

Environmental Monitoring Report

Semi-annual Report
December 2016

KAZ: Small and Medium Enterprise Investment Program - Tranche 3

Prepared by JSC Entrepreneurship Development Fund “Damu” for the Asian Development Bank.

This environmental monitoring report is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

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Asian Development Bank

Semi – annual Safeguards Monitoring Report

Loan Number

3231-KAZ

3261-KAZ

Kazakhstan: Small and Medium Enterprise Investment Program – Tranche 3

Produced by JSC "Entrepreneurship Development Fund "Damu" for the Asian Development Bank

The Framework Agreement on financing (hereinafter – the Agreement) was concluded on May 12th, 2011 between the Government of the Republic of Kazakhstan, Asian Development Bank (hereinafter – ADB) and JSC Entrepreneurship Development Fund "Damu" (hereinafter - the Fund), under which ADB has opened a credit line to the Fund in the form of multi-tranche financing mechanism in the amount of 500 mln. US dollars in order to implement the Small and Medium Enterprise Investment Program.

The agreement was signed for the development of SMEs in the framework of Business Road Map 2020 program through the supporting programs of the Fund, the diversification of economy and creating new jobs.

During the preparation of the 3rd tranche the ADB's international consultants together with the employees of the Fund's carried out pre-investment verification of financial condition of the Participating Financial Institutes (hereinafter – PFI) and audited environmental and social management systems of the PFIs (Due Diligence), as a result of which ADB determined the following PFIs:

1. JSC "Delta Bank" – 13 773 500 000 tenge;
2. JSC "Tsesnabank" – 23 690 420 000 tenge;
3. JSC "KazInvestBank" – 2 672 059 000 tenge;
4. JSC "Kazkommertsbank" – 22 671 181 000 tenge.

From July 1, 2016 to December 31, 2016 the PFIs financed **682** subprojects in the various economic sectors in the amount of **32 450 649 539,7** tenge under 3rd tranche of ADB.

In addition, we inform that on December 27, 2016 the National Bank of the Republic of Kazakhstan deprived license of JSC "Kazinvestbank" for carrying out banking and other transactions and activities on the securities market.

In this regard was appointed a temporary administration to which the authority of all management bodies of JSC Kazinvestbank has transferred. The temporary administration will act until the liquidation commission is appointed by the court.

While the report on JSC "Kazinvestbank" was not provided by the temporary administration to the Fund in the specified terms.

1. JSC "Delta Bank" funded **19** SME subprojects in the amount of **7 520 320 000** tenge, including the projects of the following categories:

Category «C» - 18 subprojects in the amount of 7 500 320 000 tenge.

Category «B» - 1 subproject in the amount of 20 000 000 tenge.

2. JSC "Tsesnabank" funded **640** SME subprojects in the amount of **19 960 560 590** tenge, including the projects:

Category «C» - 571 subprojects in the amount of 16 587 638 711 tenge.

Category «B» - 69 subprojects in the amount of 3 372 921 879 tenge.

3. JSC "Kazkommertsbank" funded **23** SME subprojects in the amount of **4 969 768 949,72** tenge, including the projects:

Category «C» - 13 subprojects in the amount of 1 221 609 743,72 tenge.

Category «B» - 10 subprojects in the amount of 3 748 159 206 tenge.

Special training workshops on the implementation of the environmental and social management systems were held for the PFI's employees in 2016 by ADB environmental consultants: Bakhtiyar Ibrayev and Galina Artukhina.

Besides, internal distance training of staff of JSC "Tsesnabank" branches was held in 2016 by employees of Department on state programs.

The selected subprojects under the process of screening and evaluation were classified in accordance with the ADB's Safeguard Policy Statement and the laws of the Republic of Kazakhstan for the environment. Financing was allowed to subprojects that do

not have or have a minimum, or site-specific environmental impacts (categories B or C). The subprojects involving involuntary resettlement were excluded. The above-mentioned projects satisfy all national laws and regulations of Kazakhstan and do not involve ADB's prohibited activities. In order to identify and categorize a subproject and check its suitability for financing the check-list was applied.

Annex:

1. Outline of semi-annual safeguards monitoring report by JSC "Delta Bank" for the period from 30.06.2016 to 31.12.2016;
2. Outline of semi-annual safeguards monitoring report by JSC "Tsesnabank" for the period from 01.07.2016 to 31.12.2016;
3. Outline of semi-annual safeguards monitoring report by JSC "Kazkommertsbank" for the period from 01.07.2016 to 31.12.2016.

Deputy Chairman of the Board



Akshanov Nurlan

Executed by: Kabiyeva A.
Tel.: +7 (727) 244-55-66 (ext. 2212)

Annex No.7
to the Credit Agreement
for financing of small and medium business
(the ADB investment program for development
of small and medium business)
No. 44-ADBIII
dated September 11, 2015

REPORT ON MONITORING OF SAFEGUARD ACTIONS

Please provide answers to questions below. Please include additional sheets or annexes, as and when required, to provide detailed information on issues, the answer to which was "Yes". The Bank should provide the annual report on effectiveness of the ADB.

