

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

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| Implementing Country/Technical Partner: | Ukraine |
| Beneficiary: | Ministry of Environmental Protection and Natural Resources of Ukraine (previously Ministry of Energy and Environmental Protection of Ukraine, Ministry of Ecology and Natural Resources of Ukraine (MENR) at the start of the project) |
| Reporting Period: | From 09/30/2019 to 09/30/2020 |
| Report Date: | 30/09/2019 |
| 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 – 12/31/2020 |
| Grant Amount (USD): | USD 3,122,000 |
| Funding Mobilized (USD): | USD 2,911,317 |
| Funding Committed (USD): | USD 187,489 |

2. OVERVIEW

PMR Ukraine Implementation Phase

The objective of the PMR project in Ukraine is to assist in developing and implementing Ukraine's greenhouse gas (GHG) emissions Monitoring, Reporting, and Verification (MRV) system in the energy and industry sectors, and provide analytical support for the implementation of Ukraine's emissions trading system (ETS) as mandated by the Association Agreement between Ukraine and the EU. On May 27, 2020, the Ministry of Environmental Protection and Natural Resources was established on the basis of the Ministry of Energy and Environmental Protection (MEEP). The Ministry is a plenipotentiary successor of the Ministry of Ecology and Natural Resources (MENR), and is the Project Beneficiary.

The following activities have been designed to fulfill the objective:

- 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 MRV 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. Upon request of the MENR, a study on carbon tax options and carbon tax interaction with the ETS/MRV was undertaken under this component.

Since the official start of the PMR project, the following has been achieved:

- The Project Implementation Unit (PIU) was established in August 1, 2016. The PIU consists of the Project Manager, two Technical Coordinators responsible for MRR, AVR, Pilots and Benchmarking Components, and the Legal Coordinator. In May 2018, an additional Technical Coordinator joined the PIU to be responsible for the Carbon Tax assessment and continues to provide support to PIU across all components.
- The consultancy companies were selected to work on major components of the project in accordance with the World Bank's procurement procedures and the deadlines set in the Project Implementation Plan, including for the (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.
- **Implementation Progress is Satisfactory.** Majority of the core project activities have been completed. Out of the five main technical consultant services contracts, four have been completed. The remaining contract, involving an additional task of adjusting MRV-related documentation to national legislation on MRV and to EU legislation for ETS Phase 4, is expected to be completed before the project completion date. Detailed information on implementation progress by component is provided in Section 3 below.
- **Institutional Capacity Building:** The PIU has engaged with the project beneficiary through successive organizational changes in the Ukrainian Government and continues to support the Ministry's institutional capacity through information sharing and technical support as related to the project deliverables in accordance with the project's objectives.

- Stakeholder Engagement:** Under the project, several activities have been undertaken to inform and engage with relevant stakeholders regarding PMR. Representatives from all industry sectors have been invited to various project events 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 | | | | 2020 | | | |
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| Title | Q1 | Q2 | Q3 | Q4 | 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 MRV Law | | | | | | | | | | | | | | | | |
| Support for submission/consideration procedures of the draft NLP | | | | | | | | | | | | | | | | |
| 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 MPs and ERs | | | | | | | | | | | | | | | | |
| MRR documents, tools and examples | | | | | | | | | | | | | | | | |
| MRR training | | | | | | | | | | | | | | | | |
| MRV helpdesk operation | | | | | | | | | | | | | | | | |

| Pilot Activities for Monitoring and Reporting of GHG Emissions and ETS Benchmarks Development | | | | | | | | | | | | | |
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| Pilot activities - support in the development of MPs and ERs | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | |
| Recommendations on introduction of elements, relevant to the EU ETS 4th trading period | | | | | | | | | | | | | |
| Adjusted MRR documents | | | | | | | | | | | | | |
| Adjusted AVR documents | | | | | | | | | | | | | |
| Workshop/round table to communicate the adjusted docs | | | | | | | | | | | | | |
| Support MRV helpdesk | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | |
| Modeling the impact of introducing a price of the GHG emissions | | | | | | | | | | | | | |
| Report on policy recommendations | | | | | | | | | | | | | |
| High-level workshop to present modelling results | | | | | | | | | | | | | |

