

Environmental payments by subsoil users and the environmental protection measures implemented at the expense of the budget

This is an English-language summary of «Экологические платежи недропользователей и природоохранные мероприятия, реализуемые за счет бюджета», published by the Kazakhstan civil society organization ECHO in April 2021.

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For this research, the author used open data sources to compare payments related to environmental impacts from extractive companies and government's expenditures on environmental purposes in a given area in order to identify bottlenecks in planning the environmental expenditures.

Methodology:

The analysis has explored open data on:

- Sokolov-Sarbai Mining Production Association (SSMPA) payments related to impact on the environment.
- Budgets of the town of Rudniy.
- Environmental protection measures based on budgetary program resources and environmental management of the Kostanay region and development programs for the territories of the town of Rudniy and the Kostanay region.

For issues that were not reflected in open sources, the author of the study made requests to local authorities. The issues requested were for environmental protection measures.

In addition, consultations were held with representatives of local communities on participation in planning environmental protection activities.

The author also considered the legislative framework for planning environmental protection measures based on the Environmental Code of the Republic of Kazakhstan.

Local context:

For this study, the author selected SSMPA as the subsoil user company that conducts mining activities in a limited area, the administrative-territorial unit of which the town of Rudniy, has its own budget. The town of Rudniy is a monocity, whose economic activity is mainly associated with SSMPA. This allows you to compare receipts and expenditures for environmental needs.

SSMPA is the largest mining company in Kostanay Oblast. Depending on the year, it accounts for 71 to 79% of the total industrial emissions of the Kostanay Oblast's companies.

Key findings:

- When comparing data on payments by SSMPA and budgetary costs for environmental protection measures in the territory of the town of Rudniy, it was revealed that the company's payments exceed the costs by about three times. Roughly the same ratio takes place at the regional level.

- Payments related to the SSMPA's impact on the environment go mainly to the regional budget, but environmental protection measures to reduce the negative impact of the subsoil user are coordinated at the central (republican) level. Environmental protection measures adopted at the local level are usually not directly related to the impact of SSMPA.
- There are no experts in ecology and environmental assessment at the level of the executive bodies of the town of Rudniy and as a result, local government bodies do not take into account the environmental interests of the city in full when forming budget requests, or do not have sufficient information to justify the need for certain environmental protection measures.
- The local population is poorly informed about environmental protection measures adopted at different levels, and practically does not know about environmental protection measures aimed at reducing the negative impact of SSMPA. SSMPA also does little job to inform the population about the measures taken to improve the quality of the environment.

Recommendations:

To local executive bodies of the Kostanay oblast and the town of Rudniy, the Department of Ecology of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan in the Kostanay oblast:

1. When developing an action plan for environmental protection they should monitor the implementation of the norms of the adopted in 2021 Environmental Code, according to which the funds in the amount of at least the total of payment must be allocated for the negative impact on the environment in accordance with the approved action plan for environmental protection.
2. Initiate public hearings, round tables, briefings and other events to discuss draft environmental protection action plans developed at the city, regional and republican levels.

To ERG and SSMPA:

1. Actively inform the local population on the impact of the company on the environment and measures to reduce the negative impact.
2. Specifically inform on environmental protection measures and plans in conjunction with SSMPA.

To civil society organizations of the Kostanay oblast and the town of Rudniy:

1. Undertake efforts for greater participation in the discussions of environmental action plans
2. Increase the potential for more effective work with subsoil users and state bodies on environmental protection issues
3. Initiate discussions on measures of transition to renewable energy sources and reduction of greenhouse gas emissions.

To National Council of Stakeholders for EITI Implementation in Kazakhstan

1. Include the lines highlighting fines imposed on organizations in the non-oil sector in the EITI reporting form on tax and non-tax payments
2. Consider addition of the disclosure of environmental protection measures by subsoil users and other information related to environmental impacts in the agenda of the EITI in Kazakhstan.