

Complaint to the CAO

To: Compliance Advisor/Ombudsman
International Finance Corporation
2121 Pennsylvania Avenue NW
Washington, DC 20433 USA
E-mail: cao-compliance@ifc.org

1. Who is submitting this Request? Please provide your name(s) or the name of your organisation.

CEE Bankwatch Network

2. Do you want your name(s) (or the name of your organisation) to be kept **confidential throughout this process**? Why do you require confidentiality?

Bankwatch does not require confidentiality. We ask that personal information about Bankwatch staff involved in the complaint will not be disclosed publicly or shared with Uzbek authorities without prior consultation, due to risks and concerns about potential difficulties during future travel to the country for project monitoring purposes.

3. Do you fear you or other risk retaliation for sharing your concerns with CAO?

Yes, some experts in Uzbekistan are under risk of retaliation and would not directly contact IPAM.

4. Country

Uzbekistan

5. Please provide your contact information

a. Telephone number
+420 777 995 515

b. Email address
main@bankwatch.org

c. Mailing address
Heřmanova 1088/8. Prague 7, 170 00. Czech Republic

d. How can we best contact you?
Via personal emails and phone. Personal contact details will be shared with CAO outside of this form.

6. Please name or describe the **EBRD Project(s) that** raises concerns.

[Zarafshon Wind](#) (also known as Zarafshan wind power plant) located in Navoi region in Uzbekistan
Capacity: 500 MW
Sponsor: Shamol Zarashan Energy (SZE) FE LLC, owned by Abu Dhabi Future Energy Company

PJSC - Masdar)

Lenders: EBRD, ADB, IFC, JICA, Dutch Entrepreneurship Development Bank, Natixis, First Abu Dhabi Bank.

7. What harm do you believe has been caused, or might be caused, by the Project?

We believe that the Zarafshon project harms threatened and migratory species, protected under international agreements such as the Convention on Migratory Species (CMS), as well as endemic flora and fauna, while affecting proposed protected areas. This is in violation of the conditions listed in the 2012 IFC policy requirements. In line with its mission, Bankwatch steps in defence of species and biodiversity that face harm by the project. IFC has commitments and relevant policies to ensure protection of biodiversity and should be possible to be held accountable when biodiversity is harmed.

The part of Tamdytau mountain most important for biodiversity was not established as a protected area

The Zarafshon wind project was developed in parallel with the process of moving the Aktau-Tamdy state reserve away from the scientifically proposed borders.



Construction of wind turbines with Mount Aktau in the background. CEE Bankwatch Network, February 2024

The Tamdytau mountains surrounding the Zarafshon project site were proposed for protection after extensive research carried out by several projects, including the UNDP-GEF project entitled Strengthening the Sustainability of the National Protected Area System by Focusing on Strictly Protected Areas.

The results of the UNDP-GEF project¹ were endorsed by the Uzbek government and include on

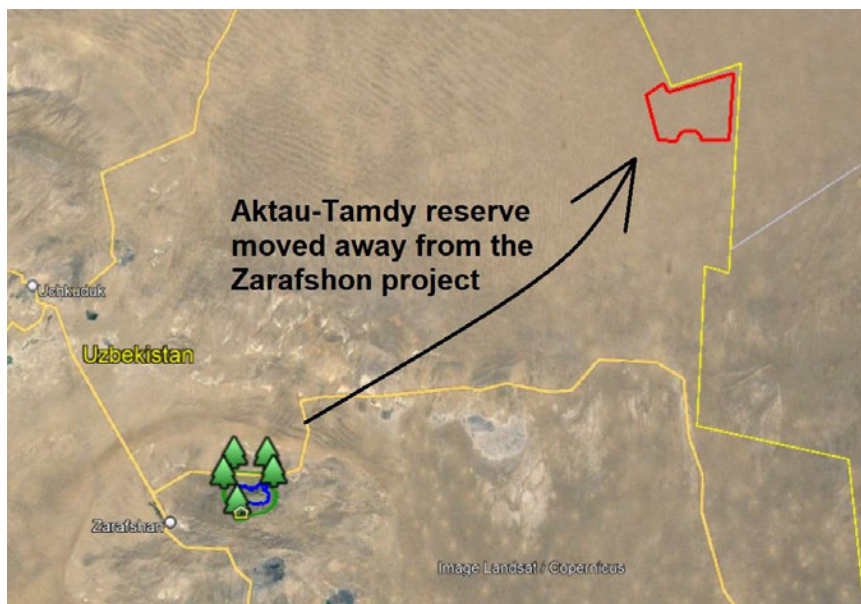
¹ Natalya Beshko, V. Zagrebin, A. Popov, Furkat Khassanov, O. Mitropolskaya and K. Magdiev, [‘Рекомендации По Расширению Системы Охраняемых Природных Территорий в Узбекистане’](#), Baktria Press, December 2013.