3. IMPLEMENTATION REPORT BY COMPONENT

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

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| <p>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 the Project's Results Framework?</p> | <p>Support of the development of MRV data management system (DMS) for the upcoming ETS system has been moved from the PMR to the GIZ project based on the donors' agreement.</p> <p>Unused funds for DMS development were reallocated among all main components of the project.</p> <p>The PMR PIU and the GIZ team coordinate activities through the working group aimed at alignment of the regulatory and methodological parts of the upcoming MRV system with the infrastructural solution for the DMS developed by the GIZ.</p> |
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Implementation Progress by Component

| A. Technical Assistance in Development of the National MRV Legislation Component | |
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| <p>Status:</p> | <p>Under implementation</p> <p>The consultant team started working on June 1, 2017 and completed the work on December 31, 2019. Since January 1, 2020, the PMR PIU has taken over the task on support for the relevant secondary and tertiary legislation.</p> <p>The objective of the work is to assist the Ministry of Environmental Protection and Natural Resources (previously 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 Ministry 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; 2. Review and legal analysis of the draft NLP and the outcomes of public hearings; 3. Support for the reconciliation procedure of the draft NLP. <p>Completed tasks:</p> <p>The Law on basis of the Monitoring, Reporting and Verification was adopted by the Parliament of Ukraine on December 12, 2019, enacted on March 26, 2020 and will fully enter into force on January 1, 2021.</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

Technical inputs and recommendations were presented in the Final Report in October 2017:

- Concept of the National Legislation Package (the "NLP") on the MRV with regard to implementation of the MRV in Ukraine;
- 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;
- 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);
- 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);
- 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);
- Preliminary glossary of the main definitions relating to the implementation of the MRV in Ukraine;
- 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).
- Analysis of corresponding EU legislation and peculiarities of the MRV implementation in certain EU Member States.

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

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

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

The review and legal analysis of the working version of the NLP elaborated by the Ministry (MENR), and review outcomes of the public hearings conducted by the Ministry with different stakeholders in order to ensure public awareness, and widespread involvement of all relevant

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| | <p>stakeholders (Parliament, Government, Business, Industry, NGOs) were made. Three rounds of public hearings were held.</p> <p><i>Task 3. Support for the reconciliation procedure of the draft NLP</i></p> <p>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 Ministry 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.</p> <p>Under implementation:</p> <p><i>Task 3-1. Support for submission/consideration procedures of the draft NLP</i></p> <p>The PMR PIU assists the Ministry in preparation for submission and reconciliation of the secondary and tertiary legislation to the Cabinet of Ministers of Ukraine by providing support to the Ministry with preparation, improvement and support of the legislation packages, namely:</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 GHG Emissions; • Draft Regulation of the Cabinet of Ministers of Ukraine On Approval of Types of Activities Covered by MRV of GHG Emissions; • Draft Regulation of the Cabinet of Ministers of Ukraine On Approval of Procedure for Verification of Operator's GHG Emission Report. <p>The documents have undergone several rounds of improvements and updates following the round of the public comments via electronic means, and several rounds of reconciliation procedure with the central governmental bodies and agencies after reorganization of the Ministry of Energy and Environmental Protection to the Ministry of the Environmental Protection and Natural Resources. The documents undergone the reconciliation procedure 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 (especially while reviewing by the State Regulatory Service of Ukraine and the Ministry of Justice of Ukraine). The PMR PIU expects the abovementioned tasks to be completed by October 30, 2020.</p> |
| <p>Comments:</p> | <p>The draft legal acts of the CMU with the supporting documentation have been delivered to the Cabinet of Ministers for the review. The quarantine measures in effect due to the COVID 19 epidemic affect the component’s timeline.</p> |
| <p>B. Development of MRV Guides, Training, Help Desk and Activity-Specific Monitoring Methodologies Related to Installation</p> | |
| <p>Status:</p> | <p>Completed</p> <p>The Consultant team started working on March 7, 2017 and completed all assigned tasks in March 2020.</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 MRR guidelines, tools and templates to be used by installation operators; 3. MRR training for operators of the installations; 4. Establishment of the MRV Helpdesk. <p>The following final documents were delivered:</p> |

