



CAO ASSESSMENT REPORT

**Regarding the Fourth Complaint Received in Relation to
IFC's Wind Power Project in Uzbekistan
(IFC Project #44364)**

September 2024

Office of the Compliance Advisor Ombudsman
for
the International Finance Corporation and the
Multilateral Investment Guarantee Agency
www.cao-ombudsman.org

About the CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see www.cao-ombudsman.org

About CAO Assessments

Any person who believes they may be harmed by an IFC or MIGA project can lodge a complaint to CAO. We apply three simple eligibility criteria to accept a complaint. For eligible complaints, we assess the concerns with the complainant(s), project sponsor, and other relevant stakeholders.

Once a complaint is determined to be eligible, we review the concerns raised in it. This assessment is conducted in consultation with the complainant, the IFC and MIGA client and project teams, and other relevant stakeholders.

Purpose

The objective of the CAO assessment process is to develop a thorough understanding of the issues the complaint raises, work to understand all perspectives, engage with all key stakeholders to the complaint, consult with them to determine the process they choose to address the complaint, and consider the status of other grievance resolution efforts made to resolve the issues raised.

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ACRONYMS

ASD	Automated Shutdown on Demand
Bankwatch	CEE Bankwatch Network
BAT	Best Available Technology
CAO	Office of the Compliance Advisor Ombudsman
E&S	Environment and Social
EPC	Engineering, Procurement, and Construction
FC	Financial Close
GIIP	Good International Industry Practice
GoU	Government of Uzbekistan
IFC	International Finance Corporation
IOE	Independent Ornithology Expert
IPAM	Independent Project Accountability Mechanism of the European Bank for Reconstruction and Development
KBA	Key Biodiversity Area
LPA	Legally Protected Area
Masdar	Abu Dhabi Future Energy Company PJSC
MIGA	Multilateral Investment Guarantee Agency
NEGU	Joint-stock Company National Electric Grid of Uzbekistan
O&M	Operations and Maintenance
OSPF	Office of the Special Project Facilitator of the Asian Development Bank
PJSC	Public Joint Stock Company
PPA	Power Purchase Agreement
SAB	Scientific Advisory Body
SEA	Strategic Environmental Assessment
SESA	Strategic Environmental and Social Assessment
SZE	Shamol Zarafshan Energy FE LLC
UNDP-GEF	United Nations Development Program – Global Environment Facility

1. OVERVIEW

In March 2024, the Office of the Compliance Advisor Ombudsman (CAO) received a complaint submitted by CEE Bankwatch Network (Bankwatch) on behalf of confidential complainants. The complaint relates to an International Finance Corporation (IFC) wind power project being implemented by Shamol Zarafshan Energy FE LLC (SZE), a special purpose company.

The complainants alleged that the wind turbines of the project are negatively impacting the wildlife and nesting areas of threatened bird species. They also expressed concerns on improper identification of a protected area in the Aktau-Tamdy mountain. Moreover, they said that the project was conducted without a sufficient Environmental and Social Impact Assessment (ESIA), cumulative impact assessment, or due diligence, and that the project lacks independent monitoring. Similar complaints were filed with the Independent Project Accountability Mechanism (IPAM) of the European Bank for Reconstruction and Development (EBRD) and the Office of the Special Project Facilitator (OSPF) of the Asian Development Bank (ADB).¹

In May 2024, CAO determined that the complaint met its three eligibility criteria and began an assessment of the complaint. During the assessment, the complainants and the client expressed an interest in engaging in a dispute resolution process to resolve the issues raised in the complaint. With the explicit consent of the parties, CAO is in the process of signing an MoU with OSPF to conduct a joint mediation process. IPAM suspended its compliance assessment process, with the consent of the complainants.²

This assessment report provides an overview of the assessment process, including a description of the project and the complaint, the assessment methodology, the views of the complainants, the views of SZE through its owner Abu Dhabi Future Energy Company PJSC (Masdar), and the next steps.

