

CLIMATE CHANGE POLICY IN RUSSIA, UKRAINE AND KAZAKHSTAN

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Abstract

Russia, Ukraine and Kazakhstan entered United Nations climate change negotiations with encouragement from developed countries. Each of these post-Soviet states stood to benefit from the flexible mechanisms and incentives to reduce emissions embodied in the Kyoto Protocol, and the global environment would benefit as well. However, the effectiveness of the climate change regime depends on two preconditions: entry into force of the treaty, and establishment of credible domestic structures to regulate the use of flexible mechanisms in each member state. Both of these preconditions have proven problematic, but all three states have continued to participate in the process and have enjoyed some successes both internationally and domestically.

This paper examines the evolution of climate change policy in each of the three states. Topics considered include each country's role in international negotiations; the sources and changes in government leadership on the issue; the roles of non-governmental organizations; and the international financial assistance provided for climate policy. The policies and practices of these states are evaluated comparatively, with an eye towards distinguishing the differences in their approaches, as well as key policy successes and failures.

Introduction

The states of Russia, Ukraine and Kazakhstan each entered into the process of the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties negotiations with strong encouragement from the developed states, especially the United States. The proposed flexible mechanisms embodied in the Kyoto Protocol offer great opportunities to these states, as the costs of emissions reductions in those states are relatively low. According to World Bank estimates, in the Year 1996, Russia ranked third in the world for total CO₂ emissions, and Ukraine ranked 11th. Kazakhstan, with its sparse population, had significantly lower total emissions, but its emissions per capita ranked 15th in the world.¹ These three states could clearly benefit from incentives to reduce emissions, and the global environment would benefit as well.

However, the ability to benefit from the regime is contingent on two vital preconditions: entry into force of the treaty, and establishment of credible domestic structures to regulate the use of flexible mechanisms in each member state. Both of these preconditions have proven more problematic than the three case states originally anticipated, but all three states have continued to participate in the process, and have enjoyed some successes both internationally and domestically.

This research examines the evolution of climate policy in the three case states, including each country's role in international negotiations; the sources and changes in government leadership on the issue in each country; the sources and leadership of non-governmental organizations in each country; and the international financial assistance provided for climate policy in each country. The policies and practices of these states are evaluated comparatively, with an eye towards distinguishing the differences in their approaches, as well as the key greenhouse gas (GHG) -relevant policy successes and failures of these states. A brief synopsis of the policy characteristics of each state is provided in Table 1 on the following page.

¹ See Table 1 in McClelland, p. 8. (In the case of all footnotes, full author citation can be found in the references section of this paper beginning on p. 30)

TABLE 1: SUMMARY OF POLICY CHARACTERISTICS

	<i>Russia</i>	<i>Ukraine</i>	<i>Kazakhstan</i>
<i>International Negotiations</i>	<ul style="list-style-type: none"> - In compliance with UNFCCC reporting obligations. - Active member of Umbrella Group. - International hostility towards “hot air” led to promises of env. investment. - “veto state” on the Protocol. 	<ul style="list-style-type: none"> - Not in compliance with UNFCCC reporting obligations - May withdraw from Umbrella Group due to domestic challenges. - Ambivalent on a number of internationally contentious issues 	<ul style="list-style-type: none"> - In compliance with UNFCCC reporting obligations for non-Annex I countries - Member of Umbrella Group, observer status. - Proposal to join Annex I is facing some resistance.
<i>Government Leadership in Climate Policy</i>	<ul style="list-style-type: none"> - Long-standing competition between agencies for leadership/control. - Competition between Moscow elites, regional elites and business elites. - Parliament beginning to assert its role. 	<ul style="list-style-type: none"> - Broadest domestic participation. - Most fractured decision making process - Limited governmental leadership. 	<ul style="list-style-type: none"> - Limited domestic participation. - Coherent decision making process. - Domestic debate on a target likely to grow.
<i>Non-Government Leadership in Climate Policy</i>	<ul style="list-style-type: none"> - Principally corporate, pro-flexible mechanisms - NGO Coalition is pro-flexible mechanisms 	<ul style="list-style-type: none"> - lead NGO group, the NGO Network has strong Green agenda 	<ul style="list-style-type: none"> - Business involved in pro-flexible mechanisms support - Oil community opposed to target
<i>Policy successes</i>	<ul style="list-style-type: none"> - Official, registered AIJ projects of different types - Parliament involvement - Informal agreement to invest “hot air” gains in environment - Voluntary emissions tracking/reductions from industry 	<ul style="list-style-type: none"> - Focus on energy efficiency - Informal agreement not to engage in “hot air” trade in the first budget period. - Projects identified - NGO access to decision making 	<ul style="list-style-type: none"> - Clear process for AIJ established - Procedures for AIJ investment clear. - Well-developed project proposals available.
<i>Policy challenges</i>	<ul style="list-style-type: none"> - Contested mandate of IAC² - Poor tracking/ reporting of existing AIJ projects - Limited government capacity - Corruption - Weak regulatory capacity 	<ul style="list-style-type: none"> - Dysfunctional IAC - Lack of consensus on appropriate procedures - Very limited government capacity - Corruption - Weak regulatory capacity 	<ul style="list-style-type: none"> - Annex I prospects unclear - Possible resistance to target from oil community - Limited govt and regulatory capacity - Corruption - Center mandate limited in # of tons

² Each of the three case states has an Inter-Agency Commission that oversees climate policies. This abbreviation will be used for all three, although the character of the IAC is different in each state.

