

Next steps for a Green Economy Working Group in Kazakhstan

Notes from the Astana Green Economy Dialogue, 24-26 November 2011

In the Republic of Kazakhstan, national concerns over today's economic, social and environmental challenges have translated into sustainable development policy and initiatives such as the Astana Green Bridge Initiative. The Government of Kazakhstan has developed the Green Bridge Partnership Programme (GBPP), with the support of international organizations, for possible adoption at the Rio+20 World Sustainable Development Conference in June 2012. This programme offers opportunities for 'greening'¹ the economy, with a focus on aspirations for regional and international technology cooperation and finance. It also offers potential for enhancing public participation in decision-making, and harmonising policies and practices across European, Asian and Pacific regions. A range of other initiatives are also ongoing within Kazakhstan, and it is important for those promoting these initiatives to join forces and engage in dialogue.

The Astana Green Economy Dialogue, held from 24th to 26th November 2011, organised by IIED and the Kazakhstan Ministry for the Environment and supported by the UK Foreign and Commonwealth Office (FCO) and the Organisation for Security and Co-operation in Europe (OSCE), brought together a range of stakeholders from government, civil society and industry to discuss the notion of the green economy and how it can be applied and developed in Kazakhstan. The dialogue had a particular focus on the energy sector given its relevance. Oil-producing states face a global challenge to play their part in establishing economic systems that reduce climate change and other environmental burdens, and to produce higher societal value from limited natural resources. This short report summarises the key observations and ideas discussed at the workshop, with recommendations for next steps and follow up. It is meant to provide a record of the discussions that took place at this dialogue and provides a foundation for further work. The presentations and materials from this workshop can be accessed at: <http://www.iied.org/caspian-energy-initiative>

Observations and ideas

The discussion enabled participants to highlight some key observations about the prospects and barriers for a green economy in Kazakhstan, and several ideas that will need following up:

Global dimension of government vision: The transition to a green economy will depend as much on international cooperation and global enabling conditions as on national policy change. There is evident real commitment on the part of the Kazakhstan government to promote the green economy concept within the country and in the Asia-Pacific region. The government is preparing a set of outputs for Rio+20 and seeks to be a regional leader on green economy issues. However, their vision of green economy in Kazakhstan itself needs to be fleshed out, in particular through the GBPP, but also through adoption of appropriate legislation to support this.

Legislation/regulation: If green economy amounts to

'getting the economics right for sustainable development', economic governance needs to be clear and consistent. Participants noted the inadequacy of current legislation, especially in relation to anti-monopoly measures and support for renewable energy. Kazakhstan's Sustainable Development Concept previously provided the foundation for sustainable development policy, but it does not seem to be active anymore, which leaves a gap. The GBPP is an instrument for implementing a green economy vision. The green growth programme (*Zhasil damu*) does not have the same weight. Kazakhstan needs to re-define its new sustainability policy with appropriate legislative support, e.g. a strategy on green economy.

Holistic planning: Green economy entails economic activity being designed to produce environmental and social value as well as financial value; and to balance present and future consumption. There is recognition of the need for the detailed holistic planning that is required for this, but at

¹ In our dialogues, we have been using the term "green economy" as defined by the Green Economy Coalition as "one that generates a better quality for all within the ecological limits of the planet". In practice, however, various interpretations of the term may become adopted in government policies, including the emerging Kazakhstan Strategy on Transitioning to a Green Economy. This is typically where much of the discussion on Green Economy is focused in Kazakhstan.

this stage Kazakhstan needs to prioritise the development of a shared holistic vision and framework rather than an elaborate plan. It was noted that all too often top-down plans that don't involve business and mainstream decision-makers end up failing due to lack of buy-in. More joined up thinking and action between green economy initiatives is also needed. For example, the project to develop a green growth plan for Kazakhstan (supported by the Global Green Growth Institute (GGGI) and the European Bank for Reconstruction and Development (EBRD)) might be better focusing on producing evidence and ideas and preparing (long-term) options. This should be done alongside engaging more proactively with the GBPP and integrating these ideas and its activities into the same process, rather than attempting a 'national plan' on its own.

Inclusion and multi-stakeholder dialogue: A green economy should involve and benefit more economic actors than have benefited from mainstream economic development to date, notably the poor. Yet the green economy, or rather the GBPP as its implementation mechanism, has been introduced in Kazakhstan in a top-down way. Participants felt that the GBPP development has not been very participatory; there has been little inclusion of poor or socio-economically vulnerable groups and no real engagement with the business sector or youth. There is little information aimed at these key groups. There is also no lobbying group for green economy issues, or any forum for building agreement and trust between government and citizens, including, but not only, on green economy issues. Virtually no mainstream economic decision-makers have been engaged in green economy debates; in spite of the organisers' efforts, there was low 'mainstream' participation at this workshop. The GBPP has only had 'consultations', not collaboration and active engagement. Participants noted that the Ministry of Environmental Protection alone does not have enough weight to bring in the other ministries. There is an urgent need to follow up with the Ministries of Finance, Ministry of Economy, Ministry of Industry and New Technologies, the Tax Committee and others. Participants noted that the Ministry of Economy and Budget Planning (as it was called at the time) had been more involved in drafting the Sustainable Development Concept.

Leadership: There is a need to create a vision and for the authorities to stick to this if the innovation and investment of the private sector is to be unleashed (a 'business case' and an 'enabling environment' for the green economy are needed). A number of participants mentioned sustainable government procurement as a way for practical action to be demonstrated quickly, in ways that can lead the market. Participants felt it wasn't clear what the structure of government/decision-making was in relation to the green economy, and who is promoting (or hindering) different

building blocks of a green economy. Given Kazakhstan's aspirations to influence global green economy debates, however, and its status as a leading oil producer, the country potentially offers leadership through the energy sector for other oil producing countries; precisely how requires more debate and planning.

