

SHARED RESPONSIBILITY FOR THE ENVIRONMENT

Brief Overview of Progress in Environmental Policy Integration in Central Asia



EAP TASK FORCE

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This briefing note introduces the concept of “Environmental Policy Integration” and discusses some of the achievements in, and barriers to, this process in Central Asia. The text largely draws from the OECD/EAP Task Force’s¹ report “Policies for a Better Environment” (OECD, 2007), delivered to the Belgrade Ministerial Conference.

The Concept of “Environmental Policy Integration”

Environment is no longer a sector managed exclusively by the environmental authorities, but rather a theme that is increasingly incorporated into different policy areas – whether energy, transport, agriculture, industry or trade. This stems from the fact that many environmental problems find their origin, or solution, in the design of policies within “non-environmental” sectors.

A lack of policy integration may have impacts beyond the environment. There are examples of rapid economic growth heavily affecting environmental quality and forcing countries to allocate financial resources for the remediation of environmental damages and social consequences rather than preventing the occurrence of these costs. To avoid such situations, governments need to pursue environmental policy integration.

The Environmental Policy Integration (EPI) implies a systematic *ex ante* and *ex post* review of environmental aspects of the development and sectoral policies, laws, and programmes, and of the functioning of central planning and line ministries. The overarching aim of EPI is to balance economic and social objectives with environmental objectives in line with Target 9 of the Millennium Development Goals. Overall, a modern approach to achieving environmental objectives promotes synergies between policies, reduces inconsistencies, maximises policy effectiveness and/or service delivery, and provides a framework for pursuing “win-win” policies and solving potential inter-sectoral conflicts.

¹ The EAP Task Force is an intergovernmental body that aims to facilitate reform of environmental management systems in Eastern Europe, Caucasus, and Central Asia (EECCA). It brings together policy makers from EECCA, Central Europe and donor countries, as well as international institutions and other stakeholders. The Task Force was established at the 1993 “Environment for Europe” Ministerial Conference in Lucerne, Switzerland.

A very effective avenue for EPI is making budgetary allocation conditional on setting, but also delivering, environmental objectives although the use of this avenue is still limited.

The use of Strategic Environmental Assessment is a central tool of EPI. In order to promote this tool, the Protocol on Strategic Environmental Assessment to the Convention on Environmental Impact Assessment in a Transboundary Context was adopted at the Kiev Ministerial Conference in 2003.

Box 1. What is "Strategic Environmental Assessment"?

Strategic Environmental Assessment (SEA) refers to a whole range of approaches that need to be applied at the early stages of decision making, most importantly within central and line ministries, in order to promote a more prudent management of natural resources and the environment. SEA can also assist in building stakeholder engagement for improved governance, facilitate transboundary cooperation around shared environmental resources, and contribute to conflict prevention. SEA is not a substitute for Environmental Impact Assessment but a complement to this instrument. Key stages for carrying out SEA on the level of plans and programmes includes: establishing the context, undertaking the analysis with appropriate stakeholders, informing and influencing decision making, and monitoring and evaluation. Legal, procedural, institutional and political factors in different circumstances and countries will generally determine the way in which SEA is defined and applied. The key deliverable of an SEA is a process with development outcomes, not a product. The achievement of development outcomes while maintaining environmental sustainability is the key measure of success in a long-term perspective.

Source: OECD (2006), *Applying Strategic Environmental Assessment: Good Practice Guidance for Development Co-Operation*, www.oecd.org/dataoecd/4/21/37353858.pdf

EPI requires supporting structures (ranging from formally established inter-ministerial commissions to more informal structures) to ensure cross-sectoral co-operation. Within an environmental ministry EPI challenges working methods and requires sufficient knowledge and robust data to “make the case” for better environmental management.

Reconciling economic and environmental goals is particularly challenging there where popular support for environmental protection is only nascent while vested interests and corruption are particularly high and pervasive. Very often, widely spread convictions that economic development is in conflict with environmental protection undermine attempts to promote EPI.

There are important international dimensions of EPI.

Thus, under certain conditions, foreign direct investment can be both a transfer mechanism for environmentally sound technologies and vehicles for raising environmental standards.

Incorporating environmental matters in trade agreements and removing restrictions on imports of environmentally sound technologies can contribute to better environmental performance.

Technical assistance can help to improve institutional frameworks for EPI. And so on.

Technological change, which involves both changes in the means by which products are produced and changes in the characteristics of the products themselves, may either create or mitigate pollution, and either reduce or increase the use of scarce natural resources. Table 1 shows the economic and environmental impacts of current and potential future technological change in selected environmentally-sensitive sectors.

