PMR Project Implementation Status Report (ISR)

The PMR Project Implementation Status Report should be prepared by the Implementing Country or Technical Partner, with the support of the Delivery Partner and/or the PMR Secretariat. For any questions related to the preparation of the PMR Project Implementation Status Report (PISR), please contact the PMR Secretariat at: pmrsecretariat@worldbank.org.

1. SUMMARY INFORMATION

Implementing Country/Technical Partner:	Republic of Kazakhstan
Reporting Period:	October 2016 – October 2017
Report Date:	6 October 2017
Implementing Agency:	Ministry of Energy
Contact Person:	Ms. Olzhas Agabekov Director Climate Change Department Ministry of Energy o.agabekov@energo.gov.kz; oagabekov@gmail.com, oagabekov@mail.ru.
Grant Executed By:	World Bank, Environment & Natural Resources Global Practice
Grant Effectiveness and Closing Dates:	June 2018
Grant Amount (USD):	US$1,000,000
Funding Mobilized (USD):	N/A
Funding Committed (USD)	US$837,000

2. OVERVIEW

The Republic of Kazakhstan joined the PMR in March 2014 as a Technical Partner with the Ministry of Energy (ME) as implementing agency, and was allocated US$1 million to build capacities and address key challenges facing the National Emissions Trading System (hereafter KZ ETS) as well as the country's climate change mitigation strategy.

The funding allocated was divided into two Phases (1st tranche and 2nd tranche of US$500,000 each) with six activities identified based on the needs of the ME and consultation with stakeholders. As of October 2016, the three project activities implemented under the 1st tranche are completed (benchmark for industry; barriers to ETS; upstream analysis) with deliverables detailed in the Project Implementation Status Report of the PMR Kazakhstan for the period covering September 2015-October, 2016. Under the 2nd tranche and as of today, one project activity (benchmark consultation) completed, the second is under finalization and the third one on registry is to be launched in the coming month.

The implementation progress for the two tranches is detailed below.

First tranche – Fully completed during the period November 2014 – June 2016:

1. ***Study on Barriers to the Implementation of Kazakhstan's ETS and Options to Overcome Them (Completed)*:** The objective was to identify potential barriers to trade in Kazakhstan's ETS and to make actionable recommendations for the Government to address. The study was completed in the autumn of 2015. Its main findings, recommendations, and suggested action items were discussed with the ME and other governmental stakeholders and have fed into Kazakhstan's "Action Plan of the Government of the Republic of Kazakhstan on GHG Emissions Reductions/Limitation by 2030". The Government, line Ministries and key stakeholders considered the final report during the consultation process on further carbon financing operations in Kazakhstan in light of the economic slowdown and considering the current bottlenecks constraining the performance of the KZ ETS. Some of the key barriers and corrective actions identified in the final report were addressed in 2016 and 2017 – while the KZ ETS was suspended – in view of successfully restarting it on January 1, 2018.

2. ***Adaptation of Emissions Benchmarks for Emissions Allowances Allocation to Industry (Completed)*:** The objective of this activity was to develop product emissions benchmarks to support the allocation of emissions allowances to industrial sectors when the KZ ETS introduces benchmark-based allocations in the future. A number of reports were produced in 2014-2015 and discussed with local stakeholders – in particular the private sector – in dedicated workshops. The activity was finalized in September 2015. Following the recent amendments to the ecological regulation defining benchmarking as one of two allocation methods (2017), the ME is considering the introduction of benchmarks developed in consultation with industry. The stakeholder consultation process, and refining of the developed benchmarks, were supported by the PMR under the second tranche of funding.