Organization name	JSC «Delta Bank»		
Completed (Full name):	Akmaral Esmakhova		
Job title in the organization:	Senior expert	Date:	13.01.2017
Accounting period	From:30/06/2016 till: 01/01/2017		

A. Environmental and Social Management System (ESMS/СЭС)

Policy and Processes	Yes/No	
Have there been any updates of ESMS or policy and procedures adopted by your organization during the accounting period?	No	"The procedure on compliance with the requirements of Environmental and Social Management System for non-state projects funded by "Delta Bank" JSC . Approved by the Board of "Delta Bank" JSC minutes No. 27 / 7 dated June 19, 2015. Revised and amended, the Board minutes No. 37 / 7 dated August 17, 2015
Has the management approved the updated policy / procedure yet?	No	
Has your organization appointed staff responsible for implementing ESMS yet?	Yes	Corporate and Retail business division
Please provide detailed information about any deals rejected due to environmental and / or social aspects.	No	
Please indicate difficulties and / or restrictions associated with introduction of ESMS.	No	
Please outline how do you provide for your sub-project companies and their sub-projects to be run in accordance with	1. Categorization is carried out at the stage of consideration, sub-projects of the Category A are excluded from the stage of	

national laws and regulations, and applicable requirements of the ADB.	<p>consideration. Projects of the Category B are inspected for the presence of necessary permits and licenses at the stage of legal due diligence.</p> <p>2. At the stage of monitoring Projects of the Category B are inspected for all provisions and requirements according to ESMS</p>	
Please provide detailed information about any important social and environmental issues related to customers during the period, in particular.	No	
In case existing ESMS might not be fully operational, what would be your organization's strategy?	<p>1. In the case, if ESMS are not functioning fully, the Bank together with the borrower during the monitoring of the Bank identifies the reasons.</p> <p>2. Within the established time limit, the bank together with the borrower makes the action plan for the borrower for elimination of the revealed violations/remarks in the part, where ESMS are not functioning fully. In case, if the borrower doesn't resolve the abovementioned remarks, within the established time limit, then the Bank has the right to claim early loan repayment in according to terms of the Bank Loan Agreement.</p>	
Operability	Yes/No	
Please let us know the name and contact information of the Salaried worker or the Coordinator on environmental / social issues, who have common responsibility for implementation of ESMS.	Yes	<p>1. Nurzhan Bolatovich Boranbaev - Head of Department for small and medium business, 8 (727) 2449519, int.1061 borambaev.n@deltabank.kz</p> <p>2. Tatyana Thyaunovna Kim - Head of Department for retail business, int. 1071, kim.t@deltabank.kz</p>
Please outline activities in the field of teaching or learning, which the Salaried worker or the Coordinator on environmental / social issues visited in the course of year.	No	
Please provide information about the current personnel or other ESMS key persons in the organization, who are involved with implementation of ESMS. Please outline educational work provided to ESMS parties and other members of ESMS team in the course of year.	<p><i>From November 2015 till January 2016 there were held trainings with participation of Ms. Safia Shaftiq and Bakhtiar Ibraeva.</i></p> <p><i>Topic "Training for banks participating in the SME Program for environmental safeguard measures"</i></p> <p><i>I. ADB Safeguard Measures Policy</i></p> <p><i>II. Prohibited List of Investment Operations</i></p> <p><i>III. Categorization</i></p> <p><i>IV. PES for Projects of the Category B</i></p> <p><i>V. Reports on Environmental Monitoring</i></p>	

What budget has been provided for ESMS and activities on its implementation during the year?	No	
Monitoring	Yes/No	
Do you receive any environmental and social reports on monitoring from sub-project companies, which you finance?	Yes	For the Projects of the Category B in Expanded monitoring of projects is formed the following section: "Report on results of ecological and social assessment"
Do you monitor if your sub-project companies comply with national regulations and any other requirements on a permanent basis?	Yes	In accordance with the requirements of the regulator (NB RK) inspection of projects (the current monitoring) conducts on a quarterly basis
Please outline in what way you control the sub-project company as well as social and environmental effectiveness of their sub-project.	Yes	Control on the implementation of the project with the assessment of the social and environmental effectiveness is conducted continuously during the Expanded monitoring of the project in section: "Report on results of ecological and social assessment".
Please provide detailed information about any incidents / lawsuits / claims / normative notifications and fines: - Any incidents of non-compliance with applicable environmental and social requirements - Special obligations / stipulations imposed by the Bank in relation to the sub-project company in consequence of any non-compliance	No	There is no information about incidents / lawsuits / claims / legal notices and penalties with regard to non-compliance with the applicable environmental and social requirements on all current projects
Reporting	Yes/No	
Are there any internal procedures for provision of reporting on social and environmental issues used for guidance?	No	
Do you prepare any social and environmental reports: - For other multilateral agencies - For other concerned parties - Reports on environmental and social aspects in the Annual Report - Sustainability Reports	No	

Activities connected with the list of investment operations prohibited by the ADB	
If any, please specify dollar percentage of loans or investments from your total repayable amount of indebtedness, which were provided to clients, which were essentially involved in the List of investment operations prohibited by the ADB (See Annex 1).	0%
If percentage is nonzero, please explain occurrence of amounts repayable and measures taken to reduce such amounts of indebtedness.	

