

**CLIMATE CHANGE LEGISLATION IN**

**KAZAKHSTAN**

*AN EXCERPT FROM*

**The 2015 Global Climate Legislation Study**

**A Review of Climate Change Legislation in 99 Countries**



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# Kazakhstan

## Legislative Process

Legislative authority is shared between the executive (consisting of the President, Prime Minister and the Council of Ministers) and the bicameral parliament consisting of the Senate (upper house) and the Mazhilis (lower house).

The president is elected by popular vote for a five-year term. The president appoints the Prime Minister (who serves as head of government) and the Council of Ministers. Nursultan Nazarbayev has ruled as President since independence in 1991. While in office, he has passed a number of Presidential Decrees expanding executive authority.

The Senate has 47 members, 32 of whom are elected to four-year terms from local assemblies (two from each of the 14 defined regions, and the cities of Astana and Almaty); the President appoints the remaining 15. In the Mazhilis, there are 107 deputies, of whom 98 are elected from parties and 9 are elected by the People's Assembly. Mazhilis deputies serve for five-year terms.

The executive branch initiates most draft legislation. If both houses of parliament pass a bill that the president vetoes, a two-thirds majority in both houses are necessary to override the veto.

## Approach to Climate Change

Kazakhstan's stated national priority is to focus on low-carbon development following the models of Denmark and Norway. This is showcased in the two-decade national strategic plan of sustainable development. An "ecological" perspective across all sectors of the economy has been adopted, and various national ministries and government programmes have incorporated climate change and sustainability into their strategic frameworks.

The majority of legislation on energy efficiency and renewable energy has been passed in the past 10 years. From 1985 to 2005, production of hydrocarbons rose 225%. GHG emissions stand to rise significantly as national exploitation of natural gas, petroleum and coal increase. Inefficient technology and practices have resulted in significant energy losses and higher GHG emissions. As the government considers the exploitation of the country's oil, natural gas and coal reserves essential to economic development and the quality of life of its citizens, much emphasis has been placed on modernising the energy industry, maximising efficiency as well diversifying the industry through incentivising exploitation of renewable sources. Legislative action in this arena culminated in the introduction of a pilot Emissions Trading Scheme in 2013.

In 2013 the Ministry of Environment and Protection published a document titled “Transition of the Republic of Kazakhstan to Green Economy,” which identified regulatory priorities as well as legislative opportunities for green growth. The recommendations include adjusting existing laws and regulations to coincide with a “green economy”, including tax breaks and investment incentives for priority sectors. The document also points to the “Green Bridge” initiative as a means to transfer technology and best practices within the Eurasian and Central Asian regions.

Desertification is a major concern, with two thirds of the country vulnerable to it. Reduced water levels in the Aral Sea lead to the salinification of inland soils. Climate conditions lower crop yields and are predicted to worsen as a result of climate change. Reversing the degradation of land through reforestation and restoration of abandoned farmlands is a priority. Likewise, water scarcity is major concern, complicated by the geopolitics of the region, since much of Kazakhstan’s water flows from neighbouring countries. Adapting to a harsher climate and water scarcity, especially as it relates to agricultural production and to the sheep rearing industry, has been the focus of the adaptation debate.

### **Carbon pricing**

Kazakhstan began trading carbon in 2013 for a pilot period of one year. Should the trading scheme be successful, a second trading period will be enacted to continue trading until 2020. Carbon trading on the Kazakh Emission Trading Scheme (ETS) was codified through an amendment to the Ecological Code law on 3 December 2011 and is further regulated by 17 government decrees and 14 ministerial decrees. Six sectors trade on the market: agriculture, transportation, oil and gas, mining and metallurgy, chemical industry, and the energy industry.

At the start of year one, 178 companies from these six sectors were expected to participate in the scheme, all with annual CO<sub>2</sub> emissions estimated to exceed 20,000 tons per year. An offset scheme is also in development, with some details about which types of projects would be considered to offset carbon emissions, but incomplete details as to whether any limits would be applied to offsets claimed by operators. The ETS was developed with a close eye towards EU policies regulating carbon trading, with the aim of linking the national scheme to the larger market in the future.

### **Energy supply**

Kazakhstan has made significant legislative progress over the past decade to diversify its energy production with renewable sources as well as through regulation to incentivise and require more efficient energy technologies on the supply side. The Law on Power Industry of 2004 established a list of policy directives for regulating the power industry, including greater efficiency and the development of renewable energy sources. In 2006, The Concept of Transition of the Republic of Kazakhstan to Sustainable Development for the Period 2007-2024 further strengthened the policy framework for energy efficiency and renewable energy by tying them to the cross-sectoral and cross-ministerial

strategic plans for economic and social development. It states an objective of raising the national sustainability index to 25% by 2024, through the use of energy technology and efficiency. Parliament in 2007 incorporated global warming as an explicit reason for pursuing energy efficiency and renewable energy. A 2011 amendment established the regulatory authority to establish emissions quotas and to plan the ETS.

