



GLOBAL CLIMATE CHANGE

JULY 2008



USAID activities in the Central Asian Republics have assisted countries in developing extensive greenhouse gas mitigation and energy efficiency projects. Primarily through training and technical assistance, USAID continues to support the region in these endeavors and is helping them move toward a more stable post-Soviet existence.

BACKGROUND

The Central Asian Republics (CAR) consists of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. These Central Asian countries are crucial allies in the United States' war on terrorism and could help diversify world energy supplies. The overarching goal of U.S. foreign policy for the five nations is stable, Western-oriented development to ensure access to the region's substantial oil, gas, and mineral resources, and to prevent the expansion of radicalism and trafficking in weapons and narcotics. All countries in the region have a vital stake in ecological issues posed by the disappearing Aral Sea, and in improved management of water sources, which are absolutely essential to the agricultural and energy supply sectors. In the realm of climate change, the CAR region has significant oil and gas, electric power, and natural resources management needs.

SECTOR-SPECIFIC CLIMATE CHANGE ACTIVITIES

Central Asia has significant energy resources and the energy sector is a main economic driver in the region. There is a need, however, to improve the management of these resources across boundaries to maximize efficiencies and economic benefits from a growing energy market.

REGIONAL ENERGY MARKETS ASSISTANCE PROGRAM (REMAP)

In 2006, USAID launched the Regional Energy Market Assistance Program (REMAP) with two goals: 1) assisting in developing a transparent competitive electricity market in Central Asia; and 2) increasing electricity trade and energy efficiency to attract investments and stimulate economic growth. USAID has provided assistance to integrate the Central Asia system with South Asia through a new interconnection with Tajikistan, Turkmenistan, and possibly Uzbekistan. The project will continue to support the expansion of the Kazakhstan competitive power market to the rest of the region.

In July 2007, REMAP organized a trip for ministry officials, utility specialists, and regulatory officials from Kazakhstan, Kyrgyzstan, and Tajikistan to examine how wholesale electricity markets operate in the United States. Participants visited PJM Interconnection, the independent operator of the largest wholesale electricity market in the U.S.; power sector entities that participate in the power market operated by PJM; and regulatory authorities responsible for ensuring fair, efficient, and reliable operation of competitive power markets.

Participants reported that meetings with U.S counterparts, electricity traders, transmission owners, load serving entities, and regulatory authorities increased their understanding of how developed competitive

PARTNERS

USAID's partners in energy and climate change activities in CAR include:

- "Barki Tojik" Company
- Kazakh Operator of Electric Energy & Power Market (KOREM)
- Kazakhstan Electricity Grid Operating Company (KEGOC)
- National Grid Company of Kyrgyzstan
- Regional Coordination Dispatch Center
- United States Energy Association (USEA)

Because partners change as new activities arise, this list of partners is not comprehensive.

For more information, visit:
<http://centralasia.usaid.gov>

power markets work. REMAP also plans a regional workshop, whereby information from the study tour will be used to draft a conceptual model of a regional electricity market.

REMAP also helped launch a more transparent international electric power sales arrangement that will benefit Kazakhstan and Kyrgyzstan. The latter is striving to sell the summer surplus of its hydroelectric energy, while Southern Kazakhstan does not have enough power during the summer.

With REMAP's assistance, Kyrgyz JSC "Electric Power Stations" has become a member of Kazakhstan's power exchange Kazakh Operator of Electric Energy & Power Market (KOREM), and is expected to trade its electric energy in a more transparent manner. The received revenues will enable renovations of the Kyrgyzstan's power system, thus increasing their capacity and reducing electricity loss. This USAID project was also instrumental in brokering a memorandum of understanding between the Tajik electric power company and KOREM, which is expected to confer similar benefits to these parties, similar to the Kyrgyz deal.

ENERGY FINANCE

USAID/CAR has supported energy efficiency projects for schools, hospitals and residential buildings in Kazakhstan and Kyrgyzstan. USAID has provided loan guarantees for private enterprises, municipalities, and non-sovereign public organizations to develop eligible energy efficiency, electric power distribution, and renewable energy projects. This activity, implemented through a Development Credit Authority (DCA)¹ agreement with Kazkommertsbank Joint Stock Company, aims to increase access to commercial investments and to provide needed credit in the under-served energy sector.

¹ For more information on DCA, visit:
http://www.usaid.gov/our_work/economic_growth_and_trade/development_credit/index.html