



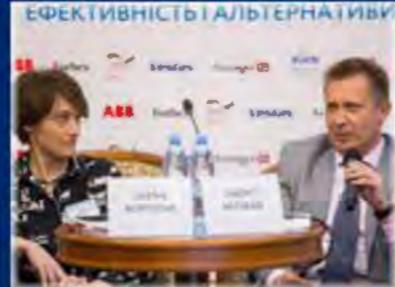
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**MUNICIPAL ENERGY
REFORM IN UKRAINE**

MUNICIPAL ENERGY REFORM PROJECT (MERP)

THIRD QUARTERLY REPORT

APRIL 1, 2014 – JUNE 30, 2014



July 2014

This document was produced for review by the United States Agency for International Development (USAID). It was prepared by the Municipal Energy Reform Project in Ukraine implemented by International Resources Group for USAID/Ukraine.

Key to cover photos:

<p>Comments of Vice Prime Minister Volodymyr Groysman and USAID Associate Administrator Mark Feierstein, at launch of MERP cooperation with 17 partner-cities</p>	<p>Dr. Zdravko Genchev, MERP international expert, addressing workshop for First Group of six partner cities</p>	<p>MERP experts participate in the MinRegion WG meeting to finalize draft law "On Energy Efficiency in Residential and Public Buildings"</p>
<p>Vice Prime Minister Volodymyr Groysman leads High Level WG on Municipal Energy Efficiency</p>	<p>MERP COP Bil Tucker and Head of SAEE Oleksandr Taran present at Winners Award Ceremony for "Best Children's Picture on EE"</p>	<p>MERP DCOP Andriy Mitskan speaks at the International Conference: "EU-Ukraine Energy Day"</p>
<p>Bank Lviv's Chairman Igor Gavryliak announces decision to issue first loan to OSBB under USAID DCA program</p>	<p>Lviv Mayor Andriy Sadovy speaks to journalists after opening ceremony of EU Sustainable Energy Week in Lviv</p>	<p>US Ambassador Cliff Bond and MERP COP Bil Tucker meet with Dnipropetrovsk Oblast Council Head Udod and City Mayor Kulichenko</p>

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July 2014

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency International Development or the United States Government.

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ACRONYMS

AUC	Association of Ukrainian Cities
CA	Condominium Association
CBP	Capacity Building Plan
CE	Clean Energy
CEE	Central and Eastern Europe
CHP	Combined Heat and Power
COM	Cabinet of Ministers of Ukraine
DCA	Development Credit Authority
DH	District Heating
DIR	Data and Information Request
DTEK	Donbass Energy and Fuel Company
EAB	Energy Audit of Building
EBRD	European Bank for Reconstruction and Development
EC-LEDS	Enhanced Capability-Low Emissions Development Strategies
EE	Energy Efficiency
EPC	Energy Performance Contracting
ESCO	Energy Service Company
ESIB	Energy Saving Initiative in the Building Sector in Eastern Europe and Central Asia
ESP	Energy Service Provider
EU	European Union
EWG	Expert Working Group
E5P	Eastern Europe Energy Efficiency and Environment Partnership
GCC	Global Climate Change
GDA	Global Development Alliance
GHG	Greenhouse Gas
GIZ	German Bilateral Aid Agency
GOU	Government of Ukraine

HOA	Home Owner Association
HOAC	Home Owner Advisory Center
IBSER	Institute for Budgetary and Socio-Economic Research
IEA	International Energy Agency
IFC	International Finance Corporation
IFI	International Financial Institution
IRG	International Resources Group
IRR	Internal Rate of Return
IT	Information Technology
LEDS	Low Emissions Development Strategies
MEDT	Ministry of Economic Development and Trade
MEIS	Municipal Energy Information System
MEP	Municipal Energy Plan
MERP	Municipal Energy Reform Project
MH	Municipal Heating
MHRP	Municipal Heating Reform Project
MinRegion	Ministry of Regional Development, Construction, Housing and Communal Services
MOU	Memorandum of Understanding
MRV	Measurement, Reporting and Verification
MSP	Ministry of Social Policy
NAER	National Agency of Ukraine on Ensuring Efficient Energy Resources Management
NCCSMR	National Commission on Communal Services Market Regulation (see NCSRC)
NCSRC	National Communal Services Regulatory Commission
NEFCO	Nordic Environment Finance Corporation
NGO	Non-governmental organization
NMHS	National Municipal Heating Strategy
NIB	Nordic Investment Bank
NIISK	Ukrainian State Research Institute of Building Structures
NPV	Net Present Value

OCA	Operational Capacity Assessment
PC	Price Cap
PMP	Performance Monitoring Plan
PO	Purchase Order
PPP	Public-Private Partnership
PSA	Public Service Announcement
Q1, Q2	First Quarter, Second Quarter
RAB	Regulatory Asset Base
RC	Revenue Cap
REDS	Resource Efficiency Development Strategies
RFA	Request for Application
ROR	Rate of Return Regulation
SDC	Swiss Agency for Development and Cooperation
SEAP	Sustainable Energy Action Plan
SIDA	Swedish International Development Cooperation Agency
SOW	Scope of Work
SSC	State Statistics Committee
TF	Task Force
TOR	Terms of Reference
TOT	Training of Trainers
UAH	Ukrainian Hrivna (currency)
UKEEP	Ukraine Energy Efficiency Program
UNDP	United Nations Development Program
UNFCCC	United Nations Framework Convention for Climate Change
USAID	United States Agency for International Development
VR	Verkhovna Rada (legislature)
WB	World Bank

BACKGROUND

The United States Agency for International Development (USAID) Mission for Ukraine, Moldova, and Belarus, Office of Economic Growth supports the implementation of the **Municipal Energy Reform Project (MERP, the Project) in Ukraine** as described in the Statement of Work and further detailed in International Resources Group's (IRG) Technical Proposal, and subsequent modifications.

The primary purpose of the USAID MERP is to enhance Ukraine's energy security. Increased end-use energy efficiency (EE) combined with increased production of clean energy (CE) in large towns and cities will reduce the consumption of conventional energy in Ukraine while cutting greenhouse gas emissions, energy expenditures, and imports. The Project has four main tasks:

- Improve CE Regulatory and Legislative Enabling Environment;
- Promote Investment in Clean Energy Technologies and Applications;
- Strengthen Capacity Building and Dissemination; and
- Enhance Capacity for the GOU in Low Emission Development Strategies.

The GOU is engaged in reforming the municipal energy sector and addressing challenges identified in the IEA Report on Ukraine 2012, with an emphasis on CE/EE through price signals and improving the competitiveness and reliability of municipal services. Ukraine's energy policies are shifting to domestic resources and strengthening the energy market framework to EU standards. Adoption and full implementation of Energy Community Treaty and GCC Convention provisions could provide Ukraine with a competitive, transparent, and predictable market framework to attract investment, and underpin CE and EE improvements in the energy sector.

The Project focuses on introduction of energy efficiency and clean energy in cities by assisting municipalities with planning, preparing, and financing clean energy projects; introduction of energy management systems; supporting implementation of DCA loan guarantees; supporting mechanisms that mobilize private sector investment (i.e. ESCOs); and preparing sustainable energy public awareness plans.

This Quarterly Report is submitted in accordance with the Contract requirements and covers the project period from April 1 through June 30, 2014. It serves as a tool for evaluating the Project's progress and achievements and provides a summary of Project activities, accomplishments, issues, and problems encountered in implementing the activities set by the Project Work Plan. It also weighs the accomplishments in the context of indicators, set by the Monitoring and Evaluation Plan. This Quarterly Report #3 summarizes activities from the Project start until the end of the third Project quarter.

A. SUMMARY OF PROGRESS AND ACCOMPLISHMENTS

General Accomplishments:

The overall objective of the MERP is to enhance Ukraine's energy security. Increased end-use energy efficiency combined with increased production of clean energy in large towns and cities should reduce the consumption of conventional energy (imported natural gas from Russia) while cutting greenhouse gas emissions and energy expenditures and imports.

During the reporting period, MERP advanced all project activities in accordance with the Work Plan for Year One approved by USAID Mission in Ukraine. A Monitoring & Evaluation (M&E) Plan was finalized and approved by USAID. MERP finalized mobilization of all local and international sub-contractors, including those, working on LEDS-REDS. The Project provided regular reporting to USAID on achievements related to Project milestones.

In Eastern Ukraine, MERP assisted with organization of a fact finding informational visit of US Ambassador Cliff Bond, USAID Bureau for Europe & Eurasia OEG representative Elizabeth Jones, and USAID Mission Program Office Director Peter Duffy to Dnipropetrovsk. The visit consisted of a series of roundtable discussions with local and regional representatives of various socio-economic sectors, including energy. MERP COP Bil Tucker facilitated the energy sector round table that included Dnipropetrovsk Mayor Ivan Kulichenko and Dnipropetrovsk Oblast Council Head Yevgen Udod.

On the technical side, the Project made good progress in four main activities: (i) improve the clean energy regulatory and legislative enabling environment, (ii) promote investment in clean energy technologies and applications, (iii) capacity building and dissemination, and (iv) enhance capacity for the GOU in Low Emission Development Strategies (EC-LEDS).

Establishing new Cooperation with the governmental and non-governmental stakeholders:

Project management continued good cooperation with key GOU stakeholders such as the Ministry of Regional Development, Construction, Housing, and Communal Services (MinRegion) and the National Communal Services Regulatory Commission (NCSRC). In addition, new working relations were established and MOUs signed with the Ministry of Social Policy regarding assistance on a new system of subsidies, and the State Agency for Energy Efficiency (SAEE). The Project also signed a Work Plan with the State Environmental Investments Agency (SEIA) on LEDS-REDS.

National Level Assistance:

MERP provided support to the GOU High Level Working Group (HLWG) on municipal energy reform. Project experts assisted the GOU with preparation of the Concept of Municipal Energy Reform and development/update of key legislation (such as package of legislation on ESCOs, Law on Energy Efficiency in Buildings, set of legislation on HOAs, and others). The package of legislation on ESCOs was approved by the HLWG and was submitted to the Cabinet of Ministers for review. The Draft Law on Energy Efficiency in Buildings was finalized by expert groups in accordance with comments and suggestions of the Secretariat of Energy Community. It was submitted for review to the office of Vice-Prime Minister Volodymyr Groysman.

Project assistance to the NCSRC resulted in GOU approval of necessary tariff increases for communal services (both heat and water) to the cost-recovery level. In order to protect low-income consumers,

MERP assisted the Ministry of Social Policy to prepare and obtain approval of a GOU Resolution on a new subsidies system aimed at compensating for tariff increases to low-income consumers. This assistance was provided in close cooperation with the World Bank social assistance team.

Capacity Building:

During the reporting period, MERP conducted a competitive selection of five local NGOs to assure capacity building. The Project received 13 applications from local NGOs involved in energy efficiency, clean energy and climate change activities. The Project started Operational Capacity Assessments (OCA) and preparation of Capacity Building Plans for selected group of local NGOs.

LEDS-REDS Activities:

Project experts continued discussion on Draft Work Plan for LEDS-REDS with the Ministry of Economy and donor organizations. Assistance was provided to the GOU to improve the National System of Emissions’ Inventories and to develop legal framework on MRV.

Municipal Assistance:

At a ceremony addressed by USAID Associate Administrator Mark Feierstein, MOUs were signed with all 17 partner cities and assistance started for the First Group of six cities on establishment of municipal energy management systems, conducting energy audits, and building human capacity on SEAPs.

Advanced Donor Coordination:

Through a series of meetings with international financial institutions (IFIs) and donors, the Project developed a concept of an e-based Advanced Donor Coordination platform that was approved by USAID and accepted by the donor community.

Summary of Legal Assistance:

Name of legislation	Leading GOU agency	Current status	Pending actions
Package of Draft Laws on ESCOs (includes amendments to: <ul style="list-style-type: none"> • Budget Code • Law on Energy Savings • Law on Public Procurement 	MinRegion, with key role of MinFinance	Package of Draft Laws on ESCOs was developed with assistance from USAID projects (MERP&IBSER) and EBRD. Approved by High Level GOU Working Group led by VPM Groysman. Submitted to the Cabinet of Ministers for comments and further submission to Rada.	Pending GOU concurrence and submission to Rada. Pending Rada approval.
Draft Law on EE in Buildings	MinRegion	Draft Law (analog of EU Directive on Energy Performance of Buildings-2) was developed with assistance from USAID MERP and EU Delegation. Considered by High Level WG led	Pending GOU concurrence and submission to the Rada. Pending Rada approval.

		by VPM Groysman. With some modifications, it was submitted to the Cabinet of Ministers for comments and further submission to Rada.	
Package of Draft Laws on Home Owner Associations (HOAs) (one Draft Law on Ownership in Multi-Apartment Buildings, another on Management in Multi-Apartment Buildings)	MinRegion	Package of Draft Laws was developed with assistance of IFC and USAID MERP. Considered and supported by High Level WG led by VPM Groysman. Submitted to the Cabinet of Ministers for comments and further submission to Rada.	Pending GOU concurrence and submission to Rada. Pending Rada approval.
Draft Law on Metering	MinRegion	Draft Law was developed several years ago with assistance of USAID MHRP. MinRegion initiated the development of a new version. MinRegion is not active in leading development of this important Draft Law.	Pending MinRegion action on review and updates of Draft Law on Metering.
Draft National Action Plan on Energy Efficiency	MinEconomy and State Agency for Energy Efficiency and Renewable Energy	State Agency developed a Draft National Plan on EE (as required by Energy Community) with assistance of EU Delegation, USAID and other donors. MinEconomy is not active in providing approval for this important plan.	Pending MinEconomy approval.
Draft National Action Plan on Renewable Energy	MinEconomy and State Agency for Energy Efficiency and Renewable Energy	State Agency developed Draft National Plan on RE (as required by the Energy Community) with assistance from EU Delegation, USAID and other donors. MinEconomy is not active in providing approval for this important plan.	Pending MinEconomy approval.

<p>Draft National Standard on Energy Management ISO 50001</p>	<p>MinEconomy and State Agency for Energy Efficiency and Renewable Energy</p>	<p>State Agency developed a Draft Standard on Energy Management as per ISO50001 (with support from EU Delegation and USAID MERP) and submitted it to the MinEconomy for approval. MinEconomy is not active in providing approval for this important document.</p>	<p>Pending MinEconomy approval.</p>
<p>Draft Law on Climate Change Strategy</p>	<p>Ministry of Environment, State Environmental Investment Agency</p>	<p>Draft Law is under development by the State Environmental Investment Agency with assistance from UNDP and USAID MERP. Ministry of Environment is not providing enough support and interest in development of this law.</p>	<p>Pending support from Ministry of Environment (specifically reestablishment of High Level Intergovernmental Climate Change Commission).</p>
<p>Draft Work Plan on Low Emission Development Strategy (LEDS) for implementation of MOU between USAID and Ministry of Economy on Enhanced Capability - Low Emission Development Strategy (EC-LEDS)</p>	<p>Ministry of Economy</p>	<p>Draft Work Plan was developed by MERP and concurred by USAID. Draft Work Plan on EC LEDS was submitted to the Ministry of Economy for approval. Ministry is not very active on this issue.</p>	<p>Pending approval from the Ministry of Economy regarding the Work Plan on EC-LEDS with USAID.</p>

B. DELIVERABLES

Third Quarter deliverables of the MERP were submitted to USAID on CD and included the following items:

#	Activity		Title of Report	Language
1	Activity 1	April-June	Monitoring of draft laws at the review of the Committees of Verkhovna Rada of Ukraine	English, Ukrainian
2	Activity 1	April	Reference on draft laws that have been rejected as a result of changes in the Government of Ukraine	English, Ukrainian
3	Activity 1	April	Analysis of demand in directions on institutional capacity increasing of the specialists of the Ministry of regional development, construction and housing and communal services of Ukraine on issues of international procurement, procedures of preparation and approval of international projects, control of their implementation aimed at development of corresponding programs of educational measures (trainings, seminars, round tables in Ukraine and abroad)	English, Ukrainian
4	Activities 1	April	Analysis of questioning of employees of the Ministry of Regional Development, Construction, Housing and Communal by departments	English, Ukrainian
5	Activity 1	April	Reference on legal status of national regulatory commissions caused by the recent legislative changes	English, Ukrainian
6	Activity 1	April	Information on program of activity of the Cabinet of Ministers of Ukraine	English, Ukrainian
7	Activity 1	April	Reference on priority tasks on development of normative-legal regulation in field of heat supply	English, Ukrainian
8	Activity 1	April	Reference on re-submission of the draft law of Ukraine On Energy Performance of Residential and Public Buildings for the review of Verkhovna Rada of Ukraine	English, Ukrainian
9	Activity 1	April	Short reference to the draft law On amendments to some legislative acts of Ukraine (regarding improvement of payments for energy carriers), adopted by Verkhovna Rada of Ukraine and submitted for signing to the President of Ukraine on 14.04.20 (Registration #4644/ 4644-A)	English, Ukrainian

10	Activity 1	April	Reference on request of Minregion (Department of communal heat) regarding determination of legislative act for normative-legal regulation of relations in field of urban energy planning	English, Ukrainian
11	Activity 1	May	Reference for the work group of Minregion on re-submission for the review of Verkhovna Rada of Ukraine of the draft law of Ukraine On energy performance of residential and public buildings	English, Ukrainian
12	Activity 1	May	Analysis of consequences of entry into force of the Law of Ukraine On Amendments to Some Laws of Ukraine (regarding improvement of payments for energy carriers) (#1198 dated 10.04.2014)	English, Ukrainian
13	Activity 1	May	Short reference on draft law of Ukraine On Amendments to the Law of Ukraine (regarding improvement of payments for energy carriers)	English, Ukrainian
14	Activity 1	May	Short reference on draft law of Ukraine On Amendments to the Law of Ukraine On electricity sector (regarding stimulation of electricity generation from alternative energy sources)	English, Ukrainian
15	Activity 1	May	Proposals on development of normative-legal regulation in field of using energy service contracts in the budget sphere buildings	English, Ukrainian
16	Activity 1	May	Proposals to the draft law of Ukraine On Energy Performance of Buildings taking into account the requirements of the Directive of the European Parliament and the Council 2010/31/EC On energy Performance of buildings	English, Ukrainian
17	Activity 1	May	Materials for presentation of alternative means of improvement of legal regulation in field of energy efficiency and energy saving in the framework of bringing it in compliance with the EU legislation in this field	Ukrainian
18	Activity 1	June	Report on the workshop on implementation of the Cabinet of Ministers Decree #83 “On strengthening social assistance for population under increasing prices and tariffs for utility services” dated April 5, 2014	Ukrainian
19	Activity 1	June	Report on the Round Table “Creation of Unified Methodological Approaches to Accounting for Licensees in Water Supply, Heating, and Sewage Sectors”	Ukrainian

20	Activity 1	June	Analytic reference on issues of development of Concept of services quality and introduction of services quality regulation system to the activity of the National Commission for Communal Services Market Regulation	English, Ukrainian
21	Activity 1	June	Proposals to the draft law of Ukraine On Energy Performance of Buildings (as of 19.05.2014) taking into account the requirements of the Directive of the European Parliament and the Council 2010/31/EC On energy Performance of buildings	English, Ukrainian
22	Activity 1	June	Proposals to the draft law of Ukraine On Energy Performance of Buildings (as of 27.05.2014) regarding certification of energy characteristics of buildings	English, Ukrainian
23	Activity 1	June	Preliminary proposals to the draft law On energy performance of buildings regarding registry of certificates and specialists on energy performance of buildings	English, Ukrainian
24	Activity 1	April-June	Participation of JurEnergConsulting's experts in the events on issues of development of legislative and regulatory framework of energy sector and housing and communal sector	English, Ukrainian
25	Activity 1	June	Gap Analysis for energy management and energy audit standards	English
26	Activity 1	June	Report on the implementation of the third phase of Support the development and adoption of the ISO 50001 energy management system. Requirements and guidelines for use in Ukraine	Ukrainian
27	Activity 1	June	FINAL REPORT of Support the development and adoption of the ISO 50001 energy management system. Requirements and guidelines for use in Ukraine	Ukrainian
28	Activity 1	June	Energy management system Requirements and guidance for use (ISO 50001:2011, IDT) (draft)	Ukrainian
29	Activity 1	June	Letter from the Ministry of Economic Development and Trade of Ukraine concerning ISO 50001	Ukrainian
30	Activity 1	April	Report with recommendations on 4 priority regulations	English
31	Activity 1	April	Information on technical specification on energy audits standarts	English
32	Activity 1	June	Information system for monitoring and analysis Terms of reference	Ukrainian

33	Activity 1	June	Report on the workshop “Survey of Utility Services Quality: Methods, Tools, and Practices”	Ukrainian
34	Activity 2	May	Report on the workshop for focus groups moderators “Public opinion surveys by means of focus groups: theory, methodology, and practice” – Vinnytsia, May 14-15, 2014	Ukrainian
35	Activity 2	April	Report Energy Audit with recommendations for energy efficiency measures, renewable energy and investment projects for SEAP of Ivano-Frankivsk	Ukrainian
36	Activity 2	April	Report Energy Audit with recommendations for energy efficiency measures, renewable energy and investment projects for SEAP of Kramatorsk	Ukrainian
37	Activity 2	May	Report Energy Audit with recommendations for energy efficiency measures, renewable energy and investment projects for SEAP of Dnipropetrovsk	Ukrainian
38	Activity 2	May	Report Energy Audit with recommendations for energy efficiency measures, renewable energy and investment projects for SEAP of Vinnytsia	Ukrainian
39	Activity 2	April	Presentations from Orientation Seminar for 17 MER Project Partner Cities on Sustainable Energy Action Plan, Energy Management and Monitoring	English, Ukrainian
40	Activity 2	April	Agenda Orientation Seminar for 17 MER Project Partner Cities on Sustainable Energy Action Plan, Energy Management and Monitoring April, 10-11, Kyiv	English, Ukrainian
41	Activity 2	May	Report «From municipal energy plan to action plan for sustainable energy development»	Russian
42	Activity 2	June	Report on Measures implementation of second phase of drawing up an action plan for sustainable energy development (SEAP) Kherson	Ukrainian
43	Activity 2	May	Report on Measures implementation of second phase of drawing up an action plan for sustainable energy development (SEAP) Ivano-Frankivsk	Ukrainian
44	Activity 2	June	Report on Measures implementation of second phase of drawing up an action plan for sustainable energy development (SEAP) Kramatorsk	Ukrainian
45	Activity 2	June	Assisting activities on SEAP development in Vinnytsia	Ukrainian
46	Activity 2	June	Assisting activities on SEAP development in Dnipropetrovsk	Ukrainian
47	Activity 2	June	Assisting activities on SEAP development in Chernihiv	Ukrainian

48	Activity 2	June	Report on the orientation workshop for Bank Lviv “Legal and financial issues relative functioning of homeowners’ associations”	Ukrainian
49	Activity 3	April	NGO Mapping Report	English
50	Activity 3	April	Request for application Selection of local NGOs for capacity building with the assistance of USAID Project «Municipal Energy Reform”	Ukrainian
51	Activity 3	April	NGO selection and capacity building plan (SCBP)	English
52	Activity 3	June	MemorandumSubject: Milestone 3.2 “OCA conducted. Training needs identified”	English
53	Activity 4	May	National Strategy and Action Plan as a key outcome of TNA (presentation)	Ukrainian
54	Activity 4	May	Presentation LEDS-REDS in the steel industry	Ukrainian
55	Activity 4	May	MERP Work Plan with SEIA for 2014-2015	Ukrainian

C. DETAILED DESCRIPTION OF PROGRESS/ACCOMPLISHMENTS DURING THE REPORTING PERIOD

C.1 PROJECT TEAM

During the reporting period, MERP worked in close cooperation with the key Project stakeholders, the Ministry of Regional Development, Construction and Housing and Communal Services (MinRegion), Verkhovna Rada Committees, National Communal Services Regulatory Commission (NCSRC) and members of the donor community.

