

**CIF Admin Unit**

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Subject Notification of CTF Joint Mission to Kazakhstan

Dear CTF Trust Fund Committee Members,

The CTF Guidelines for Investment Plans call for the CIF Administrative Unit to inform the Trust Fund Committee of country expressions of interest and all planned joint missions for the preparation of investment plans.

The purpose of this email is to notify you that the Multilateral Development Banks (MDBs) have received a request from the Government of Kazakhstan (dated March 17, 2009) indicating its interest in accessing CTF funds and requesting a mission of EBRD, IBRD and IFC to support the government in the preparation of a CTF investment plan. Kazakhstan is eligible for access to CTF resources, since it is ODA-eligible and has active MDB country programs. A joint MDB assessment confirmed the potential fit of the country request with the CTF investment criteria for significant greenhouse gas emissions savings, demonstration potential at scale, development impact and implementation potential.

In particular, Kazakhstan is the largest emitter of greenhouse gases (GHG) in Central Asia. After an initial decline due to the overall economic contraction in the 1990s, the emissions increased again in the current decade as the Kazakh economy entered a period of rapid economic growth. Kazakhstan's emissions levels are a combined result of high energy intensity, relatively high economic output, and a coal-

dominated energy sector (with more than 70% of Kazakhstan's electricity generated by coal, compared with the average of 30% in Europe and Central Asia).

Kazakhstan's climate change mitigation priorities in the energy sector, as reported by Kazakhstan's Climate Change Coordination Center, include:

- Reconstruction and modernization of power stations using modern technologies, with an emphasis on co-generation of heat and electricity
- Increasing the share of natural gas in the energy balance
- Increasing introduction of renewable energy sources
- Reduction of gas flaring associated with oil extraction

The environment for climate-friendly investments has been improved by the Government's recent legislative initiatives such as: (a) a Grid Code adopted under the World Bank financed transmission rehabilitation project establishing a set of transparent rules for non-discriminatory third-party access to the transmission network; (b) an amendment to the Law on Oil to oblige extractive companies to reduce gas flaring through associated gas utilization; (c) the law on Natural Monopolies ensuring full recovery of justifiable costs, including the cost of new investments, for the regulated monopolies which allows both the national grid company and local electric utilities to operate profitably; (d) under the North-South transmission project, zonal tariffs were introduced to foster greater competition among generators and provide market-based signals to deal with congested transmission capacity. KEGOC, the national power grid company, has been a reliable partner for MDBs in implementing large-scale investment projects in the energy sector.

The joint mission of EBRD, IBRD and IFC will visit Kazakhstan between **June 15-24, 2009**. The objectives of the mission are to:

- 1) Discuss with the Government and other relevant counterparts in the country:
  - a) the Government's strategy on climate change, energy efficiency and renewables;
  - b) availability of and need for information and analyses to identify opportunities for large-scale GHG emission reductions and the costs involved;
  - c) the identification of implementing agencies in Kazakhstan for preparation and implementation of specific CTF projects/programs;
  - d) potential areas in which the MDBs and bilateral development agencies/banks could contribute to the Government's strategies.
- 2) Work with Kazakh counterparts to support preparation of the Investment Plan, including financing plan and pipeline of projects/programs for CTF co-financing.
- 3) Meet with other development partners working in Kazakhstan, including UN and bilateral agencies, to ensure coordination with such partners.

The contact point in the Government of Kazakhstan for the joint mission is Mr. Mazhit Turmagambetov, Vice-Minister, Ministry of Environmental Protection (tel: 7-7172-74 00 69, fax: 7-7172-74 08 18). In addition, the contact persons at the MDBs are:

EBRD: Anvar Nasritdinov (NasritdA@ebrd.com) and Andreas Biermann (BiermanA@ebrd.com)  
IBRD: Gary Stuggins (gstuggins@worldbank.org) and Rohit Khanna (rkhanna2@worldbank.org)  
IFC: Eric Peter (EPeter@ifc.org)

This mission falls in the category 2 Investment Plan (i.e. public and private sector).