

PMR PROJECT IMPLEMENTATION STATUS REPORT (ISR)

The PMR Project Implementation Status Report should be prepared by the Implementing Country or Technical Partner, with the support of the Delivery Partner and/or the PMR Secretariat. For any questions related to the preparation of the PMR Project Implementation Status Report, please contact the PMR Secretariat at: pmrsecretariat@worldbank.org.

1. SUMMARY INFORMATION

Implementing Country/Technical Partner:	Ukraine
Beneficiary:	Ministry of Ecology and Natural Resources of Ukraine (MENR)
Reporting Period:	From 07/10/2017 to 27/09/2018
Report Date:	27/09/2018
Implementing Agency:	World Bank in Ukraine
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Grant Executed By:	World Bank Ukraine office Task Team Lead – Mr. Dmytro Glazkov, Senior Energy Expert, Energy and Extractions
Grant Effectiveness and Closing Dates:	07/01/2016 – 06/30/2019
Grant Amount (USD):	USD 3,122,000
Funding Mobilized (USD):	USD 1,397,866.28
Funding Committed (USD):	USD 1,354,134

2. OVERVIEW

PMR Ukraine Implementation Phase

The objective of the PMR project in Ukraine is to assist in developing and implementing Ukraine's GHG emissions MRV system in the energy and industry sectors, and provide analytical support for the implementation of Ukraine's ETS as mandated by the Association Agreement between Ukraine and EU. The Ministry of Ecology and Natural Resources of Ukraine is the beneficiary of the PMR Ukraine Project.

To achieve this objective, following activities have been designed:

- I. Technical assistance in development of relevant regulatory MRV framework—as the necessary step towards developing the Ukrainian legislation on ETS - based on the draft law on MRV and relevant secondary legislation for data monitoring and reporting, procedures of accreditation and verification;
- II. Development and implementation of MRV pilots in selected sectors (including energy, iron & steel, coke, cement, lime, etc.) to facilitate interactions and learning-by-doing for all stakeholders involved in the MRV system (i.e. government, regulated entities, verifiers and experts) with expert assistance, capacity building, and training throughout the complete monitoring, reporting and verification cycle;
- III. Development of a training program to standardize the trainings (of installations, trainers, verifiers, etc.) and carrying out MRV trainings for installation operators, verifiers and other stakeholders;
- IV. Supporting of a specifically designated/established body for the MRV system in Ukraine by provision of a transitional international backup through the Help Desk. The Help Desk should assist regulated installations in complying with their new obligations under the MRV requirements, and future market-based instruments to be selected by the Government of Ukraine; and
- V. Analytical work on ETS upon request of the MENR and in coordination with other technical assistance projects. Carbon tax options and carbon tax interaction with the ETS/MRV study has been requested by the MENR and commenced by the project in 2018.

Since an official start of the PMR project in Ukraine the following progress was achieved:

- All administrative issues related to the launch of the Project were resolved in a timely manner and the Project Implementation Unit (PIU) was established in August 1, 2016. The PIU consists of the Project Manager, 2 Technical Coordinators responsible for MRR, AVR, Pilots and Benchmarking Components, the Legal Coordinator. Since May 2018, the Technical Coordinator responsible for Carbon Tax assessment has been selected.
- The PIU developed the Terms of References (ToRs) for the selection of the consultancy companies to work on major components of the project. Four ToRs were prepared and approved through WB procurement procedure in accordance with the deadlines set in the Project Implementation Plan. Fifth ToR was developed in 2018. The ToRs developed are namely (1) Technical Assistance in Development of the National MRV Legislation; (2) Development of MRV Guides, Training, Help Desk and Activity-Specific Monitoring Methodologies Related to Installation; (3) Pilot Activities for Monitoring and Reporting of GHG emissions and ETS Benchmarks Development; (4) Verification Pilots and Training; and (5) Analysis of Carbon Tax Options and Carbon Tax Interaction with the ETS/MRV.
- Teams of consultants for all five project components were selected in line with the World Bank procedures, and the related activities implementation is underway.
- The PIU continues activities related to the engagement of stakeholders, including invitation of the representatives of all industry sectors to various project activities as detailed below. The Project interim results are presented to relevant Ministries, Committees of the Parliament of Ukraine, Business Associations and NGOs.

PMR Ukraine implementation schedule

Year	2017				2018				2019			
Title	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Technical assistance in development of the national MRV legislation												
Analysis of the existing national and EU legislation on MRV of GHG emissions and elaboration of recommendations and technical proposals regarding the NLP												
Review and legal analysis of the draft NLP and the outcomes of public hearings												
Support for the reconciliation procedure of the draft NLP												
Support for submission/consideration procedures of the draft NLP (continuation of Task 3 Task 3.1)												
Development of MRV Guides, Training, Help Desk and Activity-Specific Monitoring Methodologies Related to Installation												
Guidelines for activity-specific monitoring methodologies												
Presentation of the Guidelines, workshop, Final Guidelines												
Templates for standardized and simplified Monitoring Plans and Emissions Reports												
Monitoring and reporting documents, tools and examples												
Training on monitoring and reporting												
MRV helpdesk operation												
Pilot Activities for Monitoring and Reporting of GHG Emissions and ETS Benchmarks Development												
Pilot activities - support in the development of monitoring plans and emission reports												
Pilot activities - examples of monitoring plans												
Benchmark scoping study												
Presentation of results, stakeholder discussions												
Input data collection												

Finalizing benchmark development method and refining input data												
Calculation of benchmarks and assessment of economic impacts												
Stakeholder workshops and consultations												
Finalization of benchmarking activities and issuance of information materials												
Verification pilots and training												
Preparation of accreditation guidelines and templates												
Preparation of verification guidelines and templates												
Verifying emission reports for 9 pilot installations and conducting on-site trainings												
Training on accreditation												
Training of trainers on verification												
Analysis of Carbon Tax Options and Carbon Tax Interaction with MRV/ETS												
Development of a macroeconomic model showing the impact of introducing a price of the GHG emissions, covering both the introduction of a carbon tax and an ETS												
Report on policy recommendations for Ukrainian carbon pricing												
High-level workshop to present modelling results and conduct training on model usage												

3. IMPLEMENTATION REPORT BY COMPONENT

Differences between the Objectives/Activities in the Market Readiness Proposal and the Grant Agreement

Are there any important and material differences between the objectives/activities proposed in the Market Readiness Proposal and endorsed by the Partnership Assembly of the PMR and those agreed to in the Grant Agreement with the Delivery Partner and described in	As a result of negotiations with donors there has been made a joint decision to move development of MRV data management system (DMS) to the GIZ project. Unused funds for DMS development were reallocated among all main components of the project.
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the Project's Results Framework?	