MERP signed a cooperation Work Plan between the State Environmental Investment Agency (SEIA) and MERP for the period 2014-2015. The Work Plan outlines core elements for cooperation on three major activities: UNFCCC international activities support; draft climate change legislation support including, but not limited to Measurement, Reporting and Verification (MRV) draft legislation and regulations, State Climate Change Policies Strategies; and National GHG Inventory System support. The Work Plan also memorializes establishment of the “Climate Change Strategies Working Group”, created in March 2014 as a part of cooperation efforts between SEIA and MERP.

During the reporting period, MERP signed an MOU with the Ministry of Social Policy to provide assistance with a new mechanism of social protection of low-income consumers. MERP has started the procedure of adding Ministry of Social Policy of Ukraine onto the MERP Registration Card, as a Project recipient.

The Ministry of Economic Development and Trade (MEDT) issued MERP an updated Registration Card, which as of May 14, 2014 includes MERP’s 17 partner-cities. As of June 2014, the Project has a total of 19 recipients.

C.2 ENVIRONMENTAL COMPLIANCE REPORT

The MERP team will conform to USAID environmental regulations, 22 Code of Federal Regulations (CFR) 216. We will mainstream environmental mitigation measures as a standard component of program management. The MERP team will meet USAID and Ukrainian environmental requirements through assessing, mitigating, and monitoring environmental risks. Our team experts do not anticipate having any significant adverse environmental impacts from MERP activities. This is confirmed by IEE recommendation of “Categorical Exclusion” for the majority of MERP Tasks and Activities. “Negative Determination with Conditions” was defined for Tasks 1.2, 1.6, 2.2, 2.4, and 2.5. of MERP. The team will assess the possible environmental risks for these tasks and will implement measures recommended by the IEE (4.3.1-4.3.4). The Project team is currently working on the development of relevant assessment scope of work, which will start during the next quarters.

C.3 DETAILED ASSESSMENT AND ANALYSIS OF PROGRESS MADE ON EACH OF THE TASKS AND MILESTONES

As per USAID request, MERP prepared and received USAID approval for a revised delivery schedule for the Table of Milestones for the Work Plan Year 1.

REVISED TABLE OF MILESTONES FOR REVIEW AND VERIFICATION - WORK PLAN YEAR 1

MX.X: - Milestone completed.

December 30, 2013	M1.1: Key Priority list of CE/EE legislation/ regulations established (based on the assessment results, MERP will define exact list of Laws to be developed or amended)
	M4.1: LEDS/REDS Work Plan drafted and accepted by Ministry of Economy (all further activities are subject to inclusion (or revision) in the LEDS/REDS WP with MinEconomy)
January 30, 2014	M2.1: Coordination strategy for cities selection developed
	M1.2: Advanced donor coordination established Draft submitted 1-30-14; e-based ADC system accepted by donors Feb 12, 2014
	M3.4: G2G feasibility defined; all following activities will be subject to revision based on the assessment. Per COR request, MERP <u>suspended this work until further notice</u> from USAID.
Mar 30, 2014	M2.2: Cities and IFIs engaged in cooperation
	M1.15: Basic training needs for the Commission determined (Based on the outcome of this the training curriculum will be developed)
April 30, 2014	M4.2: LEDS/REDS inter-agency GOU coordination established Delayed due to GOU instability.
	M1.17: Basic training needs for the MinRegion determined (Based on the outcome of this, the training curriculum will be developed)
	M2.12: Information Strategy and local Information Plans developed.
	M3.1: Selection of 5 NGOs conducted.
	M4.6: Build up working relations with comprehensive and overarching approach for LEDS legal development.
	M1.8: Priority list of legislation/regulations on improvement of social assistance agreed with the GOU.
May 30, 2014	M1.10: RIMS functionalities developed and agreed. Developed and submitted to NCCSMR
	M2.9: ESCO/EPC Legal basis improved. Developed and submitted to the CabMin for review and further approval by the Rada
	M2.13: Focus groups conducted to define baseline knowledge on CE/EE in partner cities. Four of six cities conducted focus groups.
June 30, 2014	M2.3: SEAP needs in Ukraine identified SEAP introductory meetings with six partner cities took place. Meetings with EU Covenant of Mayors Going East Project and Association of Energy Efficiency Cities conducted to identify SEAPs needs in Ukraine. Draft SEAP Manual for Ukraine developed.

June 30, 2014	M3.2: OCA conducted. Training needs identified.
	M2.7: Bank Lviv is well informed about CE/EE projects and borrowers risks
	M2.10: PPP Legal basis improved. Delayed due to GOU instability.
July 30, 2014	M1.5: Donor coordination on tariff regulation established. (MERP Work plan activities of Task 1.3 are coordinated and if needed adjusted) Required WB consultant not in place
	M1.12: New regulatory accounting principles taught to utilities.
	M1.13: 10 utilities trained to properly implement accounting rules.
	M1.16: Capacity of regional offices improved
	M1.18: Capacity of MinRegion improved
	M4.3: National Inventory System enhancement plan is under preparation.
	M4.8: Key design elements developed for data base
August 30, 2014	M3.5: Selection of GOU/local government organizations finalized.
	M1.6: Assets evaluation methodology developed as prerequisite for RAB
	M2.4: Energy audits conducted
	M4.7: Budgetary programs prepared to allocate emission taxes for support implementation of LEDS/REDS
September 30, 2014	M1.3: Key draft legislation/regulations developed
	M1.4: Energy Audit Standard and Energy Management Standard developed
	M1.7: RAB methodology developed for all sub-sectors
	M1.9: New approach for social protection of low-income consumers agreed with stakeholders
	M1.11: Tender documents prepared for both software and hardware
	M1.14: New regulatory benchmarking system developed
	M1.19: Commission integrated in international cooperation with NARUC/ERRA
	M2.5: SEAPs developed in 6 cities
	M2.6: Energy Management procedures prepared
	M2.8: Banks have better understanding of CE/EE projects and benefits of DCA
	M2.11: PPP opportunities identified
	M3.3: Comprehensive training provided according to Capacity Building Plans
	M3.6: Capacity building plan developed
	M4.4: LEDS/REDS analytical tools applied by two GOU agencies
M4.5: Road Map developed and LCP Directive focal point appointed	

During the third Project Quarter, the following milestones were completed:

- M4.2: LEDS/REDS inter-agency GOU coordination established;
- M1.17: Basic training needs for the MinRegion determined (Based on the outcome, the training curriculum will be developed);
- M2.12: Communication Plan and Regional Information Strategy developed;
- M3.1: Selection of 5 NGOs conducted;
- M4.6: Working relations with comprehensive and overarching approach for LEDS legal development established;
- M1.8: Priority list of legislation/regulations on improvement of social assistance agreed with the GOU;
- M1.10: RIMS functionalities developed and submitted to NCCSMR for approval;
- M2.9: ESCO/EPC Legal basis improved and submitted to the Cabinet of Ministers for review and further approval by Rada;
- M2.13: Focus groups conducted to define baseline knowledge on CE/EE in four out of six partner cities. Two out of four cities, where the trainings were held, conducted focus groups and collected appropriate data in June;
- M2.3: SEAP needs in Ukraine identified;
- M3.2: OCA conducted. Training needs identified;
- M2.7: Bank Lviv is well informed about CE/EE projects and borrowers risks.

ACTIVITY 1: IMPROVE CLEAN ENERGY REGULATORY AND LEGISLATIVE ENABLING ENVIRONMENT

TASK 1.1: DEVELOPING ENABLING LEGISLATIVE AND POLICY ENVIRONMENT

During the reporting period, MERP actively participated and provided assistance to the GOU High Level Working Groups and mid-level experts group on development/improvement of specific legislation (EE in Buildings, Metering, HOAs, ESCO/EPC, etc.).

High Level Working Group Meetings:

MERP participated in several High Level Working Group (HLWG) meetings of MinRegion on housing and communal sector reform. These meetings were chaired by Vice-Prime Minister Volodymyr Groysman and attended by 50 participants representing MinRegion, NCSRC, Rada Committees, Presidential Administration, city mayors, professional associations, civil society organizations, IFIs and donors. The HLWG participants discussed Concepts of Reforms (Housing Sector Reform and Water Sector Reform) prepared by MinRegion and international experts including MERP. The Concepts were approved by the HLWG and recommended for implementation. The Concepts major focus was on liberalization of markets, tariffs, and energy efficiency.

A follow-on HLWG meeting was devoted to the implementation of reform measures. Natalia Oliynyk, Director of Strategy Department of MinRegion presented two draft bills: Draft Law on EE in Buildings and Draft Law on ESCOs (i.e. Amendments to the Budget Code, Amendments to the Public Procurement Law, and Amendments to the Law on EE). It was agreed to support the current version of the Draft Law on ESCOs (despite the negative reaction of Ministry of Finance representative) and to recommend it for approval in the Rada. Participants recommended providing additional changes to the Draft Law on EE in Buildings to provide a staged approach for certification of buildings and better specify GOU financial support to the energy efficiency measures in buildings.

MERP experts participated in the meeting of the GOU High Level Working Group on regional development, chaired by Ukraine's Vice-Prime Minister Volodymyr Groysman. The agenda of the meeting included discussion of the draft GOU decree "On Introduction of Certain Norms in the Area of Housing and Utility Services Provision (Social Norms of Consumption of Housing and Utility Services for which the Government Grants Privileges and Subsidies)". Deputy Mayor of Vinnytsia, Mr. Reva, focused on proposals related to introduction of social norms for housing and utility services consumption. MERP social experts presented the results of a survey on provision of housing, consumption of utility services, and mechanisms of social assistance for consumers.

Expert Working Group Meetings:

MERP legal and technical experts participated in six MinRegion expert working group meetings focused on the Draft Law on EE in Buildings. The meetings were chaired by the Deputy Minister of MinRegion Andriy Bilousov and attended by 15 participants representing industry, State Construction Institute, donor organizations, and municipalities. The MinRegion representatives underscored the necessity to prepare and approve the Draft Law on EE in Buildings in order to stimulate end-use energy efficiency and meet Energy Community requirements. The participants reviewed and discussed the previous version of the Draft Law that was developed with MERP assistance. It was agreed to take that version as the basic framework, introduce necessary updates and submit the Draft Law to the Cabinet of Ministers. MERP legal experts assisted MinRegion in improving wording of the Draft Law to make it more consistent with EPBD2 terminology, i.e. include mandatory certification of building auditors and specify buildings covered by the Draft Law: "buildings occupied by a public authority and frequently visited by the public". The finalized Draft Law was submitted to the GOU for review and approval.

MERP participated in five expert working group meetings on ESCO Legislation. The meetings were chaired by Deputy Minister Bilousov and attended by 20 participants, representing professional associations, IFIs (USAID, EBRD), NCSRC, MinRegion, and Center of Economic Reforms of Presidential Administration. The participants discussed amendments to the current legal framework needed to enable effective ESCO operation in Ukraine. It was agreed to build upon draft laws that were already submitted to the Rada by deputy Saldo. The amendments were focused on Budget Code modifications, Law on Energy Savings, and Procurement Law. It was agreed to split responsibilities among WG participants: MERP reviewed the Law on Energy Savings, IBSER reviewed the Budget Code, and EBRD consultants reviewed the Law on Procurement. After the amendments to these laws were discussed, the legal language was generally agreed. The proposed amendments to ESCO legislation were considered by the High Level Working Group chaired by Vice-Prime Minister Volodymyr Groysman. The Draft Law was submitted to the Cabinet of Ministers for review.

MERP participated in a number of expert working group meetings on HOAs. The Project experts prepared a comparative analysis of the draft laws "On Peculiarities of Executing Ownership Rights in Multi-family Residential Buildings" and "On Introducing Changes to Certain Legislative Acts to Improve Relations in the Sphere of Housing and Communal Services" for review and discussion by the MinRegion High Level Working Group. MinRegion plans to submit the draft laws to the Cabinet of Ministers for comments and further submission to the Rada.

During the reporting period, MERP prepared a number of reviews and analyses of draft legislation/regulations, and discussed them with key stakeholders:

- Analysis of consequences of entry into force of the Law of Ukraine "On Amendments to Some Laws of Ukraine" (regarding improvement of payments for energy carriers) (#1198 dated 10.04.2014);
- Analytical note on draft law of Ukraine "On Amendments to the Law of Ukraine On Electricity Sector" (regarding stimulation of electricity generation from alternative energy sources)» (registration # 4596);
- Analysis of draft Laws of Ukraine "On Peculiarities of Executing Ownership Rights in Multi-family Residential Buildings" and "On Introducing Changes to Certain Legislative Acts to Improve Relations in the Sphere of Housing and Communal Services".

MERP was instrumental in organizing presentations and support of its experts to the Rada Committees. MERP experts from JurEnergO, OPORA, and MDI took part in Rada Committee meetings related to municipal energy reform legislation. MERP experts participated in a Rada Committee working group to solve the problems arising from recently approved Law of Ukraine #1198 "On making changes to certain laws of Ukraine regarding

improvement of settlements for energy carriers”. The Project experts presented recommendations and necessary changes to legislation to harmonize this Law with other communal services legislation.

MERP was actively involved in monitoring, developing and promoting changes to legislation on HOAs. Project experts in cooperation with IFC provided assistance to MinRegion on the draft laws “On Peculiarities of Executing Ownership Rights in Multi-family Residential Buildings” and “On Introducing Changes to Certain Legislative Acts to Improve Relations in the Sphere of Housing and Communal Services”.

MERP experts assisted MinRegion with preparation of two clarification letters:

- letter “On the Status of Condominiums as Participants of Relations in the Sphere of Housing and Utility Services in Part of Facilitating the Receipt of Housing and Utility Services by Members of Condominiums” (the letter was disseminated by the Ministry on March 26, 2014, with the outgoing number 7/13-3427);
- letter “On Clarification of The Approval of The Size of Contributions for Maintenance of Common Property in Condominiums” (the letter, # 7/13-6608, dated June 3, 2014, was submitted to Oblast State Administrations and Kyiv City State Administration).

TASK 1.2: SUPPORTING ENERGY EFFICIENCY STANDARDS

During the reporting period, MERP provided assistance to MinRegion and SAEE in the development of energy standards based on international requirements and EU Energy Norms.

MERP consultants provided analysis of the MinRegion National Action Plan on developing/harmonizing energy efficiency standards for buildings and new construction, developed with assistance from USAID MHR Project. Based on this analysis, consultants identified and recommended a list of priority standards in the construction sector of Ukraine. The implementation of proposed standards will not only help to improve energy efficiency in buildings (for new and old construction), but also will harmonize Ukrainian norms with EU energy norms. MERP consultants proposed the following four European Norms (EN) standards as priorities for further development and harmonisation in Ukraine:

- EN 12831: “Heating Systems in Buildings – Method for Calculation of Heat Load”;
- EN ISO 10077-1: “Thermal Performance of Windows, Doors and Shutters – Calculation of Thermal Transmittance – Part 1: General”.
- EN ISO 12631: “Thermal Performance of Curtain Walling – Calculation of Thermal Transmittance”.
- Update the local standard DSTU ISO 6946 taking into account new revisions to EN ISO 6946:2007: “Building components and building elements – Thermal Resistance and Thermal Transmittance – Calculation Method”, or harmonise the standard: EN ISO 13789:2007: “Thermal Performance of Buildings -Transmission and Ventilation Heat Transfer Coefficients. Calculation Method”.

During the reporting period, MERP conducted analyses of the national and international standards on energy audit and energy management. Based on these analyses, MERP proposed to the GOU (MinRegion and SAEE) to develop identical Ukrainian standard on energy management as per ISO 50001, and to develop a new Ukrainian standard on “Energy Audit in Buildings” based on EN 16247-1 and EN 16247-2. This new standard will include requirements for qualification and competence of energy auditors based on EN 16247-5: “Energy Audits. Part 5: Competence of Energy Auditors”. The new Ukrainian standard “On Energy Audit in Buildings” will be based on the final version of EN 16247-2, and will be complemented with more specific information/requirements applicable in Ukraine (considering the recent development of Ukrainian National Methodology of Energy Use in Buildings, documentation of energy performance and energy ratings). MERP consultants developed and agreed upon the content of the standard “On Energy Audit in Buildings” with MinRegion Technical Committee.

For development and approval of the Ukrainian standard “On Energy Management”, which will be identical to ISO 50001, MERP reviewed the Draft Standard (developed by SAEE) and provided comments and recommendations for its improvement and further approval by the Technical Committee of Ministry of Economy. Project experts organized a series of discussions with SAEE and the industry community on terminology and provisions of the standard. Based on these discussions, MERP recommended that the Technical Committee of the Ministry of Economy approve the standard in its current version. The Ministry of Economy acknowledged MERP comments and recommendations, and informed the Project that the National

standard DSTU ISO 50001 was included in a Ministry of Economy resolution, which is expected to be approved in July 2014.

TASK 1.3: IMPROVING TARIFF SETTING

During the reporting period, MERP provided assistance to the NCSRC in getting GOU approval for tariff increases for heat and water/waste water services up to cost-recovery levels. In April 2014, GOU made a decision and issued Cabinet of Ministers Resolution to increase tariffs for heat and hot water services by an average of 40% for households (with further tariff increase scheduled in January 2015) and by an average of 100% for water/waste water services for households up to cost-recovery level.

Project experts participated in working meetings with the NCSRC staff to assist them in enforcement of this GOU decision and in calculating new tariffs for utilities up to cost-recovery levels.

In order to support NCSRC efforts in public information dissemination on tariff increases, MERP experts participated in a round table discussion: “Increase of Tariffs for Housing and Communal Services and Mechanisms of Social Assistance for the Population”. The event was organized by Kyiv School of Economics. It was attended by representatives of Ministries, international and national experts, general public, and mass media.

MERP provided assistance to the NCSRC with the development of quality assurance mechanisms for a new tariff model, including identification of key quality indicators. MERP prepared the description of the approaches, possible instruments and expected results of the process on combining national survey data on communal services quality and similar data of utilities. In particular, the proposed approaches provided data segregation by location of the utility and the customer satisfaction.

MERP developed the draft quarterly and annual questionnaires for a survey module, “Consumption of public services”, of the “Household Living Conditions Survey” of the State Statistics Service of Ukraine. The questionnaires were concurred with NCSRC.

MERP conducted analysis of the legal basis for NCSRC to monitor quality of communal services. Based on the analysis findings, the Project experts developed a draft Concept “On Quality of Services” and initiated discussion of this document with industry experts and staff of the NCSRC.

MERP took part in a number of working meetings with NCSRC staff. The meetings were dedicated to the development of methodology for determination of investment component threshold in tariffs for water supply and sanitation services taking into account solvency of households at respective territories.

TASK 1.4: IMPROVING SOCIAL SAFETY NET POLICIES

During the reporting period, MERP established working relations with the Ministry of Social Policy. MERP met with Vitaliy Muzychenko, Head, Department of Social Assistance, Ministry of Social Policy. Participants discussed areas of cooperation to ensure improved social safety nets for poor consumers. The participants agreed to proceed with MOU signing between MERP and the Ministry. The MOU was signed by MERP COP Bil Tucker and Minister of Social Policy Ludmyla Denysova. The Ministry of Social Policy requested MERP assistance with introduction of a new social subsidies mechanism to compensate for tariff increases: improvement of reimbursement mechanisms; introduction of reimbursement procedures; and, training staff of local social assistance offices throughout Ukraine in new reimbursement mechanisms and procedures.

MERP was instrumental in assisting the Ministry of Social Policy in development of new mechanism of subsidies for low-income consumers of communal services. Thus, MERP experts provided Ministry of Social Policy with comments on social assistance mechanism under increasing prices and tariffs for communal services. In addition, MERP met with the WB Senior Specialist on Social Assistance Kateryna Petryna to discuss an introduction mechanism for the new type of social assistance (reimbursement), cooperation with a new WB Project regarding this new type of social assistance, as well as the next steps of social assistance system reform and its further coordination. In close cooperation with the WB social assistance team, MERP provided recommendations to use the mechanisms of targeted “means tested” and monetized housing subsidies.

Based on MERP and WB recommendations, the Cabinet of Ministers issued Decree #83 “On Strengthening Social Assistance for Population under Increasing Prices and Tariffs for Communal Services”. This Decree introduces new social service assistance related to mitigation of increased prices and tariffs by providing targeted

compensation to low-income households for their extra expenditures related to increased payment for communal services.

Project experts reviewed and provided their comments related to mechanisms of additional expenditure reimbursements related to payments for communal services under the current conditions of rising prices and tariffs (according to COM Decree #83, April 5, 2014). MERP developed guidelines on how to use these mechanisms and sent them to the Ministry of Social Policy and its regional offices.