Russia

Russia in international negotiations

In the international climate negotiations sphere, Russia has historically had an impact on the direction of negotiations; it is even more empowered at the present moment, since its large level of emissions gives it a “veto power” over the survival of the Kyoto Protocol in the absence of US participation.³ One sign of the new status enjoyed by Russia was the presentation, in late June 2001, of Conference of the Parties (COP6) President Jan Pronk to the Russian Duma hearings on ratification of the Protocol. Pronk received and seriously considered Russia’s objections to the proposal he was preparing for COP6-Bis, and the key concerns were incorporated into the final statement issued from COP6-Bis in late July 2001.

Russia submitted its First and Second National Communications on time, and plans to deliver its Third National Communication at COP-7. Russia has enjoyed a number of earlier negotiating successes in the climate sphere; most importantly it provided the original impetus for the Umbrella Group,⁴ a negotiating Block until recently led by the United States. Russia also enjoys a high binding target (100% of 1990 emissions) under the Kyoto Protocol.⁵ Part of Russia’s success in international negotiations comes from its ability to make use of negotiators whose experience in environmental treaties dates back to the 1970s, to early agreements with Europe about long-range transboundary air pollutants (LRTAP).⁶

³ The Protocol will enter into force 90 days after it is ratified by at least 55 countries, representing 55% of the world’s total emissions. In the absence of the US, it will be impossible to pass the 55% barrier without Russia.

⁴ Early in the COP3 negotiations, Russia contacted the US State Department through its embassy in Washington, and proposed creation of a negotiating block to counter the EU. The Umbrella Group was the eventual result.

⁵ Interviews have suggested that Russia’s high target was partly a result of US efforts, and partly a result of having sent a delegation that did not have high enough legal status to commit Russia to anything more stringent than what it had already agreed to in the earlier UNFCCC agreement. Apparently, Russia did not expect that COP3 would end in binding commitments.

⁶ See Darst, especially the chapter on LRTAP negotiations. Familiar characters from the COPs, especially Yurii Izrael’ and Victor Danilov-Danilyan had Soviet experience with negotiations, and had already established a reputation for being hard and successful negotiators in the early perestroika era.

Government leadership in Russian climate policy

In spite of its successes in the international sphere, Russia's domestic climate policy house is not all in order. Although an Inter-Agency Commission has existed in one form or another since 1994, with a mandate to coordinate on matters of climate, policy making has been hampered by on-going and acrimonious competition within the government for leadership of the issue. The current dominant government party is RosHydromet, the Russian Hydrometeorological Service. Although it appeared for some time that the State Committee on Environment would absorb the RosHydromet and thus win a long-running debate, instead the State Committee itself was dissolved, and reconstituted as a branch of the Ministry of Natural Resources. RosHydromet remains independent, and retains leadership in climate policy.

Critics of RosHydromet's role argue that it took over leadership on this issue in 1994, when climate obligations were conceived of largely as research and monitoring issues. Now that fundamental questions of energy, economics and international trade are also at stake, there are efforts from many corners to redistribute power over this issue. RosHydromet's insistence that it is entitled to manage all domestic aspects of treaty participation from Joint Implementation projects to registries to inventories has strengthened the opposition – especially in the light of evidence of recent mismanagement of Activities Implemented Jointly (AIJ) projects.

The Inter-Agency Commission's effectiveness has suffered from the acrimonious debates about leadership that have been on-going for several years. If Russia has been helped in the international negotiations by its wealth of Soviet-era experience, it has probably been hurt in the domestic arena by the same thing. Competition between many of the key agencies and players predated climate change.

The Inter-Agency Commission has existed since 1994. It has traditionally been chaired by the head of RosHydromet. The Commission is not a State Committee, and therefore its recommendations do not carry the force of law. Its membership and status can only be altered by decree of the president or

prime minister.⁷ The Cabinet is currently considering a proposal to elevate the status of the Inter-Agency Commission, an act that would presumably give more leadership role to the Ministry of Economy.

If the Ministry of Economy finds itself in a greater leadership role, it will then be necessary for the Ministry either to put together a team of experts with the knowledge necessary to manage the issues – or to set up a clear distribution of responsibilities across government agencies. The Ministry of Economy’s level of interest in this issue is conditioned by international pressure and by domestic pressure. How much international pressure there will be to move forward with climate policies remains unclear, although Europe is now likely to increase this pressure in an effort to fulfill the stated goal of the Kyoto Protocol entering into force in 2002.

One Institute that may benefit from a re-distribution of influence over climate policy is CPPI (the Centre for Preparation and Implementation of International Projects on Technical Assistance). This is a quasi-independent entity, originally established by the now-defunct State Committee on the Protection of Nature as an institute empowered to work with international donors. CPPI is now under the supervision of the Ministry of Natural Resources, and also answers to the Ministry of Economy and the Ministry of Finance, since it manages some large-scale donor projects. It has a successful history of World Bank and other international project management, and is currently tasked by the World Bank with developing the second National Climate Strategy.

