

Supporting Energy Transition and Role of RE Financing Framework in Kazakhstan

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European Bank
for Reconstruction and Development



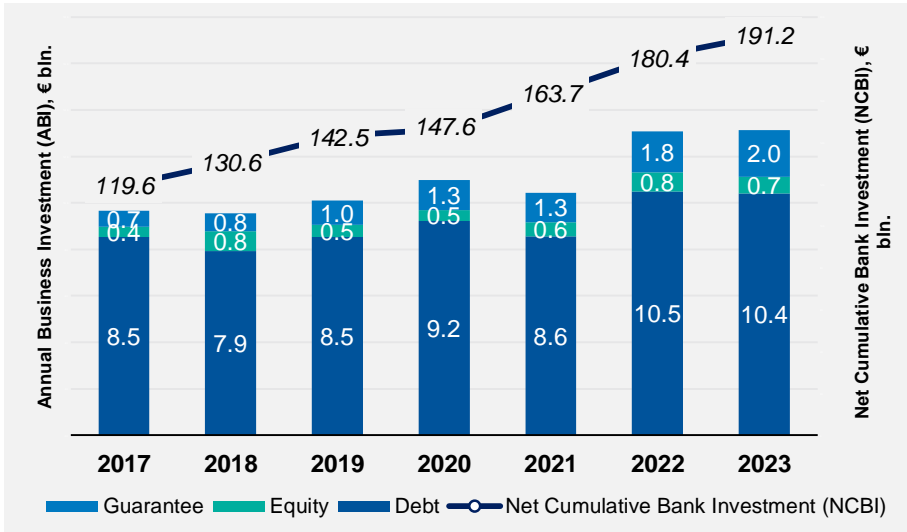
1. EBRD investments globally
2. Overview of Kazakhstan's climate policy and EBRD's contribution to its implementation
3. GCF and EBRD Renewable Energy Financing Framework for Kazakhstan

EBRD investments globally

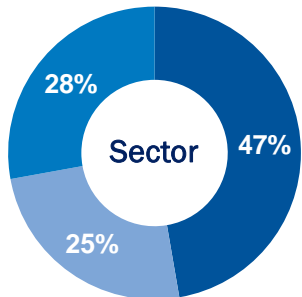


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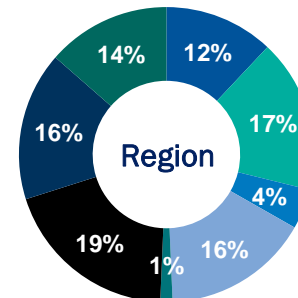
Since 1991, the EBRD has invested more than € 191.2 mln in 6,964 projects



EBRD portfolio (Dec 2023): € 55,878 bln



- Sustainable infrastructure (transport, municipal infrastructure)
- Financial institutions (banking, leasing, insurance, etc.)
- Corporate (agri, manufacturing and supply, farm, IT, equity funds)



- Central Asia 12%
- Central Europe 17%
- Cyprus and Greece 4%
- Eastern Europe 16%
- Russia 1%
- South-Eastern Europe 19%
- South-Eastern Mediterranean 16%
- Turkiye 14%

In 2023

Highest credit rating (AAA/Aaa)

€ 34 bln capital

Share of investments to private sector
79%

Loan: 80%
Equity participation: 5%
Guarantee: 15%

Top countries by investment in 2023 (€ mln)

1	Turkiye	2,480
2	Ukraine	1,419
3	Poland	1301
4	Egypt	1,261
5	Serbia	846
6	Uzbekistan	702
7	Romania	658
8	Greece	519
9	Morocco	391
10	Croatia	306
11	Moldova	287
12	Macedonia	259
13	Kazakhstan	254
14	Czech Republic	223
15	Georgia	218



