caucasus and Central Asia;
* Experience and knowledge working with IFIs, AFD and the Relevant Standards;
* Experience in Uzbekistan;
* Adequate language skills (English, Russian and Uzbek);
* Knowledge and professional experience in evaluation in the field of development cooperation and in particular in the evaluation of budget support.

# Recruitment Procedures

Technical and financial offer should be submitted to Expertise France through the platform. The financial offer should indicate daily rate, while technical offer should outline methodology, experts to be involved and their CV/bio.

**Annex 1: Policy Matrix and Monitoring Framework**

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| **Country’s Overarching Development Objective**  Sustainable, inclusive, and market-led power sector development facilitated. a |

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| **Outcome**  Environment conducive to private investment and sector sustainability improved. | **Risks and Critical Assumptions**  A: Electricity demand growth rate continues to increase as envisaged in sector development plan. |

| **Prior Actions: Subprogram 1**  **(Completed: July 2019 – July 2020)** | **Prior Actions: Subprogram 2**  **(Completed: August 2020- August 2024)** | **Follow-up points**  **(AFD TA n°2)** | **Outcome Indicators (ADB/AFD)** | **Post Program Partnership Framework (ADB/AFD)** |
| --- | --- | --- | --- | --- |
| **Reform Area 1:** Power Sector Restructured and Regulations Adopted | | | |  |
| * 1. Government adopted the power sector development program for 2020–2030 developed by the Ministry of Energy as the new sector regulatory and policy-making entity which contains (i) long-term investment program to decarbonize the sector; (ii) diversification of energy resources; and (iii) time-bound plan for deregulation and competitive power market Description of policy action. | 2.1. Government approved the next stage of energy sector reform, including electricity sector market liberalization concept and a phased transition road map, to be implemented over 2023-2030, for opening of the electricity market and establishment of an independent market operator to promote competition and private sector participation in the sector.  2.2. Government submitted to the Parliament the new Electricity law based on the sector market liberalization concept to ensure transparent and non-discriminatory functioning of the sector and sector entities, and promote private investments and renewable energy penetration. | Objective: A clear structure and general rules for the efficient, transparent and non-discriminatory operation of the electricity sector.  Follow-up :  - Task allocation between the different players in the energy sector (CoM, MoE, Regulator Agency, Single Buyer, SoEs).  - Operationalization of the Regulator Agency.  - Number of licenses issued. | 1. Share of private sector participation in power generation in capacity terms increased to at least 15% by 2025 (2019 baseline: 0%).   Source: Annual report of MOE.  b | 1. Biannual reporting on progress against 3-phased transition plan under Presidential resolution 166; 2. Biannual reporting on progress made on approvals of the two draft laws (PA 2.2 and PA 2.15) submitted to the Parliament; and 3. annual report on progress achieved against NEGU's debt management plan. |
| * 1. Government (i) approved a power sector reform implementation plan for 2019–2022, (ii) unbundled Uzbekenergo; and operationalized the newly created JSC TPP and 10 generation companies, JSC NEGU, and JSC REPN with accounting, functional and legal separation completed, and (iii) JSC TPP, JSC NEGU, and JSC REPN approved KPIs to establish separate operational targets for the unbundled entities. | 2.3. The newly created 9 JSC TPPs and 14 distribution subsidiary branches generated IFRS-based audit financial statements for full consolidation with JSC TPP and JSC REPN. | Objective: Financially sustainable companies with a long-term strategy.  Follow-up:  -IFRS financial statement progress.  -Status of fulfilment of financial KPIs.  -Indebtedness capacity. |
| * 1. To promote gender equality in the power sector, MOE adopted a policy for promoting gender equality, including gender responsive HR policies and women-friendly infrastructure at workplace. | * 1. MOE approved Strategy for implementation and monitoring of the Energy Sector Gender Policy.   2. MOE to approve grievance redressal mechanism for gender-based violence prevention at workplace. | Objective: Implementing sustainable gender actions in the electricity sector.  Follow-up:  -Gender action plan follow-up by company.  -Gender KPIs. |
| **Reform Area 2:** Sector financial sustainability improved | | | |
| 1.4. Government established and operationalized an autonomous tariff commission under the Cabinet of Ministers to set and enforce cost recovery tariffs. | * 1. The government established an independent energy market regulator governing the sector with key functions of developing market rules and regulations, tariff determination, licensing, and market development. c   2. Government adopted a new tariff methodology including social protection measures for the vulnerable | Objective: Implementing a transparent and competitive energy market in Uzbekistan while vulnerable people and companies remain protected.  Follow-up :  -New tariff scheme impact.  -Implementation of the electricity market. | 1. Ratio of operating revenue to operating sector cost of unbundled state-owned electricity utilities increased to 1 or higher by 2025 (2019 baseline: 0.93 JSC REPN, 1.03 JSC NEGU, not available for JSC TPP).   Source: Annual audited financial statements of REPN, NEGU, and TPP. d   1. Revenue collection rates improved to 99.0% by 2025. (2019 baseline: 95.0%). e |
