

**An Evaluation of Existing Administrative Structures for
Addressing Climate Change and Recommendations for
Strengthening these Administrative Structures**

Authors

Michael Mondshine, SAIC, CCI
Natalya Parasyuk, Hagler Bailly, CCI
Mary Harris, Hagler Bailly, CCI
Konstantin Yemelianov, TransEnergoConsulting

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Prepared by:

Hagler Bailly Services, Inc.
1530 Wilson Boulevard
Arlington, VA 22209
703-351-0300

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1 Introduction

This report includes four sections: this introduction; an overview; background information; and recommendations for strengthening Ukrainian administrative structures for addressing climate change issues. The overview section describes the rationale for and benefits to Ukraine from developing an effective administrative structure, the requirements of an effective administrative structure, a timetable of external events that operate as a catalyst for implementing the structure, the criteria for designing the administrative structure and human and financial resource requirements. The background section includes information on Ukraine's commitment under the United Nations Framework Convention on Climate Change (UNFCCC), current sources of international financial assistance for meeting those commitments, existing Ukrainian administrative structures for addressing climate change, and examples of functioning administrative structures in other countries.

2 Overview

2.1 Rationale and Benefits to Ukraine for Building an Effective Administrative Structure for Addressing the Climate Change Issue

Global climate change is an energy and environmental issue that will remain at the top of the international policy agenda for decades to come. The potential effects of climate change may be catastrophic to the global ecosystem in general and to human health in particular. Ukraine has already seen an increase in severe weather events such as hurricanes and floods. Globally, ocean temperatures have risen and the Greenland ice shelf has shown significant melting. We are embarking on a global experiment with uncertain outcomes. The temperature changes we are likely to see over the next century will exceed any changes seen in the last 100,000 years.

The international community, recognizing the danger associated with ever increasing greenhouse gas emissions, agreed upon the UN Framework Convention on Climate Change in 1992. Upon ratification, the UNFCCC entered into force in March of 1994. Because most of global anthropogenic greenhouse gas emissions come from the world's more developed nations, the responsibility for reducing emissions under the UNFCCC fell squarely on these nations. These nations, including Ukraine, were grouped under Annex I of the UNFCCC.

The principal anthropogenic greenhouse gases that affect global climate (i.e., carbon dioxide, methane, nitrous oxide) are largely emitted as a result of industrial and agricultural activities central to human well-being and comfort. In an effort to reduce the strain and discomfort caused by emission reductions, the Kyoto Protocol to the UNFCCC (the document which established specific emission reduction targets for developed countries) included "flexibility mechanisms" for reducing global emissions. The three flexibility mechanisms in the Kyoto Protocol are the Clean Development Mechanism (CDM), emissions trading (ET), and Joint Implementation (JI). The CDM allows for developed nations to invest in emission reduction projects in developing countries and to use credits from the resulting reductions to partly meet their national emission reduction targets. Because Ukraine has seen a severe economic

contraction since 1990 and an attendant reduction in national greenhouse gas emissions, it is unlikely that it would invest in CDM projects.

However, it is the opportunity afforded Ukraine under emissions trading and joint implementation that makes development of effective administrative structures for addressing climate change so important. Ukraine has already suffered severe economic strain over the last decade. This strain has reduced national greenhouse gas emissions by approximately 500 million metric tons carbon dioxide equivalent since 1990. Under emissions trading, Ukraine may auction these tons to the highest bidder among the developed countries. At a low-end estimated price of \$5.00 per metric ton carbon dioxide equivalent, Ukraine could receive \$2.5 billion in annual revenues.¹ Unfortunately, these revenues will only be available if the Kyoto Protocol is ratified and then only during the Protocol compliance period of 2008–2012. The ratification is uncertain, particularly because the Protocol is strongly opposed by the U.S. Senate, and the treaty is unlikely to come into force without U.S. ratification.

Joint Implementation may also generate large revenues for Ukraine but those revenues are not predicated on the ratification of the Kyoto Protocol and may be available immediately rather than in 2008. JI involves investment in an emissions reduction project in a developed country or country with an economy in transition by another developed country in exchange for emission reduction credits that may be used against future emission targets. The pilot phase of JI was included as part of the UNFCCC and is ongoing. While credit for emission reductions under JI will only be able to be monetized by nations that are party to the international protocols, Denmark has already established a domestic greenhouse gas regulatory regime and UK, Netherlands, Norway, Japan, Australia and New Zealand have proposed legislation or instituted pilot projects under which JI projects may yield credits for investing companies. Similarly, in the United States, contemplated legislation would grant credit for JI projects even without U.S. ratification of the Kyoto Protocol. In response, an early market for JI emission reductions has emerged, with over 30 million metric tons carbon dioxide equivalent traded to date at an average of \$1.00 per ton. Typically, these trades include the purchase of JI “options” which may then be exercised at a price of \$5.00-\$10.00 in the future event of an applicable regulatory regime.

There are several nations anxious to make JI investments in Ukraine including the U.S., Canada, and the Netherlands. However, for JI credits to yield any market value they must be approved and endorsed by the host country (i.e., Ukraine). In order to begin the flow of investment for JI projects, Ukraine must have a project approval mechanism in place. The Memoranda of Intent signed by Ukraine with the U.S., Canada, Finland, and Switzerland included an expectation of the creation of a project approval mechanism. Finally, the rules and procedures for compliance with the UNFCCC and participation in emissions trading and Joint Implementation are being negotiated at a series of international meetings. Effective

¹ The \$5.00 per metric ton carbon dioxide equivalent is drawn from recent remarks by the Center for Clean Air Policy. According to Natsource, a carbon trading broker, current futures trades typically take the form of an option purchased for between \$1.00 and \$1.25 with a strike price between \$5.00 and \$9.00 per metric ton carbon dioxide equivalent. A study by the U.S. Council of Economic Advisors estimated a price of between \$3.81 and \$6.81 per metric ton carbon dioxide equivalent. Current European tax schemes suggest a political tolerance of up to approximately \$13.00 per metric ton carbon dioxide equivalent. The U.S. Energy Information Administration estimates domestic U.S. costs at about \$100.00 per metric ton carbon dioxide equivalent, assuming no international trading. The low end costs assume full global trading, an active CDM market, and very low transaction costs. Given the verification requirements imposed by international treaty, it is unlikely that such low transaction costs will be realized.

participation in these meetings by Ukraine can affect the timing and size of flows under JI and emissions trading.

Emissions trading and JI offer large potential financial rewards to Ukraine and provide a mechanism for other nations to share some of the costs of Ukraine's economic recovery through emission reduction purchases. To remain eligible for these rewards, Ukraine must remain in compliance with its commitments under the UNFCCC. To maintain compliance, Ukraine must submit an annual update of its national emissions inventory. Ukraine has successfully completed its first National Communication and national emissions inventory (for the period 1990-1998) under the UNFCCC. The report was slightly less than comprehensive and methodologies were not fully developed, however, it should be noted that no Annex 1 party had completed a truly comprehensive, transparent inventory in the requested format by the prescribed deadline. The Ukrainian effort was strong and demonstrated compliance with the spirit if not the letter of the UNFCCC. Unfortunately, the methods and procedures used to prepare the inventory were ad hoc and the institutional capacity for ongoing updates as required by the UNFCCC has not been established. Furthermore, the inventory was prepared by outside specialists and no qualified individual capable of preparing a national inventory is currently employed by the Government.

2.2 Requirements of an Effective Administrative Structure for Addressing Climate Change

The primary aims of an administrative structure for addressing climate change are to 1) maintain compliance with Ukraine's commitments under the UNFCCC and 2) maximize financial flows associated with emissions trading and Joint Implementation.

The first principal element of maintaining compliance with the UNFCCC is the preparation and annual updating of a national emissions inventory. A fully compliant inventory would be comprehensive and transparent and would use the UNFCCC's "common reporting format". The administrative sub-structure for inventory preparation should facilitate data collection on fossil fuel consumption, industrial activities, agricultural activities, and land use. The information should be forwarded to a central collection point where it can be converted to greenhouse gas emissions data and placed in the common reporting format. The system should ensure that these activities occur on a regular and reliable basis through a responsible institution that will continue activities regardless of personnel changes.

In order to maximize investments and associated revenues, Ukraine must meet two objectives. First, Ukraine should be an active participant in international negotiations, ensuring that the rules, procedures and modalities are most favorable to Ukraine's interest, or, at a minimum, gathering intelligence on the rules of the game and how Ukraine can effectively participate. Second, Ukraine should establish a Joint Implementation office. This office would facilitate investments in JI projects, and collect resulting fees and revenues. The functions of the national JI office will ultimately include:

- ◆ Establishing application procedures;
- ◆ Developing project evaluation criteria and processes;
- ◆ Establishing procedures for receiving, evaluating and approving proposal;
- ◆ Building local awareness;
- ◆ Conducting international marketing;

- ◆ Preparing and submitting annual reports; and
- ◆ Participating in international policy discussions.

