



MINISTRY OF ECONOMY AND
FINANCE OF THE
REPUBLIC OF UZBEKISTAN

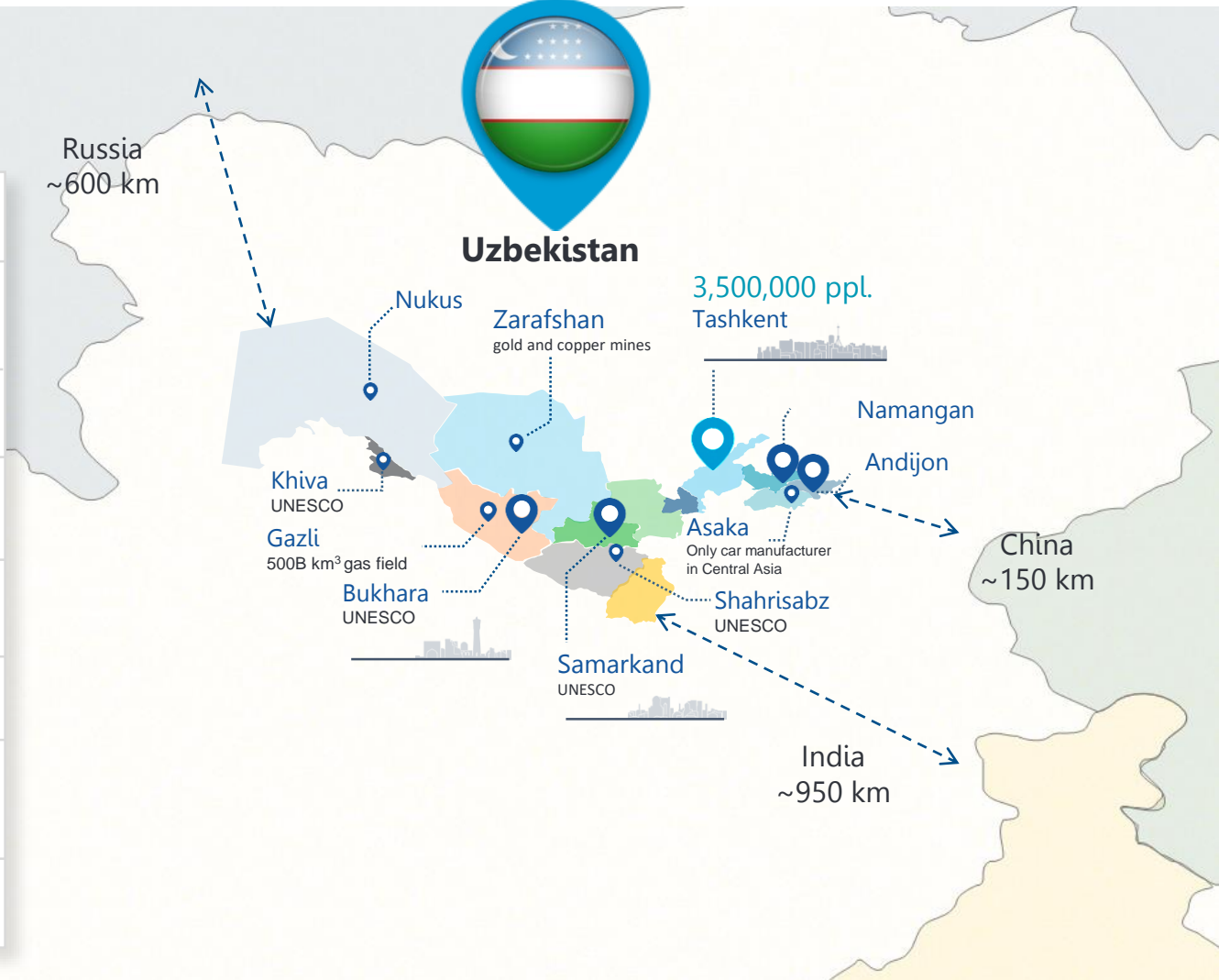
Public-Private Partnership
department

UZBEKISTAN EXPERIENCE PPPs AND LEGAL FRAMEWORK



UZBEKISTAN AT A GLANCE

	Area 448,978 sq. km	Comparable in size to California or Spain
	Population 37 million	Most populous country in Central Asia > 130 nationalities > 16 religious confessions
	GDP in 2023 USD 103.4 billion	Expected to reach GDP per capita above 4 000 usd by 2030
	Capital Tashkent	Largest city in Central Asia 3rd largest city in the CIS
	Urbanisation ~51%	
	Official currency "Soum or UZS; UZS/USD = 12,640	
	Languages Uzbek (official), Russian (commonly used) English (increasingly popular)	
	Political system Presidential, multi-party democratic republic	





PPPDA

- PPP law & Regulation
- 1 GWt Wind MTDA - EBRD
- 1 GWt Solar MTDA - ADB



PPP pipeline

- PPP pipeline 2023-2026
- UPDF development with EBRD
 - PPP Bulletin Awards
 - 1 GWt Solar MTDA – IFC
 - 500 MWt Wind MTDA – IFC
 - 1 GWt Wind MTDA – EBRD



