

KAZAKHSTAN:
A JUST ENERGY
TRANSITION FOR
LOCAL
COMMUNITIES

BY VADIM NI

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Kazakhstan: A Just Energy Transition for Local Communities

Summary

In 2023, Kazakhstan has developed key climate policy documents: Carbon Neutrality Strategy (hereinafter referred to as the Strategy) until 2060 and The Updated Nationally Determined Contribution to the Global Response to Climate Change (hereinafter NDC) until 2030. Notably, a just transition is set as the top priority for low-carbon development. This concept covers distribution of burdens and benefits from climate action in an equitable and acceptable manner among various social groups, which creates new opportunities in industries and regions affected by decarbonization policies and adaptation to climate change. However, it does not define approaches and criteria for assessing the social and climate justice of specific climate actions and projects, i.e. at the microeconomic level. But it is at that very level that the main interest of local communities and individual citizens in the discussion of what is fair for them manifests itself.

Currently, the climate policy of Kazakhstan is the most transparent with regard to development of renewable energy sources (hereinafter RES). The updated NDC sets the share of renewables generation, including that of nuclear power, to 15% by 2030 and to 50% by 2050. By the end of 2022, that figure had reached 4.5 %. No greenhouse gas targets have been set for other key areas of climate mitigation. As of the writing, the country has successfully commissioned 130 renewable energy facilities with a total capacity of 2,388 MW. This offers an opportunity to consider the practical use of climate justice approaches in the renewable energy development.

This policy paper provides an overview of the challenge of translating climate justice into specific actions and projects concerning renewable energy development. The paper presents and discusses the key elements that are important to integrate into development and decision-making processes. These elements relate to impacts on biodiversity and natural resources, public participation, the needs of vulnerable communities, equitable access to energy, efficiency, respect for human rights, gender equality, inclusiveness, good governance and transparency. It is proposed to implement them as part of already developed tools in Kazakhstan, which include strategic environmental assessment (hereinafter – SEA), environmental impact assessment (hereinafter EIA), and voluntary business initiatives. This allows for the promotion of a just energy transition without causing unnecessarily complexity to the decision-making system for renewable energy projects.

Kazakhstan's Climate Policy and Current Vision for a Just Transition

In 2023, Kazakhstan has developed a long-term climate policy until 2060 and a medium-term climate policy until 2030. On February 2, the President of Kazakhstan approved the Carbon Neutrality Strategy of the Republic of Kazakhstan until 2060. On April 19, the Government approved the Nationally Determined Contribution to the Global Response to Climate Change until 2030. They set as a goal the achievement of carbon neutrality in 2060 with a reduction in greenhouse gas emissions to at least 15% below 1990 levels by the end of 2030.

Both climate policy documents provide for implementation of a just transition to low-carbon development. The NDC relates it primarily to possible increase in electricity and heat tariffs, cost of other services and goods as a result of actions to decarbonize the economy and to avoid a huge increase in tariffs and inflation. The Strategy considers a deeper transformation of the economy in the process of hydrocarbon resources phasing-out and replacing them with renewable energy sources. As a result, the employment structure of the population is expected to be significantly changed, jobs in the traditional fossil-fuel-related sectors of the economy to gradually disappear, but “green” jobs to appear instead. In this regard, the Strategy focuses on social protection, reskilling those from traditional sectors and ensuring employment and availability of jobs in new sectors of the economy.

Today’s vision of a just transition in climate policy implementation in Kazakhstan mostly does not go beyond a macroeconomic level, since climate policy is developed only at the national level. It is associated with tariff increases and inflation, investment and monetary policy, unemployment and employment, and does not reflect the needs of local communities related to the natural resources scarcity, the uniqueness of local nature, the specific needs of vulnerable groups, etc.

Legislative framework and voluntary initiatives to address the just transition needs

Chapter 22 of the Environmental Code of Kazakhstan stipulates development of measures on climate change adaptation of local management in the agriculture, forestry, water and emergencies sectors. So far, this concerns regions, the capital city and 3 cities of national status (Astana, Almaty, Shymkent). This law does not yet provide for planning of adaptation to climate change at the lower level – districts, rural settlements and cities, with exception of those above. With regard to climate mitigation and low-carbon development the time frame for climate policy development at the local level is, however, still undefined. In general, the centralized public administration hinders the development and implementation of local climate policies and plans in Kazakhstan. In their absence, one of the available tools for taking into account local needs is the assessment of environmental and social impacts by individual plans, development programs, and projects for envisaged activities.

Chapter 7 of the Environmental Code sets out legal requirements for environmental assessment, which cover:

- strategic environmental assessment;
- environmental impact assessment.

