

# 7<sup>TH</sup> MEETING OF THE WORKING GROUP ON ENVIRONMENT AND CLIMATE CHANGE

6-7 February 2018  
Albert Borschette Congress Centre / Brussels



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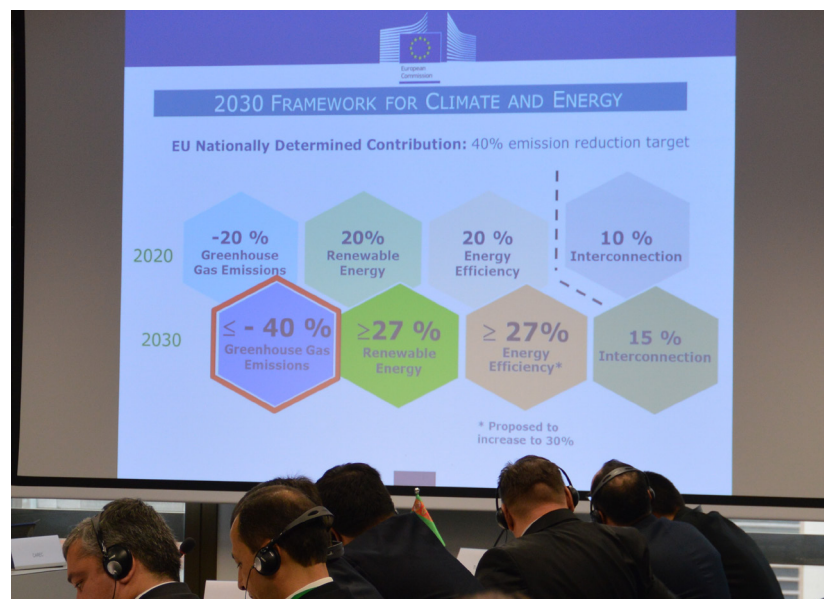
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## SUMMARY BY THE CHAIR

The 7<sup>th</sup> Meeting of the Working Group on Environment and Climate Change within the EU-CA Platform for Environment and Water Cooperation took place on 6-7 February 2018 in the Albert Borschette Congress Centre in Brussels.

Nearly one hundred participants from five Central Asian states, European Union, international and regional organisations and international financial institutions attended the Meeting chaired by Mr Massimo Cozzone, Italian Ministry for Environment, Land and Sea.

The Meeting was opened with welcoming addresses by Ambassador Peter Burian, EU Special Representative for Central Asia, Mr Philippe Van Amersfoort, Deputy Head, Central Asia Division, EEAS, and Ms Raffaella Iodice, Head of Unit, Middle East, Central Asia, South Asia, DG DEVCO.



In the course of the two days' intensive work the Meeting took stock of recent developments in EU-CA regional cooperation and EU and CA policies in the area of environment and climate change. Ways to improve access by CA countries to the IFIs investment in environment, energy, waste management and water sectors, including EU IFCA support were highlighted. The discussion emphasised key directions for further strengthening of CA regional cooperation in environment, climate action and water, fostering the identification of infrastructure-related projects for consideration by IFIs in CA countries. A total of 47 presentations were discussed in the five sessions of the Meeting.

During **Session 1** chaired by Mr Johannes Stenbaek-Madsen, Head of Cooperation, EU Delegation to Kazakhstan, the overview of EU development cooperation with CA was given with the outlook for a new EU Central Asia Strategy in 2019 which will outline the priorities for the next programming cycle. The EU Circular Economy Package 2018 was presented, including legislative targets on waste for 2030 and EU strategy for plastics; EU 2030 Framework for Climate and Energy was presented, including reform of the Emission Trading System and EU low-carbon funding mechanisms; Horizon-2020 EU-CA Water Regional Science Diplomacy Initiative was presented and discussed. CA countries then presented developments in the field of climate change and environmental policies. The main priorities emphasized by CA countries included climate change, green economy, waste management, energy efficiency, ecosystem and forest protection, development of eco-tourism, sustainable agriculture and strengthening of EU-CA regional cooperation.



During **Session 2** chaired by Ms Alessandra Fidanza, Sogesid S.p.a. – Italian Ministry for the Environment Land and Sea, the IFIs (EBRD, AFD and EIB) presented their current project pipelines for CA countries in environment, water, energy efficiency and waste management sectors. In the course of Q&A CA countries provided feedback about their needs for better knowledge and understanding of the investment processes. The issues of loan interest rates, credit agreements, loan affordability, guarantees, grace period, maturity, payback period, project cycle, grant support, currency fluctuation risk reduction, loans in local currency and some other related issues, including communications with IFIs, were also discussed using the concrete project examples given by IFIs and CA countries. The need to undertake environmental assessments (EIA – Environmental Impact Assessment and SEA – Strategic Environmental Assessment) for project proposals was brought to the attention of the audience.