A relatively new government force in climate policy is the Parliament Committee on Ecology, which is tasked with moving the Kyoto Protocol forward towards ratification. Duma⁸ hearings on the Protocol were convened in June in response to this need, and included statements from all the agencies involved in climate change – including the NGO and the business communities. The Parliament Committee is now committed to providing the Duma by mid-September with its recommendations about what domestic measures must be taken in Russia before it can consider committing to the Kyoto Protocol. One potentially divisive issue is that the Parliament Committee is currently inclined to discuss initial

⁷ Mondshine, pp. 16-17. For an excellent synopsis of Russian climate policy structures in 1999-2000, see section 3.3.2 of Mondshine et al.

domestic allocations and ratification of the Kyoto Protocol at the same time. It is leaning towards a scheme that will provide some allocations to the federal government, some to the regional governments and municipalities, and some to large corporations. Some of the regions of Russia are already preparing their arguments about what their initial allocation should be and why these allocations will be better managed at the regional, rather than the national level. This issue promises to become one of the ways in which the regions will choose to fight the larger current trend of re-consolidating power at the center. Dissension regarding the initial allocation scheme may interfere with a timely vote on ratification, making it difficult for Russia to play its role in bringing the Protocol into force in 2002.

Non-governmental actors in Russian climate policy

The principal non-governmental force in policy development about climate is corporate.⁹ RAU-ES, the largest electricity company in the country, appears determined to replicate the experience of BP-Amoco, whereby the forward-thinking policies of an oil company enabled it to become a leader in climate change policy, and a contributing designer to the UK national emissions trading system.

In pursuit of this goal – and in an effort to defend an initial allocation for itself – RAU-ES has undertaken an internal inventory that received high marks from outside auditors and has also established a Carbon Energy Fund. One current task of this Fund is providing pro-bono advice to the Parliament Committee on how best to structure domestic trading rules. In recognition of the corporate role in emissions – and therefore logically, emissions reductions – two spaces on the Inter-Agency Commission are reserved for corporate representatives.

NGOs are also playing a role in policy development. Many trans-national NGOs are helping shape the debate and providing support for lead experts. In addition, a Coalition of Russian Organizations on Climate Change, chaired by Eco-Accord, is attempting to improve public education on the issue. The Coalition is supportive of flexible mechanisms, but one of its top priorities is to hold the Russian

⁸ The Duma is the lower house of the Russian Parliament.

government to the promise it made at COP6, and subsequently, to devote revenues from emissions trading to investment in further emissions reductions. The Coalition is also pressuring for more openness in the Activities Implemented Jointly programs and other activities currently managed in a relatively closed manner by RosHydromet.

International donors in the Russian climate policy process

International donors are cautious. Given the acrimonious competition for policy leadership in Russia, the international donor community has been at a loss about how to best participate in climate policy formation without appearing to “pick the winners.” A number of states, including the United States, Sweden, and others, have settled on developing AIJ projects – many of which are not accredited through the Hydromet.

Others, such as the World Bank, have chosen to work with trusted partners such as the CPPI, in spite of the fact that this agency lacks clear authority. The donor projects have provided some useful baseline opportunities, but have also led to donor fatigue, when efforts to re-register projects that began without initial authority come to nothing. Some of the best projects that address emissions reductions or sequestration are happening outside of the RosHydromet/UNFCCC official system, and are hence neither receiving the international recognition they deserve, nor positioning themselves to be converted into Joint Implementation projects when the AIJ phase of projects ends.

Russia has been the recipient of World Bank assistance for climate policy, together with US Country Studies assistance, and UN Global Environmental Facility resources. The US identified Russia in its 1997 Climate Change Action Plan as one of the nine priority countries for US assistance.¹⁰ Due to the problems noted above, the US has focused its efforts and resources on forest policy, rather than on development of climate policy per se. The reforestation and fire prevention programs supported by the

⁹ RAU-ES and other lead corporate actors are currently parastatals, although negotiations concerning privatization of the energy sector in Russia are now very much in the news.

¹⁰ See Table 2, McClelland, p. 12.

US government have yielded important successes and provided powerful examples.¹¹ Russia has also been the recipient of World Bank assistance for climate policy, US Country Studies assistance, and UN Global Environment Facility resources.

Ukraine

Ukraine in international negotiations

In the international negotiations sphere, Ukraine has been a “policy taker” rather than a “policy maker,” participating with limited delegations and limited expertise at the Conferences of the Parties all the way up until COP6. In fact, although it signed the UN Framework Convention on Climate Change in 1992, Ukraine did not ratify the UNFCCC until October 1996, and finally became a Party to the UNFCCC May 1997. Ukraine had persistent difficulties in managing communications with the UNFCCC Secretariat both before and after ratification. Ukraine was the single Annex I country that failed to submit its first National Communication prior to COP3. Ukraine submitted its First National Communication in 1998.

Its Second National Communication (specifically the emissions inventory) was due to the UNFCCC April 15, 2001,¹² but Ukraine was unable to meet that deadline. At the present, completion of its Second National Communication in time for COP7, scheduled for November 2001, is anticipated. Since it had not yet been submitted when the Kyoto Protocol was drafted, it does not count towards the “entry into force” calculation.¹³ This accounts in part for why Ukraine is not being heavily courted by Europe in the rush towards Kyoto ratification by 2002. Ukraine, like Russia, has an emissions target under the Kyoto Protocol that commits it to a ceiling of 100% of 1990 emissions. This target was obtained in the COP3 negotiations at the last minute, by Ukraine’s insistence that its obligation should be no more stringent than Russia’s.

¹¹ The Russia reforestation program increased seedling production from a base of 6,500 to over 1.2 million in 1997, and to 2.5 million by 1999. See McClelland, p. 20.

¹² Mondshine, p. 7.

¹³ Grubb, pp. 253.

This generous ceiling has been as much a curse as a blessing so far, as domestic NGO critics in Ukraine have joined the Europeans and international NGOs in criticizing Ukraine's "hot air." Ukraine is a member of the Umbrella Group negotiating block which advocates full use of the flexible mechanisms, but it is not a very active member, and domestic pressures are leading Ukraine to consider changing that affiliation.