| 1.5 Government implemented a single-buyer market structure for power sector mandating JSC NEGU to be the single buyer and an action plan to roll out country-wide advance electricity metering system. | * 1. Government decoupled the functions of single buyer from JSC NEGU and transferred it to newly established guaranteed buyer (JSC Uzenergosotish) as central buyer, off taker and seller of electricity.   2. Government decoupled the function of retail business from REPN and transferred it to the newly created subsidiary (JSC Energosavdo) with plans to later privatize the distribution network functions of regional distribution companies. | Objective: Ensuring the management of the fiduciary system pending the operationalization of the electricity market.  Follow-up:  -Implementation of the new entities.  -Readiness to implement the electricity market. |
| 1.6. Government has approved the use of the following structures for selected energy projects in order to encourage private investments: (i) credit enhancement mechanism to mitigate off-taker risks as interim measure to build market confidence; (ii) seeking private investments in renewable generation using model PPP structure; and (iii) has approved a grid interconnection code for non-discriminative access to the grid | * 1. Government adopted the transmission grid code, serving as the framework for grid usage, system services, grid expansion, general grid operation and network efficiency. | Objective: Attract private investors within an established regulatory framework.  Follow-up:   * Status of RES projects launched under public tendering or by direct agreements. * Status of transmission subsector reform model. * Impact of grid codes on grid management. |
| 1.7. MOE approved a gender sector policy for the power sector PPP projects to promote gender equality with a view to reaching a 5% target of total female employment. |  |  |
| **Reform Area 3:** Power sector carbon intensity reduced | | | |
| 1.8. Government adopted an implementation plan to strengthen NDC ambition to reduce carbon intensity of the economy by 10% of the 2010 level by 2030 by cascading the objective to the power sector and adding climate adaptation dimension to energy strategy. | 2.12. Government adopted: (i) revised NDC and increased its commitment to reduce specific GHG emissions per unit of GDP from 10% to 35% below 2010 levels by 2030; and (ii) corporate climate change and environmental management policy for hydropower. | Objective: Energy sector contributes to a more ambitious NDC  Follow-up:  -Status of inventory of GHG emissions.  -Status of preparation of revised NDC (2025/26) and action plan.  -Alignment of electricity companies with NDC’s objectives.  -Implementing climate change resilience actions in the hydropower sector.  -Progress of National Adaptation Plan.  -Modelling of electricity sector emissions (within the LTS). | 1. Share of renewable energy sources, excluding hydropower, in electricity generation mix of Uzbekistan increased to 15% by 2025 f (2020 baseline 1%). g |
| 1.9. Government approved a policy to reduce carbon intensity of electricity generation covering the following: (i) national renewable energy target to add 5GW solar and 3GW wind by 2030 (renewable shares: 15% of total generation); (ii) retirement of old and inefficient fossil-fuel power plants of 5.9GW by 2030; (iii) increase hydro power imports from neighbouring countries during summer months. | 2.13. To increase hydropower imports from neighbouring country, NEGU signed a power purchase and sales agreement with Barqi Tojik, the power generation company of the government of Tajikistan. | Objective: Decarbonization and diversification of energy sources & Modernizing and digitalizing the distribution grid.  Follow-up:  - Status of development of bioenergy and new technologies in Uzbekistan.  - Status of hydroelectric power imports.  - Status of decommissioning plan.  - KPI for T&D.  - Development of tariff mechanism and regulatory framework for rooftop solar. |
| 1.10. Government approved a program to reduce carbon intensity in the transmission and distribution subsector covering the following: (i) launch of grid expansion and loss reduction plan study in support of renewables; (ii) digitalization and introduction of nation-wide SCADA system; (iii) program for distributed household or small community based renewable system closer to consumers; and (iv) distribution network modernization and loss reduction program | 2.14. Government approved energy sector master plan, including increase in the RE share, reduction of GHG emissions in line with its NDC commitments, and plan for modernization of its transmission and distribution network. |
| **Reform Area 4:** Demand Side Energy Efficiency Increased | | | |
| 1.11. Government approved an energy efficiency roadmap to reduce the energy demand across the economy covering the following: (i) improving regulatory standards for energy efficiency, (ii) energy balance data management, (iii) energy savings targets by 2022 for high energy consuming enterprises. | 2.17. Government passed Resolution on measures to accelerate the rational use of energy resources and introduction of modern energy-saving technologies. | Objective: Energy efficiency requirements for domestic industries are adopted and implemented  Follow-up:  -Status of roadmap for implementation of energy efficiency requirements in industry.  -Status of decree on the energy audit on the industrial company. |  |
| 1.12. To reduce power consumption for space heating in urban areas and to improve the efficiency of heat networks, the government approved an action plan for the improvement of energy efficiency in the heat supply system for Tashkent city, covering the following: (i) introduction of billing and advanced metering system for individual households; (ii) conducting energy audit on heat supply system; and (iii) exploring the suitability of the PPP modality. |  | Objective: Develop ambitious plan and roadmap for energy efficiency in district heating  Follow-up :  -Status of Program on the development of District Heating System  -Status of setting energy efficiency targets for main cities urban network. |