MERP DCOP met with the World Bank Senior Specialist on Social Assistance Kateryna Petryna. MERP briefed the WB social assistance expert on project objectives and tasks related to improving the system of social assistance for consumers of communal services. The partners discussed the introduction of a new model of social assistance (reimbursement), which was recently approved by the GOU, as well as possible cooperation on enforcement of this new type of social assistance. WB provided information about its new 300 million USD loan to the GOU to support the state budget in the areas of social assistance to low-income families, better administration of social assistance, and introduction of means tested mechanisms. Participants agreed upon the next steps in supporting GOU social assistance system reform and coordinated activities aimed to support the Ministry of Social Policy in reform-related efforts.

MERP met with Vitaliy Muzychenko, Head, Department of Social Assistance, Ministry of Social Policy. The participants discussed issues related to the workshop on reimbursement mechanisms to be organized for heads of social assistance regional offices to support enforcement of Decree #83. In addition, participants also discussed preparation of a public information campaign regarding the reimbursement of additional expenditures related to payments for communal services under conditions of increasing prices and tariffs.

MERP COP Bil Tucker and First Deputy Minister of Social Policy Vitaliy Muzshinin made opening remarks for a training workshop on a new social assistance mechanism for regional social protection managers of the Ministry of Social Policy. The event, organized jointly by MERP and the Ministry of Social Policy, was attended by about 60 participants. The workshop was focused on implementation of Cabinet of Ministries Decree #83 of April 5, 2014, reported above. Participants from the regional social protection offices of the Ministry of Social Policy and representatives of MinRegion, Ministry of Energy, and the Commission discussed implementation and enforcement issues related to the new social protection mechanism.

MERP provided assistance to MinRegion and NCSRC on development of a model for calculating the cost of utility services based on social norms for families with standard consumption of services. NCSRC suggested that the Model should include the following components:

- calculation of the cost of services and subsidies for standard housing (1 to 4 room apartments) and an average family (1 to 4 persons, with subsidies and without subsidies) based on the currently used mechanism;
- calculation of the cost of services and subsidies for standard housing and an average family based on the social norms established for a standard set of services;
- calculation of the cost of services and subsidies for standard housing and an average family based on the social norms established for a standard set of services, when a percentage of a utility bill is applied depending on a household's income.

MERP experts analyzed the provision of services (water and wastewater, gas, electricity, household waste disposal) to the recipients of subsidies depending on the type of heating – district heating, natural gas heating, electricity heating, solid fuel heating. Based on the analysis, MinRegion, NCSRC and the Ministry of Social Policy, will determine a basic set of services for which subsidies are granted. Project experts calculated the cost of utility services based on social norms, as proposed by the draft COM Decree “On Introduction of Certain Norms in the Area of Housing and Utility Services Provision”.

TASK 1.5: REGULATORY INFORMATION SYSTEM DEVELOPMENT

MERP provided assistance to NCSRC for development of the Regulatory Information Monitoring System (RIMS). A Working Group on preparation of the Terms of Reference for RIMS was established. The first meeting of the Working Group was held on April 29, 2014. Participant agreed on system requirements: identifying key functionalities; system framework; a list software or modules, their purpose and main functions.

MERP prepared a description of requirements applicable to RIMS, including: general requirements; functional requirements (client software; server software); requirements for the presentation of information on the website of the NCSRC; registration; administration; reporting; search; analysis; description of the requirements for compatibility with other existing software of the NCSRC; requirements for the codification and reference tables used by the NCSRC; language requirements; software requirements; a subsystem of highlighting the specific information for population and licensees; a subsystem of flow control and status of information at all stages of its pass through; a subsystem of a virtual office for licensees; a subsystem of tariff calculation; and system data management.

During the reporting period, MERP finalized all nine sections of the TOR for RIMS: rationale; scope and purpose; objects of automation; general architecture; registration procedure. On May 28, 2014, the finalized version of TOR was submitted to NCSRC for review, comments, and approval.

MERP jointly with the IT Department of the NCSRC assessed hardware needs of the NCSRC and its nine regional offices, and prepared a memorandum about the hardware and software needed for the NCSRC to operate RIMS (IT needs and price estimates).

During the reporting period, coordination with the WB/SIDA consultant on RIMS was not yet established due to delay in hiring such consultant by the NCSRC.

TASK 1.6: DEVELOPING UTILITY BENCHMARKING

During the reporting period, MERP provided assistance and capacity building support to the NCSRC in order to improve methodological recommendations on accounting and reporting by the licensees in the communal services sphere.

MERP organized a round table for the NCSRC staff to discuss “new regulatory accounting principles”. The objective of the round table was (1) to clarify the best way to create a unified methodological approach of accounting licensees, who are operating in water and sewage, and heating sectors, and (2) to determine how MERP can assist the NCSRC with requirements for accounting by licensed type of activity.

It was decided that MERP will assist NCSRC staff in reviewing the rules of accounting for revenues, costs, financial results and assets by licensees, that produce, transport and supply heat energy.

MERP held a number of meetings with NCSRC to discuss further steps of benchmarking analysis for water and wastewater utilities. Project experts received databases for 2011, 2012, and 2013 from the NCSRC. MERP received and analyzed data and indicators for all 145 licensed water utilities.

Project experts analyzed data related to the water and wastewater sector, including data verification; testing early-stage clustering of water supply entities; and testing various approaches. They prepared a comparative analysis and overview of the feasibility for a previously used clustering model.

TASK 1.7: CAPACITY BUILDING

During the reporting period, MERP assessed training needs of both the MinRegion and NCSRC. Project experts collected data and conducted interviews with the employees of the MinRegion and Project Implementation Unit of the Ministry to identify their needs in training in the following areas: international procurement, procedures of preparation, approval, control, and implementation of international projects. Based on the questionnaires and interviews, pProject experts developed recommendations as to a Capacity Building Plan for MinRegion and PIU staff, which includes the following measures: trainings, seminars, round tables and study tours.

Project experts conducted a similar assessment related to the training needs of NCSRC and its nine regional offices. Based on the results of this assessment MERP prepared a Capacity Building Plan, which includes a list of training programs and draft training curricula for the staff of NCSRC and its regional units.

In accordance with the Capacity Building Plan for NCSRC, MERP provided support for NCSRC staff participation in WB training on international procurement in Moldova and Georgia. The training seminars covered issues related to WB procurement guidelines, establishment of PIU, disbursement and management of WB funds (loans, grants) and close out procedures.

ACTIVITY 2: PROMOTE INVESTMENT IN CLEAN ENERGY TECHNOLOGIES AND APPLICATIONS

TASK 2.1: DEVELOPING COOPERATION STRATEGIES

During the reporting period, MERP continued close coordination with donors and donors' projects in the areas of municipal energy efficiency and clean energy. The Project made good progress in developing an e-based platform for donor coordination. A technical solution (based on Google Services) and a mock-up of the e-based donor coordination platform were prepared. Each donor organization submitted initial data on its activities and projects, as well as the name of authorized users. MERP purchased the name of the domain of the platform. This e-based advanced donor coordination platform will be finalized during the next quarter.

During this period MERP participated in several donor meetings and coordination activities:

- MERP management and USAID COR participated in quarterly meeting of Donors Coordination on Energy Efficiency in Buildings. Nineteen participants represented nine different donors and projects, i.e. EBRD, EU Delegation, UNDP, IFC, GIZ, and others. Participants discussed status of energy efficiency activities at both national and local levels. EBRD and EU Delegation expressed high appreciation of cooperation with MERP on Draft Law on ESCOs and Draft Law on Energy Efficiency in Buildings. MERP informed donors about its e-based advanced donor coordination platform to be implemented by this group with MERP facilitation and administration.
- MERP management met with UNDP/GEF project manager, Olena Ovchynnikova, and her colleagues to discuss development of a new UNDP/GEF technical assistance project related to energy efficiency in buildings, with an estimated total budget of 20 million USD (5.5 million USD contribution of GEF). UNDP informed that this project is targeting energy efficiency in public buildings and has a grant component to conduct pilot improvements in public buildings. It is expected that the project will not start until the middle of CY 2015. MERP presented its activities and provided information on its work with the cities on energy planning, energy management, targeted information campaign, and attraction of investments in end-use energy efficiency. It was mutually agreed to continue consultations and exchanges to ensure synergies of efforts.
- MERP participated in an OECD Project Meeting on Energy Efficiency and Renewables. The meeting was organized by OECD and SAEI with informational support of the U.S.-Ukraine Business Council (USUBC). The event was attended by about 30 participants representing MinRegion, SAEI, industry professionals and their associations, investors, and donor projects. OECD presented its Assessment Report on barriers and opportunities for renewables and energy efficiency in Ukraine and in one pilot region (Sumy region).
- In late April, USAID requested MERP to participate in a working meeting with the IMF technical mission to discuss the rationalization of National Budget expenditures for social programs.
- Project experts participated in a conference on Housing and Land issues that was organized by the United Nations Economic Cooperation for Europe (UNECE) office. Conference participants included MinRegion, other central government authorities, representatives of municipalities, NGOs and donors. The main focus of the conference was on the improvement of housing and land planning, utilization of property, and property ownership issues. Representatives of UNECE proposed a list of recommendations for improvement of housing and land issues in Ukraine. These recommendations were supported by the Ministry and donors.

TASK 2.2: ASSISTING MUNICIPALITIES WITH PLANNING, PREPARING AND FINANCING OF CLEAN ENERGY PROJECTS

During the reporting period, MERP started its assistance to partner cities. MERP held a ceremony in Kyiv announcing partnerships with 17 Ukrainian cities on improving energy efficiency and promoting clean energy. At this event, MERP also presented the "Introductory Seminar on Sustainable Energy Action Planning". The ceremony conveying Memoranda of Understanding (MOUs) to the cities was followed by high-level congratulatory and supportive comments and a press conference. The comments were delivered by Vice-Prime Minister of Ukraine and Minister of Regional Development Volodymyr Groysman, and by USAID Associate Administrator Mark Feierstein. Other important guests were Paige Alexander, USAID Assistant Administrator for Europe and Eurasia, Jed Barton, Mission Director, USAID/Ukraine, Ann Marie Yastishock, Deputy

Mission Director, USAID/Ukraine, Steve Gonyea, Director, Office of Economic Growth, USAID/Ukraine, Mickey Torreano, Deputy Director, Office of Economic Growth, USAID/Ukraine, along with representatives from 17 cities attending the ceremony. The event was covered by 18 media outlets including four TV channels.

MERP organized and presented a workshop for the First Group of six partner cities (Dnipropetrovsk, Ivano-Frankivsk, Kramatorsk, Kherson, Vinnitsa, and Chernihiv) regarding data collection methodology and definition of baseline for Sustainable Energy Action Plans (SEAPs). MERP presented data collection tools and the Municipal Energy Information System that is to be used in preparing baseline scenarios for energy consumption and CO₂ emissions. The participants discussed areas of municipal services to be included in the SEAPs. To meet EU Covenant of Mayors requirements, focus will be on the following priority areas: public and residential buildings, heating, street lighting, and public transport. The partner cities received homework for data collection that they will complete with assistance of MERP energy auditors and experts from Regional Training Centers.

The Project consultants from EnEffect updated methodology for SEAP development, which is based on MEP methodology. The SEAP Manual for Ukraine was prepared and disseminated among local Regional Training Centers (ITCON, ECOSYS, MDI, and ZUNC), that were sub-contracted for SEAPs development in first group of six MERP partner cities.

The Project experts from energy audit companies started “walk through” energy audits in the partner cities. The energy audits cover four key areas of SEAP: buildings, heating and hot water, street lighting, and transport. The project experts were gathering data to define baseline for energy consumption and CO₂ emission. Based on these collected data and their analyses, the MERP experts will propose measures on energy efficiency, clean energy, and CO₂ emission reduction that will be used by the partner cities and RTCs to prepare SEAPs.

RTCs assisted the partner cities on establishment of City Advisory Committees and Working Groups on SEAP development. Project experts from RTCs prepared draft resolution of city council to nominate Advisory Committee members and start the SEAP development process.

MERP conducted a number of field trips to perform SEAP activities in the partner cities:

- A team of MERP experts from MDI, ARNIKA and MERP DCOP met with Volodymyr Kistion, First Deputy Mayor of Vinnytsia and his colleagues from city administration. MERP made a presentation about Project assistance for partner cities and its activities in Vinnytsia. The participants discussed the implementation schedule and expected results in the following areas: improvement of the SEAP of Vinnytsia; development of Business Plans and feasibility studies of investment projects that are included in the SEAP; expanding Condominium Advisory Centers into Clean Energy Centers; as well as implementation of information campaign on energy efficiency and clean energy. Project experts discussed with city energy managers Oleksiy Pidochenko and Victoria Ponomareva the current progress of SEAP in Vinnytsia, and agreed on areas that need revisions and improvements in this document.
- MERP DCOP and energy planning experts of MDI met with the city administration of Chernihiv on SEAP development and establishment of an Energy Management System. The meeting was attended by the First Deputy Mayor of Chernihiv, Mykola Myrgorodsky, heads of communal services and economic departments of the city administration, as well as energy managers. The participants discussed the scope and schedule of Project assistance to the city of Chernihiv, including energy audits and data collection, review and improvement of the SEAP of Chernihiv, development of business plans and feasibility studies for energy efficiency investments, and public information campaign. The Project experts collected initial data on CO₂ emissions and energy consumption in the city and agreed on further steps for the SEAP review process.
- MERP energy auditors from Optimenergo and RTC ITCON met with the energy manager and city administration of Dnipropetrovsk to discuss collected data on energy consumption and CO₂ emissions by the municipal communal services and infrastructure such as buildings, heat and hot water, water and wastewater, street lighting, and transport. MERP experts assisted the city to establish a working group on SEAP issues and to prepare a SEAP development schedule.
- MERP energy audit experts worked in the city of Kherson, where they conducted a number of meetings with the city administration, energy managers and managers of local communal services utilities. The project experts collected data on energy consumption and CO₂ emissions in heat, street lighting, and transport sectors. The project experts discussed with the city authorities issues related to the municipal

energy management system and energy monitoring tools used by local energy managers. Based on received information, the project experts will prepare an Energy Audit Report with recommendations on renewables and energy efficiency projects to be incorporated into the SEAP of Kherson.

Similar activities and meetings were conducted in the cities of Ivano-Frankivsk and Kramatorsk. Due to unstable political and security situation in Kramatorsk, the MERP management initiated discussion with USAID to substitute Kramatorsk -- the initially selected pilot city -- with the city of Zaporizhzhia.

MERP initiated coordination of subnational energy planning (SEAPs) with national level LEDS. Project experts from IEF started preparation of national level assumptions and macroeconomic forecasts, as well as CO₂ emission coefficients that will be used for national and local planning. A training session on SEAP for MERP pilot cities, which is scheduled for July of 2014, will include discussion on this important topic.

TASK 2.3: INTRODUCTION OF ENERGY MANAGEMENT SYSTEMS

During the reporting period, MERP experts from ARNIKA and OptimEnergo developed the Draft Manual on Municipal Energy Management that is based on ISO 50001 requirements. The document was submitted for review to industry specialists.

Project experts reviewed current systems of energy management in its partner cities. Based on this assessment, MERP will organize a series of training seminars on municipal energy management, that will start during the next quarter.

MERP experts from ARNIKA participated in the First National Conference “Problems and Opportunities of Energy Management in Ukraine” organized by the Institute of Energy Management of Kyiv Polytechnic Institute. The Conference was attended by about 60 participants representing industry professionals, local and international engineering companies, and city energy managers. MERP experts presented methodology (based on ISO 50001) and practical aspects of introduction of energy management systems in Project partner cities.

TASK 2.4: DEVELOPMENT CREDIT AUTHORITY LOAN GUARANTEE

Based on the agreed areas and plan of assistance of MERP to Bank Lviv on DCA, MERP experts conducted a workshop for employees of Bank Lviv. Nine representatives of the bank took part in the workshop. These participants are directly involved in preparation of a program of lending for condominiums for energy efficiency improvements with the use of a USG DCA loan guarantee. These specialists are lawyers, credit evaluation specialists, and managers of the corporate business and micro lending departments. During the workshop, they received information on legal and organization issues on how HOAs function, as well as technical and financial information on energy efficiency measures in apartment buildings. The participants will use this information for preparation of an energy efficiency lending product for HOAs.

MERP was instrumental in promoting Bank Lviv loan product on energy efficiency:

- MERP experts met with representatives of Lviv: First Deputy Mayor Oleg Synutka and Head of the Sykhiv Rayon State Administration Iryna Marynyak. The participants discussed plans of the city authorities regarding support to condominiums for capital repair projects aimed at increasing energy efficiency that could be a possible financial support mechanism to the lending program of Bank Lviv.
- MERP participated in the workshop “Financing Energy Efficiency Programs in Buildings with HOAs and Housing and Building Cooperatives” organized by the NGO “Victoria”, Association of Housing and Building Cooperatives and HOAs in Zaporizhzhia. About 40 representatives of local HOAs, energy efficiency professionals, and local banks attended the event. MERP made the presentation “The Role of Condominiums in the Implementation of EE Measures” and provided recommendations on commercial lending for HOAs.
- MERP experts participated in an HOA Energy Efficiency Fair in Lviv. The event was part of EU Sustainable Energy Week in Lviv and was attended by 40 participants representing local HOA associations, city administration, commercial banks and donor projects. Project experts presented best practices of energy efficiency measures in HOA buildings and informed participants about project assistance aimed at promoting commercial lending from Bank Lviv (under the DCA program) to condominiums willing to implement energy efficiency improvements in residential buildings.
- MERP DCOP participated in the National HOAs conference in Odesa related to financing energy efficiency in residential buildings organized by NGO Mama-86 with support of MinRegion and

NCSRC. About 80 participants representing associations of HOAs, commercial banks, and oblast and city authorities attended the conference. MERP presented its experience of implementing residential energy efficiency projects based on co-financing principles. MERP informed participants about new financial facility of Bank Lviv for energy efficiency projects supported by USAID DCA partial guarantee. During the conference, MERP discussed opportunities of cooperation on new DCA with regional commercial bank “Pivdenniy” and associations of HOAs from the partner cities.

As a result of MERP assistance, Bank Lviv made a decision to issue a loan of UAH 50,000 to OSBB "Strujaska, 93" in Lviv. This is the first loan made under USAID DCA program with Bank Lviv directly to an OSBB. It is a result of MERP assistance to Bank Lviv to develop and support loan products for end-use energy efficiency. In order to identify new banks willing to participate in USAID DCA program, MERP experts contacted the Association of Ukrainian Banks (AUB) and prepared a brief description about the DCA. MERP and the AUB will organize a round table with commercial banks to provide information about opportunities for commercial lending for end-use energy efficiency and USAID DCA partial guarantee mechanism.

In order to assist USAID with selection of additional commercial bank for the DCA energy efficiency program, MERP experts pre-selected 20 banks and contacted them in order to assess their interest in DCA loan guarantees for their energy efficiency portfolio.

TASK 2.5: SUPPORT MECHANISMS THAT MOBILIZE PRIVATE SECTOR INVESTMENTS

During the reporting period, MERP experts provided assistance to the GOU and Rada in approving the draft law on ESCO/EPC to reduce barriers for private investments in municipal CE/EE. In close cooperation with EBRD, project experts provided comments and suggestions to MinRegion to update the package of ESCO/EPC legislation that includes Amendments to the Budget Code, Amendments to the Law on Energy Savings, and Amendments to the Law on Public Procurement. MERP and EBRD experts participated in six meetings of MinRegion expert working groups and finalized the package of ESCO/EPC Draft Laws. The package was approved by the High Level Working Group led by Vice Prime Minister Volodymyr Groysman and was submitted to the Cabinet of Ministers for review.

MERP experts held coordination meetings with USAID P3DP on improvement of provisions of the PPP Law. Project experts participated in the meeting with Natalia Oliynyk, Head of Strategy Department in MinRegion, to discuss development of sub-laws needed to enforce the Law “On Specificity of Lease and Concession in Housing and Communal Sector”.

MERP management worked with IFIs, investors, and partner cities on PPP opportunities. The MERP COP participated in the Round Table “Role of Renewables in Ukraine: Sustainable Energy Strategy” organized by US-Ukraine Business Council, where climate change issues and PPP opportunities were discussed in the context of renewable energy and sustainable development. Alternative and renewable energy sources, such as biomass and waste energy were discussed in detail.

MERP participated in an annual International PPP Conference that was attended by about 60 participants representing Ministry of Economy, industry professionals and private investors, IFIs, and donor projects. MERP presented project activities focused on attraction of investments in municipal energy efficiency: preparation of feasibility studies, business plans, and assistance on introduction of ESCO models in Ukraine.

TASK 2.6: PREPARATION OF SUSTAINABLE ENERGY PUBLIC AWARENESS PLAN AND DEVELOPMENT OF RELATED MATERIALS

During the reporting period, MERP was instrumental in establishing a Working Group on Communication Issues, in cooperation with MinRegion, to design an information strategy for municipalities and develop a national level public outreach plan. The most recent meeting, in late June, was attended by representatives of the Ministry, IFC, GIZ, UNDP, EBRD, and MDI. The meeting discussed the concept of training for journalists on EE/CE/LEDs, which was developed by MERP for its partner-cities. GIZ and IFC expressed their interest in sponsoring such trainings in some MERP partner cities, i.e. those cities where these organizations have a presence. In order to better understand roles and contributions of all interested stakeholders, MERP in cooperation with MinRegion will collect information from all interested parties, will summarize it and notify all stakeholders about their possible roles and/or inputs. The National Outreach Communication Plan, which includes Information Strategy for municipalities was developed during the last quarter.

MERP initiated assistance to focus groups to identify local “stars” or prominent community activists who will help mobilize civil society support on Clean Energy/Energy Efficiency issues, particularly practical behavior change steps. In June, the MERP team conducted a series of training workshops for focus group moderators from the following partner-cities: Vinnytsia (May 14-15), Chernihiv (June 12-13), Ivano-Frankivsk (June 26-27). Two-day trainings were attended by approximately 15 participants in each city, among who were representatives of local authorities, utility companies, housing maintenance companies (ZhEKs), as well as local representative of OPORA Civil Network. The task for each city is to conduct six focus groups on public awareness about CE/EE, and other issues, as well as collect questionnaires on relevant issues. By the end of June, Chernihiv and Vinnytsia reported the completion of surveys conducted through focus group sessions and questionnaires.