An administrative structure that temporarily fulfils the needs of Ukraine to remain compliant with the UNFCCC and begin attracting JI investment can be created under existing legal authorities within current institutions. However, a more complex administrative structure with long-term viability will require an effective implementing body empowered by a legislative act or political leadership. The Interministerial Commission on Climate Change appeared to be the implementing body but after a series of meetings and successes in 1999, this body has failed to meet in 2000 and government reform has left the commission with less than half of its original members. While legal authority for many of the activities associated with a Joint Implementation office and a national emissions inventory exist under current law, a new law or presidential decree on empowering the administrative structure and reconstituting a smaller more proactive Inter-ministerial Commission is critical to its long term success.

2.3 Timetable for Strengthening Ukrainian Administrative Structures for Addressing Climate Change

There are a series of external events that will drive the timetable for strengthening Ukrainian administrative structures for addressing climate change. The sixth Conference of Parties to the UNFCCC (COP 6) will be held November 13-24, 2000. Critical rules, procedures, and modalities for such Kyoto Protocol elements as compliance, emissions trading, and joint implementation will be determined at COP 6. For example, the share of national reduction obligations that may be met through emissions trading is likely to be determined and the level of scrutiny for verification of national inventories established.

The Subsidiary Bodies to the UNFCCC have meetings scheduled for June and September of 2000. The opportunity for Ukraine to provide input on technical issues will be at the meetings of the Subsidiary Bodies in June and September. The Umbrella Group, a negotiating block that includes the U.S., Ukraine, Canada, Russia, Norway, Iceland, Australia, New Zealand, and Japan will meet prior to the subsidiary body meetings to establish a united position on some of the key issues to be discussed. Ukraine has missed the opportunity to submit documents for the June session but has until June 23 to submit documents for the September session. Should the Kyoto Protocol be ratified, Ukraine will reap some benefit from the sale of its emissions reductions since 1990 regardless of the determination of rules procedures and modalities, but the total value of those benefits and the ease of their acquisition will be affected by the ongoing negotiations. Further, the value of emission reductions generated from JI projects and traded today will change depending on the outcome of discussions at the meeting of the Subsidiary Bodies and the Conference of Parties.

Thus, the first component of building an administrative structure to address climate change issues is to identify the delegation to the UNFCCC negotiations and provide them with sufficient background material and technical support to participate effectively. This must be accomplished by July 1, 2000. Typically, delegations to the negotiations are led by the Foreign Ministry or Ministry of Ecology. In Ukraine, the Ministry of Ecology and Natural Resources has held this responsibility.

The next national emissions inventory is not due until April 15, 2001. Thus, the administrative structure for this activity need not be operational until October 1, 2000. If all

data requests are filled by January 15, 2001 the central collection body (most likely in the Ministry of Ecology) shall have sufficient time to complete the report. Between June 1, 2000 and September 15, 2000, efforts should be focused on building the administrative infrastructure for a JI office. JI projects provide a potential source of self-financing for Ukraine's climate change administrative structure and, thus, efforts to facilitate those projects should be undertaken as soon as possible.

2.4 Criteria for Designing an Administrative Structure for Addressing Climate Change Issues in Ukraine

The Ukrainian administrative structure and sub-structures for addressing climate change should meet the following criteria. It should:

- 1) have a low administrative cost and require a minimum of human resources;
- 2) ultimately be self-financing through sales of JI credits or emissions trading;
- 3) not require new bureaucratic structures;
- 4) accommodate rapid implementation, building on existing institutions where possible;
- 5) be founded on institutions that will persist during personnel and political changes;
- 6) facilitate effective communication between Ministries, State Committees, the Cabinet of Ministers, President and Verkhovna Rada;
- 7) allow decisions and transactions to be public and guided by the rule of law;
- 8) base its project selection decisions on technical and economic merits, and track and publicly disclose any revenue spending.

2.5 Human and Financial Resources for Ukrainian Climate Change Program Administration

Ukraine has assumed certain commitments for an Annex I Party to the UNFCCC when it ratified the Convention in 1996.

The commitments, as outlined in the UNFCCC text, include the following:

...The developed country Parties and other Parties included in Annex I commit themselves specifically as provided for in the following:

(a)...Each of these Parties shall adopt national policies and take corresponding measures on the mitigation of climate change, by limiting its anthropogenic emissions of greenhouse gases and protecting and enhancing its greenhouse gas sinks and reservoirs. These policies and measures will demonstrate that developed countries are taking the lead in modifying longer-term trends in anthropogenic emissions consistent with the objective of the Convention, recognizing that the return by the end of the present decade to earlier levels of anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol would contribute to such modification, and taking into account the differences in these Parties' starting points and approaches, economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each of these Parties to the global effort regarding that objective. These Parties may implement such policies and measures jointly with other Parties and may assist other Parties

in contributing to the achievement of the objective of the Convention and, in particular, that of this subparagraph;

(b)...In order to promote progress to this end, each of these Parties shall communicate, within six months of the entry into force of the Convention for it and periodically thereafter, and in accordance with Article 12, detailed information on its policies and measures referred to in subparagraph (a) above, as well as on its resulting projected anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for the period referred to in subparagraph (a), with the aim of returning individually or jointly to their 1990 levels these anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol. This information will be reviewed by the Conference of the Parties, at its first session and periodically thereafter, in accordance with Article 7;

(c)...Calculations of emissions by sources and removals by sinks of greenhouse gases for the purposes of subparagraph (b) above should take into account the best available scientific knowledge, including of the effective capacity of sinks and the respective contributions of such gases to climate change. The Conference of the Parties shall consider and agree on methodologies for these calculations at its first session and review them regularly thereafter;

From a resource standpoint, the basic work elements of fulfilling the Convention commitments include the development and implementation of Ukraine's national policy on mitigation of climate change; the process of communication with the Conference of Parties; and the development and maintenance of a national emissions inventory system.

Each of these tasks can be performed within the existing governmental framework of Ukraine. The level of effort and costs associated with meeting these basic obligations is estimated here for the purpose of planning and budgeting to meet these obligations. The decision of how much to budget or staff to allocate to climate change treaty obligations is purely a national matter and these figures are meant to be illustrative of the resource demands of a transparent and credible climate change national program.

1. International Meetings and Negotiations (Official Delegation to three international sessions per year)

These costs require foreign currency since meetings and negotiating sessions of the UNFCCC are held outside Ukraine. The UNFCCC secretariat is located in Bonn, Germany, and meetings of the subsidiary bodies are typically held in that location twice a year. The Conference of Parties (COP) meets annually, usually in November, hosted by a party to the convention. The COP 6 is scheduled for the Hague, the Netherlands in November 2000 (previous meetings have been held in Japan, Brazil and Europe). The annual cost of participation in these sessions is estimated in U.S. dollars and is based on air travel, ground transport, hotel and meals allowance for a two-person delegation for subsidiary body meetings (14 days) and a five-person delegation for COP sessions (8 days). After 2000, COP meetings are assumed to be held in Australia, Canada, Kenya, Mexico, or India for purposes of calculating the average budget.

	Direct Costs
Year 2000	\$ 19,000
Year 2001-2005	\$ 30,500/year

2. National Policy & Communications to UNFCCC (Focal Point and Interministerial Commission)

These costs are principally composed of staffing of the Secretariat of the Interministerial Commission on Climate Change and printing and telecom costs for communications with the UNFCCC and international Parties. The staff of the Climate Change Division of the Department of Monitoring within the Ministry of Ecology has served as the Secretariat. A significant part of the work of this staff is the preparation of national delegation and communications to UNFCCC, coordination and organization of bilateral and multilateral cooperative activities, preparation of special reports and national information on climate change programs and facilitation of the work of the Interministerial Commission. This staff comprises four (4) full time personnel at the professional/managerial (1), Leading specialist (1) and junior specialist/clerical levels (2). Staffing: 4 full-time equivalent @ 3600 UAH (average annual salary). Assuming a fully staffed office and average annual salary increments of 10% per year. Direct costs are estimated at 10,000 to 12,000 UAH annually. This is considered a minimum budget and staffing level and does not include domestic travel or any special printing and public information costs.

