

Parentship for Market Implementation Project (P177785)

Kazakhstan

STAKEHOLDER ENGAGEMENT PLAN (SEP)

June 29, 2022

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Acronyms and Abbreviations

AM	Accountability Mechanism
CO ₂	Carbon Dioxide
CHP	Combined Heat and Power
CBAM	Carbon Border Adjustment Mechanism
DA	Designated Account
ETS	Emission Trading Scheme (or System)
EU	European Union
ESIA	Environmental and Social Impact Assessments
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESRS	Environmental and Social Review Summary
ESSA	Environmental and Social Systems Assessment
FM	Financial Management
FY	Fiscal Year
JIT	Just In Time
GRS	Grievance Redress Service
GoK	Government of Kazakhstan
IGTIPC	International Green Technology and Investment Projects Center
KZT	Kazakhstan Tenge
LULUCF	Land-Use, Land-use change and Forestry
MEGNR	Ministry of Ecology, Geology and Natural Resources
MNE	Ministry of National Economy
MOF	Ministry of Finance
MOE	Ministry of Energy
MIID	Ministry of Industry and Infrastructure Development
MRV	Monitoring, Reporting and Verification
MCI	Monthly Calculation Index
NEI	Negative Environmental Impact
NO _x	Nitrogen Oxides
NAP	National Allocation Plan
NDC	Nationally Determined Contribution
NDP	National Development Plan
OECD	Organization for Economic Co-operation and Development
PMR	Partnership for Market Readiness
PMI	Partnership for Market Implementation
PDO	Project Development Objective
PIU	Project Implementation Unit
SEA	Sexual Exploitation, and Abuse
SH	Sexual Harassment (workplace)
SO ₂	Sulfur Dioxide
TA	Technical Assistance
USD	United States Dollars
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank
ZD	Zhasyl Damu JSC

I. Introduction

Project Background:

Kazakhstan has been the economic success story of Central Asia, transitioning from lower-middle-income to upper-middle-income status in less than two decades. Kazakhstan is a mineral and fossil rich middle income country of 18.5 million people, strategically located Central Asian country with Russia to the north and China to its south-east. Kazakhstan has signed on to ambitious Nationally Determined Contribution (NDC) targets under the Paris Agreement - to reduce GHG emissions from the benchmark 1990 level by 15 percent (unconditionally) and 25 percent (conditional upon international support) by 2030. Energy production and consumption are responsible for 84 percent of Kazakhstan's GHG emissions. Thus, achieving a low carbon path to development will require strong actions, starting with reducing its reliance on coal for power and heating. Kazakhstan has indicated its desire to continue to strengthen its capacity to pursue lower carbon growth and effective adaptation. Kazakhstan already regulates its GHG emissions through the national Emission Trading Scheme (ETS) which is enshrined in its Environment Code. The President of the Republic of Kazakhstan pledged to achieve carbon neutrality by 2060 at the "Climate Ambition Summit" on December 12, 2020.

Carbon pricing can play a key role in supporting Kazakhstan to meet its NDC targets by 2030 and carbon neutrality goal by 2060. The PMR study highlighted the importance of introducing carbon taxes for emitters not covered by the ETS as one instrument to achieve this. From January 1, 2023 of the "Carbon Border Adjustment Mechanism" (CBAM) in the European Union and other countries will make it more difficult for manufactured goods and products produced energy-inefficiently to find export markets. In other words, it will become increasingly difficult over time, for Kazakhstan to ignore the effects of global decarbonization, and hence preparing its economy for a greener future is at the heart of remaining competitive and attaining the national goal of becoming a high ranking developed economy. Kazakhstan is actively involved in the international process of combating climate change.

The PMI program is a continuation of the PMR completed in Feb. 2021. Based on the various analytical assessments, modeling exercises, and stakeholder consultations that PMR has supported since Kazakhstan joined the PMR as a technical partner in 2014, it was concluded that the country is behind in meeting its existing NDC targets and may not be able to meet future targets unless urgent regulatory actions are taken and required investments are materialized.

