

Realization of Kyoto Protocol in Russia in the context of Environmental policy

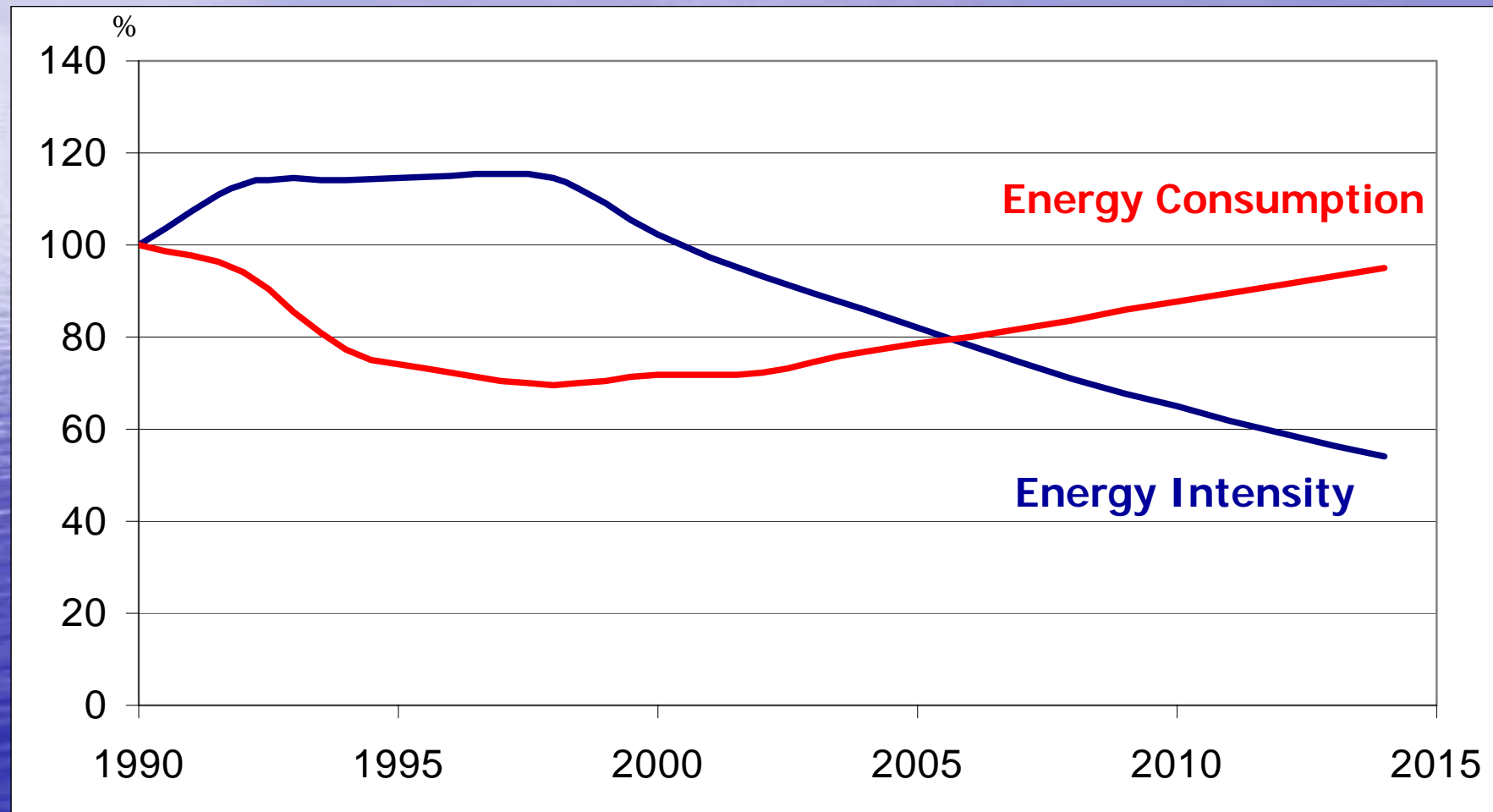
O. Pluzhnikov

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Main indices of Russian economic development