In spite of its relatively limited participation in the international sphere, Minister Belov, a delegate from Ukraine was elected vice-president of COP5, with a term running from the beginning of COP5 through COP6. Election to such an office is understood as an honor recognizing impressive language, management and negotiating skills.¹⁴ Belov lost his position in a Ukrainian government reshuffle shortly after COP5, and Viacheslav Lapinsky, who replaced him in his post in Ukraine also replaced Belov in his official UNFCCC capacity by request of the government of Ukraine.¹⁵ Since election of a new vice president never made it onto the docket of COP6, Lapinsky continued to use the title Vice President up until COP6-Bis as well.¹⁶

Government leadership in Ukrainian climate policy

Ukraine has an Interministerial Commission on Climate Change, established in 1999 by Resolution of the Cabinet of Ministers, and re-consolidated in 2000. The Commission has approximately 20 members, and is tasked with fulfilling Ukraine's obligations under the FCCC, including the design and implementation of a national strategy and action plan on climate change. Representatives serve on the Commission from the ministries and departments, the Rada, the Administration of the President, the National Academy of Sciences and the Cabinet of Ministers.¹⁷

¹⁴ Gupta, p. 77. Gupta also notes that officers in formal positions are no longer able to represent their country. Since Belov had significant diplomatic skills, but Ukraine did not have clear positions on the issues, he was an ideal candidate.

¹⁵ Lapinsky's official title is Head of the Department of Hydrometeorologic Services of the Ministry of Ecology and Natural Resources. He was the Director of the Hydromet before it was merged into the Ministry.

¹⁶ In the absence of an official National Focal Point for Ukraine, Lapinsky continues to wield some authority in Ukraine on the basis of his assumed Vice Presidential role.

¹⁷ For a detailed discussion of the Commission in 1999, see Mondshine, pp. 13-15.

The Ministry of Environment and Natural Resources of Ukraine, which has the lead on climate change issues, is – together with the rest of the Government of Ukraine – in a period of “radical reform.” In concrete terms, this means that Ukraine has seen three Ministers of Environment in the period between COP5 and COP6-Bis. Political appointments run deep into the ministerial structure, so each change in leadership is followed by large-scale changes in personnel.¹⁸ Other Ministries have seen similar turnovers, coupled with changes in the structure of the Ministries themselves.

In the same time period between COP5 and COP6-Bis, for example, the Ministry of Energy and the Ministry of Fuel were consolidated into the Ministry of Fuel and Energy, and nuclear energy was added to the Ministry’s mandate.¹⁹ One immediate result of so much change is that Ukraine went into COP6-Bis without an identified National Focal Point, and without appointing new members to its Interministerial Commission on Climate Change. The new government has eliminated the post of Deputy Ministers in all ministries as of June 2001. This has a direct impact on the Commission, since most members were Deputy Ministers. In addition, the Cabinet of Ministers order establishing the Commission names each member by name rather than position, causing complications with each government turn over.

The Rada (The Ukrainian Parliament) has sought to have some limited input on climate policy, mostly in the person of Deputy Yuri Samoilenko, but has not taken leadership in any decisive way. Ukraine, unlike Russia, has seen little competition for leadership of climate policy. In fact, many Ukrainian experts interviewed indicated that a lack of opinion on this issue at most levels of the Ukrainian government is a serious impediment to progress. There has been a great resistance on the part of the Commission to undertake any agreements that are binding, and a sense that accountability is a difficult issue in a period of “radical reform.”

¹⁸ Interview with Olexander Bogachov, Secretariat of the Cabinet of Ministers of Ukraine, 21 June 2001, Kiev. Bogachov noted that there is discussion about creating a professional cadre of government bureaucrats to reduce the impact that each change in leadership has on the Ministries, but to date it has not been done.

¹⁹ Interview with Irina Igorivna, Ministry of Fuel and Energy of Ukraine, 21 June 2001, Kiev.

Non-governmental actors in Ukrainian climate policy

“Our government is like a train station. People are coming and going so fast you don’t know how to work with them. In such a climate, NGOs are actually more stable.”
--Coordinator of the NGO Roundtable, Stanislaus Potapenko

Non-government actors in climate policy in Ukraine are numerous. The continuous changes in government, coupled with a fairly small group of real specialists on the issue, has led to a marked fluidity of affiliations. For example, the Canadian climate change policy project is staffed by climate experts who were ousted from the Ministry of Environment in one of its previous turnovers. These staff members are able, from their Canadian post, to continue promotion of policies they initiated while government officials. The chief technical officer of the U.S. Climate Change Initiative has worked on climate issues as a government employee, an NGO employee, and now as a USAID contractor.

Non-governmental organizations are seeking to play a strong role in pushing Ukraine to develop a coherent climate policy. The access and influence of the NGO community in Ukraine is much more significant than in the other two case states. The newly appointed Minister of Environment and Natural Resources, Serhiy Kurkin, is himself a Green, with strong NGO connections. He has promised the NGO Network on Climate Change an increased role in developing government policies on this issue.²⁰

There are two main NGO communities – one that contains climate expertise, and includes organizations such as Arena-Eco and the Ukrainian Society for Sustainable Development. Project expertise is somewhat concentrated in these organizations, and these actors tend to be supporters of flexible mechanisms. Many in this group have served terms in the government, as mentioned above. Their common agenda is to push the government to fulfill its commitments under the UNFCCC, and create the conditions necessary for investment in GHG mitigation.

