

Workshop “Strengthening national capacity in applying sustainable energy policies and practices based on the recommendations of the Environmental Performance Reviews”

30 June 2021, Online
09:00 a.m. – 12:00 p.m. (CEST)

Kazakhstan - 3rd EPR

Report	No.	Topic	SDG	Recommendation (quote)	Implementation
Part I	3.4 (a) (b) (c) (d) (e)	Climate change; Legal, Policy and Institutional framework; Compliance with international laws, regulations, standards; Market mechanisms		<p><i>The Government should:</i></p> <p><i>(a) Adopt a definition of green finance activities and instruments, and promote the incorporation of climate-related risks into the corporate governance of major state-owned entities;</i></p> <p><i>(b) Add a mention of green finance to the mandates of the public financial institutions so they can more legitimately direct their financial resources and use risk-mitigation instruments to mobilize finance for green projects;</i></p> <p><i>(c) Consider opportunities to increase the effectiveness of the use of collected environmental payments for environmental protection at the local level;</i></p> <p><i>(d) Incentivize businesses to invest in resource efficient and clean technologies through further rationalizing (indirect) energy subsidies, shifting the focus of the environmental permitting and compliance control requirements from “end-of-pipe” solutions to integrated pollution prevention that is also linked to BAT;</i></p> <p><i>(e) Consider allowing Kazakhstan’s Emissions Trading System (KazETS) revenues (e.g. from penalties or auctioning) to be reinvested in further climate change mitigation or</i></p>	<p><i>The cost of implementation of the Concept on Transition to Green Economy between 2018 and 2050 would amount to US\$18.4 billion. The Government, public financial institutions and the private sector have shown increasing interest in investing in actions towards transition to a green economy. Yet policies on environmental protection and climate change, as well as broader enabling environments for investment promotion, are not sufficient to mobilize further finance to achieve the goals under the Concept. Kazakh public financial institutions have invested in green projects, but their share in the total portfolio remains low. Green finance mobilization is not part of the investment criteria of these financial institutions. There are no voluntary targets set for a certain share of their loan portfolios to be allocated to green projects.</i></p> <p><i>Environmental taxes and penalties collected at the local level are not used effectively to improve environmental conditions and promote a green economy. Only about 30 per cent of revenues from environmental charges are spent on environmental protection measures. In fact, environmental payments are used as a form of subsidy for other projects (economic or social) at local level.</i></p> <p><i>KazETS is an important instrument in fulfilling international commitments to reduce the country’s GHG emissions. After a period of hiatus, the system was re-established in January 2018. However, KazETS revenues are expected to be absorbed into the state budget. There is no legal mechanism to allow investment of the revenues in further GHG mitigation.</i></p>

				<i>adaptation instead of being absorbed into the state budget.</i>	
	5.5 (a) (b) (c) (d) (e) (f)	Renewable energies; Energy efficiency; Climate change; Market mechanisms; Support to vulnerable groups, awareness, access	7.2, 7.3, 13.2	<i>The Government should: (a) Update mitigation scenarios to 1 per cent GDP growth; (b) Strengthen KazETS by abandoning the baseline/basic method for allocations; (c) Address emissions from non-KazETS sectors with comprehensive plans, concrete actions and indicators to monitor progress in emissions reductions; (d) Introduce carbon taxation for sectors such as housing and commercial, to incentivize the switch to more sustainable technologies, taking into account the needs of poor and vulnerable groups; (e) Revise the regulations to increase energy efficiency and use of renewable energy sources for new and existing buildings, in line with international near-zero-energy building standards; (f) Incentivize the penetration of renewable energies, such as photovoltaics, geothermal heat pumps and biogas, in housing, street lighting, public utilities, etc., as a partial alternative to the use of coal.</i>	<i>The unconditional target in Kazakhstan’s INDC to reach a reduction of 15 per cent of GHG emissions by 2030 compared with 1990 is ambitious. Its achievement would make a strong contribution to global progress with Sustainable Development Goal 13 (Take urgent action to combat climate change and its impacts). However, the mitigation scenarios developed for Kazakhstan show that only with current and additional measures would Kazakhstan be able to achieve the unconditional target. The World Bank advises Kazakhstan to update the mitigation scenarios with more realistic GDP projection growth of 1 per cent and to develop tailored and realistic policies and plans. This also involves the contribution to GHG emissions reduction from non-KazETS sectors (transport, urban areas, housing, waste management, commercial), which is currently not sufficiently addressed. The current regulatory framework does not foresee the compulsory use of a share of renewable energy for new construction and the mandatory refurbishment of existing buildings to increase energy efficiency.</i>
Part III	10.3 (a) (b)	Renewable energies	7.2	<i>The Government should: (a) While developing its national policy documents to meet Sustainable Development Goal 7, undertake an analysis on the development of renewable energy technologies in the country; (b) Take appropriate steps to meet the targets of raising the share of alternative energy sources in total consumption to at least 3 per cent by 2020 (set in the Strategic Plan for Development until 2020), of 30 per cent by 2030 and 50 per cent by 2050 (set in the Concept on Transition to Green Economy), also in coordination with provisions about renewable energy</i>	<i>The main changes in the energy sector are expected to be introduced by development of renewable energy sources. The Strategy “Kazakhstan-2050” anticipates that renewable and alternative energy sources will provide 50 per cent of all national power production by 2050. This ambitious “green” plan targets 11 per cent of electricity generation to come from wind and solar sources by 2030, and for this to increase to 39 per cent by 2050. However, substantial expansion of electricity generation based on renewable sources has a resource and technological limitation at the current stage. The development of renewable energy requires a significant level of state support for a long period of time.</i>

				<i>sources as per the 2017 Strategic Plan of the Ministry of Energy for the period 2017–2021.</i>	
Annex I	7.2 (a) (b)	Renewable energies; Legal, Policy and Institutional framework	7.2, 7.3	<p><i>With a view to move toward a more sustainable production and use of energy, The Government should:</i></p> <p><i>(a) Adopt the draft Concept on the efficient use of energy and the development of alternative energy sources in the context of sustainable development until 2024, and develop appropriate legislative instruments, such as tradable renewable energy certificates, to meet its targets:</i></p> <ul style="list-style-type: none"> <i>• Urgently elaborate and implement effective energy efficiency and energy-saving measures and programmes in power and heat production, transmission, distribution and consumption</i> <i>• Create a conducive environment for the operation of energy services companies</i> <i>• Use effective information and awareness raising tools towards producers and consumers;</i> <p><i>(b) The Ministry of Energy and Mineral Resources and the Ministry for Environmental Protection should develop mechanisms and incentives to make renewable energy projects viable, including stand-alone renewable energy systems in remote off-grid areas.</i></p>	<p><i>The recommendation has been partially implemented. To support energy saving and energy efficiency efforts, a number of legislative acts and national programmes have been introduced (e.g. 2012 Law on Energy Saving and Energy Efficiency Improvement, 2009 Law on Support for the Use of Renewable Energy Sources, 2013 Programme “Energy Saving-2020”). However, despite great legislative and policy support, general energy efficiency policy did not improve. No promotion of various incentives (voluntary programmes, subsidies, fiscal incentives) for industrial enterprises that undertake energy audits in order to support the implementation of the energy efficiency measures is carried out.</i></p> <p><i>Feed-in tariffs were used as incentives to make renewable energy projects viable. However, their efficiency was questioned. Stand-alone renewable energy systems in remote off-grid areas do not exist.</i></p>