



# NATIONAL REPORT BY RUSSIA – SEPTEMBER 2015

Enhanced Black Carbon and Methane Emissions  
Reductions– an Arctic Council Framework for Action



**Ministry of Natural Resources and Environment of the  
Russian Federation**

**NATIONAL REPORT**

**ON THE ACTIONS ON BLACK CARBON AND  
METHANE EMISSIONS REDUCTION**

in accordance with the Framework for Action on Enhanced Black  
Carbon and Methane Emissions Reductions  
(April 24, 2015, Iqaluit, Canada)



**Moscow, 2015**

**Table of Contents**

1. Introduction	<b>3</b>
2. Black Carbon Emissions	<b>4</b>
3. Methane Emissions	<b>9</b>
4. National Actions on Emissions Reduction	<b>14</b>
5. Best Practices and International Cooperation	<b>17</b>
6. Activities Aimed at the Improvement of the Situation in the Arctic Region	<b>19</b>
7. Conclusion	<b>21</b>

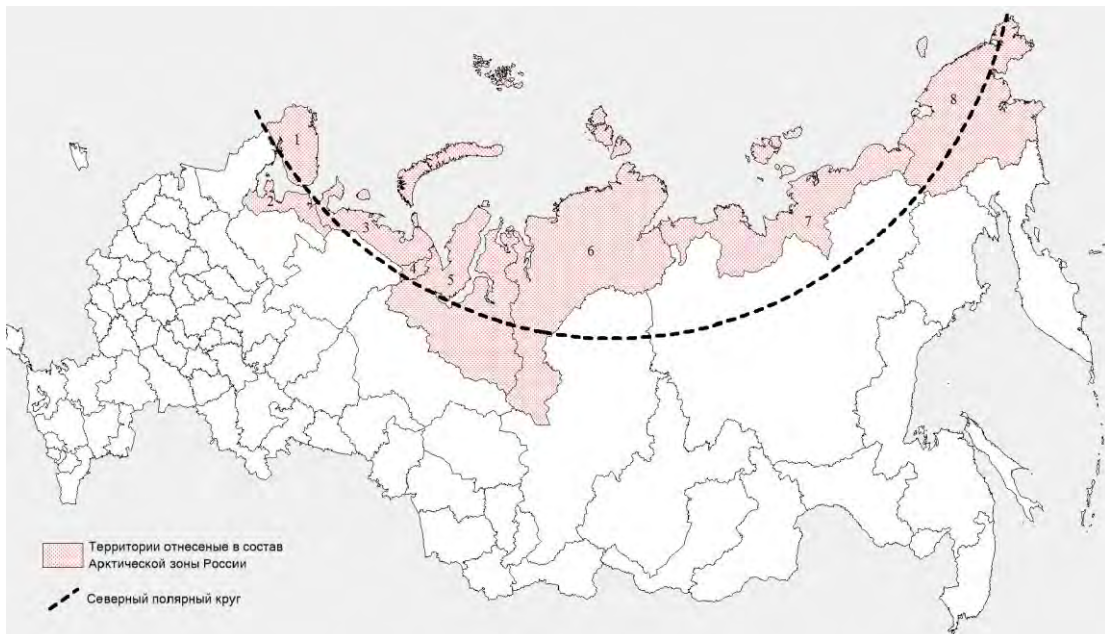
## **Introduction**

The Arctic is one of the most sensitive regions of the planet in terms of climate change. Changes in the climate and environment of the Arctic have widespread effects on societies and the whole ecosystem, as well as repercussions around the world. This makes evident the need to undertake urgent measures both nationally and globally for climate change mitigation and adaptation.

Climate change and technological breakthroughs are opening the Arctic, its riches and resources, to commercial development.

We welcome the adoption of the Framework for Action on Enhanced Black Carbon and Methane Emissions Reductions by the Arctic Council. From our perspective, it is a timely step towards dealing with climate and environmental challenges in the Arctic region. The Arctic Zone of the Russian Federation is the largest in the world; no other country has such vast territories above the Arctic Circle. 2.4 million people live in the Arctic. It is about 1.6% of the country's population.