Climate policy of Kazakhstan

Current status and prospects

Challenges

- Growing economy, high carbon-intensity, coal-fired power system
- According to GHG inventory in 2021, GHG emissions reached **340 mln tons of CO₂eqv.** (incl. LULUCF)
- **Emissions from energy facilities accounted for 77% of all GHGs**
- **Deep decarbonization** requires coal phasing out, RES deployment, electrification, energy storage and accumulation, energy efficiency

Ambitions

- **Ratification of the Paris Agreement and NDCs in 2016**, The work commenced on **new NDCs**
- **Low Carbon Pathway 2060 adopted in 2023**; going beyond the Green Economy Concept target of -40% GHG in the power sector by 2050.
- Kazakhstan joined **Global Methane Pledge** in 2023

Opportunities

- **Ecological Code 2021** establishes a declining carbon budget in line with the NDC targets
- **Kazakhstan's ETS** underlies national GHG reduction efforts => venue for increasing ambition, efficiency, productivity
- **CBAM** as an economic incentive to strengthen **Kazakhstan's ETS**

Kazakhstan GHG emissions by sectors, % (2021)



Source: NIR Kazakhstan, 2023

Kazakhstan GHG emissions and targets to 2060



Source: ClimateWatch



NATIONALLY DETERMINED CONTRIBUTIONS (NDCs)

- Provided technical feedback on modeling results
- Presented implications of Low Carbon Pathway for the Energy Sector, jointly by EBRD and USAID



LOW CARBON PATHWAY

- Actively participated in consultations on energy transition, carbon market, resource efficiency and climate resilience
- Signed MoU with MENR on GHG emission reductions, including methane emissions, facilitated accession to GMP



MOBILIZING GREEN FINANCE

- Committed to align EBRD operations with the PA from 2023 and more than 50% of financing to green projects by 2025.
- Supported NBK in joining the NGFS, and is working to support MENR in developing national ESG principles.

Supporting Kazakhstan towards carbon neutrality and climate resilience is one of 3 priorities of EBRD's 2022–2027 Strategy for Kazakhstan.

Our **key strategic objectives** to be achieved by **2027** include:

- Increased share of RE
- more decarbonized energy sector
- Improved resource efficiency and climate resilience

Financing large RE facilities

RE Financing Framework



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EBRD investments to RE in Kazakhstan

- EBRD has invested over \$570 mln in 15 RES projects that will add 788 MW of additional RES capacity and support modernization of 100 MW large HPP. EBRD is working with investors from China, UK, France, UAE, Germany and other countries.
- Most of these projects (538 MW out of 788 MW) are implemented within the framework of the RE Financing Framework in Kazakhstan for a total amount of € 500 mln (supported by GCF), and the corresponding Memorandum of Understanding signed with KAZ Government.
- Once operating capacity is reached, these projects are expected to reduce emissions by more than 1 mln tons of CO2 annually.



EBRD's Renewable Energy Financing Framework

- Framework is to support the construction of RES facilities (solar, wind, hydro, biogas), electricity distribution and transmission.

Phase I – € 200 mln

- In Phase I, EBRD supported RES projects with a capacity of 312 MW across Kazakhstan with 4 international investors, and supported a project to strengthen the power grid.

Phase II – € 300 mln

- In September 2019, EBRD approved € 300 mln extension of the Framework and financed 3 projects with a total capacity of 226 MW.

GCF concessional lending

- In addition to EBRD financing, the Green Climate Fund (GCF) has provided concessional lending worth € 110 mln.