2. BACKGROUND

2.1 The Project

IFC Project Zarafshon Wind (#44364) is an active wind power Category-A project.³ It consists of the development, design, financing, construction, operation, and maintenance of a 500MW wind power plant, comprised of up to 111 wind turbine generators, each with a capacity of up to 4.5 MW. The project is in the Navoi region, 15 km east of the town of Zarafshan, on an elevated plateau in the Kyzylkum desert of Uzbekistan. It occupies approximately 9,600 hectares, of which construction activities will impact around 150 hectares.⁴

The project was approved in July 2022 and reached a financial close (FC) in November 2022. It is being implemented by Shamol Zarafshan Energy FE LLC (SZE), a special-purpose company incorporated in Uzbekistan and wholly owned by Masdar. It is being developed under an engineering, procurement, and construction (EPC) contract, executed by SEPCOIII Electric

¹ According to CAO Policy 169, if CAO is aware that other organizations with Independent Accountability Mechanisms (IAMS) have financed or guaranteed a Project that is the subject of a complaint to CAO, CAO will notify those IAMS of the existence of the complaint, subject to the Complainant's consent to this notice and applicable provisions to protect confidentiality.

² According to CAO Policy 170, if CAO engages with a complaint that overlaps with the jurisdiction of other organizations' IAMS, and where the complaints involve the same or substantially similar issues, CAO will use best efforts to collaborate with such IAMS to ensure that the complaint is handled fairly and efficiently, avoiding duplication of efforts, consistent with this Policy. At all times, the cooperation will be conducted in accordance with the IAMS' respective mandates, policies, and procedures, including requirements of confidentiality and disclosure of information.

³ IFC project disclosure: <https://disclosures.ifc.org/project-detail/SII/44364/zarafshon-wind>

⁴ IFC project disclosure: <https://disclosures.ifc.org/project-detail/ESRS/44364/zarafshon-wind>

Power Construction Co., which has also been contracted for operations and maintenance (O&M) for the first two years of operations. The project is anticipated to be operational for 25 years and is under a power purchase agreement (PPA) with the joint-stock company National Electric Grid of Uzbekistan (NEGU), the state-owned single buyer and off-taker.

At the time of the IFC investment, IFC's estimation of the development impact of the project was that it would reduce carbon dioxide (CO₂) emissions by displacing carbon-intensive power generation and deliver electricity output at a competitive tariff. According to IFC, that would help improve the competitiveness of the sector and increase the resilience of electricity supply by diversifying Uzbekistan's energy mix.

SZE informed CAO that the power collector substation was energized and the first wind turbine generators went online to generate around 25MW of renewable energy in December 2023. According to SZE, once fully completed, the project will displace 1.1 million tons of CO₂ per year. Commercial operation is expected to be achieved in 2025, and the project will contribute to Uzbekistan's target of generating 25 percent of its electricity from renewable sources by 2030.⁵

2.2 The Complaint

On March 7, 2024, CAO received a complaint submitted by CEE Bankwatch Network on behalf of confidential complainants. The complaint raised the following issues: (i) threats to wildlife due to the improper identification of a protected area in the Aktau-Tamdy mountains; (ii) impacts on populations of threatened bird species as a result of construction of the project, in particular due to inappropriate placement of the wind turbines, and a lack of due diligence, cumulative impact assessment, or effective mitigation measures; and (iii) a lack of scientifically sound, publicly available, independent monitoring of the Zarafshon Wind project's impact on birds and bats. In May and July 2024, individual confidential complainants submitted additional views and perspectives on the complaint describing their expectations of the CAO process. Bankwatch, on behalf of these individual confidential complainants, filed similar complaints with IPAM and OSPF.

The individual confidential complainants provided a clear representation letter to CAO authorizing Bankwatch to represent them in CAO processes.

