

# Energy, Water and Land-use Nexus approach for climate action in Central Asia

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# Overview



On behalf of:



of the Federal Republic of Germany



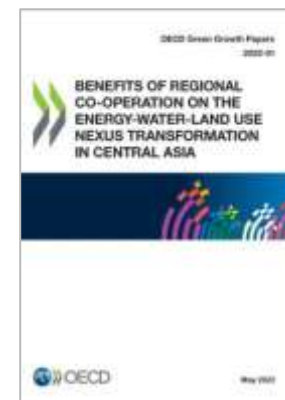
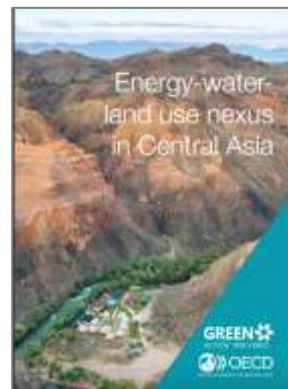
- Other development co-operation partners
- Private sector
- Academia
- Civil society organisations



# Calls for action

from country/regional consultations and preparatory analysis (June 2021 – June 2022)

- Need to **see why cooperation is important** and to **understand the “business case” for cooperation** across sectors and between countries.
- Call for **compelling evidence base** to secure political support and inform decision-making to better mainstream the Nexus approach.
- Demand for **more pilot projects** to demonstrate the benefits of cooperation on the Nexus.
- Need to **combine all this with targeted capacity development and political dialogue** to drive the progress.



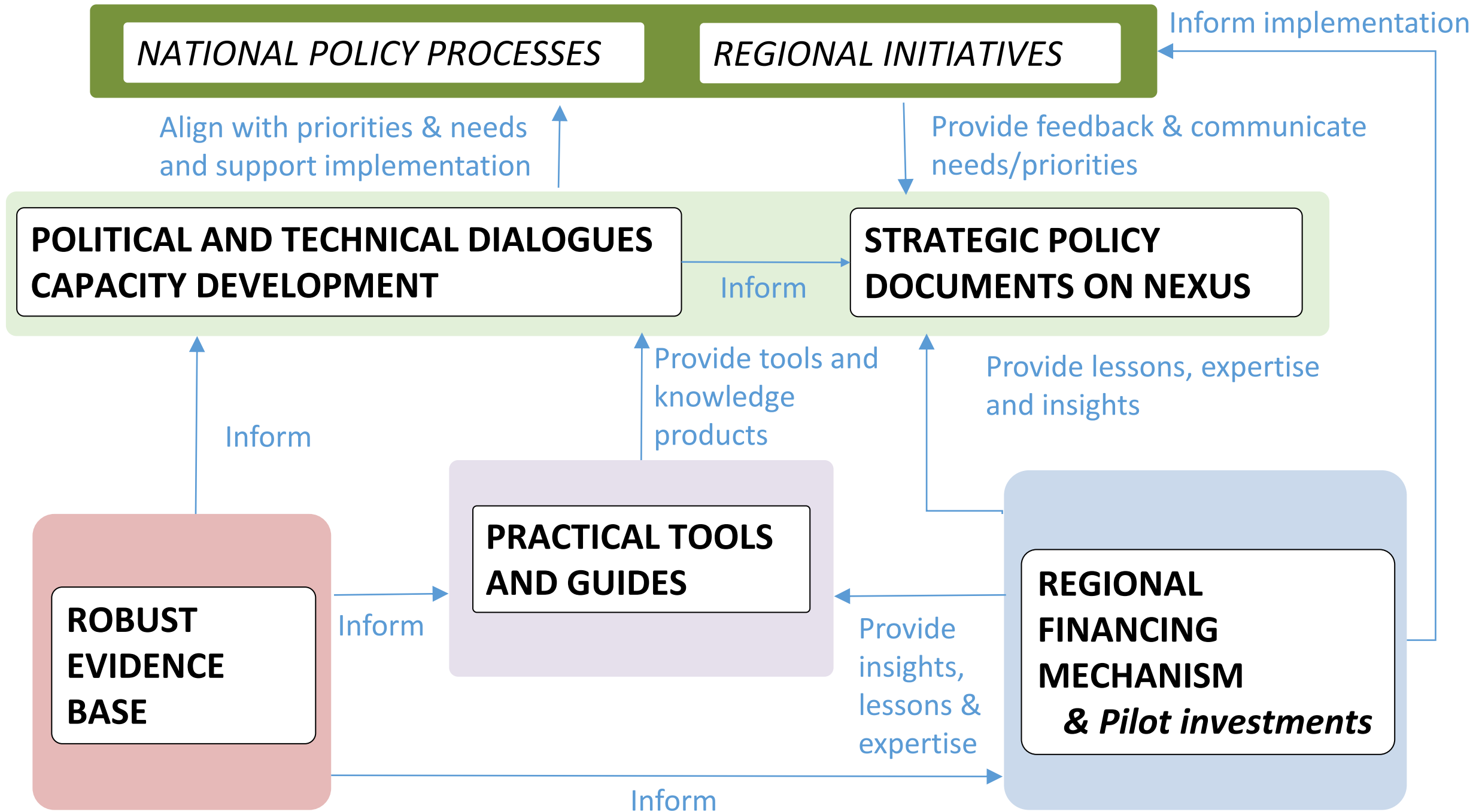
# **Objectives and overview of planned activities**