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| **Budget Support**  **Subprogram 1:**  ADB: $200 million (regular OCR loan)  AFD: EURO 150 million (loan)  **Subprogram 2:**  ADB: $300 million (regular OCR loan)  AFD: EURO 100 million (loan) |

A = assumption, ADB = Asian Development Bank, AFD = Agence Francaise de Developpement, G = gigawatt, GHG = greenhouse gas, JSC = Joint Stock Company, MOE = Ministry of Economy, NDC = national determined contributions, NEGU = National Electric Grid of Uzbekistan, OCR = ordinary capital resources, PPP = public-private partnership, R = risk, RE = renewable energy, REPN = Regional Electrical Power Networks, SCADA = supervisory control and data acquisition, TPP = Thermal Power Plants.

a Government of Uzbekistan. 2019. Presidential Decree No. 4249: *On the Strategy for Further Development and Reform of the Electric Power Industry of the Republic of Uzbekistan*. Tashkent.

b As of December 2023, 8%.

c In December 2023, the government appointed the first head of the regulatory body and, in January 2024, approved the measures to organize activities for developing and regulating the electricity market through Presidential Resolution 28. In April 2024, the government, through Cabinet of Minister’s Resolution 252, approved the Charter of the Regulator, defining the key roles and responsibilities of the regulator as an independent body.

d As of December 2022, 0.96 JSC REPN, 0.92 JSC NEGU, and 1.06 for JSC TPP

e As of December 2022, 97.8% for REPN

f To strengthen the relationship between policy reforms and expected outcome, subprogram 2 added one new outcome indicators to capture progress on improvement in energy mix.

g As of December 2023, 8.3% excluding hydropower

**Annex 2: Methodological framework for the Activity n°3**

The evaluation will seek to assess the extent to which the objectives of the initiative have been achieved. To do this, the evaluators will base themselves on the PBL approach. If the approach appears incomplete or inadequate, they will have to reconstruct it. The approach is made up of all the activities implemented (funds, technical cooperation activities, policy dialogue), the monitoring method adopted (including indicators), the direct achievements in terms of the policy process, the achievements relating to the formulation and implementation of Uzbekistan's energy policy, the expected results and effects, and the hypotheses that explain how the activities led to the effects in the context of the intervention.

To facilitate this step, the evaluators can refer to the budget support effects chain described in the evaluation framework of the OECD method, which can be summarized as follows:

1. **Inputs:** transfer of funds, public policy dialogue and performance indicators, and technical cooperation activities.
2. **Direct outputs:** improving the relationship between external support and the national budget and public policy processes. Direct outputs can be interpreted in terms of opportunities created for the government: creation of budgetary space, production of knowledge or opportunities for dialogue to improve policy formulation, etc.
3. **Indirect outputs:** expected positive changes in the quality of public policy, the soundness of institutions, the quality of public spending and improvements in the delivery of public services.
4. **Results:** expected positive effects at the level of beneficiaries, service users and economic actors, due to improved public policy management and service delivery.
5. **Impacts:** expected positive effects on sustainable and inclusive economic growth, poverty reduction, etc.

The OECD method proposes a methodological approach to evaluating budget support based on three stages, which makes it possible to analyse the contribution of budget support to the results and impacts of the public policy supported:

* Stage 1: assessing budget support inputs and their effects on direct and indirect outputs.
* Stage 2: evaluating the results and impact of the public policy supported.
* Stage 3: identify how budget support has contributed to the results and impacts identified. This stage links stages 1 and 2 and rules on the causal links between budget support and the results and impacts of the public policy supported.