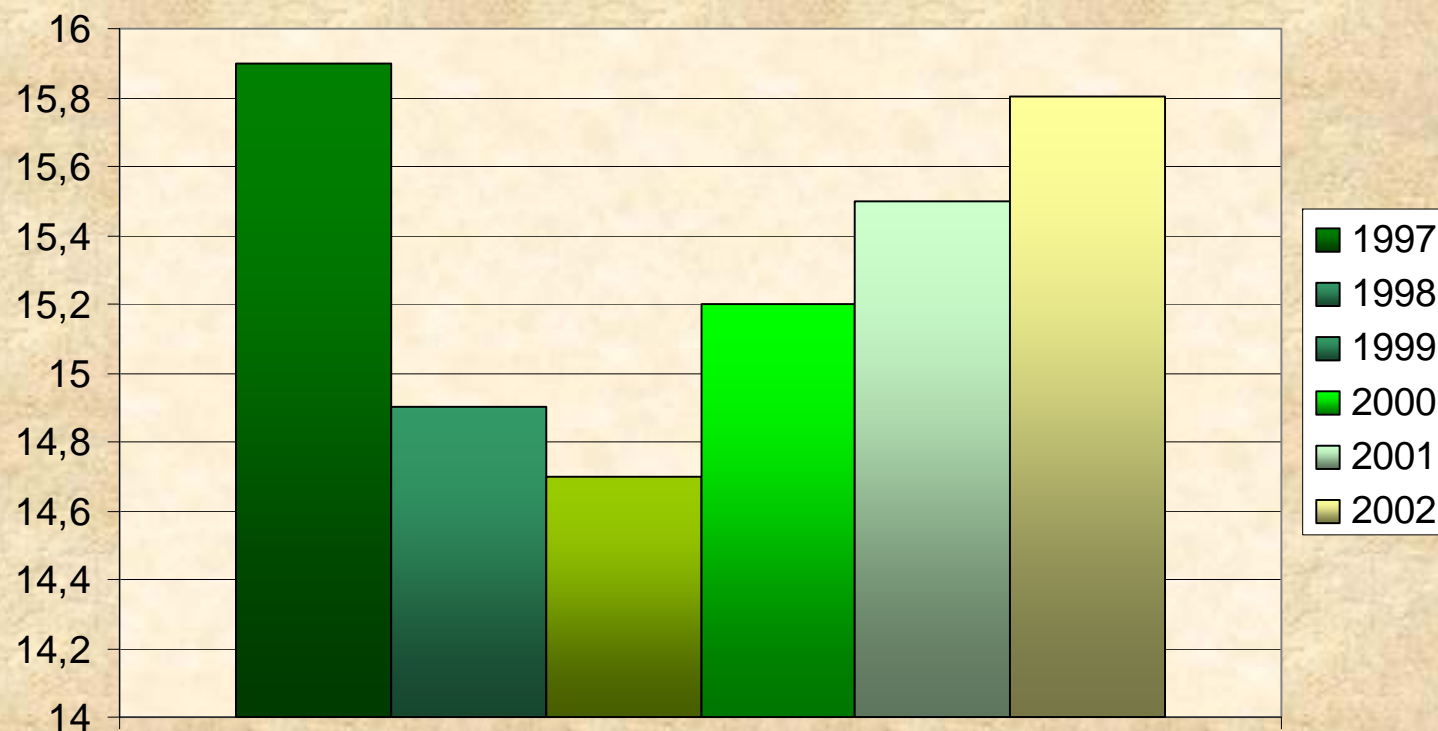
Main indices, % to previous year	2000	2001	2002	2003
GDP	110.0	105.1	104.7	107.0
Industrial sector	111.9	104.9	103.7	107.0
Agricultural sector	107.7	107.5	101.5	101.5
Capital investments	117.4	110.0	102.6	112.5

Dynamics of Energy Intensity and Energy Consumption in Russia



Growing emissions in RF

**Emissions of air pollutants from stationary sources
in Russia**



RUSSIAN ENVIRONMENT –HIGH LEVEL DISCUSSIONS AND PREPARATION OF DECISIONS

- Distribution of responsibilities among Federal authorities – MNR, Rostekhnadzor, Roshydromet, Rosprirodnadzor...
- Distribution of responsibilities between Federal and regional authorities: monitoring, control, expertise
- Kyoto Protocol realization: obligations and investment possibilities
- July 1 Resolution of the Government: Ecological payments have been changed (i.e. methane payments increased by 1000 times)
- Elaboration of new legislation – draft Law on Ecological payments