It was underlined that the above issues are specifically dependent on the market conditions and need to be negotiated with IFIs on a case-by-case basis depending on the nature of the project.

During **Session 3** chaired by Mr Massimo Cozzone, Italian Ministry for Environment, Land and Sea, the draft Investor Guide and the Knowledge Centre Web Platform (in test version) for bankable projects preparation for CA countries were presented and discussed. Both tools aim at providing general guidelines and best practices for preparing bankable project proposals, as well as information on requirements and conditions of relevant IFIs and donors for investment funding. The information covers project appraisal, respective project cycles and applicable environmental and social criteria. The main comments made by the CA countries were about the need to make the Investor Guide and the Knowledge Centre Web Platform better structured and better focused on concrete investment frameworks. Project requirements should be presented in a more user-friendly way to allow the reader to quickly find relevant information. CA countries suggested to run the Knowledge Centre Web Platform in a pilot mode for a while, including a functionality for a “project fair” with links to relevant investors’ websites. It was agreed that the draft Investor Guide and the Knowledge Centre Web Platform would be revised based on the comments received.

The IFIs (EBRD, AFD, EIB) gave an overview of the future perspectives for investment in CA, including requirements for projects preparation, e.g. feasibility study, due-diligence, environmental and social impact assessment, climate change mitigation, gender equality, resettlement plan, etc. These presentations provided a follow up to the EU-CA workshop held in Almaty in November 2017.

CA countries remarked that IFIs’ pipelines should be better integrated with the national investment planning process. This is a significant issue, which could perhaps be considered in the next phase of WECCOP.



**Session 4**, chaired by Mr Johannes Stenbaek-Madsen, Head of Cooperation, EU Delegation to Kazakhstan, was focused on ways to improve access by CA countries to IFIs investment funding for environment, energy, waste management and water sectors, including support from the EU Investment Facility for Central Asia (IFCA). All countries of Central Asia are eligible for this support. The keynote presentation was given on EU Investment and Blending, explaining the paradigm shift, meaning using development funds (e.g. EU DCI funds) to catalyse investment instead of fully covering them, catalysing means addressing barriers to development investment. Blending can take one of the following five forms – direct investment grant, interest rate subsidy grant, technical assistance grant, risk capital and guarantee. In this arrangement EU IFIs (e.g. EIB, EBRD) or EU National development agencies from EU Member State are always leading partners entrusted with managing EU funds; other multilateral or regional IFIs (e.g. ADB, WB, AIIB) have normally a supporting

role. The Q&A was focused on IFCA grants conditions (e.g. implementation of SDGs) and on project preparation and presentation according to IFIs assessment procedures. It was clarified that IFCA cannot support tariffs but can subsidise/reduce investment costs. It was also clarified that one of the preconditions to IFCA or EU IFIs support is EIA done according to the EU standards, which includes public consultation. The session was concluded after the CA countries presented concrete project ideas for IFIs consideration.





**Session 5** chaired by Mr Massimo Cozzone, Italian Ministry for Environment, Land and Sea, was focused on strengthening CA regional cooperation in environment, climate action and water. The presentations given by the regional and international organisations and the following discussions underlined the key directions for regional cooperation including the Central Asia Environmental Forum, support to IFAS particularly in development of the Aral Sea Basin Plan-4, support to Regional Policy Dialogues on water and support to development process of a new CA Regional Environmental Action Program for Sustainable Development.

In the final discussions held at the meeting conclusion all CA countries emphasized the need for a closer cooperation with IFIs, donors and partners in order to adopt international best practices and translate policies into concrete investment projects in line with the countries' development priorities.

Finally, participants welcomed the proposal from the Uzbek delegation to host the next High Level Conference in late 2018 in Uzbekistan.

## NEXT STEPS

The following action priorities have been proposed for 2018 within the EU-CA Platform for Environment and Water Cooperation:

### February 2018

Request CA countries to submit projects pipelines to be used for selecting up to 2 thematic areas for further expert advice on design and preparation of bankable investment projects. Activities will be developed through on-site visits during which the level of maturity of specific projects to be submitted to European and other Financial Institutions will be carefully assessed.

### March - May 2018

On-site visits to CA countries to identify and select investment project concepts from each country to be presented at the 8th EU-CA Working Group meeting in Tashkent.

### June 2018

Tashkent: 8th Meeting of the EU-CA Working Group on Environment and Climate Change, back-to-back with the Central Asia Environmental Forum.

### September 2018

Almaty: EU-CA joint regional workshop with country specific break-out sessions with IFIs to agree on selected investment project concepts for further consideration by IFIs.

### Late 2018

EU-CA High-Level Conference (timing and venue to be confirmed).

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