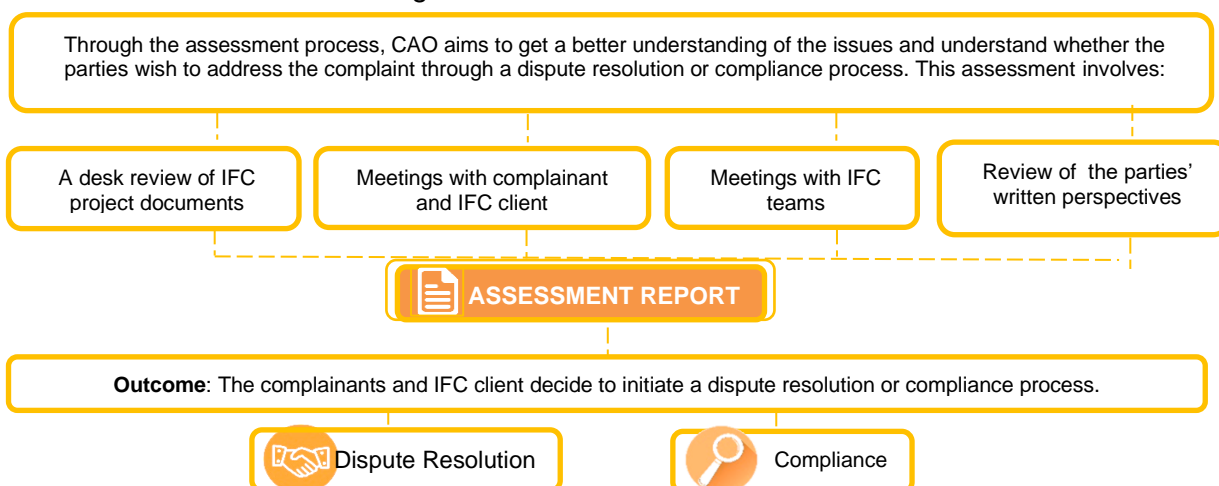
3. ASSESSMENT SUMMARY

3.1 Methodology

Figure 1 below shows the approach and methodology to be applied in CAO's assessment process. The process does not entail a judgment on the merits of the complaint; rather, it seeks to understand the facts and assist those involved to make informed decisions on how to address the issues raised.

⁵ Excerpt from the document "Project Initial Response to Grievance" by Shamol Zarafshan Energy FE LLC, November 29, 2023.

Figure 1. CAO's Assessment Process



3.2 Summary of Views

Complainant's perspective

The complainants allege that the IFC project harms threatened migratory species that are protected under international agreements, such as the Convention on Migratory Species, as well as endemic flora and fauna. They also say that the project is affecting a proposed protected area in the Tamdy district of Zarafshan, Uzbekistan.

Improper identification of a protected area in the Aktau-Tamdy mountains, which may result in threats to species and habitats

According to the complainants, while the Zarafshon Wind project was being developed, the Aktau-Tamdy state nature reserve was moved away from the scientifically proposed borders. The Tamdytau mountains surrounding the project site were proposed for protection in 2013, after extensive research carried out by several projects, including the United Nations Development Program–Global Environment Facility (UNDP-GEF) project.⁶ In that project's report, according to the complainants, it was clear that the protected area in the Tamdy district (Aktau-Tamdy) should be located around Mount Aktau, which is the highest peak in the Kyzylkum desert. The complainants highlighted that the area contains numerous nests for threatened birds and is home to endemic flora; part of the area was declared an Important Bird Area in 2007 and later a Key Biodiversity Area (KBA).

As stated in the complaint, in February 2022, Uzbekistan's president declared a 40,000-hectare piece of pastureland in the Tamdy district to be protected as the Aktau-Tamdy state reserve, without specification of the exact location.⁷ Complainants shared with CAO that, on October 8, 2022, they received a map from SZE and Masdar which showed that the new protected area would be in the Tamdy district, next to the border with Kazakhstan. According to the complainants, this part of the Kyzylkum desert had never before been proposed for protection and was never known for any unique ecological values. The complainants believe that the wind power project might have significantly contributed to such a decision, since two of the turbines are located within the original borders of the proposed Aktau-Tamdy state reserve and the project's proximity would adversely impact one of the most important areas for biodiversity in Uzbekistan. Thus, the complainants allege that the demarcation of the Aktau-Tamdy state reserve was moved shortly before the proclamation, to avoid conflicting with

⁶ Strengthening the Sustainability of the National Protected Area System by Focusing on Strictly Protected Areas

⁷ President of the Republic of Uzbekistan, [Decision of the President of the Republic of Uzbekistan, on measures for the creating of protected natural areas \(including translation to English\)](#), 16 February 2022.

different projects. The complainants explained to CAO that they submitted this complaint after the IFC client informed Bankwatch that the talks with the Government of Uzbekistan (GoU) about the legally protected area (LPA) were discontinued.