This region accounts for more than half of explored reserves of Russia's gold and silver, diamonds, rare metals, copper and nickel ores, and manganese..



Map of the Arctic Zone of the Russian Federation

## **Black Carbon Emissions**

Carbon dioxide (CO<sub>2</sub>) is known to be the major contributor to global warming. According to current estimates, its share is 60-70%. However, as carbon dioxide is chemically passive, its life span in the atmosphere is relatively long – around 100 years. As a result, actions undertaken to reduce anthropogenic CO<sub>2</sub> emissions – even if they are very successful – will have an effect only in several decades.

In this regard, the idea of reducing emissions of other gases and aerosols (black carbon – BC – also falls under this category), which also have a significant impact on the radiation regime and climate, but stay in the atmosphere for a considerably shorter period of time (which means that the response from the climate system will become evident earlier), has been considered as an alternative.

It has been determined that BC traps several hundred times more heat than CO<sub>2</sub>, thus, globally – given melting glaciers, rising sea levels, shrinking polar ice caps and associated negative impacts on flora and fauna – black carbon emissions reduction is one of the major tasks in addressing climate change.

At this stage of investigating the issue in the Russian Federation, the term “black carbon” is a synonym for the term “carbon”. This substance has approved norms of maximum permissible concentrations (MPC): MPC for one-time exposure – 0.15 mg/m<sup>3</sup>, MPC for continuous exposure – 0.05 mg/m<sup>3</sup>.

### ***Sources of Black Carbon Emissions***

BC is formed through the incomplete combustion of fossil fuels, biomass, etc.

The potential sources of black carbon emissions are:

- large-scale forest fires and other fires from natural causes;
- diesel motor vehicles and off-road vehicles;
- residential wood stoves;
- stationary diesel engines;
- incineration of agricultural waste;
- industrial combustion processes;
- gas flaring;
- maritime activities.

According to some expert assessments, there are two main sources of black carbon emissions in Russia: forest fires and combustion of firewood, coal and liquid fuel by individuals and small boiler houses. These two sources account for about 2/3 of black carbon emissions. Approximately 10% are contributed by each

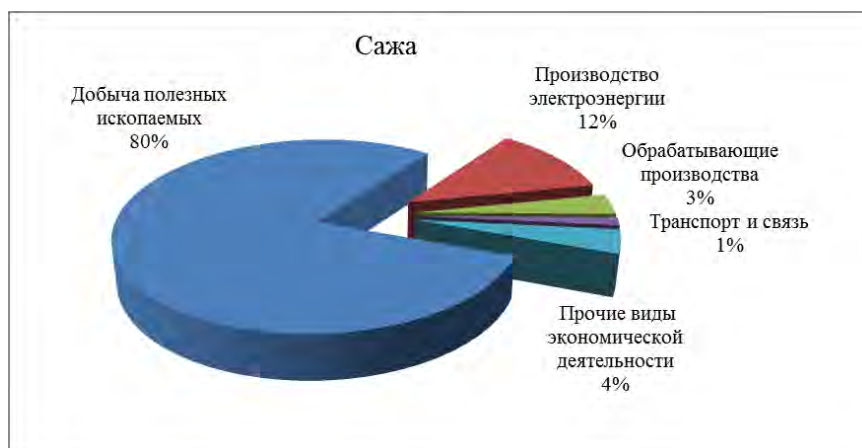
of the following: grass fires, industry and transport (mostly faulty diesel engines and generators).

Globally, Russia is ranked fourth in black carbon emissions from forest fires. This being said, it is necessary to bear in mind that forest fires in countries in northern latitudes, in particular in Russia, are not attributed to anthropogenic sources, they are referred to as naturally-caused.

The evidence obtained as a result of research carried out in the Arctic Zone of the Russian Federation, commissioned by the Russian Ministry of Natural Resources and Environment, has not confirmed the findings of these previous studies. According to the Russian data, the key source in this region is the subcategory called “Venting and flaring” (within the category “Mineral Resource Extraction”).