Implementation Progress by Component

A. Technical Assistance in Development of the National MRV Legislation Component	
Status:	<p>Under implementation</p> <p>The team of consultants was selected in accordance with the World Bank procedures based on the ToR developed by the PIU. The team started working on June 1, 2017 and is expected to complete the tasks by end June 2019.</p> <p>The objective of the work is to assist the MENR in its task to develop the primary and secondary legislation relevant to the implementation of Ukraine's national MRV framework (hereinafter the National Legislation Package (NLP)), including monitoring and reporting of GHG emissions, procedures of accreditation of verifiers and verification of GHG emission reports. The technical assistance includes relevant inputs, legal analysis and recommendations, as well as review of the outcomes of public hearings throughout the NLP legislation process. The MENR retains intellectual leadership and responsibility for drafting the NLP and accompanying it through the national legislative process.</p> <p>The component includes three main tasks:</p> <ol style="list-style-type: none"> 1. Analysis of the existing national and EU legislation on MRV of GHG emissions and elaboration of recommendations and technical proposals regarding the NLP - completed; 2. Review and legal analysis of the draft NLP and the outcomes of public hearings - completed; 3. Support for the reconciliation procedure of the draft NLP - on-going. <p>Task 1. Analysis of the existing national and EU legislation on MRV of GHG emissions and elaboration of recommendations and technical proposals regarding the NLP</p> <ol style="list-style-type: none"> 1) Technical inputs and recommendations to a Draft Law of Ukraine on MRV; 2) Procedure of monitoring and reporting of GHG emissions; 3) Procedure of the verification and accreditation of verifiers of GHG emission reports; 4) Technical inputs and recommendations regarding necessary amendments to the legislation of Ukraine conditioned by the NLP and provisionally related to the functioning of the MRV system. <p>Under the Task 1, Consultant presented the inception report detailing the NLP concept, description of methodology and approach suggested, work plan and implementation schedule on June 30, 2017. In accordance with Inception report and additional request of PIU the following documents were presented on September 15, 2017 as a part to the Interim Report:</p> <ol style="list-style-type: none"> 1) Concept of the National Legislation Package (the "NLP") on the MRV with regard to implementation of the MRV in Ukraine, providing for, inter alia, preliminary general structure of the Law of Ukraine On Principles of Organization and Implementation of Monitoring, Reporting and Verification of Greenhouse Gas Emissions; as well as preliminary list of aspects to be governed by (i) the procedure for monitoring and reporting in Ukraine; and (ii) the procedure for verification and accreditation of verifiers in Ukraine; 2) Analysis in a chart form of the main stages and elements of (i) monitoring and reporting; and (ii) verification and accreditation in the EU Member States as specified in Regulation 600 and Regulation 601;

- 3) Analysis in a table form of certain EU Member States' legislation (Federal Republic of Germany, Republic of Poland and England) regarding implementation of Directive 87, namely, the provisions relating to the MRV (inter alia, analysis of the legal structure of the MRV systems, the structure of legal acts on the MRV, the GHG list and activities subject to the MRV);
- 4) Analysis in a table form of the current Ukrainian legislation relating to the MRV (inter alia, analysis of (i) the general framework for pollutants in Ukraine (currently, greenhouse gases are classified as pollutants in Ukraine), including GHG emission permits; (ii) monitoring and reporting procedure (the existing reporting procedure, forms and types, supervisory bodies, penalties applicable to infringements); (iii) reporting/verification quality control procedure; and (iv) procedure for accreditation of conformity assessment bodies);
- 5) Analysis in a table form of the projects already carried out in Ukraine relating to the MRV to some extent, as well as previous legislative initiatives directly or indirectly relating to the MRV (inter alia, analysis of (i) conclusions and proposals made in the course of implementation of the MRV projects; and (ii) the system of the MRV subjects as proposed in draft legislative initiatives on the MRV);
- 6) Preliminary glossary of the main definitions relating to the implementation of the MRV in Ukraine;
- 7) The table on the peculiarities of implementing Regulation 600 and Regulation 601 in Ukraine (specifying the provisions which are recommended to be (i) kept unchanged, (ii) deleted or (iii) modified).
- 8) Analysis of corresponding EU legislation and peculiarities of the MRV implementation in certain EU Member States,

Technical inputs and recommendations were presented in Final Report for the Task 1 in October 2017.

Task 2. Review and legal analysis of the draft NLP and the outcomes of public hearings

Based on the Final Report prepared under the Task 1, the MENR improved and elaborated the working version of the NLP, namely:

1. Draft MRV Law of Ukraine;
2. Draft legal act of the Cabinet of Ministers of Ukraine on procedure of monitoring and reporting of GHG emissions;
3. Draft legal act of the Cabinet of Ministers of Ukraine on procedure of the verification and accreditation of verifiers of GHG emission reports;
4. Draft amendments to the legislation of Ukraine conditioned by the NLP (including laws, regulations of Cabinet of Ministers, legal acts of related Ministries and Authorities).

The review and legal analysis of the working version of the NLP elaborated by the MENR, and review outcomes of the public hearings conducted by the MENR with different stakeholders in order to ensure public awareness, and widespread involvement of all relevant stakeholders (Parliament, Government, Business, Industry, NGOs) were made. Three rounds of public hearings were hold.

Task 3. Support for the reconciliation procedure of the draft NLP

The reconciliation procedure of the draft NLP has been planned in accordance with the Regulation of the Cabinet of Ministers of Ukraine “About approval of Regulation of the Cabinet of Ministers of Ukraine” dated 18.07.2007 No 950. Additionally, upon request of the MENR and the PIU, the contracted team of experts participated in MRV legislation trainings and workshops, by delivering relevant presentations and participating in discussions during such events.