	Labor	Direct Costs	Total
Year 2000	14,400 UAH	10,000 UAH	24,400 UAH
Year 2001-2005	19,160 UAH/yr.	12,000 UAH	31,160 UAH

3. National Inventory System (Ministry inventory specialist(s), Interagency Working Group)

Costs for the development and maintenance of a National Emissions Inventory for both sources and sinks of greenhouse gases are estimated based on the experience of the both Ukraine and the U.S. Currently, Ukraine does not have a specialist responsible for organizing and preparing an emissions inventory. Through the work of the Interministerial Commission, data collection personnel have been identified in the various ministries, institutions and sectors (MinEconomy, Agriculture, Fuel & Energy, Transport, etc.). The work of organizing and assembling the emissions inventory has been handled by an outside consultant who provided methodological guidance and project management. The Ministry has budgeted 80,000 UAH for inventory development for the year 2000 based on its prior experience using an outside consulting organization. However, this amount does not include a professional specialist within the government responsible for interagency coordination, system development, and maintenance and management of bilateral activities in this area. This individual should be added to the staff of the Climate Change Division and the envisioned funds provided for hiring experts from national institutions or consulting organizations. This step will also facilitate technical cooperation with other UNFCCC Parties, such as the USA, Russia and Canada on inventory methods and conversion to the Common Reporting Format.

	Labor	Direct Costs	Total
Year 2000	4,000 UAH	80,000 UAH	84,000 UAH (\$16,000)
Year 2001-2005	5,325 UAH	100,000 UAH	105,325 UAH (\$20,000)

4. Joint Implementation (JI Secretariat)

Numerous countries have participated in the pilot phase of Activities Implemented Jointly (AIJ), and their experience offers guidance for the efficient administration of review, approval and registration of Joint Implementation projects. This experience is outlined further in a later section of this report. One full-time specialist (mid or senior level) within the Climate Change Division (see 2 above) should be assigned the role of coordinator for Joint Implementation project review and approval process. Process review will be assisted by an Interministerial working group or resource pool as part of their regular assigned duties.

This structure requires no additional costs in the near term.

Year 2000	No additional cost
Year 2001-2005	No additional cost

5. Public Education and Awareness

This is a potentially large and recurring cost for the Ministry of Ecology and the Government of Ukraine. Information on global climate change mitigation, adaptation and vulnerability as well as Ukraine's participation as a Party to the UNFCCC and its national program are not widely known or disseminated beyond a small circle of specialists with the National Ministries and Verkhovna Rada. Several climate change workshops and seminars have been sponsored by international organizations, including U.S. Government agencies and the United Nations, in Kiev and in cities outside Kiev. The main target audiences for greenhouse gas mitigation projects (or projects for joint implementation) are industry and municipal governments as well as NGOs. The Ministry website, as well as public Rada sessions, reach a motivated and interested audience. However, outreach to non-ecological or natural resource audiences are beyond the financial capacity of the current Ministry.

The public education and awareness function of the administrative structure can be strengthened using the large amount of informational and educational materials that have been prepared in other countries, many of which are specifically targeted to industries, technologies and sectors relevant to Ukraine.

3 Background

3.1 Ukraine and the United Nations Framework Convention on Climate Change

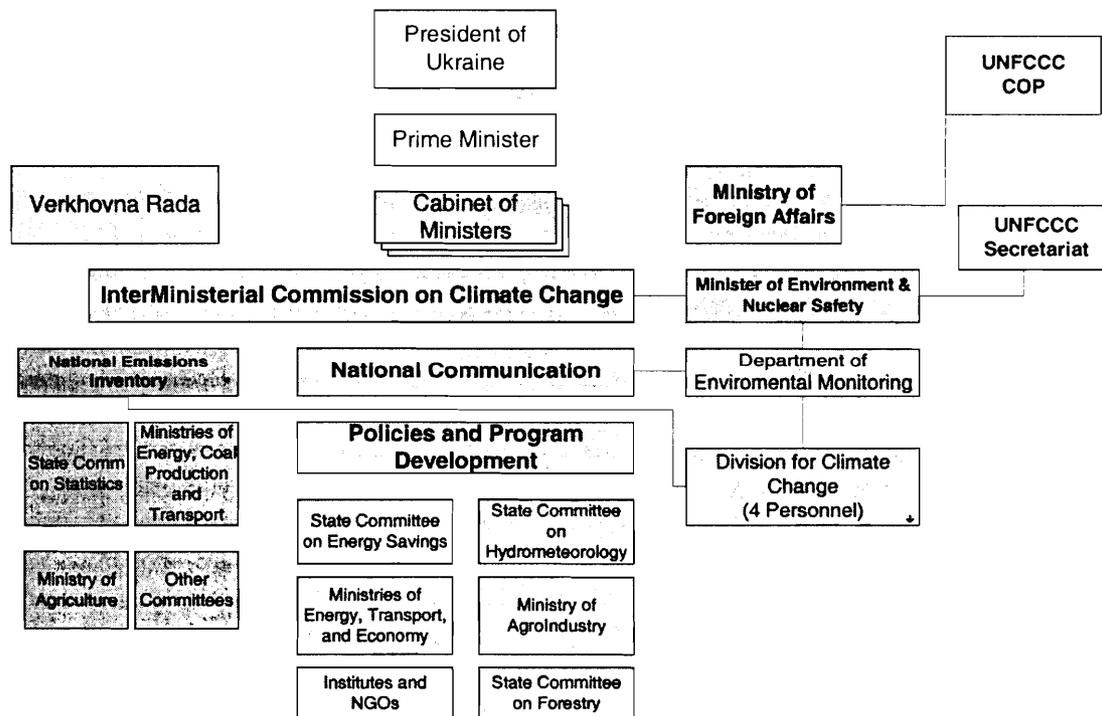
3.1.1 Ukraine's Commitment and Participation

Ukraine signed the UNFCCC in 1992. The Verkhovna Rada (Parliament) of Ukraine ratified the Convention on October 29, 1996 and Ukraine became a Party to the UNFCCC on August 11, 1997. Ukraine is a member of Annex I of the Convention, which includes developed countries and countries with economies in transition. The principal objective of the Convention is the stabilization of greenhouse gas concentrations in the atmosphere at a level that would not result in dangerous anthropogenic influence on the climate system.

On March 15, 1999 Ukraine signed the Kyoto Protocol to the UNFCCC (agreed upon at COP3 in December 1997). The Kyoto Protocol defined quantitative obligations of greenhouse gas emission reduction for the industrially developed countries. In the aggregate, emissions for these countries during 2008-2012 are targeted to be five percent below emissions levels in 1990. Ukraine, with an economy in transition, targeted stabilization of greenhouse gas emissions at the 1990 levels.

Ukraine Climate Change Administrative Structure

December 1999



In February 1998, Ukraine submitted to the Secretariat of the UNFCCC its First National Communication on Climate Change. In September 1999, Ukraine forwarded annual inventories of national greenhouse gas emissions and uptakes for 1991 through 1998. These submissions were prepared by consultants and specialists outside the national government. There is no inventory specialist within the national government at this time.

The Ukrainian Government had been, until recently, an active participant in international forums and negotiating processes on climate change. Ukraine is a member of the Umbrella group, together with the United States of America, Canada, Japan, Australia, New Zealand, Norway, Russian Federation and Iceland. The primary purpose of this group is to develop joint solutions on climate change, presenting them to the COP and/or submitting them to the UNFCCC Secretariat.

The recent Government reform has left Ukraine without a focal point for communications with the UNFCCC and has left Ukraine's representation to the Umbrella group uncertain. Mr. Belov, formerly of the Ukrainian Ministry of Ecology and Natural Resources, was elected as the vice-president of the Fifth Conference of the Parties to the UNFCCC, with a term running from the October meeting in Bonn through COP6 in the Hague, the Netherlands. His departure from the Ukrainian Government during the restructuring has forfeited the strategic advantage of having a Ukrainian official at the heart of the international negotiations.

3.2 Existing Ukrainian Administrative Structures for Addressing Climate Change

3.2.1 Domestic Legislation

Ukraine has two principal legislative acts that address the Convention. There is the Law on Convention Ratification (1996) and the Resolution on Organization of the Interministerial Commission on climate change policy (1999). The other major national legislation related to climate change is the Law on Atmospheric Air Protection (1992). Article 18 of this law addresses "regulation of activity that influences weather and climate". This article states that "the enterprises, institutions and organizations, according to the international agreements, are obliged to reduce emissions of carbon dioxide and other substances whose accumulation in the atmosphere can result in a negative impact on climate". The law establishes policy goals but does not introduce a formal mechanism for implementation. Ukraine currently does not maintain an operating system of greenhouse gas emission monitoring, nor does it require statistical reporting of emissions by either publicly or privately held enterprises, and there are no national standards for greenhouse gas emission and absorption estimation and measurement.

This domestic legislation is sufficient to begin building an effective administrative structure for addressing climate change. However, more detailed legislation or a Presidential decree is required to create sufficient incentives to complete a comprehensive administrative structure, hire and motivate its staff.

