



CDM – side event, PRC-EPA meeting  
Yerevan, November 18, 2005

# Current process in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan regarding the Kyoto protocol

## EU funded Lot 3 project



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# Project Objectives

- Assist the beneficiary countries in the development of a CDM/JI institutional infrastructure
- Assist in the development of the legal framework and institutional capacity required for implementation of the UNFCCC and the KP
- Enhance capacity for GHG forecasting
- Enhance awareness among policy makers, business community, and the general public



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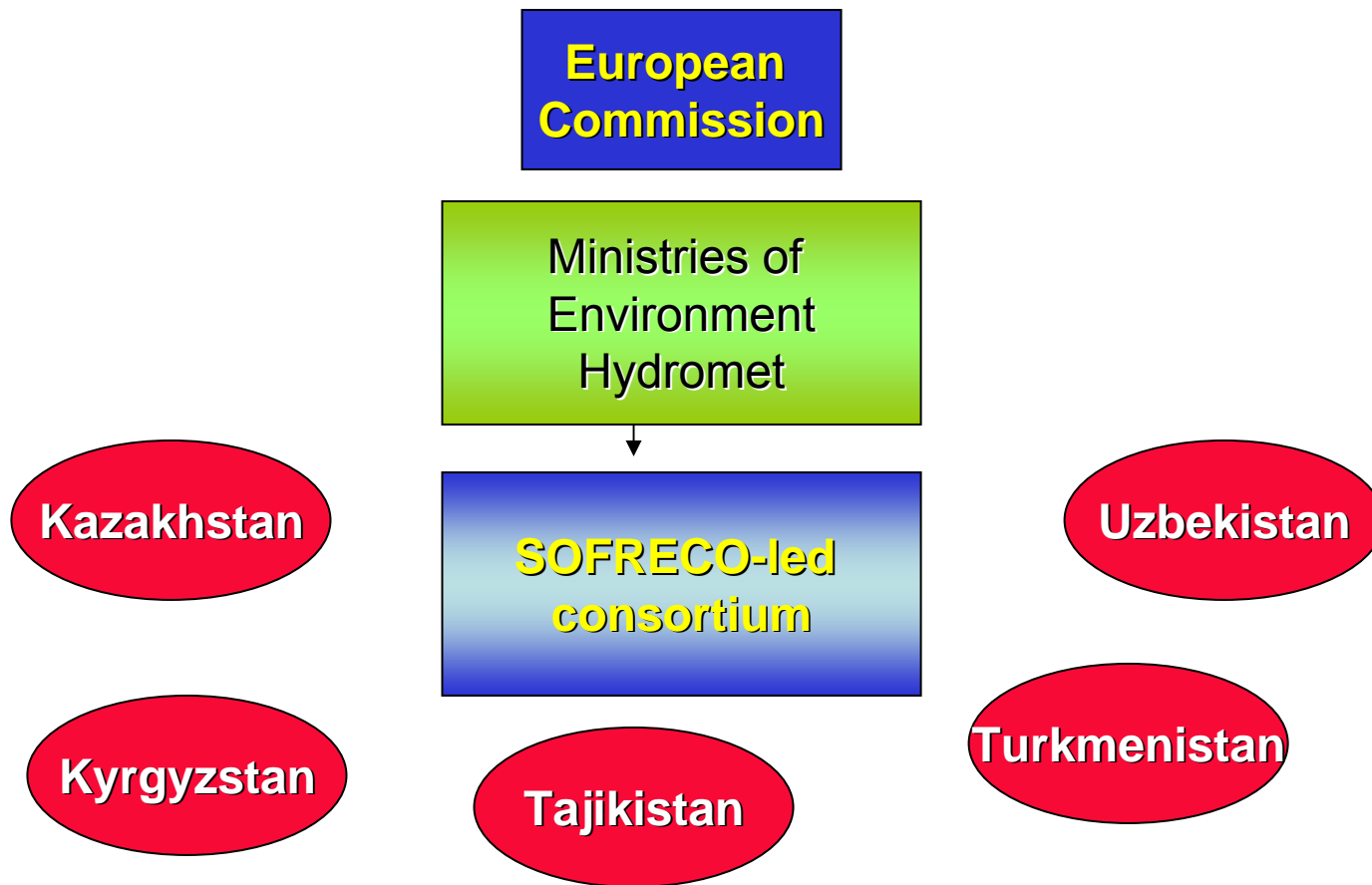