Task 3-1. Support for submission/consideration procedures of the draft NLP

	<p>Assist MENR during submission/consideration of the Draft Law on MRV to the Cabinet of Ministers of Ukraine by providing support in:</p> <ul style="list-style-type: none"> • preparation of Draft Law and additional mandatory documents required for such submission in accordance with the Regulation of the Cabinet of Ministers of Ukraine “About approval of Regulation of the Cabinet of Ministers of Ukraine” dated 18.07.2007 No 950; • review and analysis of comments and proposals provided by the Secretariat of the Cabinet of Ministers of Ukraine and presented as results of correspondent Governmental Committee meeting; • presentation of the Draft Law, reconciliation and explanatory work at the Meeting of the Cabinet of Ministers of Ukraine (if requested); • possible improvement of Draft law, resulted by the consideration of the Cabinet of Ministers of Ukraine, and elaboration of mandatory documents for submission to Verkhovna Rada (Parliament) of Ukraine (if approved) or resubmission to the Cabinet of Ministers of Ukraine for new consideration (if no approval). <p>In case the Draft law on MRV will be approved by the Cabinet of Ministers of Ukraine the consultant shall assist MENR during submission/consideration of the Draft Law on MRV to Verkhovna Rada by providing support in:</p> <ul style="list-style-type: none"> • presentation of the Draft Law to relevant people deputies and Parliament Committees, performing of reconciliation and explanatory work; • reviewing and analysis of comments and proposals provided by Secretariat of Verkhovna Rada and/or Parliament Committees; • preparation of Draft law for voting procedure at the stages of first (repeated first), second, third readings (if applicable). <p>The Consultant shall also assist MENR with further improving and amending of:</p> <ul style="list-style-type: none"> • Draft Regulation of the Cabinet of Ministers of Ukraine on Approval of Procedure for Monitoring and Reporting of Greenhouse Gas Emissions; • Draft Regulation of the Cabinet of Ministers of Ukraine On Approval of Types of Activities Covered by Monitoring, Reporting and Verification of Greenhouse Gas Emissions; • Draft Regulation of the Cabinet of Ministers of Ukraine On Approval of Procedure for Verification of Operator's Greenhouse Gas Emission Report. <p>Further improving and amending of the Draft regulations of the Cabinet of Ministers of Ukraine shall be based on and include amendments officially provided to the Draft Law during consideration by the Government and Parliament of Ukraine as well as on outcomes of formal or informal hearings, workshops, seminars or other public discussions, initiated/supported by MENR.</p> <p>In order to provide MENR’s technical readiness for submission of those elements of the Draft NLP for consideration and approval of the Cabinet of Ministers of Ukraine (in case of adoption of the Draft Law) the Consultant shall also assist MENR with:</p> <ul style="list-style-type: none"> • review and analysis of proposals and recommendations provided by involved Governmental authorities during reconciliation procedures as well as outcomes of relevant discussions with involved stakeholders; • completion of reconciliation procedures in accordance with the Regulation of the Cabinet of Ministers of Ukraine “About approval of Regulation of the Cabinet of
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	<p>Ministers of Ukraine” dated 18.07.2007 No 950 (especially while reviewing by the State Regulatory Service of Ukraine and the Ministry of Justice of Ukraine);</p> <ul style="list-style-type: none"> • preparation of the Draft Regulations and additional mandatory documents required for their submission to the Cabinet of Ministers of Ukraine for consideration and approval.
Comments:	<p>All Tasks (1-3) were successfully completed in timely manner.</p> <p>Upon successful completion of above said tasks and officially submitted request of MENR it was decided to extend current TOR and Contract till 30.06.19 by adding new Task 3-1 above, which has started from 01.10.18.</p>
B. Development of MRV Guides, Training, Help Desk and Activity-Specific Monitoring Methodologies Related to Installation	
Status:	<p>Under implementation</p> <p>Team of consultants was selected in accordance with the World Bank procedures based on the ToR developed by the PIU. The team started working on March 7, 2017 and is expected to complete the tasks by the project completion in the end June 2019.</p> <p>The component consists of 4 major assignments:</p> <ol style="list-style-type: none"> 1. Development of the activity-specific monitoring methodologies; 2. Development of the guidelines, tools and templates to be used by installation operators during the process of monitoring and reporting (MR); 3. MR training for operators of the installations; 4. Establishment of the MRV Helpdesk. <p>As of September, 2018, the following final documents were delivered by the Consultant:</p> <ul style="list-style-type: none"> • The Guidelines for activity-specific monitoring methodologies; The Guidelines covers all existing types of activities (Combustion of fuels, Refining of mineral oil, Production of iron and steel, Production of coke, Metal ore roasting and sintering, Production or processing of ferrous alloys and non-ferrous metals, Determination of nitrous oxide (N₂O) emissions from nitric acid, Production of cement clinker, Production of lime and calcination of dolomite and magnesite, Production of ammonia) with essential contribution to GHG emissions at the national level. The activity-specific monitoring methodologies are based on the emissions accounting principles set in the “2006 IPCC Guidelines for National GHG Inventories”, are in compliance with the Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of GHG emissions, and take into account other relevant approaches to GHG accounting, including industry-level GHG standards, and available national and regional regulations covering installation-level monitoring and reporting. National circumstances and specifics were considered during the process of developing the methodological guidelines. • Templates of the Monitoring Plans and Emissions Reports; • Monitoring and reporting documents, tools and examples: <ul style="list-style-type: none"> General guidance on GHG emissions monitoring and reporting; Biomass guidance; Guidance on uncertainty assessment; Guidance on sampling and analysis; Guidance on data management and data control system; Risk assessment guidance; Guidance on interpretation of installations’ activity types;

	<p>Example of standard procedure for organizing monitoring at installation level; Guidance on the application of the simplified monitoring plan.</p> <p>The developed documents were presented to the operators of installations during the first series of trainings. Ten trainings out of twenty were delivered as of September 1, 2018. Next set of ten trainings is to be delivered during the period between September-November 2018. The main objective of the training process is to ensure full comprehension by the installations of developing the monitoring plans and emissions reports, as well as to collect feedback and suggestions regarding: 1) the GHG emissions monitoring methodologies; 2) the templates of the monitoring plan and emission report; and 3) the monitoring and reporting guidance documents and tools. The templates are to be based on the EC MRR, taking into consideration the relevant national legislation developed under the scope of another assignment of PMR Ukraine, with regards to the national circumstances where appropriate.</p> <p>The inception report identifying specific objectives, tasks and timeline of MRV Helpdesk was submitted on July 14, 2017. The final report on the MRV Helpdesk detailing the implementation of the work conducted during the MRV Helpdesk operational period will be provided in April 2019.</p>
Comments:	<p>The terms and scope of work under the component have been modified in line with the World Bank requirements and agreed upon with the MENR. The selection process has been delayed compared with the initial project procurement plan due to procedural issues. However, no major delays in project component completion are expected, and all issues potentially affecting other components are dealt with in a timely manner. The contract closure is expected by end June 2019.</p>
<p>C. Pilot Activities for Monitoring and Reporting of GHG Emissions and ETS Benchmarks Development</p>	
Status:	<p>Under implementation</p> <p>Team of consultants was selected in accordance with the World Bank procedures based on the ToR developed by the PIU. The team started working on May 1, 2017 and is expected to complete the tasks by January 31, 2019.</p> <p>This assignment consists of two major components: Pilot Activities for Monitoring and Reporting of GHG Emissions and ETS Benchmarks Development.</p> <p>Pilot Activities for Monitoring and Reporting of GHG Emissions</p> <p>Under this component, the team of consultants are supporting nine installations on preparation of a monitoring plan (MP) and an annual emission report (ER) for the following types of activities: fuel combustion, production of iron and steel, production of lime, production of cement, production of ammonia, production of coke and metal ore roasting and sintering. Selection of the installations was performed by the PIU together with the MENR on voluntary basis among the operators who formally expressed their willingness to participate in the pilot projects.</p> <p>As of September, 2018, the following installations have been selected for the pilot activities:</p> <ol style="list-style-type: none"> 1) Cherkasy Azot (ammonia production) 2) Zaporizhzhya Thermal Power Plant / DTEK Group (fuel combustion) 3) Naftogaz/Gas Transmission System (fuel combustion) 4) Volyn Cement (clinker production) 5) ZaporizhStal / Metinvest (iron and steel production) 6) ZaporizhKoks / Metinvest (coke production) 7) Central Ore Enrichment Plant (metal ore roasting and sintering) 8) Kharkiv Teplokomunenergo (fuel combustion) 9) UkrSpetsIzvest (lime production) <p>The production of the nitric acid has been excluded from pilot activities for the following reasons: monitoring of GHG emissions from nitric acid production requires the existing system of</p>

