

Agency: **United Nations Development Programme in Kazakhstan**
Country: **The Republic of Kazakhstan**

Project Progress Report

Project: **UNDP/GEF and the RK Government Project “Sustainable cities for low-carbon development”, 00091328**

Reporting period: **2015**

I. THE GOAL OF THE PROJECT

UNDP and the RK Government, with financial participation of GEF, encourages Kazakhstan efforts to decrease the impact on climate change in urban sector, including the development and probation of various conditions and incentives to realize necessary measures, first of all, on energy efficiency improvement in various housing sectors, energy supply, transport and waste management. UNDP-GEF Project “Sustainable Cities” will provide assistance in identification, development and implementation of measures to reduce an impact on climate change which are corresponding to the national conditions in urban sector. These measures, including the investments into efficient infrastructure, as well as capacity building, awareness-raising and technical assistance will facilitate the achievement of voluntary adopted country goals on GHG emissions reduction, alongside with the improvement of work processes of municipal services and improvement of life quality of population in large and small cities.

Executive agency: Ministry of Investments and Development of the RK
Other partners: Akimats of Temirtau, Taraz, Lisakovsk, Kostanai, Shymkent, Aktobe cities

II. FINANCING FACILITY

Financial contributions of the parties:

GEF	\$ 5 930 000
UNDP	\$ 60 000

III. OUTCOME

Under Component 1 “INTEGRATED MUNICIPAL PLANNING, TARGETS AND PRIORITIZATION FOR URBAN MITIGATION ACTIONS”:

1. International Conference “Transition to low-carbon urban development: Worldwide trends and perspectives for Kazakhstan and Central Asia” was held in Astana on 5-6 November 2016 which was presented with examples of sustainable world practices and perspectives of low-carbon urban development in Kazakhstan and Central Asian region. Besides, there have been announced the nearest events in Kazakhstan regions within a new UNDP-GEF Project. During the Conference there was a ceremony of signing the Memorandums of Cooperation with pilot cities Shymkent, Taraz, Temirtau, Lisakovsk. A visit to the pilot low-carbon initiatives in Astana was made.
2. Inception workshops on “Opportunities and technologies for promotion low-carbon practice in urban economy. Counting the risks of emergency situations in town planning» were conducted in Shymkent, Taraz and Pavlodar with participation of local executive bodies: department for energy and housing, construction and transport, environment and natural resources; representatives of communal/transport enterprises, engineering companies, producers and distributors of energy efficient systems and equipment, the heads and employees of educational, research institutions and other municipal public buildings, servicing companies; local experts, NGOs. The participants of workshop have been acquainted with up-to-date methods, approaches and technologies in identification, development and realization of measures for

mitigation impact on climate change, corresponding to national conditions in urban sector, including investment in efficient urban infrastructure, and creation of potential and raising awareness among the main stakeholders. Regulations of a new law about PPP were explained separately.

3. Within the expert missions in November-December, there were organized and conducted consultations among the Working Groups “Energy”, “MRB”, “Transport”, and “Waste” in Shymkent, Taraz and Pavlodar. The main problems and factors aggravating the creation of sustainable energy efficient practices in urban economy have been identified.
4. Primary recommendations were drafted to be directed to Akimats of pilot cities till the end of December where workshops and consultations took place.
5. A list of additional materials required for the in-depth analysis in pilot cities was prepared, including:
 - Information about the existing and new plans of social and economic development of cities,
 - Reports on fuel consumption according to the sectors of urban economy,
 - Reports on performed energy audits of electric and heat energy, water supply enterprises,
 - Plans (diagrams) of development for heat supply systems of the cities
 - Plans (FS if possible) of development for transport and waste management systems.
6. The following cities were preliminary selected as pilot initiatives (besides the first four, with which memorandums were signed in November): Pavlodar, Kostanai, Uralsk, Aktobe, Kokshetau, Petropavlovsk, Semei, Kapshagai, Atyrau, Ust-Kamenogorsk. A work on submission of letters to regional/municipal Akimats with proposals about cooperation is in progress. A copy of letter from Akimat of Pavlodar region was received relating to readiness to sign a memorandum with UNDP on Pavlodar inclusion in the list of pilot cities of UNDP-GEF Project. According to the available oral information, Atyrau and Uralsk were ready to consider the pilot cooperation with UNDP.
7. A special training for project team was organized and held on “Planning and design of investment projects in the RK”. Training materials were used during workshops and meetings of working groups in pilot cities.
8. Tender documents were arranged for procurement consulting services on town planning, development of urban cadasters for GHG emissions and baseline, detection and screening of priority low-carbon urban projects/measures, possible and acceptable for financial institutions (banks). The engaged consultant would present work results in two stages: first – for the first six pilot cities, second – for the rest 9 cities.