The second NGO community, which is organized into the NGO Network on Climate Change, is more radicalized, and pursues a climate policy agenda that is very close to that of the European Greens. A representative of the Alliance to Save Energy coordinates the NGO Network, which has its own place

on the Ukraine Climate Change Initiative web page. The NGO Network tries to debate issues internally, and then speak as a group, but it has recently dropped its self-imposed commitment to full consensus on every statement put before the government.

The NGO Network as a whole is strongly influenced by European NGOs and Green movements on the issue of climate change, and is opposed to many aspects of the treaties that the government of Ukraine might otherwise view as advantageous (particularly use of nuclear power, “hot air” and “sinks”). The NGO Network sees limiting the participation of Ukraine in international greenhouse gas emissions trading as an important priority.²¹

Some outside observers have guessed that Ukraine’s NGO Network has “fallen under the influence” of the Climate Action Network, but the truth is that the NGOs which comprise the NGO Network have strong European connections in many spheres.²² NGO Network representatives, funded by small donations from a variety of sources, turned up in force at COP6, with the principal goal of pressuring their own delegation on emissions trading issues. It is an express goal of many members of the NGO Network to convince Ukraine to join the CG11 negotiating block (comprised mostly of East European states), rather than continuing its involvement with the Umbrella Group.

The NGO Network approached newly-appointed Minister Kurkin with a proposal to include six representatives of the Network in the three working groups that support the Interministerial Commission, and one representative of the Network on the Commission itself. Minister Kurkin has accepted their nominations for the working groups, and has stated that he is considering extending one representative of the Network a non-voting seat on the Commission itself.²³ Meanwhile, as the Network’s access improves, its positions are becoming somewhat more tempered. The most recent “Open Letter to Leaders

²⁰ The NGO Network on Climate Change held a rally in Kiev on climate change in early June. The newly appointed Minister of Environment and Natural Resources, Kurkin, attended the rally and gave a speech.

²¹ See “Open Letter to Leaders of Ukraine,” www.climate.org.ua/whatdone/ngo.OpenLetter.html.

²² Olexi Pasyuk, an active member of the Network, is also one of five International Coordinators for BankWatch, an NGO which monitors investments of major international financial institutions (IFIs). He and other leaders are closely involved with European environmental politics.

²³ Interviews with NGO representatives, June 2001, Kiev.

of Ukraine” sent by the Network is pursuing much more attainable political goals than the Open Letter to the COP6 delegates, which had urged delegates to oppose emissions trading in all its forms.²⁴

International donors in the Ukrainian climate policy process

In recognition of Ukraine’s late start in climate policy, and of its emissions reduction potential, Ukraine has in recent years been the recipient of significant international bilateral assistance. According to USAID reporting: “Excluding Global Bureau funds, Ukraine was the largest single recipient of USAID global climate change resources in FY 1999 at \$11.1 million.”²⁵ This figure overstates the actual investment in climate policy, since it counts a number of projects, such as projects in energy efficiency, in which reduced greenhouse gas emissions are a side benefit rather than a primary goal. In any event, USAID has been an important contributor. Much of the leadership in climate policy since 1999 has come from a mostly USAID-funded project, the Climate Change Initiative, which is serving the ad-hoc role of a coordinating center on climate policy. The United States has not been the only donor. Ukraine is also receiving significant support from Canada and has cooperation agreements with Finland, the United Nations GEF Facility, and the World Bank. Specific project-based efforts in emissions monitoring have been sponsored by the Dutch.

The donors in Ukraine have put an unusually high priority on donor coordination. Through the establishment of a donor roundtable, which meets twice monthly and includes Ukrainian government officials from the Commission, the donors remain regularly in touch with each other and with the needs expressed by the Ukrainian government. Donor coordination has enabled the Canadian Development Agency, CIDA, to pick up aspects of the Climate Change Initiative that will no longer be funded under the Bush administration.

The donors have also met as a group with the NGO community to reflect on its needs, although the emphasis of all donors remains the government itself. There are clear differences in style and in

²⁴ See the NGO section of the Climate Change Initiative website, at www.climate.org.ua to compare these letters. They are available on the site in English translation.

emphasis among the donors, but there do not appear to be strong ideological differences as to what institutions and policies Ukraine needs to address climate issues effectively. The most frequent criticism of climate policy in Ukraine is that it is donor-driven rather than led by a domestic constituency. The NGO Network is gaining increasing influence on the process, but it continues to receive limited funds.²⁶

Kazakhstan

Kazakhstan in international climate negotiations

Kazakhstan has sought to be a “policy maker” in the Conferences of the Parties since COP4, when Minister Serdik Daukeev of the Ministry of Environment and Natural Resources delivered Kazakhstan’s First National Communication and announced that Kazakhstan was prepared to take upon itself a quantified target for GHG emissions reductions, and wished to join Annex I of the UNFCCC and Annex B of the Kyoto Protocol. But joining Annex I has proven more complex than Kazakhstan imagined.

During the drafting of the Kyoto Protocol (which took place at COP3), the COP Chairman, Raul Estrada-Oyuella was compelled to remove a proposed article to the Protocol. This article, originally designated Article 10 and later Article 9 in the drafts, provided an explicit way in which a country not originally included in Annex I might take on a voluntary quantified commitment. Chairman Estrada had drafted this article himself, but the G77 felt that such an article implied the possibility of future pressure on developing countries to take commitments. When the article was removed, nothing was put in its place.²⁷

When Kazakhstan expressed its desire to take on a binding commitment, the debate was reopened. In the absence of an obvious alternative procedure, it was assumed that an open vote on the floor of the Assembly – the procedure described in Article 15 of the UNFCCC – would be necessary at COP5

²⁵ McClelland, p. 3.