continuous monitoring system on the site. After discussing a possible alternative monitoring approach with the consultant covering the verification component of the project, it was decided that in the absence of such continuous monitoring system a pilot activity is not feasible for the production of nitric acid. Oil refining and production of ferrous and non-ferrous metals were excluded from pilot activities due to low readiness of the respective sectors, and lack of interest from the installation operators to participate in the pilots.

All nine installations participating in the pilot activities were visited by the consultants to deliver an initial training on MRV and provide on-site assistance with developing a monitoring plan and an emissions report. Monitoring plans and emissions reports were successfully delivered as of April 30, 2018. Improved monitoring plans and emissions reports for four out of nine pilot installations are expected by October 30, 2018; the improved MPs and ERs for the remaining five installations are to be delivered by November 30, 2018.

The pilot MPs and ERs are primarily based on the Commission's Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of GHG emissions, together with the national-level MRV requirements to be developed with support of the PMR project. The MPs and ERs produced under the scope of this assignment are subsequently subject to pilot verification currently conducted as a part of a different assignment under the PMR Ukraine project.

The work under this component is based on, and performed in coordination with, the work on the development of the essential elements of the national MRV system (MRV legislation, monitoring methodologies, templates for monitoring plans and emissions reports, M&R guidance, tools and examples), being developed as a part of a different assignment under the PMR project.

ETS Benchmarks Development

The overall objective of the second component of this assignment is to develop a set of GHG emission benchmarks suitable for use as an allowance allocation tool in the sectors considered for an ETS in Ukraine. Combining pilot MR projects and benchmarking in the same package is expected to provide significant synergies for both components. For the benchmarking purposes, cooperation with pilot installations in key sectors provides direct access to essential input data and gives useful insights into existing facility-level data collection procedures, as well as facilitates engagement of other important stakeholders like industrial associations and sectoral research institutions. On the other hand, the benchmarking exercise helps refine data requirements to be addressed by the pilot MR projects.

The benchmarks development is set to reflect the country's priority of embarking on the economic recovery along a low-carbon development path, and therefore provide incentives to carbon- and energy-efficient economic growth. The approach taken for benchmarks development reflects a proper way the economic situation and technical conditions in potential ETS sectors and the country as a whole. The benchmarks are expected to provide the basis for informed decision-making process and, as such, need to be based on clear criteria for their definition, and sound data collection and calculation methodologies. Both the conceptual approach and the final findings and recommendations should become a subject for extensive stakeholder consultations to provide necessary feedback and ensure better understanding and acceptance of the benchmarks by the industries that may be affected by the ETS implementation.

Completed tasks:

(1) Input data for benchmarks development in potential ETS sectors

An Inception report on Input data for benchmarks development in potential ETS sectors was submitted on June 15, 2017. The report has outlined the approach to work, including objectives and tasks, scope and coverage of the benchmarks' development, approach to the stakeholder workshops and consultations, identification of risks and challenges, and a proposed timeline for the task implementation.

An Interim report on input data for benchmarks development in potential ETS sectors providing an update on the progress made and the activities to be undertaken was submitted on September

30, 2017. It summarizes the activities performed so far, highlights key issues and outlines further steps.

This task includes a workshop on October 10-11, 2017 with relevant stakeholders to discuss data collection approach, distribute data requests, and establish contacts and further cooperation modalities. Further bi-lateral sectoral consultations are also planned. As a preparation to stakeholder consultations, a benchmark scoping report was developed, which includes discussion of allocation options, benchmark calculation methods and benchmark design parameters. Draft data collection forms have been prepared for finalization with stakeholders and subsequent use in benchmark development activities. A Report on stakeholder consultations was issued on November 15, 2017, which provides a summary of the workshop and sectoral meetings held. This includes the issues raised by stakeholders and how they were considered in recommended data collection activities. In particular, the list of industrial sectors to be included into the ETS and the list of products for benchmarking were determined.

A Data collection report was issued on 31.08.2018. It covers data collection activities for such key sectors as coke, iron and steel production, chemicals, cement and lime, electricity and heat production. It includes assessment of data sufficiency in terms of quality and quantity, and outlines alternative approaches were such data proved to be lacking. The works on data collection was facilitated by the information obtained under the first component of this assignment (pilot MRV projects in principal sectors) which provided a clear picture of existing facility-level reporting and overall data flows, as well as insights into available data quality.

(2) Appropriate benchmarks for potential ETS sectors

An Inception report on Input data for benchmarks development in potential ETS sectors was submitted on November 2, 2017. The report has outlined the approach to work, stakeholders involved, key risks and challenges, and a proposed timeline for the task implementation.

Under implementation

Draft benchmark development reports have been prepared for heat and electricity production, including suggested separate treatment of CHP installations, and also for ammonia, cement and lime production. Available data are sufficient for analysis of potential benchmark values. The following options are considered:

- Mean carbon intensity of the sample;
- Weighted average carbon intensity considering the relative share of production for each installation;
- Carbon intensity based on 90% of the weighted average;
- Average carbon intensity of the best 10%;
- Achievable carbon intensity based on reference technology level.

The draft reports are being further developed, together with the reports for other potential ETS sectors. This includes performing a simulation to allocate allowances based on the proposed benchmarks and estimating the economic impacts for the different levels of stringency and carbon prices. Recommended values of benchmarks will be developed in coordination with the carbon tax/ ETS modelling study conducted by under another PMR Ukraine component.

