ADB ASIAN DEVELOPMENT BANK

Kazakhstan: Supporting Renewable Technology-Inclusive Heat Supply Legislation

Project Name	Supporting Renewable Technology-Inclusive Heat Supply Legislation
Project Number	53341-001
Country	Kazakhstan
Project Status	Proposed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA: Supporting Energy Efficient and Clean Technology Inclusive Heat Supply Sector Development in Kazakhstan Clean Energy Fund under the Clean Energy Financing Partnership Facility — US$ 1.00 million TA: Supporting Renewable Technology - Inclusive Heat Supply Legislation Technical Assistance Special Fund — US$ 200,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development
Sector / Subsector	Energy - Energy sector development and institutional reform
Gender Equity and Mainstreaming	Some gender elements
Description	This knowledge and support technical assistance (KSTA) will support the development of the renewable technology-inclusive heat supply legislation for the Republic of Kazakhstan. This TA was requested by the Ministry of Energy of Kazakhstan and is in line with the goals of the Country Partnership Strategy 2017-2021.
Project Rationale and Linkage to Country/Regional Strategy	Kazakhstan is the biggest country in Central Asia (2,724.9 sq. kilometers of land area) with a population of approximately 17.9 million, and a gross domestic product (GDP) of $ 170.54 billion (2018). It is very rich with natural resources, including fossil fuel, ranking as 9th and 15th country in the world with proven reserves of oil and natural gas, respectively. It is the largest greenhouse gas emitter (14.363 metric tons per capita as of 2014) and second most energy intensive country in the region and energy and heat supply sector is a main contributor to country's greenhouse gas emissions. The heat supply sector of Kazakhstan is based on old and obsolete technologies characterised by meaningful losses in the system (30%). There's an increasing demand on one hand with very low if any incentives for energy efficiency (mainly due to the lack of individual metering especially in residential sector) and on the other hand, due to low tariffs and unmeasured consumption, DH companies cannot generate capital to upgrade and rehabilitate their assets, thus creating a vicious cycle of technical and financial deterioration. Government of Kazakhstan, has set low carbon development targets to be met by 2050. In this context, Aged assets, increased fuel price, organizational and financial issues of the utility companies and unreliable supply of heat and hot water has been identified by Government as main problems in the heat supply sector. Decreasing the heat losses (considered to be reaching 30%) has been identified as main target. To address these problems and to achieve the government's strategic targets of green development, a separate law on heat supply, along with the package of related legal acts including the new tariff methodology is required. Clear and effective regulatory framework will also help attracting the needed investments in the sector.
Impact	CO2 emissions in electricity and heat production reduced by 15% for 2030 (baseline 2013) and the share of alternative energy sources increased up to 30% by 2030
Outcome	Heat Supply Law adopted by the Parliament of the Republic of Kazakhstan
Outputs	Gap analyses of heat supply sector conducted. Renewable technology-inclusive heat supply legislation drafted International practice for heat supply systems disseminated.
Geographical Location	Nation-wide

Summary of Environmental and Social Aspects
Environmental Aspects
Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design
During Project Implementation

Responsible ADB Officer	Gurgenidze, Nana
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Energy Division, CWRD

Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines Ministry of Energy 19 Kabanbai Batry Avenue Block A, 01000, Esil District, Astana Kazakhstan Republic of Kazakhstan *

Timetable	
Concept Clearance	13 Mar 2020
Fact Finding	-
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	30 Mar 2020

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