Recent assessments indicate that the total black carbon emissions across the Arctic Zone of the Russian Federation in 2013 amounted to 24,235.5 tons. Inputs from specific industry sectors are shown in Figure 1.

Fig.1.



The greatest source of black carbon in the atmosphere is the category “Mineral Resource Extraction” - 19324.5 tons.

BC emissions from the activity “Production, Transmission and Distribution of Power, Gas, Steam and Hot Water” amounted to 2872.1 tons.

BC emissions from the activity “Manufacturing Activities” amounted to 836.5 tons.

BC emissions from the economic activity “Transport and Communications” in the AZRF amounted to 324.5 tons.

BC emissions from the activity “Agriculture, Hunting and Forestry” – amounted to 102.8 tons, which accounts for 0.4% of the total black carbon emissions in the Arctic Zone of the Russian Federation.

BC emissions from the activity “Real estate activities, rent and renting of services to consumers” amounted to 58.1 tons (0.2%).

BC emissions from the activity “Miscellaneous” amounted to 717.1 tons (3% of the total black carbon emissions in the Arctic Zone of the Russian Federation).



Region	TOTAL per types of economic activities	SECTION A Agriculture, Hunting and Forestry	SECTION C Mineral Resource Extraction	SECTION D Manufacturing Activities	SECTION E Production and Distribution of Power, Gas and Water	SECTION I Transport and Communicati ons	SECTION K Real estate activities, rent and renting of services to consumers	SECTION N Health and Social Services	SECTION O Other Public Utilities, Social and Private Services	MISCELLANEOUS
Russian Federation	358485.4	4511	198239.1	31083.7	94380.7	7709.4	4617.8	2798	1165.6	13980.1
The Murmansk Region	1120.2	0.3	127.9	43.7	578.5	130.6	8.5	0.1	0.6	229.8
The Nenets AD	3073.8		2835.6	0.1	222.5	3.7	2.6			9.3
The Yamalo-Nenets AD	17629.3	2.2	16192.6	662.2	262.4	61	46.8	0.04	0.01	402.1
The Chukotka AD	206.6		97.2		55	23	0.2			31.2
Urban District Norilsk	62.8			35.2		27.4				0.2
Municipal Entity Vorkuta	1282.3	97.9			1148.8	22.3				13.4
ME Arkhangelsk	298.7			29.4	246.8	10.5				12.1
Severodvinsk	36.5			0.3	36					0.2
Novodvinsk	67.3			61.5						5.8
The Arkhangelsk Region without the AD <sup>1</sup>	3198.5	118.6	14.6	436.4	1832.6	176	77.5	106.2	12.8	423.9
Primorsky District	3.2		0.5		1.7	0.4				0.6
Onega District	33.3			4.1	26.3					2.9

<sup>1</sup> Data on the Arkhangelsk Region, Krasnoyarsk Territory and the Republic of Sakha are not included in the sum total for the AZRF. These data are given in the table to illustrate the contribution of areas within the AZRF to the total emissions of the constituent territory.

Mezen District	19				10.8	7.1				1.1
Novaya Zemlya Island	28.8					28.8				
Krasnoyarsk Territory	11946.7	581.1	2260.9	1297.7	5696.5	588.7	327.1	198.3	24.5	971.9
Taimyr (Dolgano-Nenets) District	9.7		2.6		2.8	4.3				0.03
Turukhansk District	61.9		53.9		2.6	5.4				
The Republic of Sakha (Yakutia)	13729.7	117.8	3378.2	42.2	9077.2	324.3	286.6	111.8	13.6	378
Five nomadic settlements of the Republic of Sakha	302.1	2.4	14.2		277.9	0				7.6
Total across the AZRF	24235.5	102.8	19324.5	836.5	2872.1	324.5	58.1	0.1	0.6	716.3

Table “Black carbon emissions from stationary sources<sup>2</sup> in the Russian Arctic in 2013 (tons)”

