



Water, Energy and Land-use Nexus in Central Asia

The project's engagement to push forward the Nexus approach: proposed scope

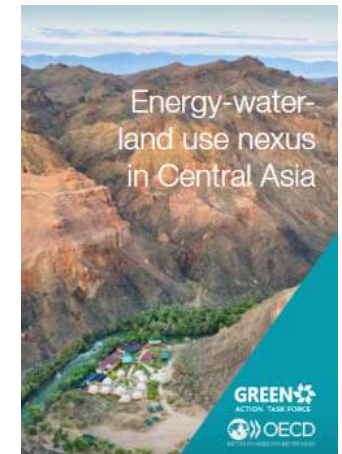
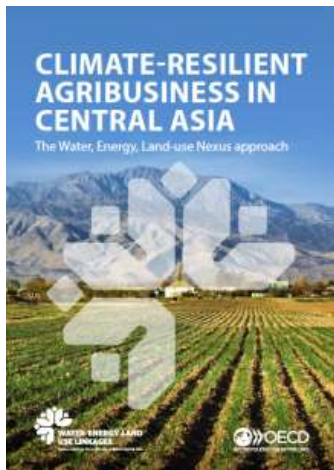
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The 5th Central Asia Climate
Change Conference
Dushanbe
16 May 2023

OECD activities in Central Asia

- Working in Central Asia for over 20 years on environment and water management
- Focus on economic and financial aspects of water management and environmental sustainability
- Policy coherence including water and linkages to energy and agriculture
- Facilitation of multi-stakeholder dialogues on water (with UNECE)
- Studies, publications, practical policy recommendations
- Work steered through the GREEN Action Task Force



Water, Energy, Land-use Linkages (2023-2028)

Nexus Solutions for a Climate Resilient Central Asia



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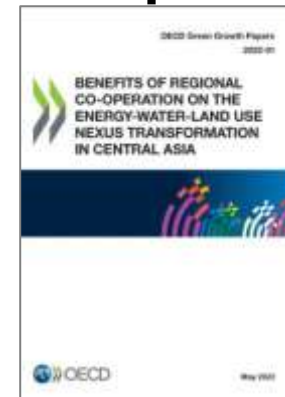
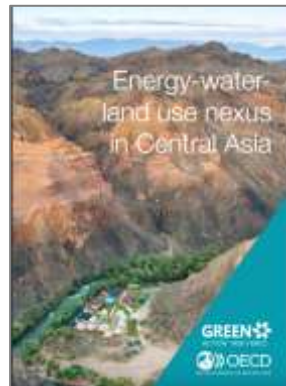
based on a decision of
the German Bundestag

- Other development co-operation partners
- Private sector
- Academia
- Civil society organisations

Calls for action

from country/regional consultations and preparatory analysis (June 2021 – June 2022)

- Need to **see why cooperation is important** and to **understand the “business case” for cooperation** across Energy, Water and Land-use sectors and between countries.
- Call for **compelling evidence base on benefits** to secure political support and inform decision-making to better mainstream the Nexus approach.
- **Practical tools and instruments** to support decision makers
- Demand for **more pilot projects** to demonstrate the benefits of cooperation on the Nexus.
- Need to **combine all this with targeted capacity development and political dialogue** to drive the progress.



**Activities proposed mainly for the
period 2023-2024**



Enhancing evidence base

- **“Nexus Hotspot Analysis”** that:
 - **maps** where current and future climate and natural resource security risks exist;
 - identifies **opportunities and key areas of action** to address the risks
- Regional database on **climate, water and energy related information**
- **Assessment of inter-sectoral governance** on nexus planning



Financing the nexus

- **Preliminary case studies on agribusiness in CA** that generate multi-faceted benefits for water, energy and land-use
- **Regional Nexus Financing Mechanism**
 - Pilot investments in businesses/projects with a nexus focus (German grant + EBRD lending)
 - With scale-up and regional replication potential
 - Learning lessons and insights from pilot projects to inform policy discussion on energy, water and land-use nexus financing