PPP roundtable

- 200MW Wind (EBRD)
- 4 international airports
 - Pumping stations
- Multidisciplinary hospitals
- Dormitories & schools



2018-19

2020-21

2022

2023

2024

2024-30

PPP projects

- Dialysis Project (IFC)
- Tashkent District Heating (ADB)
 - 100MW Wind (EBRD)
- 100 MW Solar -Scaling Solar 1 (IFC)
- 440 MW Solar -Scaling Solar 2 (IFC)
- 457 MW Solar -ADB Solar 1 (ADB)
 - 1500 MW CCGT (IFC)

PPP projects



- 300 MW Solar -ADB Solar 2 (ADB)
- 350 MW Solar -Scaling Solar 3 (IFC)
- 63 MW BESS -Scaling Solar 3 (IFC)



\$30B PPP pipeline

- 63+ PPP projects:**
- \$9.9B – transport
 - \$4.7B – education
 - \$ 8.5B – energy
 - \$ 5.1B – utility
 - \$1.4B - healthcare
 - \$0.6B ecology, water & others





PPP LEGAL-REGULATORY FRAMEWORK

01

PPP Law
537, May 10, 2019.



The law defines the main notions and principles of public-private partnership (“PPP”), establishes procedures for the development and implementation of PPP projects, provides for financial support mechanisms, as well as contains rights, obligations, powers of and requirements for the principal participants of PPP projects.

02

Regulations of
Implementation of PPP
projects
#259, April 26, 2020



Cabinet of Ministries approved the Regulations of Implementation of PPP projects. It includes procedures for initiating and developing PPP projects, selecting private partners, and establishing initial assessment protocols. Additionally, it covers the preparation of PPP project concepts, maintaining implementation reports, and keeping a comprehensive register of PPP projects.

03

Regulations on the
procedure for managing
the state’s fiscal
obligations
558, October 23, 2023



Cabinet of Ministries approved the Regulations on the procedure for managing the state's fiscal obligations that may arise from PPP projects. It includes the management and regulation of direct and contingent state obligations in PPP projects, the procedure for state partners to submit information on these obligations to the authorized body, and the creation of a unified inter-agency electronic database. This database will facilitate the analysis of state obligations and the monitoring of potential future risks associated with PPP projects.

04

PPP Program - 2030
308, August 30, 2024



Presidential Decree on Measures to develop PPP in the Republic of Uzbekistan in 2024-2030. It includes the Pipeline of PPP projects which will be implemented in 2024-2030.



DEVELOPMENT OF A PPP PROJECT

PPP project initiation

Concept is to be approved by a relevant sectoral government authority — if the project total value is up to US\$1 million;

Concept is to be approved by a relevant government authority by agreement with the MoEF — if the project total value is from US\$1 million to US\$10 million inclusive;

Concept is to be approved by the Cabinet of Ministers — if the project total value exceeds US\$10 million.

Selection of private partner

The tender is a single-stage process (PPP project value < US\$1 million)

The tender is two-stage process (PPP project value > US\$1 million)

The law envisages the reimbursement of initiation/promotion costs related to the PPP project development up to an amount not exceeding 1 percent of the project's total value

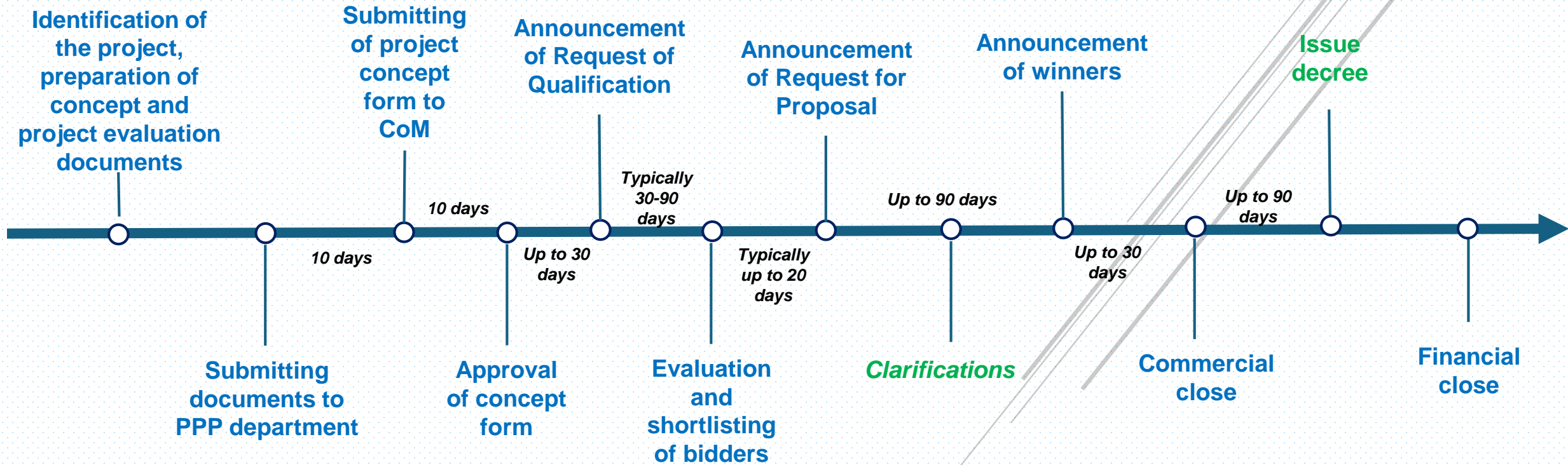
Execution of a PPP agreement

Utilized PPP Contracts:

- Build – Operate – Transfer (BOT)
- Build – Own – Operate – Transfer (BOOT)
- Design – Build – Finance – Operate (DBFO)
- Design – Build – Finance- Maintain (DBFM)
- Design – Build – Finance – Maintain – Operate (DBMFO)
- O & M (Operation & Maintenance)

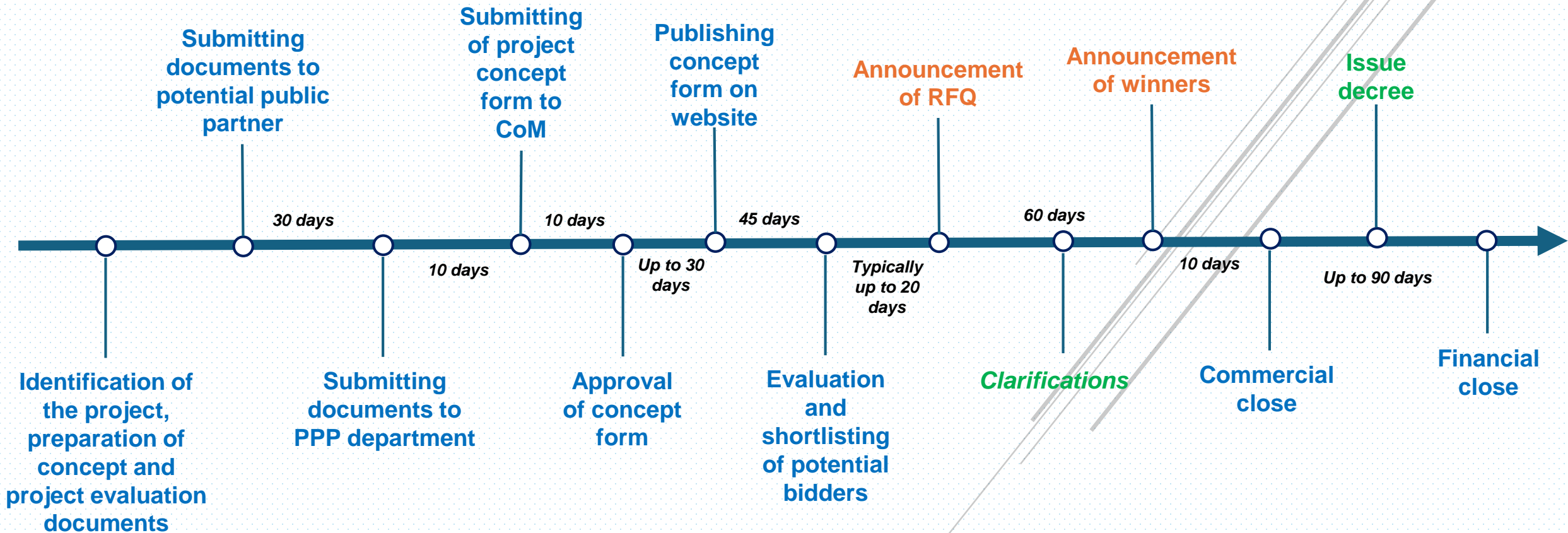


TYPICAL TENDER PROCESS



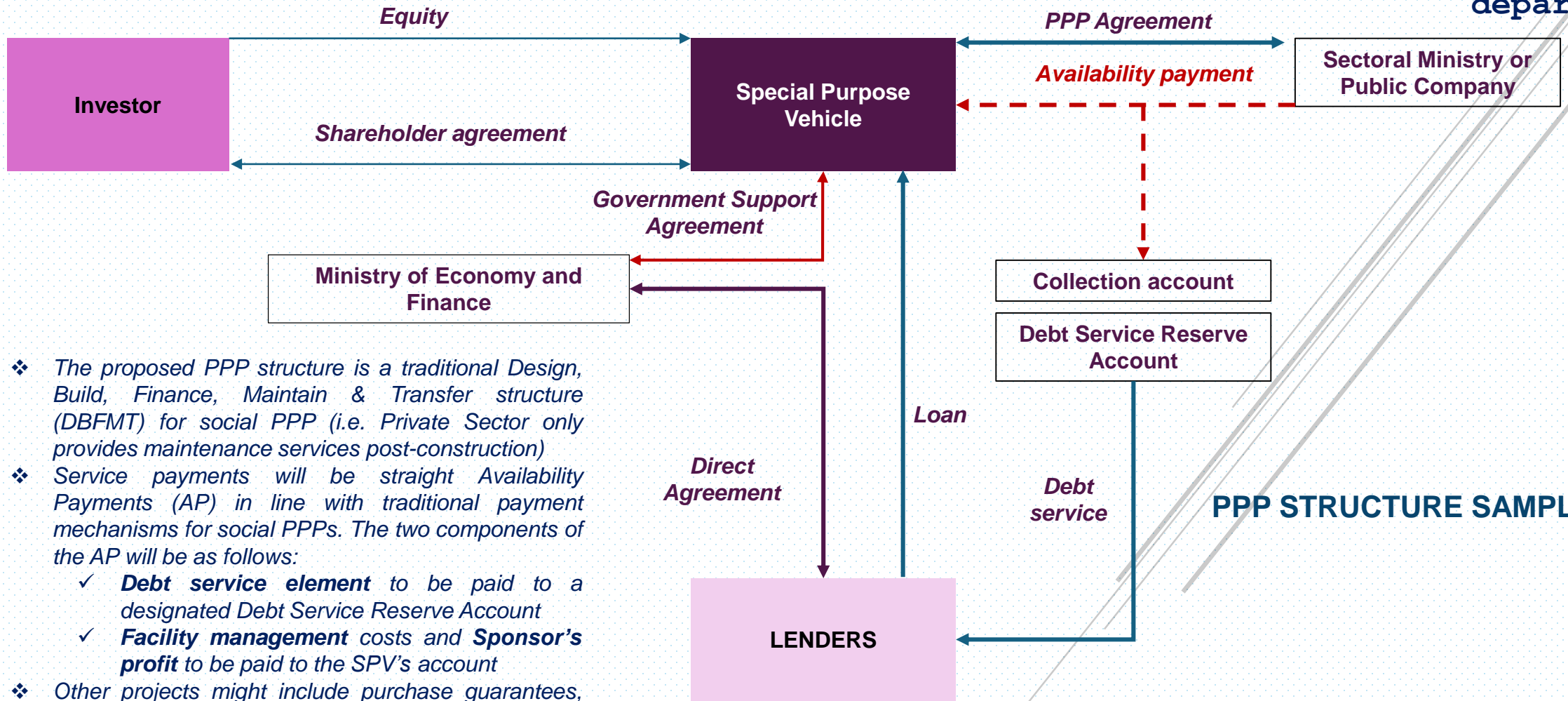


PROCESS OF PRIVATELY INITIATED PROJECT (SWISS CHALLENGE METHOD)





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PPP STRUCTURE SAMPLE

- ❖ The proposed PPP structure is a traditional Design, Build, Finance, Maintain & Transfer structure (DBFMT) for social PPP (i.e. Private Sector only provides maintenance services post-construction)
- ❖ Service payments will be straight Availability Payments (AP) in line with traditional payment mechanisms for social PPPs. The two components of the AP will be as follows:
 - ✓ **Debt service element** to be paid to a designated Debt Service Reserve Account
 - ✓ **Facility management costs and Sponsor's profit** to be paid to the SPV's account
- ❖ Other projects might include purchase guarantees, volume guarantees, subsidies or hybrid models, depending on the project feasibility