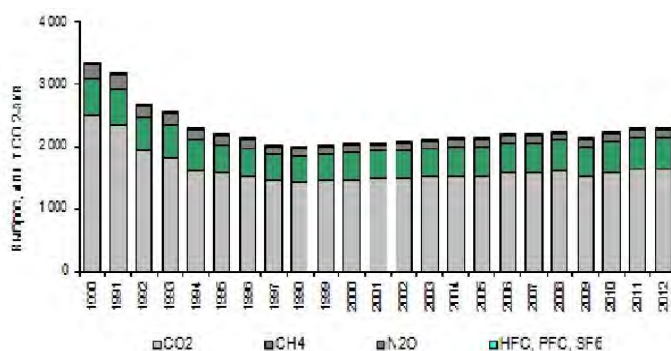
<sup>2</sup> Exclusive of individual entrepreneurs

## Methane Emissions

The leading role among all greenhouse gas emissions in the Russian Federation belongs to CO<sub>2</sub>, the main source of which is the energy sector – fossil fuel combustion – and in part, the industrial sector.

Methane (CH<sub>4</sub>) is second in importance. The major sources of methane are the oil-and-gas industry and coal mining (which, according to the IPCC classification, are classified as part of the energy sector) as well as livestock farming and waste management.

Graph. *Contribution of different greenhouse gases to the total anthropogenic emissions of the Russian Federation (according to the data of 2014).*



Methane (CH<sub>4</sub>) sources in the energy industry include coal, oil and gas production, storage, primary processing, transport and consumption; flaring of associated petroleum gas at oilfields; and combustion of process gases of different industries. During 1990-1998, CH<sub>4</sub> emissions from the energy sector were reduced by 25% as a result of the factors that caused a decrease in the consumption of fossil fuels. Since 1998 we have been witnessing economic growth, which is still going on and is accompanied by improved energy efficiency of the economy. Rates of fuel consumption slowed down a bit after 1998, and as a result growth of CH<sub>4</sub> emissions became slower.

The major sources of CH<sub>4</sub> in the sector “industrial processes” are chemical and smelting industries, in particular: production of silicon carbide, technical carbon, ethylene, dichloroethylene, styrene, methanol and hydrogen nitrate; as well as production of coke and perfluorocarbons CF<sub>4</sub> and C<sub>2</sub>F<sub>6</sub>.

The main source of CH<sub>4</sub> emissions in the sector “agriculture” is enteric fermentation in livestock. During 1990-2012, CH<sub>4</sub> emissions from enteric fermentation in ruminant animals reduced by 60.8%, which is connected to the

decrease in livestock population due to economic transformations within the agricultural sector of the RF. Other sources of CH<sub>4</sub> emissions in agriculture are manure management systems (collection, storage and utilization of animal and poultry manure), and rice cultivation. In the sector “Land Use, Land-Use Change and Forestry”, CH<sub>4</sub> emissions are produced as a result of draining of organogenic soils, and biomass burning.

CH<sub>4</sub> emissions in the sector “Waste” are produced as a result of controlled and uncontrolled disposal of solid waste at landfills and waste sites, as well as waste water treatment. Since 2002 there has been an increase in CH<sub>4</sub> emissions within this sector, which is connected to the growth in household waste sent to landfills and waste sites, as well as growth in volumes of waste water treatment.

It has been estimated that the total methane emissions in the territory of the Arctic Zone of the Russian Federation in 2013 amounted to **420427** tons.

The graph below shows the economic activities contributing more than others to the total methane emissions in the Arctic Zone of the Russian Federation:



According to the data received, the major part of methane is emitted as a result of mineral resource extraction - 257528.4 tons.

Methane emissions from the economic activity “Transport and Communications” amounted to 147306.7 tons in 2013.

Methane emissions from the activity “Real estate activities, rent and renting of services to consumers” amounted to 7927.2 tons.

Methane emissions from the activity “Manufacturing Activities” amounted to 2593.6 tons.

The other types of economic activities contribute 1% of emissions, including: “Other Public Utilities” - 2098.1 tons (0.5%), the main contributors to

the methane emissions within this type of economic activities are wastewater treatment plants, waste management enterprises and other enterprises of this kind of the Murmansk Region - 2086.9 tons (99.5%); and “Production, Transmission and Distribution of Power, Gas and Hot Water” - 1387.2 tons (0.3%).

