

KAZAKHSTAN LAUNCHES ASIA'S FIRST ECONOMY-WIDE EMISSION TRADING SYSTEM

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In March 2014, Kazakhstan announced its first carbon trades via the Caspian Commodity Exchange as part of its economy-wide greenhouse gas (GHG) emission trading system (ETS)—the first of its kind in Asia. Now, one year later, the ETS has a 95% compliance rate with 158 companies participating. Overall, the system covers around 77% of the country's total carbon dioxide (CO₂) emissions.

Kazakhstan launched its ETS in 2013. The trading system requires qualifying businesses to cap their GHG emissions each year by increasing energy efficiency, domestic carbon offset projects, and carbon trades. It places caps on enterprises emitting 20,000 tonnes of CO₂ equivalent annually including energy, industry, and natural resource extraction. This is in line with Kazakhstan's National Green Economy program, which strives to reduce carbon intensity from electricity production by 40% and reduce overall emissions by 5% relative to 1990 levels by 2050.

In 2014, the ETS placed the total cap for all entities participating at 155.4 million tonnes of CO₂ with caps distributed individually on a per company basis. (While eligibility for the ETS is determined by CO₂ equivalent, allocations and trading activity, thus far, use CO₂ only). The 2015 cap will be 153 million tonnes of CO₂, resulting in an additional 1.5% reduction in CO₂ for participating companies.

PARTNERSHIP SUPPORTED ETS DEVELOPMENT

The U.S. Agency for International Development's (USAID's) Kazakhstan Climate Change Mitigation Program (KCCMP) has played a key role in supporting the development of the ETS.

"We are glad that we have partners who can deliver independent and updated information," said Danira Baigunakova, who leads the Emissions Trading System Department at Zhasyl Damu. "For us, it means a lot to have a third party who is helping to develop the emissions trading system in Kazakhstan."

TRAINING ENSURES SUCCESS

To ensure the success of the ETS, the KCCMP provides training to regulated entities and other carbon market participants on compliance with the regulations. Through six



Names (from left to right): Aleksey Cherednichenko, Carbon Market Specialist, USAID Kazakhstan Climate Change Mitigation Program; Robyn Camp, Deputy Chief of Party, USAID Kazakhstan Climate Change Mitigation Program; Nils Bergeson, Astana Liaison Officer, USAID/CAR, U.S. Embassy Astana; Nurlan Kapparov, CEO, KazAtomProm; Jonathan Addleton, Mission Director, USAID Central Asia Region; Alexei Sankovski, Chief of Party, Kazakhstan Climate Change Mitigation Program. *Photo credit: Botagoz Khalelova*

workshops held during 2013-2014 in Astana and Almaty, the program team trained over 100 specialists from 62 companies. These companies included many in Kazakhstan's largest emitting sectors: oil and gas, energy, cement, and minerals and metal production.

Over the past decade, Kazakhstan has made major strides in decreasing GHG emissions. In its National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), the country reported a 23% decrease in GHG emissions from 1990 to 2011. To reach Kazakhstan's national emission targets, USAID will continue helping the country's government to perfect its ETS through training and technical assistance.



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