

The conflict of mining and water resources in Kyrgyzstan

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Kyrgyzstan is a mountainous country rich in water and natural resources. The country hosts one of the planet's two thousand priority ecological regions with unique ecosystems and biodiversity and is considered the "water tower" of Central Asia due to its Tien Shan glacier reserves. At the same time, mining is threatening Kyrgyzstan through the challenges posed by climate change, pollution and the mismanagement of these resources.

Currently revenues from mining account for 9.2 per cent of Kyrgyz GDP and approximately 10 per cent of tax revenues, and the government has done little to support other aspects of the economy. With 32 per cent of the population living below the poverty line and 3 per cent in extreme poverty, Kyrgyzstan has prioritised economic development based on activities that seriously threaten the environment and the management of water, land and natural resources that are crucial for the country's long-term sustainability. Gold is the country's main export, estimated at around 40 per cent of total exports and 50 per cent of industrial production in 2010¹. The main European trade partner for Kyrgyzstan is Switzerland, which imports about 82 per cent² of all non-monetary gold that is produced in Kyrgyzstan.

Additionally Kyrgyz's water resources have primarily been viewed as a commodity to exploit, rather than an environmentally valuable system that can have a negative impact if significantly altered. Not only is water used for drinking and irrigation, but also energy, with 93 per cent of the country's energy mix coming from its hydro resources. Because of its upstream position, Kyrgystan's waters flow downstream to neighbouring Kazakhstan and Uzbekistan. In winter when Kyrgyzstan needs energy, the land in Uzbekistan is flooded, while in the summer months when the water upstream is captured by hydropower plants, the agricultural land downstream where the majority of people are employed is in need of water for irrigation.

This situation requires agreements on joint water management, but at present there is no longer-term cooperation framework in place for the protection of the water resources. Moreover, as surface runoff is expected to decline beginning in 2020 and beyond due to changes in climate, the situation may become more serious. However the Kyrgyz government is not properly attending to the development of strategies for adapting to climate change, evident in the fact that climate considerations are missing in sectoral and regional strategies.

All Central Asian countries with glaciers (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) are in the process of compiling glacier inventories, and a glacier monitoring centre in Kazakhstan has been established in collaboration with UNESCO. This international assistance is welcomed, since currently glaciers in Kyrgyzstan are not accounted for as a valuable natural resource, and not a single state agency has oversight over them, making an understanding about the scope of the problem next to impossible³.

EU and Kyrgyzstan

Through its "Strategy for a new Partnership," the EU together with other individual European countries is actively involved in the region, with expectations to improve both environmental sustainability and water management practices. The strategy should also promote democracy, good governance, rule of law and human rights. At the same time, the EU includes in its Partnership and Cooperation Agreement (PCA) with Kyrgyzstan the objectives "[to increase] investment and trade in mining and raw materials".

Other contradictions between EU policy and practice are visible in the region. While the EU-Kyrgyzstan PCA aims at approximating Kyrgyz and EU legislation, the environmental legislation that regulates mining operations has recently been weakened, according to a 2010 UNDP Millennium Development Goals progress report. The legislation should be aligned with Aarhus Convention so that its implementation is possible and effective. At the World Summit for Sustainable Development in 2002, the EU Water Initiative was established between the EU and countries of eastern Europe, Caucasus and Central Asia (EECCA), focusing on environmental protection and improving lives and livelihoods⁴. The most important component of the initiative focuses on integrated water resource management, including transboundary river basin management and regional seas issues.

In 2009 during the third EU-Central Asia High Level Conference on Environment and Water, the EU – Central Asia platform for enhanced cooperation agreed objectives of environmental governance, climate change and sustainable water management. Two working groups were established within the framework of this platform: a working group on environmental governance and climate change, chaired by Italy as coordinator of the platform, and a working group on water management, chaired by Romania. In 2012 Germany led a review of the three-year achievements, during which the five Central Asian states reaffirmed their desire to develop water management mechanisms acceptable to all sides and accounting for the interests of all states in the region.

One example in which water and natural resource management overlap is at the Kumtor gold mine, a project of strategic national importance that has had an impact on glaciers, water ecosystems and the nearby nature reserve. The mine intersects with two glaciers that have been mined to access the rock. However, the most severe impact has been made from storing waste rock on these glaciers, which has aggravated their melting. As a result the glacial waters interact with crushed waste rock, are polluted, reach the river Kumtor and the transboundary river Syr Darya downstream.



