



# A Guide to Biodiversity for the Private Sector

[www.ifc.org/BiodiversityGuide](http://www.ifc.org/BiodiversityGuide)

## Kumtor Gold Co.: Building sustainable biodiversity management out of adversity

### The Bottom Line

Perception is everything. Even if an incident in reality has little long-term impact, even the perception of threat or poor performance is enough to adversely affect operations. Kumtor's response to a serious environmental accident eventually led to a program that not only shows that mining operations can exist side-by-side with nature, but also that support by local communities can deliver sustainable biodiversity benefits.

The Kumtor Gold Company, formally known as the Kumtor Operating Company (KOC), was established in 1995 as a joint venture between the state enterprise Kyrgyzaltyn and a private Canadian company. Partly funded by the IFC and the European Bank for Reconstruction and Development (EBRD), [<http://www.ebrd.org>] the mine is the largest single business in Kyrgyzstan. Since full operations started in 1997, the mine has produced over 160 tonnes of gold and has significantly contributed to the Kyrgyzstan economy.

The mine lies on the northwestern slope of the Ak-Shyrak Ridge, at 4200m altitude in southeast Kyrgyzstan. This region is an area of spectacular montane wilderness that encompasses high mountains with glaciers, high alpine pastures, montane forest and grassland communities. The wilderness areas are part of a larger region that contains a high number of endemic species and is home to charismatic species, including snow leopards, Menzbiens marmots, golden eagles, lammergeyers, ibex and Marco Polo sheep.



The Sary Chat Ertash Zapovednik nature reserve, home to the endangered snow leopard and other endemic species.

Permanent local communities are mostly at lower altitudes along the shores of Lake Issy-Kyl, and only the more accessible high alpine areas are regularly used by local people for seasonal grazing of livestock. The area faces a number of human threats that have resulted from earlier economic collapse and high unemployment in the area. These threats include overgrazing and degradation of pastures; poaching of wildlife such as snow leopards, ibex and eagles; unsustainable use of medicinal herbs, fruits, fungi and other resources; and lack of support for protected areas. However, as the mine property is adjacent to the large, but under-resourced Sary-Chat Ertash Zapovednik (state designated biodiversity conservation area), this location and the mine's access control systems have beneficially controlled access into the Reserve and as a result contributed to conservation of its biodiversity.

### Crisis became a catalyst for change

In May 1998, a truck carrying sodium cyanide (which is used in the processing of gold) crashed off a bridge on the road to the mine, releasing 1,762 kg of sodium cyanide into the Barskoon River. Water containing dissolved cyanide flowed downstream past the village of Barskoon and into Lake Issy-kyl.

The spill generated local, national and international press coverage. In the local communities, there were immediate concerns about health and environmental consequences and a number of independent investigations were conducted over the next few months. While recommending some improvements in procedures for KOC, they indicated that the actual impact on the local population had been minimal and that there was no long-term environmental damage. The major impact was on the relationship between KOC and the surrounding communities, which highlighted a limited capacity and commitment to engage

with local communities as well as a lack of appreciation of environmental and biodiversity resources in the area.

### **The Community and Business Forum**

In order to address the reputational risk associated with the company's lack of effective stakeholder engagement, IFC and EBRD funded a Community and Business Forum (CBF), to facilitate dialogue and information sharing between KOC, key community and NGO groups, local and national authorities, and other interested parties. The group identified trust as the single most important issue to address.

The CBF initially established a range of initiatives to address this issue and others. The program of support to communities proved extremely successful and was expanded to include small grants programs and biodiversity initiatives. The small-grants program demonstrated how relatively small, but carefully targeted, investment, for example in biodiversity-supporting handicraft businesses, can bring substantial benefits and reduce the incentive for poaching.

The formation of the CBF eventually led to the launch, in August 2005, of a biodiversity program to help protect the endangered snow leopard and other species. A two-year conservation program will improve management and monitoring at the Sary-Chat Ertash Zapovednik nature reserve.

The project will build capacity to help nature reserve staff to engage with local communities and will develop initiatives linking conservation of the reserve's biodiversity with improvements in local livelihoods, such as crafts, sustainable forestry and agriculture. In addition, the project will provide training and mentoring to the nature reserve staff in administration, oversight and anti-poaching skills. The aim is to improve the management of the Sary Chat Ertash reserve through the development of a protected area management plan and a biodiversity monitoring strategy.

The project is being run and implemented by Fauna & Flora International and the CBF in partnership with the International Snow Leopard Trust. It is jointly funded by Kumtor Mine, IFC and the EBRD.

The importance of this program is that it not only shows that mining operations can exist side-by-side with nature, but also that including local communities can deliver sustainable biodiversity benefits.