B. Sub-projects using ADB funds

Economic sector for financed project	Number of projects	Total bank credit	Categories (C/B)
Total in the Category C:	18	7 500 320 000.00	C
Total in the Category B:	1	20 000 000.00	B
Total amount	19	7 520 320 000.00	B / C

For the entire period the Bank were financed 41 borrowers.

For the period since 01.01.16 to 30.06.2016 to project for amount of 550 000 000 tenge has initially been appropriated the category C.

In the course of monitoring of the project, the Bank, together with ADB has made the decision to shift this project to the category B. As of 01.01.2017 this project has the category B.

From the period since 30.06.16 to 01.01.2017 to project for amount of 20 000 000 tenge has been appropriated the category B. As of 01.01.2017 this project is pre-schedule repaid.

Credit agreement provides the Checklist for selection of the sub-project, which shall be used to determine the sub-project for financing, and due public offering of this Report on the ADB website, we offer to include the following questions, however, the table is filled not per a separate sub-project but one table for all the financed sub-projects

QUESTIONS	Yes	No	NOTE
A. Compliance with laws and / or normative acts (for existing SME). Have any projects violated any applicable laws and normative acts on protection of environment, safety, public health service and social laws applicable in the Republic of Kazakhstan?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
B. The ADB List of Types of Activities Prohibited for Financing Have any types of activities as part of the project been included in the ADB List of Types of Activities Prohibited for Financing set out in Annex 2.1 of the Credit Agreement concluded with JSC "Business Development Fund "Dam"?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
C. Projects with high-level adverse environmental and social impact (Category A) Have projects made available for financing had any potentially significant environmental and / or social impact, or high environmental and / or social risk?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
D. Potential social impacts			
Projects:			
• Have you used land acquired for public use?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• Have any projects been the cause of resettlement / tenants/ renters move or informal land users (people without legal right to use land / those who illegally seized land)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• Have any projects been the cause why people will lose or will have limited access to natural resources, permanent dwelling place or municipal infrastructure?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• Have any projects directly or indirectly influences ethnic minorities in the project area, who (i) support	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

<ul style="list-style-type: none"> Have any projects directly or indirectly influences ethnic minorities in the project area, who (i) support collective organization for clear determination of their dwelling place or ancestral territories, (ii) speak in their own language or dialect, and (iii) have been historically, socially and economically driven back or discriminated? 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If credits have been used for:			
<ul style="list-style-type: none"> Purchase of land, buildings (commercial or residential real estate) 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Acquisition of assets / or branching out, what will result in eviction / relocation of tenants, renters or formal/informal assets users 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Acquisition of assets, what will be the cause why people or certain communities / ethnic minority groups and the poor will lose access to: <ol style="list-style-type: none"> natural resources; permanent dwelling places; beat; municipal infrastructure 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Acquisition of assets / or branching out, what will be the cause of contribution to and increase of risk: <ol style="list-style-type: none"> Violations of labor code standards, including employment of children; Backlog of minority ethnic groups in the area of project implementation (related to their personality, title, livelihood system, cultural uniqueness); Trafficking in human beings. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

C. Constant financing (sub-projects with environmental and social benefits) at the expense of the ADB Program

Constant financing		
Have you ever invested in sub-projects, which have social and environmental benefits, such as investment in management systems, energy efficiency, renewable energy, wholesome production, carbon finance, reduction and control of pollution degree, stable supply system, corporate social responsibility, development of local infrastructure, etc. at the expense of the ADB Program? Please list them in the format provided below:		
Name of the sub-project	Amount of financing provided by a financial institution (in mil. of tenge)	Type of social and environmental benefits

Managing Director – Member of the
Management Board - Director of
Almaty branch of JSC «Delta Bank»



Kenzhegul Kanatpayeva

**PROTECTIVE MEASURES MONITORING REPORT
WITHIN THE ADB PROGRAM - TRANCHE III**

Name of Organization	Tsesnabank JSC		
Completed by (name):	R. Uzhakhova		
Position in organization:	Chief Specialist of AWSP DSP	Date:	January 17, 2017
Reporting period	From: July 1, 2016	To: December 31, 2016	