²⁶ The NGO Network is divided on the desirability of accepting bilateral funds, as it is unwilling to accept any resources that come with conditions – or the perception of conditions – attached. The CCI and its sub-contractor, the Alliance to Save Energy, have played a helpful coordinating role for the NGOs.

in order for Kazakhstan to join Annex I. Kazakhstan pursued this option, but eventually “voluntarily” tabled discussion of its accession to Annex I, under pressure from many of its allies. In return for agreeing to table the discussion, Kazakhstan requested that the issue be re-opened at COP6.

As COP6 approached, Kazakhstan, in consultation with its allies, withdrew its request to join Annex I via Article 15, because it did not believe that a consensus vote could be achieved. However, in tandem with withdrawing its request to join via Article 15, Kazakhstan notified the Secretariat that it intended to join Annex I via Article 4.2 (g). International lawyers from the UNFCCC and from private legal companies reviewed the article, and deemed it to be fully legitimate, but most countries were unaware of this possible approach, and the legitimacy of using it is poorly understood. Under Article 4.2(g), Kazakhstan will become an automatic member of Annex I when the Kyoto Protocol enters into force.

Even if joining Annex I under Article 4.2(g) achieves wide acceptance, Kazakhstan is still faced with a moving target in the international negotiations. It cannot engage in emissions trading or in Joint Implementation until it has an accepted emissions reduction target. The targets assigned in the Kyoto Protocol were achieved by negotiation, so Kazakhstan is faced with the task of proposing a justifiable target in the absence of precedent. Kazakhstan has been trying to develop macroeconomic analysis in order to justify a target, but the difficulties of making credible macroeconomic projections in an economy in transition are formidable. The problem is further complicated by the G-77, which is opposed to “voluntary commitments,” because it contends that adding to the number of Annex I/Annex B countries threatens to increase the “hot air” problem, and will lead to an increasing number of counter-proposals for possible new methodologies for indexed, rather than fixed, targets.²⁸

The issue was further complicated when an expert review of its National GHG Inventory caused Kazakhstan to conclude that the baseline year would have to be changed from 1990 to 1992. This was justified politically, since 1992 was the first year of independence, and methodologically, because

²⁷ For a full discussion of this proposed article of the Protocol and its subsequent removal, see pp. 109-111 in Grubb.

²⁸ For good coverage of the developing country climate commitment debate, see Baumert et al.

dividing up the Soviet emissions among successor states had to be done in a somewhat arbitrary manner.²⁹ Kazakhstan arrived at COP6 with a new, official inventory of 1992, and announced its intention to change the baseline year.

It remains unclear if there is any legal barrier to doing so, but Kazakhstan's announcement caused private criticism from the Russia and Ukraine delegations, who felt that calling into question the justifiability of 1990 as a baseline year was counter to their interests.³⁰ Kazakhstan expects to produce the Second National Communication in time for COP7 in October 2001, but it remains unclear if it will propose a target at COP7, and when it will be willing to open the internal projections of future GHG emissions to the international community.

In the midst of so much uncertainty, Kazakhstan has found substantial support from the Umbrella Group negotiating block, which has given Kazakhstan observer status, in support of its bid to join Annex I/ Annex B. The Umbrella Group has been very active in supporting Kazakhstan's agenda, and in advising Kazakhstan of policy alternatives when the negotiations don't seem to be going as it had hoped.

Kazakhstan also participates in a less visible bloc at the Conferences of the Parties, and in some sense is this block's biggest supporter. At COP6, Kazakhstan helped organize a group of non-aligned economies in transition into the informal group, CACAM (Central Asia, the Caucasus and Moldova). Kazakhstan is playing a background role in this organization, since the Umbrella Group is a more useful bloc for its purposes. CACAM was conceived as a way to help the small delegations of these states divide work among themselves and thus have more impact on the negotiations.

Kazakhstan, as the most experienced negotiators among the CACAM group, tries to share strategies and expertise to the extent possible. In the longer term, Kazakhstan hopes that some of these states will also develop an interest in taking on voluntary commitments – but it recognizes that such commitments are more likely to be indexed targets than the Annex I approach Kazakhstan itself is following.

²⁹ See MNREP (2000), especially pp. 9-10, and 58-61.

Government leadership in Kazakh climate policy

Government leadership in Kazakhstan has been characterized neither by fierce competition nor by apathy. Rather, a small group of interested parties across a number of ministries have cooperated in an effort to advance climate policy and have succeeded in defining the terms of the debate so far. However, there are some pockets of real, substantive resistance to Kazakhstan taking on a binding target, based on the high risks and uncertainties involved.

The Ministry of Natural Resources and Environment (MNER) holds the effective lead on climate issues, and the Climate Change Coordination Center remains a quasi-governmental institute under its auspices. Additional leadership has come from KazNIIMOSK (The Kazakh Research Institute for Environment Monitoring and Climate), the Ministry of Economy, and to a lesser extent, the Ministry of Energy, Industry and Trade.

The Director of the Climate Change Coordination Center, Kanat Baigarin, has been in place since the Center's establishment in early 2000 and remains a national focal point. The Center received broad-based support at the outset in part because Baigarin was recommended as the director by both the Ministry of Natural Resources and Environment, and by the Ministry of Energy, Industry and Trade. The latter had hoped to establish the Center under its own auspices rather than under MNER, but agreed that Baigarin – a nuclear physicist by training – was the right director for the Center.