This PMI project is a follow-up support to the completed PMR support to Kazakhstan on carbon pricing and will be client-executed. It will support the following components, which are subject to adjustment when the full PMI proposal is finalized based on comments received from the PMI Management Unit in the Bank and the appraisal/approval review:

The proposed project is aligned with and directly contributes to the Country Partnership Framework FY2020-2025. Namely, project objectives are a part of the Focus Area 3 (Securing Sustainable, Resilient, and Low Carbon Growth), and Objective 7 of Preserving and Restoring Natural Capital. Explicit carbon pricing instruments, such as an ETS and carbon taxes provide an incentive for sectors to move towards decarbonization by adopting low-carbon technologies. While an ETS provides an emission certainty to industry, taxes provide a price certainty necessary for enterprises to shift practices. These price signals can therefore support Kazakhstan's energy sector transformation and green transition.

Project Development Objectives:

The project development objectives (PDO) are to strengthen the effectiveness of Emission Trading Scheme and support carbon pricing expansion to contribute to the updated 2030 Nationally Determined Contribution targets and 2060 carbon neutrality goals of Kazakhstan.

Project Components:

The PMI project is a follow-up to the completed PMR project, and it will continue to support ETS improvement in Kazakhstan and explore expansion of carbon pricing, along with comprehensive stakeholder engagement and support for just transition.

Component 1: ETS Improvement (US\$ 3,200,000) - This component will support analysis, studies, training, and information technology infrastructure.

upgrade to improve overall functioning of the ETS including MRV for GHG emission reduction.

Component 2: Expanding Carbon Pricing (US\$ 950,000) - This component will support assessments on expanding carbon pricing to cover methane and related sectors and emitters.

Component 3: Stakeholder Engagement and Just Transition (US\$ 350,000) - This component will support distributional impact analysis of carbon pricing options studied under Component 1 and 2 and stakeholder engagement and capacity building activities.

Component 4: Project Management and M&E (US\$ 500,000) - This component will support daily implementation of the PMI project including hiring PIU consultants/staff, project management training, annual financial audits, and operating costs including project launch and completion workshops and regular project Steering Committee meetings.

Project Beneficiaries:

Government of the Republic of Kazakhstan: The project beneficiaries will be Ministry of Ecology, Geology and Natural Resources (MEGNR), Ministry of Finance (MOF), Ministry of National Economy (MNE), Ministry of Energy (MOE), and Ministry of Industry and Infrastructure Development (MIID), whose capacity is expected to be strengthened to reduce GHG emissions in the country through carbon pricing instruments.

Kazakh people: The project outcome is intended to contribute to reduction of greenhouse gas emissions, which will have a positive impact on the population of the country in terms of health and better understanding of the country efforts to reduce greenhouse gas emission.

Project Management Structure:

The PMI project will be implemented by JSC Zhasyl Damu (ZD) under MEGNR. JSC Zhasyl Damu (ZD) has been operating the ETS in Kazakhstan. A Project Implementation Unit (PIU) for the PMI project will be set up in ZD within 90 days after project effectiveness. The PIU Director, i.e., the head or deputy head of ZD, will sign all documents, including contracts and payment documents, as well as be responsible for the implementation and coordination of the project and supervise the PIU. . For daily implementation of the project, a dedicated project team consisting of five (5) people will be hired for the PIU, including a Project Team Leader with the deep knowledge on carbon pricing and project management experience for leading daily implementation of the PMI project, a Technical and Environmental and Social Specialist to ensure the project compliance with ESF, a Procurement Specialist, a Financial Management Specialist, and a Project Assistant/Translator. The staff of ZD should provide support to the PIU for the successful implementation of the project, namely the unit managers responsible for the ETS, GHG inventory, carbon cadastre, carbon registry, sale and purchase of carbon units, modeling, analytics. MEGNR and the head of the grant project (i.e. PIU Director) will lead coordination and collaboration among Ministries and international development partners in the country with support from the PIU team. Regular meetings will be organized by the PIU with international development partners to share their knowledge and initiatives on carbon pricing in Kazakhstan, therefore, avoiding duplicated efforts.