3.2.2 Executive Branch Initiatives

In April 1999, a Resolution of the Cabinet of Ministers of Ukraine established the Interministerial Commission on Climate Change. The main objective of the Commission is to coordinate the design and implementation of a national strategy and national action plan to fulfill the obligations of Ukraine under the UNFCCC and the Kyoto Protocol. In principle, it is this commission that should oversee the design and implementation of the national climate change administrative structure as well as provide ongoing guidance on the direction of that structure's activities. The Commission consists of 20 members, including representatives of the appropriate ministries and departments, the Cabinet of Ministers, Verkhovna Rada, the Administration of the President of Ukraine and the National Academy of Sciences of

Ukraine. Prior to the government reform, 20 people were named to the Commission. In 1999, the Inter-ministerial Commission held five meetings, but has not held any meetings in the first half of 2000.

The explicit responsibilities of the Commission are:

- Developing a national strategy and national action plan to meet Ukraine's commitments under the UNFCCC and the Kyoto Protocol;
- Coordinating the work of the ministries, other central and local authorities, enterprises, institutions and organizations aimed at implementing the national action plan;
- Developing proposals regarding the implementation of the Kyoto compliance mechanisms;
- Preparing national communications on Ukraine's fulfillment of its UNFCCC commitments;
- Developing the national inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol;
- Controlling the implementation of an action plan for mitigation and adaptation measures; and
- Considering all UNFCCC and Kyoto Protocol-related documents submitted by foreign governments, the Global Environment Facility, the World Bank, other international agencies, and preparing relevant proposals in response.

The Commission's achievements during 1999 included:

- Creation of three working groups: (1) Convention Strategic Implementation Group; (2) Climate Change Economy Sectors Group; and (3) Legal Acts Development Group. Among the Groups' members are representatives from ministries, departments, research institutions, and non-government organizations;
- The Commission thoroughly discussed principal positions for the negotiations within the U.S.-Ukrainian Subgroup on Climate Change;
- The Commission prepared general proposals to the Memorandum on Cooperation between the Ukrainian and U.S. Governments;
- In June 1999, the Commission considered provisions of the Memorandum between the Ministry of Ecology and Natural Resources and the Canadian Institute of Public Administration on terms of implementation of a Ukrainian-Canadian Environmental Cooperation Program; and
- The Commission started to form the concept of the National Strategy on climate change.

Having not met since the end of 1999 and with less than half of its original members in place after the government reform, the Interministerial Commission is no longer functioning. The names of participating Ministries have changed with many being absorbed into new Ministries, and commission leadership at the Ministerial and Sub-Ministerial level has not emerged. Ultimately, a revived commission will be necessary to implement an effective climate change program and take advantage of any early administrative structure put into place. The revived commission should be smaller than the previous commission or, include a small executive board, to facilitate rapid decision-making and action.

The Cabinet of Ministers of Ukraine has several additional programs that were envisaged to play a role in the fulfillment of Ukraine's obligations under the UNFCCC, including the Climate Program of Ukraine (1997), The State Comprehensive Program for Energy Conservation in Ukraine (1997), the Program of Structural Reform of Ukrainian Economy through 2010 (1995) and the Program of State Support of Development of Alternative and

Renewable Sources of Energy and Small Hydro- and Thermal Energy. To date, the extent of the implementation of these programs has been limited and their impact on climate change negligible.

3.3 Analysis of Administrative Structures for Addressing Climate Change Established in Other Countries

The existing institutional structures for addressing climate change in other countries offer valuable guidance in designing an administrative structure for Ukraine. These structures are often unique to individual country circumstances but may be modified to maximize effectiveness under Ukrainian circumstances.

3.3.1 United States

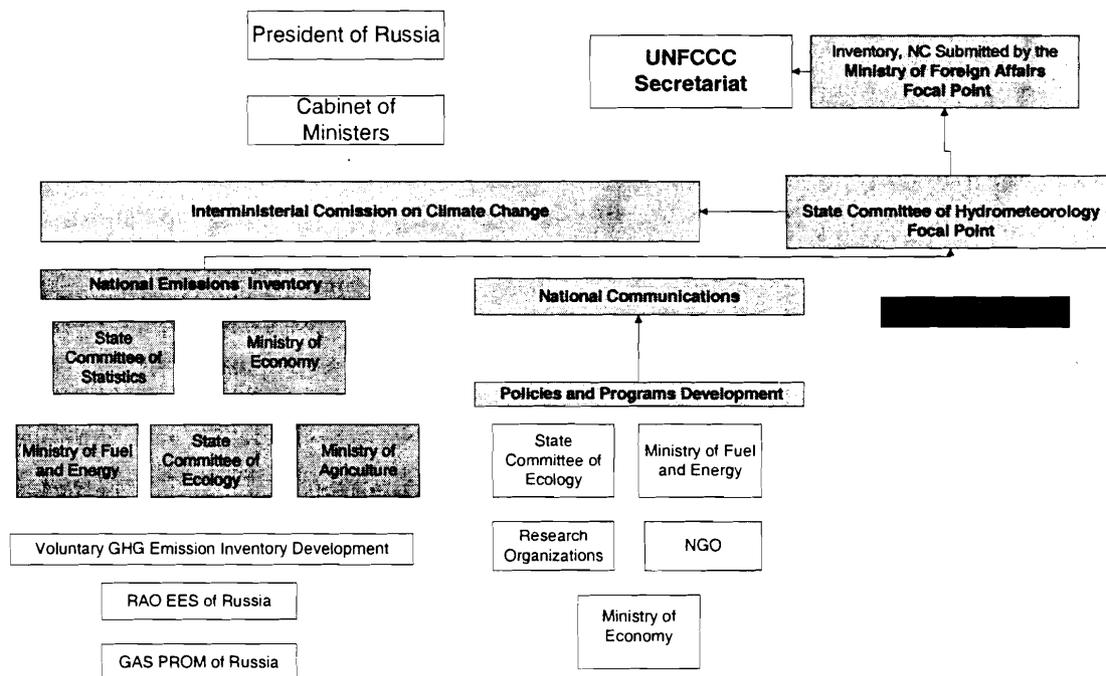
The United States is a signatory to both the UNFCCC and the Kyoto Protocol. While the U.S. has ratified the UNFCCC, it has yet to ratify the Kyoto Protocol. In the U.S., the executive branch may sign international treaties, but the treaties must be ratified by a two-thirds vote of the Senate (upper house) of the legislative branch. The U.S. Senate is unlikely to ratify the Kyoto Protocol as currently formulated. The legislative branch also controls all budget expenditures. Although the legislature has not passed any sweeping new laws to deal with climate change, budget decisions effectively dictate executive branch policy actions. The President of the United States maintains a special advisor on climate change that generally provides domestic political guidance. There is also a White House climate change task force with six to ten personnel formulating domestic climate change policy. In 1993, President Clinton and Vice President Gore published the Climate Change Action Plan, a compendium of initiatives aimed to reduce U.S. greenhouse gas emissions back to 1990 levels. Many of these initiatives were existing programs. The legislature has not fully funded many of the fifty initiatives in the Action Plan. Today, U.S. greenhouse gas emissions remain about 12 percent above 1990 levels.

The U.S. administrative structure for addressing climate change is comprehensive and complex. This complexity is the result of both substantial financial resources and bureaucratic competition across agencies. International negotiations are led by the Department of State. Related policies are coordinated with an inter-agency working group that includes representatives of the Environmental Protection Agency and the Departments of Energy, Transportation, Treasury, Commerce, Interior, and Agriculture. The Department of State also holds regular consultations with non-governmental organizations and private industry representatives.

The secretariat of the U.S. Initiative on Joint Implementation (USIJI) is housed at the Department of Energy and staffed by six technical experts from the Department of Energy, the Environmental Protection Agency, and the National Oceanic and Atmospheric Administration. Project reviews are conducted over a three-month time frame by outside consultants. All projects approved by the Secretariat are ratified by an evaluation panel chaired by the Department of State. The panel also includes appointees from USAID, the Environmental Protection Agency and the Departments of Energy, Transportation, Treasury, Commerce, Interior, and Agriculture. Funding is provided jointly by USAID, the Environmental Protection Agency, and the Department of Energy.

the State Committee on Hydrometeorology is the Chairman of this Commission. The main functions of the Interdepartmental Commission are development of proposals and coordination of activities of different organizations. As it is not a State Committee, its resolutions do not carry the force of law. The Commission cannot control the activity of the ministries and state committees. The structure and status of the Commission can only be altered by Decree of the President or Prime Minister of Russian Federation.

Russian Federation Administrative Structure on Climate Change



The Commission has discussed the distribution of responsibilities among different organizations for research and development of policy related to the Kyoto Protocol. However, no decree implementing this delegation of responsibility was issued and the initial status of the Interdepartmental Commission remains unchanged.