In the case of SEA, the assessment of impacts and public interest considerations are carried out at the level of plans, programs and policies being developed, and in the case of EIA, this is done at the level of projects of certain types of activities. Both environmental assessment tools are based on access to environmental information and public participation in decision-making. EIA has been developing in Kazakhstan since the 1990s and the conditions for public participation in it are increasingly improving, including for local communities. SEA will come into force as a mandatory

tool for environmental assessment as of January 1, 2024 in accordance with the provision of paragraph 14 of Article 418 of the Environmental Code.

In addition to legally defined SEA and EIA, environmental and social impact assessments can be conducted through certain schemes based on the voluntary participation of projects, companies and organizations. To date, such voluntary schemes that integrate climate justice considerations include:

- voluntary carbon offset certification programs (hereinafter voluntary certification);
- environment, social, and corporate governance (hereinafter ESG).

For voluntary offsets, environmental and social impacts are assessed and factored as part of requirements for voluntary certification of projects to reduce GHG emissions and/or enhance GHG capture. At the end of May 2023, the Qazaq Green RES Association launched the first such voluntary carbon certification program in Kazakhstan. The requirements of this program necessitate community-based EIAs for voluntary carbon offsets certification. The ESG also presents a set of criteria for evaluating the environmental, social and corporate performance at institutional level. Companies and organizations provide public access to appropriate reporting generated from certain voluntary standards, such as the Global Reporting Initiative (GRI). Many large corporations in the world and in Kazakhstan have already switched to ESG standards or are taking steps to do so.

Opportunities and constraints to ensure a just transition in RES development planning

Renewable energy development is the most transparent area of climate policy in Kazakhstan, since it is based on targets set until 2030 and in the long term - until 2050. The updated NDC sets the share of renewables generation, including that of nuclear power, to 15% by 2030 and to 50% by 2050. By the end of 2022, that figure had reached 4.5 %. The most significant and tangible progress with climate action in the country is also attributed to the development of renewable energy. As of the writing, the country has successfully commissioned 130 renewable energy facilities with a total capacity of 2,388 MW:

- 46 wind power plants with a capacity of 957.5 MW;
- 44 solar power plants with a capacity of 1149 MW;
- 37 hydro-power plants with a capacity of 280 MW;
- 3 biofuel power plants with a capacity of 1.82 MW.

The SEA tool will be introduced in Kazakhstan as of 1 January, 2024. However, there are currently no national, regional or local programs or plans that could be considered as a common policy framework for renewables development. Since 2018, auction bidding has been the main framework for selecting RES projects for implementation, and this bidding is conducted at the national level by the Settlement and financial center for renewable energy support established by a decree of the Government of Kazakhstan. The current RES facilities allocation plan was determined in its initial

version by an order of the minister of energy dated February 24, 2017 and is updated based on the results of auction bidding to select RES projects for implementation.

The RES facilities allocation plan, despite its name, cannot serve as a basis for public participation in decision-making for identification of potential RES sites. This plan is essentially a mapping of previously selected RES locations. Additionally, in accordance with Article 90 of the Land Code, irrigated agricultural lands, lands of experimental fields of research and educational institutions, forest and water funds may be withdrawn for RES construction. Local executive bodies of regions, Astana, cities of republican significance (Almaty, Shymkent) make decisions on granting land plots for RES construction. The current planning system does not define criteria and conditions for local authorities to select land plots for RES construction, including those based on consideration of local communities' opinion.

Opportunities and constraints to ensure a just transition in the EIA procedure for RES projects

RES are not included in the list of plants for which the EIA procedure is mandatory, the relevant list is defined in Section 1 of Annex 1 to the Environmental Code. Under these circumstances, it cannot be expected that any RES plants will be subject to environmental or social impact assessment automatically. For certain types of RES, the need for an EIA procedure is determined through screening, namely for:

- industrial power plants for generation of electricity, steam and hot water with a capacity of 50 MW or more;
- hydroelectric power plants with a total installed capacity of 50 MW or more or with an installed capacity of a separate power plant of 10 MW or more;
- wind power plants for electricity generation with a mast above 50 meters (windmills).

Solar power generation projects do not require mandatory EIA. Cogeneration of power and heat using RES has not yet been developed in Kazakhstan. Windmills with a mast above 50 meters are screened to determine if they require the EIA procedure. To date, practice has indicated that such plants typically do not require EIA. Specific examples include the Arkalyk wind farm with a 97.2m high mast and the Sofievskaya wind farm with a 97.3m high mast in Almaty. Consequently, only a few RES plants, mainly large hydropower plants, go through EIA to identify environmental and social impacts with public involvement.

