

European Commission: Supporting Sustainable Energy in Central Asia

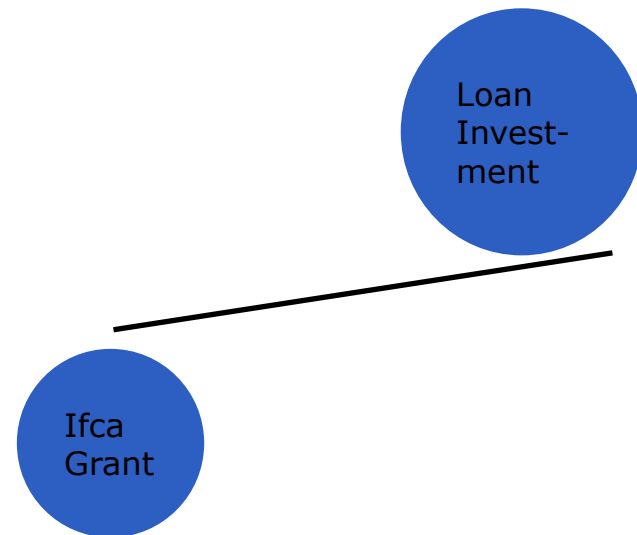
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Content

- 1. Investment Facility for Central Asia (IFCA)**
- 2. Central Asia Sustainable Energy Programme (CASEP)**
- 3. Covenant of Mayors - East**

1.1.a IFCA: What is it?

- Established in 2010, IFCA seeks to "blend" (i.e., combine) grant funds from the EU's Development Cooperation Instrument (DCI) with loans provided by one or several European financial institutions.
- The objective of IFCA is thus to increase risk ceilings and/or credit ceilings to the benefit of partner countries, and thus, promote investments that would otherwise be postponed.



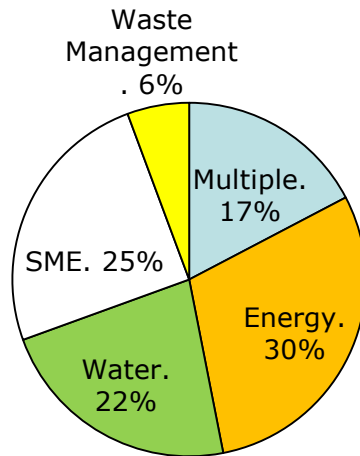
IFCA focuses on projects aiming to reduce unemployment and poverty in the Central Asian region and advance its economies in a sustainable way.

1.1.b IFCA: What is it?

- IFCA contributions can take the following forms:
 1. *Direct investment grants*
 2. *Guarantees*
 3. *Interest rate subsidies*
 4. *Technical assistance*
 5. *Contribution to risk sharing mechanisms*
- IFCA targets the following sectors:
 1. *Energy*
 2. *Protection of the environment/control of climate change impact*
 3. *SME development*
 4. *Social and municipal infrastructures*
- For the implementation of IFCA projects, the Commission signs Contribution/Delegation Agreements with financial institutions who are then in charge of project implementation.

1.2. IFCA: Main achievements

**IFCA contributions by sector
(value of signed contracts)**



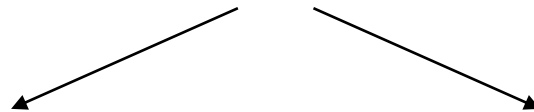
- **85.6 million Euros – roughly 20 million a year – have been allocated to IFCA between 2010 and 2013. An additional allocation of 20 million Euros will be available in early 2015.**
- **63.5 million Euros have been contracted for IFCA projects since 2010. Additional projects are expected to be signed by the end of 2014. Loans totalling 4.4 times this amount can be directly associated to the signed IFCA contracts.**
- **IFCA funds are currently concentrated in the energy sector which receives 30% of all contracted funds to date.**

1.3. IFCA: Looking forward

- **Annual financial allocations to IFCA will remain at least at the level of about 20 million Euros of the past years.**
- **Sectors targeted by the blending remain unchanged – energy will remain one of them.**
- **IFCA projects have been and will be elaborated by European financial institutions in close collaboration with EU Delegations in beneficiary countries as well as beneficiary governments.**
- **Close cooperation with other stakeholders is essential in order to ensure complementarity and avoid duplications.**

2.1.a CASEP: What is it?

- **CASEP is an EU-funded programme for regional energy cooperation between the European Union and its partner countries in Central Asia. It seeks to promote "Sustainable Energy" in the Central Asian Region.**
- **With a technical assistance budget of 4 million Euros, the programme's objective is to assist the 5 Central Asian partner countries in the set-up of the necessary policy, regulatory and institutional environment to promote**



(1) renewable energy sources

(2) increased energy efficiency

- **The programme thus contributes to the increased security, reliability and efficiency of energy supplies in the Central Asian countries.**
- **The programme is 36 month long and ends in April 2016.**

2.1.b CASEP: What is it?

Component 1: Promotion of Renewable Energy Sources (RES)

- CASEP's emphasis is on introducing sustainability criteria in RES policy planning and implementation.
- The following set-up is needed to make RES projects, especially small scale projects, sustainable:
 - ✓ Large number of small-scale projects requires moving from a project-by-project based approach to a program approach => CASEP provides assistance to national authorities in this context.
 - ✓ The involvement of numerous stakeholders requires effective inter-institutional cooperation => CASEP provides assistance to national authorities in this context.
 - ✓ Many RES projects integrate EE components (e.g. Integrated solar energy components in EE boiler houses). The active cooperation/coordination of EE and RES programs thus needs to be ensured. CASEP can contribute here, too.

