

The OECD-Kazakhstan co-operation to support the green economy concept

ACTIVITIES IN 2015-16



GREEN 
ACTION PROGRAMME

 **OECD**
BETTER POLICIES FOR BETTER LIVES

- **Designing a Green Public Investment Programme (with the Ministry of Energy).**

The objective is to help increase the capacity of Kazakh authorities responsible for environmental and public finance management to design a green public investment programme in line with good international practices, with the aim of obtaining adequate budget and international financing for its implementation. The focus of the investment programme is on the reduction of air pollution from the transport sector. Following consultations with Kazakh officials and experts (in May and July 2016), the project team is carrying out data collection and market study to determine the role of public support for the programme.

- **Development of Green Growth/Green Economy Indicators and a System for Environmental-Economic Accounts (SEEA) (with the National Committee on Statistics).**

The project supports the development of a System of Environmental-Economic Accounting which are internationally agreed standard concepts, definitions, classifications, accounting rules and tables for producing internationally comparable statistics on the environment and its relationship with the economy and green growth indicators in Kazakhstan. A training workshop for statisticians was held on 21-24 June in Astana. These will result in developing environmental and economic accounts by the Committee of Statistics and the production of a report that will assess progress in implementing Green Economy Concept in Kazakhstan using Green Growth Indicators. The report will be presented at the 2017 EXPO.

- **Review of policies to reduce environmental impacts of mining of minerals and fossil fuels (with the Ministry of Investment and Development).**

In March 2016 the OECD presented a review of regulatory policies for addressing environmental impacts of mining activities in OECD countries and in Kazakhstan as part of the OECD Mining Competitiveness Project. On 21 June 2016 a workshop was held in Astana on the effectiveness of environmental charges applied to mining. The project supports the development of the Mining Code in Kazakhstan which aims to boost the competitiveness of Kazakhstan's mining sector, improve the business climate for mining, and attract foreign direct investment. The Kazakh side, including the Ministry of Investment and Trade and Ministry of Energy, expressed an interest to continue the dialogue and to analyse more in-depth specific instruments applied in OECD countries and adapt them to the Kazakh context. The focus would be on better regulating environmental impacts of mining and addressing post-mining impacts.

- **Review of the effectiveness of environmental regulatory framework (with the Ministry of Investment and Development).**

A chapter of the OECD Multi-dimensional Country Review of Kazakhstan presents progress made in, and challenges to, reforming the Kazakh environmental regulatory system to lower the regulatory burden and red tape while not compromising environmental objectives. The chapter points to the need for:

1. reform of environmental quality standards in light of international best practices to strike a balance between what is desirable from an environmental point of view and what is feasible from a technical and economic standpoint.
2. a shift towards integrated environmental permits for the largest/significant polluters. The integrated permits are one of the most effective ways in achieving better pollution control since the permit is linked to specific techniques (i.e. BATs) which are associated with lower emissions.
3. reform of environmental liability which remains focused on calculating and collecting monetary compensation for the state (essentially serving as a revenue raising penalty) rather than on preventing and correcting the damage.

Given the Energy Ministry's responsibility for environmental regulations (after the suppression of Environment Ministry), the OECD stands ready to support the Ministry with analysis and sharing of good OECD practices.

- **Better access to international climate finance (with the Ministry of Energy).**

Kazakhstan participated in an expert meeting at the OECD (Paris, 11 July 2016) to discuss a draft report "Readiness of countries in Eastern Europe, Caucasus and Central Asia to access international climate finance". The report reviews the current state of play on climate-related development finance committed and channelled through public international climate finance sources to Kazakhstan and other countries in the region, while recognising the importance of mobilising domestic finance as well as attracting international private investment. The report includes a dedicated chapter on Kazakhstan.

- **Support to the implementation of the Water Resources Management Programme (with the Ministry of Agriculture).**

This work aims to help Kazakh stakeholders to identify options for increasing economic and financial returns from selected multi-purpose water infrastructure (MPWI) in order to reduce the needs for extending water infrastructure. This helps to decrease the amount of associated capital investment and state support, and allows to maximise the contribution from existing MPWI to enhance water, food and energy security. Lessons learnt from the pilot case may be replicated for other MPWI projects in Kazakhstan.

This project also aims to identify and assess state support mechanisms to agriculture, rural development and water-intensive processing industry that negatively impact the water sector in Kazakhstan. The study contributes to the necessary reform of existing state-support mechanisms so that public funds are used more cost-effectively for achieving multiple goals such as: (i) environmental objectives; (ii) social objectives, including affordability of water services and inclusiveness; (iii) economic goals, in particular to productivity, growth and development; and (iv) fiscal policy objectives, including financial sustainability of the water sector. Overall, the study will help to promote the use of economic analysis in water management in Kazakhstan, thus support the State Programme on Water Resource Management (SPWRM).

Earlier activities under the OECD-Kazakhstan environmental co-operation:

The OECD Environment Directorate has enjoyed good co-operation with Kazakhstan since 1995. Numerous projects have been implemented in co-operation with the Ministry of Agriculture and the Committee for Water Resources, Ministry of National Economy and its Committees, Ministry of Energy and the former Ministry of Environment and Water Resources on the use of economic instruments for environmental protection, enforcement and compliance, environmental finance, water supply and sanitation.

Most recently, a study of energy subsidy schemes and climate change (2014) and a review of business models for water supply and sanitation in small towns and rural settlements (completed in 2016).

For further information please contact:

Ms. Kumi Kitamori
Head of Green Growth and Global Relations Division
Environment Directorate, OECD
Tel: +33 1 45 24 92 02, e-mail: kumi.kitamori@oecd.org
<http://www.oecd.org/environment/outreach/>