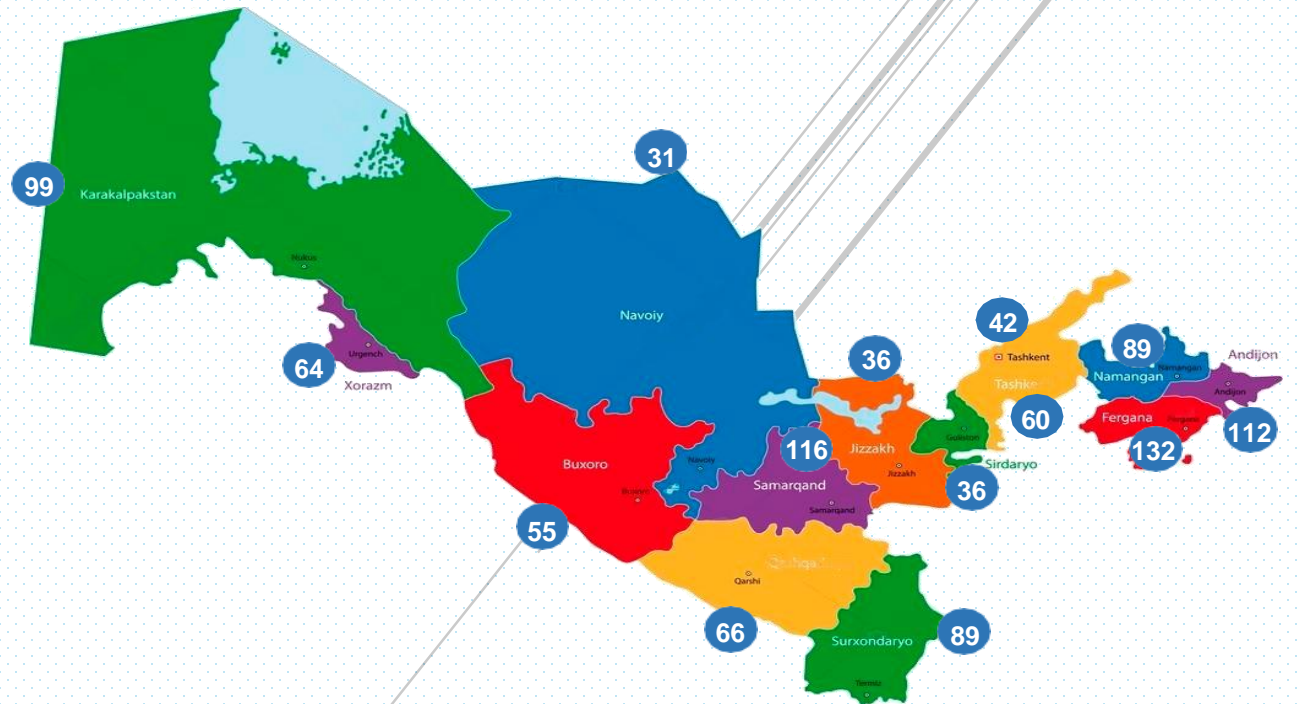


Implemented PPP projects during
2019-2024, as of July 1, 2024 (mln USD)

Total: **USD 21,3 billion**



Sectors	Projects	Project values
Energy*	50	19 021,6
Utilities	2	1 595,8
Education	121	214,5
Environment	67	123,9
Heating system	196	110,4
Transportation	2	94,2
Healthcare	52	54,7
Water resources	458	36,6
Other sectors	79	73,8



* 45 projects in the energy sector were implemented based on the Investment Law



UZBEKISTAN STRATEGY 2030 – KEY OBJECTIVES AND PRIORITIES



*Sustainable economic development
growth to Upper-Middle Income*



*International standard
education, medicine and social
protection for the people*



*Establish favourable ecological
environment for the people*



*Building a fair modern state to
provide services for the people*



*Provision of guaranteed sovereignty
and security of the country*



DEVELOPMENT STRATEGY
CENTER



UZBEKISTAN
STRATEGY | 2030

PRIORITY DIRECTIONS OF THE “UZBEKISTAN-2030” STRATEGY:



CREATING SUITABLE CONDITIONS FOR EACH
PERSON TO REALIZE THEIR POTENTIAL

44
goals



ENSURING THE WELL-BEING OF THE
POPULATION THROUGH SUSTAINABLE
ECONOMIC GROWTH

17
goals



CONSERVATION OF WATER RESOURCES
AND ENVIRONMENTAL PROTECTION

12
goals



ENSURING THE RULE OF LAW, ESTABLISHING
A PUBLIC ADMINISTRATION “AT THE SERVICE
OF THE PEOPLE”

16
goals



CONTINUING THE WORK OF TURNING
THE COUNTRY INTO A SAFE AND
PEACE-LOVING STATE

11
goals





PPP RELATED OBJECTIVES

Double size of economy



- Ensure adequate energy, water and infrastructure resources
- Ensure favorable business and investment climate

Implement environmental safeguards



- Improve mechanism for assessing and monitoring environment impact
- Increase transparency about quality of industrial wastewater

Ensure fiscal stability



- Public debt levels not to exceed 50% of GDP
- FCCL exposure to be considered in assessing PPP projects

Improve public service delivery



- Increase private sector delivery of public services
- Expand digitalization of public service provision

Increase infrastructure investment



- Implement 500 strategic infrastructure projects with \$150bn investment value
- Develop \$30bn of PPP Projects

Capacity building and harmonize laws



- Implement continuous professional development for public servants
- Reduce regulatory burden by optimizing legislative acts



PPP PROJECTS TO BE IMPLEMENTED IN 2024-2030

2024 y.

1 746 mln USD.

2025 y.

4 556 mln USD.

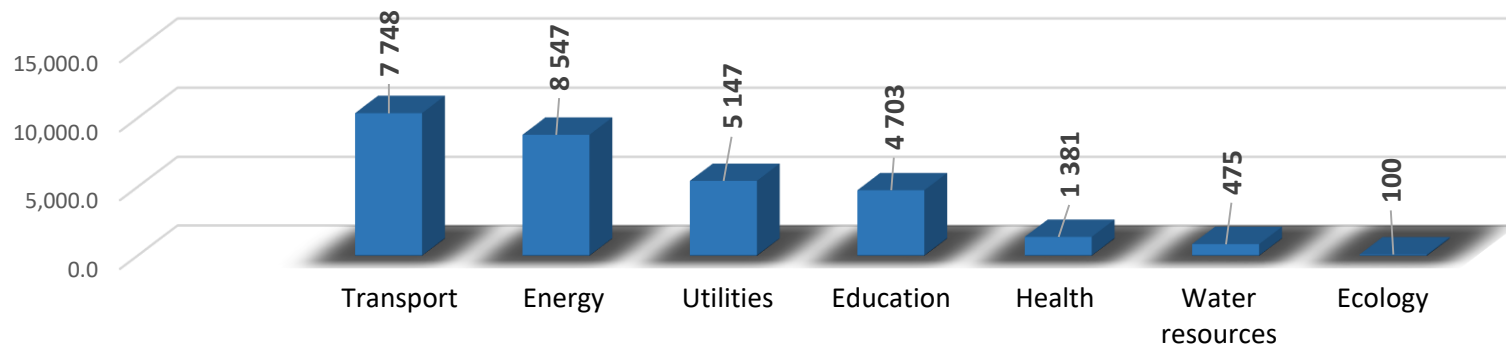
2026 y.