3. ***Development of Policy Options for Mid- and Long-term Emissions Pathways and Role of Carbon Pricing (Completed)*:** The objective was to combine top-down and bottom-up economic models to understand the economy-wide impacts of the ETS and other complementary policies in Kazakhstan's development plans – and also assist with Kazakhstan's INDC process. A Working

Group was officially established to ensure accurate data collection, robust discussions on the modeling's assumptions, and review the project's findings. The study was finalized and the results were presented to key stakeholders at a dissemination workshop in June 2016. In addition, and importantly, the Minister of Energy presented the results of the study to the Prime Minister and his Cabinet in July 2016 during the Green Economy Council Meeting under the President of Kazakhstan. The Council meeting was dedicated to discussing the economic implications of INDC implementation before Kazakhstan signing the Paris Agreement. The PMR also supported the participation of an international expert (Dr. Felix Matthes, Öko-Institut), who presented the international perspective of the Paris Agreement – and how Kazakhstan may position itself in adhering to this commitment. As of today, this is the only analysis of Kazakhstan's NDC implementation, which considers the role of the National ETS for Kazakhstan to achieve its mid- to long-term mitigation objectives. Following the signing of the Paris Agreement by Kazakhstan in August 2016, the final report was actually circulated to Parliament and line Ministries to support the ratification process of the Paris Agreement. In addition, the project substantially contributed to strengthening the capacity and modeling tools of the local modeling team at Nazarbayev University Research and Innovation System (NURIS) of which the Ministry of Energy increasingly relies for analysis related to the country's climate change strategy and policy options.

Second tranche - June 2016 – December 2017:

1. ***"Shakeholder Consultation Process on the Developed Benchmarks" (Completed):*** The objective of this activity was to develop an appropriate set of benchmarks (for industry, oil and gas and the power sector) based on the previous benchmarking work by the ME and "Zhasyl Damu", the Norwegian Ministry of Foreign Affairs, USAID and the PMR. Stakeholder engagement and consultations with industry and line Ministries was an integral part of this process to ensure the full understanding of the methodology and calculation of the benchmarks considered. The selected consultant (Carbon Limits and Climate Change Coordination Center) worked with the ME, "Zhasyl Damu" and other technical partners to recalculate the benchmarks given new data provided from emitters which changed due the recent economic slowdown in Kazakhstan.

   Carbon Limits provided guidelines on the methodological issues related to the choice of allocation method, benchmarks and their use for allowance allocation in the ETS to the ME. The revised benchmarks were presented several times to the emitters, business associations, line Ministries, verifiers and other key stakeholders at a series of consultation workshops led and organized by Carbon Limits since 2016. The ME also discussed the developed benchmarks with the current Working Groups in line Ministries with the participation of Carbon Limits.

   As a result of the extensive consultations, the ME opted to provide the option for emitters to select the allocation method (grandfathering vs. revised benchmarks) as a transition period to let the emitters understand the benefits of benchmarking. The hybrid method was approved by the Government Degree #370 as of June 15, 2017. The next National Allocation Plan (NAP) for 2018-2020 includes both allocation methods as options for emitters. The allocation is to be provided per installation, not as an entity as it was previously. The final draft set of 52 benchmarks revised for the power, industrial and oil and gas sectors were presented to emitters in July 2017. To ensure the full regional coverage and attendance of emitters, Carbon Limits, jointly with the ME, arranged final workshops in Astana, Almaty and Atyrau with over 140

attending emitters. The gradual shift towards benchmarks is envisaged post-2020. Following the last round of consultations in regions, the final set of 52 benchmarks was approved the Government Degree #222 as of July 28, 2017.

2. ***"Development of Electronic GHG Data Reporting" (October 2016–December 2017, Active):*** The objective is to support Kazakhstan in building an online reporting platform and related data management system to increase the accuracy, completeness and consistency of the GHG data reported by emitters, and to allow more accurate data review and analysis by authorities. Such assistance is timely given that recent amendments to ecological regulations (2016 and 2017) mandates for the development of such a platform. Currently, the GHG data reporting is processed manually.