pages 110-112 a map and description from 2013, where it is clearly visible that the protected area called Aktau (Tamdy) in the Tamdy district should be located around the highest peak in the Kyzylkum desert – Mount Aktau. Decades of research have shown the importance of the area; it is the last remaining habitat of argali sheep in central Uzbekistan, it contains many nests of 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.



Map 1. Proposed location of Aktau (Tamdy) protected area. Source: UNDP-GEF, 2013.

When in February 2022, a presidential decision² declared a 40,000-hectare piece of pastureland in the Tamdy district to be the Aktau-Tamdy state reserve, without specification of the exact location, Uzbek and international experts thought that Mount Aktau would be finally protected in line with the recommendations of years-long scientific research.



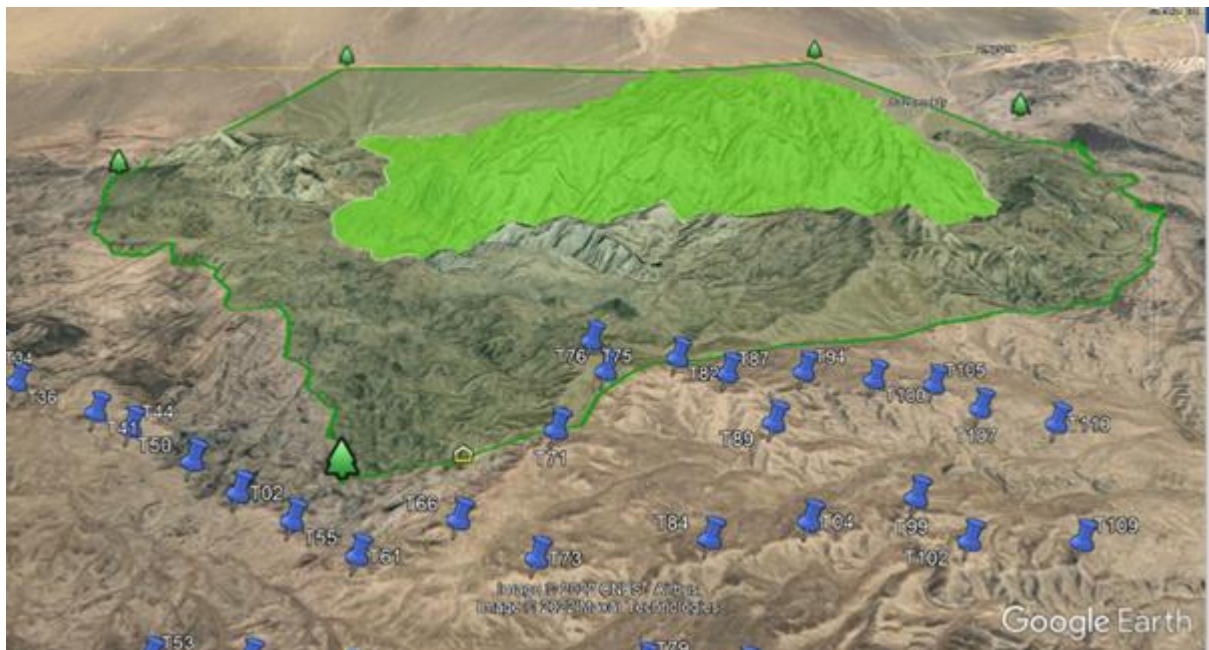
Map 2. Original borders of Aktau-Tamdy reserve (in green) and the borders changed in 2022 (in red). Sources: Masdar, UNDP-GEF, Google Earth.