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| | <ul style="list-style-type: none"> ▪ The Guidelines for activity-specific monitoring methodologies which cover 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 for Standardized and Simplified Monitoring Plans, Operator’s Annual Emission Report, Improvement Report; ▪ Monitoring and reporting guides, 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; ▪ Example of standard procedure for organizing monitoring at installation level; ▪ Tool for operator’s risk assessment. <p>The developed documents are being presented to the operators of installations during a series of trainings. 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. The templates are to be based on the EU 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. The final report on trainings, which contains information on 20 training workshops for the installation operators and training for the trainers, lessons learnt and proposals on amending the monitoring methodologies gained from the interactions and feedback from workshop participants, was provided in March 2020.</p> <p>The final report on the MRV Helpdesk detailing the implementation of the work conducted during the MRV Helpdesk operational period was provided in August 2019.</p> |
| <p>Comments:</p> | <p>The project component delivery had to be extended due to the industry’s reluctance to be involved in the trainings until the enactment of the MRV legislation.</p> |

| C. Pilot Activities for Monitoring and Reporting of GHG Emissions and ETS Benchmarks Development | |
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| Status: | <p>Under implementation</p> <p>The consultant team started working on May 1, 2017 and is expected to complete all assigned tasks in November 2020.</p> <p>This assignment consists of three major groups of tasks: Pilot Activities for Monitoring and Reporting of GHG Emissions; ETS Benchmarks Development, and Adjusting MRV-related documentation to national legislation on MRV and to EU legislation for ETS Phase 4.</p> <p><i>Tasks 1,2. Pilot Activities for Monitoring and Reporting of GHG Emissions</i></p> <p>Under these tasks, the team of consultants were 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. Installations were selected by the PIU together with the Ministry (then MENR) on a voluntary basis among the operators who had formally expressed their willingness to participate in the pilot projects.</p> <p>The following installations were involved in 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) UkrSpetslzvest (lime production). <p>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 MP and an ER.</p> <p>Draft MPs and ERs were successfully delivered as of April 30, 2018. During the period from May 2018 to June 2019 additional visits of consultants and PIU members to installations were organized and several updates of each MP and ER (at least 3) were prepared to ensure proper quality of documents.</p> <p>Final document packages related to MPs and ERs for nine installations were delivered in June 2019. 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. The MPs and ERs produced under the scope of this assignment were subsequently subject to pilot verification conducted as a part of a different assignment under the PMR Ukraine project.</p> <p>Document packages related to pilot MPs and ERs together with verification reports were submitted to relevant installation operators in January 2020.</p> <p>The Final report for Tasks 1, 2 and twelve document packages related to examples of MP and ER were delivered in February 2020. The examples were based on the experience gained during the development of the MPs and ERs for pilot installations as well as on EU ETS experience.</p> <p>The Final report contains overall assessment of the MR pilots, recommendations for installation operators and verifiers as well as description of documentation prepared for sample MPs and ERs for all activity types, which should be covered by the national MRV system.</p> |