A. Environmental and Social Management System (ESMS)

Policies & Processes	Yes/No	The Banks' Comments
Have there been any updates to the ESMS or to the policy and procedures adopted by your organization during the reporting period?	No	
Has senior management signed off on the updated policy/procedure?	No	
Has your organization appointed staff tasked to implement the ESMS?	Yes	<p>I. As ESMS Supervisors in the Bank – responsible for implementation of the Environmental and Social Responsibility Policy of Tsesnabank JSC and ESMS coordination by the Order of the Management Board Chairman:</p> <p>1) Director of the Department on state programs;</p> <p>2) Director of the Department of credit risks of business projects are appointed.</p> <p>II. As Responsible Employees for environmental and social issues by the Orders of the Management Board Chairman employees and heads of risk management subdivisions and employees and heads of credit subdivisions of the Head Office/the Bank's Affiliates are appointed.</p>
Please give details of any transactions rejected due to environmental and/or social concerns.	No	
Please state any difficulties and/or constraints related to the implementation of the ESMS.	No	
Please describe how you ensure that your subproject companies and their subprojects are operated in compliance with the national laws and regulations and applicable ADB's requirements.	See the Bank's comment	<p>I. The Bank requests from the client – the initiator – copies of activity authorization documents (if applicable in accordance with normative and legal requirements of RK).</p> <p>II. The potential borrower completes the screening checklist for above subprojects (Environmental and Social Impact Evaluation Criteria) in accordance with the Annex to the Credit Agreement concluded between the Bank</p>

		<p>and "Damu" Entrepreneurship Development Fund" JSC, as well as completes an additional questionnaire for Category B Projects which results form for the employees of the Bank conclusions about:</p> <ul style="list-style-type: none"> - acceptability for financing; - necessity to refuse financing; - necessity to receive additional information/documentation for the project; - detected inconsistencies; - necessary actions for elimination of inconsistencies; - recommendations for environmental and social issues obligatory for inclusion into the Environmental Management Plan (EMP). <p>III. The Bank realizes the Monitoring for fulfillment of environmental and social requirements for all financed Category B Projects not less than once in half a year, including the monitoring of the Plan for elimination of violations.</p>
Please give details of any material social and environmental issues associated with clients during the reporting period in particular.	No	
In case the existing ESMS is not fully functional, what is the action plan being implemented by your organization?	See the Bank's comment	In case if the existing ESMS does not operate to the full extent, the Bank will modify it.
Capacity	Yes/No	The Bank's Comments
Please provide the name and contact information of the Environmental/Social Officer or Coordinator who has the overall responsibility for the implementation of ESMS.	See the Bank's comment	<p>As ESMS Supervisors in the Bank – responsible for implementation of the Environmental and Social Responsibility Policy of Tsesnabank JSC and ESMS coordination by the Order of the Management Board Chairman:</p> <p>1) Director of the Department on state programs – Tursunkhanov Murat Nauryzbayevich, e-mail address: M.Tursunhanov@TSB.KZ;</p> <p>2) Director of the Department of credit risks of business projects – Rakishev Rustem Maratovich, e-mail address: Rakishev_PM@TSB.KZ. are appointed.</p>
Please describe the training or learning activities the Environmental/Social Officer	Yes	Internal distance training of staff of bank branches was held by employees of Department

or Coordinator attended during the year.		on state programs.
Please provide information about current staff or other key persons of ESMS in the organization involved in ESMS implementation.	Yes	<p>I. As ESMS Supervisors in the Bank – responsible for implementation of the Environmental and Social Responsibility Policy of Tsesnabank JSC and ESMS coordination by the Order of the Management Board Chairman:</p> <p>1) Director of the Department on state programs;</p> <p>2) Director of the Department of credit risks of business projects</p> <p>are appointed.</p> <p>II. As Responsible Employees for environmental and social issues by the Orders of the Chairman of the Management Board the employees and heads of risk management subdivisions and employees and heads of credit subdivisions of the Head Office/the Bank's Affiliates (171 persons) are appointed.</p>
What was the budget allocated to the ESMS and its implementation during the year?	See the Bank's comment	There are no traveling expenses connected with carrying out corporate training for employees of Head Office and branches on a topic "An order of ecological and social management system observance within the Investing program of Asian Development Bank on development of small and medium-sized business - Tranche II in Tsesnabank JSC in connection with carrying out of on-site training by ADB's consultant and remote training of other staff of branches of Tsesnabank JSC.
Monitoring	Yes/No	The Bank's Comments
Do you receive environmental and social monitoring reports from subproject companies that you finance?	Yes	The realization by the Bank of the Monitoring for environmental and social requirements for all financed Category B Projects not less than once in half a year, including the monitoring of the Plan for elimination of violations.
Do you check for ongoing compliance of your subproject companies with national regulation and any other requirements on a continuous basis?	See the Bank's comment	In accordance with internal documents of the Bank for all projects, not less than once a year, the advanced monitoring with visiting the business site for review of aspects including social and environmental issues is realized. By the decision of the Authorized body of the Bank the period of the Monitoring may be reduced.
Please describe how you monitor the subproject company and their subproject's social and environmental performance.	See the Bank's comment	The Bank controls the social and environmental performance of the subproject on the basis of semi-annual Monitoring reports on fulfillment of environmental and social requirements

