



MINISTRY OF ENVIRONMENT AND WATER

GREEN INVESTMENT SCHEMES

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Main points

- International Context/Background
- Green Investment Scheme
- Opportunities and benefits for Bulgaria
- WB's study on GIS
- Next steps

International context

- Kyoto Protocol – 2005
- The EU, Canada, Japan and others are already implementing the KP
- Big compliance gap: At least 1.5 billion tons by 2012
- Availability of surplus AAUs in EITs
- Carbon market – 11 bill 2005 (JI + CDM; EU ETS , Linking Directive)
- Interest in AAUs only if “greened”

What is a Green Investment Scheme?

- Long term financing facility, which links emission mitigation activities and projects with the transfer of AAUs
- Through 'greening' of AAUs additional ERs are made available for compliance and subsequent transfer
- Based on the transfer of AAUs against payment

Opportunities for Bulgaria

- Surplus of AAUs

Potential for Bulgaria to trade AAUs:

Approximately 20 mill t CO₂ eq./year available

First transaction - between 10-25 mill t CO₂ eq.

- Need of financing of projects and programs

Benefits for Bulgaria

- **Additional financing source**
- **Implementation of real projects**
- **Facilitate private financing**
- **More flexible than JI**
- **Efficient way for reducing emissions**
- **Additional environmental benefits**

World Bank Study on GIS

- confirmed the feasibility of a GIS
- recommended various options for establishing and implementing a GIS
- received favorably across the various sectors and Ministries - seminars, comments
- recommended a multi-sectoral investment program under the GIS

WB Study on GIS - findings

- Bulgaria is well positioned to establish a GIS
- GIS can be implemented without requiring new law(s)
- Central heating, waste management, energy efficiency, have potential for producing emission reductions of 50-60m tones between 2005-2020
- Bulgaria can offer an attractive GIS (with an initial consideration for sale of AAUs around 10 million tons in first tranche)
- Possible further assistance by the WB

Considerations for Bulgaria

- Advance funding is required to start GIS implementation
- Additional financing may be required to fill financing gaps, depending terms & conditions of payment
- GIS should be flexible to accommodate bilateral and multilateral preferences in implementation
- GIS should allow for mobilizing capital from private/public sources
- Soft greening - Implementation of pre-defined activities which do not result in **measurable** emission reductions

GIS and other mex

- JI Track 2
- JI Track 1
- EU ETS
- Voluntary commitments of DCs
- CDM



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