



Kazakhstan: Samruk Energy Restructuring and Transformation Project

Project Name	Samruk Energy Restructuring and Transformation Project
Project Number	51304-001
Borrower/Company	
Country	Kazakhstan
Location	Nation-wide
Approval Number	7542/3639
Type of ADB Assistance / Amount	
Strategic Agendas	Inclusive economic growth
Drivers of Change	Governance and capacity development Partnerships Private sector development
Sector / Subsector	Energy - Conventional energy generation - Energy utility services
Gender Equity and Mainstreaming	No gender elements
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Energy Division, CWRD
Responsible ADB Officer	Mtchedlishvili, Levan G.
Project Sponsor(s)	
Description	The proposed project will include refinancing the borrower's US Dollar denominated debt with long term tenge financing, identifying renewable energy opportunities, and improving operational efficiency of the borrower's core businesses.
Objectives and Scope	The project is expected to contribute to enhance the balance sheet flexibility of the borrower through reduction of foreign currency risk to free up resources for future development and to prepare for upcoming initial public offering. In addition, project enables the borrower to undertake long-payback period capital expenditures through efficiency measures and to initiate the identification of a renewable projects pipeline for expansion of renewable energy portfolio.
Linkage to Country/Regional Strategy	The project is consistent with the Midterm Review of Strategy 2020, which identifies a focus on environment and climate change, and infrastructure development. ADB's support for the project is also in line with its country partnership strategy for Kazakhstan, 2017-2021 that supports energy sector and private sector development. In addition, the project is consistent with the Energy Policy emphasizing investment in energy efficiency, renewable energy projects, private sector participation, wider access to energy, and enhancing the viability of the energy sector.

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	<p>The company has an Environmental, Social, and Health and Safety (ESHS) system in place however, there is a need to: (i) strengthen the company's overall environmental and social risk management framework to align with regulatory requirements, ADB's SPS and good international industry practices; (ii) ensure that stakeholder concerns are adequately identified and addressed; and (iii) ensure that environmental and social requirements (consistent with ADB's SPS) are communicated and implemented by Samruk-Energy's contractors. These and other audit findings and recommendations have been documented and will be agreed upon in a corrective action plan (CAP) for the project.</p> <p>In line with the CAP requirement, the company will strengthen, upgrade and implement an environment and social management system (ESMS) satisfactory to ADB's requirements. First disbursement will be made subject to satisfactory confirmation from ADB regarding compliance of the ESMS with national laws, the SPS, and other social requirements. The company will also report to ADB on an annual basis on ongoing compliance to the ESMS.</p> <p>Overall, Samruk-Energy has demonstrated the capacity to meet the requirements of ADB. Samruk-Energy has developed and implements numerous policies, standards and action plans on several social and environmental issues. The existing organizational structure and responsible personnel of Samruk-Energy are considered sufficient to reach full compliance with the ADB's requirements and any additional measures recommended.</p>
Involuntary Resettlement	<p>In line with the CAP requirement, the company will strengthen, upgrade and implement an environment and social management system (ESMS) satisfactory to ADB's requirements. First disbursement will be made subject to satisfactory confirmation from ADB regarding compliance of the ESMS with national laws, the SPS, and other social requirements. The company will also report to ADB on an annual basis on ongoing compliance to the ESMS.</p> <p>Overall, Samruk-Energy has demonstrated the capacity to meet the requirements of ADB. Samruk-Energy has developed and implements numerous policies, standards and action plans on several social and environmental issues. The existing organizational structure and responsible personnel of Samruk-Energy are considered sufficient to reach full compliance with the ADB's requirements and any additional measures recommended.</p>
Indigenous Peoples	The project does not envisage any impacts on IPs.
Stakeholder Communication, Participation, and Consultation	<p>Consultation will be carried out with all the stakeholders during planning and project implementation phases.</p> <p>Effective and meaningful consultations and information sharing will be ensured throughout the project cycle.</p>

Timetable for assistance design, processing and implementation

Concept Clearance	05 Oct 2017
Due Diligence	
Credit Committee Meeting	13 Nov 2017 to 13 Nov 2017
Approval	-
Last PDS Update	22 Mar 2018

Project Page	https://www.adb.org/projects/51304-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51304-001
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