National Action Plan on Kyoto Protocol implementation - 1

Initiated by the decision of the Government of Sept 30, 2004

- **The purpose** – to fix the responsibilities of Federal Governmental bodies on realization of Kyoto Protocol in Russia
- **Consists of 4 parts** – P&M, Meeting Eligibility criteria, realization of Kyoto Mechanisms, International cooperation
- **Financing** – mainly through the budgets of the involved Ministries and approved Federal programs

Agreed by the Government of Russia in the end of February 2005 and now is under realization

It is a "living" document – corrections are possible

National Action Plan on Kyoto Protocol implementation - 2

- Participation of 15 Federal Ministries and Agencies. Agreed by all of them. NAP fixes the distribution of responsibilities among Russian ministries
- Takes into account the provisions of the draft medium-term program of socio-economic development (till 2008)
- We are open for discussions and contributions: draft NAP was presented at the WB workshop in January 5 and – in details - in the EC HQ in March 2005

**Upgraded by the decisions of the IAC KP
in July 2005 & October 2005**

National Action Plan on Kyoto Protocol implementation - 3

Realization of Kyoto mechanisms

- Development of Modalities, guidelines and procedures for JI projects in Russia – Ministry of Economic Development and Trade and others
- Negotiations with possible foreign investors (governments, companies, banks) on JI and ET - Ministry of Economic Development and Trade and others
- Forming of the Interagency commission on Kyoto Protocol - Ministry of Economic Development and Trade and others
- Preparation of proposals on changing Russian legislation for KM realization (if necessary) - Ministry of Economic Development and Trade and others

TOP Russian priority – to meet eligibility criteria

- Preparation of **annual** report to the Government on KP realization
- **Annual** corrections of the federal programs
- Governmental resolution on National system elaborated by Roshydromet, **agreed by participating Ministries and submitted to the Government**
- Governmental decision on National registry – **beginning of 2006**
- Calculation of AA – **3d quarter 2006**
- The authorities and responsibilities of the Federal ministries for the purpose of realization of KP to be clarified **by February 2006**

KP investment mechanisms – principle approaches

- JI second track. Advantage: projects can be started right now. We appreciate the early start. Disadvantage: risks of approval by Supervisory (JI) Committee, timing and relatively high transaction costs. **MAXIMUM – 20% OF TRANSFERRED REDUCTIONS IN RUSSIA**

Probable start – End of 2005

- JI first track – “in general” projects can be started right now. Countries have to agree on the bilateral basis – but how to manage the risk of Russian meeting eligibility criteria?

Probable start – End of 2006

- Green Investment Scheme – the same problems as for 2. Transaction costs for 2 and 3 can be lower than in case 1.

Probable start – 2007

- ET scheme. Voluntary agreements vs mandatory obligations. How to provide compatibility with the existing ET schemes?

Probable start – after 2010, (definitely if it will be realized)

WHAT HAS BEEN DONE SO FAR AND GOING TO BE DONE

- June 2005: Establishment of the Interagency Commission on KP realization in Russia – leaded by deputy Minister A. Sharonov (MEDT)
- July 2005: First sitting of the Interagency Commission (IC KP) on KP (in the agenda - realization of National plan, approaches to National legislation, agreements with countries)
- November 2005: Second sitting of the IC KP (in the agenda – II procedures, registry, National monitoring system and inventories, draft Law, responsibilities of Federal ministries)
- December 2005: 3 draft Resolutions are elaborated (2 submitted to the Government so far)
- **Scheduled sitting of the Government on KP (Feb 2006)**

Priorities for international cooperation on KM realization in Russia

- EU – Russian Energy and Economic dialogue (Common Economic Space discussions, workshops, TACIS and other programs)
- Preparation of bilateral agreements and cooperation with EU and non-EU countries (Denmark, France, Germany, Austria, Spain, Sweden, Canada) and JIBIC
- Cooperation in the Baltic sea region (it is necessary to come back to the Testing ground agreement)
- Cooperation with the International financial institutions (IBRD, RusCarbonFund, EBRD, GEF, NEFCO, ...)

Over 25 projects have got LoE so far



THANK YOU!

pluzhnikov@economy.gov.ru