While the Interdepartmental Commission coordinates the activity in the field of climate change, other ministries and governmental organizations, which show interest in the fulfillment of the Kyoto Protocol, have a considerable degree of freedom. For example, the Russian Program of Investment Arrangement for Environment Improvement participated in the development of drafts of a number of documents that support participation in the flexible mechanisms of the Kyoto Protocol.

The Ministry of Foreign Affairs leads Russian participation in the international negotiating process, but has not played a significant role in the development of international policy. Recently, the Russian Ministry of Economy began to pay more attention to the problem of climate change.

There are also a number of non-governmental organizations in Russia, with activities related to climate change including the Social-Ecological Union and the Energy Efficiency Center. There are also several research institutes financed from the state budget that play an important role in the process of investigations and development of climate change policy,

including the Institute of Global Climate and Ecology, the Institute of Economics of Environmental Protection, and the Institute of Energy Strategy.

The Pacific Northwest National Laboratory and the Energy Efficiency Center investigated institutional potential on climate change in Russia and reached the following conclusions. There are enough skilled experts on climate change in Russia. The Russian researchers and officials have developed many useful documents and actively participate in international negotiations and political forums. The Interdepartmental Commission coordinates the process of policy development. Stable, informal relations have been established between the governmental organizations. However, serious financial problems and the absence of a legal framework for the distribution of functions between different organizations has interfered with Russia's fulfillment of its obligations under the UNFCCC, and the implementation of policies and programs for mitigation of anthropogenic influence on a climate.

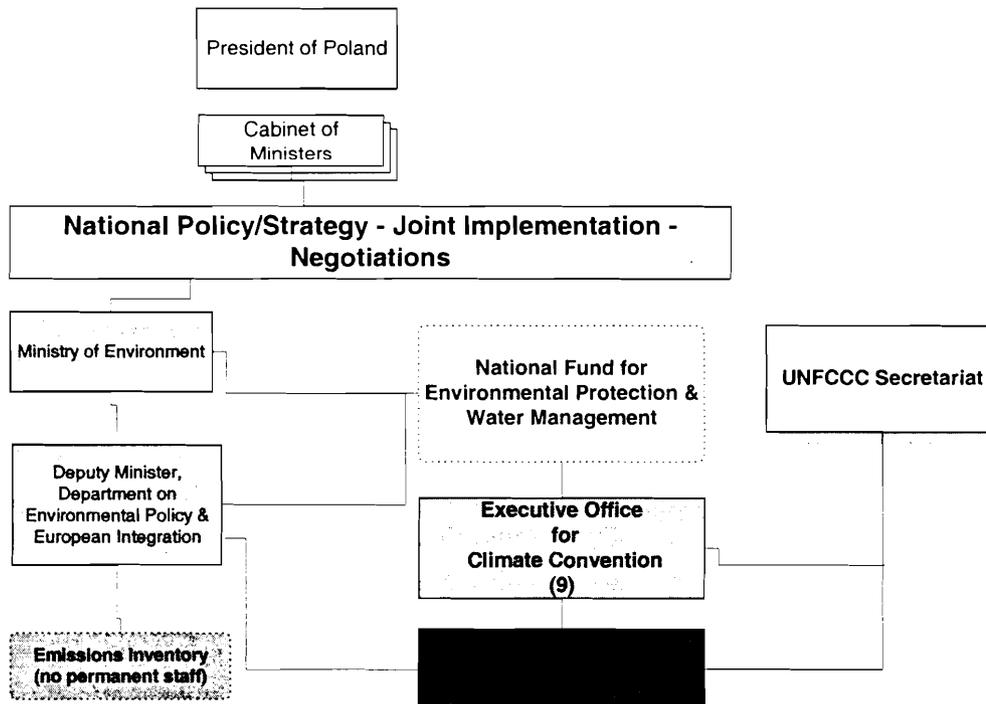
3.3.3 Poland

The Government of Poland ratified the UNFCCC in July 1994, and signed the Kyoto Protocol in 1998. Like Ukraine, Poland is an Annex I Party to the Convention.

The focal point to fulfill Poland's obligations as a Party to the Convention is given to the Minister of Environmental Protection and climate change activities are further delegated to the Polish National Fund for Environmental Protection and Water Management (NFEF&WP). Within the Fund is the Executive Office for Climate Convention and the Joint Implementation Secretariat. The Secretariat was established in 1996 to participate in the pilot phase of Activities Implemented Jointly (AIJ) under the Convention.

Poland Administrative Structure for Climate Change

April, 2000



Functionally, the National Fund is affiliated with the Ministry of Environmental Protection, Natural Resources and Forestry. The National Fund's President, as well as the members of

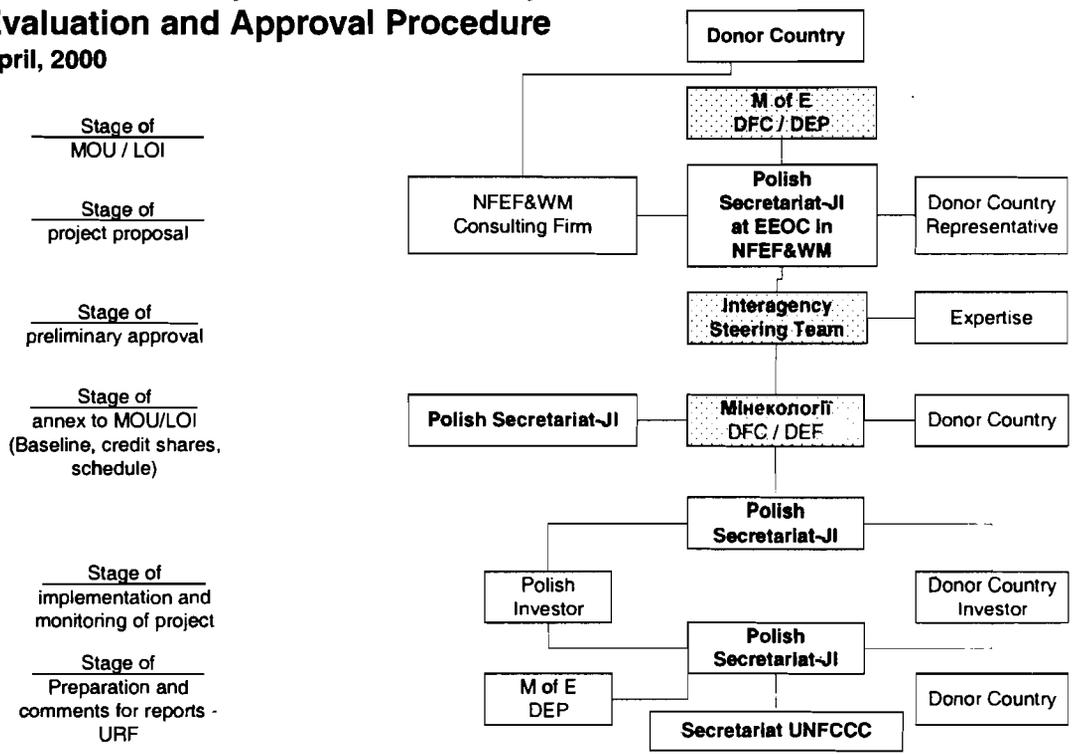
its Supervisory Board, are appointed by the Minister of Environmental Protection. On a day-to-day basis, the Fund reports its climate change activities to the Minister through the Director of the Department on Environmental Policy and European Integration.

According to Polish sources, the National Fund for Environmental Protection and Water Management is a large and well funded institution. The Fund collects emission fees and penalties from Poland's emission sources and invests the revenues in environmental projects and activities. The rapid growth in Poland's economy has contributed to the Fund's healthy financial standing.

The Executive Office of Climate Convention within the National Fund employs a total of 12 staff. Nine are involved in policy, reporting and compliance activities for climate change and participation in UNFCCC. In 1999, Jan Szyzcka of Poland was elected President of COP 5. Although his position in government changed shortly before his election, he continues to serve in this official capacity, with the full support of the Polish government and the Executive Office of Climate Change.