The benchmarking study findings and recommendations will be discussed at least once with all stakeholder groups during a round of sectoral workshops to reflect in a proper way the economic situation, technical conditions and companies' attitude in the sectors considered. Other consultation events (round tables, meetings etc.) may be arranged as necessary.

For consultation events, information materials will be produced to facilitate understanding of the topics addressed and support informed discussion by the stakeholders. Upon completion, selected information materials are to be published for the further use by relevant government authorities, public and business associations, companies and other stakeholders for further discussion of ETS introduction in Ukraine, facilitation of decision-making process, and increase general awareness

	<p>about ETS related issues and their implications for Ukrainian economy and climate goals. To avoid possible overlaps and duplication, coordination and cooperation with a BMBU funded GIZ project is conducted.</p>
Comments:	<p>The terms and scope of work under the component has been modified in line with the World Bank requirements and agreed upon with the MENR. Input data collection and processing was delayed because of delayed or insufficient responses from companies and need for follow-up clarifications and data checks. No further major delays in project component completion are expected, and all issues of coordination with other components are dealt with in a timely manner. The contract closure is expected by the end of the 1st quarter of 2019.</p>
D. Verification pilots and training	
Status:	<p>Under implementation</p> <p>Team of consultants was selected in accordance with the World Bank procedures based on the ToR developed by the PIU. The team started working on June 1, 2017 and is expected to complete the tasks by December 31, 2018.</p> <p>The objective of this work is to assist the government of Ukraine in setting up a robust system for ensuring high quality and reliability of installation-level emissions data provided by installation operators. The system, in addition to data preparation activity by operators, includes data quality examination by verifiers (verification) and procedures guaranteeing adequate capacity of the verifiers for performing their tasks (accreditation). This assignment is aimed at supporting the verification and accreditation components of the MRV system.</p> <p>Fulfillment of this assignment is based on existing EU legislation and guidelines on verification and accreditation, including «Commission Regulation (EU) No 600/2012 of 21 June 2012 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council» (AVR), EC's "The Accreditation and Verification Regulation - Explanatory Guidance" (AVR-EGD) other legal and supporting documents in this area, and available international best practices in verification and accreditation.</p> <p>The following key deliverables:</p> <ol style="list-style-type: none"> 1. Verification and accreditation guidelines and templates; 2. Pilot verification of emission reports for 9 pilot installations; 3. Relevant training on verification and accreditation. <p>Completed tasks:</p> <p><i>(1) Verification and Accreditation Guidelines and Templates</i></p> <p>The Inception report on Verification and Accreditation Guidelines and Templates has been issued on June 30, 2017, Interim report – on September 12, 2017, and Final report – on December 22, 2017. Key stakeholders involved in the process of this task implementation were the MENR and the National Accreditation Agency of Ukraine (NAAU).</p> <p>The guidance materials included:</p> <ol style="list-style-type: none"> 1) AVR Explanatory guidance document, consolidated with the key guidance notes and supporting documents; 2) Amendments to existing NAAU forms; 3) Additional regulations for verification bodies under the Ukrainian AVR; 4) List of documents, which are attached to the application for accreditation of validation and verification bodies for compliance with the requirements of ДСТУ ISO 14065; 5) Accreditation scope; 6) Assessment report / checklist to ДСТУ ISO 14065:2015; 7) Witness activity report; 8) Instructions for applicant verification bodies;

	<p>9) EA-6/03 M: 2013. EA document for recognition of verifiers under the EU ETS Directive (translation to Ukrainian).</p> <p><i>(2) Verification of emission reports for nine pilot installations</i></p> <p>An Inception report verification pilots was submitted on November 22, 2017. The report described a work program together with key features of the methodological approach, and presented timeline, milestones and deliverables for this task. In addition, the report included a template for inception reports to be used in each pilot verification. This is important as verification activities are preceded by MR activities implemented at the same installations by their operators with support from the MR pilots' component. The inception report for provides verifier's recommendations for improvement of respective MP and enables proper preparation of the ER.</p> <p>An Interim report on the status of this task implementation was issued in its final form on August 10, 2018.</p> <p>The inception reports have been issued for all nine pilot installations. Verification for the thermal power plant is already completed, and relevant verification report and pilot project report are issued.</p> <p>Completion of verification process depends on submission of revised MPs and ERs. Apart from the thermal power plant, revised documentation was provided for district heating, iron& steel, lime and coke installations, and verification process for them is expected to be completed soon. For the other four installations, it will be continued on receipt of revised documentation.</p> <p><i>(3) Training on verification and accreditation</i></p> <p>An Inception report for this task was submitted on October 20, 2017. The report described the methodological issues, target groups, approach to trainee selection process, training components and sequence, draft content of a training syllabus, and overall work schedule with milestones and deliverables.</p> <p>Training syllabus for verification trainers was submitted on December 22, 2017. It will serve as a model for training programs to be implemented by Ukrainian educational institutions for the training of verifiers for Ukrainian MRV system and future ETS.</p> <p>An Interim report on the status of this task implementation was issued on May 7, 2018. It described the criteria and the process of completed trainee selection, made an overview of the finalized training syllabus and described the stages and schedule for the upcoming training. Overall, 30 representatives of 17 institutions are to get training together with 14 representatives of the NAAU.</p> <p>The first training session was conducted on July 24-26, 2018 where the following modules were presented:</p> <ul style="list-style-type: none"> • The regulatory framework • Monitoring and Reporting of Greenhouse Gas Emissions • The Verification Process in general • Verification in Practice <p>The second training session was conducted on September 11-13, 2018, with the following modules:</p> <ul style="list-style-type: none"> • Sector-specific competence • Requirements on Verification Bodies • Accreditation & Accreditation Assessments <p>A final exam was conducted and relevant certificates were issued to trainees based on its results.</p>
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	<p>Under implementation</p> <p>A summary report is being prepared, including positive and negative experience, lessons learned, suggestions for improvement and additional training needs.</p>
Comments:	<p>The terms and scope of work under the component has been modified in line with the World Bank requirements and agreed upon with the MENR. Despite minor delays compared to the initial timeline due to delay in the start of the legal component, all the issues were dealt in a timely manner, and no major deviations from the implementation timeline are expected.</p>
<p>E. Analysis of carbon tax options and carbon tax interaction with the ETS/MRV</p>	
Status:	<p>Under implementation</p> <p>Team of consultants was selected in accordance with the World Bank procedures based on the ToR developed by the PIU. The team started working on July 5, 2018, with the contract effective by the end June 2019.</p> <p>The objective of this work is to assist the government of Ukraine with analysis of options for carbon tax improvement, assessment of interaction with the ETS/MRV system, and consideration of impact on Ukraine's economy.</p> <p>This assignment consists of the three major components:</p> <ol style="list-style-type: none"> 1) Development a macroeconomic model assessing the impact of carbon pricing on Ukraine's economy; 2) Development policy recommendations for the introduction of carbon pricing for selected sectors, inter alia with regards to the required institutional and regulatory provisions; 3) High-level workshop demonstrating the results of work to the key stakeholders, including the government, industrial associations, installations with large GHG emissions. <p>Development a macroeconomic model</p> <p>The macroeconomic model of the impact of carbon tax and its interaction with the major economic sectors in Ukraine will be developed. The model will cover all key sectors potentially influenced by carbon pricing with a different level of aggregation based on the model specification. The preliminary list of the sectors expected to be covered by the ETS correlates with sectors covered by the MRV system.</p> <p>The main criteria for including a sector in the study will be:</p> <ul style="list-style-type: none"> • The amount of GHG emissions in the sector; • Social importance of the sector (e.g. district heating); • Exposure to international trade, including potential for carbon leakage (e.g. steel, fertilizer production); <p>Based on the defined list of sectors/industries, the macroeconomic model will cover:</p> <ol style="list-style-type: none"> a) Three scenarios for economic growth in Ukraine; b) Influence of an increase and/or introduction of significant changes to the carbon tax. <p>The scenarios will be developed assuming inter alia a baseline case of the currently existing low rate of carbon tax:</p> <ul style="list-style-type: none"> - Increasing the carbon tax while keeping the current coverage. Results in covering large installations by both tax and ETS. - Increasing the carbon tax and changing its coverage. ETS is used for large installations, while carbon tax is used for small-scale installations and sectors not covered by the ETS. - Increasing the carbon tax and its provisional use for all sectors, until ETS is launched. After ETS is launched, tax is used only in the non-ETS sectors. - Provisional use of carbon tax as the primary carbon pricing option, considering the introduction of ETS is delayed. The Consultant shall receive instructions from the MENR regarding the potential duration of ETS implementation to be analyzed.

