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KAZREF II - Energo Trust Wind

Location:	Kazakhstan
Project number:	53029
Business sector:	Energy
Notice type:	Private
Environmental category:	B
Approval date:	12 Dec 2023
Status:	Approved
PSD disclosed:	18 Dec 2023

As per section 1.4.2 (iii) of the Directive on Access to Information: "For Projects approved by Bank management where the Board of Directors has delegated the approval authority, the PSD shall be disclosed at the start of the

relevant no-objection notification period to a member country of the Bank in accordance with Article 13 (iii) of the Agreement Establishing the EBRD."

Project Description

The provision of a senior secured loan of up to US\$ 22 million equivalent (in US\$ and KZT) to Energo Trust LLP, SPV incorporated in Kazakhstan, for the development, construction, and operation of a wind power plant with an installed capacity of 50 MW in the Arshaly district of Akmola region, Kazakhstan. The Bank's loan will be utilised to cover the historical project costs.

Project Objectives

The project will support Kazakhstan in its objective to increase the share of renewable energy in the energy mix, contribute to reducing Kazakhstan's carbon intensity, and address the country's increasing electricity demand.

Transition Impact

ETI score: 70

The Transition Impact arises from the Green and Inclusive qualities:

(i) Green: the project entails the addition of 50MW of RES capacity added to Kazakhstan's generation profile.

(ii) Inclusive: the project will contribute to a replicable and accredited work-based learning programme promoting access to employment and entrepreneurship opportunities for women in Kazakhstan's renewables sector.

Client Information

ENERGO TRUST LLP

EnergO Trust LLP, a special purpose entity incorporated in the Republic of Kazakhstan to implement the project, will act as a borrower. The Borrower is ultimately owned by China Power International Holding Ltd., a Chinese state-owned power utility.

EBRD Finance Summary

USD 21,965,157.04

A senior loan of up to US\$ 22 million equivalent (in KZT and USD) to EnergO Trust LLP. The project is expected to be co-financed with other financial institutions in the amounts of up to US\$ 22 million.

Total Project Cost

USD 66,526,157.04

USD 66,499,788

Additionality

The EBRD is providing a long-term loan with a tenor that is scarcely available on the commercial market in Kazakhstan, especially for structured project finance transactions of this nature. Under the current circumstances, long-term local currency financing is not readily available in Kazakhstan. Moreover, the EBRD's good track record in the country provides comfort to the sponsor, enabling its entry into the Kazakh market. The Bank is

also additional in terms of requiring adherence to EHS aspects and the EBRD PRs, which are stricter than local requirements. Through the project, the Bank will support policy and regulatory work to promote inclusion opportunities in the renewable energy sector.

Environmental and Social Summary

Categorised B (ESP 2019). The project entails development, construction, and the commissioning and operation of a Wind Power Plant ("WPP") with total installed capacity of 50 MW by Energo Trust LLP, an SPV incorporated in Kazakhstan (the "Project"). The Project is important in supporting Kazakhstan with its objective to increase the share of renewable energy in the country's energy balance and to contribute in reducing the country's carbon intensity whilst addressing increasing electricity demand. The project is located in Akmola region of Central Kazakhstan, approximately 30 km northeast of the capital city Astana, with surrounding area comprising of flat farmland and pastureland used to graze livestock and is not classified as sensitive in terms of natural habitats.

An independent Environmental and Social Due Diligence (ESDD) was undertaken by the International Consultant. The ESDD included gap analysis with previous studies, review of compliance against Environmental and Social Policy (ESP, 2019), associated infrastructure, community health and safety, livelihood impacts, gender and labour risks during construction and operation, as well as supply chain risks associated with the wind energy sector.

The main construction and delivery of all 10 wind turbines has now been completed. The Client used the wind turbine generators manufactured by Windey Energy Technology Group Co Ltd ("Windey"), China-based company. Due to the risks associated with this sector, an enhanced supply chain due diligence was conducted during Bank's ESDD. An independent labour auditing firm was procured to assess labour and working conditions at Windey's production and assembly facility used for the Project. No forced and child labour was identified in the project supply chain during enhanced due diligence (SCDD) involving site-based labour audit, assessment of management systems of the supplier and risk screening of the core Tier 2 sub-suppliers used by Windey. Construction works on site in Kazakhstan were implemented by a construction contractor, involving local labour.

External ESDD Consultant visited site, assessed labour, health, safety, security and working conditions. Findings and recommendations were made and included into the action plan for the Client.

The ESDD confirmed that the Energo Trust WPP site is not located in environmentally and/or socially sensitive areas. The closest protected area is the Ereymentau Mountains Key Biodiversity Area (KBA) / Important Bird Area (IBA). This is located circa 50 km east of the Project area. The ESDD included a review of the potential impacts on avifauna and need for mitigation measures based on a bird collision risk assessment, undertaken in consultations with international bird experts. Biodiversity baseline surveys were conducted within the footprint of the site allocated for the Borey WPP and within a 2km buffer around the site for some ornithology receptors and included information on all species present at the site, including red lists species. As the project evolved, surveys were extended to cover elements of the proposals such as the overhead lines. As reported, bird, mammal and amphibian diversity and numbers are considered low across the whole Project area. Migrant birds are attracted to waterbodies in the area during their spring and autumn passage. However, overall bird diversity and numbers are low. Eastern imperial eagle (*Aquila heliaca*; internationally classified as Vulnerable; red-listed in Kazakhstan) uses the Project area sporadically but is not believed to be breeding within it. Whooper swans (*Cygnus cygnus*; red-listed in Kazakhstan; classified as Least Concern internationally) use the area intermittently during migration and winter.