   The local consultant (Zhasyl Damu) under the guidance of the international consultant (French CITEPA) is progressing per the agreed Terms of Reference (ToR) and is on track with implementation. The work included a system needs analysis, and functional and technical system specification developed in consultation with key stakeholders in three workshops. The comments, including the synchronization of the E-reporting system with the existing Stat Committee's software, was received and discussed. Together with this analytical work, Zhasyl Damu has begun software development independently with ME funding so as to ensure ownership rights after completion. As part of this assignment, a draft Business Plan for the next five years on E-reporting was developed and discussed with the ME. The electronic reporting platform will be operational by January 1, 2018 when the KZ ETS resumes its operation with respective IT certification and testing and training among stakeholders and emitters by the end of December 2017.

   "Enhancement of Kazakhstan's Carbon Unit Registry" (To be started): This activity relates to the infrastructure supporting the issuance, transfer, and cancellation/retirement of carbon units in Kazakhstan's carbon market. This activity was previously on hold at the request of the ME who wanted to have greater certainty on whether Kazakhstan will ratify the Doha Amendments. Recently, the ME requested the PMR to launch this activity in the coming months following a Resolution of the Council of Foreign Investors which took place in the summer of 2017 under the chairmanship of the President of Kazakhstan. As an outcome of the Council Meeting, the President tasked the ME to work on the integration of the national ETS with international carbon markets in the long-term (among other assignments). Recent discussions by the ME with the UNFCCC experts also revealed the urgent need to operationalize the county's registry. As such, the ME will opt to modify and improve the existing registry. The PMR's revised scope of technical assistance will include the legislative, regulatory and institutional analysis of international linking. The procurement will be launched once the TOR is finalized and agreed with the ME in the coming weeks (October, 2017). The PMR's deliverables are expected to support the registry launch at the conceptual level at the next Council Meeting under the President and COP meeting next summer (2018).

Implementation of PMR's activities for the period of 2014-2017

FIRST TRANCHE

Year	2014										2015												2016					
Title	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Barries to ETS	PMR's Technical Partner																		X									
Industry benchmarks																			X									
Upstream policy																												X

SECOND TRANCHE

Years/Activity title	2016							2017											2018										
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Febr	Mar	April	May	June	July	Augu	Septe	Octo	Nove	Dec
Stakeholder consultation	X															X														
E-reporting development					X														X											
Carbon unit registry																		X												X

Funding that has been committed and disbursed under 1st and 2nd tranches

	Committed funds (USD$)	Actual funds (USD$)
First tranche		
Barriers to ETS	50,000	50,000
Industry benchmarks	100,000	100,000
Upstream policy	350,000	350,000
Second tranche		
Stakeholder consultation	60,000	50,000
E-reporting development	280,000	120,000
Carbon unit registry	0 (procurement stage)	0
TOTAL:	**840,000**	**670,000**

3. IMPLEMENTATION REPORT BY COMPONENT

Differences between the Objectives/Activities in the Market Readiness Proposal and the Grant Agreement

Are there any important and material differences between the objectives/activities proposed in the Market Readiness Proposal and endorsed by the Partnership Assembly of the PMR and those agreed to in the Grant Agreement with the Delivery Partner and described in the Project's Results Framework?	No.