Policy recommendations

Policy recommendations report will include a gap analysis of the previous studies in this area prepared by the previous projects and studies:

- EBRD PETER project,
- the ‘Capacity Building for low carbon growth in Ukraine’ by UNDP,
- the National Low Emissions Development Strategy (LEDS),
- Assessing the impact of a carbon tax in Ukraine,
- Transition of Ukraine to the Renewable Energy by 2050 (Heinrich Boell Stiftung Kyiv).

The report will consist of applicability analysis and a set of justified recommendations. The applicability analysis is a review of existing carbon tax policies around the world. The overview of the existing carbon taxation regimes will provide applicability analysis of the key elements of these regimes, i.e.: taxation base, objects of taxation and the level of tax rate. The applicability of lessons from previous studies and international experience will be discussed, particularly in terms of economic development, sectoral composition and political economy. Set of justified recommendations will be developed based on political feasibility of options with relation to the current policy and envisaged policy amendments.

The results of modelling will be translated into the proposed policy recommendations for the MENR. Policy recommendations will cover the following areas:

- Opportunities in achieving emissions reductions;
- Synergies with the existing policies (e.g. feed-in tariff, energy efficiency measures for key sectors with high intensity of GHG emissions);
- Risks for the export-exposed sectors;
- Risks for the socially important sectors;
- Risks of carbon leakage
- Recommendations regarding the options to improve the carbon tax (taxation base, objects of taxation and tax rate).

The result of modelling will be translated into the measurable decrease of GHG emissions in the selected sectors. In turn, these emissions reductions will be compared against the currently established goals under the Paris Agreement, as well as other strategic documents, such as the Low Emissions Development Strategy of Ukraine. Other existing policies with effect on reducing GHG emissions (such as the green tariff scheme) will be analyzed. The risks of distortions in competition for export-oriented sectors, as well as potential social burdens and effects on the existing subsidy system for individual consumers will be estimated, with proposed set of mitigation actions identified.

High-level workshop

Upon completion of the macroeconomic model development and preparation of the policy recommendations, the main findings will be communicated to the MENR and the other key stakeholders. Two main objectives of the workshop are transfer of the developed model to the MENR and ensuring participation of the relevant stakeholders in the decision making.

Completed tasks:

The component started with a kick-off meeting held on July 5, 2018. Regular video- and teleconferences are held on a biweekly basis to report the progress and coordinate outstanding issues.

Draft inception report was completed and is pending finalization, as of September, 2018. The inception report details approach and outlines timeline for implementation of the tasks. The report covers at large gap analysis of work previously completed, structure of the proposed model and necessary amendments to it, proposed input data and data sources to be used, level of output aggregation and approaches to disaggregation, and assumptions for sectors/subsectors that cannot be directly modeled. The policy recommendations report will focus on two main sections: review

	of existing international practices and options suggested based on the modeling results and political applicability assessment. The high-level workshop will provide an overview of the model developed to the main stakeholders, and will report on policy findings presented in the report.
Comments:	Availability and quality of input data for the modeling exercise will likely be an issue. The final workshop will be used as an opportunity for high-level consultations between the MENR and other involved ministries, in particular – the Ministry of Energy and Coal Industry, the Ministry for Regional Development, the Ministry for Economic Development and Trade, and the State Fiscal Service, as well as the industry representatives.
F. Donor coordination activities	
Status:	The MENR leads donor coordination activities between the technical assistance projects through the regular bilateral and multilateral meetings, mailing and phone calls.
Comments:	<p>The GIZ project has started its operations in September 2017, with an almost two years delay. Due to the divergence of implementation start, the donors and the beneficiary have agreed to update the project implementation plans. The joint PMR and GIZ working group presided by the MENR representative has been established and holds regular meetings. The PMR Ukraine project provides all the relevant inputs and comments to the data management system under development.</p> <p>Coordination meetings on potentially overlapping donor activities of GIZ project for the ETS support and the PMR have been conducted in presence of the respective MENR representative. The MENR has ensured the other donor activities planned (second phase of Clima East project funded by the European Commission and to be implemented by the UNDP) or commenced (EBRD project on the Ukrainian NDC update) by the donor organizations are complimentary and any potential overlaps are avoided.</p> <p>The PMR team is committed to continue donor coordination activities and regular updates with the respective donor organizations.</p>
G. Communication Component (including carrying out stakeholder training, consultation engagement and public awareness activities, including conferences and workshops to support the project activities, consultation meetings with stakeholders, public awareness activities (media, high level public/private meetings, etc.).	
Status:	<p>The project communication plan developed by the PIU foresees focused communication with the three main target audiences of the PMR Ukraine project:</p> <ol style="list-style-type: none"> 1. Beneficiaries: Although formally the project is executed by the World Bank, the MENR is the primary institution who is expected to benefit from the results delivered by the project. Other beneficiaries include ministries and agencies involved into the climate policy: The Ministry of Energy and Coal, the Ministry of Regional Development, the State Energy Efficiency Agency, the Ministry of Economic Development and Trade. 2. Installation owners: The large GHG emitters are the key players to be influenced by the MRV system introduction (and the ETS in the future). Considering a high level of interest, as well as a large amount of misleading information on the ETS implementation being circulated by private consultants, it is important to provide a trustworthy source of information to be used by the owners of installations potentially covered by the MRV system in future. 3. Donors: Communication with the donor-funded projects is described in more details in Chapter E. <p>The communication plan includes direct communication via bilateral and multilateral meetings, teleconferences, and e-mails with all three main target audiences. The capacity-building activities</p>