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| | <p>Completed</p> <p><i>Tasks 3,4. ETS Benchmarks Development</i></p> <p>The consultant team started working on May 1, 2017 and completed the initially planned tasks by June 2020</p> <p>The overall objective of the of these tasks 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 was envisaged 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.</p> <p>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 for the ETS design. Both the conceptual approach and the final findings and recommendations were 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.</p> <p><i>Task 3. Input data for benchmarks development in potential ETS sectors</i></p> <p>A Data collection report was issued on August 31, 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 Task 1 of this assignment which provided a clear picture of existing facility-level reporting and overall data flows, as well as insights into available data quality.</p> <p><i>Task 4. Appropriate benchmarks for potential ETS sectors</i></p> <p>A Benchmark Calculation Report was prepared and finalized after an extensive review process. It covers eight product benchmarks (for coke, sintered iron ore, pig iron, primary steel, EAF steel, ammonia, cement clinker and lime) and electricity, heat and fuel benchmarks. The study also tried to determine benchmarks for nitric acid, sintered dolime, pellets and gas transmission but had to be restricted to outlining approaches for future work due to the current lack of sufficient data. However, the benchmarks developed cover majority of emissions in sectors contributing over 1% of total CO₂e emissions. The following options for benchmarks were considered:</p> <ul style="list-style-type: none"> ▪ 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% of installations; ▪ Achievable carbon intensity based on reference technology level. <p>The study included a simulation to allocate allowances based on the proposed benchmarks and estimating the economic impacts for the different levels of stringency and carbon prices.</p> |
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| | <p>Recommended values of benchmarks have been developed in coordination with the carbon tax/ ETS modeling study conducted by under another PMR Ukraine component.</p> <p>The benchmarking study findings and recommendations were discussed with all stakeholder groups during four sectoral workshops (chemicals; coke, iron and steel; energy; and mineral products) to reflect in a proper way the economic situation, technical conditions and companies' attitude in the sectors for the workshops, information materials were produced to facilitate understanding of the topics addressed and support informed discussion by the stakeholders. The materials were posted at the Ministry's website for 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 to increase general awareness about ETS related issues and their implications for Ukrainian economy and climate goals.</p> <p>An additional task was added to this project component to reflect the latest developments under the EU ETS Phase 4 as relevant to potential Ukrainian ETS.</p> <p>Under implementation</p> <p><i>Task 5. Adjusting MRV-related documentation to national legislation on MRV and to EU legislation for ETS Phase 4</i></p> <p>The task comprises:</p> <ul style="list-style-type: none"> • Development of recommendations for Ukraine, which should be based on newly adopted EU regulations and new rules for the reporting input/production data, MMP template and guidelines, BDR, modifications in verification report; • Adjusting guidelines for activity-specific monitoring methodologies, monitoring and reporting guidance documents, tools and examples for MPs, to the final versions of the MRV Law of Ukraine and secondary legislation, as well as supporting PIU in adjusting the accreditation and verification guides; • Providing communication of the adjusted guidelines, tools and new templates to the relevant stakeholders, supporting the helpdesk. <p>All planned activities are now in progress in coordination with ongoing MRV regulatory process in Ukraine. This task is to be completed by the end of November 2020 with a final report.</p> <p>The final report on Sub-task1 considering all comments and suggestions is expected to be delivered by the end of September 2020.</p> <p>Under Sub-task 2, adjusted documents including Guidelines for activity-specific monitoring methodologies, templates for standardized monitoring plan, simplified monitoring plan, operator's annual emission report, improvement report, verification report and instructions for their completing were prepared with participation of consultants and PIU and submitted to the MENR.</p> <p>PIU supports the MENR in developing additional documentation required when going through the reconciliation process.</p> <p>Adjusted monitoring, reporting and verification guides, tools and examples are expected to be completed in October 2020.</p> <p>Under Sub-task 3, holding a workshop/round table to communicate the adjusted guidelines, tools and new templates to the relevant stakeholders, business associations, and verifiers is planned for October 2020 in virtual mode.</p> <p>Support of helpdesk will be continued till November 30, 2020.</p> |
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| | Final reports for Sub-tasks 2,3 are expected in November 2020. |
| Comments: | <p>Addition of the task 5 was driven by the need to ensure the alignment of developed MRR documents with the final versions of the Law of Ukraine on MRV and three CMU resolutions, recommendations and lessons learnt from pilot activities in monitoring, reporting and verification as well as trainings. The need to prepare recommendations for ensuring the compatibility of Ukraine's future MRV / ETS with the EU MRV / ETS in its fourth trading period, including benchmarking, was caused by the adoption in the EU of new Regulation 2018/2066 and Regulation 2018/2067 related to MRV and relevant new rules and documentation.</p> <p>The extension of assignment with the new task 5 on adjusting MRV-related documentation to national legislation on MRV and to EU legislation for ETS Phase 4 has been delayed due to the COVID 19 epidemic and the lockdown, as well as reorganization of the Ministry.</p> |
| D. Verification pilots and training | |
| Status: | <p>Completed</p> <p>The component's objective was to provide an assistance 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 provided the support for the verification and accreditation components of the MRV system.</p> <p>The verification component was built 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 GHG 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 were produced:</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 style="text-align: center;"><i>Task 1. Verification and Accreditation Guidelines and Templates</i></p> <p>The Final report on Verification and Accreditation Guidelines and Templates was issued on December 22, 2017. Key stakeholders involved in the process of this task implementation were the Ministry (then MENR) and the National Accreditation Agency of Ukraine (NAAU).</p> <p>The guidance materials included:</p> <ul style="list-style-type: none"> ▪ AVR Explanatory guidance document, consolidated with the key guidance notes and supporting documents; ▪ Amendments to existing NAAU forms; ▪ Additional regulations for verification bodies under the Ukrainian AVR; ▪ 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; ▪ Accreditation scope; ▪ Assessment report / checklist to ДСТУ ISO 14065:2015; ▪ Witness activity report; |