² President of the Republic of Uzbekistan, [Decision of the President of the Republic of Uzbekistan, on measures for the creation of protected natural areas](#) (including translation to English), 16 February 2022.

However, a map provided by SZE/Masdar on 8 October 2022 confirmed that the new protected area would be located in the Tamdy district, but next to the border with Kazakhstan. This is part of the Kyzylkum desert, away from the Tamdytau mountains, in a place that had never previously been proposed for protection and, to the best of our knowledge, has no geographical names related to 'Aktau'.

On 8 November 2023, the lenders finally confirmed in a response to Bankwatch that "the area of the planned nature reserve in Aktau was supposed to be adjacent to the Wind Farm" and "the area of the Aktau-Tamdy nature reserve was moved to the north closer to the Kazakh border". This information came after a meeting between consultants hired by the sponsor and a lead specialist at the Nature Reserve Department, Ministry of Ecology, Environment Protection and Climate Change of Uzbekistan.

Despite the significant scientific evidence justifying the establishment of a protected area, it seems that the Aktau-Tamdy state reserve's location has been changed at the last moment before the proclamation to avoid conflicting with different projects. Although in the response to Bankwatch, the lenders referred to the area's natural resources potential gold and uranium resources as a reason for the proposed protected area relocation, the Zarafshon project might have significantly contributed to such decision (two of the turbines are now located within the original borders of the Aktau-Tamdy proposed state reserve).



Map 3. Turbines T75A and T76 are within the borders of the planned Aktau-Tamdy protected area (wide green line). Mount Aktau Important Bird Area is 3.5 km further away (light green polygon). Sources: Zarafshan wind project ESIA, UNDP-GEF, Google Earth.

It is not clear how IFC and other lenders assessed and justified the impact on biodiversity during the project's due diligence. The Environmental and Social Impact Assessment (ESIA) lacks information on the potential impact of the Zarafshon wind project on the proposed protected area and does not suggest any mitigation measures for it.

As a result, one of the most important areas for biodiversity in Uzbekistan will remain unprotected for many years ahead, and probably be damaged by the project operation. The lenders explained in the November response that SZE/Masdar "in good faith" supports activities "for protecting portions of or the entirety of the originally proposed Aktau-Tamdy protected area", but this protection could happen not earlier than 2 years after the start of monitoring and it is unclear when monitoring could start. Furthermore the protection of Aktau would not be possible as a strict reserve, but possibly as a soft-regime protected area (zakaznik for conservation of specific

species). In a field visit to the project site with the participation of experts from IFC, ADB and EBRD, organised by SZE/Masdar in February 2024, the latter announced that there was no progress after a second meeting with the Nature Reserve Department. Consequently SZE/Masdar are considering not to support the proclamation of the protected area due to high costs and uncertainty of the results.

[REDACTED]

Impacts on threatened bird species as a result of wrong placement of the turbines, lack of alternative locations assessment, lack of cumulative impact assessment; and lack of effective mitigation measures.

The Zarafshon project is located in core areas of globally and nationally threatened bird species, with especially significant impacts expected during construction and exploitation of turbines situated close to nests of Egyptian, cinereous and bearded vultures, golden eagles, and saker falcons.

In a response to Bankwatch dated 15 November 2022, the IFC acknowledged that '[the Zarafshon project area] is an important area for a number of raptors' and committed to 'implementing the mitigation hierarchy, starting with avoidance by moving 15 turbines'. However, as Masdar explained to Bankwatch during a workshop in November 2022, these turbines were moved away based on old findings, not on the most comprehensive nest survey finalised in 2022, which found new nests in areas close to proposed turbine sites.