Poland Joint Implementation - Projects Evaluation and Approval Procedure

April, 2000



Three of the twelve climate change staff are assigned to the Joint Implementation Secretariat. In practice, the work of the Secretariat is performed by one full-time person. However, assistance from other governmental specialists and outside consultants is available as needed. The Secretariat evaluates baselines and estimates and negotiates credit shares among the parties. The Secretariat can assist in preparing project proposals, hire consultants, and review investor proposals. There is also a Steering Team consisting of 15-20 representatives of Polish Ministries to assist in preliminary review and approval of each JI project proposal. Officially, the role of the Secretariat includes 1) monitoring financial and ecological effects of projects; and, 2) reporting to the UNFCCC Secretariat. However, the UNFCCC further elaborates this role as follows:

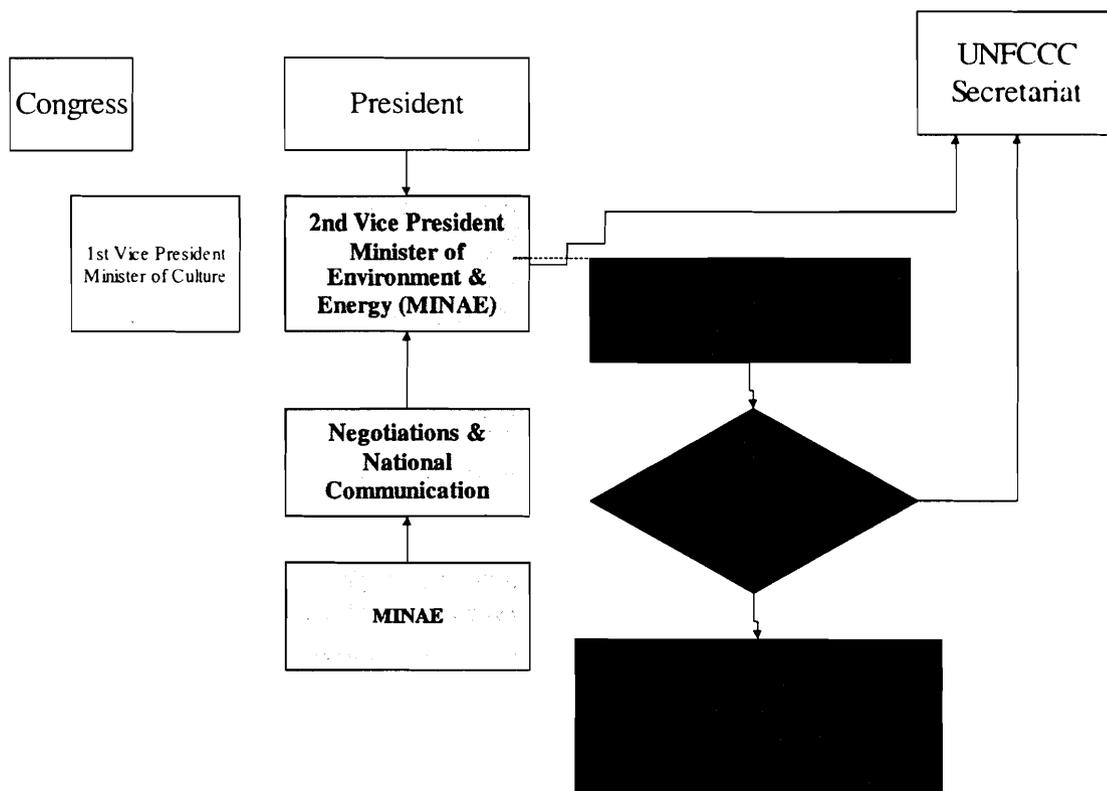
The designated national authority for AIJ acts as the primary national contact for AIJ, and is authorized to "accept, approve, or endorse activities implemented jointly and to report them to the COP through the secretariat." (FCCC/SBSTA/1996/8, para. 74) In the absence of a designated national authority for AIJ, the national focal point (the national contact for the UNFCCC) fulfils the responsibilities of the national designated authority for AIJ.

Poland takes part in AIJ as a "Host" country. It has joint projects under implementation with Norway (conversion of about 30 non-industrial boilers from coal to gas; residential heating efficiency improvements in 9 buildings) and the Netherlands (coal to gas conversion in two towns). These projects are expected to provide grants of \$2 million in return for carbon emission reductions. Six additional project proposals are under development with Switzerland, the Netherlands, and Australia.

According to Poland's Secretariat, it has published criteria and guidelines for project development to assist in gathering project proposals. As a "host" country, Poland is primarily responsive to "donor-initiated" projects and the experience that they offer. In fact, their carbon reductions estimated from JI projects are modest. They may yield a reduction of about 3 million tons of carbon a year. A testament to the success of the JI Secretariat is that despite government changes at the Ministerial level, its efficiency has not suffered.

3.3.4 Costa Rica

Costa Rica Administrative Structure



Although the political, economic, and geographic circumstances of Costa Rica differ substantially from those of Ukraine, it has a creative and successful administrative structure

for Joint Implementation which leverages limited national resources and international assistance. This structure may be instructive as Ukraine seeks to finance its overall administrative structure for addressing climate change issues.

The Costa Rican Office of Joint Implementation was established in 1996 by executive decree. It is a product of cooperative agreement among four entities from both the public and private sectors. The national coordinator works part-time on the JI program and is a staff member at Fundecor, a Forestry NGO. He is supported by a full-time forester from the Ministry of Environment and Energy and a representative from Acope, an NGO specializing in electricity generation issues. Office space and a full-time technical assistant is provided by CINDE, a private trade and development organization.

Costa Rica charges a \$4,500 fee for project review which is recycled to provide training on baselines, additionality, monitoring and verification, project reporting, and bilateral agreement negotiation. Project funding has included \$1 million from a U.S. utility, \$2 million from the Norwegian government, \$4 million from the Dutch government and \$500,000 from a Dutch municipality.

3.4 International Assistance to Ukraine for Addressing Climate Change Issues

By signing and ratifying the UNFCCC, a Party accepts a number of obligations, namely: submitting to the Secretariat of the Convention a National Communication on climate change, preparing annual inventories of greenhouse gas emissions and uptakes; development of a national action plan, and development of adaptation strategies.

Because of its economic crisis, Ukraine does not have sufficient funds to fully meet its obligations. Thus, significant international assistance in meeting the objectives of the UNFCCC has been forthcoming. Sources of funding for Ukrainian climate change activities include the governments of the U.S., Canada and Netherlands, the World Bank, UN, GEF and the European Union.

In total, some \$2.5 million in climate change technical assistance resources are currently available to Ukraine. Initial technical assistance took the form of the Country Study on Climate Change in Ukraine funded under the U.S. Country Study Program. Completion of the Country Study on Climate Change in Ukraine was coordinated by the Agency of Rational Energy Use and Ecology (ARENA-ECO) under the guidance of the Ministry of Ecology and Natural Resources of Ukraine, and engaged the leading experts from governmental, non-governmental and scientific organizations. The Country Study results were used to prepare the First Ukrainian National Communication on Climate Change.

The U.S. Government provides additional bilateral assistance to Ukraine through multiple organizations and programs. The U.S. Agency for International Development (USAID) plays a leading role, funding a project for the utilization of coalbed methane in Donbas region and financing three projects directly related to climate change under EcoLinks program:

- Developing a program for processing of municipal solid waste in Chervonograd city,
- Analyzing priority measures on greenhouse gas emission reduction in small and medium-sized cities of Ukraine, using the example of Berdichev, and
- Implementing energy saving measures in the health resorts of Truskavets.

The U.S. Environmental Protection Agency (U.S. EPA) has rendered assistance to Ukraine in evaluating and reducing methane emissions from the coal industry and agriculture. The U.S. Department of Energy has financed several energy efficiency projects in Ukraine, including the currently ongoing Industrial Energy Efficiency Project.

In December 1999, the U.S. and Ukrainian Governments signed a Memorandum on bilateral cooperation on climate change for the ensuing five years. The focus of this cooperation is on implementing joint activities for greenhouse gas emission reduction and national strategies and plans, oriented to market mechanisms, for mitigating climate change and strengthening public awareness.

An important step in the cooperation between the U.S. and Ukraine was the launch of the Climate Change Initiative (CCI). The CCI is designed to support the development of an administrative framework for fulfillment of Ukraine's obligations under the UNFCCC, and update the technical methods for preparing Ukraine's national emissions inventory and JI project development. The initiative also includes the development of a training strategy on various aspects of climate change, preparation and holding of training workshops and seminars; and preparation of business plans for at least two pilot investment joint implementation projects during 2000.

The European Union also provides assistance to Ukraine, within the framework of the TACIS program. At the beginning of 2000, the Global Environment Facility approved a project to help remove barriers for greenhouse gas emission reductions in the district heating and hot water supply systems. The World Bank has approved a project to examine the potential to introduce the joint implementation mechanism for financing climate projects in Ukraine. The World Bank also gives credits and grants to Ukraine for other projects in energy and environmental protection.