Needs by Component 1:

1. Expression of interest and readiness from Akimats of selected pilot cities is required for participation in UNDP-GEF Project (a letter is required to MID and/or UNDP).
2. Assistance from Akimats of pilot cities is necessary to receive essential information for the project in-depth analysis on emissions of GHGs, estimation of GHG reduction potential, prioritization of urban measures on energy efficiency and identification of pilot projects planned for implementation involving non-budgetary financing.

Under Components 2 and 3 “INSTITUTIONAL FRAMEWORK FOR URBAN NAMAS” and “FINANCING FOR URBAN NAMAS”:

1. There was issued a publication “State and perspectives of attracting investments to urban infrastructure for financing low carbon projects”. This publication includes a survey of conditions and perspectives for attracting the investments to projects related with reducing GHGs emissions in urban environment to promote sustainable cities. The survey is aimed to provide the potential project investors with insight into the existing system of the Republic of Kazakhstan and perspectives of investments to urban economy sector, the role of the state and potential risks that one can come across during project implementation.

2. Consultations with the project implemented by World Bank took place regarding assessment of opportunities for creation of financial tools to finance energy efficiency. Agreement was reached to participate in the discussions of working groups on financial instrument preparation.
3. Interim report was prepared on model of future energy efficiency fund to be created within UNDP-GEF Project “Sustainable cities for low-carbon development”. The report provide the variants of incorporation forms for future Fund as a separate commercial entity or a part of already existing funds; review of similar funds at the market; description of future fund model and its participants, incl the mechanisms and tools for Fund activities. The survey involves experts’ outputs and recommendations.
4. Review and analysis of existing funds dealing with the financing the projects in the RK is in progress to be applied in urban economy for possible integration of future Fund on energy efficiency with their activities.
5. Primary recommendations were prepared for Akimats of pilot cities that include recommendations on improvement of institutional and governmental basis for urban economy to facilitate leverage of investments including through PPP mechanisms. The given recommendations would be directed to Akimats of pilot cities till the end of Decembe where workshops and consultations took place.

Needs by Components 2 and 3:

1. Sharing the experience on Fund is necessary between the projects implemented by WB and UNDP.

Under Component 4 “IMPLEMENTATION OF PILOT URBAN NAMA”:

1. Criteria for selection of pilot demo project in the regions were publicly announced:
 - Project had to demonstrate an economic feasibility of EE measures (reduction of GHGs emissions) for future replication,
 - Project has to have tangible social results for population,
 - Availability of strong political will for pilot project implementation from side of MID and other stakeholders (energy companies, consumers, etc.)
 - Availability of relevant FS, investment evaluations and other conclusions and technical analysis, necessary for project implementation.
 - Readiness to lever the obligatory co-financing of the project in volume exceeding the grant part (UNDP-GEF contribution) by at least three times.
2. Pilot sites, where possible, were visited for implementation of pilot project in Shymkent, Taraz, Pavlodar. Opportunities of pilot project realization in Pavlodar were analyzed.

Needs by Component 4:

1. The Akimats are required the proposals to select the future pilot initiatives taking into account the above-mentioned criteria.

Under Component 5 “ MONITORING, VERIFICATION AND KNOWLEDGE MANAGEMENT”:

1. A special web-page about the project was created on portal “Energy efficiency+”
2. Social networking have been used to inform and facilitate a public access to the problems of sustainable cities within the conducted International Conference
3. There has been formed a scheme for possible introduction of future GHG reductions from cities-pilots to the existing system of emissions trading in the RK

Budget development of the project for December, 2015 – 100 %