In relation to this point, the complainants are concerned about the lack of transparency about how IFC and other lenders assessed and justified the impact on biodiversity during the project's due diligence. They also allege that the ESIA lacks information about the potential impact of the Zarafshon Wind project on the proposed protected area and does not suggest any mitigation measures for it.

Impacts on threatened bird species as a result of inappropriate placement of the wind turbines and lack of due diligence, proper cumulative impact assessment, or mitigation measures

According to the complainants, the Zarafshon Wind project is in the core nesting areas of globally and nationally threatened bird species, with particularly significant impacts expected during the construction and operation⁸ of turbines situated close to nests of Egyptian, cinereous, and bearded vultures; golden eagles; and saker falcons.

Regarding this issue, Bankwatch directly interacted with IFC and its client in 2022, when IFC acknowledged that “the project area is an important area for a number of raptors” and that it is committed to “implementing the mitigation hierarchy, starting with avoidance by moving 15 turbines.” However, according to the complainants, the placement of the turbines was decided without considering the most comprehensive nest survey, from 2022, which found new nests in the area close to the proposed turbine sites.

The complainants stated that Bankwatch experts visited the project site during the breeding seasons of 2022 and 2023 and found nests of threatened birds a few hundred meters from the wind turbine locations; however, the turbine locations were not changed, despite requests by Bankwatch to the client. Furthermore, the complainants said that although Bankwatch requested the nest survey data on behalf of the complainants in 2022, it was only made available with some data redacted more than a year later, in December 2023, when the construction of the project had already started.

Figure 2. Bird nests that may potentially be impacted by wind turbine locations⁹



Saker falcon nest. CEE Bankwatch Network, May 2023



Egyptian vulture nest. CEE Bankwatch Network, May 2023

⁸ Construction commenced in November 2022. Full commercial operation will start after completion of construction and is currently targeted for mid-2025. <https://masdar.ae/en/renewables/our-projects/zarafshan-wind-farm>

⁹ Excerpt from the Complaint to CAO



Cinereous vulture nest. CEE Bankwatch Network, June 2022



Golden eagle nesting few hundred meters from one of the turbines. CEE Bankwatch Network, February 2024

The complainants allege that best international practices, such as on-time nest search, core area delineation, and satellite telemetry, were not used when assessing the impacts on nesting birds. They claim that the core area is recognized as the most vital area for population survival. The wind turbines were not moved away from the core areas of the key species; rather, minimal buffers of 500 meters from active nests were proposed for the project. According to the complainants, the recommended buffers were not based on scientific studies on the ground or good international practices. Moreover, they allege that the only impact the mitigation measures tackled was the possible collision with turbines, and that other impacts like displacement of birds were not considered, despite extensive scientific data¹⁰ on that problem.

According to the complainants, the most underestimated impact within the ESIA studies may be on the globally endangered saker falcon (*Falco cherrug coatsi*), four to six pairs of which may be displaced by the project. They said that, according to the latest information, Uzbekistan is the only country hosting the desert subspecies of saker falcon, which is very close to extinction now, with only a maximum of a few hundred pairs remaining. The complaint refers to Hungarian studies showing that adult sakers avoid wind turbines, suggesting that those areas between the wind turbines are lost habitats for them, even if there is plenty of food there. Juvenile sakers are less afraid of wind turbines, which makes them more at risk of collision.¹¹

According to the complainants, no proper due diligence or assessment of alternative locations for the project was done. The land was allocated by the Uzbekistan government based on the wind potential, geological factors, existing infrastructure, and interconnection to the grid, with no consideration of environmental risks or impacts. Moreover, the complainants believe that the land for such a large project, with 111 turbines, was so limited that, as pointed out by the client and the lenders, only minimal changes (a few hundred meters) to the turbine locations were possible. These changes were made for only 15 turbines, which did not significantly decrease the overall risks for bird nests.

