



Kazakhstan: Samruk-Energy Green Transformation

Project Name	Samruk-Energy Green Transformation				
Project Number	51315-001				
Country	Kazakhstan				
Project Status	Active				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">TA: Samruk-Energy Green Transformation</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 225,000.00</td> </tr> </table>	TA: Samruk-Energy Green Transformation		Technical Assistance Special Fund	US\$ 225,000.00
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Technical Assistance Special Fund	US\$ 225,000.00				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Private sector development				
Sector / Subsector	Energy - Energy sector development and institutional reform				
Gender Equity and Mainstreaming	No gender elements				
Description	<p>Samruk-Energy is the largest electricity generation company in Kazakhstan with approximately 7,000 megawatts (MW) of installed capacity. Samruk-Energy is one of the seven SOEs owned by Samruk Kazyna and planned for IPOs. In preparation for the IPO, Samruk-Energy is implementing a comprehensive corporate transformation program, which includes sales of nine of its assets, improvements to corporate governance, an introduction of enterprise resource planning system, etc. Following the government's development goals, in 2015 Samruk-Energy adopted the Long-term Development Strategy 2015 2025. Among other things, by 2025 Samruk-Energy plans to increase the power generation capacity from renewable sources up to 10% of total installed capacity (850 MW), which presently is less than 1%. In this context, Samruk-Energy has requested ADB to provide a technical assistance to support its corporate transformation and balance sheet restructuring planning. In addition to the corporate transformation to improve operation efficiency, Samruk-Energy faces liquidity requirements of EUR500 million by mid December 2017. The European Bank for Reconstruction and Development (EBRD) signed a loan agreement with Samruk-Energy in May 2017 for a EUR100 million loan to support its restructuring. While Samruk-Energy indicates that it would be able to raise the remaining amount from other financing sources, these will largely be from local banks, which will have limited tenors and continue to create challenges in managing Samruk-Energy's cash flow.</p> <p>The TA will have three major outputs: (i) a report on Samruk-Energy's corporate transformation program, including the assessment of the activities and their impact on the energy sector and the whole economy of Kazakhstan and recommendations; (ii) detailed historical and pro-forma financial analysis of Samruk-Energy with a financial model to support the analysis and planning of balance sheet restructuring; and (iii) an environmental and social safeguard audit of Samruk-Energy's current environmental and social management system (ESMS) with recommendations to fill any gaps to meet international standards. There will be a small workshop with Samruk-Energy's relevant staff to share the findings by the consultants.</p>				
Project Rationale and Linkage to Country/Regional Strategy	Kazakhstan, as a major oil exporter, has been facing economic challenges caused by the steep decline in the world oil prices and tenge depreciation after shifting to a floating regime in 2015. In its efforts to manage this economic downturn, the Government of Kazakhstan issued a decree in December 2015 to implement a new privatization program to improve the efficiency of state assets and to reduce budget expenditures. As part of the privatization plan, Samruk Kazyna, the sovereign wealth fund of Kazakhstan, plans to conduct initial public offerings (IPOs) of at least seven state-owned enterprises (SOEs) that it owns by 2020. These are also among the largest SOEs in the country.				
Impact	Electricity supply from renewable energy sources in Kazakhstan increased to 3% by 2020. Transfer of state-owned assets to a competitive environment by 2020.				

Project Outcome

Description of Outcome	Samruk-Energy's transformation program as preparation for initial public offering started
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Progress Toward Outcome

Implementation Progress

Description of Project Outputs Corporate transformation program ready for implementation
Balance sheet flexibility improved
Improvements to safeguard management system identified.

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer Mtchedlishvili, Levan G.

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Energy Division, CWRD

Executing Agencies
"Samruk Energy" Joint-Stock Company
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010000, Astana, Republic of Kazakhstan
Asian Development Bank
6 ADB Avenue,
Mandaluyong City 1550, Philippines

Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	14 Sep 2017
Last Review Mission	-
Last PDS Update	14 Sep 2017

Project Page <https://www.adb.org/projects/51315-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=51315-001>

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