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| | <ul style="list-style-type: none"> ▪ Instructions for applicant verification bodies; ▪ EA-6/03 M: 2013. EA document for recognition of verifiers under the EU ETS Directive (translation to Ukrainian). <p><i>Task 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.</p> <p>Verification of emission reports the pilot installations were completed, and relevant verification reports and pilot project reports were issued. These pilot installations are: a thermal power plant, a lime plant, a district heating boiler plant and gas compressor station on a gas transmission pipeline, a cement plant, an ammonia plant, an iron ore roasting plant, a coke plant and iron & steel works.</p> <p><i>Task 3. Training on verification and accreditation</i></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 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 received training together with 14 representatives of the NAAU.</p> <p>The following modules were presented during the training:</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 ▪ 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. A summary report was 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 were modified in line with the World Bank requirements and agreed upon with the MENR.</p> <p>Delays in verification pilots compared to the initial timeline were due to several revisions of monitoring and reporting documentation, and then by urgent engagements of verifiers which were not expected before (additional verifications of applications for free allowances under the EU ETS and consecutive follow-ups by the authority reviewing their verification reports).</p> |
| E. Analysis of carbon tax options and carbon tax interaction with the ETS/MRV | |
| Status: | <p>Completed</p> <p>Team of consultants worked on the component over the course of July 2018 – August 2019. All of the tasks have been satisfactorily completed in August 2019.</p> |

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| | <p>The objective is to assist the government of Ukraine with an analysis of options for improvements to the existing carbon tax, assessment of interaction of carbon tax with the ETS/MRV system, and consideration of its 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><i>Task 1. Development a macroeconomic model</i></p> <p>The macroeconomic model of the impact of carbon tax and its interaction with the major economic sectors in Ukraine was developed, and discussed and presented at the final workshop on July 11, 2019. The model has covered all key sectors potentially influenced by carbon pricing with a different level of aggregation based on the model specification.</p> <p>The main criteria for including a sector in the study were:</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 has covered:</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 were 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 was in a close coordination with the MENR regarding the potential duration of ETS implementation to be analyzed. <p><i>Task 2. Policy recommendations</i></p> <p>The report consists 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.</p> <p>The results of modeling were translated into the proposed policy recommendations on the carbon pricing, with the six general policy objectives formulated as following:</p> |
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| | <ul style="list-style-type: none"> — Maximization of the coverage: This is a central objective to ensure abatement is achieved at lowest possible cost and that the NDC is achieved most efficiently — Raising the ambition: Ukraine has started to prepare its second NDC and will submit an amended NDC which should set further goals and measures in climate policy domain — Maintaining the output: Policy measures should maintain incentives to safeguard economic output and competitiveness, and provide support for the economic recovery — Improving economic efficiency: The Energy Strategy notes the scope for improved emissions intensity and central to the LEDSD is increasing output more efficiently and more sustainably — Improve energy security: The Energy Strategy points to the need to reduce the reliance on imported fossil fuels in a sustainable manner <p>During the preparation of the Policy recommendations report, the following previous projects and studies were reviewed:</p> <ul style="list-style-type: none"> • EBRD PETER project, • the 'Capacity Building for low carbon growth in Ukraine' by UNDP, • the National Low Emissions Development Strategy (LEDSD), • Assessing the impact of a carbon tax in Ukraine, • Transition of Ukraine to the Renewable Energy by 2050 (Heinrich Boell Stiftung Kyiv). <p><i>Task 3. High-level workshop</i></p> <p>Upon completion of the macroeconomic model development and preparation of the policy recommendations, the main findings of the modeling exercise and policy proposals were communicated to the MENR. For the proposed policy measures list formulation, the project studied international experience on carbon pricing design, policy alignment and revenue realignment. The results of both the economic modelling and the best practices analyses were used to formulate policy recommendations on the future of carbon pricing in Ukraine.</p> <p>The reports were published at the Ministry's website, once all the formal issues with the succession have been resolved.</p> |
| Comments: | <p>Availability and quality of input data for the modeling exercise were a serious issue, given the commercial nature of large part of data. The results of work have been widely requested by the Ukrainian Government for the further development of the carbon pricing mechanisms and support to the further GHG emissions reductions.</p> |
| F. Donor coordination activities | |
| Status: | <p>The MEPNR leads donor coordination activities between the technical assistance projects through the regular bilateral and multilateral meetings, mailing and phone calls.</p> |
| Comments: | <p>The GIZ project has started its operations in September 2017. The joint PMR and GIZ working group presided by the MEPNR representative has been established and holds regular meetings. The PMR Ukraine project has been providing the feedback on the DMS design documents prepared by the GIZ contractors' team, to ensure the resulting system compatible and in line with the initial design of the MRV system.</p> <p>The PMR PIU team is taking part in the testing of the initial DMS system components, developed by the team of consultants procured by the GIZ project.</p> <p>The MEPNR has ensured that the activities planned or under implementation by the other donor organizations (EU4Climate managed by the UNDP, the Second Ukrainian NDC development funded by the Swedish Government via the EBRD) are complementary and any potential overlaps</p> |