Table 1. Economic implications and environmental effects for selected technologies

Sectors	Technologies	Economic implications	Environmental effects
Agriculture	Pesticides and fertilizers	Agricultural productivity improvement	Pollution of ground and surface waters
	Modern biotechnology	Improved crop productivity	Potential adverse health and ecosystem impacts; Potential for limiting adverse impacts from chemicals
	Drop-irrigation	Reduced water expenditures; High equipment installation costs	Decrease in water intensity; Increase in energy intensity
Wastewater	Tertiary wastewater treatment	Increased infrastructure requirements; Reduced costs of pollution clean-up downstream	Reduced water pollution
Fisheries	Computer-aided fishing	More efficient fish harvesting	Decreased fish stocks and overfishing
Forestry	Better tree breeding techniques and use of biotechnology	Faster tree growth; More desirable tree characteristics	Increased forest area; Increased carbon sinks; Monoculture forests
Energy	New drilling techniques for fossil fuels	Enlarged stocks of economically accessible fuels	Continued reliance on fossil fuel and reduced opportunity of being used by future generations
Transportation	Hybrid/electric vehicles	Fossil fuel saving	Reduced air emissions
Steel	Electric arc furnaces	Reduced energy and raw material consumption	Increased recycling of scrap steel; Reduced air emissions
Pulp and paper	Totally chlorine free (TCF) bleaching	High capital investment; Improved paper quality	Reduced pollutant emissions and energy consumption

Source: OECD (2001) OECD Environmental Outlook. p.80

EPI in Central Asia: Overall Progress and Major Barriers

In Central Asia, progress is taking place – albeit slowly – across a number of dimensions of environmental policy integration. EPI challenges are often a matter of discussion within government bodies that address sustainable development issues. At the same time, the involvement of non-governmental stakeholders is widening. In Kazakhstan, for example, the environment and economy interface is actively debated by the business community – be it at Business Forums, or within the framework of high-level constituencies, such as the Foreign Investors Council.

Inter-ministerial working groups are quite common. For example, working groups have been established in Kyrgyz Republic, addressing issues of transport and environment, as well as forestry and environment. In some countries the sectoral ministries have set up specialised environmental units. This is more usual in ministries dealing with natural resources management (agriculture, forestry).

Unfortunately, sectoral ministries rarely provide input for environmental strategies, which impedes a better alignment of environmental and sectoral goals. Sometimes, however, sectoral strategies include environmental targets or may even be subject to environmental assessment. For example, Kyrgyz Republic, Tajikistan and Uzbekistan have performed an environmental assessment of their energy and transport strategies.

Most countries have some sort of environmental training for staff in sectoral ministries. Since 2003, for example, environmental training has been introduced in Tajikistan for energy and forestry staff.

Even so there is progress on EPI, none of the Central Asian countries signed on to the SEA Protocol of the Espoo Convention. One major barrier to improving environmental policy integration is the culture of limited inter-ministerial co-operation.

The current mix of skills in environmental authorities is not sufficient for effective EPI. While experts in environmental authorities usually have a strong scientific background, they have limited expertise in economics, in understanding how policy is developed in

sectoral ministries, and in linking environmental and sectoral developments – in sum, they lack the skills to make the economic case for environmental sustainability. Also, the ability to devise tailored communication strategies – whether with the business community, civil society or sectoral ministries – is still low.

Besides systemic achievements and barriers, there are issue-specific developments. Selected examples are presented in this paper in order to illustrate such developments on issues of particular relevance.

Agriculture, Forestry and Environment

In the region, the agriculture and forestry sectors often account for 20% or more of the economy and provide significant sources of export earnings and rural employment. Yet, poor management can also lead to major environmental impacts – particularly in terms of biodiversity conservation, water pollution or climate change – which translate into important economic losses for the sectors themselves and for society as a whole. Inadequate water and salinity management is a major economic concern.

Decades of input-intensive agriculture have led to widespread problems of soil erosion, fertility and humus depletion, compaction, mismanagement of dry lands, water logging and salinisation of irrigated lands. The irrigation and drainage sub-sector is characterized by weak management, insufficient expenditure on operation and maintenance, and inefficient use of water. Nutrient runoff shows an improving trend mainly because fertilizer use and livestock numbers have dropped dramatically, although they are beginning to increase again.

There is a wide range of agro-environmental and sustainable forestry practices whose introduction would also bring economic benefits. Sustainable land management will help ensure that farm incomes are secure over the long term. Integrated pest management (IPM) can control pests cost-effectively while reducing the need for chemical pesticides. Improved nutrient management will help protect drinking water sources. Carbon sequestration can attract carbon finance. Organic farming and forest certification could produce export

revenue from growing international markets. Combating illegal logging would help to promote the rule of law.

Mainstreaming indicators, developed by the World Bank (Table 2), give mixed signals about progress on the ground. For example, programmes to improve soil management through good agricultural practices exist in Central Asia, but remain under-funded. Several countries have adopted strategies and programmes to address water and salinity management. In addition to infrastructure improvements, these programmes often include development of water user associations to manage water delivery at the local level as well as the introduction of water charges. IPM programmes have been successfully expanded in Uzbekistan and Turkmenistan. There is a clear trend to increase protected areas.