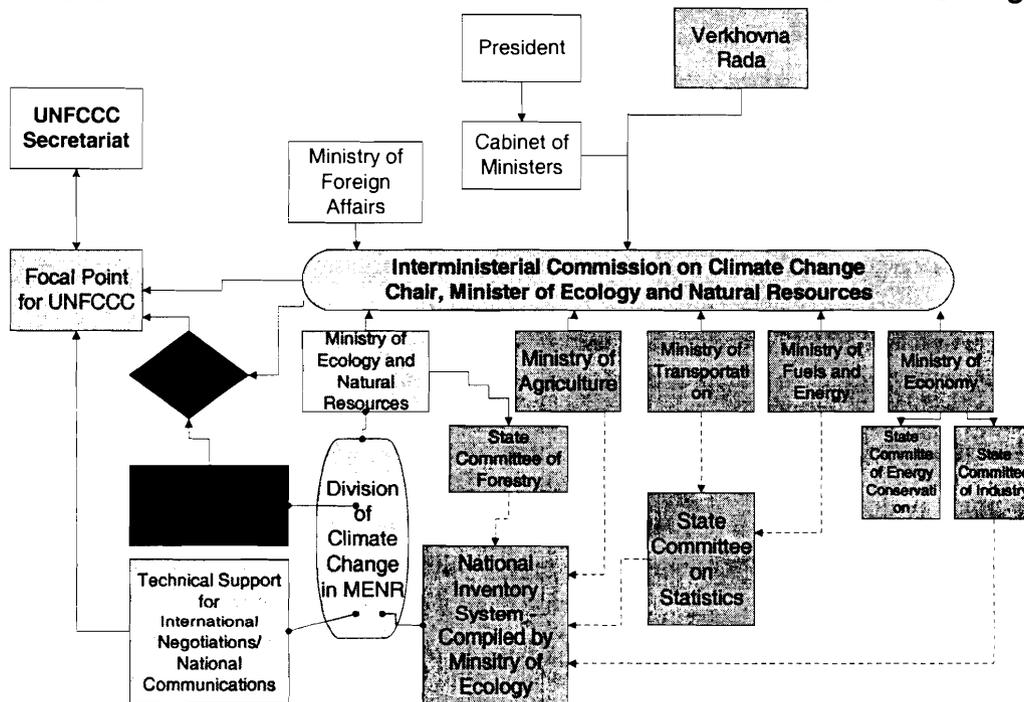
A Memorandum of Implementation of the Canadian-Ukrainian Program of Ecological Cooperation for 1999-2002 was signed in January 1999 by the Ministry of Ecology and Natural Resources of Ukraine and the Institute of Public Administration of Canada. Recent efforts under this Memorandum have evolved to address climate change.

4 Recommendations for Strengthening Ukrainian Administrative Structures for Addressing Climate Change Issues

There are several critical determinants of the design and implementation of a strengthened administrative structure for Ukraine. They include:

- Limited financial resources;
- Limited human resources;
- An urgent schedule to meet in order to remain in compliance with national obligations under the UNFCCC;
- An urgent schedule to gain early consideration for investment in joint implementation projects; and
- Lessons learned from successful administrative structures abroad.

Recommended Ukrainian Administrative Structure for Climate Change



Thus, the recommendations for a strengthened administrative structure are based on the following approaches:

- Maximum use of existing institutions and resources;
- An implementation plan that includes four components, each with multiple steps;
- Minimum staff requirements;
- Maximum use of international assistance to finance early phase activities; and
- Reproduction of successful, streamlined structures used in other nations.

4.1 Component One - Participation in International Negotiations

Typically, the first phase of building an administrative structure is the establishment of legal authority. However, given the very short time frame under which an effective administrative structure must be developed, existing legal authorities are sufficient for the early stages of implementation.

Step One – Ukrainian Focal Point for UNFCCC

The next meeting of the Subsidiary Bodies to the UN Framework Convention on Climate Change takes place in mid-June, 2000. The Umbrella Group, of which Ukraine is a member, is likely to have a pre-session meeting between June 3 and June 9, 2000. As of May 23, Ukraine lacks a focal point for communication and participation in the UNFCCC process. Under Ukrainian law, the Ministry of Ecology and Natural Resources has authority to "...exercise state control over the use of atmosphere, ... as well as over the compliance with norms of ecological safety". The Ministry of Ecology and Natural Resources has in the past been granted the responsibility for meeting Ukraine's obligations under the UNFCCC and leading the Interministerial Commission on Climate Change. Thus, the Minister of Ecology should lead an informal committee of members of the Inter-ministerial Commission and key government ministries to reach consensus on the focal point for participation in UNFCCC negotiations and Umbrella Group meetings. Should this informal committee fail to reach consensus, the Minister of Ecology and Natural Resources should designate the focal point. This individual should be named by June 1, and participate in the June meetings, largely in the role of observer.

Step Two – Support for International Negotiations

The Subsidiary Bodies and the Umbrella Group will meet once again in early September 2000. The deadline for submission of documents reflecting national positions on the negotiating texts is July 21. To support the preparation of such position papers, the focal point should be able to call on experts from the Division of Climate Change within the Ministry of Ecology and Natural Resources. That division has lost all but two of its staff during the government reform and both of those personnel are junior. A senior technical staff member should be in place to support technical analyses prior to the July 21 deadline and to join the focal point at the meeting of subsidiary bodies in September 2000.

Step Three – Inter-agency Policy Development Group

Under step three, the formal international policy development framework should be put in place, with implementation by September 1, 2000, in preparation for the November 13–24, sixth Conference of Parties. A modified version of the U.S. model should be applied. Policy coordination will fall on the Ministry of Ecology and Natural Resources, which will lead an interagency working group – either a streamlined Interministerial Commission or an Executive Board. This working group will consist of the designees of the Minister of Ecology and Natural Resources, the Minister of Economy, the Minister of Fuel and Energy, the Minister of Agricultural Policy, the Minister of Foreign Affairs, and the Minister of Transportation. Each Minister shall designate a technical representative to participate in single-day monthly technical working group sessions, beginning September 1. The inter-agency working group should also hold quarterly half-day meetings with NGOs and industry representatives on climate change policy issues, beginning in January 2001. The Ukrainian

delegation at COP 6 should consist of a subset of the new Interministerial Commission or the Executive Board, with each member attending one-half of the conference, and a senior staff member from the Division of Climate Change who would attend the full conference.

Responsibilities of the inter-agency working group should include:

- preparing background materials for Ukrainian delegations to the COPs;
- developing the position of Ukraine at the meetings of the Umbrella Group or any other international gatherings;
- promoting the active participation of Ukraine in the elaboration of international norms, rules and procedures, including sanctions for non-compliance with the provisions of international agreements;
- assuring participation of Ukrainian representatives in meetings of the Intergovernmental Climate Change Expert Group and in any other international gatherings on climate change-related issues;
- ensuring compliance with due terms and forms of reporting to the UNFCCC Secretariat and other relevant international organizations;

4.2 Component Two - Development of a Functional Joint Implementation Office

Step One – Temporary Authority to Endorse JI Projects

Although there is no formal deadline for putting a Joint Implementation program in place, time is essential because an early market in JI credits is developing, with early participants gaining market leverage. There is also a great deal of interest among investor nations (U.S., Canada, the Netherlands, Sweden, and Japan) for an uptake mechanism in Ukraine to facilitate their international assistance. Fees from early JI projects hosted and administered by Ukraine can be used to finance the later stages of each phase of administrative structure strengthening. The fees and collection mechanism are described in more detail under *Step Two – A Fully Functioning JI Authority*.