Implementation Progress by Component

Component 1: Study on Barriers to the Implementation of Kazakhstan's ETS and Options to Overcome Them	
Status:	**Completed (September 2015)** The objective was to identify potential barriers to trade in Kazakhstan's ETS and to make actionable recommendations for the Government to address them.
Comments:	The study was used by the Ministry of Energy to support the preparation of the "Action Plan of the Government of the Republic of Kazakhstan on GHG Emissions Reductions/Limitation by 2030" and to carry out an internal policy review process of the national ETS. For more information on implementation kindly refer to PISR as of October 2015.
Component 2: Adaptation of Emissions Benchmarks for Emissions Allowances Allocation to Industry	
Status:	**Completed (September 2015)** The objective was to develop product emissions benchmarks to support the allocation of emissions allowances to industrial sectors in the future. EU ETS benchmarks were used as guidance and adapted to reflect the specific technical and economic conditions of Kazakhstan.
Comments:	The recently adopted amendments to the ecological regulation (2016) mandate allowance allocation to be done through benchmarking. Over the past few years, several sets of benchmarks were developed – including support from different technical assistance programs from Norway, EBRD, USAID, and the PMR – and presented to representatives of the industrial, power, and oil and gas sectors. As part of the second tranche of PMR activities, support was extended to the ME in the development of a single set of benchmarks emerging from further consultations with local industry and line Ministries (see Component 4 below). For more information on implementation kindly refer to PISR as of October 2015.
Component 3: Development of Policy Options for Mid- and Long-term Emissions Pathways and Role of Carbon Pricing	
Status:	**Completed (June 2016)** The objective was to combine top-down and bottom-up economic models to understand the economy-wide impacts of the ETS and other complementary policies in Kazakhstan's development plans – and also assist with Kazakhstan's iNDC process in the run-up to Paris COP21. The main outcome of the year-long work included: • An assessment of the adopted policies (i.e. ETS, Renewable, energy efficiency) in view of fulfilling Kazakhstan's mid- to long-term mitigation targets (i.e., 2020 and INDC targets); and • An analysis of the impacts of ETS on the country's economy: e.g., change in

	energy supply mix, impacts on GDP, welfare gains and losses incurred by emitters, etc.
Comments:	The findings of the project related to INDC implementation in Kazakhstan had significant value-added in supporting discussions and decision-making by the Government and line Ministries during the high-level meeting on signing the Paris Agreement in August 2016. In addition, the Ministry of Energy used the results in a number of consultation meetings with industry, in particular to underscore the role of KZ ETS in achieving Kazakhstan's NDC. The findings were also useful in helping other line Ministries involved in the implementation of Kazakhstan's sectoral policies in supporting the shift to a green economy. Findings show that fulfillment of the INDC would only have a marginal impact on major economic indicators in the long-run (e.g. GDP +/- 1%). Sector impacts would be more transformational - mainly through increased energy and carbon prices. The analysis demonstrated that policies and targets listed in current strategic documents reveal that Kazakhstan will not be able to meet INDC target by 2030, nor in the long run. Although these policies appear ambitious targets for sectors such as electricity generation (e.g. reduction of absolute CO_2 emissions by 2050), they impose only lax targets on other sectors such as heavy industry (e.g. metallurgy) where the abatement potential is substantial. The analysis shows that achieving considerable reductions of GHG emissions (such as the INDC target) requires a more balanced allocation of the environmental burden. The KZ ETS covers utilities as well as industries and will play a key role. Compared to its present design, however, the ETS system needs to be improved. Emissions caps need to be stricter and the coverage of the system broader (e.g. to fully include heat generation). Finally, consumption of fossil energy (e.g. gas and coal) by non-ETS sectors (e.g. trade and services) should be taxed to avoid carbon leakage effects. These policies will induce a relatively high price of up to 100 USD per ton of CO_2 reduction by 2030. However, the assessment also shows that given the huge potential to increase energy efficiency and with significant investment in energy efficient technologies, these challenges can be dealt with. Overall, achieving Kazakhstan's mitigation commitment is economically feasible, but would require further regulatory and policy efforts.
Component 4: "Stakeholder Consultation Process on the Developed Benchmarks"	
Status:	**Completed (September 2017)** The objective was to assist the ME with the development and/or revision of an appropriate set of benchmarks for the sectors covered by the ETS (i.e. industry, oil and gas, power) based on the previous work done on benchmarking and conduct in-depth stakeholder consultations including with line Ministries and industry to ensure that the proposed benchmarks, their methodology/calculations, and how they are to be used, is fully understood and adopted. Inputs provided during the revisions/recalculation of the benchmarks resulted in the following: • **Industrial sector**: 36 companies (52 installations) were considered in the

