

Second Environmental Performance Review of Kazakhstan

Recommendations

Adopted on 21st April 2008

CHAPTER 1 : POLICYMAKING FRAMEWORK FOR ENVIRONMENT PROTECTION AND SUSTAINABLE DEVELOPMENT

Recommendation 1.1:

In order to achieve a better balance between economic, social and environmental policy areas, the Government, through the National Council for Sustainable Development should:

- Increase the coordinating role of the Ministry of the Environmental Protection in improving cooperation between competent ministries to ensure adequate integration of environmental and social issues in sectoral policies and strategies;
- Give the MEP responsibility for analyzing the draft sectoral policies and strategies on their compliance with sustainable development principles;
- Increase partnerships and transparency in the development and implementation of sustainable development programmes at the national and local levels, involving all major stakeholders, including civil society and NGOs.

Recommendation 1.2:

In order to support the implementation of the Concept of Transition to Sustainable Development for the period 2007–2024 at the regional and local levels, especially in rural areas, the Government should:

- Strengthen cross-sectoral cooperation and coordination at the regional and local levels by establishing local intersectoral coordination councils and task forces on development and implementation of sustainable development programmes;
- Increase capacity-building at the local level, e.g. by providing civil servants with training on developing sustainable development programmes at the territorial level, including access to international experience in this field;
- Develop education programmes and raise public awareness concerning sustainable development issues, including the responsibilities of local authorities and other major stakeholders, including the general public.

See also Recommendation 3.6.

Recommendation 1.3:

The Government should, in cooperation with the Kazyna Sustainable Development Fund and other stakeholders, develop a strategy for the effective integration of SD principles and environmental considerations into the Fund's investment policy and projects. The Government should also consider extending the mandate of the Fund to include financing of environmental investments.

Recommendation 1.4:

The Government should clearly define the horizontal responsibilities in environmental policy matters across and within different ministries, including responsibilities for coordination of environmental management. This is especially true for the areas of protection of natural resources, water resources and forest resources.

Recommendation 1.5:

The Ministry of Environmental Protection, in cooperation with stakeholders at the national level and with international institutions, should further improve the environmental legislation by continuing its harmonization with relevant EU Directives.

CHAPTER 2 : COMPLIANCE AND ENFORCEMENT MECHANISMS

Recommendation 2.1:

The Ministry of Environmental Protection should further strengthen the institutional capacity for compliance assurance. More specifically, it should:

- Link budget planning to activity planning, and provide budgets that are commensurate with the scope of regulation and inspection;
- Create conditions that would retain staff and motivate their high performance.

Recommendation 2.2:

In order to promote a higher environmental compliance and performance among the regulated community, the MEP should gradually reform the procedures on EIA and State ecological expertise and the compliance assurance instruments, with due attention to capacity constraints. To accomplish this, the MEP should:

- Simplify and shorten the EIA and SEE procedures for certain medium- and small-scale projects;
- Implement the recently developed regulations and procedures for transition to integrated permitting for large industry and further elaborate the structure of environmental permits for large industry, so that it fully corresponds to best international practice, and set related deadlines and schedule;
- Introduce decommissioning conditions in environmental permits;
- To increase the probability of discovering non-compliance, lift frequency restrictions (in conjunction with promoting greater transparency) and further develop the risk-based approach to inspection, whereby the highest priority is given to largest polluters and companies that are systematically in non-compliance, and conduct unannounced checks as deemed appropriate;
- Improve the methods of conducting site visits and pay attention to checking environmental performance, including the technical state of facilities;
- Reduce the administrative burden of self-reporting and boost the MEP capacity to use self-reported information for decision-making;
- Introduce, on a pilot basis, the requirement to rehabilitate ecosystems as part of the environmental liability regime, rather than systematically imposing monetary penalties;
- Develop and use transparent, computer-based tools to assess the level of fines. While providing response to administrative violations, follow the enforcement pyramid from mild to severe sanctions in order to promote the credibility of the Government.

Recommendation 2.3:

In order to promote a better functioning of institutions involved in the whole cycle of environmental regulation, the MEP, in cooperation with the National Statistical Agency, the GPO and other partners needs to improve the system of performance management. To do this, the MEP should:

- Review the compliance and enforcement indicators throughout the entire regulatory cycle and keep a selection of the most relevant of these indicators;
- Standardize and normalize enforcement and compliance data;
- Analyse and present enforcement and compliance data in a meaningful way to reflect the decision-making process;
- Build more comprehensive, accurate, and user-friendly data management systems and create a public database containing permitting and inspection data;
- Disclose activity reports produced by all agencies involved in environmental regulation and compliance assurance.