MERP established good cooperation with advertising agencies to develop designs of PSAs and outreach materials. Materials will actually be developed after receiving the results of the surveys on EE/CE for five representative MERP pilot cities to assure better targeting of MERP information campaign objectives and messaging.

During the reporting period, MERP provided public information materials to the Regional Consulting Centers and Regional Offices of the Association of Ukrainian Cities and Communities in order to target outreach. Over 900 booklets about Condominium development and operation, as well as over 600 “Ten Tips” brochures on how to conserve energy in apartment buildings were sent to the Condominium Resource Center in Lviv as well as distributed during Energy Efficiency Days in Vinnytsia and Lviv.

During the last week of June, MERP participated in the fourth annual Ukrainian “EU Sustainable Energy Week” (EUSEW) held in Lviv. The EUSEW gathered over 200 representatives of Ukrainian municipalities, ministries, associations, NGOs, international organizations and donors, as well as media and Lviv citizens. The event was opened by Lviv city Mayor Andriy Sadovyi, Ambassador, Head of the EU Delegation to Ukraine Jan Tombiński, MinRegion Deputy Minister Andriy Bilousov, MERP COP Bil Tucker, and the Head of European Association of Energy Cities Gerard Magnin. Mr. Tucker also made welcoming remarks at the opening of the conference dedicated to EUSEW, and made the presentation, “Investment Opportunities in EE and CE for Cities in Ukraine” during the conference session.

During the event, MERP in cooperation with Lviv City Council and volunteers from secondary school “Nadiya” organized the information pavilion where they distributed more than 500 copies of educational materials on OSBB development and EE measures in apartment buildings. Located in Lviv central square, the pavilion also served as a counseling center, scientific lab and creative studio for energy efficient technologies and clean energy applications. While adults were learning how to save money and energy, young visitors had a great time participating in various creative and scientific workshops, making paper windmills, assembling alternative energy sources and electrical devices, and playing EE games and quizzes.

Special guests to the pavilion were kids from the Lviv city orphanage who were absorbedly constructing, testing and bringing into operation mechanisms using solar batteries and other clean energy sources. All participants of the workshops received souvenirs (puzzles and “energy smart” thermometers), while children from the orphanage were also given clean energy tool kits.

During this quarter, the MERP team met with OPORA and MDI to involve them in the development of public information materials. As a result, two brochures were drafted: (1) brochure with infographics on tariff increase reasoning; (2) brochure on green energy and energy efficiency for municipalities. Targeted outreach materials on social protection and EE in low-income families are under discussion.

ACTIVITY 3: CAPACITY BUILDING AND DISSEMINATION

TASK 3.1: PREPARATION OF A LOCAL NON-GOVERNMENTAL ORGANIZATION FOR A DIRECT AWARD FROM USAID

In March 2014, the project finalized and submitted to USAID COR “NGO Selection and Capacity Building Plan (SCBP)”. Concurrence from USAID was received April 2, 2014.

The Project will use the list of criteria, capacities and qualities included in Non-U.S. Organization Pre-award Survey (NUPAS) tools to prepare and assess local NGOs’ preparedness for USAID direct funding. The list includes the following groups of criteria: 1) Legal Structure; 2) Financial Management and Internal Control Systems; 3) Procurement Systems; 4) Human Resources Systems; 5) Project Performance Management; and 6) Organizational Sustainability

A. NGO SELECTION

MERP developed selection criteria for local organizations to participate in capacity building processes, which will include OCA and CBP development and training. The Request for Applications # RFA MERP-01-14 was issued on April 2, 2014. The opportunity was publicized in “Kyiv Post” newspaper and relevant information placed on “Association of Ukrainian Cities” (AUC) website.

To identify potential applicants MER Project conducted research of local NGOs operating in the following areas:

- Support for the development and implementation of Low Emission Development Strategies (LEDS);
- Improvement of Clean Energy Regulatory and Legislative Enabling Environment;
- Energy planning and energy audits;
- Energy Efficiency in Communal Sector;
- Promotion of Investment in Clean and Alternative Energy Technologies and Applications.

As a result of the research 16 local NGOs were identified as eligible applicants and received MER invitation to participate in the application process. To support the application process the Project conducted an informational seminar to assist local NGOs in applying for capacity building activities. The event was attended by 10 local NGOs, including Association of Energy Auditors, Bioenergy Association of Ukraine (UABio), Association of Energy Efficient Cities of Ukraine, Public Association “Association of Energy Engineers of Ukraine”, Energy Auditors and Energy Managers Supreme Council of Ukraine (AUPO “EAEMSCU), National Ecological Center of Ukraine and others. Thirteen NGOs submitted their applications. In May of 2014, the project finalized selection of five NGOs for capacity building through training, coaching and consulting. These include:

- NGO "Association of Energy Engineers of Ukraine";
- NGO "Renewable Energy Agency";
- "Association of Energy Auditors in housing and communal services";
- Voluntary association of local governments - Association "Energy Efficient Cities of Ukraine";
- NGO "Committee of Ukraine's energy independence".

B. ORGANIZATIONAL CAPACITY ASSESSMENT

The initial organizational capacity assessment (self-assessment) was conducted by the NGOs as a part of the application process (the OCA questionnaire was part of the application package).

During May – June of 2014, MERP experts met with key personnel of the selected NGOs to conduct more in-depth assessments. The process included discussions with NGO personnel on each of the following areas: 1) Governance; 2) Administration; 3) Human Resource Management; 4) Financial Management; 5) Organizational Management; 6) Program Management; 7) Project Performance management; 8) Leadership and team dynamics.

In addition, MERP experts conducted preliminary reviews of NGO operational policies and procedures. The following scores were assigned to each of the elements stated in the assessment:

- Clear need for increased capacity (low capacity in place);
- Basic level of capacity in place;
- Moderate level of capacity in place;
- High level (strong) of capacity in place.

A preliminary assessment of each NGO’s technical capacity was conducted by MERP during the NGO selection process. In particular, this included: 1) evaluation of personnel experience/qualifications and organizational past experience; 2) review of technical development priorities; and 3) NGO approach to sustainable development and financing of organization. The results showed that NGOs have a high level of expertise (technical capacity) in place, including in the areas relevant to MERP agenda.

The results of the assessments and discussions were consolidated in the Draft Capacity Building Plans (CBPs), which will be finalized in the next quarter.

C. TRAINING NEEDS ANALYSIS FOR NGO PERSONNEL

The NGOs submitted training needs assessments as a part of the application process. This identified immediate training needs as seen by the NGOs personnel and staff members. As a part of the OCA training needs were verified by MER Project experts and a training agenda was agreed with NGO personnel. It training agenda or plan includes the following areas (modules):

- Organizational Management, including:
 - Organizational strategic development;
 - Organizational management;
- Administrative management, including:
 - NGO administrative management;
 - Procurement;
- Financial Management, including:
 - NGO financial management (including operational and strategic levels);
 - Mechanisms to attract financial resources (fundraising);
- Human resource management, leadership and team work, including:
 - Personnel management for NGOs;
 - NGO personnel development and leadership;
- Program/Project Management, including:
 - Project management;
 - Project efficiency management and assessment;
- Technical training, including:
 - Energy Efficiency (EE) Investment;
 - Energy planning;
 - Energy audits.

Based on the analysis the project produced a training needs summary for NGO personnel and initiated procurement of training services. NGO training will start in July 2014.

TASK 3.2: FACILITATING GOVERNMENT-TO-GOVERNMENT ASSISTANCE: PREPARING GOU INSTITUTION(S) OR LOCAL GOVERNMENT(S) FRO A DIRECT AWARD FROM USAID

The Project was informed by USAID that Task 3.2, G2G activities, should be put on hold until further notice from USAID. During the reporting period, MERP did not pursue any activities on this task.

ACTIVITY 4: ENHANCE CAPACITY FOR THE GOU IN LOW EMISSION DEVELOPMENT STRATEGIES (EC-LEDS)

TASK 4.1: STRENGTHENING INSTITUTIONAL CAPACITY IN PLANNING LEDS-REDS

EC-LEDS MOU Implementation

During the third reporting period, MERP continued fruitful cooperation with *Ministry of Economic Development and Trade* on MOU implementation requirements and Draft Work Plan development. Draft Work Plan-version 7 was developed in close cooperation with Ms. Musina, Advisor to the Minister, incorporating latest structural changes in the GOU and key economic development priorities recently articulated by Minister Sheremeta, such as SME clean technology development, and new Updated Industrial Policy development. As an outcome of numerous official meetings with Ministry representatives, First Deputy Minister Mr. Maksiuta sent an official letter to MERP dated June 23, 2014, indicating the following core elements of the Work Plan and cooperation:

- Analysis of Ukraine resource base;
- Evaluation of resource consumption of Ukraine;
- Development of Concept of State Policy in Low Emission Development in Ukraine;
- Indicating the Work Plan for Concept Implementation;
- Development of KPI for LEDS in Ukraine;
- Organize LEDS KPI monitoring system;

- Road Map for implementing of resource and energy efficient projects in Ukraine
- Short-term resource and energy efficient training programs/study tours to municipal bodies in the USA.

The indicated core elements were incorporated and taken into account in the latest Draft Work Plan-version 8 that was presented to the Ministry. Mr. Maksiuta in his letter also designated Mr. Serhiy Karasevich, Head of Environmental Policy Unit in Real Sector Development Department as the contact person for Project implementation within the Ministry.

Another core element of the Draft Work Plan, included as requested by Ministry representatives and based on latest UNFCCC and UNEP initiatives, is a Technology Needs Assessment (TNA) element. TNA is a part of Technology Development and Technology Transfer Mechanism under UNFCCC but it has never been applied in Ukraine before, because Ukraine is not eligible for financial support for TNA development under UNFCCC rules. TNA is an integral part of the LEDS process and it usually serves as a basis for any sectoral LEDS initiatives. MERP subcontractor IEEC prepared and made a TNA introductory presentation for Ministry representatives and provided the very first TNA materials in Ukrainian. An Iron and Steel Sector TNA was indicated as a pilot TNA sector and included in the Draft Work Plan. MERP will develop a fully compliant TNA for the Iron and Steel Sector and will also develop a Brief Introduction and Manual for TNA development in Ukraine based on their practical experience while developing Iron and Steel TNA.

Ministry of Economic Development and Trade has also identified the Global Clean Tech for SMEs initiative as their priority on UNIDO Green Industry assistance. This new initiative assistance will be further elaborated and specified during the fourth quarter.

Established working relations with LEDS-related state bodies

LEDS is a crosscutting economy-wide issue within GOU, therefore, MERP is establishing cooperation with all LEDS-related state bodies. As the State Environmental Investment Agency (SEIA) has been identified as one of the core players and partners for LEDS development and implementation activities, MERP signed a Cooperation Work Plan with it on May 30, 2014. This Cooperation Work Plan outlined areas of cooperation for 2014-2015 between MERP and SEIA:

- Improved functioning of National GHG Inventory System of anthropogenic emission and absorption of greenhouse gas;
- Improved system and instruments in the process of international activities under the UNFCCC and related mechanisms; and,
- Improved capacity for development of climate change low emission development strategies, including inter-ministerial coordination using the best practices.

As one of the cooperation instruments with MERP on legal issues, SEIA established the State Working Group on Climate Change Strategy and State Policy until 2020 (WG) by Order #28 dated March 20, 2014, and started its work in June 2014. Regular meetings of this WG will be held at the direction on the GOU highlighting the importance of expected outcomes in the current GOU high-level agenda. MERP will be providing legal, technical and logistical support for the WG according to section 3.3 of the Cooperation Work Plan between MERP and SEIA.

National GHG Inventory System Enhancement

National GHG Inventory System support activities have been continued and intensified in this reporting period. MERP established working relations with SEIA, in particular with the National Center of GHG Inventory of the GOU. MERP prepared a National GHG Inventory System Gap Analysis. Based on the Gap Analysis, the Project was instrumental in developing the draft National GHG Inventory Enhancement Plan.

National GHG Inventory System includes all activities on GHG emissions reduction in Ukraine. As one of its activities, MERP initiated dialogue between SEIA and the EU Covenant of Mayors Representative Office in Ukraine to ensure a holistic approach to National GHG Inventory System. Another part of National GHG Inventory System is National Communication on Climate Change, a GOU official report on climate change prepared by SEIA once in four years under UNFCCC commitments. The Sixth National Communication on Climate Change was prepared and submitted by Ukraine in 2014 along with a biennial report, prepared for the first time. Support activities on further improvements of the National Communication currently are being

discussed with SEIA. National Communication on Energy Efficiency State Policy Implementation is also a part of climate change national activities and MERP has been supporting the 2012 National Communication on Energy Efficiency State Policy Implementation Report.

TIMES-Ukraine Analytical and Modeling Support

During the reporting period, MERP worked on identifying common parameters between TIMES-Ukraine, SEAPs, and the latest National GHG Inventory Report seeking possible unification of parameters, and provision of national information on parameters data/national input data for SEAP development. MERP is coordinating this work among its subcontractors, such as IEF, DWG, IEEC and EnEffect in order to develop an overarching approach to unified parameters.

Donors LEDS Coordination in Legislation Support

LEDS related donors' coordination continued during the reporting period. Final LEDS Donors Coordination Matrix was developed and sent to the LEDS Donors Mailing List, based on the information provided in the Matrix, MERP compiled an LEDS Donors Information Platform, and developed an LEDS Donors Coordination Platform.

TASK 4.2: IMPLEMENTING LEDS-REDS THROUGH SUPPORT IN DEVELOPING AND INTRODUCING CLEAN ENERGY TECHNOLOGIES AND ENERGY SERVICES

Inter-Agency Coordination

The Inter-Agency Commission on Implementation of UNFCCC was inactive and no meetings were conducted or scheduled during the reporting period.

During the reporting period MERP conducted numerous working level meetings with representatives of the Ministry of Energy and Coal Mining Industry, including Advisor to the Minister Ms. Havrylyuk. The potential areas of cooperation on Large Combustion Plans EU Directive and other Energy Community commitments were discussed. Unfortunately, there no strong interest to cooperate from the Ministry and none of several official MERP letters to the Ministry were addressed or replied to by the Ministry. MERP will continue to pursue formal cooperation with the Ministry of Energy and Coal Industry.

During the reporting period, MERP attempted to schedule the meetings with relevant officials in the Ministry of Ecology and Natural Resources but, unfortunately, a statement of non-interest was made by Deputy Head of Ecological Coordination Unit. As a next step, MERP sent an official letter to the Minister of Ecology and Natural Resources but no reply was received as of the end of the reporting period.

TASK 4.3: DEVELOPING A UNIFORM DATABASE ON LEDS-REDS AND EXCHANGING EXPERIENCES AND BEST PRACTICES WITH OTHER COUNTRIES PARTICIPATING IN EC-LEDS

The core elements of the Uniform Data Base were discussed at a coordination meeting with subcontractors and key platforms were indicated: www.ledsgp.org, www.OpenEI.org, www.ec-leds.org. All three platforms were contacted and only USAID MERP-led www.ec-leds.org website has sent a feedback on potential cooperation.

C.4 PERFORMANCE INDICATORS

The M&E Plan was prepared and submitted to USAID COR for review and approval. The Plan was approved by USAID in April 2014.

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Targets					
				Baseline	Year 1	Year 2	Year 3	Year 4	Total
Project Purpose: Enhanced Energy Security									
0.1	Energy Intensity (context indicator)	Units: Tons of oil equivalent/per thousand of USD Sources: GOU (State Statistics Committee, Ministry of Economy, SAAE), World Bank, IEA Reports	Annually ¹	0.69 2012	n/a	n/a	n/a	n/a	n/a
Definition: Energy Intensity as Units of energy per unit of GDP Justification: Context indicator provided by the USAID Mission. This measures the energy efficiency of a nation's economy. Disaggregated By: N/A									
0.2	Net energy imports as a percent of energy use (context indicator)	Unit: percentage Sources: GOU (State Statistics Committee and Ministry of Energy), World Bank, IEA Reports	Annually	37.9 2012	n/a	n/a	n/a	n/a	n/a
Definition: Ratio of net energy imported and energy used for all economic sectors. Justification: Context indicator provided by the USAID Mission. This measures dependence of Ukrainian economy from imports of energy resources Disaggregated By: N/A									
0.3	Emission Intensity (context indicator)	Unit: metric tons of CO2 equivalent per thousand USD Sources: GOU (State Statistics Committee and Ministry of Environment), World Bank	Annually	2.99 2011	n/a	n/a	n/a	n/a	n/a
Definition: Emission Intensity as Ratio of GHG emissions produced by Ukraine's economy to GDP Justification: Context indicator provided by the USAID Mission. This measures the average GHG emission rate from national economic activities Disaggregated By: N/A									
0.4	Number of beneficiaries with improved energy services due to USG assistance	Unit: Number of people, in thousand Sources: Implementing partners; Energy companies / utilities; Municipalities, Ministry of Regional Development, Construction, Housing and Communal Services (MinRegion)	Annually	0	120	700	580	400	1,800
Definition: This is the number of people who benefit from improved energy services due to USAID assistance. Illustrative examples of improved energy service include a new electricity connection, improved cook stove, or access to gas, increased number of hours of electricity service, and reduced outages and voltage fluctuations. Justification: This is standard indicator 4.4.1-31. The number of beneficiaries of USAID- assisted energy services indicates increased availability of energy for more rapid and sustained economic growth and social development. Disaggregated By: Geographical unit, gender									

¹ For all context indicators we expect 4 to 7 months lag for FY required M&E Plan reporting of ACTUAL numbers. Municipalities, GOU entities are only available on a calendar year (CY), NOT quarterly basis, and even then NOT UNTIL CY annual reports are released in March-April time frame. For international organizations' index data, we expect lag of 12 months.

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Targets					
				Base line	Year 1	Year 2	Year 3	Year 4	Total
Objective 1.0: Improved Energy Policies									
1.0.1	Index of environmental performance (context indicator)	Unit: Aggregate Index based on 25 indicators Sources: Columbia University	Annually	49.01 Calculated in 2014 (2012 data)	n/a	n/a	n/a	n/a	n/a
<p>Defin tion: Environmental performance index based on the experience of the Yale Center for Environmental Law and Policy (YCELP) and the Center for International Earth Science Information Network (CIESIN) at Columbia University. "Index" as an aggregate of performance indicators, which generally implies conversion to common units (or a unitless scale) and weighted or unweighted aggregation (i.e., averaging, adding, or applying other mathematical operations)</p> <p>Justification: Context indicator provided by the USAID Mission. The strength of the EPI is in its expert consensus-based framework that identifies critical environmental policy issues and calculates scientifically rigorous metrics on a common and comparable scale</p> <p>Disaggregated By: N/A</p>									
1.0.2	Number of laws, policies, strategies, plans, agreements or regulations addressing climate change and/or biodiversity conservation officially proposed, adopted, or implemented as a result of USG assistance	Unit: Number of documents Sources: Implementing partners; Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; Rada Committees; Association of Ukrainian Cities; NCSRC; SAAE	Annually	0	2	3	4	3	12
<p>Defin tion: Laws, policies, strategies, plans, agreements or regulations include those measures developed to address climate change and/or biodiversity conservation issues. If a measure is not yet adopted, it must at least be formally proposed within an official government process to be reported.</p> <p>Justification: This is standard 4.8.2-28 that measures critical adoption of Climate Change laws, policies, strategies, regulations needed for municipal energy reform. Activities use this indicator to monitor achievement towards targets related to results statements of the adaptation results framework. USG programs aggregate data for this indicator to track progress of the global portfolio towards high-level outcomes of the adaptation pillar.</p> <p>Disaggregated By: Type of documents and their approval stage (based on legal score card)</p>									
Sub-objective 1.1 Legislation that supports CE/EE investments is in force									
1.1.1	Business Environment for Energy Index (context indicator)	Unit: Aggregate Index Sources: World Bank Group leads the preparation of the BEE index in close collaboration with other MDBs	Annually	Under development by WB	n/a	n/a	n/a	n/a	n/a
<p>Defin tion: Business Environment For Energy (BEE) Index (administered by Clean Investment Fund). The BEE index tracks policy indicators related to improving the business environment for investments in renewable energy, energy efficiency, and energy access in each country</p> <p>Justification: Context indicator provided by the USAID Mission. The BEE index permits the analysis of the progress on enabling environment conditions for each country, as a benchmark for monitoring progress over time.</p> <p>Disaggregated By: N/A</p>									
1.1.2	Number of policy reforms/ laws/ regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	Unit: Number of documents Sources: Implementing partners; Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; Rada Subcommittee on Communal Services; Association of Ukrainian Cities; NCSRC; NERC	Annually	0	5	4	4	3	16
Defin tion: Number of reforms, regulations, and procedures drafted by USG implementers and discussed with local stakeholders.									