		<p>for all financed projects of category B created on the basis of monitoring or on the basis of the inspections which are carried out by supervisory authorities.</p> <p>As well as on the basis of the borrower's notifications in accordance with the obligations stipulated in the Contracts concluded between the Bank and the Borrower:</p> <p>1) To notify the Bank about any violations of environmental requirements, about emergencies and accidents which have significantly affected or may affect performance indices in the environmental and social areas, as well as in the area of health protection and labor safety with-in 3 (three) working days;</p> <p>2) In case of detection of any unforeseen environmental and/or social risks and consequences during realization of any project, within 3 (three) working days from the date of establishment of this fact, to notify the Bank about the occurrence of these risks or consequences, with detailed description of the event and with the proposed Plan of corrective actions.</p>
<p>Please provide details of any accidents/litigation/complaints/regulatory notices and fines:</p> <ul style="list-style-type: none"> - Any incidents of non-compliance with the applicable Environmental and Social Requirements - Covenants/conditionality imposed by the Bank to the subproject company as a result of any non-compliance 	No	Such incidents were not observed.
Reporting	Yes/No	The Bank's Comments
Is there an internal process to report on social and environmental issues to senior management?	See the Bank's comment	<p>The Responsible Employee of the Managements of transactions structuring of the Department on state programs (AWSP DSP) maintains reporting on issued credits, concluded contracts and considered projects within the ADB Program with indication of the borrower's name, the project's economic sector and category which is provided on a weekly basis to the ESMS Supervisor (Director of DSP).</p> <p>The Responsible Employee of AWSP DSP also tracks the availability of EMP for Category B Projects.</p>
Do you prepare any social and environmental reports:	No	

- For other multilateral agencies		
- Other stakeholders		
- E&S reporting in the Annual Report		
- Sustainability reports		

Activities on ADB's Prohibited Investment Activities List

If any, please indicate the dollar percentage of loans or investments out of your total outstanding exposure provided to clients who are substantially involved in ADB's Prohibited Investment Activities List (Refer to Attachment 1).	0%
If the percentage is not zero, please explain these exposures and any steps having been taken to reduce such exposure.	

B. Subprojects Using ADB Funds

Economy sectors of financed projects	Number of projects	Total amount of credits, tenge	Categories (C/B)
10110 - Conversion and conservation of meat	4	49 350 400	B
10200-Conversion and conservation of fish, Crustacea and mollusks	1	38 000 000	B
10411-Production of the crude oils and fats	1	30 000 000	B
10412-Production of refined oils and fats	2	203 500 000	B
10511-Milk conversion, except conservation, and production of cheeses	8	492 450 000	B
10850-Production of the made foodstuff and semi-finished products	5	44 315 285	B
17220-Production of paper products of economic and household and sanitary and hygienic appointment	2	45 000 000	B
22220-Production of plastic packagings for goods	4	35 000 000	B
22290-Production of other plastic products	1	5 500 000	B
23632-Asphalt concrete production	6	500 476 194	B
25210-Production of radiators and coppers of central heating	1	130 000 000	B
33120-Repair of machines and equipment	1	10 000 000	B
33125-Repair and maintenance of other machines and equipment of a special purpose	2	21 300 000	B
33179-Repair of the other vehicles and the equipment which isn't switched on in other groups	1	3 000 000	B
41201-Construction of residential buildings	2	609 000 000	B
41202-Construction of non-residential buildings	3	22 300 000	B
42110-Construction of roads and highways	1	12 000 000	B

43999-The other construction works requiring special professions	1	13 000 000	B
46381-Wholesale trade by fish and fish products	5	262 730 000	B
46711-Wholesale trade by crude oil and associated gas	4	130 000 000	B
46716 - Wholesale trade by automobile gasoline	2	309 000 000	B
46733-Wholesale trade by products from concrete, cement, plaster and similar materials	2	15 000 000	B
46909-Wholesale trade by a broad range of goods without any specification	1	180 000 000	B
64199-Cash mediation of other financial institutions	6	212 000 000	B
Total on Category B	69	3 372 921 879	
01111-Growing of grain and leguminous crops, including seed farming	2	180 000 000	C
01410-dairy farming	1	23 396 480	C
01500-The mixed agricultural industry	1	36 603 520	C
10130-Production of products from meat and fowl	1	50 000 000	C
18120-Other types of printing production	21	183 428 874	C
20110-Production of industrial gases	1	165 000 000	C
23992-Production of mineral insulating materials	1	100 000 000	C
25210-Production of radiators and coppers of central heating	1	350 000 000	C
25501 - Production of finished metal goods or semi-finished products by forging of pressing of stamping and rolling	6	86 000 000	C
31090-Production of other furniture	1	20 000 000	C
32120-Production of jewelry	1	70 000 000	C
41100-Development of construction projects	7	9 620 000	C
41201-Construction of residential buildings	5	232 800 000	C
41202-Construction of non-residential buildings, except for stationary shopping facilities of categories 1, 2	1	40 000 000	C
43121-Earthwork	1	7 000 000	C
43298-Other installation and construction works	6	70 000 000	C
43390-Other finishing works	7	6 750 000	C
45200-Maintenance and repair of vehicles	2	5 000 000	C
45310 - Wholesale trade by spare parts and accessories to cars	5	108 354 621	C
45310-Wholesale trade by spare parts and accessories to cars	98	1 262 300 000	C
45321-Retail trade by spare parts and accessories to cars	8	112 922 650	C