Given the impact of carbon pricing on different sectors of the economy, MNE, MOE, MIID, and MOF will be the key stakeholders in implementation of the PMI project. The PIU through ZD and MEGNR as needed will coordinate with these key stakeholders. MNE, MOE and MOF will play a role for project Component 2 and 3. A Steering Committee (SC), jointly led by the Vice Ministers of MEGNR and MNE with participation of all key stakeholders, will be established to provide oversight and guidance for the implementation of the PMI project, and ensure effective coordination and collaboration among the key stakeholders and other agencies. Regular meetings of the SC will be organized. To ensure that there are ample opportunities for consensus building on carbon pricing issues, the PIU will conduct outreach and dialogue with national associations and trade groups, international development partners, and other stakeholders, with active participation of the SC members. Regular updates and formal reports on agreements reached through dialogue will be provided by the PIU and ZD to MEGNR and SC.

In order to effectively manage the PMI grant, procurement and financial management (FM) as well as environmental and social impact mitigation of all grant activities will be processed and managed by the PIU under supervision of ZD and MEGNR following the Bank's procurement and financial management procedures and requirements and relevant environmental and social framework

standards. The PMI through ZD or MEGNR should consult and confirm with MNE, MOF and other key ministries and stakeholders on the TORs for project activities especially under Component 2 and 3.

II. Key Social and Environmental Risk Mitigation Instruments

The environmental risks and impacts of the project are rated as low. It is also not expected that the project has any adverse social impacts, However, the possible downstream impacts which could derive from the policies that will be developed as result of this project could result in higher energy prices which could have negative impacts on poor and venerable households. The potential social risk anticipated from the downstream impacts will be further assessed during the project implementation through the social impact assessment. The Environmental and Social Commitment Plan (ESCP), which has been prepared for the project, stipulates the preparation of a simplified Stakeholder Engagement plan to ensure the project related information are disseminated to the project beneficiaries on timely manner. The SEP and ESCP further stipulates the need for a robust GRM system to ensure the project beneficiaries have a platform (using existing website or setting up a new platform as needed) where they can voice their concerns freely, which will further reduce the project environmental and social risks.

III. Purpose of the Stakeholder Engagement Plan (SEP)

The SEP defines a structured, purposeful, and culturally appropriate approach to consultation and disclosure of information, in accordance with ESS 10. The Government of Kazakhstan recognises the diverse and varied interests and expectations of project stakeholders and seeks to develop an approach for reaching to each of the stakeholders in the different capacities at which they interface with the Project. The aim is to create an atmosphere of understanding that actively involves project-affected people and other stakeholders leading to improved decision making.

Overall, this SEP will serve the following purposes:

- Define a plan for stakeholder engagement, including information disclosure and consultation, throughout the project lifespan;
- Stakeholder identification and analysis;
- Planning engagement modalities through effective communication, consultations, and disclosure;
- Provide enabling platforms for influencing decisions;
- Define roles and responsibilities for the implementation of the SEP;
- Define reporting and monitoring measures to ensure the effectiveness of the SEP and periodical reviews of the SEP based on findings.
- Elaborate on the Project Grievance Redress Mechanism (GRM).

IV. Stakeholder Mapping and Analysis

Stakeholder engagement is the interaction with, and influence of project stakeholders to the overall benefit of the project and its advocates. ESS 10 recognizes two broad categories of stakeholders: 1) those likely to be affected by the Project because of actual impacts or potential risks to their physical environment, health, security, cultural practices, well-being, or livelihoods (project affected parties), and 2) other interested parties.