CHAPTER 3 : INFORMATION, PUBLIC PARTICIPATION AND EDUCATION

Recommendation 3.1:

The Ministry of Environmental Protection should review the environmental monitoring programme run by Kazhydromet to identify gaps, weaknesses and inconsistencies and to develop a strategy with an action plan

for further modernization and upgrading the monitoring networks in line with international guidelines and best practices. Such action plan should establish time frames and specify budgets:

- To link monitoring objectives with priority environmental problems at national and territorial levels and make monitoring an instrument to assess progress in achieving environmental policy targets set in State programmes and plans;
- To enlarge the number of parameters to measure, in particular, ground-level ozone, PM₁₀, heavy metals and POPs in ambient air and biological parameters in water;
- To establish additional background and transboundary monitoring stations in line with internationally agreed guidelines;
- To complete the transition to automatic measurements and improve data quality control and storage procedures;
- To link environmental quality data with emission data by enterprises to establish cause-effect relationships to be reported to compliance control and policymaking authorities for possible action;
- To develop monitoring network in the Aral Sea area.

Recommendation 3.2:

The Ministry of Environmental Protection and the Agency for Statistics should jointly review their environmental reporting requirements for enterprises and prepare the necessary modifications to harmonize and streamline these requirements so that enterprise reporting data could facilitate the preparation of emission inventories in line with international guidelines and the development, step by step, of territorial and, thereafter, national pollutant release and transfer registers.

Recommendation 3.3:

The MEP should review the current information dissemination procedures of Kazhydromet to make data and information on ambient environment freely available to all information users, including all governmental bodies at all levels, business and industry, and the general public. Restrictions, if any, should not go beyond those referred to in the Aarhus Convention, to which Kazakhstan is a Party. Kazhydromet should also upgrade its website by uploading all its bulletins and information on ambient air, water and soil quality as measured by its networks.

Recommendation 3.4:

The MEP, with the support of the USSENRM Inter-agency Working Group, should critically review its plans to establish, in addition to the database on natural resource cadastres, a self-standing database on environment with the aim of either making these two databases mutually supplementary or of considerably expanding the former database by including datasets on emissions, discharges and ambient environmental quality. The database(s) should be made accessible to contributing agencies and the general public following the Aarhus Convention obligations.

Recommendation 3.5:

The Government, and in particular the MEP and the Ministry of Justice, should complete the adjustment of the national legislation to the requirements of the Aarhus Convention and could promote practical implementation by authorities as well as application by the courts of the Convention's provisions, especially at the local level. This would require, inter alia, the preparation, in cooperation with the Supreme Court of Kazakhstan, of a strategy aimed at building the capacities of civil servants and the judiciary, and at introducing effective mechanisms to facilitate citizens' access to courts when their environmental rights and the rights of their associations are violated.

Recommendation 3.6:

The Ministry of Education and Science, in cooperation with the MEP and other relevant Ministries responsible for certain areas of professional education (e.g. the Ministry of Health), should establish an interdepartmental coordination mechanism on ESD. This mechanism should include experts in preschool, grade school, vocational and higher school education as well as non-formal and informal education, and representatives of other stakeholders, including NGOs and the mass media, to help promote and facilitate the implementation at the national level of the UNECE Strategy for ESD.

CHAPTER 4 : IMPLEMENTATION OF INTERNATIONAL AGREEMENTS AND COMMITMENTS

Recommendation 4.1:

The Ministry of Environmental Protection, in cooperation with other relevant ministries, should establish appropriate mechanisms to ensure proper coordination of all activities at the national level related to implementation of MEAs and bilateral and multilateral cooperation.

