

The CEE Bankwatch Networks Mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation

Bulgaria:

Centre for Environmental Information and Education (CEIE)

Environmental Association Za Zemiata (For the Earth)

Czech Republic:

Centrum pro dopravu a energetiku

Hnutí Duha

Estonia:

Estonian Green Movement-FoE

Georgia:

Green Alternative

Hungary:

Nature Protection Club of Eotvos Lorand University (ETK)

National Society of Conservationists-FoE (NSC)

Latvia:

Latvian Green Movement

Lithuania:

Atgaja

Macedonia:

Eko-svest

Poland:

Polish Green Network (PGN)

Institute of Environmental Economics (IEE)

Russia:

Sakhalin Environment Watch

Slovakia:

Friends of the Earth - Center for Environmental Public Advocacy (FoE-CEPA)

Ukraine:

National Ecological Centre of Ukraine (NECU)

Philippe Le Houerou

Vice-president for Europe and Central Asia

World Bank

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Dear Mr Le Houerou,

I would like to share with you CEE Bankwatch Network's concerns about the project to build a power line from the Moinak power plant in Kazakhstan. The project is currently under consideration by the World Bank, and is planned for a Board decision on July 23 this year.

We have been monitoring the developments around the Moinak power plant for a few years now. The plant construction was under consideration for a loan from both the World Bank and the European Bank for Reconstruction and Development. The EBRD dropped its consideration of the project early in 2008 following a World Bank decision not to consider the loan. However, on 15 June 2006, a USD 200 million loan agreement between the Kazakh government and the Chinese Development Bank was signed, making construction of the plant possible.

Now the World Bank is looking at joining the project through a 'B' categorised project that will build a high-voltage power line connecting the future Moinak HPP to the Kazakh national grid, in such a way as to simplify the export of electricity to China. Currently, World Bank staff are supporting a design of the project that breaks Kazakhstan's legislation and that will not be duly in line with the Bank's own 'B' category for environmental impacts.

The design of the project – as proposed by Kazakhstan Electricity Grid Operating Company (KEGOC) and thus far accepted by Bank staff – involves crossing through the territory of both the Charyn and Amtyl-Emel natural reserves. These protected areas have significant value. The Charyn canyon is considered to be a natural area of national importance which is under special protection and is listed as land that possesses special ecological and scientific value, according to the Government of the Republic of Kazakhstan. The Altyn-Emel national park is proposed for inclusion on the UNESCO World Heritage List.

There is no way to “ensure that construction of the lines will not affect significantly flora and fauna of the natural park or result in the conversion or degradation of critical natural habitats”, as is proposed by World Bank documentation. **According to the Ministry of Environmental Protection, the legislation of the Republic of Kazakhstan prohibits the construction of transmission lines at specially protected natural territories, territories like the Charyn and Altyn-Emel national parks.**

Therefore, CEE Bankwatch Network calls on you for the immediate cancellation of the *Kazakhstan Moinak Electricity Transmission Project*, as the project design breaches the provisions of the Republic of Kazakhstan legislation as well as the Bank's Operational Policy on Natural Habitats.

We also have a number of concerns associated with the separate project to complete the Moinak HPP itself:

Impact on protected areas

The construction and operation of the Moinak HPP could result in serious environmental damage to surrounding protected areas, notably two located downstream: the Charynsky State National Park and the unique Charyn Ash wood National Protected Natural Area.

These sites have been designated as protected areas for the conservation, rehabilitation and further development of unique natural habitats in the Almaty Region, as these are areas of great environmental, historical, scientific, aesthetic and recreational value.

Research conducted during the seventies and eighties, when the project was designed, as background for the Moinak HPP and Bistyubyn reservoir feasibility study concluded that:

"The regulation of the river's stream caused by dam construction and waterside structures will destroy the natural regime of the river and affect ash wood conservation and natural regeneration, leading to the overall destruction of an unique natural phenomenon. Furthermore, it will cause negative impacts on the Charyn Canyon ecosystems"

Cultural heritage

According to local scientists, the area designated for flooding from the HPP construction is of great historical importance as it houses ancient burial grounds and archaeological artefacts (barrows and petroglyphs, 5-4 B.C. and later). As such, the reservoir may affect cultural heritage sites.

High seismic risks in the region

The reservoir and HPP construction are planned for a region of high seismic activity (magnitude up to 9.0); the dam faces possible destruction by an earthquake, the consequences of which are unpredictable.

Environmental Impact Assessment

The decision to move forward with the Moinak construction was decided by the government in early 2005, before an environmental impact assessment was conducted and approval was received from a state environmental expertise. This is in violation of Kazakh environmental legislation.

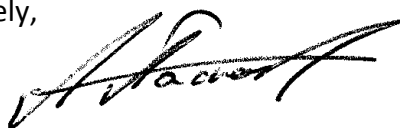
Economy

The high risks associated with the project design may complicate the construction process and result in significant costs overruns.

We believe that the Moinak HPP construction project is not a good solution for the development of the energy sector in the Republic of Kazakhstan.

We hope to receive a prompt reaction from your office. We believe that the Bank should not be wasting time and money on the preparation of this destructive project.

Yours sincerely,



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