



PMI KAZAKHSTAN

Implementation Support Program

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Olzhas Agabekov

*Head of Climate Policy and
Green Technologies Department,
Ministry of Ecology, Geology and Natural Resources
of the Republic of Kazakhstan*

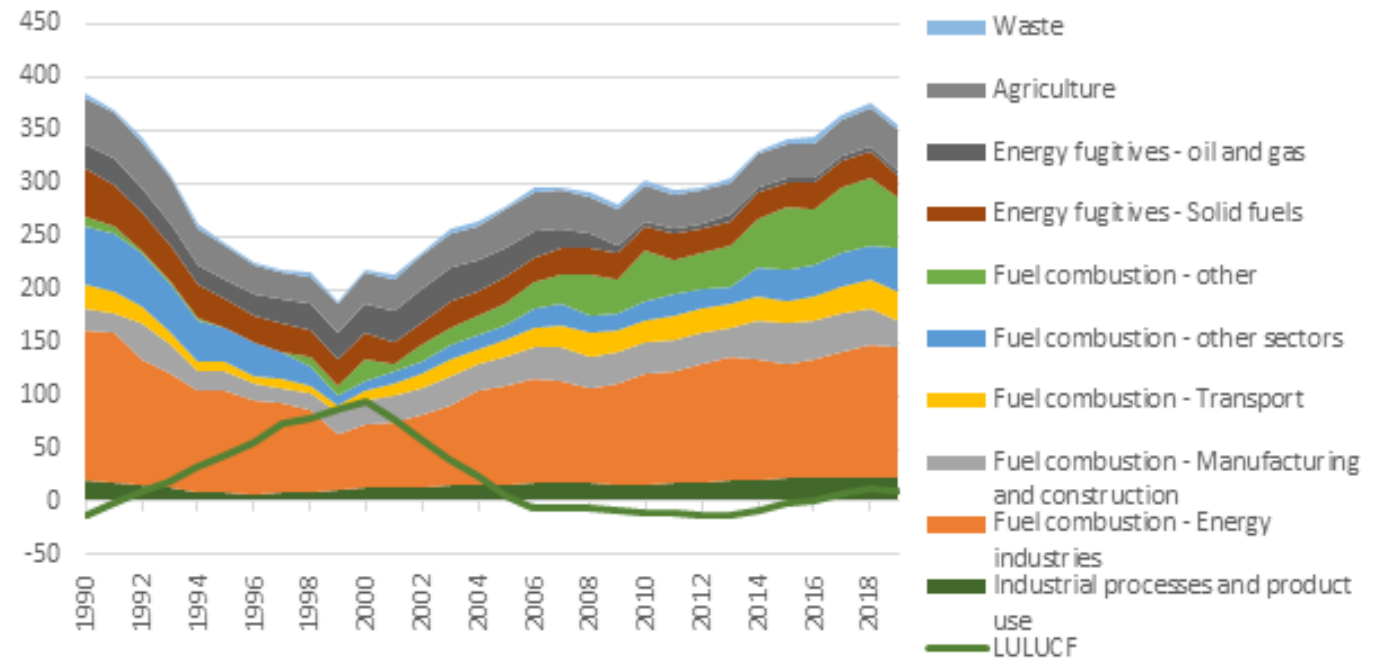
Country Climate Policy Context

NDC Target: To reduce GHG emissions from the benchmark 1990 level **by 15%**(*unconditionally*) and **by 25%**(*conditional upon international support*) by 2030

Updated NDC Target: Expected to be submitted at COP27

Carbon neutrality target by 2060

Energy production and consumption are responsible for **84%** of Kazakhstan's GHG emissions



Source: Kazakhstan 2021 CRF tables

Carbon Pricing Landscape



Challenge: Despite the existence of an ETS in Kazakhstan since 2013, national GHG emissions have steadily increased over the same period, posing a significant challenge to Kazakhstan in meeting its NDC commitment.

- Kazakhstan already regulates its GHG emissions through the national Emission Trading Scheme (ETS) which is enshrined in its Environment Code.
- The ETS was established in 2013 and has been evolving with the country's continued efforts and support from the World Bank through the PMR.
- **Sectors covered:** oil and gas, power sector, mining, metallurgical industry, chemical industry and manufacturing related to construction materials production such as cement, lime and bricks.
- Transport, agriculture and service sectors are not covered by the ETS.
- Threshold: Facilities emitting more than **20,000 tCO₂/year**
- Number of entities: **128** companies (**199** installations)
- Cap for Phase 5 (2022 – 2025): **650 MtCO₂** for the overall period
- Gases Covered: **CO₂**

General PMI Outline



Project development objectives (PDO): To strengthen the effectiveness of Emission Trading Scheme and support carbon pricing expansion to contribute to Kazakhstan's updated 2030 Nationally Determined Contribution targets and 2060 carbon neutrality goals.

- **Component 1: ETS Improvement**
 - Support reduction of ETS allowance cap
 - Support implementation of auctions
 - Deepen offset market
 - Strengthen MRV
- **Component 2: Carbon Pricing Expansion**
 - Assess expansion to cover methane
 - Assess introduction of a carbon tax
- **Component 3: Stakeholder Engagement and Just Transition**
 - Distributional Impact Analysis
- **Component 4: Project Management and M&E**



Grant:
\$5.0 million
recipient-executed



Implementation Period:
2022 - 2026

Expected Outcome

- **Reduction** in GHG emission allowance **cap** in the ETS
- Procedures for **validation and verification** of GHG emissions digitalized and complies with international requirements and experience
- **Carbon pricing expanded** – the ETS is expanded to cover one more sector or more emitters or methane, or a carbon tax is introduced
- Allowance **auction** is introduced in ETS
- Accounts opened to register **carbon offset** projects in the carbon registry
- **Benchmark** values updated to reflect technological progress in different sectors in line with international environmental standards





THANK YOU FOR YOUR ATTENTION!

Olzhas Agabekov

*Head of Climate Policy and Green Technologies Department,
Ministry of Ecology, Geology and Natural Resources
of the Republic of Kazakhstan*

Tel. +7 701 288 6868

Email: o.agabekov@ecogeo.gov.kz