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| | <p>are avoided. Coordination meetings on potentially overlapping donor activities between the PMR team and the other donors have been conducted in presence of the respective MEPNR representative.</p> <p>The PMR team continues donor coordination activities and updates with the respective donor organizations on a regular basis.</p> |
| <p>G. Stakeholder Engagement / Communication Component (including stakeholder trainings, stakeholder consultation meetings, and public awareness activities, such as conferences and workshops involving the media and high-level public/private representatives).</p> | |
| <p>Status:</p> | <p>The project team implements the communication plan aimed at 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 Ministry of Environmental Protection and Natural Resources has been the primary institution benefiting from the project results. On May 27, 2020, approximately 9 months from the previous Governmental reorganization, the Ministry of Energy and Environmental Protection has been split, and the Ministry of Environmental Protection and Natural Resources reemerged. Beneficiaries include ministries and agencies involved in the climate policy: the Ministry of Regional Development, the State Energy Efficiency Agency, the Ministry of Economic Development, Agriculture and Trade. 2. Installation owners: The large GHG emitters are the key players to be impacted by the introduction of the MRV system and of the expected carbon tax and ETS in the future. The project activities have proven to be of an exceptional interest to the potentially affected companies, with the Project and the Project team serving as a reliable source of information on the MRV system design details and the future ETS rollout. 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 (workshops, roundtables, discussions) allow information dissemination, public discussions and feedback.</p> <p>During 2016-2020, 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 97 meetings with the main project stakeholders: business, government, expert community and NGOs. In 2018 the PMR Ukraine has organized two public hearings on the Draft MRV Law of Ukraine, 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>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 Ministry 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> |

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| | <p>The project team regularly participates in the meetings and videoconferences with the local stakeholders – the Ukrainian Parliament and the Government, business associations, industry representatives and non-governmental organizations.</p> <p>Communication with key stakeholders. The PMR Ukraine project 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 Ministry the NAAU and donor projects (GIZ, USAID, EBRD and UNDP). The communication with the remaining active donors is ongoing.</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. The governmental bodies and the industry representatives have become more active and request additional trainings and meetings after the Law on MRV has been approved.</p> <p>External conferences and events are organized by the third parties, both donors and the industry. The PIU has participated in a number of industry association events (the Ukrainian Chamber of Commerce conference, Association of the cement producers of Ukraine workshops, etc.). Over the last year the PIU has predominantly participated in the national events focused on ongoing discussions on the MRV and carbon mechanisms implementation practicalities.</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 information about the PMR project activities and results. The professional networks are the media for active dissemination of highly-specific project information, and the advanced way to build up the project profile.</p> |
| Comments: | <p>Stakeholder communication and involvement have been and remains to be an important part of the PMR project and have been included in all components (MRR, AVR, Pilot activities in monitoring and verification, benchmarks development, and legal assistance to MENR, analysis of carbon tax).</p> <p>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 means of communication with the industry representatives. The schedule of events and overall number have been affected by the COVID 19 pandemics and related lock-down, moving the face-to-face encounters to the videoconferencing and e-mails.</p> |