In view of the Kazakhstan Partnership for Implementation Project, ‘affected parties’ will likely be poor and venerable households and relevant government entities, industry, private sector, academia. While not every affected party will also be a beneficiary, it is crucial to disseminate information and continue to engage with all stakeholders on project modalities as well as on the selection criteria of beneficiaries in the affected areas. While not every affected party will also be a beneficiary, it is crucial to disseminate information and continue to engage with all stakeholders on project modalities as well as on the selection criteria of beneficiaries in the affected areas.

V. Approach to implementation

For the purposes of all Tasks, we plan to involve the main stakeholders throughout the project implementation. Zhasyl Damu has a long-lasting experience and a continuous engagement with stakeholders for climate related issues in Kazakhstan. We understand that such an engagement is not only a good practice, but also a fundamental requirement for the successful completion of the activities under these Tasks. This project involves a great number of stakeholders besides the main Beneficiary (MEGNR) as it touches aspects and issues that fall under different authorities. We have identified a list of potential counterparts / stakeholders that we will have to collaborate with at different aspects of this project.

The list of stakeholders of the project are participants who are actively involved in the field of climate policy in Kazakhstan and are presented in Table 1.¹

¹ This list is planned to be presented to the MEGNR for consideration and formal approval.

Table 1. Preliminary list of project stakeholders²

Stakeholder	Mandates	Rationale for inclusion/interest in the project	Stakeholder influence on the project (preliminary analysis)	Project effects on stakeholder (Preliminary analysis)
GOVERNMENT ACTORS				
Ministry of ecology, geology, and natural resources	MEGNR is responsible for the promotion of green economy policies and effective implementation of policies in the fields of the environmental protection, low carbon development, natural resources management, waste management and renewable energy practices and technologies in Kazakhstan.	Leadership and policy guidance/High	High Project owner & promoter, decision maker	Improved ETS; practical recommendations on how Kazakhstan can achieve the targets; improved ETS MRV
Ministry of Energy	Ministry of Energy is responsible for the development and implementation of state policies in the following industrial areas: oil and gas, mining, nuclear energy, and electric power.	Leadership and policy guidance/High	High Contributor	Strengthen capacity for improved ETS; practical recommendations on how Kazakhstan can achieve the targets

I. ² The list is not exhaustive **and** other potential stakeholders could emerge as a result of the final activities to be performed.

Stakeholder	Mandates	Rationale for inclusion/interest in the project	Stakeholder influence on the project (preliminary analysis)	Project effects on stakeholder (Preliminary analysis)
Ministry of Industry and Infrastructure Development	Ministry of Industry and Infrastructure Development (MIID) is a governmental body responsible for the implementation of state policies in the fields of industrial, scientific and innovation development as well as development of mining, chemical, manufacturing, medical and pharmaceuticals industries. The promotion and implementation of energy and water efficiency policies in Kazakhstan also fall into the MIID's duties.	Owner of several strategic programs and roadmaps of RoK, promoter of energy efficiency programs and policies /High	High Contributor	Strengthen capacity for improved ETS; practical recommendations on how Kazakhstan can achieve the targets
Ministry of National Economy	Ministry of National Economy is responsible for setting the direction of Kazakhstan's economic policy and working to achieve strong and sustainable economic growth of the country.	Leadership and policy guidance/High	High Contributor	Better institutional collaboration and data sharing, knowledge, and skills acquisition
Ministry of Finance	Ministry of Finance is a principal authority forming and implementing the financial, budget, tax, and customs policy of the RoK, policy in the area of state financial control, treasury maintenance of budget funds, accounting, securities issue organization and control, accountable documents.	Leadership and policy guidance/High	High Contributor	Better institutional collaboration and data sharing, knowledge, and skills acquisition

