

Annual Meeting of the
EAP Task Force in
Astana

23 – 24 October 2008

EBRD PPC activities and Environmental Initiatives in Kazakhstan

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Agenda

- PPC Arrangements since Belgrade conference
- Clean Technology Fund
- Sustainable Energy Action Plan
- Municipal and Environmental Infrastructure
- EBRD Shareholder Special Fund



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PPC Arrangements since the Belgrade conference

- The PPC Secretariat was internalised within EBRD at the start of 2008: Sustainability Initiatives Team
- May 2008: first Sustainability Forum held (Kiev)
- June 2008: allocated funds out of EBRD net profits for its technical cooperation programme
- Continuing to work with donors (UK, Swiss, EBRD multi-donor funds) - principally through EBRD directors



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PPC Sustainability Initiatives

- Environmental health & safety training for the chemicals sector (Ukraine)
- Farmer workshops on sustainable cotton production (Tajikistan)
- Identification of opportunities for investment in forest-based carbon sequestration (Russia)
- Feasibility study for extending telecoms networks to remote and rural communities (Albania, Bulgaria, Moldova)
- Integrating climate change adaptation into EBRD's operations (Regional)
- Gender specialist to promote gender equality in EBRD's operations (Regional)



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PPC Pipeline activities 2008-09

- Accessing GEF resources for water & wastewater projects in the Danube, Volga and Kura river basins
- Health and safety in the coal mining sector (Ukraine)
- Sustainable transport and road safety (Russia/Azerbaijan)
- Improving ballast water management to reduce maritime pollution in the Black Sea region



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The Clean Technology Fund

Background

- Established by G7 nations to support transfer of clean energy technologies to 10-15 significant developing nations or regions.
- Managed by the World Bank together with IFIs, but driven by country governments through Investment Plans.
- Current pledged volume US\$6.2 billion, with more expected.
- Currently under detailed development with first project approval expected by January 2009.
- Expected to be active for 10-15 years.



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EBRD and the Clean Technology Fund

- EBRD will co-operate with the IBRD and concentrate on two countries:
 - Ukraine and
 - **Kazakhstan**
- Key is to engage private sector to have a transformational impact.
- Will also look at municipal sector (district heating).



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Sustainable Energy Action Plan SEAP

- Developed as a result of the meeting between President Nazarbaev and EBRD President Lemierre on 15 June 2007
- Signed in June 2008 by Ministers of Economy, Energy and Mineral Resources, Environment and Chairman of AREM
- Targets strengthening of national energy security, addressing regional imbalances and improving industrial competitiveness
- Outlines recommended action that promote the conservation or rational use of sustainable supply of energy



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Contents of SEAP (1)

- Improvement of legal framework
 - Draft of Energy Efficiency Law (MEMR)
- Institutional Aspects
 - Establishment of specialised Energy Efficiency Agency
 - Public information campaigns
- Economic Instruments
 - Tariffs that reflect cost recovery
 - Budgetary resources and fiscal measures



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Contents of SEAP (2)

- Identification of priority Investment projects; EBRD aims to invest EUR 1 billion in energy efficiency and renewable energy until 2010
- Dedicated EBRD Energy Efficiency Team – Specialist will be placed in Almaty
- Energy Efficiency Credit Line with selected commercial Banks



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EBRD role in structuring the projects

- Engaging and financing of advisers
- Technical, legal and financial appraisal of the project
 - credit analysis
 - audit of financial condition and operational environment
 - study of legal and regulatory environment
- Structuring of the financial aspects of the project
- Mobilisation of grants for capital expenditure and commercial credits
- Development of regulatory base and institutional capabilities
- Implementation monitoring



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Municipal and Environmental Infrastructure in Kazakhstan

Project pipeline:

- Water and sanitation projects in Almaty, Shymkent, Aktau and Karaganda.
- Urban transport projects in Almaty and Astana

Other areas of interest

- Solid waste management
- Concession based private sector involvement



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Municipal and Environmental Infrastructure in Kazakhstan

Challenges:

- Borrowing restrictions for Akimats; only infrastructure bonds allowed – not particularly suitable
- Utility tariffs subject to state regulation by AREM; although underlying principles are sound, practice has kept tariffs too low to allow investment financing from operating revenues
- Rigid state norms (SNIPs) impede innovation and improvement of efficiency



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EBRD Shareholder Special Fund

- EUR 115m of the EBRD Net Income 2007 are allocated to EBRD Shareholder Special Fund (“Special Fund”) as follows:
 - EUR 112.5m for TC and non-TC (investment grants and incentive fees)
 - EUR 1m for nuclear safety TC
 - EUR 1.5m for management fee and contingency



Work Plan – Focal Sectors

- Infrastructure
- Sustainable Energy Initiative
- Enterprise Support and Other Initiatives



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Thank you for your attention



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