As such, the complainants allege that IFC had almost no way to avoid the impacts caused by the placement of the turbines or to follow the mitigation hierarchy, apart from not investing in the project, which should also be an option when the risks are high. Furthermore, the complainants believe that IFC was approached to finance the project after the developers had received permits from the host country. Therefore, IFC's appraisal should have included a gap analysis of the project design and implementation against the IFC Performance Standards, to identify whether any additional studies and/or mitigation measures were required to meet IFC's

¹⁰ Anne Tolvanen et al., [How far are birds, bats, and terrestrial mammals displaced from onshore wind power development? – A systematic review](#), 2023

¹¹ Convention on the Conservation of Migratory Species of Wild Animals, [Proposal for inclusion of species on the Appendices of the Convention](#), accessed 18 December 2023.

requirements. The complainants believe the project was approved before these additional studies were finalized. The complainants stated that the 2022 bird survey was sent to IFC only after the July 21, 2022, decision approving the project.

The complainants noted that one of the major problems with the Zarafshon Wind ESIA report is the disclosure of the exact locations of nests of saker falcon, eagles, and vultures, thus giving information to poachers.¹² Furthermore, they highlighted that there is no adopted legislation for Strategic Environmental Assessment (SEA) in Uzbekistan, only a draft law, and that there is a lack of overall awareness of SEAs or capacity to coordinate them among government authorities. The complainants believe that SEA will help to reduce the biodiversity impacts of wind projects, including the Zarafshan project. The complainants expressed that they support the initiative that started in November 2023, where lenders engaged a consultant to launch an unofficial lender-led Strategic Environmental and Social Assessment (SESA) of renewable projects in Uzbekistan.

Lack of scientifically sound, publicly available, independent monitoring of the Zarafshon Wind project's impact on birds and bats

The complainants highlighted IFC's Performance Standard 6, which requires the client to have a robust, appropriately designed, and long-term biodiversity monitoring and evaluation program that is integrated into its management program. As such, the complainants believe that the project lacks scientifically sound, publicly available, and independent monitoring of the Zarafshon Wind project's impact on birds and bats, including collision with turbines, bird nesting success and satellite telemetry, and success of mitigation measures.

They further shared with CAO that the cumulative impact of all wind projects, including Zarafshon Wind in Uzbekistan, was not assessed or considered. The complainants expect the Zarafshon Wind project to relocate/curtail some of the wind turbines and set a successful model for better placement of wind turbines in Uzbekistan and Central Asia, avoiding the most important areas for biodiversity and considering all impacts, including cumulative impacts in the region.

The complainants emphasized that wind power projects in Uzbekistan and other Central Asian countries pose a significant risk to nature, particularly migratory birds. According to the complainants, these wind projects also have the potential to negatively impact ecotourism in the region, depreciating future generations' enjoyment of such a rare ecosystem. Therefore, they hope that CAO's dispute resolution process will help to demonstrate how challenges can be overcome and solutions can be found for coexistence of wind projects and birds in Central Asia. Through Bankwatch, the complainants expressed an interest in participating in a CAO dispute resolution process with the IFC client.

Company's perspective

IFC's client shared written perspectives and views on the complaint with CAO and asked to remove or redact some parts of the complaint, which it found not directly related to the Zarafshon Wind project. The CAO assessment team reviewed the request and, based on the parties' consensus, the requested portions of the complaint have been redacted from the complaint. In relation to the complainants' allegations, Masdar/SZE stated the following views and perspectives.

¹² According to IFC, for this reason all information that could reveal nest locations, including maps, were removed from the ESIA.

Improper identification of a protected area in the Aktau-Tamdy mountains, which may result in threats to species and habitats

The IFC client shared with CAO that Mount Aktau is located over 5 km from the turbine components and clarified that it is not immediately behind the turbines. It also expressed that neither Masdar nor SZE had any influence on Uzbekistan's sovereign authority's decisions regarding the location or characteristics of a legally protected area (LPA). The client affirmed that it had no dialogue, correspondence, or other involvement related to the GoU's determination of the location of this LPA during the development of the Project Financial Close (FC) with IFC.