	benchmarking calculations. Given the data of ten companies producing cement (clinker), the total average volume of CO_2 emissions 2013 to 2015 was calculated to be 0.961 ton CO_2/ton (of goods produced). • **Oil sector**: 33 companies (45 installations) were included in the calculation of benchmarks. Based on the data provided from oil and gas companies, the total average volume of CO_2 emissions from 2013 to 2015 was calculated to be 0.065 ton CO_2/ton (of goods produced). • **Power sector**: 50 companies (127 installations) were included in the calculation and based on the data received from power companies from 2013-2015. As a result four benchmarks were calculated depending on the fuel consumed under the 1st category – coal and 2nd category - other fuel. o First category (coal-based installation): for electricity: 0.985 ton CO_2/Megawatt hour; for heat and power: 0.484 ton CO_2/Gcal o Second category (other fuel installations): for electricity: 0.621 ton CO_2/ Megawatt hour; heat and power heat: 0.310 ton CO_2/Gcal. • Seven workshops, including three regional, were conducted with key stakeholders during implementation to help develop and finalize an allocation method, discuss the methodology adopted and the resulting benchmarks. • As an outcome of this consultation process, the ME opted for a hybrid allocation method for the next 3 years (2018-2020) approved by the Government Degree #370 as of June 15, 2017 . Emitters are given the option to choose the allocation method: grandfathering or benchmarks as per the revised coefficients with allocations distributed as per installation (not entity as it used before). Prior the approval by the Government the revised benchmarks, the final set was presented and explained for final discussion and comments in Astana, Almaty and Atyrau (July, 17, 26, 24, 2017 respectively) to ensure a high level of attendance by emitters and to ensure easier travel arrangements by nearby emitters. Around 140 emitters attended the regional workshops. Following the discussion and agreement reached among the key stakeholders, the final set of 52 revised benchmarks for the power, industrial and oil and gas sectors was approved by the Government Degree #222 as of July 28, 2017. As a result, 136 installations opted for the benchmarking and 75 for grandfathering.
Comments:	The draft National Allocation Plan for 2018-2020 with the hybrid allocation model and benchmarks was developed and sent for comment and review to the emitters, line Ministries, nature users, businesses and industrial associations. The NAP 2018-2020 is to be approved by the Government Degree no later than December, 15 2017.
Component 5: "Development of Electronic GHG Data Reporting"	
Status:	**Ongoing – September 2017 – up to present (Completion by December 2017)** The objective is to build an electronic compliance system (i.e. online reporting platform and related data management systems) in order to increase the accuracy, completeness and consistency of the GHG data reported by emitters, and to allow more accurate data review and analysis by authorities. The outcome over the last

	eleven months includes: Phase I "System Needs Analysis" (completed) consisted of an assessment of the existing regulatory framework and the current data system, analysis of data exchange needs and research into similar systems in other countries, as well as a presentation of a model (prototype) of the future system for Kazakhstan. Phase II "Functional Systems Specifications" (completed) focused on the development of the system's functional requirements, including: types of data, categories of users, main functional components, requirements of the interface, requirements in resources and financing options. As part of this assignment, a 5-year Business Plan was developed to evaluate the human and financial resource needs for the system, and analyzed funding options (e.g. government budget, user fees, etc.). Functional specifications also took into account recent amendments to the Ecological Code in order to be more consistent with current regulation and to also maintain a degree of flexibility for any future regulatory changes. Phase II was completed after a stakeholder workshop in July, 2017. Phase III "Technical Systems Specifications" (completed) provided the system developers with guidance on system performance, architecture, hardware, software, security, and hosting. Technical requirements also clarified processes related to software development, integration, testing, and deployment. Phase IV "Systems Integration, Testing and Deployment" (ongoing) will integrate (bring together the various functional, user interface, and data components into one cohesive system), test (ensure its efficacy by testing every scenario for each functional component on every major operating system and every major browser version), and deploy and launch the system providing support to and building the capacity of GHG data management users who are key to ensuring smooth reporting cycles and accurate data input. At the finalization of each Phase, the reports were presented to key stakeholders and users. Comments and proposals were received from line Ministries, emitters, verification companies and other stakeholders during three workshops. Each of these reports were developed and reviewed in consultation by CITEPA (Centre Interprofessionnel Technique D'Etude de la Pollution Atmospherique), who provided international experience in E-Reporting systems. Currently, the software development phase is being completed by Zhasyl Damu under a separate contract and the developed system is under the finalization and testing mode. Once the system is launched in the next couple of months, the IT certification process will start. System training will likewise begin for emitters, verifiers, and the Eco Committee. An online help desk is also being developed for users to access.