The Bankwatch experts visited the area of Zarafshon during the breeding seasons of 2022 and 2023 and found nests of threatened birds a few hundred metres from wind turbine locations. Those nests were reported to the lenders and the client, but turbine locations were not moved away before construction began. Moreover, Bankwatch requested the 2022 nest survey data and Masdar and the lenders promised to provide it by November 2022, but this was only done in December 2023 - when construction of the project had already started.

The best international practices (on-time nest search, core area delineation, satellite telemetry) were not used when assessing the impacts on nesting birds. The core area is recognised as the most vital area for population survival. Consequently, its biologically meaningful delineation is of great importance for robust conservation decision-making and spatial planning. Scientific articles³ and standards⁴ recommend excluding the entire core zone of threatened species, identified, for example by tracking the pairs for at least one year.

The wind turbines were not moved away from the core areas of the key species, but rather some minimal buffers of 500 metres from active nests were proposed for the Zarafshon project. The recommended buffers were not based on scientific studies on the ground or good international practices. Moreover, the only impact that the mitigation measures tackled was the possible collision with turbines, but other impacts like displacement of birds were not taken into account, besides extensive scientific data on that problem.⁵

³ Dimitris Vasilakis, D. Philip Whitfield, Stefan Schindler, Kostas Poirazidis, and Vassiliki Kati, '[Reconciling endangered species conservation with wind farm development: Cinereous vultures \(*Aegypius monachus*\) in south-eastern Europe](#)', Biological Conservation 196 (2016), 10-17, 2016.

⁴ U.S. Fish and Wildlife Service, Region 6, '[Recommendations for Avoidance and Minimization of Impacts to Golden Eagles at Wind Energy Facilities](#)', 2022

⁵ Anne Tolvanen et al., '[How far are birds, bats, and terrestrial mammals displaced from onshore wind power development? – A systematic review](#)', 2023

Probably the most underestimated impact within the ESIA studies is on the globally endangered saker falcon - four to six pairs may be displaced by the project. According to the latest information, Uzbekistan is the only country hosting the desert subspecies of saker falcon (*Falco cherrug coatsi*), which apparently is very close to extinction now, with only a few hundred pairs at maximum. Hungarian studies show that adult sakers avoid wind turbines, meaning 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.⁶ In spite of their fast flight, there is recent data showing that two falcons were killed in Austria after colliding with wind turbines, and at least one pair was displaced in Romania by a wind project.



Saker falcon nest 570 m from turbine T108A and 700 m from T106A. CEE Bankwatch Network, May 2023
Egyptian vulture nest 520 m from T106A and 620 m from T108A. CEE Bankwatch Network, May 2023



Cinereous vulture nest 530 m from T106A and 680 m from T96A. CEE Bankwatch Network, June 2022
Golden eagle nesting less than 400 m from T108A. CEE Bankwatch Network, February 2024

One important improvement is that a modern and expensive shutdown-on-demand system called Identiflight will be installed to halt the operation of specific turbines if priority bird species fly close by. However, this system has significant limitations and cannot solve the problems of the problematic location of turbines:

- The shutdown-on-demand system could decrease bird mortality but cannot eliminate it. The wind project in Tasmania (Australia) is given as the best example of Identiflight but has already killed two endangered Tasmanian wedge-tailed eagles.⁷

⁶ 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.

⁷ Goldwind Australia, [Cattle Hill Wind Farm Annual Environmental Review 2022](#), Cattle Hill Wind Farm, October 2022.

- The system does not work during the night, leaving bats and birds that fly at night unprotected from collision.
- The system is also not effective enough when birds come from below and when nests are too close to turbines.⁸
- It cannot mitigate the abandonment of nests, the main risk for the globally endangered saker falcon (*Falco cherrug*), because of disturbance and wind turbine area avoidance.