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Targets					
				Base line	Year 1	Year 2	Year 3	Year 4	Total
	<p>Justification: This is standard 4.4.1-33 FAF indicator that measures critical adoption of policy/procedural improvements needed for sector reform. An improved enabling environment is essential for attracting investment and improving the sustainability of all energy services.</p> <p>Disaggregated By: Type of documents and their approval stage (based on legal score card)</p>								
Intermediate result (outcome) 1.1.2.1 Advanced coordination of GOU and donors established									
1.1.2.1	Number of GOU Working Groups meetings assisted by USG to support legal and regulatory municipal energy reforms	<p>Unit: Number of Working Groups meetings</p> <p>Sources: Implementing partners; Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; Rada Subcommittee on Communal Services; Association of Ukrainian Cities; NCSRC</p>	Semi-annually	0	12 (8)	8	8	6	30
	<p>Definition: Number of GOU WG meetings organized and assisted by the project experts to advance improvement of legal and regulatory environment of municipal energy reform.</p> <p>Justification: This is project level indicator measuring project efforts in coordinating GOU agencies in municipal energy reform.</p> <p>Disaggregated By: N/A</p>								
1.1.2.2	Advanced e-based donor coordination platform developed and used to support municipal energy reform	<p>Unit: Process indicator (S1-S4)</p> <p>Sources: Implementing partners; Donors</p>	Semi-annually	0	0 (S1/S2)	S3/S4	S4	S4	S4
	<p>Definition: E-based platform developed to support advanced donor coordination on municipal energy reform. Process indicator: S1 – concept developed; S2 – technically implemented; S3 – training organized; S4 – e-based tool is used</p> <p>Justification: Indicator of improved donor coordination with support of IT-tool. Support and facilitate exchange of agenda, legal and technical documents, public outreach materials and best practices</p> <p>Disaggregated By: N/A</p>								
Sub-objective 1.2 GOU implement a sound LEDS-REDS									
1.2	Number of institutions with improved capacity to address climate change issues as a result of USG assistance	<p>Unit: Number of entities</p> <p>Sources: Implementing partners; Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; Rada Committees; Professional Associations; Municipalities</p>	Annually	0	8	8	7	2	25
	<p>Definition: Institutions with improved capacity to address climate change issues have new or increased ability to use new or different approaches, processes, strategies, or methodologies to mitigate and/or adapt to climate change. Measuring improved institutional capacity to address climate change an initial baseline assessment of the targeted capacity and a post-intervention assessment. Relevant institutions include partner government or regional government institutions (such as ministries, departments, or commissions), private sector entities, local civil society organizations, and trade unions, among others.</p> <p>Justification: This is standard indicator 4.8.2-14 that measures government ability and improved capacity to implement LEDS-REDS</p> <p>Disaggregated By: Type of entities</p>								
Intermediate result (outcome) 1.2.1. Better understanding of GCC and LEDS-REDS issues									
1.2.1	Number of people receiving training in global climate change as a result of USG assistance	<p>Unit: Number of people</p> <p>Sources: Implementing partners; GOU entities; Municipalities; Industry professionals and their associations</p>	Semi-annually	0	0 (200)	200	300	300	1000

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Targets					
				Base line	Year 1	Year 2	Year 3	Year 4	Total
	<p>Definition: Training is defined as a learning activity for participants involving: 1) a setting intended for teaching or transferring knowledge, skills, or attitudes; 2) formally designated instructors or lead persons; and 3) a defined curriculum, learning objectives, and outcomes. This indicator focuses on delivery of training that was made possible through full or partial funding from the USG. This could include provision of funds to pay teachers, providing hosting facilities, or other key contributions necessary to ensure training was delivered.</p> <p>Justification: This is standard 4.8.2-6 GCC indicator that measures increased knowledge on GCC and LEDS-REDS</p> <p>Disaggregated: Gender</p>								
Intermediate result (outcome) 1.2.2 Better use of analytical tools for LEDS-REDS									
1.2.2	Number of GOU and local government entities using TIMES-Ukraine model or MEIS for planning and projections GHG emission reduction	<p>Unit: Number of entities</p> <p>Sources: Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; municipalities</p> <p>SAEE; SAEI; Implementing partners:</p>	Semi-annually	0	8	6	5	1	20
	<p>Definition: Number of national and local government entities trained on TIMES-Ukraine or MEIS and able to use model for LEDS-REDS (i.e. SEAPs)</p> <p>Justification: Indicator of capacity building on TIMES-Ukraine at the GOU level and MEIS at the municipal level which ensures analytical support for LEDS-REDS</p> <p>Disaggregated By: Type of entities</p>								
Sub-objective 1.3 GOU apply improved tariff methodologies and target household subsidies									
1.3.1	Number (and percentage) of GOU-regulated utility companies that apply cost-reflective, incentive-based tariff(s) as a result of USG assistance	<p>Unit: Number of companies</p> <p>Sources: NCSRC, regulated utilities, associations of utilities, municipalities, Implementing partners</p>	Annually	0	0	0	10	90	100
	<p>Definition: Number of regulated utilities that applied cost-reflective methodology with incentive towards EE investments</p> <p>Justification: Indicator of introduction of cost-reflective tariffs that lead to EE investments in municipal utilities</p> <p>Disaggregated By: Geographic unit</p>								
1.3.2	Percentage of Ukraine consumers served by GOU-regulated utility companies that apply cost-reflective, incentive-based tariff(s) as a result of USG assistance	<p>Unit: Percentage</p> <p>Sources: NCSRC, regulated utilities, associations of utilities, municipalities, Implementing partners</p>	Annually	0	0	0	2	18	20
	<p>Definition: Percentage of consumers served by regulated utilities that apply new cost reflective incentive based tariff methodology</p> <p>Justification: Indicator of introduction of cost-reflective tariffs that lead to better service to end-consumers</p> <p>Disaggregated By: Geographic unit</p>								
Intermediate result (outcome) 1.3.2.1 Improved capacity of the Regulator and utilities on developing and using incentive tariffs and benchmarking methodologies									
1.3.2.1.1	Energy market Regulator's capacity as a result of USG assistance	<p>Unit: Process indicator (S1-S4)</p> <p>Sources: NCSRC; Municipal utilities; Implementing partners</p>	Semi-annually	0	S1 (S1/S2)	S2/S3	S3	S4	S4
	<p>Definition: National Regulator for Housing and Communal Services improved its capacity to regulate utilities in accordance with the best international practices. Process indicator: S1 – OCA conducted to identify areas for improvement; S2 – Capacity Building Plan prepared and implemented; S3 – Regulatory Information Management System developed and operational; S4 – International Best practices transferred and used</p> <p>Justification: Indicator of capacity building for NCSRC. Measures progress of improved regulatory capacity to support market reform</p> <p>Disaggregated By: N/A</p>								

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Targets					
				Base line	Year 1	Year 2	Year 3	Year 4	Total
1.3.2.1.2	Transparent incentive based tariffs methodologies developed and approved by National Regulator	Unit Process indicator (S1-S4) Sources: NCSRC, Municipal utilities; Implementing partners	Semi-annually	0	81 (S1/S2)	82	83	84	84
Defin tion: Methodologies for cost-recovery incentive tariffs developed with assistance of USG programs. Capacity built for the Regulator, its regional offices and municipal utilities to use them. Process indicator: S1 – Methodologies developed and approved; S2 – Training and capacity building seminars provided; S3 - Methodologies tested on pilot utilities; S4 – Enforcement started Justification: Indicator of introduction and capacity building on new tariff and benchmarking methodologies needed to improve financial and operation performance of municipal utilities Disaggregated: N/A									
Intermediate result (outcome) 1.3.2.2 Adverse effect of tariff increases on vulnerable population is mitigated									
1.3.2.2	Number of people that benefit from strengthened social policy and improved subsidies system (direct, means tested, monetized)	Unit Number of people Sources: Implementing partners; Ministry of Labor; State Statistics Agency; Municipalities	Semi-annually	0	0 (5,000)	10,000	20,000	25,000	80,000
Defin tion: Number of people in the cities involved in improved social safety-net protection program developed with USG assistance Justification: Indicator of improvement of subsidies system needed for enforcement of cost-recovery tariffs Disaggregated By: Geographic unit, gender									
Sub-objective 1.4 GOU applies modern EE standards									
1.4	Number of EE and CE standards developed and approved by the GOU as a results of USG assistance	Unit Number of documents Sources: Implementing partners; MinRegion, MinEconomy, SAEE; professional associations	Semi-annually	0	0 (2)	2	2	0	8
Defin tion: Number of EE and CE standards prepared and approved with USG assistance Justification: Indicator of improvement of energy standards in accordance with requirements of Energy Community Disaggregated By: N/A									
Objective 2.0: Increased Energy Efficiency									
2.0	Energy saved as a result of USG assistance ²	Unit Million Cubic Meters of gas Sources: Implementing partners; GOU entities; Municipalities; private partners; utilities; IFIs; commercial banks	Annually	0	0	70	83	113	266
Defin tion: Measures the amount of energy saved through efficiency or substitution measures indicated in SEAPs, LEDS-REDS sectorial strategies and implemented with USG assistance. It takes into account total savings over a five-year long project life. Justification: Indicator of energy saved from implementation of policy and project measures. Disaggregated By: Geographic unit.									
Sub-objective 2.1 Increased access to CE production and EE improvement services									
2.1	Number of CE/EE improvement projects prepared and implemented as a result of USG assistance	Unit Number of projects	Annually	0	0	6	5	4	15

² Indicator targets for Energy Saved use economic and energy price assumptions. If economic situation changes dramatically (more than 20% i.e. currency exchange rate), we will recommend revision of the proposed targets for this indicator.

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Targets						
				Base line	Year 1	Year 2	Year 3	Year 4	Total	
		Sources: Implementing partners; Energy companies / utilities; Municipalities, MinRegion, IFIs, commercial banks and private investors								
	Defin tion: Number of CE/EE projects prepared for IFIs, commercial banks, or private sector investments by project experts, including feasibility studies, business plans, technical specifications, tender documents Justification: Indicator that municipalities and utilities are moving forward productively in preparation of investment proposals and securing funding for making CE/EE improvements Disaggregated By: Geographic unit									
Intermediate result (outcome) 2.1.1 Sustainable energy planning and energy management introduced										
2.1.1.1	Number of low emissions development strategies developed as a result of USG assistance (LEDS, SEAP, other)	Unit: Number of plans Sources: Implementing partners; Energy companies / utilities; Municipalities	Semi-annually	0	0 (6)	5	4	0	0	15
	Defin tion: Number of strategic action energy plans developed, completed and presented for approval in 15 cities (in accordance with Covenant of Mayors requirements) with project assistance. Justification: Indicator that selected municipalities are taking productive steps toward developing and implementing a long-term, economically efficient, and environmentally sustainable energy strategy, using where possible renewable energy sources. Disaggregated By: Geographic unit									
2.1.1.2	Number of cities involved in energy management as a result of USG assistance	Unit: Number of cities Sources: Implementing partners; Municipalities and utilities	Semi-annually	0	0 (6)	5	4	0	0	15
	Defin tion: Number of cities that developed and approved energy management systems based on ISO 50001. Justification: Indicator of energy management systems in the cities to sustain municipal energy reforms Disaggregated By: Geographic unit									
Sub-objective 2.2 Expanded opportunities for training in CE/EE										
2.2	Person hours of training completed in technical energy fields supported by USG assistance	Unit: Number of persons-hours in training Sources: Implementing partners; GOU entities; Municipalities; Industry professionals and their associations	Annually	0	3,680	3,200	2,400	1,280	0	10,560
	Defin tion: This indicator uses the following equation (number of trainings x number of persons x number of hours) to express the number of USG-supported training hours that were completed by training participants Justification: This is standard indicator 4.4.1-34. Indicator of capacity building to ensure future ability to reform and sustain the sector reforms. Disaggregated By: Type of person trained, type of training provided, gender									
Intermediate result (outcome) 2.2.1 Local capacity to implement CE/EE in tiatives through direct donor awards is improved										
2.2.1	Number of local organizations engaged in capacity building to prepare for receiving direct donor assistance	Unit: Number of organizations Sources: Implementing partners; Municipalities; NGOs, Industry professionals associations	Semi-annually	0	0 (3)	2	0	0	0	5
	Defin tion: Number of local NGOs and professional associations involved in training on improved organizational, financial management, HR, and technical capacity to be qualified for USAID and other donor funding Justification: Indicator of capacity building for local NGOs and professional associations to ensure future ability to reform and sustain the sector reforms. Disaggregated By: Geographic unit									
Sub-objective 2.3 Increased public appreciation of EE benefits										

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Targets					
				Base line	Year 1	Year 2	Year 3	Year 4	Total
2.3	Public acceptance of energy efficiency and clean energy measures as a result of USG assistance	Unit of Measure: Percentage of people Sources: Implementing partners; Municipalities; Industry professionals associations and CSOs; utilities; HOAs associations and Resource Centers	Annually	0	5	10	10	25	50
<p>Definition: Percentage of people surveyed who express support of a shift to energy efficiency and clean energy measures</p> <p>Justification: Indicator of how USG assistance improved public awareness and support to municipal energy efficiency and clean energy measures in 15 partner cities</p> <p>Disaggregated By: Geographic unit; Gender</p>									
Intermediate result (outcome) 2.3.1 Targeted outreach campaign prepared and implemented									
2.3.1	Number of events undertaken to promote energy-efficient reforms and institutionalize a public participation process	Unit: Number of events Sources: Implementing partners; Professional associations; Municipalities; GOU entities	Semi-annually	0	8	7	7	8	30
<p>Definition: Number of public events undertaken to promote energy-efficient reforms and institutionalize public participation processes. Includes public opinion surveys, conferences, round tables, high-level discussions, public hearings, public city councils, hearings and public information campaign activities</p> <p>Justification: Indicator of how USG assistance support public events needed for official and public acceptance for municipal energy reform, i.e. CE/EE plans, programs, and projects cities</p> <p>Disaggregated By: Geographic unit</p>									
Objective 3.0: More Private Investment in Energy Sector									
3.0	Amount of investment leveraged in U.S. dollars, from private and public sources, for climate change as a result of USG assistance	Unit: Millions of US Dollars Sources: Implementing partners; Energy companies / utilities; investors; banks; IFIs; commercial banks	Annually	0	0	55	65	80	200
<p>Definition: Funding leveraged, as a result of USAID assistance, for climate change programs, that support actions, activities, projects or programs that reduce or sequester GHGs or increase capacity to adapt to the impacts of climate variability and change. Funding may be leveraged from the public sector (e.g., other donors) or private sector financing (e.g., corporate investments) and must be additional to USG funds invested in a program and must advance the objectives established by the USG-supported program. Leveraged funds can include funding transferred to a common funding instrument, delivered in parallel or provided in-kind.</p> <p>Justification: This is standard indicator 4.8.2-10. USG funds are intended to be catalytic and to have sustainable benefits. Sustained private investment is a positive indicator of a supportive enabling environment.</p> <p>Disaggregated By: Geographic unit; Investment / Lending source</p>									
Sub-objective 3.1 Reduced GHG emissions									
3.1	Quantity of greenhouse gas emissions reduced or sequestered as a result of USG assistance in energy, industry, urban, and transport sectors ³	Unit: thousand metric tons CO ₂ equivalent Sources: Implementing partners; Municipal utilities; Municipalities; Energy service companies	Annually	0	0	132	157	214	503
<p>Definition: This indicator reports the quantity of greenhouse gas (GHG) emissions, estimated in metric tons of CO₂-equivalent, reduced, sequestered, and/or avoided, as a result of USG activities, as compared to a baseline level of GHG emissions.</p> <p>Justification: This is mandatory standard indicator 4.8-7. Indicator of GHG emission reduction resulting from all project activities</p>									

³ Indicator targets for Quantity of GHG Emissions use economic and energy price assumptions. If economic situation changes dramatically (more than 20% i.e. currency exchange rate), we will recommend revision of the proposed targets for this indicator.

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Targets					
				Base line	Year 1	Year 2	Year 3	Year 4	Total
Disaggregated By: N/A									
Intermediate result (outcome) 3.1.1 Based on improved GHG accounting, mitigation actions developed									
3.1.1.1	National Inventory System functioning in accordance with latest IPCC requirements	Unit: Process indicator (S1-S4) Sources: Implementing partners; SAEI; MinEcology	Semi-annually	0	1 (S1)	S2	S3	S4	S4
Defin tion: National Inventory System enhanced according to international best practices (IPCC requirements) with expansion to forecasting use and local customization, and deployed. Justification: Proper accounting of GHG is a basis for GHG planning and mitigation. Process indicator: S1 – Gap analysis conducted; S2 – Recommendations prepared; S3 – Enhancement measures developed; S4 – Implementation started Disaggregated By: N/A									
3.1.1.2	Number of climate change mitigation tools, technologies and methodologies developed and adopted as a result of USG assistance	Unit: Number of tools. Sources: Ministry of Energy; MinRegion; Ministry of Environment, Ministry of Economy, municipalities and utilities; SAEE; SAEI; Implementing partners	Semi-annually	0	1	2	4	4	10
Defin tion: Number of methodologies, technologies and tools developed to support CO2 emission reduction plans and LEDS-REDS implementation Justification: Indicator of development of enabling tools (i.e. methodologies and technologies) for implementation of LEDS-REDS at both national and local levels Disaggregated By: Types of tools									
Sub-objective 3.2 Increased capacity to identify and use new funding for increasing EE and CE production at the municipal level									
3.2.1	Number of CE/EE loans (except DCA) prepared and executed as a result of USG assistance	Unit: Number of loans Sources: Implementing partners; IFIs; private investors; commercial banks	Annually	0	0	2	2	2	6
Defin tion: Number of loans for EE and CE projects prepared and executed with assistance of USG Justification: Indicator of attraction of commercial funding for CE and EE projects at the municipal level Disaggregated By: Geographic unit									
3.2.2	DCA utilization ratio including number of loans (for all DCA arrangements)	Unit: Ratio of value of loans issued under guarantee to total value of guaranteed portfolio, in percentage Sources: Implementing partners; banks	Annually	0	5	10	20	20	55
Defin tion: Measures utilization of DCA partial guarantee by the partner banks for financing of EE projects Justification: Indicator of utilization of DCA partial guarantee. Used for evaluation of efficiency of DCA program Disaggregated By: Geographic unit									
Intermediate result 3.2.2.1 New financial mechanisms developed and implemented at the municipal level									
3.2.2.1	Number of financial mechanisms developed with USG assistance	Unit: Number of mechanisms Sources: Implementing partners; ESCOs, private investors, municipalities	Semi-annually	0	1	2	2	2	6
Defin tion: Number of new financial mechanisms prepared and used at the municipal level. It includes concept papers, due diligence documents, and agreements for ESCOs/EPCs, GDAs, PPPs, others for financing of CE/EE projects Justification: Indicator of extension of financial mechanisms for CE/EE projects Disaggregated By: Geographic unit; type of mechanisms									

D. SCHEDULES

During the third reporting period, MER Project made efforts to meet the Project Schedule described in the Work Plan (see ATTACHMENT 1 to this report).

Most of Project technical activities and expected results for the Third Quarter were achieved. However, due to general political and economic crisis in the country, the projected schedule for some activities was delayed for one-two months. During implementation, the Project encountered several problems, described in Section E of this Third Quarterly Report.

Due to GOU instability, Milestone 4.3 “National Inventory System Enhanced” was delayed and re-scheduled for July 30, 2014. The reason for the Milestone completion delay is the change of the Minister of Ecology and Natural Resources and delayed appointment of a new Head of State Environmental Investment Agency. These delays caused delayed submission of the annual National GHG Inventory and, therefore, delayed the preparation of the next annual National GHG Inventory Report.

Milestone 4.7: “Budgetary programs prepared to allocate CO₂ taxes for support of implementation of LEADS/REDS” was delayed due to the continued ignoring of official letters from MERP to Ministry of Ecology and Natural Resources and Deputy Head of Ecological Coordination Unit, indicating a lack of interest to cooperate on this issue. State budgetary programs are usually finalized by August, therefore, it is not feasible to fulfill this Milestone if no immediate interest is shown and cooperation with Ministry of Ecology and Natural Resources is not established.

E. PROBLEMS

National level:

During this quarter, Ukraine had presidential elections and local government elections in some partner cities (such as Kherson, Kyiv, others). Rada factions have been changed substantially. GOU agencies and ministries are under restructuring. This unstable political situation caused some delays in moving the municipal energy reform agenda forward.

Local level:

During this quarter, Eastern Ukraine experienced many isolated occurrences of mild to extremely violent social unrest, generally associated with pro-Russian separatist demonstrations and military aggression of Russia and pro-Russian terrorists. This caused delay of energy audits and SEAP assistance in several East and South Ukraine cities. Due to the bad security situation in Kramatorsk, MERP prepared a stop-order for subs-contract with local RTC ECOSYS to suspend its consulting activities in this city.

F. PLANS

Under Activity 1, the following activities are planned for Quarter 4 of the Project:

- Monitor, develop and promote changes to legislation on HOAs
- Organize presentations and public discussions of draft legislation/regulations with industry specialists, associations, and NGOs
- Organize presentations and experts' support to Rada Committees
- Provide support in methodology development and improvement, which will include developing the methodology for regulatory assets evaluation and reflecting in utilities' accounting and taxation systems.
- Provide support in development of a methodology for incorporation of social standards of service provision into the system of state regulation of prices, which will ensure social protection of low income households and vulnerable groups.
- Extend RAB methodology to the production and distribution areas for all communal services regulated by the Commission
- Organize educational and advocacy campaigns with civil society organizations on cost-recovery tariffs
- In coordination with WB social assistance team prepare proposals for changing current system of privileges and current system of subsidies
- In coordination with NCSRC, develop and prepare social and economic justification of the norms of consumption of communal services to support introduction of cost-recovery tariffs
- Prepare proposals to the Ministry of Social Policy on institutionalizing MHRP experience in pilot cities on financing EE measures in low-income families
- Engage civil society organizations, such as OPORA and MAMA 86, to facilitate the consideration and movement of legislation/regulation through the Rada
- Provide technical assistance for analysis of available options and technical solutions for regulatory information system, developing a requirements list, and tendering
- Prepare report on the proposed system of service quality benchmarking and conduct fully inclusive workshops for NCSRC staff on public rulemaking procedures for NCSRC, utility companies, and customers to educate all stakeholders about customer service contracts and to finalize the language and clauses of the contracts
- Assist the Commission in monitoring and data collection from utilities to ensure compliance of utilities with new regulatory principles and accurate data collection and reporting
- Provide assistance to employees of MinRegion and Project Implementation Units on issues of international procurement, procedures of preparation and approval of international projects, control of their implementation
- Assist the Commission to participate as an associate member in international associations of regulators (ERRA – European dimension and NARUC world dimension)

Under Activity 2, the following activities are planned for Quarter 4 of the Project:

- Conduct energy audits in the cities to evaluate current baselines and estimate potential for EE/CE/GHG emission reduction projects for key municipal service areas
- Compile a comprehensive database for each participating city, including characterizations of multi-dwelling and public buildings, their historical energy use, energy producers and their transmission systems
- Prepare SEAPs and present to key stakeholders

- Engage local civil society organizations in SEAPs review and discussion
- Provide methodological support to 5 Condominium Resource Centers established with USAID assistance to transfer those Condominium Resource Centers into Clean Energy Advisory Centers and extend their consultancy focus.
- Provide assistance and capacity building to PIUs on international procurement
- Review, update and expand Project Proposal Manual, Solicitation Process and Documents necessary for attraction of investments from IFIs for CE/EE/GHG emissions reduction projects.
- Train cities on preparation of bankable investment proposals
- Assist partner cities in preparing energy management documentation, procedures and tools (including IT tools) according to ISO 50001 requirements
- In cooperation with USAID, the Project experts will assist in conducting risk assessment and financial/ creditworthiness analyses of potential borrowers and banks
- Conduct training seminar for new candidate banks (pre-selected for DCA) on CE/EE projects and utility operations
- Develop individual financial models for the cities and conduct risk assessment to propose risk sharing strategies between public and private partners
- Provide comprehensive training to the municipalities on PPP tools to build municipal institutional capacity and support private sector financing in the cities
- Assist cities in identifying CE projects, listed in the SEAPs, which could potentially attract private sector participants to invest in PPP
- Targeted outreach to low-income residents and vulnerable groups, in support of Ukraine's social safety net

Under Activity 3, the following activities are planned for Quarter 4 of the project:

- Organize technical skills and capacity improvement (CE, EE, LEDS, strengthen civil society and local governance)
- Organize trainings on internal policies and procedures to meet USAID rules and regulations
- Develop Capacity Building Plan based on training needs identified in OCA
- Conduct OCA to benchmark current status and focus the development of organizational capacity

Under Activity 4, the following activities are planned for Quarter 4 of the project:

- Build capacity of GOU working sub-groups on LEDS/REDS
- Strengthen institutional capacity at the Ministerial level (Ministry of Fuel and Energy, Ministry of Economy) to apply Ukraine-specific analytical tools TIMES-Ukraine for LEDS-REDS purposes
- Assist Ministry of Economy to apply UNIDO Green Industry Initiatives in emission sensitive sectors (e.g., metallurgical, cement, chemicals)
- Assist the Ministry of Fuel and Energy and other relevant bodies to fulfill timely the obligations under EU Energy Community Treaty requirements regarding implementation of the EU Directive 2001/80/EC on reduction of emissions by large combustion plants (LCP)
- Conduct a targeted public awareness campaign together with other donors and private sector participants to ensure buy-in and civil society support of LEDS/REDS
- Advise and support executive state bodies/agencies and policy making officials on inclusion of climate change concept and clean energy into their leadership agendas, and process and policy options
- Provide support to the NERC in enhancement of Green Tariffs methodology and regulation to ensure competitive and fair market conditions for CE investments

- Provide assistance to relevant bodies and institutions to enhance the Ministry of Finance and other ministries to prepare budgetary programs with aims to streamline allocation of collected CO2 environmental taxes into CE/EE projects
- Design the web database and develop an SOW for the interactive website

ATTACHMENT 1

During the reporting period the Project implementation was based on approved Municipal Energy Reform Project Work Plan for Project Year One, which is provided here as ATTACHMENT 1.