46140-Agent activities on trade in machines, the equipment, an industrial equipment, ocean and air vehicles	11	151 000 000	C
46150-Agent activities on trade in furniture, household goods, hardware and other metal products	1	22 500 000	C
46190-Agent activities on trade in goods of a wide assortment	1	15 000 000	C
46211-Wholesale trade by grain, seeds and stems for animals	3	556 200 000	C
46310 Wholesale trade by fruit and vegetables	4	110 000 000	C
46320-Wholesale trade by meat and meat products	3	9 620 847	C
46330-Wholesale trade by dairy products, eggs and edible oils and fats	12	139 181 684	C
46341 - Wholesale trade by drinks	6	30 900 000	C
46360-Wholesale trade by sugar, chocolate and sugary confectionery	1	50 000 000	C
46381-Wholesale trade by fish and fish products	15	316 416 000	C
46389 - Wholesale trade by other food	18	237 200 000	C
46431-Wholesale trade by the household equipment	1	150 000 000	C
46440-Wholesale trade by porcelain, glasswares and cleaners	5	50 450 000	C
46461-Wholesale trade by pharmaceutical goods	2	23 746 766	C
46491-Wholesale trade by school writing-materials	1	40 000 000	C
46499-Wholesale trade by other nonfoods of broad consumption	3	95 000 000	C
46510-Wholesale trade by computers, peripheral computer equipment and software	8	115 647 894	C
46660-Wholesale trade by the other office equipment	1	9 045 000	C
46713 - Wholesale trade by coal	2	93 000 000	C
46716-Wholesale trade by automobile gasoline	18	1 031 216 000	C
46717-Wholesale trade by diesel fuel	3	165 500 000	C
46718-Wholesale trade by fuel oil	1	11 000 000	C
46719-Wholesale trade by other fuel	11	41 171 264	C
46722-Wholesale trade by cast iron, steel and their casting	1	35 000 000	C
46736-Wholesale trade by building metal constructions	2	34 284 331	C
46909-Wholesale trade by a broad range of goods without any specification	38	2 409 997 400	C
47110-Retail trade in unspecialized shops mainly food, including drinks, and tobacco products	1	5 000 000	C
47111-Retail trade mainly food, including drinks and tobacco products in unspecialized shops	18	354 896 505	C

47191-Other retail trade in unspecialized shops	27	480 000 000	C
47291-Other types of retail trade by food in specialized shops	6	24 328 225	C
47300-Retail trade by fuel in specialized shops	17	377 000 000	C
47301-Retail trade by motor fuel in specialized shops	1	44 000 000	C
47431-Retail trade of audio and video the equipment in specialized shops	1	180 000 000	C
47520-Retail trade by hardware, paints and varnishes and glass in specialized shops	4	9 780 000	C
47541-Retail trade by electric household appliances in specialized shops	1	3 000 000	C
47591-Retail trade by furniture in specialized shops	22	273 000 000	C
47711-Retail trade knitted and a hosiery in specialized shops	1	4 600 000	C
47712 - Retail trade by clothes, except knitted and a hosiery, in specialized shops	3	35 000 000	C
47722-Retail trade by leather products in specialized shops	1	4 000 000	C
47731-Retail trade by pharmaceutical goods in specialized shops	1	3 500 000	C
47751-Retail trade by cosmetic goods and sanitary products in specialized shops	4	36 150 000	C
47771-Retail trade for hours and a jewelry in specialized shops	3	64 170 000	C
47789 - Other retail trade in specialized shops	10	295 594 507	C
47821-Retail trade by clothes, footwear and fabrics in trade tents, stalls and booths	2	4 000 000	C
47891-Retail trade by other goods in trade tents, stalls and booths	1	6 500 000	C
47892 - Retail trade by other goods in the market	3	22 000 000	C
47991-Delivery and peddling retail trade	1	26 000 000	C
47999-Other retail trade not in shops	19	99 014 148	C
49320-Taxi services	4	20 357 569	C
49390-The other types of surface passenger traffic which aren't referred to other categories	2	18 300 000	C
49410-Freight transportation by a road transport	1	220 242 000	C
52102-Warehousing and storage of nonfoods, except grain	1	200 000 000	C
52103-Warehousing and storage of food products	2	186 000 000	C
52-Warehouse economy and auxiliary transport activities	1	83 739 600	C

56100-Restaurants and delivery services of food	4	61 151 080	C
61209 - Other wireless telecommunication communication	1	450 000 000	C
61900-Other types of telecommunication services	8	116 727 032	C
62090-Other types of activity in the field of information technologies and computer systems	1	25 500 000	C
64929-Other types of crediting	3	633 500 000	C
68200-Lease and operation of own or leasable real estate	12	770 250 000	C
74909-The other professional, scientific and technical activity which isn't included in other categories	1	142 000 000	C
77121-Lease of cargo vehicles	1	15 000 000	C
77391-Lease of the other machines, the equipment and appliances which aren't included in other categories	3	160 000 000	C
79110-Activities of the tourist agencies	8	1 416 000 000	C
85100-Preschool education	3	39 000 000	C
85310-Main and general secondary education	6	24 800 000	C
86103-Activities of sanatorium organizations.	1	80 000 000	C
93299-Other types of activity on the organization of rest and entertainments	7	297 000 000	C
96090-Provision of the other services which aren't included in other groups	5	214 284 715	C
Total for Category C	571	16 587 638 711	C
Total:		19 960 560 590	