One of the 111 turbines of Zarafshon and one of the Identiflight devices. CEE Bankwatch Network, February 2024

Those practices are not entirely in line with Good International Practice (GIP). For example for the golden eagle (also nesting in the area of the Uzbek wind projects), GIP exists in:

- Catalonia (Spain)⁹ where wind projects are prohibited at less than 1 km from occupied nests or nests abandoned after 1973 and additionally in core areas of each pair that should be defined after one year of radio-tracking of the pair;
- Region 6 of the USA (Colorado, Utah, Wyoming, Montana, North Dakota, South Dakota, Nebraska, and Kansas)¹⁰ where the U.S. Fish and Wildlife Service recommends that no wind turbines should be constructed within 2 miles (3.2 km) of occupied golden eagle nests and within 800 m from unoccupied (historical) nests.

⁸ Janine Aschwanden and Felix Liechti, [Testing of the automatic bird detection system Identiflight on the WindForS test field as part of nature conservation research \(NatForWINSSENT\)](#), Swiss Ornithological Institute, Sempach, 2020.

⁹ Generalitat de Catalunya, [Criteria for making renewable energies compatible with conservation of golden and Bonelli's eagles](#), July 2022.

¹⁰ U.S. Fish and Wildlife Service, Region 6, [Recommendations for Avoidance and Minimization of Impacts to Golden Eagles at Wind Energy Facilities](#), 2022

[REDACTED]

No proper assessment of alternative locations for the Zarafshon project was done as the land for it was allocated by the Uzbek government based on the wind potential, geological factors, existing infrastructure and interconnection to the grid, with no consideration of the environmental risks or impacts. Moreover, 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 and done for 15 turbines which didn't significantly decrease the overall risks for bird nests. The cumulative impact of all wind projects in Uzbekistan was also not assessed and taken into account.

As such, the IFC and other lenders had almost no way to avoid the impacts caused by poor placement and follow the mitigation hierarchy, apart from not investing in the project, which should also be an option when the risks are high. Even more, IFC was approached to finance the Zarafshon project after the project has received its permits from the host country, therefore, the Bank'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 are required to meet IFC's requirements. But the project was approved before these additional studies were finalised - the 2022 bird nest survey was sent to IFC only after the 21 July 2022 decision to approve the project.

Note: There is no adopted legislation for strategic environmental assessment (SEA) in Uzbekistan, only a draft law,¹¹ and there is a lack of overall awareness of SEAs and capacity to coordinate them among government authorities. In November 2023, Bankwatch was informed by lenders that a consultant was working to develop an unofficial lenders-led Strategic Environmental and Social Assessment (SESA) of renewable projects in Uzbekistan. We fully support this initiative. Unfortunately, this assessment does not include the four wind projects already approved for financing by international financial institutions - Zarafshon, Bash, Dzhankeldy and Karakalpakstan.

One of the major problems with the Zarafshon ESIA report is the disclosure of the exact locations of nests of saker falcon, eagles and vultures, thus giving information to poachers. The lenders promised to update the ESIA report of the Zarafshon project with the 2022 data and to hide the GPS locations of the nests, as Bankwatch signalled that this could attract poachers and nest robbers. In the ESIA version downloaded on 18 December 2023 from the Masdar website, this was not done, exposing the birds at risk for three consecutive breeding seasons.

Egyptian Vulture (*Neophron percnopterus*) – IUCN Endangered

Egyptian Vulture are a widespread summer breeding species within Uzbekistan. This species migrates in the spring and autumn and does not overwinter in Uzbekistan. No nests of this species were noted within the Project area although nesting of this species was confirmed in 2021 at two locations outside the site boundary (64°30'10.47"E, 41°33'49.32"N) and (64°22'5.46"E, 41°33'13.57"N). These points are 930 m and 1.8 km respectively from the nearest proposed WTG. Breeding is also likely within the IBA to the

Example of nest location from the ESIA study, page 135, downloaded 18 December 2023 from Masdar website

¹¹ Government of the Republic of Uzbekistan, [Drafted Law of the Republic of Uzbekistan on strategic environmental assessment](#), UNECE, accessed 18 December 2023.