Apart from the stationary sources there are also *mobile* sources which contribute to BC and methane emissions: total BC emissions for the territories of the Arctic Zone of the Russian Federation amounted to 386 tons, total methane emissions – 851 tons.

It has been estimated that in 2013 methane emissions from fuel combustion by residents of the Arctic Zone of the Russian Federation amounted to 0.693 thousand tons, BC - 0.063 thousand tons. The greatest amount of black carbon is emitted as a result of residential wood combustion - 0.0301 thousand tons, combustion of coal (brown and hard) - 0.03 thousand tons and petroleum - 0.025 thousand tons. Combustion of other fuels does not contribute much to the BC emissions in the AZRF and its contribution does not exceed 1%. The major volumes of methane emissions result from combustion of coal (brown and hard) - 0.35 thousand tons, petroleum - 0.16 thousand tons, firewood - 0.12 thousand tons and diesel - 0.05 thousand tons. Combustion of other types of fuels contributes not more than 2%.



Figure. Contribution of different types of fuel to the black carbon and methane emissions in the AZRF (2013).

Table. Methane emissions from stationary sources<sup>3</sup> in the Russian Arctic in 2013, tons

Region	TOTAL per types of economic activities	SECTION A Agriculture, Hunting and Forestry	SECTION C Mineral Resource Extraction	SECTION D Manufacturing Activities	SECTION E Production and Distribution of Power, Gas and Water	SECTION I Transport and Communicati ons	SECTION K Real estate activities, rent and renting of services to consumers	SECTION N Health and Social Services	SECTION O Other Public Utilities, Social and Private Services	MISCELLANEOUS
Russian Federation	3382288.6	35108.3	1581861. 5	46562.9	94544.2	1362498 .4	26043.1	172.1	218953.3	16544.8
The Murmansk Region	8346.7	3.1		486.6	182.9	0	5440.1		2086.9	147.1
The Nenets AD	5513.6	0	5475.2	0.2	34	0	0.001			4.2
The Yamalo-Nenets AD	273047.6		124549	1502.3	542.4	146161. 3	112.8		11.2	168.6
The Chukotka AD	13.9		13.9							
Urban District Norilsk	2928.5			576.9			2343			8.6
Municipal Entity Vorkuta	127201		127173.5		27.4		0			
ME Arkhangelsk	32.6			0	0		31.2			1.4
Severodvinsk	19.1			0.5	0.3	18.3				0.05
Novodvinsk	0.2			0		0.2				0

---

<sup>3</sup> Exclusive of individual entrepreneurs

The Arkhangelsk Region without the AD <sup>4</sup>	29794.2	37.2	0.6	122.5	189.1	29373.5	19.8	0	0	51.5
Primorsky District	303.2				1.9	289.2				12.1
Onega District	310.1			27.1	2	279.1				1.9
Mezen District	268.1				1.7	257.9				8.5
Novaya Zemlya Island	268.2					268.2				
Krasnoyarsk Territory	3850.3	174.2	2350.5	581.5	340.4	278.5	93.8	1.7	17.7	12
Taimyr (Dolgano-Nenets) District	2086.4		310.1		594.6					1181.7
Turukhansk District	6.7		6.7							
The Republic of Sakha (Yakutia)	4055.8	33.5	3985.6	0.8	13.8	4.7	17		0	0.4
Five nomadic settlements of the Republic of Sakha	81.1	1			0	32.5				47.6
Total across the AZRF	420427	4.1	257528.4	2593.6	1387.2	147306.7	7927.2	0	2098.1	1581.7

<sup>4</sup> Data on the Arkhangelsk Region, Krasnoyarsk Territory and the Republic of Sakha are not included in the sum total for the AZRF. These data are given in the table to illustrate the contribution of areas within the AZRF to the total emissions of the constituent territory.