Screening Checklist for Abovementioned Subprojects
Environmental and Social Impact Evaluation Criteria

QUESTIONS	Yes	No	NOTE
A. Observation of the requirements of laws and/or bylaws (for operating small and medium entrepreneurship) Did you violate any of applicable laws and bylaws of the Republic of Kazakhstan about environment protection, security, healthcare and social laws		✓	
B. The ADB's Prohibited Investment Activities List Were the types of activity of subprojects indicated above included into the ADB's Prohibited Investment Activities List specified in Annex 1-2 of the Credit Agreement concluded with "Damu" Entrepreneurship Development Fund" JSC?		✓	
C. Projects with unfavorable environmental and social impact of high level (Category A) Did the projects proposed for financing have a potentially significant environmental and/or social impact or impact presenting high degree environmental and/or social risk?		✓	
D. Potential social impacts			

Projects:			
- Was the land purchased for public needs used for projects		✓	
- Were the projects the reason of moving / relocating the tenants / renters or non-formal land users (people without legal rights for land use / people who have seized the land illegally)?		✓	
- Were the projects the reason of the effect that people will lose or will have a limited access to natural resources, permanent place of residence or municipal infrastructure?		✓	
- Did the projects have impact on ethnic minorities in the project area which (i) support collective organization for precise determination of their place of residence or inherited territories, (ii) speak in their language or dialect, and (iii) were historically, socially and economically separated or discriminated.		✓	
Were credits used for:			
• Purchase of land, structures (commercial or residential real estate)	✓		
- Purchase of assets and/or expansion of business that will lead to departure / relocation of tenants, renters or formal and non-formal users of assets.		✓	
• Purchase of assets that will become a reason of the effect that people or certain communities / groups of ethnic minorities or poor people will lose access to: 1. natural resources; 2. permanent places of residence; 3. regular activity; 4. municipal infrastructure		✓	
• Purchase of assets and/or business expansion that will lead to promotion and increase of the risk of 1. violation of standards of labor code, including child labor use; 2. lag of the groups of ethnic minorities in the area of project implementation (connected with their personality, title, nutrition system, cultural singularity); 3. trafficking in people.		✓	

C. Sustainable Finance (subprojects with environmental and social benefits) at the expenses of ADB Program funds

Sustainable finance		
Have you made any investments in subprojects that have social and environmental benefits such as investing in management systems, energy efficiency, renewable energy, cleaner production, carbon finance, pollution abatement and control, sustainable supply chain, corporate social responsibility, community development, etc.? Please list these in the format provided below:		
Subproject Name	Value financed by the Financial Institution (tenge)	Type of social and environmental benefit
-	-	-

Deputy Chairman of the Management Board

 A. Djailaubekova

PROTECTIVE MEASURES MONITORING REPORT

Name of Organization	JSC Kazkommertsbank		
Completed by (name):	Assel Daulbayeva		
Position in organization:	Lead Manager	Date:	
Reporting period	From: July 1, 2016		To: December 31, 2016

A. Environmental and Social Management System (ESMS)

Policies & Processes	Yes/No	The Banks' Comments
Have there been any updates to the ESMS or to the policy and procedures adopted by your organization during the reporting period?	No	
Has senior management signed off on the updated policy/procedure?	Yes	
Has your organization appointed staff tasked to implement the ESMS?	Yes	
Please give details of any transactions rejected due to environmental and/or social concerns.	No	
Please state any difficulties and/or constraints related to the implementation of the ESMS.	No	
Please describe how you ensure that your subproject companies and their subprojects are operated in compliance with the national laws and regulations and applicable ADB's requirements.		<p>The inspection is conducted upon accepting a request for funding from the client. The inspection shall cover client's activities, place of project implementation, business milestones and operation chart. The project conformity to the B/C category shall be subject to inspection as well.</p> <p>During the period of funding the borrowers may receive clarifications and consultations regarding the compliance with the national laws and requirements of the Bank and ADB.</p> <p>The inspection shall also verify the intended utilization of the loan and shall include regular visits to the place of project implementation within the frames of project monitoring.</p>
Please give details of any material social and environmental issues associated with clients during the reporting period in particular.		-