	<p>(workshops, roundtables, discussions) allow information dissemination, public discussions and feedback.</p> <p>During 2016-2018, the PMR Ukraine PIU has engaged in communication with the beneficiaries, installation owners and industry associations, and the donor organizations via roundtables and workshops organized bilateral and multilateral communication, and participation in the external events.</p> <p>The Project team organized over 50 meetings with the main project stakeholders: business, government, expert community and NGOs. In 2017 – 2018 the PMR Ukraine has organized two public hearings on the Draft Law of Ukraine on the MRV, trainings for trainers and installation operators on proposed MRV guidelines and GHG emission monitoring methodologies, training course for verifiers of the emissions reports.</p> <p>During the reporting period, the PMR project supported the MENR in organization of high-level event “Implementation of Ukraine’s international obligations on climate change and introduction of market mechanisms in accordance with the EU Directive 2003/87/EC”, followed by the joint PMR and ICAP three-day training “Emissions training in practice”.</p> <p>In April 2018 the PMR Ukraine supported the MENR and the PMR Secretariat in holding the Partnership Assembly in Kyiv. The first half day was dedicated to the high-level event “Pathway to Achieving National Determined Contributions (NDCs): How LEDs can help countries advance climate action”.</p> <p>The project team will continue to communicate project results to the stakeholders, through the sets of workshops, roundtables, trainings included into the project results reconciliation processes under each project components and during the third-party organized events (conferences).</p> <p>Communication with key stakeholders. The PMR project in Ukraine has been proactively communicating with industry associations and individual companies who are potentially covered by the MRV system. The PIU has also maintained continuous communication with the MENR, the NAAU and donor projects (GIZ, USAID MERP, EBRD and UNDP). The communication with the remaining active donors will be continued throughout the implementation time of PMR Ukraine.</p> <p>PMR workshops and trainings scheduled are under implementation and receive an increased interest from the participants. As a result, a wider dissemination of the project results and feedback to the relevant audience has been achieved and will be maintained.</p> <p>External conferences and events organized by the third parties, both donors and the industry. The PIU has participated in number industry association events (the Ukrainian Chamber of Commerce conference, Association of the cement producers of Ukraine workshops, etc.). In December 2017, the project team took part in the GIZ “Support for the Establishment of an Emission Trading Scheme in Ukraine” project launch conference. The team will continue participating in the external events to communicate the project’s activities and benefits for various stakeholders in Ukraine.</p> <p>Traditional and social media. To ensure wider coverage, the PMR PIU has been engaging the traditional media to the high-level events. Social media is actively used by both the MENR and the Project team to disseminate the information about the PMR project activities and results.</p>
<p>Comments:</p>	<p>Stakeholder communication and involvement is an important part of the PMR Ukraine activities, and has been included in all components of the project (Monitoring and Reporting, Pilot activities in monitoring and verification, benchmarks development, and legal assistance to MENR, analysis of carbon tax). The PIU maintains bilateral and multilateral communications with the current and potential project stakeholders via electronic means and in person. The personal contact remains the main mean of communication with the industry representatives. Scheduled sets of public events are set to ensure project implementation transparency and proper feedback process.</p>

4. PROGRESS, CHALLENGES, AND LESSONS LEARNED

Important policy or regulatory developments related to the Grant's objectives and activities:

Developments:

Several major policy developments

- **The Concept of state climate change policy implementation by 2030** was approved with the CMU Order on December 7, 2016.

The document has incorporated a range of policy instruments and actions related to climate change mitigation and adaptation with an implementation timeline by 2030.

The main goals of the Concept are an improvement of the state climate change policy for sustainable development, ensuring establishment of legal and institutional provisions for a gradual transition to low-carbon development, while ensuring energy and environmental security, and improvement of citizen well-being.

- **The Action Plan for realization of the Concept of state climate change policy implementation by 2030** was approved with the CMU Resolution on December 6, 2017.
- **Memorandum of Understanding on a Strategic Energy Partnership between the European Union together with the European Atomic Energy Community and Ukraine** was signed on November 24, 2016 by Vice-President for Energy Union Maroš Šefčovič and Minister for Energy Ihor Nasalyk.
- **The EU-Ukraine Association Agreement has entered into force on September 1, 2017.**
- **Ukraine's Low Emission Development Strategy by 2050** was approved with the order of the Cabinet of Ministers of Ukraine on July 18, 2018.

Challenges:

Despite an increase in interest to the climate change issue at the national level, the position within the national policy framework remains in a relatively low priority. Continuation of inclusion and coordination with the decision-makers and law-makers is necessary.

The governmental institutional capacities remain limited, with uncertain institutional stability in view of upcoming Parliamentary and Presidential elections. This, in turn, does not allow to prioritize long-scale ambitions and plans at the Governmental level, and limit implementation to relatively short-scale activities.

The reduced attention can also be seen from reduced level of representation of the governmental bodies in the interagency working group on climate change, members of which currently do not have sufficient authority to coordinate necessary components of climate policy and actions.

Lessons learned:

The PMR team will continue cooperation with other donor-funded activities to support the MENR in the MRV system development and introduction, and provide the MENR with necessary support on further MBIs development and implementation. The PMR team will maintain sufficient links with the business associations and enterprises, promote MRV system roll-out and facilitate capacity building in all major MRV stakeholders in Ukraine.