Transparency: An economy that is thriving within ecological limits and improving inclusion will be a transparent one – informed by and reporting on environmental and social boundaries. Transparency emerged as a key theme during the dialogue. This included reference to the Extractive Industries Transparency Initiative (EITI), which was highlighted as having stimulated civil society action in the country. The work of the Aarhus Centres was also mentioned for promoting environmental awareness, information access, and support for young people. The Soros Foundation is the NGO probably most active in this area, with work on budget transparency that has involved local governments, and intends to target the Ministry of Finance, the Ministry of Economics and the Tax Committee in its future work. These initiatives might be good entry points for further work on the green economy. Participants noted that it would be good to have new measures for budget transparency; a one-off public environmental expenditure review might be a useful exercise to scope the current situation.

Information: The discussions were frequently hampered by a lack of understanding and clarity of what was meant by the green economy. Overall, participants noted that there is a lack of awareness of the green economy; no clear understanding of what it means for society in general; no real understanding of the substance of the green economy. Participants observed some specific information gaps: information and perspectives on green economy from the international media; inventories and assessments of green technologies; and assessments of existing initiatives in relation to green economy criteria. Participants expressed the need for these gaps to be filled, perhaps initially by preparing a baseline against green economy criteria of where Kazakhstan is starting from. In order to make a business case for new technologies and approaches they need to be assessed against agreed green economy criteria, such as efficient use of natural resources, respecting ecological limits, inclusion and fairness, resilience, including economic criteria such as rates of return and distribution of costs, benefits and risks.

Measuring costs of externalities: A green economy will internalise the environmental and social costs of production and consumption (the externalities), so that decisions optimize respective benefits and reduce negative impacts. Participants noted, however, that energy decisions are still made on the basis of

traditional accounting that does not reflect the hidden environmental and social costs. A different picture would emerge, for example, if the whole cost of nuclear energy were taken into account, including mining and waste management. Participants noted that very few interest groups have the opportunity to take part in discussions on what kinds of energy source the country uses.

These observations and ideas were brought out in three days among a partial mix of stakeholders – clearly there is much to follow up. The dialogue needs to be extended to other stakeholders, the diagnosis deepened in relation to the above areas, and policy options developed to suit. In the absence of a single mandated authority to do this, participants outlined a process for moving forward.

Proposed next steps

Participants at the meeting recognized the need for significant collaboration in promoting a green economy in Kazakhstan. They identified the need for a multi-stakeholder green economy network to enable the necessary learning, exchange of ideas and collaboration on solutions; and they proposed that interested parties establish an informal working group to facilitate information flow and support for green economy initiatives. One key objective of the group would be to increase civil society awareness of the government's green economy commitments and to feed in relevant information, while also engaging with the government to help it develop options and meet its commitments. An action plan was proposed for consideration by relevant stakeholders:

Work stream 1 - Analysis: green economy detailed assessment and priority-setting

Many studies have been done on issues relevant to green economy in Kazakhstan, and some of them have even been synthesized in the past. However, there is still considerable confusion over the notion of the green economy and what is actually happening in the country. In particular there is very little information in an accessible language for the public and policymakers. Participants felt that an 'assessment of assessments' from a green economy perspective would help to provide some clarity. This exercise would synthesize existing reports in a 10-15 page report in accessible language. It would be based around a basic green economy diagnostic framework i.e. what the

assessments say about matters such as improved societal use of natural resources (higher revenues, incomes, cost-savings), respect of ecological limits, fairness and inclusion, and economic resilience. It would cover building blocks, further potential, barriers, enabling conditions and institutional roles in more depth. Further outputs based on this report could be produced, including a policy briefing; a two-page 'memorandum' for the public; and materials for training purposes.

Work stream 2 - Engagement

This work stream would comprise stakeholder engagement, that includes key ministries; and contribution to a side-event at Rio+20 with a concrete programme on the GBPP content. A working group would be set up within a state organ, to strengthen the power of the Ministry of Environmental Protection. Further efforts can be targeted at trying to influence the Council on Sustainable Development e.g. by establishing a sub-committee for the green economy. Collaboration with parliamentary groups would also be useful. A Donor Dialogue could be arranged to bring together those donors promoting the green economy in Kazakhstan and the Central Asian region, including GGGI, EBRD, UNEP, UNDP, OSCE, EU and others.

Work stream 3 - Communications

Broader communications might include press-releases, TV debates, dissemination workshops, and collaboration with specific people locally, such as NGOs or initiative groups. There would be a focus on government responsibility under green economy – putting pressure on the government to fulfil their obligations. 'Greening' campaigns could be supported, e.g. aimed at the Industrial Innovation Development Fund. Training will be important; the Aarhus Centres are considering incorporating a Green Economy module into their training for young people and might be interested in collaborating with international organizations on developing materials. There is also further potential for training of company staff and government experts.

The outcomes of the workshop were welcomed by the Ministry for Environmental Protection. The OSCE and IIED offered support to developing the 'assessment of assessments'. The GGGI supported the outcomes and suggested coordinating their own work with follow up from this workshop. EcoForum and the Environmental NGOs coalition were generally supportive and would like to participate in the review of outputs and subsequent discussions. The Soros Foundation-Kazakhstan supports such developments, and sees potential in coordination with their budget transparency initiatives.

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