4. PROGRESS, CHALLENGES, AND LESSONS LEARNED

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| <p>Important policy or regulatory developments related to the Grant’s objectives and activities:</p> <p>Developments:</p> <p>From the time of the previous update, the country has seen major changes in the political landscape. Following the Government turnover in Spring 2020, approximately 9 months from the previous Governmental reorganization, the Ministry of Energy and Environmental Protection has been split, and the Ministry of Environmental Protection and Natural Resources reemerged on May 27, 2020.</p> <p>The Ministry continues as a plenipotentiary successor of the MENR, however the reorganization and COVID 19-associated lockdown has further restricted the Ministry’s institutional capacities. The support from the PMR PIU will be crucial for the Ministry in terms of capacity-building and knowledge sharing until the project close date.</p> <p>Challenges:</p> |
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The governmental institutional capacities remain critically restricted with the institutional and legal arrangements pending, which will impact the further planning for the climate change policy measures. This restricts prioritization of long-scale ambitions and plans at the Governmental level, and limits implementation to relatively short-scale activities. The COVID 19-related restrictions have been detrimental for institutional capacity building due to hindrance in the personnel hiring.

Lessons learned:

Close engagement with the Ministry and key stakeholders as well as continuous donor cooperation are crucial for maintaining the momentum of project's achievements under such challenging times as the outbreak of the Covid-19 pandemic. The PMR team will continue cooperation with other donor-funded activities to support the Ministry of Energy and Environmental Protection in the MRV system development and introduction, and will provide the Ministry 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:

As the EU-Ukraine Association Agreement entered into force on September 1, 2017, Ukraine will need to step up in fulfillment of obligations for MRV system development and introduction, and subsequent introduction of the Ukrainian ETS. The PMR Ukraine 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 Paris Agreement, the Strategy of National Policy for Environmental Protection until 2020, the National Action Plan on Environmental Protection for 2011-2015, the National Energy Strategy 2035, the Renewable Energy and Energy Efficiency Policy, the Environmental Strategy for 2020, and the 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 will 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 and improvement of the carbon tax.

Challenges:

High sensitivity of the project activities planning and implementation to political and institutional circumstances. The quarantine measures, associated with the COVID 19 pandemics, have led to the delays in planned activities. Part of the public activities planned will need to be conducted online.

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 the Ministry (MENR at the time of agreement) have adopted the joint decision to proceed with the bank-executed project, as an exception. The PMR

team is operational since August 1, 2016. Teams of consultants, selected through the Bank-administered tender procedures, have mostly completed their work.

Challenges:

Project activities planning and implementation have been and remain highly sensitive both to political, economic and social conditions. The COVID 19 epidemic and associated quarantine measures have impacted the implementation plans.

Lessons learned:

Contingency planning is essential. Established channels of electronic communication and ability to reorganize communication channels are necessary.

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 the development, implementation and capacity-building for MRV/ETS system in Ukraine during 2017-2020. The PMR project focuses on the technical elements of the MRV system while the GIZ project is focused mainly on ETS implementation. However, the PMR project provided complementary support to ETS implementation through the study on carbon tax and ETS interaction, while the GIZ project is complementing the MRV system development through the establishment of the Data Management System (DMS). Due to the high interdependence between these projects, delays in the launch of the DMS component might impact the full-fledged launch of the MRV system.

The EBRD-run Second Ukrainian Nationally Determined Contribution preparation project launched in December 2018, is set to run by December 2020. The project representatives have been in a close cooperation with the PMR Ukraine project. Proceedings from the study of Carbon Tax interaction with ETS/MRV were taken into account for the suggested list of policies and measures included into the suggested scenarios and roadmaps for the Paris Agreement implementation to be presented for consideration of the Government of Ukraine.

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 MENR (now MEPNR) was and remains 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:

Due to the COVID 19 pandemic - related measures, implementation of all activities have been and might further be affected.

Lessons learned:

Good synergies among donor-funded activities have been achieved. A living document (the ETS Workplan) developed under the supervision of the MENR has been instrumental for the 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 - 2020, 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 Centrengo, 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 meetings of parliamentary commissions. The PMR project team made presentations at a number of industry association events, e.g. the Ukrainian Chamber of Commerce conference, UkrCement workshops and conferences.

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 changes in the governmental structure and composition of the Ministry of Energy and Environmental Protection are the main challenge for the continuous stakeholder engagement activities. Lack of legal provisions and clear state policies hinders further involvement of industry. However, the developments in the international climate policies also increase interest from industrial front-runners.

Lessons learned:

Wide stakeholder outreach throughout the project implementation is essential for public engagement and support. The outreach will be continued via regular meetings and stakeholder consultations. Provided the changes in the Ministerial structure, further coordination with the donor community will enable saving the momentum and further capacity building and knowledge sharing. 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.

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