

Climate Change

Stories of Impact

This series provides examples of our impact, expertise and lessons learned working with clients and partners.



RESULTS & IMPACT*

- Facilitated \$312 million of resource efficiency investments in the Russian industrial sector.
- Offered advisory services to 58 entities / 32 entities received in-depth services.
- 1,460 GWh of energy use to be saved every year.
- 365,000 Mt/year of GHG emissions to be avoided - equivalent to taking more than 73,000 cars off the road every year
- Identified how to improve Russia's environmental and resource efficiency framework through a municipal solid waste management study, which presents how to recover up to 45 percent of waste and generate over \$2 billion in revenues from recycled fractions by 2025.
- Developed a toolkit which allows the Russian foundry industry to benchmark itself against European best practices and identify profitable resource efficiency opportunities. The toolkit was based on an IFC study that found that the sector can save more than \$3.3 billion each year by reducing material input and waste.
- \$34 million of resource efficiency investment in foundries was identified, as a result of IFC's toolkit and the study on benchmarking.

*As of December 2012

Improving Competitiveness and Reducing Pollution through Resource Efficiency in Russia

IFC is working with Russia's industrial sector to increase investments in resource efficiency technologies that reduce both costs and pollution.

So far, IFC has worked with 58 entities, including companies such as UAZ-Metallurgia and Kuibyshev Azot, and has facilitated \$312 million in resource efficiency investments, allowing companies to mitigate environmental damage, increase profits, become more competitive, and attract more capital.

"IFC is an important partner in helping us strengthen our competitiveness by reducing energy consumption and minimizing our environmental footprint. With IFC's support, we are also expanding into higher-margin products, while lowering our costs by modernizing our production facilities."

— Anatoly Ogarkov,
Chief Engineer at Kuibyshev Azot, a leading Russian chemical company.

The Opportunity

Russia's industrial sector accounts for 60 percent of the country's air pollution, 25 percent of its water pollution, and more than 90 percent of its solid waste. It has been slow in overhauling equipment and adopting new technologies, and as a result, more than 70 percent of the country's production assets are more than 25 years old, and the country's economy, competitiveness, and environment are significantly affected.

Russia lacks robust environmental policies which can incentivize the industrial sector to reduce pollution. For example, the maximum pollution fine that a company has to pay usually constitutes only a fraction of the cost required to introduce new resource efficiency technologies that would effectively curb pollution in the longer term.

The country is now ranked fourth among the world's largest producers of greenhouse gas (GHG) emissions by the International Energy Agency.

Moreover, the majority of Russian companies and banks underestimate the potential cost savings of resource efficiency initiatives.

However, if positioned correctly, resource efficiency can appeal to Russian industry players because it can reduce costs, increase profits, and, ultimately, make them more competitive and ripe for investments from IFC and local financial institutions.



Our Approach

IFC aims to increase the competitiveness of the Russian industrial sector by:

- Working with Russian companies (e.g., UAZ-Metallurgia, an automotive foundry; Kuibyshev Azot, a fertilizer producer) and the public sector to raise awareness of how resource efficiency can create a competitive edge and lead to profitability.
- Working with financial institutions and private equity funds to increase the ability of their investment staff to identify and appraise resource efficiency investments.
- Developing sector-level studies and benchmarks to stimulate the adoption of best resource efficiency practices.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries.

REGION: EUROPE & CENTRAL ASIA | **COUNTRY:** RUSSIA | **STRATEGIC PRIORITY:** CLIMATE CHANGE, INFRASTRUCTURE | **BUSINESS LINE:** SUSTAINABLE BUSINESS ADVISORY | **CLIENTS:** UAZ-METALLURGIA, KUIBYSHEV AZOT

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