The Work Plan covers all Activities and Tasks of the Project. The right hand column headed, “Milestones” lists all Project milestones scheduled to be accomplished in Year One.



USAID
FROM THE AMERICAN PEOPLE

MUNICIPAL ENERGY REFORM IN UKRAINE

MUNICIPAL ENERGY REFORM PROJECT WORK PLAN FOR PROJECT YEAR ONE

December 12, 2013

This document was produced for review by the United States Agency for International Development.
It was prepared by IRG.

YEAR 1 WORK PLAN NARRATIVE

OVERALL APPROACH

The objective of the project is to enhance Ukraine's energy security by implementing municipal energy reform with a focus on CE, EE, and GHG emissions reduction. The Year 1 project activities will build a basis for successful implementation of municipal energy reforms.

Under **Activity 1**, our support to the GOU and the Rada will contribute to the legal and regulatory changes needed to succeed with reform measures and meet EU Energy Community Treaty requirements. We will establish advanced donor coordination protocol to ensure synergy of donors' efforts in municipal energy reforms.

Our legal experts from JurEnergio will conduct legal and regulatory assessments to identify progress of draft legislation/regulation developed by the GOU on municipal energy efficiency and renewable energy. Based on the results of the assessments, JurEnergio and IRG will develop legislation and other legal framework aspects to introduce Energy Performance in Buildings in accordance with EU Energy Performance of Buildings Directive (EPBD) 2, mandatory metering, EPC/ESCOs and other legislation to improve end-use energy efficiency and reduce GHG emissions.

It is expected that MERP will assist MinRegion and State Agency for Energy Efficiency (SAEE) in developing two energy standards during the first project year: one on energy audit and another on energy management (based on ISO 50001).

We will support the National Commission on Communal Services Market Regulation (NCSRC) to introduce incentive tariff regulations. During the first year, our experts will work with NCSRC on regulatory accounting and evaluation of assets of municipal utilities that are a pre-requisite for incentive regulation. Our experts will assist NCSRC in design of software for tariff regulation and benchmarking of municipal utilities, design social safety nets that combine targeting of subsidies to conserve public funding, incorporate energy efficiency to contain consumption, and use means-testing and social surveys to ascertain ability and willingness to pay (as well as other critical consumer views). This work will be conducted in close coordination with SIDA/WB technical assistance project.

Under **Activity 2**, the IRG team will introduce strategic energy action planning in compliance with European Covenant of Mayors (CoM). Our work in the cities will start with development of a cooperation strategy with IFIs. The city selection process will be conducted in close coordination with USAID. We will ensure that MERP partner cities are selected in accordance with IFIs lending strategies/portfolio.

The MERP will use EnEffect MODEL planning methodology, which is recognized by CoM, for Sustainable Energy Action Plans (SEAPs). We will extend municipal energy information systems (MEIS) for CO2 inventory and development of emission reduction scenarios for the partner cities. Our experts will link the national level assumptions used by TIMES-Ukraine modeling with SEAPs. Also in Year 1, the Regional Training Centers (RTCs) established under MHRP will assist in SEAP preparation for 6 cities.

The MERP team will pursue traditional financing sources as well as carbon credit sales and EE investment/savings accounts to provide tailored financing for municipal infrastructure investments. Our team will establish close cooperation with IFIs to support their programs with cities. Our experts will assist cities/utilities in establishment of PIUs and preparation of tender documents/technical specifications in accordance with the best international practices.

We will cooperate with commercial banks (starting with Bank Lviv that signed a DCA agreement with USAID in October 2013) and train them on CE/EE projects and use of USAID's DCA Loan Guarantee.

Education and outreach are critical to all tasks. From inception of the project, the MERP team will work to better inform all levels of society – from the GOU to the Rada, from energy professionals to consumers, from academia to the media. Our experts will create and deliver targeted messages to educate and advocate for reform in the selected municipalities.

Activity 3 focuses on capacity building of NGOs and government entities to ensure sustainability of project results and meeting USAID Forward goals. The MERP team, in close coordination with USAID, will select candidates and implement Organizational Capacity Assessments (OCAs) for those organizations and for pre-selected local partners. We will train them in key areas identified in their OCAT to ensure they meet USAID eligibility criteria for direct awards.

USAID initiated G2G cooperation in Ukraine. Based on the results of G2G feasibility study and USAID instructions, the MERP will select a government organization(s) for further capacity building and development of procedures for G2G grants.

Activity 4 focuses on EC-LEDS to support GCC initiatives and GHG emissions reduction. The project experts will assist the GOU in meeting LEDS milestones such as establishment of interagency coordination unit on LEDS/REDS and developing Work Plan for LEDS/REDS implementation.

Based on the achievement of these milestones, MERP will assist GOU working groups on LEDS/REDS. It is expected that during Year 1, IRG and sub-contractor CCS will provide capacity building on LEDS/REDS for two sectors. Sub-contractor IEEC experts will work on improvement of the GHG National Inventory to ensure that it is functioning in accordance with IPCC requirements. Sub-contractor DWG will assist two sectorial working groups on the TIMES-Ukraine modeling tool that will be used for GHG emissions forecasting. We will coordinate our assistance with donors and establish a LEDS-REDS web-portal.

RESULTS, TARGETS, MILESTONES, AND DELIVERABLES

Expected results are shown in the Performance Monitoring Plan. The MERP milestones and deliverables to be achieved through implementation of Year 1 project activities are summarized in the Work Plan table, following this Narrative. The most critical milestones for Year 1 are:

- Development of key CE/EE legislation and regulations consistent with the USAID Mission Country Strategy, GCC Indicators, and EU Energy Community Treaty
- Development of local capacity (i.e., government, business, and NGOs) in accordance with new energy management standards
- A robust energy planning (i.e., SEAPs) and modeling capability with implementation in 6 municipalities in Year 1
- Supported provided to PIUs of IFIs projects in 6 cities
- A targeted outreach and public awareness program in 6 municipalities in Year 1 to support preparation of SEAPs and CE/EE investment projects
- Meeting two LEDS/REDS milestones: establishment of interagency coordination on LEDS/REDS and developing the Work Plan for LEDS/REDS
- Improve GHG National Inventory
- Capacity built on GHG planning (TIMES-Ukraine) and modeling capability with two GOU entities.

TIMELINE

MERP is a four-year contract that officially began on September 27, 2013. The timeline is presented in our Year 1 Gantt chart, found in this section following the Work Plan table, which delineates a timeline of activities, milestones, deliverables, and expected results.

VER: 4

DECEMBER 12, 2013

Inception and Mobilization Phase Activities					
Success of Inception and Mobilization Phase will be measured by fully operational Project able to perform Project Tasks and achieve required results					
Activities	Lead	Support	Implementation Dates	Outputs / Deliverables / Results	Milestone / Comments
Mobilization of project team: preparation of job responsibilities and agreements	IRG	Partners	October 1-10, 2013	Start-up Project team fully engaged.	
Selection of the project office. Preparation and signature of lease agreement	IRG	Partners	October 1-15, 2013	Office established	
Meetings with the partners and agreement on the terms of cooperation and work schedule	IRG	Partners	October 1 – 15, 2013	Meetings conducted. MOUs and Support letters prepared.	
Updated work plan for Y1 and PMP prepared and submitted to USAID COR	IRG	Partners	October 1 – 30, 2013	Draft WP and PMP submitted to USAID	
Project kick-off conference organized with the GOU representatives, cities, energy professionals, and NGOs	IRG	Partners	November 1-15, 2013	Kick-off meeting conducted.	
Signature of MOUs	IRG	Partners	November 1-30, 2013	MOUs signed and submitted to Ministry of Economy.	
Project registration	IRG	Partners	December 1 – 30, 2013	Project is registered and operational	<ul style="list-style-type: none"> Project is fully operational

Activity 1: Improve Clean Energy Regulatory And Legislative Enabling Environment

Expected results: Critical reform legislation is developed and supported by key stakeholders; Overall clean energy enabling environment is improved; The National Utility Regulation Commission's capacity for effective, transparent and socially-responsible regulation is improved; Cost-reflective, incentive-based tariff regulation is applied in Ukraine; Adverse effect of tariff increases on vulnerable population is mitigated; Cost recovery ratio in heat tariffs is improved

Task Activities	Lead	Support	Implementation Dates	Outcomes / Deliverables / Results	Milestone / Comments
Task 1.1 Developing Enabling Legislative and Policy Environment	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Passage of key draft laws and sub-laws needed for MER implementation; Donor coordination platform improved and supportive to reforms	Key legislation/regulations drafted and presented to key stakeholders
Meeting Presidential Center of Economic Reforms to discuss establishment/upgrade of high-level GOU WG on municipal energy reform	IRG	MDI, JurEnerg	October 15-30, 2013	Minutes of meetings; presentation materials; protocol with recommendations on upgrade of high-level GOU WG related to municipal reform	
Assess current status of CE/EE legislation and prepare proposals to the GOU Annual Plans for legislation/regulation development	IRG	JurEnerg, MDI	October 15-December 30, 2013	Assessment report, proposals to the GOU Annual Plan	<ul style="list-style-type: none"> M 1.1: Key Priority list of CE/EE legislation/regulations established (based on the assessment results, MERP will define a priority list of legislation to be developed or amended)
Establish and support mid-level experts group on development/improvement of specific bills (EE in Buildings, Metering, HOAs, ESCO/EPC, etc.)	IRG	MDI, JurEnerg, Donors, NGOs	October 15, 2013 – January 30, 2014	List of experts for mid-level sub-groups; agenda and materials from expert groups' meetings	
Meet donors and agree on coordination platform: new e-based coordination platform and secretariat	IRG	MDI, JurEnerg	October 1, 2013 – January 30, 2014	Established e-based/share-point platform to facilitate/manage coordination; minutes of donor meetings	<ul style="list-style-type: none"> M 1.2: Advanced donor coordination established
Prepare draft legislation/regulations and discuss them with key stakeholders	IRG	JurEnerg, MDI	January 1, 2014 – May 30, 2014	Draft legislation/regulations documents (such as EE in Buildings, Metering, HOAs, ESCO/EPC, etc); minutes of meetings with key stakeholders and donors	
Monitoring, developing and promoting changes to legislation on HOAs	IRG	MDI	January 1, 2014 – July 30, 2014	Monitoring reports, comments on draft laws and sub-laws on HOAs	
Organize presentations and public discussions of the draft legislation/regulations with industry specialists, associations, and NGOs	IRG	MDI, JurEnerg	June 1, 2014 – September 30, 2014	Presentation materials; minutes of meetings; recommendations to the draft legislation/regulations	

Organize presentations and experts' support to the Rada Committees	IRG	JurEnerg, MDI	June 1, 2014 – September 30, 2014	Presentation materials; minutes of meetings; recommendations to the draft legislation/regulations	<ul style="list-style-type: none"> • M 1.3: Key draft legislation/regulations developed
Task 1.2 Supporting Energy Efficiency Standards	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Preparation and passage of key standards; Improved capacity of GOU entities to develop and enforce new standards and norms	First part of energy standards prepared and approved
Establish WG with MinRegion and SAEE on development of energy standards	IRG	ENSI, SRIBC, JurEnerg	October 15 – December 30, 2013	MinRegion/SAEE order on establishment of WG	
Review current status of implementation of National Plan for Energy Standards	IRG	ENSI, SRIBC, JurEnerg	October 30, 2013 – January 30, 2014	Agreed list of 6 standards to be developed with Project assistance	
Draft first standard on energy audit based on EU norms	IRG	ENSI, SRIBC, JurEnerg	January 1 – July 30, 2014	Draft Standard prepared and discussed with key stakeholders	
Conduct a gap analysis to compare ISO50001 requirements with Ukrainian norms/practices on energy management	IRG	ENSI, STTAs	January 1 – March 30, 2014	Gap Analysis with recommendations	
Prepare draft standard on Energy Management and will present it for consideration of SAEE WG	IRG	ENSI, STTAs	April 1 – September 30, 2014	Draft standard on energy management	<ul style="list-style-type: none"> • M 1.4: Energy Audit Standard and Energy Management Standard developed
Task 1.3 Improving Tariff Setting	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Approval of new incentive-based tariffs; Commission ensuring quality and accessibility of communal services for end users; Best practices Cost of Service concept and methodology introduced and implemented; eliminate inappropriate customer-class cross-subsidies	Establish pre-requisite basis for introduction of incentive based tariffs
Establish on-going coordination with SIDAWB technical assistance project	IRG	MDI	December 15, 2013 – July 31, 2014	Coordination protocol developed and signed. Concrete coordination mechanisms are identified and agreed upon.	<ul style="list-style-type: none"> • M 1.5: Donor coordination on tariff regulation established. (MERP Work plan activities of Task 1.3 are coordinated and if needed adjusted).

Assist the Commission in obtaining political approval of the GOU for enforcement of a Gradual Tariffs Increase Plan	IRG	MDI, STTAs	December 15, 2013 – April 30, 2014	Support documents: assessment and cost benefit analysis	
Ongoing assistance to Commission with developing mechanisms on quality assurance in the new tariff model including identification of key quality indicators, the selection of which will be based on best international practice; accounting for foreign exchange risks in the tariff model (price of imported natural gas) etc.	IRG	MDI, STTAs	January 1 – April 30, 2014	Report on quality assurance in the new tariff model including identification of key quality indicators, accounting for foreign exchange risks in the tariff model (price of imported natural gas).	
Develop and test the service quality system that is linked with tariff setting process. The service quality monitoring system will be developed to ensure national coverage with standardized approaches for conducting data gathering and processing.	IRG	MDI, STTAs	March 1 – July 30, 2014	Quality system developed and tested in 5 pilot utilities	
Provide support in methodology development and improvement, which will include developing the methodology for regulatory assets evaluation and reflecting in utilities' accounting and taxation systems.	IRG	MDI, STTAs	February 1 – August 15, 2014	Methodology for evaluation of assets developed	<ul style="list-style-type: none"> • M 1.6: Assets evaluation methodology developed as prerequisite for RAB
Provide support in development of a methodology for incorporation of social standards of service provision into the system of state regulation of prices, which will ensure social protection of low income households and vulnerable groups.	IRG	MDI, STTAs	February 1 – August 30, 2014	Methodology on social standards developed	
Extend RAB methodology to the production and distribution areas for all communal services regulated by the Commission	IRG	MDI, STTAs	February 1 – September 30, 2014	Draft legal changes developed. Draft methodology for production and distribution areas developed.	<ul style="list-style-type: none"> • M 1.7: RAB methodology developed for all sub-sectors
Participate in the GOU WGs to provide impact analysis and economic benefit analysis related to gradual introduction of cost-recovery tariffs to residential consumers	IRG	MDI, STTAs	January 1 – April 30, 2014	Minutes of meetings, presentations, recommendations	

Evaluate risks while using stimulating methods of tariff regulation, and also in performance of cost benefit analysis	IRG	JurEnergó	January 1 – May 30, 2014	Analytical Report, proposals to the GOU	
Organize educational and advocacy campaigns with civil society organizations on cost-recovery tariffs	IRG	MDI, OPORA	February 1 – September 30, 2014	Public is well informed about the benefits of tariffs reforms: minutes of meetings, agenda of conferences, focus groups.	
Task 1.4 Improving Social Safety Net Policies	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Better transparency of energy subsidies: direct/targeted/means-tested/monetized; Better protection for the poor and efficiency adoption among low-income end user	Assistance provided to the GOU on new approach to the social safety nets
Cooperate with the Presidential Center of Economic Reforms and GOU WGs to incorporate new regulation on social protection into Annual Plans of the Presidential Program of Economic Reforms	IRG	MDI, STTAs	November 1 – December 30, 2013	Minutes of meetings, proposals for the GOU Annual Plan incorporated social protection issues	
Prepare an assessment on current status of GOU actions to incorporate MHRP recommendations on social safety nets improvements	IRG	MDI, STTAs	January 1 – January 30, 2014	Assessment Report with analysis of GOU actions to incorporate MHRP recommendations on social safety nets improvement.	
Cooperate with the WB social assistance team on coordinated strategy for improvement of social protection of low-income customers	IRG	MDI, STTAs	January 1 – February 28, 2014	Coordination strategy developed; minutes of meetings; analysis and proposals	
Work with the Ministry of Social Policy in order to get buy-in improvement of social safety nets for low-income consumers	IRG	MDI, STTAs	February 1 – April 30, 2014	Minutes of meetings; MOU and Action Plan; proposals and recommendations on improvement of social safety nets	<ul style="list-style-type: none"> • M 1.8: Priority list of legislation-regulations on improvement of social assistance agreed with GOU
In coordination with WB social assistance team prepare proposals for changing current system of privileges	IRG	MDI, STTAs	March 1 – August 30, 2014	Report with proposals/draft legislations on changes to the system of privileges	
In coordination with WB social assistance team prepare proposals for improving current system of subsidies	IRG	MDI, STTAs	March 1 – August 30, 2014	Report with proposals/draft legislations on improvement of subsidies	

In coordination with NCSRC, develop and prepare social and economic justification of the norms of consumption of communal services to support introduction of cost-recovery tariffs	IRG	MDI, STTAs	April 1 – September 30, 2014	Report on social and economic justification of the norms of consumption of communal services.	
Prepare proposals to the Ministry of Social Policy on institutionalizing MHRP experience in pilot cities on financing EE measures in low-income families	IRG	MDI, STTAs	May 1 – September 30, 2014	Report with proposals/ draft regulations for stimulating EE in low-income families	
Engage civil society organizations, such as OPORA and MAMA 86, to facilitate the consideration and movement of legislation/regulation through the Rada	IRG	MDI, OPORA, MAMA 86	March 1 – September 30, 2014	Support organized for new social assistance system: presentations, round tables, focus groups	<ul style="list-style-type: none"> • M 1.9: New approach for social protection of low-income consumers agreed with stakeholders
Task 1.5 Regulatory Information System Development	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Established and operational Regulatory Information Management System by Year 3	System functionalities defined and procurement documents prepared
Establish WG with the Commission on RIMS	IRG	MDI, STTAs	December 15, 2013 – January 30, 2014	WG and cooperation protocol established	
Review system requirements developed under MHRP: identifying key functionalities; system framework; a list of software or modules that shall be part of the system and their purpose and main functions	IRG	MDI, STTAs	January 1 – March 30, 2014	Key system requirements agreed	
Develop detailed requirements for each module; and detailed requirements for hardware	IRG	MDI, STTAs	January 1 – April 30, 2014	Detailed requirements developed and agreed	<ul style="list-style-type: none"> • M 1.10: System functionalities developed and agreed
Assist the Commission in preparing specifications and tender requirements for software development	IRG	MDI, STTAs	April 30, August 30, 2014	Specifications and tender requirements prepared	
Provide technical assistance for analysis of available options and technical solutions, developing a requirements list, and tendering	IRG	MDI, STTAs	April 30 – September 30, 2014	Technical analysis conducted. Tender documents prepared	<ul style="list-style-type: none"> • M 1.11: Tender documents prepared for both software and hardware