Comments:	All deliverables produced by the local consultants (Zhasyl Damu) undergo a review process by the French international consultant "CITEPA" to ensure that international best practice and experience is considered in each of the Phases. As per local legislation, the Committee for Environmental Regulation and Control (CERC) under the ME is the main Beneficiary of the E-reporting as it oversees Monitoring, Reporting and Verification (MRV). The Climate Change Department under the ME is interested in a well-designed E-reporting system mainly to use the data for public policy analysis and elaboration of the National Inventory Report to the UNFCCC.
4. ***"Enhancement of Kazakhstan's Carbon Unit Registry" – launched by October 2017***	
Status:	This activity relates to the infrastructure supporting the issuance, transfer, and cancellation/retirement of carbon units in Kazakhstan's carbon market. The objective is to have an analysis of the legislative, regulatory and institutional framework that would support the development of a registry in line with domestic (i.e. ETS) and international needs (i.e. Paris Agreement). The Terms of Reference with detailed scope of work is under development and will be finalized in the next two to three weeks (second week of October, 2017). The deliverables, including the schedule on registry implementation, is to be presented by the ME at the next Foreign Investors Council under the President of Kazakhstan in March 2018 with a decision to be made at the conceptual level on registry deployment and further negotiated at the COP meeting in June-July 2018.
Comments:	The procurement modality is yet to be defined, but will be based on the scope of the agreed work.

5. PROGRESS, CHALLENGES, AND LESSONS LEARNED

Important policy or regulatory developments related to the Grant's objectives and activities:
Kazakhstan is one of the largest emitters of GHG in Europe and Central Asia with total annual national emissions of 300.9 MtCO2e in 2015 – with the energy sector accounting for 82% of total GHG emissions, followed by agriculture (9.6%) and industrial processes (6.4%). Given the abundance of cheap domestic coal, more than 80% of produced electricity is coal-fired, followed by natural gas (7 percent) and hydro power (8 percent). In addition, energy-poverty remains an issue with 67% of households in rural areas still using coal as a primary heating source. The Kazakh Government has consistently advocated ambitious global carbon dioxide mitigation goals. Kazakhstan has played an active role in the UNFCCC negotiations since the Convention's inception in 1992, due to its own significant vulnerability to climate change and threat of land degradation, desertification and fresh water deficits. Throughout the years following the adoption of the Kyoto Protocol, Kazakhstan was one of the few countries leading and advocating to increase the ambition of

the Kyoto framework and spearheading the negotiations on extending and amending Annex I of the agreement to cover countries that have not been previously part of it. Although Kazakhstan was not listed as Annex I Party of the Convention at the time of its adoption, it has undertaken Annex I obligations through a unilateral declaration in March 2000.

In 2012, at the Doha Conference of Parties, Kazakhstan took on a legally-binding target for the second commitment period of the Kyoto Protocol at the level of 95% of 1990 levels for the period of 2013–2020. Also in Doha, Kazakhstan announced a long-term goal to reduce GHG emissions by 25% until 2050.

Recognizing the importance of the concerted global effort on safeguarding future climate, Kazakhstan proposed as its Nationally Determined Contribution (NDC), an economy-wide reduction of GHG emissions of 15% from 1990 emissions levels by 2030. The objective will contribute to sustainable economic development and enable Kazakhstan to enter a path of low-carbon "green" development, and contribute to the achievement of the long-term global goal – to keep global temperatures below 2 degrees Celsius.