Stakeholder	Mandates	Rationale for inclusion/interest in the project	Stakeholder influence on the project (preliminary analysis)	Project effects on stakeholder (Preliminary analysis)
Council on Transition to the Green Economy under the President	<p>The Council for the Transition to the Green Economy under the President of the Republic of Kazakhstan is an advisory body formed to monitor and evaluate the implementation of the Concept for the transition of the Republic of Kazakhstan to the green economy, based on monitoring and assessments of relevant recommendations, defining strategies, tactics, and mechanisms for implementing the Concept, ensuring the modernization of the economy on the principles of green and sustainable development.</p>	<p>High</p>	<p>Limited</p>	<p>Better institutional collaboration and data sharing, knowledge, and skills acquisition</p>
NON-Government ACTORS				
Samruk-Kazyna	<p>One of the key objectives and mandates of the Fund is effective management of portfolio companies through aligning performance indicators with those of the world's leading peer-companies in operation, production, financial performance, commercial activities, and income increase from invested capital.</p>	<p>To be informed on new developments in climate policy field / Moderate</p>	<p>High</p>	<p>Understanding of implications of Improved ETS for the business</p>

Stakeholder	Mandates	Rationale for inclusion/interest in the project	Stakeholder influence on the project (preliminary analysis)	Project effects on stakeholder (Preliminary analysis)
ETS Installation Operators with emissions more than 20,000 tons of CO2	Regulated under ETS	To implement carbon pricing options adopted	High	Distribution impacts
KAZENERGY Association	KAZENERGY Association unites over 80 major energy companies in Kazakhstan and its overall aim is to support sustainable development of its members and represent the energy sector's interests at the RoK level.	To represent interests of the energy sector; to promote and develop GHG reduction activities within the industry / High	High	Practical recommendations on how energy sector can achieve the targets; understanding of implications of Improved ETS for the energy sector
Republican Association of Mining and Metallurgical Enterprises (AMME)	AMME represents the interests of over 117 mining and metallurgical companies in Kazakhstan.	To represent interests of the metallurgy and mining sectors; to promote and develop GHG reduction activities within	High	Practical recommendations on how mining and metals industry can achieve the targets; understanding of implications of Improved ETS for the sectors

Stakeholder	Mandates	Rationale for inclusion/interest in the project	Stakeholder influence on the project (preliminary analysis)	Project effects on stakeholder (Preliminary analysis)
		the industry / High		
National Chamber of Entrepreneurs "ATAMEKEN"	Atameken is a non-for-profit organization established to enhance relationships between the Government of Kazakhstan and business community in Kazakhstan. The Chamber represents the interests of small, medium, and large companies from all business areas, including internal and external trade.	To represent interests of its members, those that are trade-exposed / High	High	Understanding of implications of Improved ETS for the business
FIC/KFICA	The FIC, chaired by the President of Kazakhstan, is an advisory body established in 1998 to facilitate direct dialogue between the Government of Kazakhstan and foreign investors to: <ul style="list-style-type: none"> • efficiently address key issues related to the investment activities in the country; • improve the investment climate of Kazakhstan for the benefit of foreign investors, local companies, the economic development, and wealth of the country. 	To represent interests of foreign investors / High	High	Understanding of implications of Improved ETS for the Association's members
EBRD	Along with funding green investments, EBRD works closely with countries and private sector partners to create enabling environments needed	To be informed on new developments in	Moderate	Better institutional collaboration and data sharing

Stakeholder	Mandates	Rationale for inclusion/interest in the project	Stakeholder influence on the project (preliminary analysis)	Project effects on stakeholder (Preliminary analysis)
	for sustainable investments. Collaborating with industry associations to develop low carbon sector pathways.	climate policy field / Moderate		
ADB	ADB assists its members, and partners, by providing loans, technical assistance, grants, and equity investments to promote social and economic development. ADB maximizes the development impact of its assistance by facilitating policy dialogues, providing advisory services, and mobilizing financial resources through financing operations that tap official, commercial, and export credit sources.	To be informed on new developments in climate policy field / Moderate	Moderate	Better institutional collaboration and data sharing
UNDP	"Inventory, mapping and determination of the volume of absorption of unaccounted forests in the East Kazakhstan and Pavlodar regions and afforestation around the city of Pavlodar at the expense of the attracted funds of the international company Bitfury. The project is being implemented at the expense of joint funds of the Bitfury company and UNDP in Kazakhstan in the amount of 1,5 million US dollars.	To provide its international expertise on forest carbon offset projects.	Moderate	Better institutional collaboration and data sharing

