Expert Group Meeting on Sustainable and clean energy in North and Central Asia

Session 4: Policy considerations for the achievement of sustainable and clean energy

BACKGROUND DOCUMENT

Objectives

- To discuss approaches and ways to promote clean and renewable energy practices in North and Central Asia in line with the 2030 Agenda for Sustainable Development
- To share lessons learned and good practices of implementing policies that promotes the development of sustainable and clean energy in the subregion
- To suggest next steps for integrating and utilizing outcomes of the session in the publication and the work of ESCAP in the subregion

Points for discussion

- How can North and Central Asia countries enact policies to advance the achievement of SDG 7 aligned with the needs and gaps of the country, and take into consideration the interlinkages between achievement of SDG 7 and other aspects of sustainable development?
- What are the financing and investment modalities that work well for promoting renewable energy projects in the subregion?
- Development of renewable energy projects can be capital intensive and require coordinated action from different stakeholders. What do governments take into consideration when approving such projects? What is important for IFIs/ private sector/ etc.?
- How can North and Central Asia countries better collaborate on transboundary energy infrastructure, renewable energy trade and integration, technological transfer of renewable energy technologies?
- Next steps for consideration include (i) SONCA to update analysis based on empirical findings, literature review and outcome of the expert group meeting, (ii) expert group volunteer to peer review updated analysis, (iii) updated working paper to be published on SONCA webpage, (iv) findings to be presented at other meetings/ SPECA meeting, (v) any opportunities for collaboration?

UNITED NATIONS ESCAP
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Content

In the recent decade, energy transition plans have been set in the national strategies of North and Central Asian countries. In line with this, North and Central Asian countries committed to the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change to achieve affordable and clean energy for all, reduce emission levels, enhance institutional mechanisms and enact appropriate regulatory frameworks.

National policies and implementation of affordable and clean energy policies

The key strategic directions and goals for the development of clean and affordable energy, as well as for the achievement of SDG 7, are laid down in the national development programs of North and Central Asian countries. For example, in Uzbekistan's Strategy on Five Priority Directions for Development in 2017–2021, the development of renewable energy is named as one of the most important dimensions. The Government of Uzbekistan intends to increase the share of renewable energy sources in total electricity production to 25 percent by 2025. Kazakhstan in it its 'Kazakhstan-2050' strategy aims to increase the share of renewable energy sources to 10 percent by 2030 and to 50 percent by 2050. In the case of Georgia, the government prioritizes enhanced utilization of renewable energy sources, particularly, hydropower, solar, wind and biomass resources to meet the rising power demand in the regions under the Development Program 2018-2021.

In this connection, ESCAP has developed the National Expert SDG Tool for Energy Planning (NEXSTEP). This tool enables policymakers to make informed policy decisions to support the achievement of the SDG 7 targets as well as emission reduction targets (NDCs). The initiative has been undertaken in response to the Ministerial Declaration of the Second Asian and Pacific Energy Forum (April 2018, Bangkok) and Commission Resolution 74/9, which endorsed its outcome. Scenarios and outcomes from NEXSTEP had been used to develop the report on "Energy Transition Pathways for the 2030 Agenda: SDG 7 Roadmap for Georgia". This roadmap contains a matrix of technological options and enabling policy measures for governments to consider. It presents several scenarios that have been developed using national data, and which considers existing energy policies and strategies, and reflect on other development plans. These scenarios are expected to enable the Government to make an informed decision to develop and implement a set of policies to achieve SDG 7 by 2030, together with the NDCs.

Financing and investments for sustainable and clean energy

North and Central Asian countries have substantial potential for the development of renewable energy sources. Countries could fulfil multiple objectives through effective utilization of this potential, such as (i)meet the rapidly growing energy needs caused by population growth, (ii) encourage phasing out of fossil fuels, (iii) reduce the environmental impact of the energy sector, (iv) increase energy security, especially in areas that are poorly connected or not connected to central power supply networks.

However, economic and financial challenges that NCA countries have recently begun to face could slow the clean and renewable energy initiatives. Moreover, OECD projected that levels of foreign direct investment into the Central Asian region is likely to decrease by up to 30 per cent in 2020, which inhibits additional development of renewable energy projects. Clear and favorable investment regimes along with investment protection mechanisms need to be in place to promote investments into the renewable energy sector. Policy adjustments would open the door to private investment in the energy sector, such

as by developing a long-term power purchase policy and public-private partnerships, promoting renewable energy auctions and enabling easier access to financing.

Regional cooperation for renewable energy

Energy trade plays a significant role in the economies of North and Central Asia countries. Empirical analysis showed that intraregional energy trade plays a small but significant role in influencing renewable energy consumption in the subregion. Given the similar focus on developing renewable energy sources, countries in the subregion can strengthen cooperation to encourage knowledge sharing and standardization of technicalities which could better facilitate energy trade, maintenance of transboundary energy infrastructure and technological transfer. Countries can leverage on existing intergovernmental platforms such as the Eurasian Economic Commission, the ESCAP Committee on Energy, Central Asia Regional Economic Cooperation programme, etc. to facilitate an effective cooperation mechanism for the subregional energy agenda.

The COVID-19 pandemic has highlighted the key role that energy plays in facilitating our transition into a digital lifestyle. The increase in demand for energy usage needs to be balanced with other objectives of sustainable development. Policy frameworks need to be enacted and implemented in line with the objectives and commitments of countries in the subregion.