Based on the ESDD, no significant social impacts were identified in relation to the project implementation. The Project is situated near the rural areas of Bulaksay and Saryoba, in the Arshaly District of the Akmola region, approximately 30 km northeast of Astana. Similar to the wider region, the Arshaly District has a well-developed agricultural sector, mining and manufacturing industries, and an extensive transport network. The areas of Bulaksay and Saryoba contain some land that is still cultivated (36,706ha and 16,000ha respectively) and local residents keep cows, sheep and goats which graze on pastureland close to the villages. The total land area required for the Project is comprised of approximately 340 ha, which was secured via lease and easement agreements signed with the landowners for a period of 49 years.

A Cultural Heritage study was undertaken as part of the ESIA for the Project with relevant authorities confirming that there is no presence of historical or cultural objects on the territory of the WPP. Construction of the wind plan is now completed, and no chance finds reported.

Previous stakeholder engagement and consultations with the local communities was reviewed to understand the process used during past engagement and issues raised. Initially, prior the construction, local communities expressed concerns related to potential negative impact from the visual landscape change. However, those concerns have been addressed by the developer and recent consultation confirmed that there are currently no outstanding concerns amongst the communities, and that past issues had been resolved in a satisfactory manner. Project-specific Stakeholder Engagement Plan and community grievance mechanism were developed and will be used to address any potential disturbances during operation phase, including Company's commitment of continuous engagement and monitoring.

Based on this ESDD, an ESAP will be agreed with the client before signing of the financing agreements, containing both corporate and project-specific requirements. It includes, inter alia, development of an integrated ESMS covering the entire facility and remaining implementation phases, as well as an Environmental, Social, Health and Safety Policy (ESHSP), Operational Environmental and Social Management and Monitoring Plan (O-ESMMP), contractor management, Corporate Social Responsibility Program (CSR) for local communities, dedicated E&S resources at the project level, community safety and security measures, emergency response and traffic management, contentious monitoring of supply chain risks, community grievance management and ongoing stakeholder engagement.

The Bank will be monitoring the implementation of the Project and ESAP through annual environmental and social reporting and site visits.

A Non-Technical Summary (NTS) is available for the Project and will be disclosed on Company and Bank websites as part of PSD.

The Bank will be monitoring the Project implementation.

Technical Cooperation and Grant Financing

Technical, Environmental and Social due diligence was funded by Japan via the terms of the Renewable Energy Development Fund ("REDF").

Company Contact Information

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PSD last updated

18 Dec 2023

Related material

➤ Environmental and Social Document: KAZREF II - Energo Trust Wind NTS
(https://www.ebrd.com/what-we-do/project-information/environment-social-info-documents/1395318708176/KAZREF_II_-_Energo_Trust_Wind_NTS.pdf?blobnocache=true) 

Type: PDF, Published: 14.02.2024


➤ Environmental and Social Document: KAZREF II - Energo Trust Wind NTS
(Russian) ([https://www.ebrd.com/what-we-do/project-information/environment-social-info-documents/1395318708419/KAZREF_II_-_Energo_Trust_Wind_NTS_\(Russian\).pdf?blobnocache=true](https://www.ebrd.com/what-we-do/project-information/environment-social-info-documents/1395318708419/KAZREF_II_-_Energo_Trust_Wind_NTS_(Russian).pdf?blobnocache=true)) 

Type: PDF, Published: 14.02.2024


➤ Environmental and Social Document: KAZREF II - Energo Trust Wind SEP
(https://www.ebrd.com/what-we-do/project-information/environment-social-info-documents/1395318707918/KAZREF_II_-_Energo_Trust_Wind_SEP.pdf)

blobnocache=true) 


Type: PDF, Published: 14.02.2024

➤ Environmental and Social Document: KAZREF II - Energo Trust Wind SEP (Russian) ([https://www.ebrd.com/what-we-do/project-information/environment-social-info-documents/1395318707746/KAZREF_II_-_Energo_Trust_Wind_SEP_\(Russian\).pdf?blobnocache=true](https://www.ebrd.com/what-we-do/project-information/environment-social-info-documents/1395318707746/KAZREF_II_-_Energo_Trust_Wind_SEP_(Russian).pdf?blobnocache=true)) 

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➤ Translation: KAZREF II - Energo Trust Wind (Kazakh) ([https://www.ebrd.com/work-with-us/projects/psd-translation/53029/1395317898779/KAZREF_II_-_Energo_Trust_Wind_\(Kazakh\).pdf?blobnocache=true](https://www.ebrd.com/work-with-us/projects/psd-translation/53029/1395317898779/KAZREF_II_-_Energo_Trust_Wind_(Kazakh).pdf?blobnocache=true)) 