Nest robbing is a common practice in Central Asia¹² and one of the main reasons saker falcon is an endangered species.

More details about the impacts of the wind projects in Uzbekistan could be found in:

- the Bankwatch briefing (December 2022)¹³;
- the Bankwatch update before the EBRD AGM (May 2023)¹⁴.

8a. Are you directly or personally affected by the Project?

No. Bankwatch's vision is an environmentally, socially and economically just world, built on solidarity, participation and respect for ecological limits. We work to prevent the environmentally and socially harmful impacts of international development finance. Therefore, in line with its mission, Bankwatch steps in defence of species and biodiversity that face harm by the Zarafshon Wind Project. The IFC has commitments and relevant policies to ensure the protection of biodiversity and should be held accountable when biodiversity is harmed, even if people are not directly affected.

8b. Are you submitting this Request as a Representative of a person or group affected by the Project?

[REDACTED]

8c. Are you submitting this Request as an Organisation that is not directly or personally affected by the Project?

As described above, Bankwatch has a mission to protect biodiversity and to keep international financiers accountable. Therefore, the harm caused by the project directly concerns our work.

[REDACTED]

[REDACTED] In February 2024 Bankwatch participated in a joint visit to the project are with the client and the lenders.

8d. What feedback did Project-affected people give you about the Project impacts?

- Long-term efforts to create a protected area were spoiled after the project planning started.
- There are already significant impacts on biodiversity - disturbance of birds during construction in 2023.
- Not all environmental and social impacts were taken into account.
- There was no consultation with local people or environmental experts to choose the location of the Zarafshon or other wind projects.
- Land was acquired by the government disregarding the rights of local people to graze livestock.

8e. What has prevented Project-affected people from submitting this Request?

- Uzbekistan is a country with poor human rights record. In recent years, there have been numerous cases of the authorities threatening [REDACTED]

¹² Radio Free Europe, [Kazakhstan Thwarts Smuggling Of Endangered Falcons](#), 24 October 2017

¹³ CEE Bankwatch Network, [A false start for wind energy in Uzbekistan?](#), 1 December 2022

¹⁴ CEE Bankwatch Network, [Wind projects in Uzbekistan \(2023 update\)](#), 9 May 2023

[REDACTED]

[REDACTED] According to Article 19's Global Expression Score, Uzbekistan ranks 133rd out of 161 countries globally and 43rd out of 49 countries regionally for [failing to ensure freedom of expression](#) in 2023.

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

9. Have you ever **contacted the IFC** or the **IFC Client** to try to raise and voice your concerns?

Since June 2022, we have been in regular communication with the client and with IFC, ADB and EBRD. We met with the three lenders in Uzbekistan in February 2024. We also had several online meetings with IFC, other lenders, the client and other stakeholders. We had several meetings during our visits to Uzbekistan in June 2022, May 2023 and February 2024. We tried to approach the government of Uzbekistan (a short meeting in May 2023 and a follow-up email to the deputy Minister of environment), but never got a reply. We have sent our December 2022 briefing and updates to the client and the lenders. We have raised our concerns also via extensive email communication. While there was progress with a new Strategic Environmental and Social Assessment (SESA) currently developed, there was no real progress on turbine locations, bird nest protection and protection of Aktau mountain.

We can submit a copy of our correspondence with IFC staff upon request.