## **National Actions on Emissions Reduction**

In spite of the fact that the Russian Federation did not make any quantified emission limitation and reduction commitments during the second commitment period of the Kyoto Protocol to the UN Framework Convention on Climate Change, in order to strengthen the national target of reducing the volumes of greenhouse gas emissions there was signed a **Decree of the President of the Russian Federation № 752 dd. 30.09.2013** “On reducing greenhouse gas emissions”, which provides for the reduction of greenhouse gas emissions to a level not exceeding 75% of the volume of greenhouse gas emissions registered in 1990, by 2020.

Signing of this Decree confirms the consistency of the Russian policy in relation to reducing the anthropogenic load on climate and improving the energy efficiency of the Russian economy. It also sets milestones for transition to the low-carbon (energy efficient) path of development of all sectors of the national economy.

In order to reach the objectives for greenhouse gas emissions reduction set in the Decree, pursuant to the Order of the Government of the Russian Federation No. 504- R of 2 April, 2014, an action plan was adopted to ensure that by 2020 greenhouse gas emissions do not exceed 75% of the volume of greenhouse gas emissions registered in 1990.

The Plan envisages activities in three main directions:

- building a greenhouse gas emissions inventory system;
- assessing and estimating the volume of greenhouse gas emissions for the period up to 2020 and for a long-term perspective up to 2030, including the assessment of the emissions reduction capacity for different economic sectors;
- developing state regulation of greenhouse gas emissions.

In 2015, according to items 3 and 4 of the Plan, the Russian Ministry of Natural Resources and Environment developed and approved recommended practices and guidelines on quantification of greenhouse gas emissions released by those organizations conducting economic and other activities in the Russian Federation, as well as guidelines for carrying out voluntary inventories of greenhouse gas emissions in the constituent entities of the Russian Federation.

Approval of these documents is one of the stages of building a greenhouse gas emissions inventory system; assessing and estimating the volume of greenhouse gas emissions for the period up to 2020 and, for a long-term perspective, up to 2030, including the assessment of the emission reduction capacity for different economic sectors.



Introduction of a system regulating negative environmental impacts, based on the principle of using the best available technology (BAT), appears to be one of the most promising economic instruments of limiting greenhouse gas emissions.

In 2014 extensive work was undertaken to build a legal framework, which is necessary to implement the use of BAT. Federal law No. 219-FZ of July 21, 2014 “On Amending the Federal Law 'On Environmental Protection' and to Certain Legislative Acts of the Russian Federation” introduced the notion of BAT. The Resolution of the Government of the Russian Federation No. 1458 of December 23, 2014 “On the Procedure for Identifying the Best Available Technology, and for Developing, Updating and Publishing Technical Reference Guides on Best Available Technologies” approved regulations for defining a technology as BAT, as well as regulations for developing, updating and publishing Technical Reference Guides on BAT. Order of the Government of the Russian Federation No. 2674-R of December 4, 2014 defines the application range for BAT.

Order of the Government of the Russian Federation No. 2178-R of October 31, 2014 establishes a step-by-step time frame for the development of sectoral reference books on BAT during 2015-2017.

Federal Law No. 219-FZ provides for the possibility of state support of efforts to introduce BAT, as well as other mitigation measures, by granting tax benefits and benefits in relation to the charges for negative environmental impacts.

**The Energy Strategy of Russia** for the period up to 2030 (approved by the Order of the Government of the Russian Federation of November 13, 2009) recognizes that the Russian energy sector is one of the major sources of environmental pollution. It accounts for more than 70% of the total greenhouse gas emissions in the Russian Federation. It underlines the need for consistent limitation of the load on the environment and climate from the fuel and energy complex by reducing pollutant emissions, waste water disposal, and greenhouse gas emissions, as well as by reducing production residue and energy consumption.

Energy efficiency is also one of the main strategic initiatives of this Strategy, because without its large-scale implementation the development of Russia's economy will be constrained by energy and environmental factors. Actualization of the existing technological and structural potential of energy efficiency will give an opportunity to provide balance between production and demand for energy resources, and to substantially limit greenhouse gas emissions while sustaining high rates of economic growth. Achieving these goals will require

development of adequate mechanisms to promote energy efficiency among fuel and energy consumers and producers.

