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Karaganda Solar Phase II

Location:	Kazakhstan
Project number:	51655
Business sector:	Energy
Notice type:	Private
Environmental category:	B
Approval date:	23 Jun 2020
Status:	Repaying
English-language PSD published:	30 Jun 2020

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 € 24.9 million loan (in KZT equivalent) for the development, construction and operation of a 76 MWp solar PV power plant located in Karaganda region, Central Kazakhstan. The funds will be used to finance the 26MWp extension of the original project (the Project)

Project Objectives

The Project will support Kazakhstan in its objective to increase the share of renewable energy in the energy mix and will contribute to achieving the Kazakhstan government's goal of renewable energy source sector (apart from large hydro) accounting for 3 per cent all power generation by 2020 (10 per cent by 2030).

Transition Impact

ETI score: 70

70 The transition impact stems from the fact that the Project will assist Kazakhstan in diversifying its coal dependent power sector and reducing CO2 emissions and support gender inclusion in renewable energy sector in Kazakhstan.

Client Information

KAZSOLAR 50 LLP

KazSolar 50 LLP is a SPV incorporated in Kazakhstan for the purpose of development, construction and operation of a 50 MWp solar PV power plant, and the subsequent 26MW extension located Karaganda region, Central Kazakhstan.

EBRD Finance Summary

KZT 11,285,000,192.00

EBRD loan amount - €24.9 million in KZT, GCF loan amount - US\$ 11.54 million, CTF fund - USD 3.1 million.

Total Project Cost

KZT 26,200,246,272.00

Additionality

The EBRD offers the long-term local currency loan with a tenor, which is above the market average and is necessary to structure the project in the face of regulatory, institutional, and macroeconomic uncertainties which include the current Covid-19 and foreign exchange volatility. Kazakhstan declared state of emergency on 15 March 2020, following the lockdown of Nur-Sultan and Almaty on 19 March 2020 and other cities including Karaganda on 30 March 2020, affecting both individuals and businesses (state of emergency has since been lifted while lockdowns are still selectively applied). The impact of COVID-19 is exacerbated by the drop in global oil prices and Kazakhstan's economy under significant stress. The GDP is projected to contract by 3 per cent by the EBRD's latest macroeconomic projections. The Covid-19 crisis might negatively impact the country's renewables sector which is still at its nascent stage of development.

The institutional uncertainty is associated with the recently introduced auction scheme, which needs to deliver a critical mass of successful projects to inspire investor confidence and ensure strong participation in the following tenders in the new post COVID environment. This showcase would be important as the Government recently announced its plans for November 2020 renewables auctions as the implementation of auctioned projects got delayed. The proposed operation will therefore send a strong signal to other developers and investors that the Kazakh renewable energy sector remains open for business in the post COVID environment.

Environmental and Social Summary

Category B (ESP 2019) and Low to Medium risk due to land use and construction process. Environmental and social risks and impacts associated with the addition of 26 MW capacity to an existing Bank funded 50 MW solar PV plant will not be associated with significant environmental or social impacts and implemented within the existing footprint and land use. The Project is consistent with the GET approach and the GET share is 100%.

In-house desk-based ESDD has reviewed the Client's E&S reporting, including status of the ESAP implementation, and confirmed that the Project is compliant with the host country's EHS legislation and the EBRD PRs, and good progress has been achieved in implementing mitigation measures and establishment of the Project's E&S management systems. Potential adverse environmental or social impacts of the extension Project are associated mainly with the construction activities and the subcontractor's labour, health and safety and social standards and capacity; therefore Sponsor will have to ensure full implementation of its corporate E&S standards at the Project level and appropriate site supervision. The Company has been developing a site specific community investment program as part of the ESAP and CSR to support local developments. Stakeholder Engagement Plan (SEP) and Non-Technical Summary (NTS) will be updated to include the new Project components and disclosed on the Company's web site.

Overall, the Company has been implementing the Project to the satisfaction of the Bank and the ESDD confirmed that the existing ESAP does not need to be amended. The Client will continue implementation of the agreed ESAP and overall E&S performance will be monitored by the Bank via Annual Environmental and Social Reports.

Technical Cooperation and Grant Financing

n/a

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PSD last updated

30 Jun 2020

Related material

➤ Translation: Karaganda Solar Phase II (Kazakh) ([https://www.ebrd.com/work-with-us/projects/psd-translation/51655/1395295545766/Karaganda_Solar_Phase_II_\(Kazakh\).pdf?blobnocache=true](https://www.ebrd.com/work-with-us/projects/psd-translation/51655/1395295545766/Karaganda_Solar_Phase_II_(Kazakh).pdf?blobnocache=true)) 

Type: PDF, Published: 13.01.2021, Language: Kazakh

➤ Translation: Karaganda Solar Phase II (Russian) ([https://www.ebrd.com/work-with-us/projects/psd-translation/51655/1395292229526/Karaganda_Solar_Phase_II_\(Russian\).pdf?blobnocache=true](https://www.ebrd.com/work-with-us/projects/psd-translation/51655/1395292229526/Karaganda_Solar_Phase_II_(Russian).pdf?blobnocache=true)) 

Type: PDF, Published: 07.08.2020, 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:

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.