Field visit to Zarafshon project under construction with Masdar, IFC, EBRD, ADB, BirdLife and Bankwatch. CEE Bankwatch Network, February 2024

10. What do you hope to achieve through the CAO complaint?

- a) Real and long-term protection of the Aktau mountain with active rangers and reduced threats to species, habitats and to internationally-recognised areas (IBA, KBA)
- b) Avoided extinction of endangered, vulnerable and near-threatened species in the Kyzylkum desert, by ensuring that the number of nests of vultures, eagles and falcons and the long-term nesting success is not decreased compared to 2022.
- c) Scientifically-sound, publicly-available and independent monitoring of the Zarafshon wind project's impact on birds and bats - collision with turbines, birds nesting success and satellite telemetry, mitigation measures success. This data should be published (ideally as a series of scientific articles), so that it can be used to improve the project as part of the claimed adaptive management and in order to improve the site selection, construction and management of future wind projects.
- d) Relocation/curtailment of some wind turbines and setting a successful model at Zarafshon for better placement of wind turbines in Uzbekistan and Central Asia, avoiding the most important areas for biodiversity.
- e) Improved environmental and social policies and project due diligence and appraisal process of the IFC, EBRD and ADB.

11. CAO has two paths for reviewing your concerns - Dispute Resolution and Compliance. At this point, and subject to obtaining more information, what would be your preference?

I am interested in both the Dispute Resolution and Compliance options.

Bankwatch is interested in a facilitated dialogue with the client, the lenders and, if possible or necessary, with the relevant Uzbek authorities, therefore we request Dispute Resolution. We hope to find solutions for all the issues mentioned above in point 10. If Dispute Resolution is not possible or not successful in finding solutions, then we would expect the Compliance investigation.

12. Please list the Policy requirements you believe the IFC has not met on this Project.

In 2022 when the loan to the Zarafshon project was being approved, the 2012 IFC Performance Standards were valid. The overarching requirement is that all projects need to comply with the standards of the lenders, national law and country obligations under relevant international treaties, conventions and agreements. We believe the following articles of the Performance Standards were not met:

Performance Standard 1:

Article 14. The mitigation hierarchy to address identified risks and impacts will favor the avoidance of impacts over minimization, and, where residual impacts remain, compensation/offset, wherever technically and financially feasible.

Performance Standard 6:

Article 13. Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.

Article 14. The client will not significantly convert or degrade natural habitats, unless all of the following are demonstrated:

- No other viable alternatives within the region exist for development of the project on modified habitat;
- Consultation has established the views of stakeholders, including Affected Communities, with respect to the extent of conversion and degradation; and
- Any conversion or degradation is mitigated according to the mitigation hierarchy.

Footnote 7: Significant conversion or degradation is (i) the elimination or severe diminution of the integrity of a habitat caused by a major and/or long-term change in land or water use; or (ii) a modification that substantially minimizes the habitat's ability to maintain viable populations of its native species.

Article 15. In areas of natural habitat, mitigation measures will be designed to achieve no net loss of biodiversity where feasible.

Article 17. In areas of critical habitat, the client will not implement any project activities unless all of the following are demonstrated:

- No other viable alternatives within the region exist for development of the project on modified or natural habitats that are not critical;
- The project does not lead to measurable adverse impacts on those biodiversity values for which the critical habitat was designated, and on the ecological processes supporting those biodiversity values;
- The project does not lead to a net reduction in the global and/or national/regional population of any Critically Endangered or Endangered species over a reasonable period of time; and
- A robust, appropriately designed, and long-term biodiversity monitoring and evaluation program is integrated into the client's management program.

Article 20. In circumstances where a proposed project is located within a legally protected area or an internationally recognized area, the client will meet the requirements of paragraphs 13 through 19 of this Performance Standard, as applicable. In addition, the client will:

- Demonstrate that the proposed development in such areas is legally permitted;
- Act in a manner consistent with any government recognized management plans for such areas;
- Consult protected area sponsors and managers, Affected Communities, Indigenous Peoples and other stakeholders on the proposed project, as appropriate; and
- Implement additional programs, as appropriate, to promote and enhance the conservation aims

and effective management of the area.

Footnote 17: For the purposes of this Performance Standard, this includes areas proposed by governments for such designation.

13. Have you submitted any complaints to other organisations in relation to the concerns raised in your Request?

Yes, to the EBRD and the ADB.