Recommendation 4.2:

The Ministry of Environmental Protection should undertake analysis of existing drawbacks in the implementation of MEAs ratified by the country and of the importance of MEAs not yet ratified. Particular emphasis should be put on protocols to those conventions to which Kazakhstan is a party. Based on this analysis, the MEP should:

- Develop a set of actions on specific MEAs where implementation could be improved. This might include identifying financing needs, including proposals to the international community with requests for funding;
- Draft legislation on ratification of the protocols of priority importance for Kazakhstan, in particular the protocols to the five UNECE Conventions and Montreal, Copenhagen and Beijing Amendments to the Montreal Protocol to the Vienna Convention for the Protection of the Ozone Layer, and submit it for consideration by the Government and subsequently by the Parliament.

Recommendation 4.3:

The Government should speed up the process of ratification of the Kyoto Protocol, to attract more funds for financing investments in clean energy technologies, which would at the same time improve energy efficiency.

CHAPTER 5 : ECONOMIC INSTRUMENTS FOR ENVIRONMENTAL PROTECTION

Recommendation 5.1:

The Ministry of Environmental Protection should review the existing system of pollution charges with a view to:

- Limiting payment of pollution charges to major pollutants and polluters;
- Gradually raising pollution charges to levels that provide adequate incentives for adopting cleaner production methods;
- Improving the “policy mix” between incentives from economic instruments and regulations by
 - Benchmarking ELVs on sector-specific BAT;
 - Developing, in consultations with industry and other major stakeholders, targets for reducing emissions of major air and water pollutants;
 - Improving fiscal incentives for enterprise investment in clean technologies and for increasing observance of international environmental management systems such as ISO 14001.

Recommendation 5.2:

The MEP, in cooperation with regional and local authorities and other stakeholders needs to improve the overall management of municipal and industrial waste. This should involve, inter alia:

- The development of a national waste management system and the associated specialized legislation with regard to the monitoring, treatment, disposal and recycling of waste;
- Streamlining of the existing system of payments for waste production and disposal by:
 - Establishing user charges for industrial and municipal waste services at levels that create effective incentives for waste reduction;
 - Abolishing pollution charges for generated industrial waste;
- Establishing effective incentives for promoting waste recycling;
- Improving incentives for observance of international environmental management standards such as ISO 14001.

Recommendation 5.3:

The Government should take measures designed to reduce the environmental pressures from motor vehicle emissions. This would involve:

- Announcing a time frame for moving to the Euro 3 and Euro 4 vehicle emission standards over the medium term;
- Gradually raising excise taxes on petrol and diesel, and abolishing the discriminatory pollution charges for exhaust emissions from enterprise vehicles;
- Application of differential excise taxes for promoting the shift to low-sulphur fuels;
- Tax incentives for scrapping of old cars and purchase of new ones (possibly to be combined with special temporary financial incentives from car dealers);
- Stringent technical vehicle controls with regard to exhaust emissions.

Recommendation 5.4:

The Government should take measures that lead to a more economical water use, improve the financial health of water utilities, and ensure their long-term financial sustainability. This would involve:

- Raising water abstraction charges to a level that encourages water saving;
- Reforming the tariff system in the water sector by gradually raising tariffs to a level that allows sufficient funding to cover operation, maintenance and reconstruction costs while moving to full cost recovery for utility services;
- Using targeted subsidies to address affordability problems of lower-income water users;
- Further increasing the installation of water meters for water users connected to the water supply network;
- Increasing the operational independence of public utility management from local authorities by means of performance-based contracts.

CHAPTER 6 : EXPENDITURES FOR ENVIRONMENTAL PROTECTION

Recommendation 6.1:

- Government should set higher priorities for the environment-related issues within the national budgetary planning framework;
- To achieve a better consideration of environmental impacts and related needs for environmental protection investments, the Government should ensure adequate representation of the Ministry of Environmental Protection and other stakeholders in inter-ministerial mechanisms and institutions such as the Kazyna Sustainable Development Fund, which elaborate industrial development strategies, including the attraction of foreign direct investment;
- The MEP should strengthen the resources allocated to the monitoring and evaluation of major expenditure programmes to ensure that established environmental targets are achieved and that the funds are employed in a cost-effective manner.

Recommendation 6.2:

The Government should continue the efforts to ensure that all revenues from pollution charges are effectively used for financing of environmental protection measures. This could take the form of direct financing of government high-priority projects and/or partial recycling of these revenues to polluting enterprises in order to create incentives for environmental investments.

