

# Environmental Monitoring Report

---

Semi-annual Report  
June 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.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

**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 12<sup>th</sup>, 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 3<sup>rd</sup> tranche the ADB's international consultants together with the employees of the Fund's carried out preliminary 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 November 1, 2015 to June 30, 2016 the PFIs financed **265** subprojects in the various economic sectors in the amount of **27 866 829 134.6** tenge under 3<sup>rd</sup> tranche of ADB.

1. JSC “Delta Bank” funded **22** SME subprojects in the amount of **6 948 700 000** tenge, including the projects of the following categories:

Category «C» - 22 subprojects in the amount of 6 948 700 000 tenge.

2. JSC “Tsesnabank” funded **143** SME subprojects in the amount of **2 447 179 963,33** tenge, including the projects:

Category «C» - 125 subprojects in the amount of 2 223 766 658.33 tenge.

Category «B» - 18 subprojects in the amount of 223 413 305 tenge.

3. JSC “KazInvestBank” funded **1** SME subprojects in the amount of **250 000 000** tenge, including the projects:

Category «B» - 1 subprojects in the amount of 250 000 000 tenge.

4. JSC “Kazkommertsbank” funded **99** SME subprojects in the amount of **18 220 949 171,3** tenge, including the projects:

Category «C» - 57 subprojects in the amount of 10 060 045 281 tenge.

Category «B» - 42 subprojects in the amount of 8 160 903 890.3 tenge.

Special training workshops on the implementation of the environmental and social management systems were held for the PFI's employees from November 2015 to January 2016 by ADB environmental consultants: Bakhtiyar Ibrayev, Safiya Shafik and Galina Artukhina.

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 01.11.2015 to 30.06.2016;
2. Outline of semi-annual safeguards monitoring report by JSC "Tsesnabank" for the period from 01.11.2015 to 30.06.2016;
3. Outline of semi-annual safeguards monitoring report by JSC "KazInvestBank" for the period from 01.11.2015 to 30.06.2016;
4. Outline of semi-annual safeguards monitoring report by JSC "Kazkommertsbank" for the period from 01.11.2015 to 30.06.2016.

**Deputy Chairman of the Board**



**Zhashibayev Anuar**

Executed by: Kabiyeve 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 MEASURES

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:	20.07.2016
Accounting period	From: 11/09/2015 till: 30/06/2016		

### A. Environmental and Social Management System (ESMS/СЭСМ)

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 national laws and regulations, and applicable requirements	1. Categorization is carried out at the stage of <u>consideration</u> , sub-projects of the Category A are immediately excluded from the stage of consideration. Projects of the Category B are	

of the ADB.	<p>inspected for the presence of necessary permits and licenses at the stage of legal due diligence.</p> <p>2. All the provisions and requirements are inspected according to ESMS <u>at the stage of monitoring</u> of Project of the Category B.</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. Identification of causes why ESMS is not functioning fully.</p> <p>2. Elimination of these causes, appropriate amendments implementation to ESMS - if proved necessary.</p>	
<b>Operability</b>	<b>Yes/No</b>	
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 Bakitovich Borambayev - Head of Division for small and medium business, 8 (727) 2449519, int.1061 <a href="mailto:borambaev.n@deltabank.kz">borambaev.n@deltabank.kz</a></p> <p>2. Tatyana Tkhyunovna Kim - Head of Division for retail business, int. 1071, <a href="mailto:kim.t@deltabank.kz">kim.t@deltabank.kz</a></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 Shafiq and Bakhtiyar Ibraev.</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	
<b>Monitoring</b>	<b>Yes/No</b>	
Do you receive any environmental and social reports on monitoring from sub-project companies, which you finance?	No	Timeline for monitoring has not come yet
Do you monitor if your sub-project companies comply with national regulations and any other requirements on a permanent basis?	Yes	Based on monitoring
Please outline in what way you control the sub-project company as well as social and environmental effectiveness of their sub-project.	No	Timeline for monitoring has not come yet
Please provide detailed information about	No	



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		
<b>Reporting</b>	<b>Yes/No</b>	
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)
<b>Total in the Category C:</b>	22	6 948 700 000.00	C
<b>Total in the Category B:</b>			
<b>Total amount</b>	<b>22</b>	<b>6 948 700 000.00</b>	<b>C</b>