Stakeholder	Mandates	Rationale for inclusion/interest in the project	Stakeholder influence on the project (preliminary analysis)	Project effects on stakeholder (Preliminary analysis)
	<p>The Biofin project is being implemented by UNDP in Kazakhstan in the amount of 621 thousand dollars. The project provides for the implementation of forest carbon offsets and the introduction of a mechanism to compensate for biodiversity loss.</p>			
<p>USAID</p>	<p>USAID help communities better manage and benefit from their natural resources by:</p> <ul style="list-style-type: none"> • supporting land tenure policies and resource rights, giving people the right to own and manage natural resources responsibly; • fighting deforestation • protecting biodiversity, and • mitigating and adapting to the effects of climate change, so countries can grow without harming the environment while strengthening their resilience to warmer temperatures and weather shocks. 	<p>To provide its international expertise on energy efficiency measures, climate change and GHG mitigation / Moderate</p>	<p>Moderate</p>	<p>Better institutional collaboration and data sharing</p>

Stakeholder	Mandates	Rationale for inclusion/interest in the project	Stakeholder influence on the project (preliminary analysis)	Project effects on stakeholder (Preliminary analysis)
NGOs	NGOs focused on Climate change issues: AEOK, C4, Green academy etc.	To represent interests of NGOs / Low	Limited	Better institutional collaboration and data sharing, knowledge, and skills acquisition
ACADEMIA				
Nazarbayev University	One of the major goals of NU is to develop a program of world-class research by partnering with the world's best researchers and research institutions.	To be informed on climate policy updates / Moderate	Limited	Use of research outputs, knowledge, and skills acquisition
GIZ	GIZ is supporting the Kazakh Government in the fields of sustainable economic development, education and vocational training, good governance, the environment and climate, and health. They operate in Kazakhstan on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), the Federal Foreign Office, the Federal Ministry of the Interior (BMI), the Federal Office of Administration, the Federal Ministry of Health (BMG), the Federal Ministry of Economics and Technology (BMW) and the European Commission.	To be informed on climate policy updates / High	Moderate	Use of research outputs, knowledge, and skills acquisition

VI. Timing of Stakeholder Engagement Plan

The five purposes of consultations and information dissemination in the Partnership for Market Implementation project are: (a) understanding of the needs of the affected populations; (b) ensuring of coordination between all implementing government agencies and; (c) reception of feedback and comments as well as grievances from all stakeholders on project implementation; (d) provision of transparent and accountable mechanisms on all aspects of Project design and implementation; and (e) ensuring that members of vulnerable groups from project affected communities are able to participate fully in the consultation process and enjoy project benefits. To ensure this, a Grievance Redress Mechanism (GRM) will be established, which will be rolled out in all Project locations before starting project activities. A formal (i.e. institutionalized) GRM is a system by which queries or clarifications about the project are responded to problems with implementation are resolved and complaints and grievances are addressed efficiently and effectively.

In consideration of Covid-19 restrictions, the project will follow World Bank guidelines on community consultation under COVID-19. This means effective and meaningful consultations to meet project and stakeholder needs and adhere to the restrictions put in place by the RoK to contain virus spread. Representatives of community's groups will be consulted. Strategies will be employed to include smaller meetings, small FGDs to be conducted as appropriate taking full precautions on staff and community safety. Where meetings are not permitted, traditional channels of communications such as radios and public announcements will be implemented. Other strategies will include one on one meetings through phones for community representatives and other interests' groups.

VII. Plan for Information Disclosure

Information disclosure to local populations and project beneficiaries at large will rely on public meeting, Focus groups with similar interest stakeholders, Radio, and public announcements. The Purpose of different methods and platform for information disclosure is aimed at ensuring different types of demographics of the local population and other stakeholders are reached and informed about the project.

Data collection and formal requests of the information

All requests of documents and data from stakeholders will be addressed through the MEGNR. This will ensure that the provided information is reliable, complete, and consistent with the official national statistics.