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# Project Organisation



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# Project Specifics

- 30 month project – May 2004 to October 2006
- One project covers five countries with different situations:
  - Kyrgyzstan, Turkmenistan and Uzbekistan ratified KP
  - At KP ratification, KZ intends to joint Annex B for the purposes of KP but remains non Annex 1 Party for the purposes of UNFCCC
  - KZ is much advanced on climate change development
  - Other four countries are parties to CDM mechanism with differences in the level of CDM knowledge/potential





# Overview of current economic situation

- **The new countries of Central Asia were hit by triple-transition:**
  - the adjustment to the economic shock of the break-up of the former SU,
  - the transition from state planning to market-driven economies,
  - ongoing political transition.
- **The Central Asian republics were among the least developed in the Soviet Union (SU) and least well known in the West before the break-up of the SU.**





## Overview of Recent Transition and Current Economic Situation *(continued)*

- As a result of the triple shock, the Central Asian countries cannot allocate sufficient resources for environmental (including climate change) policy initiatives and programs.
- Even if regional cooperation on environmental issues seems to be a win-win approach for each country (e.i. regional water issues) regional policy cooperation is minimal, despite some regional cooperative declarations and institutions



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# Assessment of Climate Change Policy Progress

- All 5 countries already established an environmental legal and regulatory framework (specifically air protection laws) for fulfilling countries' commitments under UNFCCC.
- CDM/JI institutional capacity building varies among the countries, but generally slow
- Substantial progress on CDM institutional capacity development achieved in Turkmenistan given no CDM experience before the start of the project
- however ...





# Assessment of Climate Change Policy Progress *(continued)*

- ...to date no CDM project from Central Asia is registered by CDM executive Board
- There are some stand alone projects that tend to evolve into CDM projects but affected by unavailability of approved baseline methodologies (DH in Uzbekistan, TPP upgrades in Turkmenistan)





# Assessment of Climate Change Policy Progress (*continued*)

- **CDM capacity building still needs a fair amount of attention from international donors:**
  - DNA is registered in only one country
  - project selection, registration and verification procedures are being discussed but not finalized
- **CDM potential is seemingly high but there are no quantitative estimates**



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# CDM Potential

## Small scale projects

- **Great scope for renewable energy small-scale projects.**
- **Small-scale projects that can use the simplified methodologies approved by the Executive Board are economically viable.**
- **The average size of small-scale CDM projects might be less than 50 000 tCO<sub>2</sub>e per year what is advantageous for CA countries.**
- **At present no information on the potential number of small-scale projects nor on the aggregate emission reductions those projects might achieve.**





# CDM/JI Potential Large scale projects

- Energy sectors in Kazakhstan, Uzbekistan and Turkmenistan have potential for large scale projects.
- In Kazakhstan replacement of old dirty coal technologies in the thermal power sector is the most promising.
- In Turkmenistan the gas&oil exploration and transport and thermal power sectors seems to present the highest opportunities for GHG reductions.

*However, if CDM Executive Board doesn't simplify the baseline methodology acceptance procedure, it is unrealistic to expect that this potential will be realized.*





# Kazakhstan

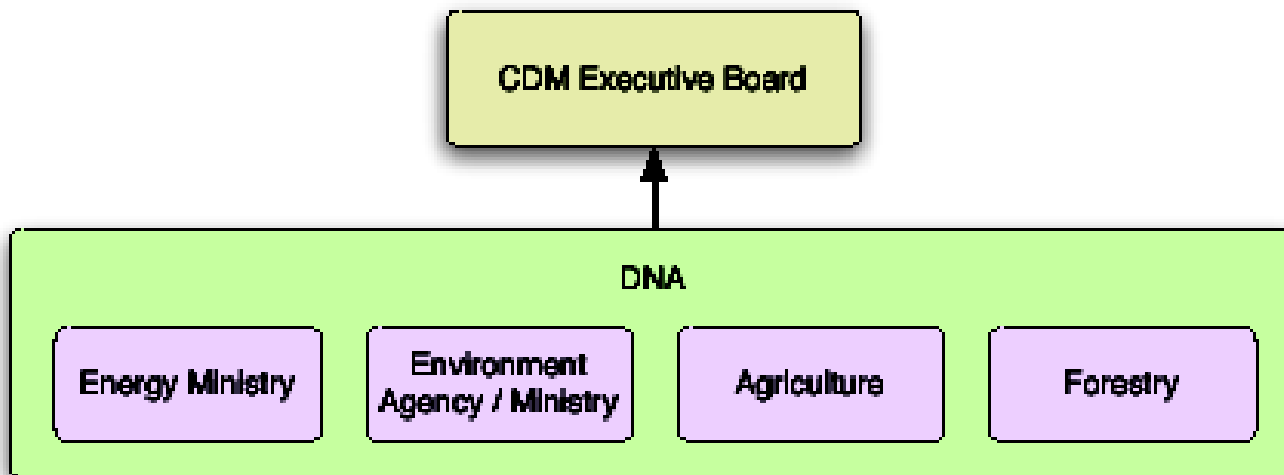
- **Ratification of Kyoto Protocol – as Annexe 1 country**
  - **Parliamentary hearing scheduled for January 2006**
  - **Base year 1992**
  - **Commitments – keep the same GHG emission level – still to be negotiated**
    - Would lead to approximately 300 millions tCO<sub>2</sub> eq in the market
  - **Uncertain date of ratification**
- **Jl institutional system set in place**
  - **National registry**
  - **GHG inventory system with National Communications validated**
  - **Jl Focal point**