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 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:				
• Purchase of land, buildings (commercial or residential real estate)	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
• 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"/>		
• Acquisition of assets, what will be the cause why people or certain communities / ethnic minority groups and the poor will lose access to: 1. natural resources; 2. permanent dwelling places; 3. beat; 4. municipal infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
• Acquisition of assets / or branching out, what will be the cause of contribution to and increase of risk: 1. Violations of labor code standards, including employment of children; 2. Backlog of minority ethnic groups in the area of project implementation (related to their personality, title, livelihood system, cultural uniqueness); 3. 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):	Shynar Bissaliyeva		
Position in organization:	Chief Specialist of the Administration for work with state programs of the Department of small and medium entrepreneurship (AWSP DSME)	Date:	July 18, 2016
Reporting period	From: November 1, 2015	To: June 30, 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	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: 1) the Director of the Department of small and medium entrepreneurship; 2) the Director of the Department of credit risks of business projects are appointed. 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 (171 people) are appointed.
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	See the Bank's comment	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).

applicable ADB's requirements.		<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 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"> <li>- acceptability for financing;</li> <li>- necessity to refuse financing;</li> <li>- necessity to receive additional information/documentation for the project;</li> <li>- detected inconsistencies;</li> <li>- necessary actions for elimination of inconsistencies;</li> <li>- recommendations for environmental and social issues obligatory for inclusion into the Environmental Management Plan (EMP).</li> </ul> <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.
<b>Capacity</b>	<b>Yes/No</b>	<b>The Bank's Comments</b>
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 of small and medium entrepreneurship – 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	Yes	I. The realization of corporate training for

activities the Environmental/Social Officer or Coordinator attended during the year.		<p>Responsible Employees for Environmental and Social Issues on the Subject "Training for implementation of Environmental and Social Management System within the Investment Program of the ADB for small and medium entrepreneurship" by ADB Consultant for environmental and social issues Bakhtiyar Ibrayev:</p> <ul style="list-style-type: none"> <li>• in Shymkent, with remote training of employees in Taldykorgan, Kyzylorda, Taraz - on January 12, 2016,</li> <li>• in Aktau - on January 15, 2016,</li> <li>• in Aktobe - on January 18, 2016,</li> <li>• to Uralsk - on January 19, 2016,</li> <li>• in Atyrau - on January 22, 2016,</li> <li>• in Semey, with remote training of employees in Ust-Kamenogorsk, Pavlodar - on January 26, 2016,</li> <li>• in Kokshetau, with remote training of employees in Kostanay, Petropavlovsk, Shchuchinsk - on January 29, 2016.</li> </ul>
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> <ol style="list-style-type: none"> <li>1) the Director of the Department of small and medium entrepreneurship;</li> <li>2) the Director of the Department of credit risks of business projects</li> </ol> <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 people) are appointed.</p>
What was the budget allocated to the ESMS and its implementation during the year?	See the Bank's comment	<p>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.</p>



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. In this reporting period the due period of the Monitoring has not occurred yet.
Do you check for ongoing compliance of your subproject companies with national regulation and any other requirements?	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	<p>The social and environmental performance of the subproject is monitored by the Bank on the basis of semi-annual Monitoring reports for fulfillment of environmental and social requirements formed on the basis of the monitoring or on the basis of reviews conducted by supervision authorities.</p> <p>During the accounting period the term of planned monitoring on the projects financed on category B has not yet come.</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 within 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>
Please provide details of any accidents/litigation/complaints/regulatory notices and fines:	No	Such incidents were not observed.

<ul style="list-style-type: none"> <li>- Any incidents of non-compliance with the applicable Environmental and Social Requirements</li> <li>- Covenants/conditionalities imposed by the Bank to the subproject company as a result of any non-compliance</li> </ul>		
<b>Reporting</b>	<b>Yes/No</b>	<b>The Bank's Comments</b>
Is there an internal process to report on social and environmental issues to senior management?	See the Bank's comment	The Responsible Employee of the Administration for work with public programs of the Department of small and medium entrepreneurship (AWSP DSME) 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 DSME). The Responsible Employee of AWSP DSME also tracks the availability of EMP for Category B Projects.
Do you prepare any social and environmental reports: <ul style="list-style-type: none"> <li>- For other multilateral agencies</li> <li>- Other stakeholders</li> <li>- E&amp;S reporting in the Annual Report</li> <li>- Sustainability reports</li> </ul>	No	