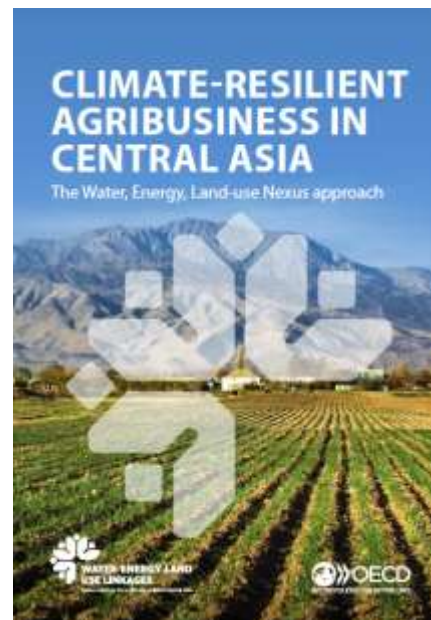
Developing practical tools and guides

- Options for **regional Water-Energy coordination mechanisms**
 - Focusing on financial and economic aspects
 - National and regional consultations envisaged
- **Modelling framework for quantifying economic benefits of co-operation on energy, water & land-use nexus**
- Initial scoping
 - **“Nexus Mainstreaming Toolkit”** to integrate nexus into ministries’ day-to-day work and mandates
 - Handbook on **financing for Nature based Solutions** through a nexus lens

Facilitating political and technical dialogues & capacity development

- Regional & National **policy dialogues**
 - Development of regional and national policy documents on Nexus
- Regional workshops on specific thematic issues
- Targeted capacity development

An example of preliminary work



*New Case studies:
Climate-resilient
agribusiness in Central
Asia*

<https://oe.cd/well-nexus-case-studies>

Context

- **Concrete examples from agribusiness companies**
 - Generating multi-faceted commercial, climate, and environmental benefits on the ground.
 - Highlighting some opportunities to scale up / replicate such good practice across the region and across different sectors
- Met EBRD **bankers** and **their clients** in Central Asia.
- Collected 15+ inspiring stories about agribusiness companies and their partners.
- Selected **4 case studies** based on the following:
 - Multiple benefits for water, energy, and/or food security.
 - Positive impacts on the environment.
 - Creation of a new market and/or jobs in local communities.



Selected case studies

Lower climate vulnerability
Higher climate vulnerability

Hydroponic greenhouses
saving water use and reducing
land and water pollution



trajectory.

Source: Authors based on (Umirbekov, Akhmetov and Gafurov, 2022).

Blended finance mechanisms –
Promoting access to finance in
support of climate resilience

Lentils production –
contributing to GHG reductions,
soil fertilisation and climate
resilience



Sugar production –
contributing to water saving
and sugar self-sufficiency



How can we further scale-up and replicate “climate-resilient” agribusiness models?

More evidence base on the benefits

- Accounting for the multiple benefits of water, energy, food, and environmental security.
- Informing financial, economic & environmental cost-benefit analysis in project proposals.
- Setting the right benchmark for technologies/solutions to be promoted.

Suitable financial solutions (e.g. blended finance)

- Reducing capital costs and mitigating credit risks for the private sector.
- Covering technical assistance components (e.g. capacity development, consultancy support) for agribusiness companies and their partner local banks.

Technological and business-related capacity development

- Developing business plans and drafting loan applications.
- Assessing environmental, climate, and social risks of available agribusiness solutions.
- Need to retain expertise after the support ends.

Ways forward

- These case studies provide a “seed of inspiration” to promote businesses that are climate-resilient and generate benefits on the nexus between water, energy and land-use.
- A starting point for the main phase of the Water, Energy, Land-use Nexus project, with concrete examples.
- Further work envisaged to (e.g.):
 - Enhance evidence base on economic benefits for water, energy, and land-use of such business models.
 - Provide pilot investments in such agribusiness with replication and upscaling potential (EBRD).
 - Analyse policy frameworks to unlock finance from various sources.

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Thank you

For further information, please see:

<https://oe.cd/well-nexus>

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