Important changes in the technical design or approach related to the Grant's activities:

N/A

Developments:

The EU has finalized the ratification of the EU-Ukraine Association Agreement. With the Agreement entering into force on September 1, 2017, Ukraine will need to step up in fulfilment of obligations for MRV system development and introduction, and subsequent introduction of the Ukrainian ETS. The PMR project is fully aligned with Ukraine's development goals, the objectives of important policy and strategy documents, as well as key legislation on energy efficiency and renewable energy. The proposed activities and the objectives of Ukraine's PMR project accord with the climate change related goals identified within several policy and strategy documents, including the National Plan for the Implementation of Provisions of the UNFCCC and the Kyoto protocol, the Strategy of National Policy for Environmental Protection until 2020, the National Action Plan on

Environmental Protection for 2011-2015, the National Energy Strategy 2030, the Renewable Energy and Energy Efficiency Policy, the Environmental Strategy for 2020, and the recent Association Agreement with the EU. The implementation of an MRV system will provide Ukraine with accurate data on GHG emissions in key sectors of the economy, as well as on the technologies, fuels, and emission factors at the various installations. The data can thus be used to significantly increase the quality of the Ukrainian National Inventories to the UNFCCC. The data and knowledge generated through MRV can also help Ukraine in its negotiations on the future international climate change regime under the UNFCCC. Analytical activities related to ETS will also support the establishment of Ukraine's ETS.

Challenges:

High sensitivity of the project activities planning and implementation to political and institutional circumstances.

Lessons learned:

Contingency planning is essential, and can be reached through wide participatory approach, and ensuring public information dissemination and feedback process.

Key capacity issues (implementation, technical, financial management, procurement) related to the Grant's activities:

Developments:

To mitigate potential issues with institutional changes, the World Bank and MENR have adopted the joint decision to proceed with the bank-executed project, as an exception. The PMR team is operational since August 1, 2016. After completion of the tender procedures, teams of consultants have started their work on all the four PMR components.

Challenges:

Project activities planning and implementation is highly sensitive both to political and economic conditions.

Lessons learned:

Contingency planning is essential.

Coordination with other carbon pricing initiatives, including those funded by other donors:

Developments:

The World Bank PMR and German Government-funded GIZ project are the remaining major donor-funded activities supporting development, implementation and capacity-building support for MRV/ETS system in Ukraine during 2017 - 2019. While PMR focuses on MRV, and primary focus of GIZ lies within the ETS implementation, a clear work plan for ETS implementation provides for continuous and more efficient donor coordination. While high interdependence between the projects allows for the complete coverage of tasks, delays in launch of the DMS component might impede the full-fledged launch of the MRV system.

The EBRD has announced the launch of the project for update of the Ukrainian Nationally Determined Contribution in 2018. The project, set to start in November-December 2018 is set to run for two years and will take aboard the outcomes of the PMR Ukraine project.

The outcomes of this work will be presented at the PMR's Partnership Assembly (PA) meetings – which occur twice times each year, as well as regular PMR Technical Workshops and Training. This will enable Ukraine to receive feedback and guidance from the global network of PMR participant countries and experts.

The ongoing EBRD-funded FINTECC project might include MRV support component going further.

The MENR is overall responsible for coordination of donor activities to ensure complementarity and synchronization of efforts to avoid any potential overlaps and agree on division of responsibilities.

Challenges:

While a lot of efforts were invested in coordination at the planning stage, in case of delays in project implementation, two years-long delay in the GIZ project start may lead to serious drawbacks due to interdependence and complementarity of activities.

Lessons learned:

Good synergies among the donor-funded activities have been achieved during 2012 – 2015. A living document (the ETS Workplan) developed under the supervision of the MENR has been instrumental for complementarity of actions undertaken by donors.

Risks related to tight linkages between the MRV developments and timeline and the establishment of ETS can be partially mitigated by continuous joint work/coordination between PMR/GIZ and other Donors.

Stakeholder engagement related to the Grant's activities:**Developments:**

Stakeholder communication and involvement plays an important part in the PMR Ukraine activities. Throughout 2016 - 2018, the Project team organized meetings with the main project stakeholders and took part at the third-party organized activities. The PIU maintains a regular contact with the MENR via e-mail, phone calls, organization and participation in the internal meetings. Throughout the project operation, the PIU organized a number of consecutive bilateral and multilateral meetings with the industry representatives, including UkrCement (Ukrainian Association of Cement Producers), UkrMetalurgProm (Ukrainian Association of Steel Producers), Ukrainian Chamber of Commerce, Ukrainian Union of Industrialist and Entrepreneurs (USPP), the major energy companies D.TEK and Centrenergo, Ukrainian Union of Chemists, CherkasyAzot, Naftogaz, Yuzhny Port Plant, Central Ore Enrichment Plant (CGOK), Ivano-Frankivsk TeploCommunEnergo, PoltavaOblEnergo, and the others. The PIU organized a number of meetings with the State Energy Efficiency Agency, the National Accreditation Agency of Ukraine, the Budgetary Institution “National Center for GHG Emission Inventory”, took part in the parliamentary commissions meetings. The PMR project team made presentations at a in a number industry association events, e.g. the Ukrainian Chamber of Commerce conference, UkrCement workshops.

During the reporting period, the PMR project supported the MENR in organization of two high-level events. In 2017, the PMR supported organization of the “Implementation of Ukraine’s international obligations on climate change and introduction of market mechanisms in accordance with the EU Directive 2003/87/EC”. The MENR presented an overview of the Ukrainian commitments in climate change policy, an overview of the state climate change policy, and the position of the MENR regarding implementation of the EU Directive 2003/87/EC (Emissions Trading Directive) in line with the EU-Ukraine Association Agreement.

The event was followed up with the joint PMR and ICAP training “Emissions training in practice”. The three-day course aimed at providing intensive training of industry representatives and governmental officials on practicalities of the ETS, e.g. ETS components, logical framework, main players and stakeholders, drawbacks, risks and advantages. The training course has seen an increased interest from the stakeholders, with requests of further trainings both for the MRV and ETS.

In April 2018, the PMR Ukraine supported the MENR and the PMR Secretariat in holding the Partnership Assembly in Kyiv. The high-level event “Pathway to Achieving National Determined Contributions (NDCs): How LEDs can help countries advance climate action” has showcased the Ukrainian Low Emissions Development Strategy and facilitated experiences of the other Partnership Assembly members in low emissions transition.

Challenges:

The main challenge for the stakeholder engagement activities remains the uncertain institutional and political landscape. Lack of legal provisions and clear state policies might hinder further involvement of industry. The upcoming Presidential and Parliamentary elections in 2019 will likely lead to the changes in political landscape.

Lessons learned:

Wide stakeholder outreach throughout the project implementation is essential for public engagement and support. The outreach will be provided via regular meetings and stakeholder consultations, public consultation procedures of the MENR. Advanced MRV and ETS-related training courses are highly appreciated both by the public and private sector, and are a valuable instrument for wider public engagement and involvement.

Other issues related to the Grant's activities

N/A

5. ADDITIONAL INFORMATION

In this Section, please provide any additional information that may be relevant for the achievement of the Grant's objectives and/or the implementation of the Grant's activities. Please also provide any relevant information related to carbon pricing and the use of market-based instruments for climate change mitigation.

N/A