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)
41.10 Development of construction projects	1	4 000 000,00	C
43.29 Other construction and assembly works	1	10 000 000,00	C
45.31 Wholesale trade in spare parts and accessories to cars	4	136 800 000,00	C

45.32 Retail trade in spare parts and accessories to cars	1	30 000 000,00	C
46.14 Activity of sales agents for machinery, equipment, industrial equipment, sea and aircrafts	1	30 000 000,00	C
46.32 Wholesale trade of meat and meat products	2	5 980 000,00	C
46.33 Wholesale trade of dairy products, eggs, food oils and fats	3	42 857 326,25	C
46.43 Wholesale trade in household home appliances, radio- and TV equipment	3	8 641 000,00	C
46.51 Wholesale trade in computers, peripheral computer equipment and software	1	50 000 000,00	C
46.90 Non-specialized wholesale trade	4	39 000 000,00	C
47.11 Retail trade at non-specialized shops, mainly of food, including beverages, and tobacco products	2	8 500 000,00	C
47.19 Other retail trade at non-specialized shops	10	200 800 000,00	C
47.30 Retail trade in fuel at specialized shops	6	80 000 000,00	C
47.52 Retail trade in iron-mongery, paintwork materials and glass at specialized shops	1	14 000 000,00	C
47.59 Retail trade in furniture, lighting equipment and other household accessories at specialized shops	6	128 849 279,47	C
47.77 Retail trade in clocks and jewelry at specialized shops	2	16 488 735,23	C
47.78 Other types of retail trade of new goods at specialized shops	6	21 307 934,00	C
47.89 Retail trade in other goods through booths and markets	1	3 000 000,00	C
49.31 City and suburban passenger land transport	1	60 000 000,00	C
49.32 Taxi activity	26	64 442 431,00	C
49.39 Other types of land passenger traffic not related to other categories	9	28 132 880,00	C
49.41 Freight transportation by motor transport	1	120 000 000,00	C
52.10 Warehousing and storage of freight	9	611 603 831,10	C
52.29 Other accompanying services during transportation	1	100 840 909,05	C
64.19 Other types of monetary mediation	7	182 000 000,00	C

68.20 Rent and management of own or rented immovable property	13	214 322 332,23	C
68.32 Management of immovable property for remuneration or on a contractual basis	1	5 000 000,00	C
86.21 General medical practice	1	4 200 000,00	C
93.29 Other types of activity in the area of rest and entertainment organization	1	3 000 000,00	C
<b>Total for Category C:</b>	<b>125</b>	<b>2 223 766 658,33</b>	
10.71 Production of bread and fresh cakes	2	2 852 645,00	B
10.85 Production of prepared foods and semi-finished foods	5	134 560 660,00	B
33.12 Repair of machinery and equipment	4	26 000 000,00	B
41.20 Construction of residential and non-residential buildings	7	60 000 000,00	B
<b>Total for Category B:</b>	<b>18</b>	<b>223 413 305,00</b>	
<b>Total:</b>	<b>143</b>	<b>2 447 179 963,33</b>	

**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



5

### PROTECTIVE MEASURES MONITORING REPORT

Please provide answers to the questions below. Please include additional pages or applications, as needed, to provide detailed information on the issues which had been answered "Yes". Bank should provide an annual report on the effectiveness of ADB.

Name of Organization	JSC "Kazinvestbank"		
Completed by (name):	Kaiyp Aibek		
Position in organization:	Director of Corporate Development Department	Date:	July 15, 2016
Reporting period	From: January 1, 2016 To: June 30, 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	The policy on Social and Environmental System Management at JSC "Kazinvestbank" (hereinafter - the Policy) has been approved at the minutes of the meeting of the Board on 15.07.2015. There were no updates and additions made to the policy during the reporting period. The policy is relevant up to today.
Has senior management signed off on the updated policy/procedure?	No	There were no updates and additions made to the Policy.
Has your organization appointed staff tasked to implement the ESMS?	Yes	Total number of employees appointed to implement the ESMS:  More than 20 employees appointed from Head Office and branches.  Coordinators:  A. Zholmurzayev – Managing Director, work experience 6 years.  A. Kaiyp – Director of Corporate Development Department, work experience 6 years.  S. Tsoy – Director of SME crediting Department.