Memorandum of Understanding (MoU)

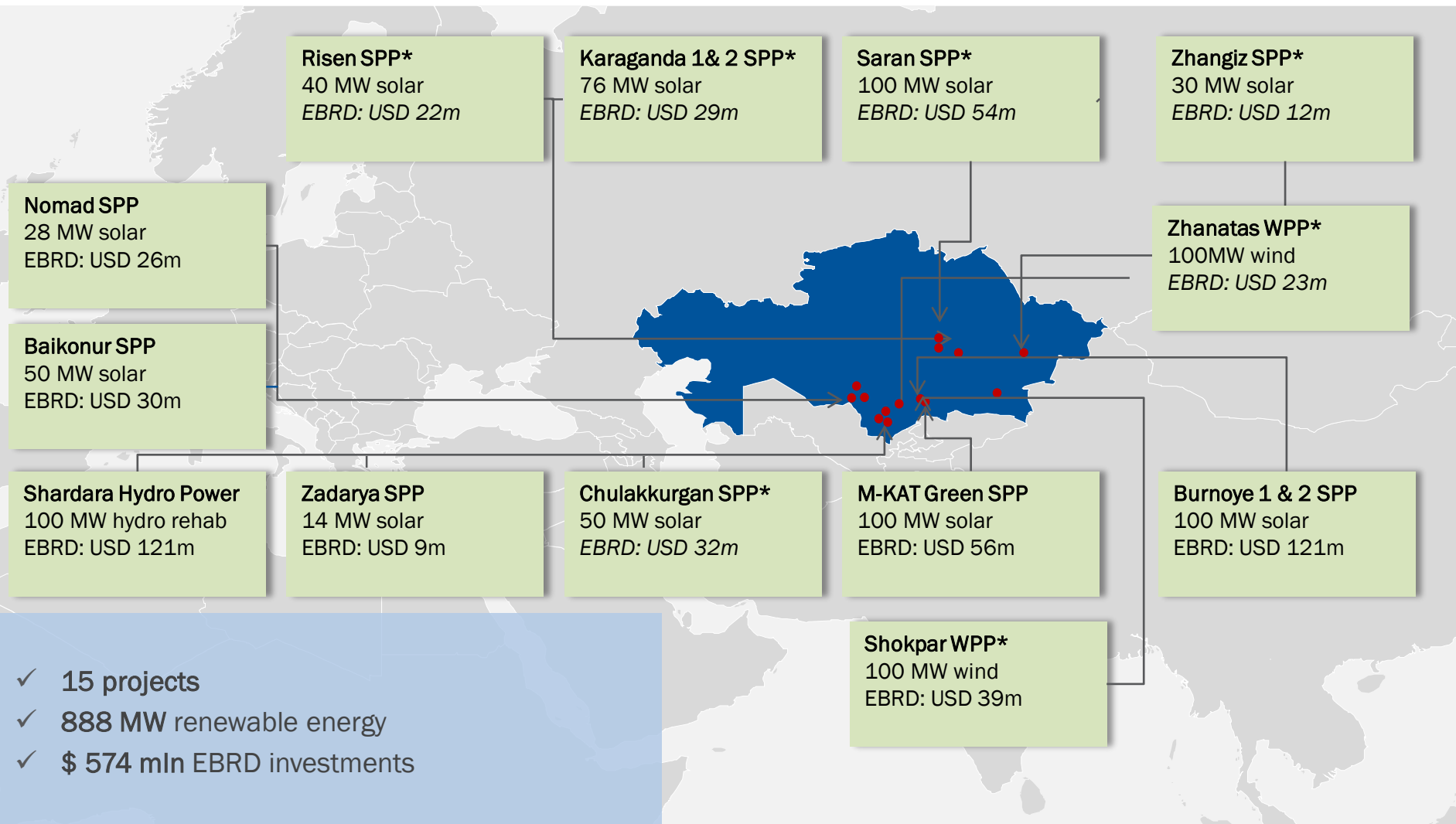
- In September 2019, KAZ Ministry of Energy and EBRD signed MoU to support RES projects selected through RES auction.
- In March 2021, KAZ Ministry of Energy and EBRD signed MoU on Energy Sector Decarbonization.

EBRD's RE investments in Kazakhstan

2014 – 2023



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- ✓ 15 projects
- ✓ 888 MW renewable energy
- ✓ \$ 574 mln EBRD investments

* Supported by GCF

Contacts



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