In order to preserve air quality and climate, certain measures to encourage the limitation of pollutant and greenhouse gas emissions from **associated petroleum gas (APG)** flaring have been undertaken. In early 2015, a payment system (with a multiplying factor) for exceeding the APG flaring limit came into force. It provides strict penalties for violation of regulations, as well as benefits for oilfield contractors. Due to this comprehensive approach, associated petroleum gas flaring in the Russian Federation has been cut in half. However, investments into projects on APG utilization have increased several times.

Remediation of accumulated environmental damage is being actively pursued. Remediation activities were started in this particular region due to the extreme vulnerability of the Arctic environment.

As a result of operations rollback in the Arctic, facilities were abandoned that contained dumped barrels and fuel and lubricant storage. As part of implementation of the Instruction by the Chairman of the Government of the Russian Federation, the Ministry of Natural Resources and Environment of Russia developed (in 2011) and has been implementing the program on remediation of the Franz Josef Archipelago. The main challenge in the process of remediation of the islands is the Arctic itself, a region characterized by low temperatures not suitable for year-round clean-up. Transport of the collected waste from the islands to the mainland has to be organized following a strict time line (within a short period of 1-2 months).

In addition, high-priority remediation measures have been undertaken to clean up the Arctic Zone of the Russian Federation as part of implementation of the Subprogram “Development and Use of the Arctic” within the Federal Target Program “The World Oceans” of the Ministry of Natural Resources and Environment of Russia. These measures are aimed at reducing the environmental damage from pollution in the territory of the Arctic Zone of the Russian Federation as a result of past economic and other activities: on Wrangel Island; in the Nenets Autonomous District; and in the settlements Pyramiden and Barentsburg on Svalbard.

In 2014, the following islands were cleaned up: Bely Island, Novaya Zemlya, three islands of the Franz Josef Archipelago (Graham Bell Island, Alexandra Land and Heiss Island). Work on cleaning up the archipelagos Novaya Zemlya and Franz Josef Land from the historic technogenic pollution continued in 2015.

## **Best Practices and International Cooperation**

Russia sees the Arctic as a territory of dialogue and cooperation and is interested in strengthening international cooperation in this region, both on a bilateral and multilateral basis. Russia is also of the view that only through cooperation can we ensure prosperity, peace and stability in the Arctic. In our opinion, the **Arctic Council (AC)** has a crucial role to play in that regard.

The AC has firmly established itself as the major forum to coordinate Arctic cooperation and initiate new international projects in the Arctic. The Russian Federation is interested in further expansion of scope of cooperation under the auspices of the Arctic Council.

Russia sees huge potential in the Arctic Council to promote and expand a constructive agenda for our common region, built on the basis of national interests of all the Arctic States. We are convinced that it is this partnership that should and will determine the future of the Arctic.

There is no room for confrontation or aggravation of nervousness in the Arctic region – especially from outside sources – and there is a strong public demand for joint responses to common challenges and for joint use of shared opportunities in the Arctic. Russia opposes any attempt to politicize the development of Arctic cooperation. Strengthening of international result-oriented collaboration will be one of the focus areas of a recently established Russian State Commission on the Development of the Arctic.

Russia is open to cooperation and joint implementation of large-scale projects in the Arctic, particularly in the Arctic Zone of the Russian Federation. This entails not just the energy sector, but also use of the Northern Sea Route as the shortest route for transportation of goods between Europe and Asia, as well as the development of infrastructure for industry, transport, communications and tourism.

Climate change and technological breakthroughs make the Arctic, its wealth and resources, accessible for commercial development. We are convinced that this should happen only in accordance with the highest environmental requirements and with due respect to the people living in the region and their traditional ways of life. All collective initiatives in these areas have received and will receive Russia's support.

Russia welcomes the efforts of the Arctic Council to strengthen the environmental sustainability of the region.

The Arctic States have a special responsibility for the situation in the region. However, Arctic cooperation should not develop according to the “insider principle”. Russia will welcome more active involvement of Observers in the implementation of projects under the auspices of the Arctic Council, as well as constructive contributions from actors outside the region to the development of international Arctic cooperation in general.