1 705 mln USD.

2027-2030 yy.

20 094 mln USD.

By Sectors



Sector	2024y	2025y	2026y	2027-2030yy
✓ Energy (distribution, HPP)		1 310		7 237
✓ Utilities		50		5 097
✓ Education		348	1 055	3 300
✓ Ecology			100	
✓ Transport	1 746	1 887	400	3 715
✓ Health		836	250	295
✓ Water resources		125	350	



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Proposals for Investors



INVITATION TO PARTICIPATE IN TENDERS EXPECTED IN 2024

NUMBER **5** VALUE **\$5 193**
MLN.

Tashkent-Andijan toll road with the support of the World Bank (303 km)

Committee for Roads

Project value \$4 280 mln

Participation in tenders – Tender is expected to start in November-December 2024.



Tashkent , Namangan, Fergana and Andijan regions

Organization of multidisciplinary hospital in Fergana (IFC – transaction advisor)

Ministry of Health

Project value \$306 mln

Participation in tenders - Tender is expected to start in September 2024



Fergana region

Modernization of Samarkand electricity distribution network (IFC – transaction advisor)

JSC “Regional Electric Power Networks”

Project value \$250 mln

Participation in tenders - Tender is expected to start in September 2024.



Samarkand region

Consturction of 17 dormitories in Tashkent city (EBRD – transaction advisor)

Ministry of Higher education

Project value \$176 mln

Participation in tenders - Tender is expected to start in October 2024



Tashkent city

Modernization and management of Urganch International Airport

"Uzbekistan Airports" JSC

Project 181 mln

Participation in tenders - Tender is ongoing until September 14, 2024.



Khorezm region



PROPOSED PROJECTS IN UTILITIES SECTOR FOR INVESTORS - PAGE-1

 NUMBER **8**
 VALUE **\$3 951**
MLN..


Modernization of Bukhara city heat supply system (ADB – transaction adviser)

Ministry of Construction and communal services

Project value **\$122** mln

Participation in tenders - Tender is expected to start in June, 2025.



 Bukhara region

Reconstruction of heating supply system in Samarkand city

Ministry of Construction and communal services

Project value **\$110** mln

The project can be initiated by private companies (Swiss challenge).



 Samarkand region


Reconstruction of Zarafshon city heat supply system

Ministry of Construction and communal services

Project value **\$120** mln

The project can be initiated by private companies (Swiss challenge).



 Navoi region


Modernization of Nukus and Urgench heating supply system

Ministry of Construction and communal services

Project value **\$249** mln

The project can be initiated by private companies (Swiss challenge).



 Republic of Karakalpakstan, Khorezm region



PROPOSED PROJECTS IN UTILITIES SECTOR FOR INVESTORS - PAGE-2

NUMBER **8** VALUE **\$3 951**
MLN..


Improvement of drinking water supply and waste water services systems of Shirin, Samarkand city

JSC "Uzsuvta'minot"

Project value **\$250** mln

The project can be initiated by private companies (Swiss challenge).



 Samarkand region


Modernization and management of drinking and waste water systems in Dangara, Buvayda, Kosonsoy, Zomin, Bakhmal and Kagon districts

JSC "Uzsuvta'minot"

Project value **\$100** mln

The project can be initiated by private companies (Swiss challenge).



 Fergana, Namangan, Jizzakh and Bukhara regions


Modernization, construction and private sector management of the drinking water supply system in all regions together with the initiative companies

JSC "Uzsuvta'minot"

Project value **\$2 000** mln

The project can be initiated by private companies (Swiss challenge).



 Republic of Karakalpakstan, Khorezm region



**PROPOSED PROJECTS IN ENERGY SECTOR
FOR INVESTORS**

NUMBER **5** VALUE **\$4 170**
MLN..

Modernization, construction and private sector management of gas networks of Bukhara region

Ministry of Energy

Project **500** mln \$

Projects to be initiated by private companies (Swiss challenge).



Bukhara region

Modernization of electricity distribution networks in regions

Ministry of Energy

Project value **\$2 000** mln

Projects to be initiated by private companies (Swiss challenge).



Karakalpakstan Republic , regions and Tashkent city

Modernization of gas distribution networks in regions

Ministry of Energy

Project value **\$2 000** mln

Projects to be initiated by private companies (Swiss challenge).



Karakalpakstan Republic , regions and Tashkent city

Modernization, construction and private sector management of electric networks of Andijan region

Ministry of Energy

Project to be initiated by private companies (Swiss challenge).



