

# Host Country Project Stakeholders in NIS: Overview of Lessons Learned

Alexei Sankovski  
*ICF Consulting*

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# Based on experience from supporting a number of public clients in NIS:

- US EPA (Russia; Ukraine)
- UNDP/GEF (Russia)
- US AID (Russia, Ukraine)
- CIDA (Kazakhstan, Uzbekistan, Azerbaijan)
- World Bank (Georgia)
- EuropeAid (Belarus, Ukraine)

# Facilitating GHG abatement in:

- Underground coal mining (Russia, Ukraine, Kazakhstan)
- Natural gas and oil sectors (Russia, Ukraine, Uzbekistan, Azerbaijan)
- Iron and steel industry (Russia)
- Power and heat generation (Russia, Kazakhstan, Uzbekistan)
- Forestry (Azerbaijan, Georgia, Uzbekistan)

# Features of successful GHG abatement project:

- Project Specific:
  - Technical feasibility
  - Economic attractiveness
  - Financial backing
  - Kyoto compliance
- Country Specific:
  - Legal/Regulatory compliance
  - Local stakeholder support

# Support of Host County Stakeholders

- Has common features in different Newly Independent States
- Can serve as a prerequisite to financial backing and Kyoto compliance
- Requires in-country presence and experience
- Most misunderstood and underestimated

# Major Host County Stakeholders

- Project site/plant owners (e.g., coal companies)
- Project site/plant operators (e.g., coal mines)
- National Government
- Regional Administration
- Public Utilities (e.g., KuzbassEnergo)
- NGOs and public
- Scientific community

# Project Site/Plant Owners in Coal Sector

- Mostly large private holdings, combining metals, power generation ,and mining (e.g., SUEK, Severstal, IspatKarmet, Industrial Union of Donbas) and a few independent mines
- Hesitant about FDI, production sharing agreements, property rights transfer and transparency
- Interested in cost reduction, strategic market positioning, regulatory compliance, PR
- May look at carbon constraints/trading as opportunity for extra revenue and getting competitive advantage
- Demand very specific business proposals and plans

# Coalmine Operators

- With exception of stand-alone companies (e.g., “Raspadskaia”, “Zasiadko”) do not make investment decisions
- Concerned about disruptions in mining operations and regulatory compliance
- Unlikely to spend/invest outside of mining
- More likely to embrace marginal changes in practices than distinctive projects
- Influenced by local politics

# National Government

- Project has to be nationally approved to generate ERUs or CERs
- Infrastructure to endorse/approve projects varies by country
- Project approval process depends on a country's Kyoto status (easier in non-Annex I countries)
- National approval/endorsement is facilitated by presenting a project as part of a larger framework (e.g., contribution to a national mine safety program)

# Regional Administration

- Generally, is more supportive and accessible than National Government
- Can facilitate negotiations with site owners/operators
- Interested in socio-economic (e.g., local jobs and taxes) and environmental benefits of the project

# Public Utilities

- Frequently have monopolistic position at local energy markets (electric/heat, natural gas utilities)
- Can be influenced by regional administrations
- Not interested in energy purchases from independent generators unless the amount and discounts are significant
- Potential emission credit buyers in Annex I countries to offset own emissions

# NGOs and Public

- NGO activity varies by country and region – more active in capitals
- Public has to be involved in projects at the stage of public consultations and approval
- Can influence mine owners and operators if local benefits are substantial
- Can work in tandem with regional administration

# Scientific Community

- Can facilitate access to site owners/operators
- Usually skeptical about foreign specialists
- Needs to be educated about environmental and financial project requirements
- Has to be involved in project design (knowledge of local conditions and regulations)

# Conclusions

- Local stakeholders are diverse and their interests/influences are interlinked
- Support of **all** groups of stakeholders is critical for the project success
- Reaching out to stakeholders has to start early in the project cycle
- Start with easy (e.g., NGOs) and most critical targets (coal mine companies)
- For more information please contact *[asankovski@icfconsulting.com](mailto:asankovski@icfconsulting.com)*