Type: PDF, Published: 27.12.2023, Language: Kazakh

➤ Translation: KAZREF II - Energo Trust Wind (Russian) ([https://www.ebrd.com/work-with-us/projects/psd-translation/53029/1395317822267/KAZREF_II_-_Energo_Trust_Wind_\(Russian\).pdf?blobnocache=true](https://www.ebrd.com/work-with-us/projects/psd-translation/53029/1395317822267/KAZREF_II_-_Energo_Trust_Wind_(Russian).pdf?blobnocache=true)) 

Type: PDF, Published: 19.12.2023, Language: Russian

Understanding Transition

Further information regarding the EBRD's approach to measuring transition impact is available here (<https://www.ebrd.com/what-we-do/economic-research-and-data/transition-impact.html>).

Business opportunities

For business opportunities or procurement, contact the client company.

For business opportunities with EBRD (not related to procurement) contact:

Tel: +44 20 7338 7168

Email: projectenquiries@ebrd.com (<mailto:projectenquiries@ebrd.com>)

For state-sector projects, visit EBRD Procurement (<https://www.ebrd.com/pages/workingwithus/procurement.shtml>):

Tel: +44 20 7338 6794

Email: procurement@ebrd.com (<mailto:procurement@ebrd.com>)

General enquiries

Specific enquiries can be made using the EBRD Enquiries form (<https://www.ebrd.com/eform/information-request>).

Environmental and Social Policy (ESP)

The ESP (<https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>) and the associated Performance Requirements (PRs) set out the ways in which the EBRD implements its commitment to promoting “environmentally sound and sustainable development”. The ESP and the PRs include specific provisions for clients to comply with the applicable requirements of national laws on public information and consultation as well as to establish a grievance mechanism to receive and facilitate resolution of stakeholders’ concerns and grievances, in particular, about environmental and social performance of the client and the project. Proportionate to the nature and scale of a project’s environmental and social risks and impacts, the EBRD additionally requires its clients to disclose information, as appropriate, about the risks and impacts arising from projects or to undertake meaningful consultation with stakeholders and consider and respond to their feedback.

More information on the EBRD’s practices in this regard is set out in the ESP (<https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>).

Integrity and Compliance

The EBRD's Office of the Chief Compliance Officer (OCCO) promotes good governance and ensures that the highest standards of integrity are applied to all activities of the Bank in accordance with international best practice. Integrity due diligence is conducted on all Bank clients to ensure that projects do not present unacceptable integrity or reputational risks to the Bank. The Bank believes that identifying and resolving issues at the project assessment approval stages is the most effective means of ensuring the integrity of Bank transactions. OCCO plays a key role in these protective efforts, and also helps to monitor integrity risks in projects post-investment.

OCCO is also responsible for investigating allegations of fraud, corruption and misconduct in EBRD-financed projects. Anyone, both within or outside the Bank, who suspects fraud or corruption should submit a written report to the Chief Compliance Officer by email to compliance@ebrd.com (<mailto:compliance@ebrd.com>). All matters reported will be handled by OCCO for follow-up. All reports, including anonymous ones, will be reviewed. Reports can be made in any language of the Bank or of the Bank's countries of operation. The information provided must be made in good faith.

Access to Information Policy (AIP)

The AIP sets out how the EBRD discloses information and consults with its stakeholders so as to promote better awareness and understanding of its strategies, policies and operations following its entry into force on 1 January 2020. Please visit the Access to Information Policy (<https://www.ebrd.com/what-we-do/strategies-and-policies/public-information-policy.html>) page to find out what information is available from the EBRD website.

Specific requests for information can be made using the EBRD Enquiries form (<https://www.ebrd.com/eform/information-request>).

Independent Project Accountability Mechanism (IPAM)

If efforts to address environmental, social or public disclosure concerns with the Client or the Bank are unsuccessful (e.g. through the Client's Project-level grievance mechanism or through direct engagement with Bank management), individuals and organisations may seek to address their concerns through the EBRD's Independent Project Accountability Mechanism (IPAM).

IPAM independently reviews Project issues that are believed to have caused (or to be likely to cause) harm. The purpose of the Mechanism is: to support dialogue between Project stakeholders to resolve environmental, social and public disclosure issues; to determine whether the Bank has complied with its Environmental and Social Policy (<https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>) or Project-specific provisions of its Access to Information Policy (<https://www.ebrd.com/what-we-do/strategies-and-policies/access-to-information-policy.html>); and where applicable, to address any existing non-compliance with these policies, while preventing future non-compliance by the Bank.

Please visit the Independent Project Accountability Mechanism webpage (<https://www.ebrd.com/project-finance/independent-project-accountability-mechanism.html>) to find out more about IPAM and its mandate; how to submit a Request (https://www.ebrd.com/eform/IPAM/Request_form) for review; or contact IPAM via email ipam@ebrd.com (<mailto:ipam@ebrd.com>) to get guidance and more information on IPAM and how to submit a request.