### **Energy Demand**

In 2011, the Law on Energy Saving reinforced the government's legal authority to regulate the energy markets based on principles of energy savings and efficiencies and authorised a government commission to require certain minimum standards of energy efficiency for mechanical equipment, buildings, and other energy consuming structures.

### **REDD+ and LULUCF**

Over two thirds of the country is prone to desertification, a vulnerability that, along with water scarcity, the government has prioritised in recent years. In 2013 the government announced it would establish a National Centre to Combat Desertification, for which it hopes to attract international investments and collaboration. It has been working to combat desertification by preserving the water level of the Aral Sea, successfully reversing its shrinking and reducing the amount of salt that has been blown inland. The World Bank has financed reforestation projects for some 25,000 ha of land as well as the restoration of over 150,000 ha of either abandoned or degraded farmlands.

### **Adaptation**

Kazakhstan's 2005 Second National Report to the UNFCCC presents climate change scenarios and possible adaption measures. The report says the agricultural sector stands to suffer the most from changes in climate due to soil degradation, desertification, higher temperatures and decreased fresh water resources. As 50% of the water that Kazakhstan uses flows from China and other neighbouring countries, the government has repeatedly expressed concern for water security in long-term risk assessments.

Kazakhstan has incorporated adaptation measures into its long-term ecological and economic plans. The Concept of Transition of the Republic of Kazakhstan to Sustainable Development for the Period 2007-2024 incorporates many of the priorities of the Concept of Ecological Security of the Republic of Kazakhstan 2004-2015. Ministerial programmes to combat desertification, secure and preserve potable water, and sustainably develop rural lands for agricultural use may be considered adaptation programming.

The Ministry of Environment is reported to be drafting a national strategic plan specific to adaptation. No drafts had been released at time of publication.

## Kazakhstan: Legislative Portfolio

<b>Name of law</b>	<b>Law on Energy Saving</b>
<b>Date</b>	September 2011
<b>Summary</b>	<p>This law establishes the legal framework to regulate markets as they relate to the consumption of energy. It explains that the government has the authority to regulate markets according to the principles of energy saving and energy efficiency. Such principles shall be disseminated to the public through national mass media. It authorises and requires local and regional executive authorities to develop and approve of energy saving programmes as well as scientific research into energy efficiency. Funds to finance such programmes and research are to be allocated accordingly by the national budget.</p> <p>The government is granted the authority to establish energy efficiency minimums for mechanical equipment, buildings and additional fuel-consuming structures.</p> <p>Lastly it recognises the legal legitimacy of any international treaties signed by Kazakhstan, so that if those treaties should establish rules or regulations, they shall supersede any conflicting national legislation.</p>

<b>Name of law</b>	<b>Law about Support of Use of Renewable Sources of Energy No. 165-4</b>
<b>Date</b>	5 July 2009
<b>Summary</b>	<p>This piece of legislation aims to eliminate previous legal and financial barriers to the development of renewable energy projects, thus facilitating new projects and access to regional energy grids, as well as regulating energy pricing to ensure that energy from renewable sources is cost-comparable to fossil fuels.</p> <p>The law was a necessary step in order to realise the reduction in GHG emissions, increasing the share of renewable energy (defined as solar, wind hydropower, biomass, and geothermal energy) consumed relative to fossil fuels. The law does not, however, specify a percentage share of renewable energy.</p> <p>The text lays the legal framework to develop national and regional programmes to exploit renewable energy, establish norms associated with renewable energy production, and issue permits for new projects and plants. This regulatory authority will rest in a government-authorised body (of the executive branch) in charge of all renewable energy programmes.</p> <p>At the regional and local levels, the Authority both authorises local executive authorities to participate in the planning and approval of local and regional projects to develop renewable energy up to 25MW and obliges them to reserve and allocate local lands to said projects, within the framework of the law.</p> <p>Renewable energy prices are set by the provider but must not exceed the estimated price stated in the feasibility study submitted to and approved by the appropriate governing body. Those companies operating regional power grids are legally obliged to buy all renewable energy produced by plants connected to the grid up to 50% of their total energy purchases. Should renewable energy exceed 50% of energy purchased by companies operating regional energy grids, the national grid shall purchase the surplus in its entirety. Additional incentives to develop renewable energy projects include prioritising the connection of renewable energy plants to energy grids and the use of renewable energy once those plants have access to the grids, and the exclusion of “service payments” associated with the sale and purchase of traditionally produced energy.</p> <p>This law codifies the requirement that by 2024 5% of Kazakhstan’s total energy consumption must come from renewable sources.</p>