Stakeholder Engagement Forms

To ensure, accurate information is shared with all stakeholders and their views and recommendation communicated to the project management, the information disclosure and feedback from the stakeholders will follow the following guiding principles:

The usual form of interaction with stakeholders are formal and informal face-to-face meetings, phone conversations, Skype/Zoom etc. negotiations, emails, and others.

- Before presenting any interim or final recommendations to the broader pool of stakeholders, The Project team will hold preliminary consultations with the JSC "Zhasyl Damu".
- The proposals agreed with the stakeholders indicated below will be a subject of bilateral (sectoral) consultations with government agencies and business representatives, so that the joint cross-sectoral consultation could lead to consensus.

Meetings (virtual meetings during COVID-19) will be held with representatives of regulatory government bodies and businesses in the metallurgical industry, electric power and heat supply, coal industries, oil and gas production, gas distribution industry, oil refineries, manufacturers of mineral materials. The planned preliminary audience of these meetings is outlined in the Table 1 above, but it may be updated further during the project based on circumstances, including several participants.

The project team provides all relevant information to key stakeholders and update on any developments, concerns, and issues throughout the project. The Table 2 below provides an overview of the stakeholders identified to date, as well as the purpose and methods of communication, which will be used with them. The tentative timeframes for engagements are also indicated in the table. This table will be updated periodically to include any newly identified stakeholders, as well as planned engagement activities and timeframes.

The goal of the several rounds of consultations with stakeholders will be to discuss all main issues of the recommendations, including recommended measures, misconceptions around ETS elements and possible counterarguments, a mechanism for coordinating the auctioning implementation, as well as relevant proposals so that the ETS works effectively. Such consultations are arranged in conjunction, if relevant, with the stakeholder meetings arranged under other PMI Assignments. To overcome the reluctance of the industry to shift from the free allocation method to the auctioning the project team pays special attention to risks of the CBAM implementation in EU and its possible effects of trade exposure on Kazakhstan and the inevitable necessity to comply with the international commitments under the Paris Agreement.

Until the end of the project, the Project team will continue bilateral and multilateral sectoral consultation communications at which we plan to discuss controversial issues, request missing data, establish new contacts, and inform. Upon reaching bilateral consensus, further interaction may be limited to remote forms of interaction such as electronic correspondence, skype, telephone.

Table 2. Stakeholder engagement action

Activity	Stakeholders	Purpose of communication	Communication methods & activities
Initial consultation with the Beneficiary	MEGNR	Agreement of the scope and approach to the implementation of the project; discussion of MEGNR's expectations, requesting emission data for the current period, informing about EU CBAM and its possible impact on the external competitiveness of Kazakhstan	MEGNR with subsequent discussions and consultations with representatives of MEGNR (virtual meetings during COVID-19)
Consultations with JSC “Caspy” Commodity Exchange	JSC “Caspy” Commodity Exchange	To inform on carbon auction designs, peculiarities of the auctions of ETSs of California (USA) and the EU	Submission of reference materials to JSC “Caspy” and subsequent on-line discussions
Consultations with JSC “Zhasyl Damu”	JSC “Zhasyl Damu”	To inform on quotas allocation within the framework of ETS, auction design, market stability measures	Submission of reference materials to JSC “Zhasyl Damu” and subsequent on-line discussions
Consultations with ETS participants	ETS participants	<ul style="list-style-type: none"> - Introduction to the Project, its aim and scope. - To present misconceptions around an ETS and possible counterarguments. - To inform about EU CBAM and its possible effects on trade exposure of Kazakhstan and the need to comply with the commitments under the Paris Agreement. 	Submission of reference materials with the help of the MEGNR and subsequent discussions