The Interagency Commission on Ratification of the Kyoto Protocol and Implementation of Kazakhstan's obligations under the UNFCCC was established by government decree in April 2000, and has met three times since its founding. Some turnover of representatives has occurred, but the Commission has retained a critical mass of expertise. Chairmanship of the Commission is held by the Minister of Economy, with the Minister of Natural Resources and Environmental Protection serving as the Deputy Chair. The Commission has representation from nine Ministries and observer spaces for NGOs, the Majilis (Parliament) and industry.

³⁰ By contrast, the representative from Kyrgyzstan (which had just ratified the UNFCCC) found Kazakhstan's

The Climate Change Coordination Center is defined as the working arm of the Commission, and has been in existence somewhat longer than the Commission.³¹ The Climate Change Coordination Center has also worked with the Majilis Committee on Environment and Nature Use to prepare a draft law on atmospheric protection and protection of climate and the ozone layer. The Center's main concern was to ensure that market mechanisms would be built into the base law upon which future climate legislation would be built.

The most vocal opposition to activist climate policy came from the Agency for Strategic Planning. The Agency drafted the *Plan 2030*, a highly optimistic projection of Kazakhstan's future development to 2030. This Plan provided the basis for the future projections contained in the First National Communication, but projections proved to be hopelessly optimistic within six months of their issue. The Agency was fundamentally opposed to allowing other agencies to conduct macroeconomic modeling for the government and even more opposed to incurring international obligations on the basis of such models.

The Agency continues to exist and continues to hold a seat on the Commission, but has lost power and influence in the government as a whole, a result of the inevitable discrediting of the *Plan 2030*. On a number of occasions, it has successfully delayed work on emissions projections by arguing that no estimates can be made until better information is available about the oil resources that Kazakhstan is currently exploring. This argument is sometimes echoed by the Ministry of Energy, Industry and Trade.

Non-governmental actors in Kazakh climate policy

The Climate Change Coordination Center has attempted to engage business through establishment of a business roundtable. This roundtable's first task was reviewing the draft legislation on air before the Center submitted it to the Majilis for consideration. The roundtable is following the work

arguments compelling, and privately announced his intention to recommend that Kyrgyzstan do the same.

³¹ Its actual legal status remains somewhat unclear. In order to best be able to work with international investment and assistance, the Center is considering incorporating as a foundation. Donors have encouraged this approach, but it is not clear if such an incorporation will reduce the Center's standing with the government.

of the Center with interest, since it sees a value in the market-based approach to emissions reductions. However, not all businesses are interested in taking part. At least one of the major international oil companies working in Kazakhstan is officially opposed to Kazakhstan taking on an emissions reduction target, and is likely to become more vocal in its opposition when Kazakhstan makes public its business-as-usual emissions projections for the first budget period of the Kyoto Protocol.

Political life in Kazakhstan is not as pluralistic as in Ukraine or Russia, and this is reflected in NGO participation in the climate policy debate, as it is in other spheres. There is one NGO which is actively engaged on climate policy – Areket. This organization is mostly staffed by bright young former Ministry of Natural Resources and Environment employees who lost their posts with the closing of the National Ecological Center. The members work fairly closely with government agencies and take public education on the issue as their primary function. They have been encouraged to move towards being more independent from the Ministry and the Climate Change Coordination Center but have a highly cooperative approach. The Areket delegation that attended COP6 did so with the intention of providing any needed support to the official government delegation.³²

International donors in the Kazakh climate policy process

In the USAID Climate Change Action Plan of 1997, Central Asia was identified as one of three high priority regions for US support. As a part of that plan, these regions were to maintain a “significant portfolio of climate change-related activities” from 1997-2002.³³ Support for Central Asia essentially became support for Kazakhstan in the wake of Kazakhstan’s COP4 announcement. In the Clinton era, USAID was generous – allocating resources from 1998 through 2001 for inventory preparation, macroeconomic analysis technical support, and training.

³² The leadership of Areket is so close to the National Focal Point, Kanat Baigarin, that they asked him to serve as the chairman of their board of directors, not understanding the implied conflicts of interest. Baigarin, of course, declined.

³³ The report identified nine countries, including Russia and Ukraine, and three areas, including Central Africa, Central America and Central Asia. See Table 2, McClelland, p. 12.

The US and Kazakhstan concluded a Memorandum of Understanding in early 2000, which included an agreement to support the new Climate Change Coordination Center jointly. The Center came into being at the same time as the GGERI – Greenhouse Gas Emissions Reduction Initiative, which had a clear mandate to prepare the way for Joint Implementation of CDM in Kazakhstan. Subsequent analysts have had some difficulty distinguishing between the work of GGERI and the work of the Center, since they have overlapping staff and mandates.

The Kazakh government provided office space, some token support for the inventory, and little else in the way of resources for the Center. In part because of the lack of Kazakh financial commitment, and in part due to the shift in US interest with respect to climate policy, the USAID mission in Kazakhstan decided to shift resources away from the Center in Spring 2001. The Center is currently in the process of seeking other donor support, but it is not clear if it will survive the loss of USAID resources. At the current moment, CIDA (the Canadian Development Agency) appears interested in taking over support of the Center, and the USAID mission is attempting to support this hand over.

Longer term survival of the Center is probably contingent on its ability to attract Joint Implementation projects. The Center, together with GGERI, has laid much of the groundwork for this, and is awaiting final government approval that will authorize it to manage projects worth five million tons of emissions reductions. Continued authorization to manage such projects will depend on the Center's success with the first reductions. The World Bank, the Dutch, and some other potential investors have expressed interest, but the Center's task is made more difficult by the question of whether its projects have CDM or Joint Implementation status – a question that can only be resolved in the international negotiating process.

