

Creating Value with Joint Implementation Projects in Russia



Russia has the largest potential for generation of carbon credits through a mechanism called Joint Implementation (JI).



Russian Ministries have been successfully involved in the implementation of the Kyoto Protocol.



Russia has started to approve JI Track 2 projects.



Western investors and carbon buyers are now in a position to monetise the large Russian JI potential.



ICF International offers a suite of services designed to help Russian and foreign companies along a pathway that creates maximum financial value from JI.

Russia has the largest potential for Joint Implementation (JI) projects among eligible countries. ICF International estimates that the risk-weighted potential of Emission Reduction Units (ERUs) likely to be generated in Russia in 2008-2012 is around 100 MtCO₂e per year.

The most interesting sectors for JI in Russia are: use of associated gas in the oil and gas sectors for energy production instead of flaring, coal mine methane, fuel switch from coal to gas and biomass in the electricity sector, efficiency improvements in the district heating and electricity sector, recovery of methane from landfills, and energy efficiency improvements at gas compressor stations. The most promising Russian industry sectors are forest-based industries, chemicals, iron and steel, aluminium, and cement sectors.

ICF has operated in Moscow as ICF/EKO since 1992 and is the oldest professional services firm to have continuous operations in Russia. The firm has been at the forefront of Russian climate change issues for over a decade and is currently engaged by the European Commission's TACIS programme to advise the Government of Russia on how to implement its Kyoto Protocol commitments. Our Moscow office has considerable expertise on climate change issues and has provided environmental and energy consulting services to such well-known, Russian-based companies as BP-TNK, Gazprom, and Sibneft.

ICF has nearly 20 years experience in the carbon markets. Our multi-disciplinary carbon management team includes more than 200 experts in strategy, energy markets, policy analysis, and techno-economic assessment. ICF's market-leading expertise has been demonstrated through working with more than 50 companies among the FT500 including the power generation, oil and gas, steel, cement, pulp and paper, minerals, chemicals, aluminum, waste management, financial services, and aviation sectors. We have performed due diligence on more than 200 proposed carbon credit projects (proposed under Joint Implementation and Clean Development Mechanism).

JI Readiness in Russia

Russian Ministries are actively involved in the implementation of the Kyoto Protocol requirements that would allow Russia to be eligible under JI Track 1 and under International Emissions Trading. As of 1 May 2008, these are the latest developments:

- **Ratification:** Russia ratified the Kyoto Protocol on 18 November 2004.
- **Calculation of the Assigned Amount:** Assigned amounts calculated.
- **National System for GHG Estimation:** Russian government approved on 1 March 2006 the Order "On the national system for GHG estimation." Carbon sinks methodology in forests was developed by the Ministry of Natural Resources (MNR). Inventory in 7 Russian regions was made under UNFCCC guidelines.
- **National Registry:** Russian government Order "On the Russian registry of GHG units" was passed by the government. The registry administrator is appointed by the MNR.
- **National Annual Inventory Submitted to the UNFCCC:** Roshydromet and MNR submitted 2006 GHG inventory and are in the process of submitting 2007 inventory.
- **Supplementary Information:** Provided together with the Assigned Amounts.
- **JI Focal Point:** The Ministry of Economic Development and Trade (MEDT) is appointed as the Russian JI Focal Point.
- **JI Guidelines and Procedures:** A JI decree was issued by MEDT. More than 30 JI projects are under review by the government.

About ICF International

ICF International (NASDAQ:ICFI) partners with government and commercial clients to deliver professional services and technology solutions in the energy and climate change; environment and infrastructure; health, human services, and social programs; and homeland security and defense markets. The firm combines passion for its work with industry expertise and innovative analytics to produce compelling results throughout the entire program life cycle, from research and analysis through implementation and improvement. Since 1969, ICF has been serving government at all levels, major corporations, and multilateral institutions. More than 3,500 employees serve these clients worldwide. ICF's Web site is www.icfi.com.

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