Well the mine brings jobs. That's the good thing about Kumtor, but they have polluted the environment. When we started to work here in 1995 there were so many fish that we used to catch them with buckets.

– Janibek Tulkunov, Tamga village

In 2009 the Kumtor mine received additional lands for exploration works from the nearby Sarychat-Ertash reserve, lands which previously had been slated for protection. However after international and national attention to this issue, the Kyrgyz Parliament voted in June 2012 to revoke the company's licences and the government agreed.

Locals still remember an accident at the mine in 1998 when cyanide spilled into the local river Barskoon. Negative attitudes towards the company were further exacerbated when the mining company failed to communicate its environmental protection strategies with communities. In order to have their grievances heard, locals commonly block the road leading to the mine.

The European Bank of Reconstruction and Development (EBRD), in which the EU is a majority shareholder, has continually supported the mine's owner — Canadian company Centerra Gold Inc. – since project operations commenced in 1995 and again in 2010 with a revolving debt facility. Although not formally an EU institution, the EBRD is part-owned by the European Union, with European countries accounting for 60 per cent of its shares. The EBRD is also a signatory to the EU Principles for the Environment. As such the EBRD should promote EU standards and policies in areas such as environment and resource efficiency, through mechanisms like its new mining strategy and the principles of the Aarhus Convention.

The EBRD often explains its investment decisions based on previous experience with a corporate or its ability to improve corporate governance. In the case of Kumtor, the company Centerra Gold has often claimed many measures implemented for the local communities, yet questions remain about whether the choice of its community projects is appropriate and the distribution of funds is transparent. A company's "social licence" to operate is essential and must include an understanding of local people's demands, needs and expectations. This worsens in cases where strong state regulatory and monitoring capacities is



Actually our living conditions are not so bad compared to other villages in the region, but we have problems with bad roads and water. We get our drinking water from the river, and the water is very dirty. This is very difficult for us.

– Chumagol Seidekimova, veterinarian, Barskoon

lacking and corruption risks are high. Additionally both Centerra and EBRD impact assessments about waste rock placed on glaciers were incorrect from the beginning, since the magnitude of the melting was not predicted accurately and the consequences appear to be irreversible endangering water systems downstream, questioning the rigour with which the projects had been scrutinised.

EU involvement via the EBRD may again be contributing development money to the pollution of transboundary rivers and glaciers, in spite of the aforementioned EU Water Initiative that strives to ensure “a balance between human water needs and those of the environment, as the health of ecosystems is key to human health, to sustainable development, and to poverty reduction and vice-versa.”⁵

Recommendations

The EU's cooperation with Kyrgyzstan should encourage more visible, expanded and effective environmental protection measures and monitoring systems for the use of natural resource, both nationally and regionally. These should draw on the experience with developing and implementing such programmes, cooperation with civil society, fair benefit sharing strategies and local community development. Special attention should be paid to the protection of glaciers, pollution prevention and water resource management based on rational use and water supplies within existing international commitments.

A strategic assessment of mining and other economic activities should be carried out, and the plans, programmes and legislative acts related to the natural resources sector should be reexamined to ensure long-term sustainability for the Kyrgyz people. Economic incentives for conserving nature, saving resources, reducing waste and using waste-free technologies and equipment should be implemented along with measures for the diversification of the economy.



Life hasn't changed much since the Kumtor gold mine opened. Everything is like it used to be. In the past I was riding a donkey, now I am riding a horse, that's the kind of development we see here in Barskoon.

– Karat Isakunov, farmer, Barskoon

Notes

1. EBRD Country Strategy for Kyrgyzstan, 2011: <http://www.ebrd.com/downloads/country/strategy/kyrgyz.pdf>
2. http://www.osec.ch/sites/default/files/WB_1106_E_Wirtschaftsbericht-Kirgistan.pdf
3. Expert: The speed of glaciers melting in Kyrgyzstan increases, 11/01/2012: <http://www.xn--cladwmdmv.xn--plai/news/fd-abroad/kirghizia/ecology/1486811.html>
4. EU Water Initiative. 2011 Annual Report: http://www.euwi.net/files/2011_ANNUAL_REPORTfinal_.pdf
5. EU water initiative for life, <http://edz.bib.uni-mannheim.de/daten/edz-bn/gdu/05/water2.pdf>