# Objectives of the IKI Nexus project in Central Asia

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1. Mainstream the nexus principles into development planning
2. Expand evidence base on benefits of cross-sectoral cooperation on the nexus between energy, water and land-use sectors
3. Design a financing mechanism to promote investments and bring nexus opportunities to reality
4. Develop practical tools and instruments to support decision makers for enhanced cross-sectoral and transboundary cooperation
5. Organise regional political and technical dialogue and facilitate capacity development



Reference: Further information on proposed [programme activities](#)



## Examples of up-coming work for 2023-2024

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- Regional “**hotspot**” **analysis** of climate, energy, water and land use risks and opportunities in Central Asia
- Assessment of **Inter-sectoral governance** on nexus planning
- Development of the design of **a regional Nexus financing mechanism** to fund pilot investments with a focus on the nexus benefits
- **Case studies on agribusiness** with a focus on the water, energy and land-use nexus in Central Asia
- Modelling framework for **quantifying economic benefits of transboundary co-operation** on the nexus among energy, water and land-use in the region
- Options for mechanisms to promote **more efficient water-energy coordination** in the region



# Emerging preliminary findings

## - from case studies on agribusiness in Central Asia

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- Agribusinesses with a focus on the Nexus are already happening in Central Asia
- Entrepreneurs and their partners striving for not only economic benefits, but also other social and environmental benefits on their community, country and ecosystems.

### Examples:

- Hydroponic strawberry greenhouses in Turkmenistan
  - Sugar processing plants in the Chui region
  - Production of lentils in Kyrgyzstan
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- Positive impacts on local economies and employment in areas where they operate, and on their supply chains.
  - Also contributing to sustainable management of water, energy and land resources in a changing climate.
    - Supporting adaptation of agribusiness to climate risks in the region





## Emerging preliminary findings: Examples from agribusiness in Central Asia

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- Development finance institutions (DFIs) are also providing financial solutions to support such businesses

### Examples

- Loans for capital investment and business expansion
  - Grants for de-risking instruments and technical assistance
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- DFIs also work with local banks and non-bank financial institutions to, for example:
    - Support transfer of best available techniques
    - Enhance managerial expertise of their clients through provision of consultancy services
    - Facilitate integration of environmental and gender considerations into clients' business plans
    - Strengthen the local financial system in a way conducive to climate-resilient development of the country



# The art of the possible:

## Good business case for sectors to further collaborate on the Nexus

### Water security

Improved water resource management through adoption of efficient technologies, recycling practices and reduced pollution through discharges

### Energy security

Efficient energy use, improved energy independence, shift to low carbon energy production, including renewables, contribution to climate goals and air pollution

### Food security

Reduction of agricultural import dependence, enhanced resilience of agriculture to climate-related hazards

### Environmental security

Reduction of use of pesticides and related pollution, production of crop types that are suited to local environmental and climatic conditions

### Economic resilience

Higher value products, longer growing period, economic diversification, increasing exports, creating local markets and job opportunities



# Preliminary lessons and ways forward for advancing the Nexus approach towards climate-resilient Central Asia

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- Enhancing **evidence** on benefits of the Nexus to create momentum
  - Need for greater clarity about multi-sectoral benefits of particular technologies and techniques
- **Communicating** the benefits to convince businesses and providers of finance
  - (e.g.) Possible messaging around economy, green, food security, health, well-being of children and youth
- Developing **suitable financial solutions** to mitigate risks and improve cost-benefit profiles
  - (e.g.) blended finance for de-risking of up-front investments, grants for TA, and lending for business expansion
- Identifying opportunities for **technical assistance** to develop capacity
  - (e.g.) consultancy services for businesses to better understand benefits of the nexus approach; prepare funding proposals and reporting; and facilitate communication among interested business owners and experts
- Facilitating **policy reforms** for further replication and upscaling of good practices
  - (e.g.) water and energy tariffs, environmental permits, private-public partnership legislations, among other areas...
- **Mainstream the Nexus** considerations into policy processes and institutional arrangements in Central Asia

# THANK YOU!

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