		work experience 11 years.
Please give details of any transactions rejected due to environmental and/or social concerns.	No	No such transactions made
Please state any difficulties and/or constraints related to the implementation of the ESMS.	No	No difficulties/limitations in implementing ESMS
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.	Yes	The Bank has approved credit policies and a system for environmental and social management policies, which allow the Bank to manage projects in accordance with requirements
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?		Get an advice from ADB in order to improve SESU principles and to implement changes to the current process
<b>Capacity</b>	<b>Yes/No</b>	<b>The Banks' Comments</b>
Please provide the name and contact information of the Environmental/Social Officer or Coordinator who has the overall responsibility for the implementation of ESMS.		Kaiyp – Director of Corporate Development Department <a href="mailto:akaivp@kib.kz">akaivp@kib.kz</a>  +7 727 261 90 60 ( 5184)
Please describe the training or learning activities the Environmental/Social Officer or Coordinator attended during the year.		Seminars and workshops conducted by ADB representatives and consultants
Please provide information about current staff or other key persons of ESMS in the organization involved in ESMS implementation.		Seminars and workshops conducted by representatives and consultants of ADB; intra seminars and workshops for training of new employees
What was the budget allocated to the ESMS and its implementation during the year?		The budget for the implementation of SESU is included in the overall budget of each business unit
<b>Monitoring</b>	<b>Yes/No</b>	<b>The Banks' Comments</b>
Do you receive environmental and social monitoring reports from subproject companies that you finance?	Yes	Recently, Bank has approved one project, the term of the environmental and social reports are not enrolled yet.
Do you check for ongoing compliance of your subproject companies with national regulation and any other requirements?	Yes	As the part of the loan process and annual monitoring, Bank has carried out an advanced analysis of projects, including compliance with national projects and other provisions
Please describe how you monitor the subproject company and their subproject's social and environmental performance.		Recently, Bank has approved one project. The site visite was conducted by Relations Managers.
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	No	There are no incidents / litigation / claims / regulatory notice and fines against the ongoing projects



any non-compliance		
<b>Reporting</b>	<b>Yes/No</b>	<b>The Banks' Comments</b>
Is there an internal process to report on social and environmental issues to senior management?	Yes	The overall process is described in Appendix №1 to this report
Do you prepare any social and environmental reports: - For other multilateral agencies Other stakeholders E&S reporting in the Annual Report Sustainability reports	No	

<b>Activities on ADB's Prohibited Investment Activities List</b>	
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 I).	0%
If the percentage is not zero, please explain these exposures and any steps having been taken to reduce such exposure.	Not applicable

#### B. Subprojects Using ADB Funds

Economy sectors of financed projects	Number of projects	Total amount of credits, tenge	Categories (C/B)
Total of category C	...	...	
LLP Amiran	1	250 000 000 KZT	B
Total of category b	1	250 000 000 KZT	B
Total	...	...	

#### Screening Checklist for Abovementioned Subprojects Environmental and Social Impact Evaluation Criteria

The loan agreements provide reconciliation list for selecting sub-projects, which should be used to determine which sub-project to be financed, since the report will be placed at the ABD website and be available for Public, we suggest to include the following questions in this table. It should be filled for all financed sub-projects and not by a separate sub-project.

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 Kazakhstan on environmental protection, safety, health, and social laws	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
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	<input type="checkbox"/>	<input checked="" type="checkbox"/>	





specified in Annex 1-2 of the Credit Agreement concluded with "Damu" Entrepreneurship Development Fund" JSC?			
<b>C. Projects with unfavorable environmental and social impact of high level (Category A)</b> 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"/>	
<b>D. Potential social impacts</b>			
Subprojects:			
• Was the land purchased for public needs used for projects?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• 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"/>	
• 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"/>	
• 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:			
• purchase of land, buildings (commercial or residential real estate)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• 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"/>	
• 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 habitats; 3. regular activities; 4. municipal infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• Purchase of assets and/or business expansion that will lead to promotion and increase of the risk of: 1. Violations of the code of labor standards, including child labor; 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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

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

<b>Sustainable finance</b>
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

Joint Stock Company  
"Kazinvestbank"

A.M. Zholmurzayev  
Managing Director

Signature

Stock control P.

