



World Bank support for Kyoto Protocol Activities in Russia

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The World Bank

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Side Event
on the Implementation
of the Kyoto Protocol
in Russia



Outline



- World Bank experience with Carbon Funds
- Proposed World Bank Program of Technical Assistance to Russia
- Key partners in Russia



World Bank Carbon Finance Products



- **Prototype Carbon Fund:** \$180 million – Multi shareholder
- **Community Development Carbon Fund:** \$50 million - First Tranche will close at \$100 million in two months - Multi-Shareholder
- **BioCarbon Fund:** \$15 million - target \$40million - Multi shareholder
- **Dutch Government:** \$180 million
- **Italian Carbon Fund:** \$15 million, with further funding under discussion
- **Netherlands JI Facility:** \$35 million - Economies in Transition only (with IFC)
- \$ 290 million of Written Commitment to the World Bank from the **Danish Government** and the **Spanish Government**
- **Umbrella Carbon Facility** approved by the World Bank's Board yesterday.
- Total commitments to date is around US\$1 billion.
- Additional support for Technical Assistance.



The World Bank's Involvement in Russia's participation in KP mechanisms to Date



- WB held different workshops in Moscow on opportunities and challenges under the Kyoto Protocol
- Additional workshops on carbon finance projects, additionality, legal issues;
- Workshop with Gazprom
- Results: strong interest and perspectives for cooperation between Russia, the World Bank, UNDP, EU and others
- Additional workshops planned early next year
- Draft TOR for a broad WB TA and Green Investment Scheme (GIS) program
- WBank has made available some US\$1m through own funds and trust funds for TA program in Russia; still has to be endorsed by the Russian Government



Proposed World Bank Technical Assistance for GIS activities



- Review of Russia's emission trends across different sectors
- Assessment of AAU greening potential based on:
 - **corporate (RAO UESR, Gazprom) development plans**
 - **sectoral development plans**
 - **underlying investment requirements**
- Workshop for governmental officials, companies and regional authorities for discussion of the study's results



Proposed World Bank Assistance – Overview



- Perform an analysis and initiate a discussion among key policy makers on how to manage AAUs
- Build capacity of key experts in financial institutions, private business, industry associations, and public institutions
- Create a financial mechanism for the preparation of a sustainable project pipeline for carbon financing, including projects for implementation under GIS



Proposed World Bank Assistance - Component A



Capacity Building of Focal Points for JI and IET

- **Deliverables/Outputs:**

- Documents, to be used and shared with local experts
- Report on legal aspects that are related to the IET and JI process (I.e. the ERPA) and transfer of VERs
- Manual on contractual issues of the carbon finance business to explain and disseminate the knowledge to authorities and officials



Proposed World Bank Assistance - Component B ⁽¹⁾



Assessment of Russia's Potential for GIS

- Review of Russia's emission trends across different sectors
- Assessment of AAU greening potential based on:
 - corporate (RAO UESR, Gazprom) development plans
 - sectoral development plans
 - underlying investment requirements
- Workshop for governmental officials, companies and regional authorities for discussion of the study's results



Proposed World Bank Assistance - Component B ⁽²⁾



- **Deliverables/Outputs:**
 - Study of greening potential with priority sectors and technologies for investments
 - Report on the workshop for governmental officials, companies and regional authorities regarding study results and next steps



Proposed World Bank Assistance - Component C



Designing of a Green Investment Scheme (GIS)

Legal analysis on how GIS can be established considering constitutional law, regulatory requirements and legal precedents - in cooperation with local legal expertise

- Identification of options - with advantages and disadvantages - taking into account implementation capacity
- Consultations with internal and external stakeholders and organize a workshop to discuss outcome of legal analyses and next steps
- Deliverables/Outputs:
 - **Report on legal analyses of the establishment of a GIS**
 - **Recommendations for best options for the establishment of a GIS on the basis of consultations and a workshop for senior policy makers**



Proposed World Bank Assistance - Component D ⁽¹⁾



Developing Expert Capacity and a Portfolio of Projects for GIS and JI

- Determine target sectors for JI investments
- Develop a portfolio of potential emission reduction projects focused on Siberia and Far East
- Assess the feasibility of multi-project baseline methodology
- Establish JI baselines for selected sectors
- Deliver two workshops to project developers, financial institutions and gov, entities
- Develop project design documents (PDD) and assist in marketing those PDDs to various carbon buyers



Proposed World Bank Assistance - Component D ⁽²⁾



- **Deliverables/Outputs:**

- Guidelines for JI projects in selected sectors incl, case studies, to serve as manuals for involved parties
- Publication of a portfolio of potential JI projects
- Report on workshop:
 - in the Far East of Russia for stakeholders
 - in Moscow for potential domestic and internat, partners in GIS implementation



Key Russian Partners



- MEDT – in charge of Kyoto Protocol Mechanisms
- Other government institutions
- Large Russian companies like Gazprom, TNK BP, Surgutneftegas, RAO UES
- Medium size companies from the oil and gas sector
- District heating companies
- So far 30 project proposals received
- The World Bank will move ahead with some of these projects up to PDD stage
- Expectation: Regulatory Framework in place by early 2006

Thank you for your attention

The World Bank's Carbon Finance Business web address:

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