According to the IFC client, the area near Tamdy, Uzbekistan, that is referred to in the complaint was never designated by the GoU as an LPA under the national laws or regulatory frameworks of the country. The client further said that the proposed location of this LPA in the Tamdy area was initially proposed by UNDP in 2013 but the GoU made no determination for designating this area as an LPA through the pre- and post-FC stages of the Project until February 2022 when the GoU determined that the location of the LPA would be more than 200 km away from the originally proposed location. At this time, project construction was already started. Furthermore, the client stated that it assessed the ecological values identified in the complaint for the previously proposed area within the ESIA, both in the context of environmental, biodiversity, and social values, and specifically in respect to the Key Biodiversity Area (KBA).¹³ However, the client acknowledged that the ESIA did not account for the proposed LPA. As such, the client engaged with Bankwatch, the Lenders, the GoU, and Shamol Zarafshan Energy to explore whether it might be possible for the GoU to designate portions of the originally proposed LPA as an LPA in the future.

According to the client, a small and peripheral portion of the Project falls within the area of the previously proposed protected area, and it contains a small amount of infrastructure, including roads, turbine pads/foundations, and cabling trenches. Post-decommissioning residual impacts are not expected to be significant, given the Project commitments for reinstatement and restoration.

The client engaged a national consultant to meet with the Ministry of Environment (MoE) in 2022 to assess the potential for designating an LPA in the Tamdy area – the originally proposed area under the UNDP 2013 assessment. According to the client, the GoU is unlikely to designate the Tamdy area as a protected area, except at the lowest categorization of status – which would still allow for development within its boundaries – as the GoU does not prioritize the area for LPA categorization, but rather recognizes its potential natural resources value.

Furthermore, the client shared with CAO that the GoU mentioned the possibility of protecting the area under a new Presidential Decree (№ ПФ-81-сон 31.05.2023), which allows for the designation of sites of important natural heritage. Mount Aktau is considered a strong candidate for such designation. The client also informed CAO that it decided to suspend further discussions with the GoU on this matter due to potential reputational or political risks that may arise because of this complaint. Specifically, they did not want to be seen as influencing the government authorities in making decisions, as suspected by Bankwatch.

Impacts on threatened bird species as a result of wrong placement of the wind turbines, and lack of due diligence, proper cumulative impacts, or mitigation measures

The client believes that necessary measures were taken in alignment with Good International Industry Practice (GIIP) to avoid and minimize risks to bird species in the Project's construction and operation. The client states that the two wind turbines are on the very edge of the

¹³ ESIA, Pages 572-576, Table 18-1 refers to the ecological values of the habitat within the project site.

previously proposed protection area. They note that these turbines are located over 2 km from the boundary of the KBA boundary and align with GIIP, as described in the Project's ESIA.

The client believes that it used the most recent nest site locational data provided by its biodiversity consultants, which reflected the survey data from 2022, and adjusted selected turbines. The client explained that there has been confusion observed over the specific nest site locations reported in baseline study reports (or prior historical surveys conducted by other parties). In addition, the client said this is because the surveyors have repeatedly recorded imprecise nest locations by recording the location from different distances, in order to prevent disturbance to birds at the nest, or because the nests are difficult/dangerous to access. According to the client, the database revealed at least five different coordinates that were recorded by surveyors over three years of survey effort. Moreover, the client stated that it has determined that the location of one of the nests questioned by Bankwatch was inaccurately recorded by Bankwatch. Masdar/SZE claims that the nest is located halfway down a cliff, as shown in Figure 3.

Figure 3 One bird nest location from different sources



Photo provided by the Complainant



Photo of nest site from 2022 nest survey report

However, the client acknowledges that identifying information gaps resulting from human error during nest surveys is easy, and it is expected that similar errors and gaps may occur during the execution of GIIP ecological field studies. It further explained that the nest surveys for breeding raptors and vultures (priority bird species) were performed during two breeding seasons prior to construction of the Project (2020 and 2022), following the GIIP for wind projects in emerging markets, which is one year. The client believes that it extended significant efforts in evaluating risks to nesting priority birds of prey in relation to construction or operation of a wind energy facility in Central Asia.

According to IFC, the distribution maps for these species in the Uzbek Red List indicate that the highest densities of the priority species identified in the ESIA are generally found outside the project area, particularly in the eastern and sotheastern parts of the country, although the Egyptian vulture may be an exception. IFC further stated that the Project has established annual fatality thresholds for these species based on biological factors, as specified in its Biodiversity Management Plan. IFC also stated that the Project will be applying no net loss requirements for all priority bird species by monitoring fatalities at all turbines using the GIIP approach.