Task 1.6 Developing Utility Benchmarking	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Validation of key performance indicators; Commission able to objectively inform consumers of each utilities' performance to ensure transparency and educate consumers; Commission be able to establish industry best average for municipal utilities and will introduce incentives/penalties	Basis for uniform regulatory accounting and reporting developed
Provide assistance and capacity building support to the Commission to develop standardized accounting and reporting procedures and forms and facilitate their use by all utilities	IRG	MDI, STTAs	January 1 – March 30, 2014	Documents with standardized accounting and reporting procedures and forms	
Assist the Commission in training seminars for nine Regional Offices and utilities to build capacity for applying new Regulatory Accounting Principles	IRG	MDI, STTAs	January 1 – July 31, 2014	Training materials, presentations, list of participants, training organized and presented for utilities	<ul style="list-style-type: none"> • M 1.12: New regulatory accounting principles taught to utilities
Assist 10 pilot utilities in applying new accounting rules	IRG	MDI, STTAs	January 1 – July 31, 2014	Memos, notes, recommendations of consultants	<ul style="list-style-type: none"> • M 1.13: 10 utilities trained to properly implement accounting rules
Develop a methodology for conducting benchmarking for identification of quality of utility supply services that are provided by DH utilities and associated penalties and bonuses system based on the quality provided.	IRG	MDI, STTAs	February 1 – June 30, 2014	Recommendations on the choice of methods (combination of methods) and parameters that have to be used for conducting benchmarking.	
Training seminars for the Commission and its nine Regional Offices to build capacity of utilities for reporting benchmarking indicators and related data	IRG	MDI, STTAs	March 1 – July 30, 2014	Training materials, presentations, list of participants, training organized and presented for utilities	
Conduct calculations for defining the quality of heat services using the data, which will be provided by NCSRC or pilot utilities.	IRG	MDI, STTAs	March 1 – July 30, 2014	Report on lessons learnt from performing calculations for defining the quality of services using the data, which will be provided by the national regulator and pilot utilities.	
Prepare report on the proposed system of service quality benchmarking and conduct fully inclusive workshops for NCSRC staff on public	IRG	MDI, STTAs	March 1 – August 30, 2014	Report on system of benchmarking and its presentation to stakeholders	

rulemaking procedures for NCSRC, utility companies, and customers to educate all stakeholders about customer service contracts and to finalize the language and clauses of the contracts.					
Assisting the Commission in monitoring and data collection from utilities to ensure compliance of utilities with new regulatory principles and accurate data collection and reporting	IRG	MDI, STTAs	March 1 – September 30, 2014	Monitoring reports, analysis of data, recommendations	<ul style="list-style-type: none"> • M 1.14: New regulatory benchmarking system developed
Task 1.7 Capacity Building	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	High regulatory standards of the Commission developed; 'case-study' curriculum developed, as well as Commission training of utility staffs; support documents to be used by MinRegion for supervision of IFI investments in CE/EE projects	Commission improved internal capacity and established international contacts; MinRegion improved ability to manage international projects
Assess Training needs of the Commission Head Quarter and 9 regional offices	IRG	MDI, STTAs	November 1, 2013 – January 30, 2014	Memo on training needs	
Agree with the Commission on the areas of capacity building for regional offices	IRG	MDI, STTAs	January 1 – February 20, 2014	List of areas for capacity building of the Commission and its regional offices	<ul style="list-style-type: none"> • M 1.15: Basic training needs for the Commission determined (Based on the outcome of this the training curriculum will be developed)
Prepare training curriculum for capacity building seminars to the Commission and its regional offices	IRG	MDI, STTAs	February 20 – April 30, 2014	Training curriculum prepared	
Conduct 2 training seminars for regional offices on key functions; organization support; transparency; consumer protection; and assuring quality of municipal services	IRG	MDI, STTAs	May 1 – July 30, 2014	Training materials; presentations, and recommendations	<ul style="list-style-type: none"> • M 1.16: Capacity of regional offices improved
Assess Training needs of the MinRegion and Project Implementation Units on capacity building for management of international energy efficiency projects financed by IFIs	IRG	JurEnergó, STTAs	November 1, 2013 – January 30, 2014	Memo on training needs	

Agree with the MinRegion on the areas of capacity building for management of international energy efficiency projects	IRG	JurEnerg. STTAs	January 1 – April 30, 2014	List of areas for capacity building of the MinRegion and PIUs	<ul style="list-style-type: none"> • M 1.17: Basic training needs for the MinRegion determined (Based on the outcome of this the training curriculum will be developed)
Prepare training curriculum for capacity building seminars of the MinRegion and PIUs	IRG	JurEnerg. STTAs	February 20 – April 30, 2014	Training curriculum prepared	
Conduct 2 training seminars for MinRegion representatives on procedures of international procurement, monitoring etc	IRG	JurEnerg.	May 1 – July 30, 2014	Training materials: presentations, and recommendations	<ul style="list-style-type: none"> • M 1.18: Capacity of MinRegion improved
Provide assistance to employees of MinRegion and Project Implementation Units on issues of international procurement, procedures of preparation and approval of international projects, control of their implementation	IRG	JurEnerg. STTAs	May 1 – September 30, 2014	Memo with recommendations	
Assist the Commission to participate as an associate member in international associations of regulators (ERRA – European dimension and NARUC world dimension)	IRG	ERRA, NARUC	May 1 – September 30, 2014	Contacts established; membership ensured; support to participation provided	<ul style="list-style-type: none"> • M 1.19: Commission integrated in international cooperation with NARUC/ERRA

Activity 2: Promote Investment In Clean Energy Technologies And Applications

Expected results: Local governments' capacity to develop and implement low emission development plans enhanced; Municipal managers access financial resources to implement clean energy and energy savings projects; Municipal capacity to develop and implement clean energy investment project is improved; USAID clean energy funding is leveraged at least 1:20 by other donors, government entities and private investors; GHG emissions decrease (per year and projected from baseline) as a result of USG-assisted clean energy projects

Task Activities	Lead	Support	Completion Dates	Outcomes / Deliverables / Results	Milestone / Comments
Task 2.1 Developing cooperation strategies	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Selection methodology developed and approved by USAID/IFIs; MOUs signed with eight 'quick start' municipalities to participate in MERP; MOUs signed with seven additional municipalities to participate in MERP; IFIs concur that they are ready to invest in projects in those cities	Selection of cities conducted. IFIs buy-in to the selection process.

Conduct assessment of all current IFI programs/investments in municipalities and municipal utilities	IRG	MDI	October 15 – December 30, 2013	Assessment report on IFIs programs	
Evaluate performance of MHR Project municipalities with respect to implementation of their MEPs	IRG	RTCs	October 20, 2013 – January 30, 2014	Assessment report on MHRP cities	
Review and update MHR Project city selection criteria/strategy	IRG	EnEffect, AUC	November 1, 2013 – January 15, 2014	Updated selection criteria/strategy:	
Coordinate with IFIs selection strategy to ensure their buy-in to the selection process and willingness to invest	IRG	EnEffect	November 1, 2013 – January 20, 2014	Concurrence of IFIs and concurrence of USAID	<ul style="list-style-type: none"> • M 2.1: Coordination strategy for cities selection developed
Conduct selection of the 'quick start' group of six cities	IRG	EnEffect, AUC	January 1 – 30, 2014	Selection memo submitted to USAID	
Prepare MOUs with the selected cities with clear definitions of roles and responsibilities	IRG	EnEffect	February 1 – February 15, 2014	MOUs prepared and signed	<ul style="list-style-type: none"> • M 2.2: Cities and IFIs engaged in cooperation
Task 2.2 Assisting Municipalities with Planning, Preparing and Financing for Clean Energy Projects	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Assist cities in development of 15 SEAPs and energy management systems; Leverage project funds by 1:20 ratio; attract IFIs financing (at least USD 200 million); building additional Ukrainian expertise and experience in energy auditing, SEAP assistance, and related CE/EE skills; Build sustainable Ukrainian financial knowledge and expertise through practical training on preparation of pre-feasibility studies and business plans.	Municipalities trained on SEAPs. SEAPs developed and implementation started. Capacity built on preparation of investments proposals
Conduct needs assessment and consultations with the Covenant of Mayors and European Commission on SEAPs in Ukraine	IRG	EnEffect	January 1 – June 30, 2014	Report on needs assessment. Cooperation protocol established.	<ul style="list-style-type: none"> • M 2.3: SEAP needs in Ukraine identified
Update SEAP methodology to Ukrainian conditions (based on MHRP MEP MODEL methodology)	IRG	EnEffect	January 1 – February 20, 2014	Ukrainian SEAP manual developed	
Organize introduction seminar on SEAPs (MODEL) for first group of selected cities	IRG	RTCs, EnEffect	January 15 – February 28, 2014	Agenda, seminar materials, list of participants	

Assist cities in establishing City Advisory Committees and expert WGs for SEAPs development	IRG	RTCs, EnEffect	January 15 – March 30, 2014	Recommendations on Advisory Committee setup, minutes of meetings	
Harmonize the input data to the “MODEL” methodology, provide Ukraine-specific data from the TIMES-Ukraine national planning model	IRG	EnEffect, GWH	January 15 – April 30, 2014	Agreed list of assumptions for modeling at the local and national levels	
Transfer the Municipal Energy Information System to the cities and will train city staffs on its use	IRG	EnEffect, RTCs	January 15 – April 30, 2014	MEIS transferred to the cities and operational (including GHG emission reduction).	
Prepare recommendations and provide assistance to selected cities with improving energy management and monitoring systems, including data collection and analysis, and methodologies for CO2 emission calculation.	IRG	RTCs, EnEffect MDI	January 15 – May 30, 2014	Recommendations on improving energy management and monitoring systems, including data collection and analysis, and methodologies for CO2 emission calculation provided to selected cities	
Conduct energy audits in the cities to evaluate current baselines and estimate potential for EE/CE/GHG emission reduction projects for key municipal service areas	IRG	OptimEnerg, Arnika, RTCs	January 15 – August 30, 2014	Energy audits conducted. EA reports prepared. Baselines and energy efficiency opportunities defined	<ul style="list-style-type: none"> • M 2.4: Energy audits conducted
Compile a comprehensive database for each participating city, including characterizations of multi-dwelling and public buildings, their historical energy use, energy producers and their transmission systems	IRG	RTCs, EnEffect	April 15 – August 30, 2014	Data included in MEIS. Energy balances prepared.	
Prepare SEAPs and present to key stakeholders	IRG	RTCs, EnEffect	March 1 – September 30, 2014	SEAPs documents and attachments (i.e. investment programs)	<ul style="list-style-type: none"> • M 2.5: SEAPs developed
Engage local civil society organizations in SEAPs review and discussion	IRG	OPORA	March 1 – September 30, 2014	Minutes of public meetings and discussions	
Provide methodological support to 5 Condominium Resource Centers established with USAID assistance to transfer those Condominium Resource Centers into Clean Energy Advisory Centers and extend their consultancy focus.	IRG	MDI	March 15 – September 30, 2014	5 Condominium Resource Centers converted into Clean Energy Resource Centers	

Assist in approval of SEAPs by the city councils	IRG	RTCs	Year 2	Presentation materials	<ul style="list-style-type: none"> SEAPs approved for first group of cities
Cooperate with IFIs identifying investments that are already underway or in the pipeline	IRG	MDI	January 15 – March 30, 2014	Memo on IFIs priorities in each of the partner cities	
Provide assistance and capacity building to PIUs on international procurement	IRG	OptimEnerg. ARNIKA	March 1 – September 30, 2014	International procurement guidelines, capacity building materials	
Review, update and expand Project Proposal Manual, Solicitation Process and Documents necessary for attraction of investments from IFIs for CE/EE/GHG emissions reduction projects.	IRG	MDI	June 30 – September 30, 2014	Project Proposal Manual, Solicitation Process and Documents necessary for attraction of investments from IFIs for CE/EE/GHG emissions reduction projects prepared	
Train cities on preparation of bankable investment proposals	IRG	MDI	June 30 – September 30, 2014	Training materials, samples of investment proposals	
Task 2.3 Introduction of Energy Management Systems	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Energy management systems established in 15 partner cities based on ISO 50001 (5 started certification); Energy management and monitoring approach generate 5% savings	Basis for energy management system prepared in first group of cities
Introductory training to partner cities on the energy management cycle and ISO50001 requirements	IRG	OptimEnerg. Arnika	January 15 – February 15, 2014	Training materials. Memo on ISO 50001 requirements and its use by the cities	
Agree with the city management on development of energy management system	IRG	OptimEnerg. Arnika	February 1 – March 30	Advisory Committee established. Energy management functions approved/budgeted by the city councils.	
Assist cities in identifying goals and preparing an energy management policy	IRG	OptimEnerg. Arnika	January 15 – April 30, 2014	Energy Management Policies prepared	
Assist partner cities in preparing energy management documentation, procedures and tools (including IT tools) according to ISO 50001 requirements	IRG	OptimEnerg. Arnika	March 1 – September 30, 2014	Energy management documentation prepared: procedures and tools in accordance with ISO 50001 requirements	<ul style="list-style-type: none"> M 2.6: Energy Management procedures prepared
Task 2.4 Development Credit Authority Loan Guarantee	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Leverage local bank/lender financing; train at least five banks on the loan guarantee mechanism and at least two banks will participate in the program; Build sustainable Ukrainian financial knowledge and expertise through practical training on	Capacity built for local banks on potential DCAs

				preparation of pre-feasibility studies and business plans	
Conduct assessments of local banks and on-lending programs to identify local partners willing to use DCA Loan Guarantee	IRG	MDI	December 1, 2013 – February 20, 2014	Assessment report presented to USAID	
Review Catalogs of Investment of CE/EE Projects (developed under MHRP) with description of potential borrowers' legal and financial status and submit them to the selected banks	IRG	MDI, RTCs	January 1 – March 30, 2014	Catalogs of CE/EE projects with description of borrowers submitted to the selected banks	
Define assistance needs with Bank Lviv and agree on areas of cooperation	IRG	MDI	January 15 – March 30, 2014	Report with assistance needs	
Conduct training seminar for Bank Lviv to support use of DCA guarantee in the municipal sector for on CE/EE projects	IRG	MDI	April 1 – June 30, 2014	Training materials, descriptions of CE/EE projects	<ul style="list-style-type: none"> • M 2.7: Bank Lviv is well informed about CE/EE projects and borrowers risks
In cooperation with USAID, the Project experts will assist in conducting risk assessment and financial/ creditworthiness analyses of potential borrowers and banks	IRG	MDI, E&Y	May 1 – September 30, 2014	Risk assessment reports and creditworthiness analysis	
Conduct training seminar for new candidate banks (pre-selected for DCA) on CE/EE projects and utility operations	IRG	MDI	July 1 – September 30, 2014	Training materials, descriptions of CE/EE projects	<ul style="list-style-type: none"> • M 2.8: Banks have better understanding of CE/EE projects and benefits of DCA
Task 2.5 Support Mechanisms that Mobilize Private Sector Investment	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Draft law on ESCO/EPC approved by end of Year 1; Two EPC contracts initiated with support of IFIs or private investors; three concepts on CE/EE projects developed and two procurements initiated; Three public participation discussions organized on PPPs	Basis for private sector participation in CE/EE established
Assist the GOU and Rada in approving a draft law on ESCO/EPC to reduce barriers to private investment in municipal CE/EE projects.	IRG	JurEnergó, Antika	December 1, 2013 – May 30, 2014	Analytical documents, advocacy and legal expertise to the GOU and Rada Committees	<ul style="list-style-type: none"> • M 2.9: ESCO/EPC Legal basis improved

Analyze legislative opportunities (as for today or if the legislation is adopted) for implementation of energy efficient projects ESCO, EPC and other PPP forms)	IRG	JurEnerg	December 1, 2013 – March 30, 2014	Analytical documents	
Improve provisions of PPP law, preparation of legal and regulatory acts of local governments, draft agreements, instructions and methodology in this field	IRG	JurEnerg	April 1 – June 30, 2014	Draft of legislation. Delayed due to GOU instability.	<ul style="list-style-type: none"> • M 2.10: PPP Legal basis improved
Working with IFIs to determine loan requirements and working with international ESCOs to gauge their interest and requirements in engaging Ukrainian ESCOs	IRG	Consultants	April 1 – June 30, 2014	Memo on IFIs loan requirements for ESCOs. Memo on international ESCOs interest and equity investment opportunities	
Develop individual financial models for the cities and conduct risk assessment to propose risk sharing strategies between public and private partners	IRG	Consultants	May 1 – August 30, 2014	Financial models and risks assessment documents	
Provide comprehensive training to the municipalities on PPP tools to build municipality institutional capacity and support private sector financing in the cities	IRG	Consultants	June 1 – September 30, 2014	Training materials on PPPs options	
Assist cities in identifying CE projects, listed in the SEAPs, which could potentially attract private sector participants to invest in PPP	IRG	RTCs	August 30 – September 30, 2014	List of CE/EE projects for PPP opportunities	<ul style="list-style-type: none"> • M 2.11: PPP opportunities identified
Task 2.6 Preparation of Sustainable Energy Public Awareness Plan and Development of Related Materials	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Public info campaigns in all 15 selected municipalities; Public and civil society support to CE/EE measures in the cities; Behavior change that supports energy conservation	Baseline of public support defined. Public information campaign started for behavior change.
Establish a Working Group on Communication Issues to design an information strategy for municipalities and develop a public outreach plan on the national level	IRG	MDI	November 15, 2013 – January 15, 2014	Working group established, meetings conducted	
Develop Information Strategy for municipalities and targeted National Outreach plan	IRG	MDI	January 15 – April 30, 2014	Targeted draft strategy and plan developed	<ul style="list-style-type: none"> • M 2.12: Information Strategy and local

					Information Plans developed
Conduct focus groups to find local “stars” or prominent community activists who will help mobilize civil society support on Clean Energy/Energy Efficiency issues, particularly practical behavior change steps	IRG	MDI	February 1 – May 30, 2014	Focus groups documents, minutes of meetings, questionnaires	<ul style="list-style-type: none"> M 2.13: Focus groups conducted to define baseline knowledge on CE/EE in partner cities
Support City Council Press Offices by offering training workshops and seminars plus one-on-one information sessions with the project’s proven outreach staff	IRG	MDI	February 1 – June 30, 2014	Training materials and presentations	
Work with advertising agencies to develop design of PSAs and outreach materials	IRG		January 1 – March 30	Cooperation established, materials under development	
Provide PSAs materials to the Regional Consulting Centers and Regional Offices of the Association of Ukrainian Cities and Communities in order to target outreach	IRG	MDI	April 1- April 30, 2014	PSAs materials	
Targeted public outreach events for local NGOs, interested associations and the general public will include municipal Energy Efficiency Day, contests on best practices or conservation tips	IRG	MDI, OPORA	April 1 – July 30, 2014	Agenda and list of participants for public events, round tables, contests	
For the media, hold expert energy briefings followed by trainings on the range of story options, from finance to lifestyle	IRG	MDI	May 1 – June 30, 2014	Training materials, briefing materials, press releases	
Targeted outreach to low-income residents and vulnerable groups, in support of Ukraine’s social safety net	IRG	OPORA, MDI	June 1 – September 30, 2014	Targeted outreach materials on social protection and EE in low-income families	

Activity 3: Capacity Building and Dissemination

Expected results: Energy audits, Municipal Energy Plans, and energy management and monitoring are national norms; GOU or local organization has the ability to further develop EE technical standards to meet international standards; Cooperation between municipal governments and the civil society sector is strengthened; Local capacity to implement CE initiatives through direct donor awards is improved; GOU systems to implement CE initiatives through G2G are improved

Task Activities	Lead	Support	Completion Dates	Outcomes / Deliverables / Results	Milestone / Comments
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Task 3.1 Preparing a local non-governmental organization for a direct award from USAID	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Five local NGOs are trained and their operations are improved; Two local NGOs will be eligible to receive direct awards from USAID by the end of Year 2	5 NGOs selected for capacity building. Training provided.
In consultation with USAID, develop selection criteria for local organizations to participate in capacity building processes for certification eligibility	IRG	STTAs	January 1 – January 30, 2014	Selection criteria developed and agreed with USAID	
Identify candidates for certification eligibility media outreach on the project, networking, and targeted communications	IRG	STTAs	January 1 – February 15, 2014	Minutes of meetings, outreach materials	
Organize and present a kickoff meeting for numerous local NGOs to provide information about this opportunity and will issue calls for applications	IRG	E&Y	February 1 – 15, 2014	Kick-off meeting materials	
Analyze applications and conduct selection process	IRG	E&Y	February 1 – April 30, 2014	5 NGOs selected for capacity building	<ul style="list-style-type: none"> • M 3.1: Selection of 5 NGOs conducted
Conduct Organizational Capacity Assessment (OCA) that will provide a baseline from which their performance improvement can be measured	IRG	E&Y	March 1 – June 30, 2014 days	OCA scorecard	<ul style="list-style-type: none"> • M 3.2: OCA conducted. Training needs identified.
Develop Capacity Building Plan for each of selected NGOs	IRG	STTAs	April 1 – May 30, 2014	Capacity Building Plans developed	
Organize trainings on organizational capacity building (M&E, HR management, fundraising, financial management, strategic planning)	IRG	STTAs	June 1- June 30, 2014	Training materials and documents on M&E, HR, strategic planning, fundraising	
Organize technical skills and capacity improvement (CE, EE, LEDS, strengthen civil society and local governance)	IRG	STTAs	July 1 – August 30, 2014	Training materials on technical areas (CE/EE/LEDS), civil society and local governance	
Organize trainings on internal policies and procedures to meet USAID rules and regulations	IRG	STTAs	June 1 – September 30, 2014	Training materials and samples of internal policies and USAID rules/regulations	<ul style="list-style-type: none"> • M 3.3: Comprehensive training provided according to Capacity Building Plans

Task 3.2 Facilitating Government-to-Government Assistance: preparing GOU institution(s) or local government(s) for a direct award from USAID	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Three municipalities or one GOU Agency are meeting USAID criteria and will be eligible for a direct award from USAID (subject to USAID guidance on G2G)	GOU Agencies selected. Capacity Building Plans prepared.
Coordinate with USAID on feasibility of G2G including conducting necessary assessments as will be directed by COR	IRG	STTAs	December 15, 2013 – January 30, 2014	USAID assessment/guidance on feasibility of G2G	<ul style="list-style-type: none"> M 3.4: G2G feasibility defined; all following activities will be subject to revision based on the assessment
Based on feasibility assessment prepare procedures for G2G implementation	IRG	Legal and budgetary experts (TBD)	February 1 – March 30, 2014	Draft procedures for G2G mechanism	
Conduct transparent selection process of municipalities and or the GOU Agencies (advertisement/ applications/review/selection)	IRG	STTAs	April 1 – April 30, 2014	USAID approve selection criteria and process. Selection process documents.	
Prepare the short-list of pre-selected municipalities and/or GOU Agencies for participation in the capacity building exercise. Organize kick-off meeting.	IRG	STTAs	May 1 – August 30, 2014	Short list established and approved by USAID. Materials of kick-off meeting.	<ul style="list-style-type: none"> M 3.5: Selection of GOU/local govt. organizations finalized
Conduct OCA to benchmark current status and focus the development of organizational capacity	IRG	STTAs	June 1 – July 30, 2014	OCA scorecard to evaluate progress and growth of capacity	
Develop Capacity Building Plan based on training needs identified in OCA	IRG	STTAs	August 1 – September 30, 2014	Capacity Building Plan (s) developed	<ul style="list-style-type: none"> M 3.6: Capacity building plan developed

Activity 4: Enhance Capacity for the GOU in Low Emission Development Strategies (EC LEDS)

Expected results: LEDS/REDS milestones and benchmarks met. The GOU's and other public and private stakeholders' capacity to develop and implement low emission development strategies is increased

Task Activities	Lead	Support	Completion Dates	Outcomes / Deliverables / Results	Milestone / Comments
Task 4.1 Strengthening institutional capacity in planning LEDS-REDS	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	National Inventory System enhanced according to international best practices and deployed; Incorporation of LEDS-REDS into sectorial and local government strategies/action plans; Several	LEDS/REDS Work Plan developed and coordination established. National Inventory System enhanced.