Conclusion and lessons learned

Table 2, which follows, reviews the climate policy status indicators in each of the three case states. The table is followed by some basic lessons learned in each state and in the exercise of comparing the states to each other.

TABLE 2: CLIMATE POLICY STATUS INDICATORS

	RUSSIA	UKRAINE	KAZAKHSTAN
<i>National Communications</i>	1 st NC: 5 Dec 95 Review: 21 Feb 1997 2 nd NC: 10 June 98 Review: 27 Sept. 2000 3 rd NC: Planned for delivery at COP-7	1 st NC: 21 Mar 98 Review: 15 Nov 2000 2 nd NC: Planned for delivery at COP-7	1 st NC: 98 UNFCCC Review: No official review Interim NC delivered to COP-6 2 nd NC: Planned for delivery at COP-7
<i>UNFCCC</i>	Ratified 28 Dec 94	Ratified 13 May 97	Ratified 17 May 95
<i>Kyoto Protocol</i>	Signed 11 Mar 99, not ratified. First Duma hearings took place July 2001.	Signed 15 Mar 99, not ratified	Signed 12 Mar 99, not ratified
<i>Current Lead Institutions</i>	- RosHydromet - Parliament Committee on Ecology -Min. of Fuel & Energy	- Ministry of Environment -Ministry of Economy	- Ministry of Natural Resources and Environment - Ministry of Economy
<i>Inter-Agency Commission</i>	-Established April 1994. -Mandate to address climate. -Meets irregularly	-Established April 99, re-est. Aug 00. -Mandate to address climate change. -Membership unclear in wake of govt reorganization	-Established April 2000. -Mandate to address climate change and ratification of Kyoto. Meets irregularly
<i>Office or Center for Joint Implementation</i>	Climate Projects Centre of Joint Implementation at RosHydromet (established 1997) has a mandate that is disputed by some. Other offices (regional, NGO) also manage some projects	No such Center currently exists. USAID and CIDA assistance agencies are attempting to aid in establishing such a Center.	Climate Change Coordination Center (est. March 2000) has clear mandate, very limited funding. International status of projects – JI or CDM – remains unclear
<i>Existing AIJ projects</i>	9 projects are officially registered. An estimated 4 are underway.	No official projects are currently underway.	No official projects are currently underway.
<i>Existing MOU agreements</i>	Dutch are pursuing an MOU that is not yet concluded.	None existing	World Bank MOU in process. Dutch MOU in process
<i>Other Policy Leaders</i>	Industry and regional governments	NGO community is organized, influential	Oil companies, others may oppose an Annex I target

It is possible to draw key lessons from the failures and successes of climate policy in each state. Kazakhstan's positive experience emphasizes the potential strength of individual experts and policy entrepreneurs. Its negative experience highlights how the uncertainty of the international process can make the costs to a state prohibitive, even when that state has a desire to participate.

Ukraine's positive experience demonstrates that civil society can have a noticeable effect on a fragmented government process – and that civil society elements involved grow in professionalism with continued success. Ukraine's negative experience demonstrates that no amount of donor enthusiasm can compensate for the failure to find domestic policy entrepreneurs, and that structures designed for resilience are essential in a government with high turnover.

Russia's positive experience demonstrates the potential contributions of industry to the process, and the importance of engaging industry before all the key decisions that will affect it are made. Russia's negative experience demonstrates that long-established institutions are not necessarily an asset, if those institutions bring irreconcilable differences to the table.

One lesson that cuts across all three cases is that donor states and recipient states can easily overestimate their joint prospects for success in the multilateral international arena. All three of the case states had strong support from the US and the Umbrella group, yet they each suffered setbacks in the international negotiations because they had been anticipating less controversy. Bilateralism can be dangerous if not informed by the larger multilateral process. The other lesson is that a flexible response to a fluid environment is in itself a skill, and that the best skills to transfer are ones that will be useful in the case of more than one possible negotiated outcome.

Finally, perhaps the most striking lesson learned from a review of these policy histories is how quickly the policies and institutions of states that were recently part of the same unit and that face similar problems can come to radically different resolutions, and that the problems which are insurmountable in one case can be relatively easily resolved in another. There is real inherent danger in thinking of the policy-making process of states of the former Soviet Union as unitary because of their common history.

Summary of key observations

Kazakhstan

- ◆ Individual policy entrepreneurs can make a great difference.
- ◆ Uncertainty of the international process can make costs to a state very high.

Ukraine

- ◆ Civil society can have a marked effect on a fragmented government process.
- ◆ An element of civil society that becomes involved in policy grows in professionalism with its continued success.
- ◆ No amount of donor enthusiasm can compensate for a failure to find policy entrepreneurs.
- ◆ Structures must be designed for resilience in a government with high turnover.

Russia

- ◆ Industry can be a force contributing to the process, if it is engaged before all key decisions are made.
- ◆ Long-established institutions are not necessarily an asset if these institutions bring irreconcilable differences to the table.

Donor States

- ◆ Donor and recipient states can easily overestimate their joint prospects for success in the multilateral international arena. Bilateralism is dangerous if not informed by the larger multilateral process.
- ◆ Flexible response to a fluid multilateral environment is a skill worth transferring.
- ◆ Skills that will be useful in the case of more than one possible negotiated outcome are better.
- ◆ Policies and institutions of FSU states are quickly diverging. Trying to apply strategies successful in one state to another FSU state will often be unsuccessful.

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