New ideas, initiatives and projects will undoubtedly further strengthen cooperation among the Arctic States for the benefit of sustainable development of the Arctic and its residents.

Russia is interested in the expeditious entering into force of the Agreement on Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic, which was signed in 2013. Any delay on this issue is destructive for the prospective practical collaboration of the Arctic States in case of emergency situations, particularly as several Arctic States have announced their interest in offshore oil and gas development.

Since 2014 Russia has been involved in the work of **the Climate and Clean Air Coalition**, the mission of which is to facilitate reduction of short-lived climate pollutants.

In 2013, by the decision of the Baltic Sea Forum, a new format of international public-private partnership was created – **“Saint Petersburg Initiative” (SPI)**, focused on the improvement of the environmental condition of the Baltic Sea. The main priorities of the SPI are: waste utilization; upgrading and replacement of obsolete equipment with more environmentally-friendly and energy efficient equipment; sustainable shipping; and other activities aimed at, *inter alia*, reduction of short-lived climate pollutant emissions.

### **Activities Aimed at the Improvement of the Situation in the Arctic Region**

In order to ensure – not only in words, but in deeds – preservation of the unique Arctic ecosystem, relevant financial resources and mechanisms are needed. One of the examples is *the Project Support Instrument of the Arctic Council*, a mechanism for funding the Arctic Council projects connected to pollution prevention, reduction and remediation. The PSI received political support from all the member states of the AC, which is reflected in the Iqaluit Declaration (2015).

During a short period of time, since June 2014, we have managed, by joint effort, to organize the systematic work of the PSI Committee, comprised of representatives of all members of the fund. All necessary international legal and other documents regulating the work of the PSI of the AC have been developed and approved. Funding for 2 projects has been approved already. It amounts to 1.3 million euros. Seventeen other projects of the PSI of the AC are currently under development. In early 2015, the first pilot projects in the Russian Arctic were launched to reduce short-lived climate pollutant emissions in the North-West of Russia – projects “Valdai” and “Tundra”. Within these projects the PSI funds will be used to replace obsolete diesel generators, which also implies construction of a small-scale power plant.

Russia supports continued improvement of the PSI performance. However, we believe that it is particularly important to draw attention to the fact that the Russian Federation became the major donor to the Fund of the AC PSI and fully fulfilled its obligations by transferring 10 million euros to the fund.

The total sum on the account of the AC PSI is 15.9 million euros. But we are concerned about the situation with the fund. NEFCO has transferred 1.35 million euros to the fund, thus, fulfilling all its obligations. Finland's contribution is 200 thousand, Iceland's – 8 thousand, Norway's – 238 thousand, Sweden's – 272 thousand, Saami Parliament – 13 thousand. Although the USA originally committed to contribute 3.78 million, the actual contribution from the United States is 404 thousand euros. We support meaningful engagement – proportionate to that of Russia – of all the states in replenishing the PSI of the AC.

In this context, it is difficult to understand the motives of our partners for freezing the funding of joint Arctic projects from *the Global Environmental Facility* with the World Bank as its Trustee. In particular, we mean a large-scale program “Arctic Agenda 2020”, including 6 projects with the total funding of 24 million US dollars, which has been frozen with regard to the decision of G-7.

Special mention should be made of the fact that among the “frozen” projects there are projects on sharing low-carbon technologies and promoting energy efficiency, which are of immediate relevance to climate change adaptation and to the living conditions of all indigenous peoples of the North.

**Conclusion**

Russia is convinced that natural resource development in the Arctic should happen only on the basis of strict environmental requirements and with due respect to the residents of the region and their traditional lifestyles. All joint initiatives undertaken in this regard have been given and will receive our support.

We fully support strict compliance with higher environmental standards while implementing economic projects in the Arctic region. The Russian Federation has adopted strict environmental requirements. We are concerned already now about having offshore developments in the Arctic in compliance with the highest environmental standards, because the cost of an error in the fragile and unique Arctic environment is too high.