Recommendation 6.3:

The Government should strengthen local capacity for planning, financing and implementation of environmental protection measures. This would involve, inter alia:

- Building capacity for project management, including project analysis, evaluation and design as well as capacity in financial planning and management;
- Giving municipalities more scope for direct borrowing in local capital markets and for engaging in direct contractual relations with multilateral financial institutions and foreign donors. The corresponding projects should be in line with the environmental priorities established in the territorial development plans.

CHAPTER 7 : ENERGY AND THE ENVIRONMENT

Recommendation 7.1:

The Ministry of Environmental Protection should set more stringent environmental requirements on power plants, with a view to reducing pollutant emissions and improving monitoring and control equipment.

Recommendation 7.2:

- The Government should:
 - Adopt the draft Concept on the efficient use of energy, energy saving and the development of alternative energy sources in the context of sustainable development until 2024, and develop appropriate legislative instruments, such as tradable renewable energy certificates, to meet its targets;
 - Urgently elaborate and implement effective energy efficiency and energy-saving measures and programmes in power and heat production, transmission, distribution and consumption;
 - Create a conducive environment for the operation of energy services companies;
 - Use effective information and awareness raising tools towards producers and consumers.
- The Ministry of Energy and Mineral Resources and the Ministry for Environmental Protection should develop mechanisms and incentives to make renewable energy projects viable, including stand-alone renewable energy systems in remote off-grid areas.

Recommendation 7.3:

The Government should:

- Support the setting of energy tariffs at adequate levels that allow cost recovery and create incentives for reducing energy consumption;
- Prepare targeted social measures to ensure that most vulnerable population groups have adequate access to energy supply.

CHAPTER 8 : MANAGEMENT OF MINERAL RESOURCES AND THE ENVIRONMENT

Recommendation 8.1:

In order to reduce the serious environmental, health and safety adverse impacts of mineral resources extraction, including oil and gas production activities, especially in the Caspian Sea region:

- The Ministry of Energy and Mineral Resources, together with mining, oil and gas companies and the scientific community, should carry out a comprehensive assessment of the cumulative effects of mineral resources extraction, including new oilfields and current oil exploration and related activities, for the Caspian Sea and its coastal zone. The Ministry of Environmental Protection should carry out the State ecological expertise of this activity;
- The Government should design and implement measures to reduce pollution, taking fully into account the “polluter pays” principle. It should also provide increased funding for environmental conservation, monitoring and control in the areas of mineral resources extraction and processing.

Recommendation 8.2:

The Government, in cooperation with other major stakeholders, should continue preparing Coal Mine Methane projects that would be eligible for support by the flexible mechanisms of the Kyoto Protocol.

See also Recommendation 4.3.

Recommendation 8.3:

The Ministry of Labour and Social Protection of the Population and the Ministry of Health, in cooperation with the Ministry of Emergencies should prepare a mine health and safety law and its supporting regulations according to international standards to ensure the health and safety of mine workers in Kazakhstan. The Government should also provide the necessary funds for aiding compliance with such standards by companies that cannot afford it.

Recommendation 8.4:

- The Government should promote and support research and development and enterprise innovation in the mining and oil and gas sectors with the creation of Centres of Innovation and Cleaner Technologies in such areas as oil extraction, metallurgy, and environmental management.
- The Ministry of Environmental Protection and the Ministry of Energy and Mineral Resources should launch activities to develop and implement best practices for raw materials production processes and develop benchmarking indicators. These best practices should become binding in the medium term.

CHAPTER 9 : SUSTAINABLE MANAGEMENT OF WATER RESOURCES

Recommendation 9.1:

The Government should entrust the National Council on Sustainable Development with high-level decision-making and coordination on main issues regarding the protection and use of water resources.

Recommendation 9.2:

The Government should establish an appropriate structure with sufficiently high status focused on integrated water management planning and responsible for ensuring the coordination of actions in the water sector. This could be done by reorganization of the Committee on Water Resources of the Ministry of Agriculture so that it has the authority to develop and implement national policy on the use and protection of water resources.

Recommendation 9.3:

The Government should support capacity-building and training of new teams to accompany the reform toward Integrated Water Resources Management in the organization of the water sector institutions. Modern means such as information and communications technology should be promoted so as to ensure obtaining complete and reliable information on the status of water resources.

Recommendation 9.4:

The Government should introduce governance mechanisms for water services companies (Vodokanals) to restore efficient investment in water supply and water sanitation facilities.
See also Recommendation 5.4.