				GOU agencies able to use TIMES-MARKAL to develop GHG emission mitigation options; Institutional capacity of governments on LEDS/REDS improved – intra-government coordination established	LEDS/REDS strategies developed; modeling tools prepared and used by the GOU
Assess all LEDS/REDS relevant strategies and policies including but not limited to National Action Plan on EE through 2020 and others with the view to enhance it	IRG	JurEnergó	October 1 – November 30, 2013	List of all LEDS/REDS policies and strategies made and introductory meetings with relevant institutions made	
Identify potential stakeholders and their LEDS-related needs and priorities including GOU agencies and international donor	IRG	JurEnergó	November 1 – December 30, 2013	List of stakeholders established. Their priorities defined.	
Establish cooperation with Ministry of Economy and USAID to define implementation priorities of EC LEDS MOU	IRG	JurEnergó	November 1 – December 30, 2013	List of priorities for implementation of EC LEDS MOU identified	
Develop LEDS/REDS Implementation Work Plan together with Ministry of Economy and other relevant stakeholders	IRG	JurEnergó	November 1 – December 30, 2013	MoU Implementation Work Plan drafted and accepted by Ministry of Economy	<ul style="list-style-type: none"> • M 4.1: LEDS/REDS Work Plan drafted and accepted by Ministry of Economy (all further activities are subject to inclusion (or revision) in the LEDS/REDS WP with MinEconomy)
Incorporate LEDS-REDS concept into GOU Annual 2014 Plan through the Presidential Center of Economic Reforms (champion of reforms)	IRG	IIEEC, JurEnergó	November 1 – December 30, 2013	GOU Annual 2014 Plan incorporates LEDS/REDS concept and/or elements On-going cooperation on LEDS-REDS concept established with Presidential Center of Economic Reforms	
Establish working inter-agency GOU coordination on LEDS/REDS and sub-groups at the department head level to facilitate deeper understanding and collaboration on potential sectorial LEDS strategies and action plans development	IRG	IIEEC, JurEnergó	December 1, 2013 – April 30, 2014	List of sub-groups; agenda; minutes of meetings; case-studies from other countries presented	<ul style="list-style-type: none"> • M 4.2: LEDS/REDS inter-agency GOU coordination established

Identify all relevant state bodies and scientific institutions together with from National Center of GHG Inventories and State Environmental Investment Agency that are involved and/or ought to be involved in data collection, management, analysis, data storage and reporting of GHG emissions and adsorption	IRG	IIEEC	December 1, 2013 – January 30, 2014	List of state bodies and scientific institutions involved in GHG National Inventory System as per 5 th National Communication of Ukraine	
Conduct gap analysis of the National Inventory System in according to the latest IPCC Best Practices Guidelines and recent UNFCCC requirements	IRG	IIEEC	December 1, 2013 – February 28, 2014	Gap Analysis Report as per IPCC Best Practices Guidelines and Tier Level Reporting Requirements	
Develop and implement a National Inventory System Enhancement Plan	IRG	IIEEC	December 1, 2013 – July 30, 2014	Draft National Inventory System Enhancement Plan; minutes of stakeholders meetings	<ul style="list-style-type: none"> • M 4.3: National Inventory System enhanced.
Build capacity of GOU working sub-groups on LEDS/REDS	IRG	CCS, IIEEC	March 1 – July 30, 2014	Training seminars on LEDS/REDS process	
Strengthen institutional capacity at the Ministerial level (Ministry of Fuel and Energy, Ministry of Economy) to apply Ukraine-specific analytical tools TIMES-Ukraine for LEDS-REDS purposes	IRG	GWH, STTAs, Institute of Economics	June 1 – September 30, 2014	Development of analytical tools based on specific requests from Ministries that will allow users to examine model run results; training materials; templates and manuals will be provided on how to use of the analytical tools TIMES-Ukraine	<ul style="list-style-type: none"> • M 4.4: LEDS/REDS analytical tools applied by two GOU agencies
Assist Ministry of Economy to apply UNIDO Green Industry Initiatives in emission sensitive sectors (e.g., metallurgical, cement, chemicals)	IRG	CCS, IIEEC, JurEnerg	June 1 – September 30, 2014	Specific examples of LEDS/REDS planning developed and presented as a part of Resource Efficient and Low Carbon Industrial Production Center activity to facilitate sectoral strategy development, draft regulations on industrial efficiency drafted	
Assist the Ministry of Fuel and Energy and other relevant bodies to fulfill timely the obligations under EU Energy Community Treaty requirements regarding implementation of the EU Directive 2001/80/EC on reduction of emissions by large combustion plants (LCP)	IRG	CCS, IIEEC, JurEnerg	June 1 – September 30, 2014	Working group established on ad hoc basis to set up on-going coordination between relevant state bodies and key private sector players. Action Plan by 2018 is drafted and introduced on inter-ministerial level LEDS/REDS component is analyzed and reflected	<ul style="list-style-type: none"> • M 4.5: Road Map developed and LCP Directive focal point appointed
Conduct a targeted public awareness campaign together with other donors and private sector participants to ensure buy-in and civil society support of LEDS/REDS	IRG	OPORA	March 1 – September 30, 2014	Information materials, minutes of public meetings	

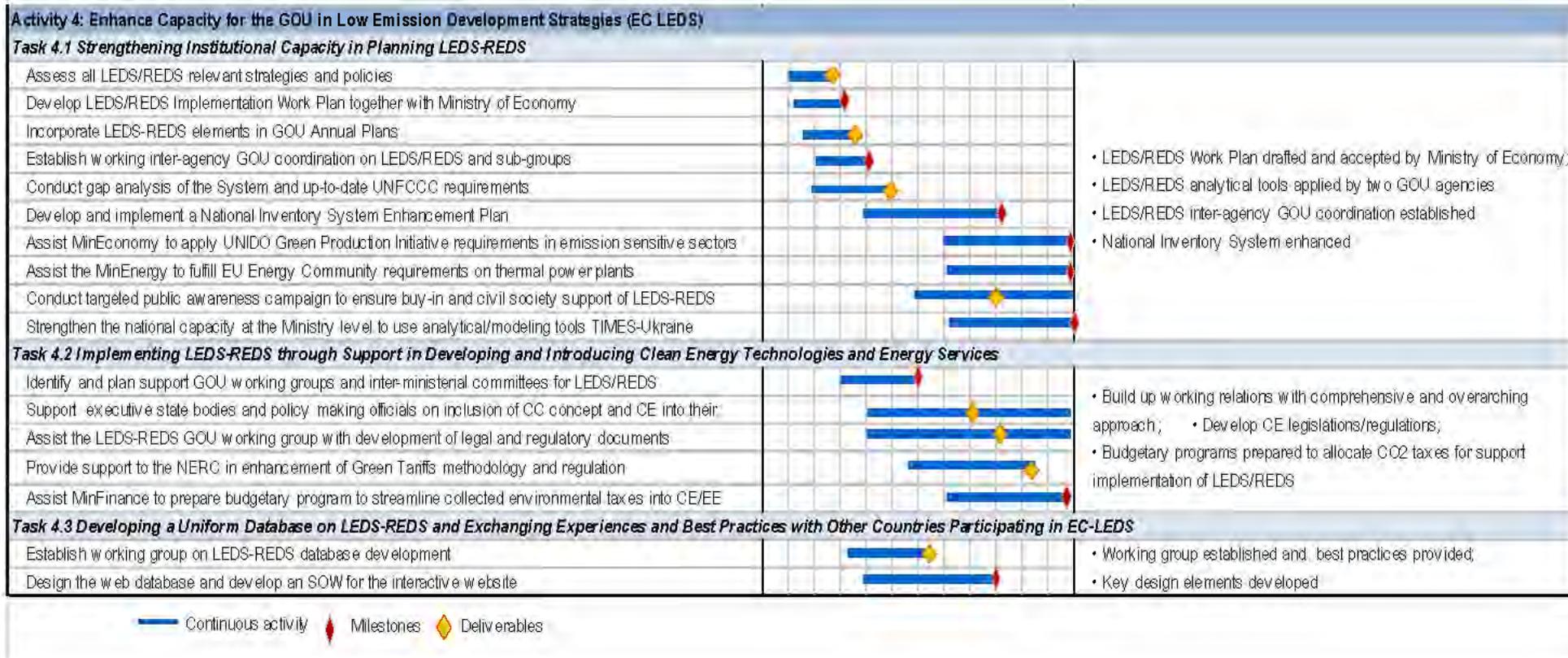
Task 4.2 Implementing LEDS-REDS through support in developing and introducing clean energy technologies and energy services	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	LEDS/REDS legislation developed and approved (score card: at least five legal/regulatory acts); At least five CE/EE projects developed, financed, and beginning implementation with a total value of \$10M	LEDS/REDS legislation improved. CE/EE project identified.
Identify and plan support GOU working groups and inter-ministerial committees for LEDS/REDS pieces of legislation and regulatory documents drafting	IRG	STTAs, JurEnergó	January 1 – April 30, 2014	List of all relevant WG and IMC developed .on-going working relations established	<ul style="list-style-type: none"> • M 4.6: Build up working relations with comprehensive and overarching approach
Advise and support executive state bodies/agencies and policy making officials on inclusion of climate change concept and clean energy into their leadership agendas, and process and policy options	IRG	CCS, STTAs	February 1 – September 30, 2014	Assessments, analysis, agenda, minutes of meetings. On-going relations established	
Perform GAP-analysis of the European and Ukrainian legislation on issues of atmosphere emissions, provide recommendations on introducing the provisions of European legislation to Ukrainian legislation	IRG	JurEnergó	February 1 – March 30, 2014	Analytical report with recommendation for GOU	
Support GOU working groups for relevant legislation drafting for LEDS	IRG	STTAs, JurEnergó	February 1 – April 30, 2014	Analytical documents, draft regulation and legislation	
Provide support to the NERC in enhancement of Green Tariffs methodology and regulation to ensure competitive and fair market conditions for CE investments	IRG	MDI, JurEnergó, STTAs	March 1 – August 30, 2014	Green Tariffs methodology improved	
Provide assistance to relevant bodies and institutions to enhance the Ministry of Finance and other ministries to prepare budgetary programs with aims to streamline allocation of collected CO2 environmental taxes into CE/EE projects	IRG	IBSER	May 1 – August 30, 2014	Budgetary programs developed for better M&E of CE/EE projects	<ul style="list-style-type: none"> • M 4.7: Budgetary programs prepared to allocate CO2 taxes for support implementation of LEDS/REDS.
Prepare policies and programs for LEDS-REDS project specifications/guidelines and financing mechanisms	IRG	IIEEC	Year 2	Specifications and guidance for financing mechanisms	
Assist cities and utilities in preparing CE investment projects	IRG	IIEEC	Year 2	CE/EE project identified	

Task 4.3 Developing a uniform database on LEDS-REDS and exchanging experiences and best practices with other countries participating in EC-LEDS	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Uniform database established in accordance with international best practices; Ukraine integrated into international cooperation on LEDS-REDS	Develop a basis for uniform database.
Establish working sub-group on LEDS/REDS database development	IRG	STTAs, IEEC	January 1 – March 30, 2014	Working group established	
Design the web database and develop an SOW for the interactive website	IRG	STTAs, IEEC	April 1 – July 30, 2014	Design documents and SOW	<ul style="list-style-type: none"> • M 4.8: Key design elements developed for data base

Activities and Subtasks	Months												Expected Results for Year 1
	1	2	3	4	5	6	7	8	9	10	11	12	
Inception and Mobilization Phase													
Mobilization of project team: preparation of job responsibilities and agreements	■												
Selection of the project office. Preparation and signature of lease agreement	■												
Meetings with the partners and agreement on the terms of cooperation and work schedule	■	■	■										
Updated work plan for Year 1 and PMP prepared and submitted to USAID COR	■	■	■										
Project kick-off conference organized with the GOU representatives, cities, energy professionals, NGOs, and		■	■	■									
Project registration in MinEconomy				■	■								• Project fully operation
Activity 1: Improve Clean Energy Regulatory and Legislative Enabling Environment													
Task 1.1 Developing Enabling Legislative and Policy Environment													
Meet Presidential Ctr Econ Reforms to discuss high level GOU WG on municipal energy reform	■												
Assess current status of CE/EE legislation; include LEDS in GOU Annual Plans for legislation development		■	■	■	■								• Key Priority list of CE/EE legislation/ regulations established;
Establish and support mid-level experts group on development/improvement of specific bills			■	■	■	■	■	■	■	■	■	■	• Advanced donor coordination established
Prepare draft legislation/regulations and discuss them with key stakeholders				■	■	■	■	■	■	■	■	■	• Preparation of 2 key draft laws and advanced donor coordination in Year 1
Organize presentations and experts' support to the Rada Committees, ensure public participation					■	■	■	■	■	■	■	■	
Upgrade donor coordination platform: new e-portal and secretariat		■	■	■	■	■	■	■	■	■	■	■	
Task 1.2 Supporting Energy Efficiency Standards													
Establish WG with MinRegion and SAEF on development of energy standards	■												
Review current implementation status of National Plan for Energy Standards		■	■	■	■								• Preparation and passage of key standards on energy management and energy audit
Draft first standard on energy audit based on EU norms			■	■	■	■	■	■	■	■	■	■	
Conduct gap analysis to compare ISO50001 requirements with Ukrainian norms on energy management				■	■	■	■	■	■	■	■	■	
Prepare draft standard on Energy Management and present it for consideration of GOU WG					■	■	■	■	■	■	■	■	
Task 1.3 Improving Tariff Setting													
Establish on-going coordination with SIDA/WB technical assistance project		■	■	■	■	■	■	■	■	■	■	■	
Assist NCCSMR in obtaining political approval of the GOU for enforcement of a Gradual Tariffs Increase Plan			■	■	■	■	■	■	■	■	■	■	• Assets evaluation methodology developed as prerequisite for RAB
Assist NCCSMR on quality assurance and quality indicators for communal services				■	■	■	■	■	■	■	■	■	• RAB methodology developed for all sub-sectors
Extend RAB methodology to all communal services regulated by NCCSMR					■	■	■	■	■	■	■	■	
Provide assistance on evaluation of assets needed for introduction of RAB methodology					■	■	■	■	■	■	■	■	
Organize educational and advocacy campaigns with civil society organizations					■	■	■	■	■	■	■	■	
Task 1.4 Improving Social Safety Net Policies													
Assist GOU WGs to incorporate new social protection regs in Annual Plans of the Presidential Prgm of Econ	■												• Best international practices on subsidies provided that are direct, targeted, means-tested, and/or monetized
Assessment on current status of GOU actions to incorporate MHRP recommendations on social safety nets		■	■	■	■								• New approach for social protection of low-income consumers agreed with stakeholders
Cooperate with the WB on coordinated strategy for improvement of social protection of low-income customers			■	■	■	■	■	■	■	■	■	■	
Work with the Ministry of Social Policy in order to get buy-in improvement of social safety nets				■	■	■	■	■	■	■	■	■	
In coordination with WB prepare proposals for changing current system of privileges and improve subsidies					■	■	■	■	■	■	■	■	
Provide analytical assessments to determine social norms for consumption (to decrease privileges)					■	■	■	■	■	■	■	■	
Engage CSOs to facilitate the consideration and movement of legislation/regulation through the Rada					■	■	■	■	■	■	■	■	

Task 1.5 Regulatory Information System Development		
Establish WG with the NCCSMR on RIMS		
Review system requirements and functions		
Develop detailed requirements for each module and detailed requirements for hardware		
Assist the NCCSMR in preparing specifications and tender documents for software development		<ul style="list-style-type: none"> • System functionalities developed and agreed • Tender documents prepared for both software and hardware
Task 1.6 Developing Utility Benchmarking		
TA and capacity bldg for NCCSMR/utilities to develop and apply standardized accounting and reporting		
Assist 10 pilot utilities in applying new accounting rules		
Develop a methodology for conducting benchmarking for identification of quality of utility supply services		
Train NCCSMR HQ and nine regional offices to build capacity of utilities for reporting benchmarking indicators		
Assist NCCSMR on monitoring/ data collection from utilities to ensure compliance with new regulation		<ul style="list-style-type: none"> • New regulatory accounting principles taught to utilities • Utilities trained to properly implement accounting • New regulatory benchmarking system developed
Task 1.7 Capacity Building		
Assess training needs and agree on training areas for NCCSMR HQ and nine regional offices		
Conduct seminars for reg offs on key functions; org split; transparency; consumer protection; assuring		
Assess training needs and agree on training areas for MinRegion and PIUs		
Conduct seminars for MinRegion and PIUs on management of international projects		
Assist MinRegion and Project Implementation Units on international procurement procedures		
Assist NCCSMR to participate as an associate member in international associations of regulators		<ul style="list-style-type: none"> • Capacity of NCCSMR and regional offices improved • Capacity of MinRegion improved • Established international contacts with NARUC/ERRA
Activity 2: Promote Investment In Clean Energy Technologies And Applications		
Task 2.1 Developing Cooperation Strategies		
Conduct assessment and coordinate with IFI programs/investments in municipalities and municipal utilities		
Evaluate performance of MHRP municipalities with respect to implementation of their MEPs		
Review and agree city selection strategy with IFIs and USAID		
Conduct selection of the "quick start" group of 6 cities and sign MOUs		<ul style="list-style-type: none"> • Selection strategy developed and approved by USAID/IFIs • MOUs signed with 6 "quick start" cities to participate in MERP
Task 2.2 Assisting Municipalities with Planning, Preparing, and Financing for Clean Energy Projects		
Conduct needs assessment and consultations with the Covenant of Mayors and European Commission on		
Update SEAP methodology to Ukrainian conditions (based on MHRP MEP MODEL methodology)		
Organize introduction seminar on SEAPs (MODEL) for first group of selected cities		
Assist cities in establishing City Advisory Committees and expert WGs for SEAPs development		
Harmonize "MODEL" methodology; transfer MEIS to cities and provide data from national planning model		
Conduct energy audits to evaluate baselines/est. potential for EE/CE/GHG emissions reduction for key		
Compile database for each city: apt. and public buildings, historical energy use, energy production, transport		
Assist PIUs to support IFIs loans		
Prepare SEAPs and present to key stakeholders		
Support Resource Centers to educate local civil society organizations in CE/EE		<ul style="list-style-type: none"> • Energy audits and CO2 inventories conducted in 6 cities; • 6 SEAPs developed; • PIUs supported in partner cities

Task 2.3 Introduction of Energy Management Systems		
Introductory training to partner cities on the energy management cycle and ISO 50001 requirements		• Energy management systems training and support provided to 6 partner cities based on ISO 50001 in Year 1
Agree with the city management on development of energy management system; assist in identifying goals		
Assist partner cities in preparing energy management procedures and tools according to ISO 50001		
Task 2.4 Development Credit Authority Loan Guarantee		
Conduct assessments of local banks and IFI programs to identify local partners willing to use DCA		• Bank Lviv is well informed about CE/EE projects and borrowers; • Local banks trained on CE/EE; • Local potential DCA partners identified
Conduct training seminar to Bank Lviv on CE/EE projects to support utilization of DCA		
Conduct training seminar for candidate banks (pre-selected for DCA) on CE/EE projects and utility operations		
Task 2.5 Support Mechanisms that Mobilize Private Sector Investment		
Assist the GOU/Rada in approving a draft law on ESCO/EPC		• ESCO/EPC Legal basis improved by end of Year 1 • PPP Legal basis improved • PPP opportunities identified
Develop ESCO models for cities and propose risk-sharing strategies between public and private partners		
Provide training to the municipalities on PPP tools and support private sector financing in the cities		
Assist cities in identifying CE projects that could attract private sector investments		
Task 2.6 Preparation of Sustainable Energy Public Awareness Plan and Development of Related Materials		
Develop Information Strategy for municipalities and targeted National Outreach plan		• Conduct public information campaigns in 6 selected municipalities in Year 1 • Ensure public and civil society support to CE/EE measures
Focus groups find local activists to mobilize civil society support for CE/EE issues, particularly behavior		
Provide PSAs; organize public outreach events for local NGOs, interested associations, and the general		
Hold expert energy briefings for media followed by trainings on the range of story options		
Targeted outreach to low-income residents in support of Ukraine's social safety net		
Activity 3: Capacity Building and Dissemination		
Task 3.1 Preparing a Local Non-Governmental Organization for a Direct Award from USAID		
In consultation with USAID, develop criteria and select local organizations to receive capacity building		• 4 local NGOs are trained and their operations are improved
Conduct Organizational Capacity Assessment (OCA) to provide baseline for performance improvement		
Develop Capacity Building Plan for each selected NGO		
Training on org cap (M&E, HR & fin mgmt, strat plng), tech skills (CE/EE, LEDS, stronger civil society and		
Trainings on internal policies and procedures to meet USAID rules and regulations		
Task 3.2 Facilitating Government-to-Government Assistance: Preparing GOU Institution(s) or Local Government(s) for a Direct Award from USAID		
Coordinate with USAID on feasibility of G2G		• G2G feasibility defined and agreed by USAID • Qualifying GOU agencies and/or cities identified; • OCA and Capacity Building Plans prepared
Based on feasibility assessment prepare procedures for G2G implementation		
Transparent selection of cities and/or the GOU Agencies (advertisement/applications/review/selection)		
Short-list of pre-selected cities and/or GOU Agencies to participate in capacity bldg exercise. Organize kick-off		
Conduct OCA to benchmark current status and focus the development of organizational capacity		
Develop Capacity Building Plan based on training needs identified in OCA		



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