Paragraph 29 of the Instructions for organizing and conducting an environmental assessment, approved by order of the minister of ecology, geology and natural resources dated July 30, 2021, establishes a limited and exhaustive list of criteria for determining the mandatory procedure of EIA, which is used for screening. The list provides for its enforceability, when planning activities:

- in the Caspian Sea (including in the protected area);
- in specially protected natural areas (including in cases when for implementation of planned activities, the laws of the Republic of

Kazakhstan allow the transfer of lands of specially protected natural areas to reserve lands) or in their protective zones;

- on lands used for rest, recreation, and historical and cultural purposes;
- within natural habitats of rare or endangered species of plants or animals (including sites of vegetation growth, habitat, reproduction, migration, foraging, and concentration);
- at sites with the ecological network elements that are linked with a system of specially protected natural areas;
- in the territory (water area) where environmental damage has been caused to components of the natural environment;
- in the territory (water area) where historical pollution has been detected;
- within the boundaries of a populated area or its suburban zone;
- in the territory of an ecological emergency or in a zone of ecological disaster;
- in the territory where nuclear weapons have been tested or in the territory of military training grounds.

At the same time, RES projects may face different and more diverse challenges to a just transition, in particular those related to competition between different types of land use for allocated development sites. A case in point is the construction of the 50 MW Burnoe-1 solar power plant, built with the support of the European Bank for Reconstruction and Development. In 2015, an independent consultant conducted an environmental and social impact assessment of the project for the EBRD. She found that the solar panels were partly placed on the land previously used as pasture by residents of adjacent villages. Their loss of grazing land was estimated at 15-30%. This example demonstrates that even the most successful and efficient RES projects can face social equity challenges. Therefore, current EIA legislation must be amended in order to allow greater flexibility in the definition of planned activities which require screening procedure and screening criteria for determining the obligation of an EIA procedure.

The recent launch of a voluntary carbon offset certification program in Kazakhstan and the expansion of ESG standards provides additional opportunities to ensure a just transition beyond the legislative framework. However, they do not always contain appropriate criteria for certain types of projects and activities of companies. In this case, approaches and criteria developed under international initiatives for relevant projects can be used. In particular, CIDSE has developed approaches to ensure a just transition for renewable energy projects based on the following criteria:

- lowest impact on biodiversity and recognising ecological limits (planetary boundaries);
- avoiding one-size fits all approach through participatory processes and expand opportunities for local ownership;
- contributing to the needs of vulnerable communities;
- prioritising equitable access and distribution to energy and eradicate poverty;
- increasing efficiency;
- respecting human rights and address gender impact of energy poverty;
- ensuring good governance in regulatory processes, establish transparency mechanisms and inclusive participation.

Recommendations to:

Kazakhstan as an OSCE participating country

- a) Develop the concept of a just energy transition at both macroeconomic and microeconomic levels, with promotion of adaptation planning tools, SEA, EIA, voluntary carbon offset initiatives, and ESG;
- b) Accelerate climate change adaptation planning at the level of regions, cities of Astana, Almaty and Shymkent with opportunities for public participation in development of adaptation measures;
- c) Integrate into the development programs of regions, cities of Astana, Almaty and Shymkent the issues of selection of potential sites for RES projects, followed by a strategic environmental assessment procedure with public participation;
- d) Revise the list of types of planned activities and facilities that are subject to screening procedures and the list of criteria for determining whether the EIA procedure is mandatory so that they provide a more flexible coverage of potential environmental and social impacts.

All of the tools above have already been developed and elaborated in Kazakhstan at one level or another. The recommendations presented are aimed at adjusting them to integrate the concept of a just energy transition within the framework of climate policy implementation.

Civil Society Organizations

- a) Build capacity and promote active public involvement in climate change adaptation planning processes, SEA and EIA procedures for plans, programs and projects related to the implementation of climate policy and ensuring its greater transparency and climate justice;
- b) Involve local communities in assessing potential social and environmental impacts associated with the implementation of climate action;
- c) Actively engage with projects and companies involved in voluntary carbon offset certification initiatives and ESG to integrate just transition approaches and criteria.

Kazakhstan's participation in the Aarhus Convention has ensured a relatively high level of public participation in decision-making processes. Climate policy making defines new aspects of this participation related to involvement of local communities and promotion of a just transition to low-carbon development of the State, business and local communities.

Conclusion

In 2023, Kazakhstan has formulated its climate policy for the medium and long terms. At the same time, its effective implementation on the basis of transparency and a just transition requires additional efforts on the part of the State and business, and more targeted and active participation of civil society organizations and local communities. The tools for implementation of climate policy in Kazakhstan have been developed, including the climate change adaptation planning process, SEA, EIA, voluntary carbon offset certification programs, and ESG. When adjusted and improved, they allow for effective public participation, assessment and consideration of local needs and interests. In general, this allows to shift consideration of a just transition from the discussion level of theoretical and macroeconomic approaches to climate policy implementation to the level of specific climate actions and local communities.