According to the client, “core areas” of breeding ranges for the priority bird species often change on an annual basis, as described in the peer-reviewed scientific literature¹⁴ and the expert opinion of regional specialists. In addition, the client stated that the regional specialists consider GIIP, the regional ecology of the targeted species, and published methods to determine if wind project effects on breeding raptors were occurring during operations in the surrounding landscape (allowing for a 10-km foraging distance).

However, the client disagreed with the complainants that tracking birds using radio or satellite telemetry is a good standard or GIIP for wind energy impact assessment studies in emerging or developed renewable energy markets during the development, construction, or operational phases, given that there are risks of death or injury to birds when trapping them to fit satellite collars. Tagging may also impact breeding success of nesting eggs or chicks. As such, the client believes that the complexity, level of effort, cost, and number of risk management measures being employed by the Project to avoid, minimize, and mitigate risks to priority bird species at the Project during construction and operations exceeds GIIP, as measured through a comparison with those used at comparable projects throughout emerging markets.

The client highlighted that there are no defined standard setback distances/buffers agreed upon and consistently applied to avoid or reduce risks to nesting birds. In other words, there is no GIIP standard for this topic. As such, the client believes that safeguarding breeding raptors from disturbance during the construction phase is in line with GIIP. These state that no construction activities will take place within 500m of active nest locations of priority raptors. Additionally, turbine-specific working restrictions are in place to ensure that no blasting activity will take place within 2km of known nest locations of these species during periods of breeding activity (Feb-Aug for Egyptian vultures, Jan-June for all other priority raptors).

Regarding the assessment of alternative locations for the Zarafshon Wind project, the client explained that Masdar/SZE was awarded the project location on a government-to-government basis. It stated that micro-siting of turbines was considered based on various factors, including grazing, natural resources, and environmental and social constraints, including the biodiversity aspect. According to the client, additional relocation of turbines is not possible at this late stage of construction, given that the turbines were micro-sited in respect to active nest sites during the pre-construction phase.

The client acknowledged the issue of disclosing GPS locations of the nests in the projects’ ESIA and will take steps to redact the locations in the ESIA disclosure to avoid illegal poaching. It also stated that Masdar/SZE supports the initiation of a SESA.

Lack of scientifically sound, publicly available, independent monitoring of the Zarafshan Wind project’s impact on birds and bats, and lack of cumulative impact assessment

With regard to the issue of monitoring, the client shared with CAO that during its engagement with the GoU through local consultants, the GoU stated that at least two years of monitoring would be required for Mount Aktau, but the timeline was unclear due to the area not being the government’s monitoring priority. The client further explained that it has been asked to

¹⁴ For example: not all cinereous vulture pairs breed every year, and weather conditions in the period immediately prior to breeding also may impact on a decision to breed in both this species and other raptors (e.g. see text and references in Wilbur & Jackson, 1983). Raptors also use alternative nest sites (Newton, 1979) for reasons related to their ecology (Ontiveros et al., 2008). Inter-specific turnover of large stick nests and large territorial ranges of vulture and raptor species in the region are key factors influencing nest site occupancy (e.g. see Saran 2017). Ontiveros, D., Caro, J., & Pleguezuelo, J. M. (2008). Possible functions of alternative nests in raptors: the case of Bonelli’s eagle. *Journal of Ornithology*, 149, 253-259.

- Saran, R. (2017). Population monitoring and annual population fluctuation of migratory and resident species of vultures in and around Jodhpur, Rajasthan. *Journal of Asia-Pacific Biodiversity*, 10(3), 342-348.
- Wilbur, S. R., & Jackson, J. A. (1983). *Vulture biology and management*. Univ of California Press.

fund/support monitoring efforts by the GoU, but the Project found the scope and cost to be unrealistically high, with uncertain chances of leading to designation of the area.

The client also stated that, in July 2023, a site visit was conducted by the Project company and national ecologists to gather information on biodiversity and conduct a rapid reconnaissance, but further discussions with the GoU on this matter have been suspended, as mentioned above, due to potential reputational or political risks that may arise because of this complaint.