<b>Name of law</b>	<b>The Ecological Code of the Republic of Kazakhstan, No. 212 of 2007 and Amendment to said legislation on 3 December 2011</b>
<b>Date</b>	9 January 2007 (amendment 3 December 2011)
<b>Summary</b>	<p>The Ecological Code is a general law that addresses a variety of environmental and climate issues. It codifies ecological definitions of terms into law, establishes the authority of the government to regulate different aspects of the natural environment, stipulates various institutional relations between governmental departments, and lays the groundwork for environmental impact studies among many other regulatory provisions. It includes provisions related to climate change and an amendment passed in 2011 allows Kazakhstan to operate a national carbon trading scheme.</p> <p>It states that the state shall prioritise prevention and mitigation of climate change and regulate according to principles that limit the amount of GHGs released into the atmosphere. The law authorises a governmental body to monitor climate change and ozone layer and further charges that body with using scientific information to develop measures at the national level specific to various economic sectors to reduce the discharge of GHGs into the atmosphere.</p> <p>The law also outlines the regulatory authority of the state of Kazakhstan to issue limits (quotas) on the emissions of GHGs and ozone-destroying gases. The regulatory authority lies with a government body to be specified by the state, which will determine maximum quotas, and issue permits for the import of substances harmful to the ozone. The details of the carbon trading scheme were not included in the amendment but issued in a series of executive decrees.</p>

<b>Name of law</b>	<b>Law on Power Industry, No 588-II</b>
<b>Date</b>	9 July 2004
<b>Summary</b>	<p>This legislation contains broad directives about managing the country's power resources, distribution of power and energy priorities. It establishes a list of priorities for future regulation and policy related to the power industry. Included in those priorities are the development of renewable energy sources and the rational and efficient use of current sources (thus reducing the amount of energy consumed). It also explains that regulation includes passing of technological standards to increase efficiency.</p> <p>It grants the government the authority and obligation to develop and implement policy along the framework established in this law; thus facilitating the implementation of climate change policies without legislative debate and approval.</p>

## Kazakhstan: Executive Portfolio

<b>Name of policy</b>	<b>The Concept of Transition of the Republic of Kazakhstan to Sustainable Development for the Period 2007-2024, Presidential Decree No 216 of 2006 [Executive]</b>
<b>Date</b>	14 November 2006
<b>Summary</b>	<p>The Concept for Sustainable Development (Concept) is a comprehensive guide to planning national development over a period of nearly two decades. The Concept was developed within the framework of the World Summit on Sustainable Development (Johannesburg, 2002) by the Ministry of Environment with support from UNDP, UNEP-EU, as well as scientists and experts.</p> <p>This policy calls for the increase of the environmental sustainable index up to 10% by 2012, 15% by 2018, and 25% by 2024.</p>

The Concept lays out the four stages of development:

- Preparation stage (2007-2009) is to establish the institutional readiness to integrate sustainable development principles into all aspects of political and economics spheres
- In the first stage (2010-2012) the country aims to become one of the fifty most competitive countries in the world economy
- During the second stage (2013-2018) the focus is on quality of life for citizens, decrease in environmental degradation, and increase of environmental sustainability
- The third stage (2019-2024) Kazakhstan will achieve international standards of sustainable development

The general goal of the Concept is “to achieve an economic, social, environmental, and political balance of the development of the Republic of Kazakhstan as a base for improvement of quality of life and provision for the competitiveness of the country in the long-term period.”

The decree lays out eight principles for Kazakhstan’s sustainable development broadly related to improving the economic and social development indicators of the country. The principles are followed by 16 priorities, a number of which are related directly or indirectly to climate change mitigation or adaption. Those priorities are:

- Introduction of sustainable models of production and consumption
- Introduction of innovative environmentally safe technologies
- Development of sustainable transportation systems
- Energy efficiency and energy saving
- Development of science and education for sustainable development
- Prevention and alleviation of environmental threats to the human health
- Decrease of emissions, including GHG and ODS
- Access to quality drinking water
- Solutions to trans-boundary environmental problems
- Waste management

The section on environmental sustainability highlights the need to follow a development path that decreases the anthropogenic impact on climate change. The plan stipulates that the country should use national and local budgets in addition to international loans and grants to achieve its sustainable development goals; the adoption and enforcement of “polluter pays” policies meant to penalise those entities that contaminate the environment (including excessive CO<sub>2</sub> emissions), the introduction of trading emissions quota system (the ETS, now in its first year of operation).

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<b>Name of policy</b>	<b>Government Decree No 857, on wind energy development</b>
<b>Date</b>	25 August 2003
<b>Summary</b>	This executive decree makes the development of wind energy a national priority, calling for the evaluation of potential wind energy generation and the implementation of the Wind Power Market Development Initiative, to take place from 2004 until 2007. The project will be carried out by the Ministry of Energy and Mineral Resources in coordination with the Ministry of Economy and Budget Planning and the UN Development Program.

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