		<ul style="list-style-type: none"> - Discussions and agreement on the appropriate emissions caps for the National Allocation Plans. - Discussions on a proposal to introduce primary sales of quotas (designing auctions) for the next NAPs, including determining a carbon price etc. <p>These individual meetings will be primarily aimed at the following:</p> <ul style="list-style-type: none"> - To convene the stakeholders partners that auctioning is the desired method for allocating emission quotas. - To collect the required data for project implementation. <p>Any suggestions and expectations of industries will be processed and considered.</p>	
<p>Consultations with government actors</p>	<p>MEGNR, Ministry of Energy, Ministry of Industry, and Infrastructural Development.</p> <p>Depending on the scope of identified and selected measures, this list will be revised throughout the project</p>	<ul style="list-style-type: none"> - Introduction to the Project, its aim and scope. - To present misconceptions around an ETS and possible counterarguments. - To inform about EU CBAM and its possible effects on trade exposure of Kazakhstan and the need to comply with the commitments under the Paris Agreement. - Discussions and agreement on the appropriate emissions caps for the National Allocation Plans. - Discussions on a proposal to introduce primary sales of quotas 	<p>Submission of reference materials with the help of the MEGNR and subsequent on-line discussions</p> <p>Official correspondence</p>

		<p>(designing auctions) for the next NAPs, including determining a carbon price etc.</p> <p>These individual meetings will be primarily aimed at the following:</p> <ul style="list-style-type: none"> - To convene the stakeholders partners that auctioning is the desired method for allocating emission quotas. - To collect the required data for project implementation. <p>Any suggestions and expectations of the government actors will be processed and considered.</p>	
<p>Consultations with industries</p>	<p>KazEnergy, AMME & Other industrial associations</p>	<ul style="list-style-type: none"> - Introduction to the Project, its aim and scope. - To present misconceptions around an ETS and possible counterarguments. - To inform about EU CBAM and its possible effects on trade exposure of Kazakhstan and the need to comply with the commitments under the Paris Agreement. - Discussions and agreement on the appropriate emissions caps for the National Allocation Plans. - Discussions on a proposal to introduce primary sales of quotas (designing auctions) for the next NAPs, including determining a carbon price etc. <p>These individual meetings will be primarily aimed at the</p>	<p>Direct, face-to-face meetings (virtual meetings during COVID-19)</p> <p>Official correspondence</p>

		<p>following:</p> <ul style="list-style-type: none"> - To convene the stakeholders partners that auctioning is the desired method for allocating emission quotas. - To collect the required data for project implementation. <p>Any suggestions and expectations of industries will be processed and considered.</p>	
Preliminary discussion of the Project recommendations	Stakeholders with 'High' influence as indicated in Table 1	Presentation and discussion of the Project recommendations	<p>Direct engagement (virtual meetings during COVID-19)</p> <p>Official correspondence</p>
Final dissemination workshop	All stakeholders	Final presentation of the Project recommendations	<p>Direct (virtual meetings during COVID-19) communications, public meeting</p> <p>Official correspondence</p>

In addition to the methods of communication and information disclosure mentioned above, complementary steps such as capacity building will further ensure that the scope of the project is communicated to the interested parties and ensure that the stakeholders maximize their benefits of the project.

MRV training

- Training of operators of installations to correctly fill out greenhouse gas inventory reports
- Training of verifiers in the process of validation and verification of greenhouse gases
- Training of regulatory authorities for greenhouse gas inventory (in terms of checking reports on greenhouse gas inventory, etc.).

Table 3. Estimated Budget for SEP implementation

as part of the PMI project (Component 3)

Method of Communication	Main activity	Lead agency	Execution period	Estimated budget (USD)
Direct communication	Including, <i>inter alia</i> , discussions and consultations with stakeholders (virtual meetings during COVID-19), etc.	PIU	January 2023 – December 2026 (throughout project implementation)	60,000
Communication materials	Including, <i>inter alia</i> , reference materials, reports, dissemination materials/notes, etc.	PIU	January 2023 – December 2026	20,000
Information disclosure	Including, <i>inter alia</i> , via radio, TV, printing, official correspondence, etc.	PIU	January 2023 – December 2026	20,000
Total				100,000