2.1.c CASEP: What is it?

Component 2: Improvement of Energy Efficiency

CASEP's main emphasis is on introducing the concept "Demand-side management", i.e., focusing on the education of energy consumers.

The following considerations are important to ensure satisfactory results:

- ✓ As with the RES component, a large number of small-scale projects requires moving from a project-by-project based approach to a program approach => CASEP provides assistance to national authorities in this context.
- ✓ As with the RES component, the involvement of numerous stakeholders requires effective inter-institutional cooperation => CASEP provides assistance to national authorities in this context.
- ✓ Municipal level involvement in energy sector development planning is required => CASEP provides assistance for the development of Sustainable Energy Action Plans at municipal level (Covenant of Mayors initiative).

2.2. CASEP – Main Achievements

(to date since end 2013)

- **Effective CASEP-Beneficiary cooperation achieved: country by country and at regional level**
- **National Energy Savings Programmes launched in Kyrgyzstan and Tajikistan**
- **Launched of first “Sustainable Energy Days” in Central Asia (Astana, Kazakhstan and Osh, Kyrgyzstan)**
- **CASEP invited to present regional coordination mechanism as best-practice in the field of RES & EE**
- **Two study tours organized in the field of RES and EE for beneficiaries**
- **Dialogue started on technical project design for solar RES use for an Uzbek priority project for the benefit of rural health centres**

2.3. CASEP: Looking forward

As per work plan for the Project:

- **Based on performed assessments, launch of capacity building programs**
- **Additional study tours on RES & EE for Kazakh, Uzbek and Turkmen Beneficiaries**
- **Establishment of Tajik “Sustainable energy days”**
- **Organization of awareness raising events on RES & EE**
- **As with IFCA: Close cooperation with other stakeholders active in the sector is essential in order to ensure complementarity and avoid duplications.**

3.1. Covenant of Mayors – East: What is it?

- In general, the Covenant of Mayors is a European Commission's (DG Energy) initiative encouraging local authorities and their citizens to take the lead in mitigating the effects of climate change. Signatories commit on a voluntary basis to meet and even exceed the EU 20% CO₂ emissions reduction target through increased energy efficiency and renewable energies.
- With financial support from the European Commission's DG for Cooperation and Development, a branch covering post-Soviet countries – including Central Asia – was established in 2011: the Covenant of Mayors – East.
- Local authorities in ex-Soviet beneficiary countries receive technical support by the Covenant of Mayors Office East. Signatories of the initiative (or consortia including signatories) can respond to calls for proposals launched promoting energy efficiency/renewable energy sources funded by the European Commission's development budget.
- The current budget for the Covenant of Mayors –East initiative is: 4.5 million Euros for technical assistance (2012 – 2015) and 2.5 million Euros for grants.

3.2. Covenant of Mayors – East: Main Achievements

- **Twelve local authorities in Central Asia have so far signed the initiative, i.e. committed to the EU 20% CO₂ emissions reduction target: 9 in Kazakhstan, 2 in Kyrgyzstan and one in Tajikistan.**
- **Four sustainable energy action plans (SEAPs) have been developed by signatories: one in Tajikistan, three in Kazakhstan.**
- **A technical assistance project has been set-up in Kazakhstan with the mandate to provide support to signatories in all five Central Asian countries.**
- **A series of events in Central Asia has been organized since 2012, including:**
 - *Five National Awareness events in five Central Asian countries (Astana- 2012, Bishkek-2012, Dushnbe-2013, Tashkent-2013, Ashgabat-2014)*
 - *The Regional Forum in Astana in June 2013 in cooperation with the EU Delegation in Kazakhstan*
 - *The Regional Training for Central Asian national coordinators, national supporters, and signatories in February 2014*

3.3.a Covenant of Mayors – East: Looking forward (needs)

- More time and consultations with governmental officials for assigning NCs and NSs and joining the CoM Initiative.
- Increasing cooperation and partnership with existing successful projects and programmes (CASEP, NAMA, GEF, UNDP, and private sector) in Central Asia).
- A limited amount of international funds supporting the CoMo Initiative implementation in the Central Asian region.
- More coordination needed with existing national priorities and needs, already implemented in CA countries.
- More local trainings and face-to-face consultations needed rather than international study tours, and trainings abroad.
- Information support via the CA network of the ComoEast, which includes NCs, NSs, potential NCs and NS, signatories and international partners in CA region is important.
- More small, but effective pilot projects demonstrating advantages of the CoM Initiative are crucial (especially for Turkmenistan and Uzbekistan) – here **there is a potential role for the private sector.**

3.3.b Covenant of Mayors – East: Looking forward (upcoming event)

- **In 2017, Astana will be the first Central Asian country to host the World International Exhibition (EXPO).**
- **The motto of the World Exhibition EXPO-2017 - “Energy of the Future” reflects the ambitious goals of the global community for the coming years and decades concerning green development.**
- **The private sector has a unique opportunity to participate in the EXPO-2017 in Astana and present their best practices in green energy.**
- **CAREC as a CoMoEast regional partner is increasing involvement of private companies through development of Green Business Club in CA, support of its networking, capacity building and pilot initiatives, organization of Green Business Awards for small and medium enterprises, and awareness raising campaigns for the public, governmental and business companies in all CA states.**