Handwritten signature



## PROTECTIVE MEASURES MONITORING REPORT

Name of Organization	JSC Kazkommertsbank		
Completed by (name):	Anar Mazibayeva		
Position in organization:	Lead Manager	Date:	
Reporting period	From: November 1, 2015		To: June 30, 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?	Yes	In December 2015 and in March 2016
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 Beganova, <a href="mailto:AlBeganova@kkb.kz">AlBeganova@kkb.kz</a> , +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?		-
<b>Monitoring</b>	<b>Yes/No</b>	<b>The Banks' Comments</b>
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		-
<b>Reporting</b>	<b>Yes/No</b>	<b>The Banks' Comments</b>
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	

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)
22 - Production of rubber and plastic items	1	30 000 000,00	C
41 - Construction of buildings and structures	1	200 000 000,00	C
46 - Wholesale trading, not including vehicles and motorbikes	35	6 470 886 157,00	C
47 - Retail trading, not including trading of vehicles and motorbikes	8	1 272 479 139,00	C
45 - Wholesale and retail trading of vehicles and motorbikes and their repair	3	588 994 000,00	C
85 - Education	1	29 953 245,00	C
49 - Land transport and pipeline transportation	1	756 912 500,00	C
52 - Warehousing and auxiliary transport activity	1	456 000 000,00	C
68 - Operations with real estate	2	98 500 000,00	C
71 - Activity in the field of architecture, engineering surveys and analysis	3	76 320 240,00	C
88 - Provision of social services, not including accommodation	1	80 000 000,00	C
<b>Total of category C</b>	<b>57</b>	<b>10 060 045 281,00</b>	
10 - Production of food products	4	187 709 000,00	B
11 - Production of drinks	1	550 000 000,00	B
13 - Production of textile goods	1	318 000 000,00	B
01 - Horticulture and animal husbandry	3	794 047 598,00	B
22 - Production of rubber and plastic items	1	126 033 144,00	B
23 - Production of other non-metal mineral products	1	61 000 000,00	B
26 - Production of computers, electronic and optical products	1	40 000 000,00	B
31 - Furniture production	1	11 200 000,00	B
41 - Construction of buildings and structures	1	151 997 381,00	B
46 - Wholesale trading, not including vehicles and motorbikes	14	2 828 063 997,30	B
47 - Retail trading, not including trading of vehicles and motorbikes	7	313 827 000,00	B
55 - Services of accommodation arrangement	1	8 350 770,00	B
56 - Services of food products and drinks supply	1	10 275 000,00	B
43 - Specialized civil works	2	94 900 000,00	B
45 - Wholesale and retail trading of vehicles and motorbikes and	2	272 500 000,00	B

their repair			
52 - Warehousing and auxiliary transport activity	1	2 393 000 000,00	B
<b>Total of category B</b>	<b>42</b>	<b>8 160 903 890,30</b>	
<b>Total</b>	<b>99</b>	<b>18 220 949 171,30</b>	

**Screening Checklist for Abovementioned Subprojects**  
**Environmental and Social Impact Evaluation Criteria**

Questions	Yes	No	comments
<b>A.</b> Compliance the laws and / or regulations (for existing SMEs). Violates any projects of any of the applicable laws and regulations of the Republic of Kazakhstan on environmental protection, safety, health, and social laws	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>B.</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"/>	
<b>C.</b> 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"/>	
<b>D. Potential social impacts</b>			
Subprojects:			
• Was the land purchased for public needs used for projects?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• 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"/>	
• 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"/>	
• 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:			
• purchase of land, buildings (commercial or residential real estate)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
• 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"/>	
• 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 habitats; 3. regular activities;	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

4. municipal infrastructure			
<ul style="list-style-type: none"> <li>Purchase of assets and/or business expansion that will lead to promotion and increase of the risk of:               <ol style="list-style-type: none"> <li>Violations of the code of labor standards, including child labor;</li> <li>Lag of the groups of ethnic minorities in the area of project implementation (connected with their personality, title, nutrition system, cultural singularity);</li> <li>Trafficking in people.</li> </ol> </li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

**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
Naztur LLP (Uralsk) Construction of a kindergarten	80	Development of local infrastructure
BABY TOWN LLP (Almaty) Opening of a kindergarten	80	Development of local infrastructure

Director of Department  
JSC Kazkommertsbank



G. Datkayeva