Table 2. Towards indicators for sustainable agriculture and forestry

Indicator	KAZ	KGZ	TJK	TKM	UZB
Agriculture					
Soil Protection	↓	↓	↓	↓	↓
Nutrient Conservation	↓	↔	...
Water Use Efficiency	↑	↑	↓	↔	↑
IPM Coverage	↑	↑	↑↑
Forestry					
Protected Areas	↑	↑	↑	↑	↑
Forest Health	↑	↓	↑	↔	↑
Certification	↔	↑	...
Sustained Yield	↑	↑	↑

Note: ↑ = positive trend ↑↑ = very positive trend; ↓ = negative trend ↔ = no change ... = no data

Source: World Bank (2007)

At the same time, lack of know-how and limited advisory services to farmers are clearly barriers for IPM, nutrient management, water management, salinity control, conservation tillage, and carbon sequestration. Also little progress in privatising land and lack of access to capital also play a fundamental role. Means to influence decision-makers responsible for agricultural and forestry policies are very few – partly due to missing data on the “cost of environmental inaction”.

Energy and Environment

Environmental impacts from energy production, transport and use are many and significant. They range from land and water contamination to fossil fuel extraction and transport, and from emission of local air pollutants and greenhouse gases (GHG) from fuel combustion to radiation from inadequate disposal of nuclear waste. Reliable and affordable energy supply is a pre-condition for economic growth. Ensuring access to affordable energy at the household level is becoming a significant issue for the countries of the region, partly due to infrastructure deterioration. Integration of environmental considerations into the energy sector's policies and practices may have substantial rewards. Investments in energy efficiency would reduce energy costs, improve security of supply and mitigate the environmental impacts of energy use. On a global scale, some of the best opportunities for reducing GHG emissions will come from investments to improve energy efficiency.

Over the last decade, little progress has happened in Central Asia in relation to energy efficiency. The establishment of energy efficiency agencies has not yet translated into a much wider use of instruments to promote energy efficiency. There are cases when a national energy efficiency programme is missing. Most countries have set a national target for renewable energy but, overall, policy frameworks to promote renewable energy are still in their infancy.

There are, however, examples of positive developments. These, for example, include a resolution to develop wind power in Kazakhstan and the mapping of wind potential in Turkmenistan. Some countries are moving quite strongly in terms of pricing policies for energy services such as gas and electricity. While this is probably not due to environmental concerns, it could have major environmental impacts if complementary measures (such as metering and information provision) are put in place. Electricity tariffs vary widely but there is a general trend towards increasing them (over the past years, such increases happened in Kazakhstan, Uzbekistan, and the Kyrgyz Republic).

Major environmental improvements could be generated by improving energy operations. Kazakhstan, whose dependence on coal as a major energy source is responsible for nearly half of air pollutants in Central Asia, is working towards adopting clean coal technologies.

But comparatively low prices remain a major barrier to progress in the environmental performance of the energy sector. Final energy users do not have incentives to be more frugal in their energy use and invest in energy efficient appliances. At the same time, energy providers lack resources to maintain energy infrastructure and social considerations are making price reform difficult. Lack of policy and regulatory frameworks are also a major barrier for the development of energy efficiency and renewable energy. An additional barrier to increasing energy efficiency is a low level of awareness among consumers, vendors, and policymakers. Also, up-front capital to buy new energy-efficient equipment or undertake required retrofit measures is difficult to access as many projects are small and thus suffer high transaction costs and international investors are unfamiliar with local lending conditions. Proponents of energy efficiency cannot compete with the lobbying power of the fossil fuel industry, making governments more likely to promote investments in increasing supply than in reducing demand.

Ways Forward: Possible Lines of Action

Lessons learned from environmental policy integration in Central Asia and elsewhere permit to establish several lines of action for governments that want to achieve further progress in this field, including:

- Involvement of the representatives of sectoral competent authorities in environmental planning on a regular basis;
- Analysis of links between economic growth (poverty) and environment and, as a minimum, their acknowledgment in the sectoral and development strategies as a societal and economic concern;

- Legal enactment and use of SEA to review sectoral and development strategies;
- Identification of priority fields and targets and integration of policy measures in response to environmental concerns into sectoral and development strategies;
- Reflection of environmental responsibilities in internal management regimes within sectoral ministries and environmental training of staff;
- Use of conditionality of budget allocation to promote environmental integration;
- Clear allocation of responsibilities across the government and adoption of communication and coordination mechanisms.

Policy dialogue with domestic stakeholders and international partners, as well as robust analysis, is needed to clarify what would be the most effective tools to promote environmental policy integration in Central Asia. The involvement of the “non-environmental” community will be particularly important in this process. Also international cooperation could contribute towards promoting EPI in Central Asia, including by knowledge transfers, and by providing access to technologies and finance.

ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

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