

On behalf of:



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety

Implemented by:



Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH

of the Federal Republic of Germany

# Successful climate mitigation through emissions trading

## Ukraine mitigates climate change by introducing a nationwide emissions trading system

### The challenge: Government facing major challenges

Climate change is already having a marked impact all over the world and presents major challenges for countries. Emissions trading systems are designed to help combat climate change: governments set upper limits, called 'caps', for greenhouse gas emissions in their countries. Companies receive emission allowances, allowing them to emit defined quantities of greenhouse gases. Depending on their emissions, companies can either use these allowances themselves or sell them to other companies. The cap is lowered over time by the government, reducing total emissions.

The Ukrainian economy continues to be dominated by heavy industry. In terms of economic output, the country's carbon dioxide emissions are three times the EU average. Even by global standards, emissions in Ukraine are twice the average. This is one important reason why Ukraine has committed to developing its climate policy. One of the commitments under the Association Agreement between the European Union and Ukraine is the introduction of an emissions trading system.



<b>Project title:</b>	Support for the Establishment of an Emission Trading Scheme (ETS) in Ukraine
<b>Commissioned by:</b>	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)
<b>Implemented by:</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
<b>Lead executing agency:</b>	Ministry of Environmental Protection and Natural Resources of Ukraine
<b>Project area:</b>	Kyiv
<b>Overall term:</b>	09/2017 – 08/2022
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The Ministry of Environmental Protection and Natural Resources of Ukraine is responsible for mainstreaming the reform. This complex and ambitious task poses major challenges for the ministry and offers an opportunity for support, knowledge transfer and exchange of experience.

### Our approach: Enabling climate change mitigation

On behalf of the German Government, GIZ is supporting the Ministry of Environmental Protection and Natural Resources of Ukraine in establishing an emissions trading system (ETS). Working hand-in-hand with the ministry, GIZ supports the launch of a Monitoring, Reporting and Verification (MRV) system, which is one of the fundamental components of the ETS. Project experts assist the ministry in establishing a legal framework, as well as introducing a special data management system, which will contribute towards a reliable and precise emissions database.

A sound emissions database will enable the ministry to proceed with the next important step in establishing an ETS – emissions cap calculation. Project experts advise ministry employees on possible options on cap-setting and their possible economic impacts, ensuring the close involvement



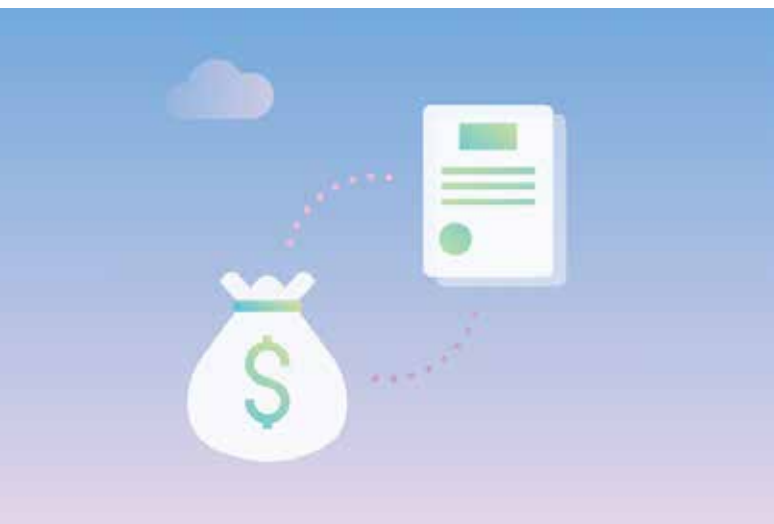
Limiting greenhouse gas emissions makes a contribution to climate change mitigation

of all relevant stakeholders in the process. As a result, the final ETS will not only be effective and proportionate but will also enjoy a high level of public support.

The ETS is a transparent and efficient instrument for reducing emissions at the lowest possible national economic cost. The emission allowances can also be traded: companies that have reduced their greenhouse gas emissions can sell their unused allowances to companies that exceed their emissions allowance. Trading puts a price on the allowances and therefore on emissions. The income generated by selling unused allowances can be used by companies to purchase or partially refinance environmentally-friendly technologies. This benefits not only efficient and low-emitting companies in Ukraine, but also the environment and the population.



*There must be an allowance for each ton of emissions*



*ETS puts a clear price on greenhouse gas emissions*



## Roman Abramowsky: “The first step for launching an ETS has been taken”

Roman Abramowsky, Minister of Environmental Protection and Natural Resources of Ukraine, is proud of his ministry’s achievements: “In terms of our climate policy, the first step towards a trading system for greenhouse gas emissions has been taken. In January 2021, we launched

## Our results: Monitoring, Reporting and Verification system launched

GIZ advises all relevant actors as part of its support. At the governmental level, measures include assistance in designating an authority and responsible structure under the Ministry of Environmental Protection and Natural Resources of Ukraine to implement the ETS. GIZ supports the ministry in drafting necessary secondary legislation and subordinated legal acts, as well as in establishing the Monitoring, Reporting and Verification (MRV) system, which was successfully launched in January 2021 and covers more than 1,000 Ukrainian installations.

In order for the designated authority to professionally evaluate, process and store emission data, project experts developed a special web-based tool. This tool also supports companies: it is a fast, easy and user-friendly way to register installations and submit monitoring plans and annual emissions reports. The project also provides training to companies’ staff on how to monitor their emissions, input them into data management systems and report on them.

*a system for the monitoring, reporting and verification of greenhouse gas emissions. As a result, regulatory powers have been strengthened, allowing us to make sure enterprises are reporting their emissions accurately. This is part of Ukraine’s commitment under the Association Agreement with the EU, as well as an important step in the global fight against climate change. We are very grateful to our international partners, who provide their experience and knowledge to support us in our work.”*

**Published by the:**  
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

**Registered offices:** Bonn and Eschborn, Germany

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**Last updated:** Kyiv, 07/2021

**Design:** Olesya Litvinova

**Design of images:** © GIZ/E-design Lab

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On behalf of the  
German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)