Kazakhstan ratified the Paris Agreement in November 2016 and committed itself to the fulfillment of the proposed target as its first INDC.

Important changes in the technical design or approach related to the Grant's activities:

As Kazakhstan is committed to resuming its national ETS in January 2018, the PMR support became even more timely and critical. The PMR project has been critical in supporting the ME to implement two major amendments of the Eco Code passed in 2017 to enhance the ETS's building blocks, namely the benchmark-based allocation and electronic reporting.

Key capacity issues (implementation, technical, financial management, procurement) related to the Grant's activities:

As reported in previous ISRs, the PMR supported activities are executed by the World Bank, thus the ME is not involved in the financial management and procurement aspects of the PMR grant. On the one hand, this lowers the work load for the Climate Change Department which would face a shortage in human resources to do so. On the other hand, Kazakhstan – unlike other PMR Participants – does not benefit from a Project Implementation Unit (PIU) which would provide additional staff for the ME to implement PMR activities on the ground and build internal capacity. Overall, while the shortage of human resources on the side of the ME remains, the increased involvement of the World Bank's Country Office in Kazakhstan in project implementation over the years has allowed PMR activities to run smoothly and deliver the expected outcomes.

Coordination with other carbon pricing initiatives, including those funded by other donors:

Since January, 2014 when the World Bank Country Office in Kazakhstan hosted the first donor coordination meeting on technical assistance to ETS in Kazakhstan in collaboration with the Ministry of Environment and Water Resources (now Ministry of Energy), regular donor coordination meetings are held among key donors in Kazakhstan to update each other on ongoing and planned activities (i.e. ADB, EBRD, European Union, Germany, Norway, USAID, OSCE, GIZ, JICA, World Bank and others). It should be noted, however, that most initiatives specifically targeting ETS support have now been completed. A broader "Kazakhstan Green Economy Donors" group is now used to coordinate technical assistance initiatives in supporting low carbon development, including through carbon pricing.

In addition, the World Bank Country Office regularly participates in inter-ministerial working groups and workshops arranged by the Government or donors in Kazakhstan to present PMR's work and provide inputs from the PMR project team to the Government's strategic initiatives related to the climate mitigation policy. For example, the PMR's work was presented at the TAIEX Workshop EU-Kazakhstan on Climate Action organized by the European Union in July 2017.

Stakeholder engagement related to the Grant's activities:

PMR activities are designed and implemented to maximize the involvement of different stakeholders in the consultation process around project activities and underlying policy developments. In addition, the PMR work and deliverables are presented and discussed in various Working Groups under the ME to ensure buy-in and relevance to the existing and future policy developments.

For example, the project activity focusing on the development of benchmarks specifically involved strong engagement and constant interaction with all stakeholders (e.g. industry, oil and gas and the power sector) to ensure proper participation in, and understanding of, the benchmarks developed. Overall, the ME is open to share the deliverables and policy-related information among stakeholders and donors to ensure the synchronization of the effort and avoid duplication.

Other issues related to the Grant's activities

N/A

6. ADDITIONAL INFORMATION

Since the beginning of PMR's support in 2014, it has hosted Ministry technical staff to sixteen international technical workshops to build capacity on ETS development, operations and exchange developments with experts from other countries. This year, Kazakh experts participated in three workshops of the PMR. For example, the expert of Zhasyl Damu delivered a PPT to share the experience on allocation methods in Kazakhstan in Barcelona (May 2017).

In addition, the engagement of local consultants and experts to implement PMR activities has significantly contributed to advancing local capacities through collaborations with experienced international consultants. Examples where knowledge transfer has been effective include activities on upstream economic modeling (development of a hybrid model TIMES+CGE is now hosted by Nazarbayev University), development of e-reporting (collaboration Zhasyl Damu-CITEPA), and the forthcoming developments on transaction registries.