In case the existing ESMS is not fully functional, what is the action plan being implemented by your organization?		-
Capacity	Yes/No	The Banks' Comments
Please provide the name and contact information of the Environmental/Social Officer or Coordinator who has the overall responsibility for the implementation of ESMS.		Alina Begenova, AlBegenova@kkb.kz , +7 727 2 585 145 ext. 57505
Please describe the training or learning activities the Environmental/Social Officer or Coordinator attended during the year.		Workshops held with Bakhtiyar Ibrayev, Galina Artyukhina
Please provide information about current staff or other key persons of ESMS in the organization involved in ESMS implementation.		-
What was the budget allocated to the ESMS and its implementation during the year?		-
Monitoring	Yes/No	The Banks' Comments
Do you receive environmental and social monitoring reports from subproject companies that you finance?	No	
Do you check for ongoing compliance of your subproject companies with national regulation and any other requirements?	Yes	
Please describe how you monitor the subproject company and their subproject's social and environmental performance.		Analysis of the company's activity, and verification of its compliance with the program terms and conditions. Visits to the place of project implementation within the frames of project monitoring.
Please provide details of any accidents/litigation/complaints/regulatory notices and fines: Any incidents of non-compliance with the applicable Environmental and Social Requirements Covenants/conditionalities imposed by the Bank to the subproject company as a result of any non-compliance		-
Reporting	Yes/No	The Banks' Comments
Is there an internal process to report on social and environmental issues to senior management?	No	

Do you prepare any social and environmental reports: - For other multilateral agencies Other stakeholders E&S reporting in the Annual Report Sustainability reports	No	
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Activities on ADB's Prohibited Investment Activities List

If any, please indicate the dollar percentage of loans or investments out of your total outstanding exposure provided to clients who are substantially involved in ADB's Prohibited Investment Activities List (Refer to Attachment 1).	<u>0</u> %
If the percentage is not zero, please explain these exposures and any steps having been taken to reduce such exposure.	

B. Subprojects Using ADB Funds

Economy sectors of financed projects	Number of projects	Total amount of credits, tenge	Categories (C/B)
46 - Wholesale trading, not including vehicles and motorbikes	10	917 409 774,41	C
47 - Retail trading, not including trading of vehicles and motorbikes	2	275 469 369,74	C
85 - Education	1	28 730 599,57	C
Total of category C	13	1 221 609 743,72	
46 - Wholesale trading, not including vehicles and motorbikes	5	2 746 534 269,00	B
47 - Retail trading, not including trading of vehicles and motorbikes	3	827 624 937,00	B
49 - Land transport and pipeline transportation	1	80 000 000,00	B
52 - Warehousing and auxiliary transport activity	1	94 000 000,00	B
Total of category B	10	3 748 159 206,00	
Total	23	4 969 768 949,72	

Screening Checklist for Abovementioned Subprojects Environmental and Social Impact Evaluation Criteria

Questions	Yes	No	comments
A. Compliance the laws and / or regulations (for existing SMEs). Violates any projects of any of the applicable laws and regulations of the Republic of	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Kazakhstan on environmental protection, safety, health, and social laws			
B. The ADB's Prohibited Investment Activities List Were the types of activity of subprojects indicated above included into the ADB's Prohibited Investment Activities List specified in Annex 1-2 of the Credit Agreement concluded with "Damu" Entrepreneurship Development Fund"JSC?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
C. Projects with unfavorable environmental and social impact of high level (Category A) Did the projects proposed for financing have a potentially significant environmental and/or social impact or impact presenting high degree environmental and/or social risk?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
D. Potential social impacts			
Subprojects:			
<ul style="list-style-type: none"> Was the land purchased for public needs used for projects? 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Were the projects the reason of moving / relocating the tenants / renters or non-formal land users (people without legal rights for land use / people who have seized the land illegally)? 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Were the projects the reason of the effect that people will lose or will have a limited access to natural resources, permanent place of residence or municipal infrastructure? 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Did the projects have impact on ethnic minorities in the project area which (i) support collective organization for precise determination of their place of residence or inherited territories, (ii) speak in their language or dialect, and (iii) were historically, socially and economically separated or discriminated. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Were credits used for:			
<ul style="list-style-type: none"> purchase of land, buildings (commercial or residential real estate) 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Purchase of assets and/or expansion of business that will lead to departure / relocation of tenants, renters or formal and non-formal users of assets. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Purchase of assets that will become a reason of the effect that people or certain communities / groups of ethnic minorities or poor people will lose access to: <ol style="list-style-type: none"> 1. natural resources; 2. permanent habitats; 3. regular activities; 4. municipal infrastructure 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Purchase of assets and/or business expansion that will lead to promotion and increase of the risk of: <ol style="list-style-type: none"> 1. Violations of the code of labor standards, including child labor; 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

2. Lag of the groups of ethnic minorities in the area of project implementation (connected with their personality, title, nutrition system, cultural singularity);			
3. Trafficking in people.			

C. Sustainable Finance (subprojects with environmental and social benefits) at the expenses of APB Program funds

Sustainable finance		
Have you made any investments in subprojects that have social and environmental benefits such as investing in management systems, energy efficiency, renewable energy, cleaner production, carbon finance, pollution abatement and control, sustainable supply chain, corporate social responsibility, community development, etc.? Please list these in the format provided below:		
Subproject Name	Value financed by the Financial Institution (million tenge)	Type of social and environmental benefit
Individual entrepreneur Bekturova (Aktobe) – construction of a logistic warehouse	550	Formation and organization of a stable supply system

Director of Department
JSC Kazkommertsbank



G. Datkayeva