Early Warning System

EBRD-51655

Karaganda Solar Phase II

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Quick Facts

Countries	Kazakhstan
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	B
Voting Date	2020-06-23
Borrower	KAZSOLAR 50 LLP
Sectors	Energy
Investment Type(s)	Fund, Loan
Investment Amount (USD)	$ 28.00 million
Project Cost (USD)	$ 64.37 million

Project Description

EBRD provides of EUR 24.9 million loan (in KZT equivalent) to KAZSOLAR 50 LLP for the development, construction and operation of a 76 MWp solar PV power plant located in Karaganda region, Central Kazakhstan. The funds will be used to finance the 26MWp extension of the original project (the Project).

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

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

EBRD FINANCE SUMMARY

KZT 11,285,000,192.00

EBRD loan amount - EUR24.9 million in KZT, **GCF loan amount** - US$ 11.54 million, **CTF fund** - USD 3.1 million.

TOTAL PROJECT COST

KZT 26,200,246,272.00

ADDITIONALITY

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

Investment Description

- European Bank for Reconstruction and Development (EBRD)

Private Actors Description

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

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	KAZSOLAR 50 LLP	Client	-

Contact Information

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent. You can contact the PCM at pcm@ebrd.com or you can submit a complaint online using an online form, http://www.ebrd.com/eform/pcm/complaint_form?language=en. You can learn more about the PCM and how to file a complaint at http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html.

COMPANY CONTACT INFORMATION

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