Andijan region

Modernization of Samarkand gas networks with transaction support of international financial institutions

Ministry of Energy

It is proposed to participate in tender. Tender is expected to start in September, 2025



Samarkand region



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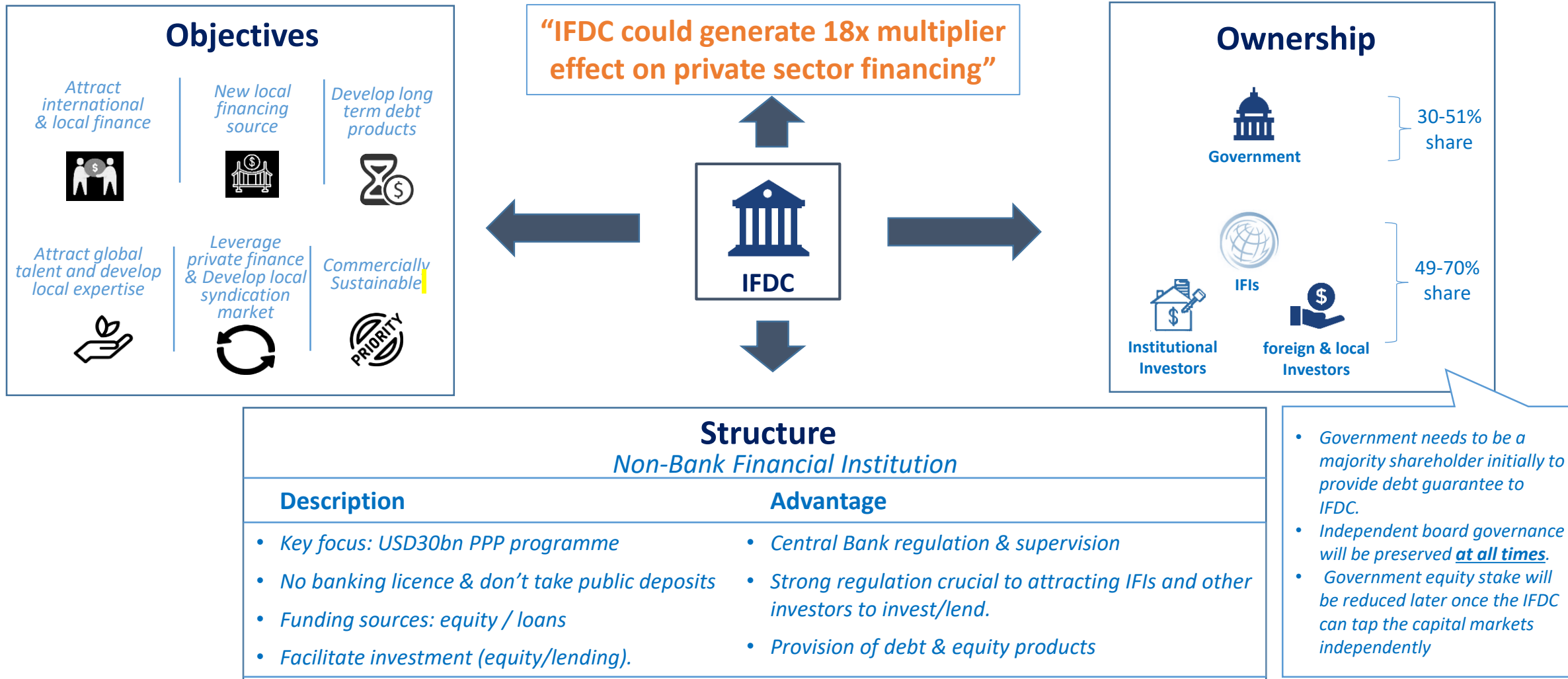
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Development of Infrastructure Finance & Development Company (IFDC) in Uzbekistan





OBJECTIVES & STRUCTURE DEVELOPED WITH ADB'S SUPPORT





IFDC – RATIONALE FOR INVESTORS' PARTICIPATION

Developmental Impact

- Fills a financing gap in the market, especially lending to government approved PPP projects
- IFDC will act as a capacity builder in the local financial market to harness local funding for Uzbekistan's infrastructure development

Financial Returns

- By 2030, IFDC is expected to generate a ROE of 13-15% to support an adequate exit return
- The pipeline of projects that can be financed has been assessed in detail, and their quality should allow break even within 2-3 years from start of the IFDC operations

Exit Options

- As the IFDC develops an increasingly diversified loan portfolio of good infrastructure projects, it should become more attractive to strategic and long only portfolio investors
- At the entry of such new investors, original investors can seek gradual sell-down of their equity stake, also reflecting the fact that developmental impact of the investment was achieved

Relatively Low Risks

- Initial focus on lending to Uzbekistan's PPP projects with strong support from the government
- Management and Process risks will be managed as per international standards, where ADB supports the Government in establishment of all rules and policies, including key regulatory aspects, also in hiring of the experienced international management team