In terms of the monitoring of the project's impact on birds and bats, the client described the monitoring activities it initiated, which are supplemented by independent validation and verification by an experienced independent ornithology expert (IOE) and outcomes to be reviewed by an independent scientific advisory body (SAB). As such, the client sees the monitoring aspects as exceeding GIIP for the majority of developed or emerging market wind energy projects. The client also shared with CAO that systematic nest monitoring, including the assessment of productivity and nesting success, is included in operational phase nest monitoring, which is being undertaken by raptor ecologists with direct experience with saker falcons in the region.

The client further stated that the Project is employing an automated shutdown on demand (ASD)¹⁵ system at 100 percent of wind turbines at the site, to reduce collision risks for saker falcons and other priority bird species, using the best available technology (BAT)¹⁶ for ASD. According to IFC, the Project has invested in substantially more automated shutdown units than would be required to safeguard the large priority bird species, specifically to provide collision safeguarding for saker falcons.

According to the client, monitoring at the Project, including evaluation of the spatial effectiveness of ASD near rims of ridges (i.e., when birds may pop up from below), and evaluation of flight characteristics and other risk parameters near such features as well as nests, exceeds GIIP for what is typically included in a wind energy monitoring study in developed and emerging markets.

Finally, the client expressed that a cumulative impact assessment was included in the Project's ESIA, per GIIP and applicable lender standards, and it will support the SESA. Masdar/Shamol Zarafshan Energy expressed that it is fully committed to proactively avoiding and minimizing negative impacts by addressing any grievances and is open to participating in a CAO dispute resolution process with the complainants and/or their representatives.

4. ASSESSMENT CONCLUSION

Both parties have a shared interest in supporting the protection of Mount Aktau and preserving endangered, vulnerable, and near-threatened species in the Kyzylkum desert, to the extent possible within the scope of their authority and mandate.

During the assessment process, the complainant and the IFC client expressed an interest in engaging in a dispute resolution process to resolve the issues raised in the complaint using a collaborative approach. In accordance with the [CAO Policy](#), the case will now be transferred to CAO's Dispute Resolution function. With the explicit consent of the parties, CAO will sign an MoU with ADB's OSPF to conduct a joint mediation process.

¹⁵ ASD is described in, among other publications, Principato, M., Hasselwander, L., Stangner, M., & Buettner, R. (2023). Unlocking the Potential of Wind Energy With Machine Learning-Based Avian Detection: A Call to Action. IEEE Access, 11, 64026-64048.

¹⁶ The Identiflight Bird Protection System (<https://www.identiflight.com/>), is considered BAT based on several independent and peer-reviewed studies assessing the system's effectiveness. Please refer to information referenced here: Performance — Identiflight - Bird Detection System.

APPENDIX A. CAO COMPLAINT-HANDLING PROCESS

Once CAO declares a complaint eligible, an initial assessment is carried out by CAO's Dispute Resolution function. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the complainant(s); (2) gather information on how other stakeholders see the situation; (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function or whether the case should be reviewed by CAO's Compliance function.

As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy,¹⁷ the following steps are typically followed in response to a complaint that is received:

- Step 1: **Acknowledgment** of receipt of the complaint.
- Step 2: **Eligibility:** Determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).
- Step 3: **Assessment:** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with the possibility of extension for a maximum of 30 additional business days if after the 90-business day period (1) the parties confirm that resolution of the complaint is likely or (2) either party expresses interest in dispute resolution, and there is potential that the other party will agree.
- Step 4: **Facilitating settlement:** If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.¹⁸

OR

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one must provide explicit consent for the transfer, unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending by 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be

¹⁷ For more details on the role and work of CAO, please refer to the IFC/MIGA Independent Accountability Mechanism (CAO) Policy: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/889191625065397617/ifc-miga-independent-accountability-mechanism-cao-policy>

¹⁸ Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO Dispute Resolution will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible, the Dispute Resolution team will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public, that CAO Dispute Resolution has concluded the dispute resolution process and transferred it to CAO Compliance for appraisal.

made public, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

Step 5: **Monitoring and Follow-up**

Step 6: **Conclusion/Case Closure**