# Kyrgyzstan

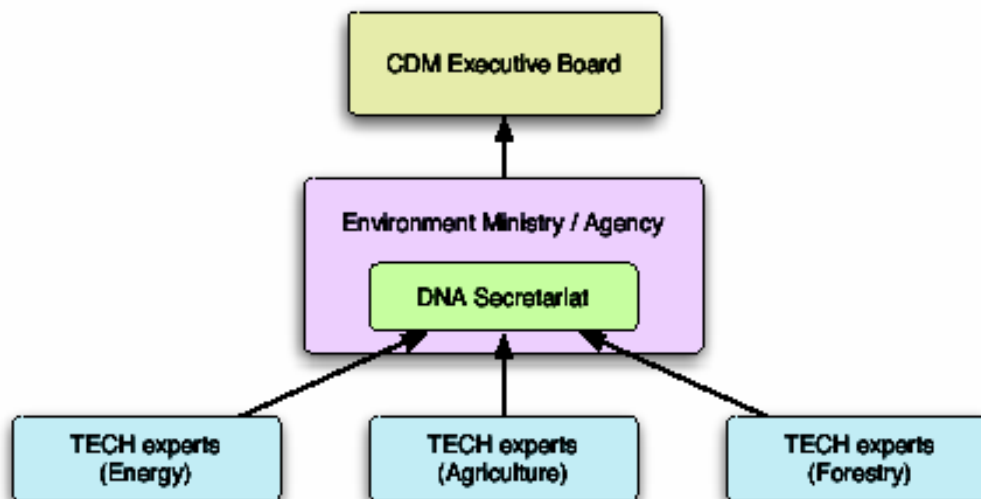
- Ratified KP
- DNA established on July 18, 2005
  - Secretariat supported by the Tacis project
- CDM project activities in the start





# Tajikistan

- Ratification of the KP & DNA establishment on the track
- Tacis project supports the preparation of legal documents
- Expected in the next few months
- CDM projects in the very beginning with the industrial sector and small scale hydro having the biggest potential



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# Turkmenistan and Uzbekistan

- **DNA establishment being discussed among the government bodies**
- **Uncertain time-line for set-up of institutional infrastructure**
- **Technical knowledge for CDM matters in Turkmenistan being created with the TACIS project – substantial progress during one year; high support from the government**





# Turkmenistan and Uzbekistan

- Uzbekistan has well designed project selection and validation procedures, but lack coordination among gov-t officials
- However, CDM projects can be approved on ad hoc basis
- A number of projects are already identified and in the development stage





# Opportunities to promote climate change policy development

## Opportunities to encourage country's and regional climate change initiatives:

- Recent economic recovery
- Region's natural resources
- Countries' human capital
- Seemingly enhanced willingness of the countries' leaderships to push forward with regional cooperation
- Increased international attention to Central Asia from carbon donors
- Relatively low estimated CER price is attractive from donor's perspective





# Constraints to climate change progress

## Constraints to further progress of climate change initiatives:

- **Weak legal and regulatory enforcement of environmental and climate change policies**
- **Weak institutional capacity and investment climate**
- **Lack of market access**
- **Limited commitment to reform, capacity building and regional cooperation**
- **Lack of resources for environmental investment and spending**





# Recommendations

- Pursue international assistance in preparation of CDM and JI projects
- Assistance should be focused on specific sectors, technical assistance on preparing baselines
- Strengthening of government institutions dealing with the implementation of KP
- Setting up of a legal and regulatory basis to promote investment (in particular foreign)
- Clear policy in respect to the CER ownership
- Economic incentive for foreign investment in CDM / JI projects
- Training of local experts





«Техническое содействие странам Центральной Азии в отношении выполнения их обязательств по глобальному изменению климата»

СDM – side event, РРС-ЕРА meeting  
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# Спасибо за внимание!

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