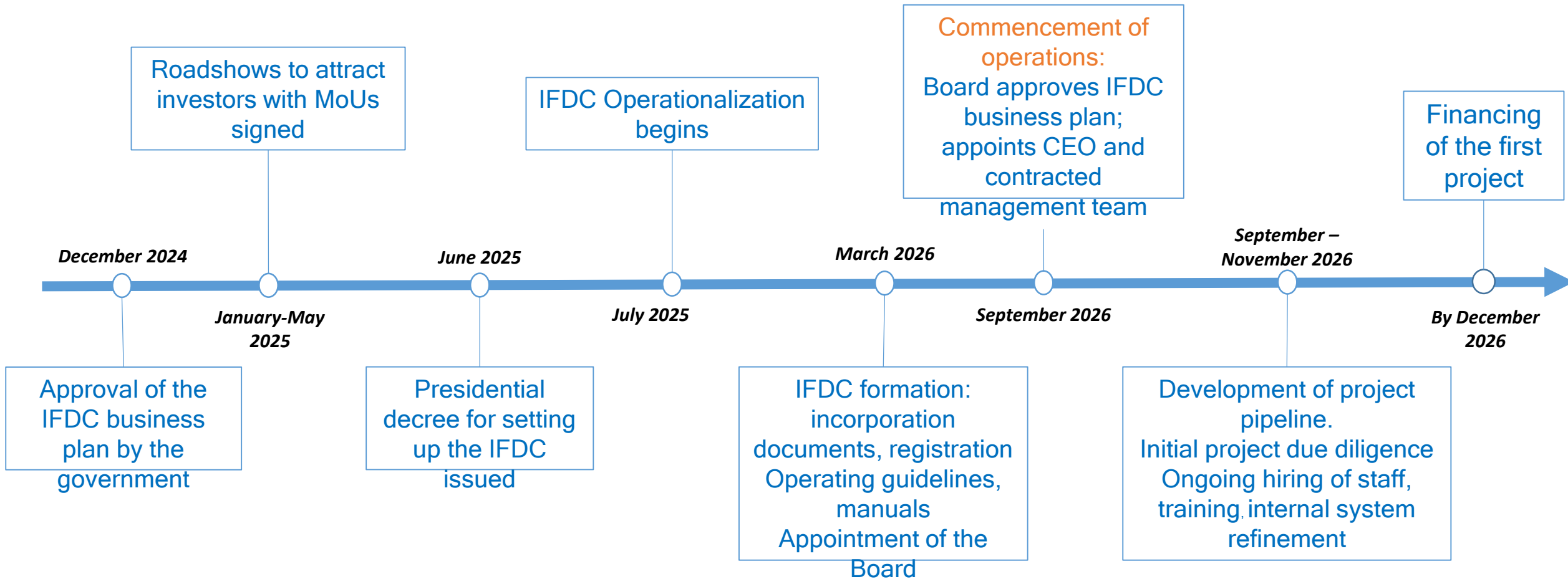


SUCCESSFUL GLOBAL EXPERIENCE OF INFRASTRUCTURE FINANCING INTERMEDIARIES

IFIV	Objective	Financial Products	Capital Structure	Institutional Structure	Governance Structure
BIFFL (Bangladesh)	Meet gap in long term finance by leveraging public & private funds	Senior/subordinated debt; foreign & local currency; equity , bridge finance & guarantee	Paid up equity Sovereign guaranteed IFI debt (recent)	Non-banking financial institution, 100% Government	Board managed and Directors are all senior government representatives
IDCOL (Bangladesh)	Meet gap in long term finance; support bankability, capacity building and transaction advisory	Senior/subordinated debt; foreign & local currency; guarantee, renewal energy product	Paid up equity; Sovereign guaranteed IFI debt	Non-banking Financial company; 100% Government	Board managed and Directors are appointed by government; mix of government and external board members
PT SMI (Indonesia)	Meet gap in long term finance; support bankability, capacity building	Senior/subordinated debt; foreign & local currency; corporate loans, debt products, guarantees, renewal energy product	Paid up equity Sovereign guaranteed IFI debt bond issue	Non-banking financial institution, 100% Government	Board managed with directors nominated by shareholders; includes independent directors
FDN (Colombia)	Long tenor finance; transaction advisory ; project development advisory	Senior and sub-ordinated foreign & local currency debt; guarantees,	Paid up equity Sovereign guaranteed IFI debt	Limited liability company with 65% Government share-holding, IFC (15.7%), CAF (8.9%, SMBC (8.9%)	Board managed with majority non government nominated and independent directors
IFDCC (India)	Meet gap in long term finance, support bankability and transaction advisory	Senior/subordinated debt; foreign & local currency; equity , guarantee	Paid up equity Sovereign guaranteed IFI debt bond issue	Non-banking financial company with 51% Government shareholding; Listed on stock market after 8 years of operation	Board managed company with majority non-government directors
IIFCL (India)	Long tenor financing to fill the gap in infrastructure finance	Senior debt & take-out finance in local currency; guarantees; advisory services. i.e. financial structuring	Upfront paid-up equity capital; sovereign guaranteed debt from IFIs	Non-banking finance company, with 100% Government shareholding	Board managed company, with directors nominated by the government ;
PT IIF (Indonesia)	Meet gap in long term finance, transaction advisory	Senior/subordinated debt; foreign & local currency guarantees, convertible debt, standby finance	Paid up equity; sovereign guaranteed IFI debt	Non-banking financial institution, PT SMI Government (30%) , ADB (20%), IFC (20%), KFW (15%), SBMC (15%)	Board managed with directors nominated by shareholders; includes independent directors



TIMELINE OF THE IFDC OPERATIONALIZATION – ADB SUPPORT WILL REMAIN



“With timely Government approvals, IFDC can be launched within 12-18 months “

Thank you for your attention!