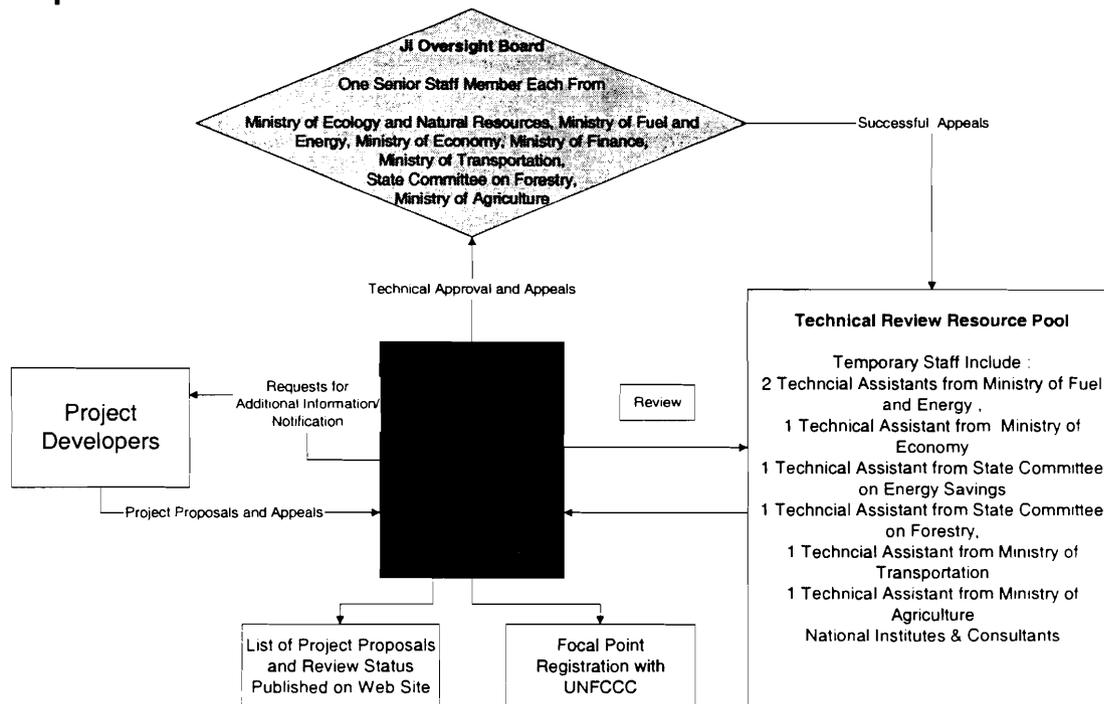
In order for an emission reduction credit generated via a joint implementation project to hold monetary value on the international market, it must be endorsed by the host country as meeting the nation's evaluation criteria. In the absence of a designated national authority on JI, the national focal point may accept, approve, or endorse activities implemented jointly and report them to the COP through the Secretariat. The Ukrainian criteria should be simple, limiting transaction costs and ensuring compliance with the "Berlin decisions", long-term emission reductions, and project additionality. The focal point should begin soliciting project proposals by July 1, 2000. Project evaluation should be performed with the assistance of the newly named senior technical staff in the Division of Climate Change. Project approval should occur by November 15, for announcement at COP 6. Assistance for activities under this step can be provided by the USAID Climate Change Initiative and the Canadian Government.

Step Two – A Fully Functioning JI Authority

A fully functioning joint implementation authority should be in place by February 1, 2001, financed via the international assistance and early projects approved in Step One. The Ukrainian JI office can be modeled after staffing levels of the Polish JI Office, the evaluation procedures of the U.S. and Polish programs, and the financing mechanisms of the Costa

Rican Office. The Joint Implementation Office may be housed within the Division of Climate Change in the Ministry of Ecology and Natural Resources. It will need one full-time staff member. The Ministry of Economy, the Ministry of Transportation, the State Committee on Energy Conservation, and the State Committee on Forestry will nominate one staff member each to act as technical reviewers for JI project applications. The Ministry of Fuels and Energy should designate two staff members as the largest number of project proposals are likely to address power plant efficiency. Three additional reviewers should be identified from among the experts at the National Academy of Sciences, based on recommendations from members of the Inter-ministerial Commission.

Proposed Administrative Structure for Ukrainian Joint Implementation Office



All project proposals should be posted on a public web site. The status of each project proposal would be updated regularly as it moves through the approval process. This would provide public disclosure of project approval decisions. When project proposals are received, the JI office staff member would check the proposal for completeness. If the proposal is incomplete, it would be returned to the submitter with guidance for completing the form. If the proposal is complete, it would be forwarded to the relevant technical Ministry for review. The initial technical review should be limited to two weeks. If the proposal receives technical approval, it would be returned to the JI office and submitted to an Oversight Board. The Oversight Board should consist of one representative from each of the following agencies: the Ministry of Ecology and Natural Resources, Ministry of Fuels and Energy, Ministry of Economy, Ministry of Transportation, Ministry of Agriculture, State Committee on Forestry, the Ministry of Finance, and the State Committee on Energy Conservation. This board should grant approval to all projects that pass technical review. This approval would represent official endorsement by the Government of Ukraine.

If a project does not meet technical approval, it would be returned to the JI Office and forwarded to the project submitter with recommended revisions. A revised proposal may be reviewed by the relevant technical agency for up to two weeks. A project not approved within

an additional month would be considered rejected, returned to the JI office and the project submitter notified. If the project is approved, it would be submitted to the Oversight Board. Any project rejected during technical review may be appealed to the Oversight Board. A successful appeal would result in a return to the technical review committee. A second review cycle (as described above) resulting in rejection cannot be appealed.

JI project review and monitoring costs can be recovered by charging an administrative fee similar as in Costa Rica.

The Joint Implementation Office will:

- build local awareness,
- conduct international marketing,
- develop national methodological documents to support JI activities, in particular, project selection criteria, reporting forms, procedures to estimate emission reductions and a reliable system of independent verification and monitoring,
- verify the compliance of economic, technical, social and ecological indicators of JI projects with selection criteria,
- register JI projects,
- approve and certify JI projects,
- report JI projects to UNFCCC Secretariat.

4.3 Component Three – Annual Updates to the Ukrainian National Emissions Inventory

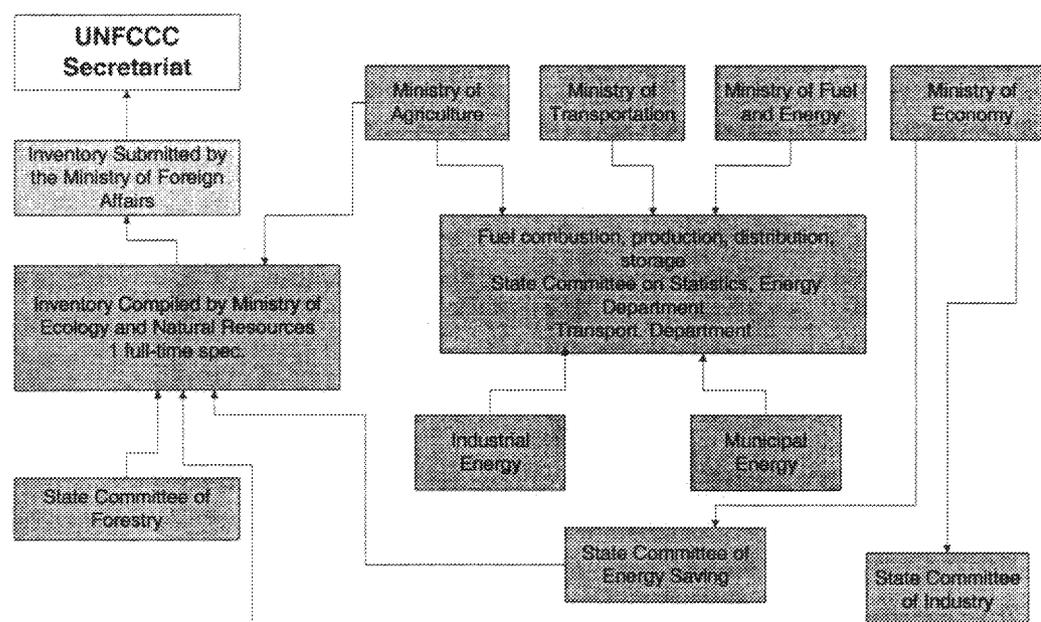
Step One – Compliance with the UNFCCC Emissions Inventory Requirement

In order to remain in compliance with the UN Framework Convention on Climate Change and garner the benefits of joint implementation and emissions trading, Ukraine must maintain the institutional capacity for periodic updates of its national emissions inventory. Ukraine successfully completed its first national communication and first national emissions inventory (for the period of 1990-1998) under the UNFCCC. The next annual update of the national emissions inventory is due to the UNFCCC on April 15, 2001.

The inventory development process must be systematized and institutionalized within the Government of Ukraine. The preparation of a national emissions inventory can be boiled down to the collection of activity data (primarily fuel combustion for carbon dioxide) which is then multiplied by one or more emission factors. The Government of Ukraine has an existing, albeit fragmented data collection system, with domain experts in key areas. An institutionalized inventory capability would be built on this existing cadre of professionals.

Under Article 24 of the *Act of Ukraine On Environmental Protection*, “the entities having actual or potential negative impact on the environment, types and amounts of dangerous substances released into the environment, types and dimensions of physical impacts are to be included in a state registry, an inventory. The bodies conducting primary inventory in the field of environmental protection provide this information without a fee”.

Proposed Administrative Structure for Ukrainian National GHG Emissions Inventory System



Accordingly, the national emissions inventory will be compiled on an annual basis by the Ministry of Ecology and Natural Resources, Division of Climate Change and submitted to the UNFCCC by the Ministry. A single staff member will serve as the collection point for the inventory. For the April 15, 2001 inventory, emissions estimates from fuel combustion should be provided by the State Committee on Statistics, Energy and Industry Division by January 15, 2001. For all subsequent years, all data for the prior year should be provided by December 1, 2001. Relevant data will be submitted to the contact person at the State Committee on Statistics from the Ministry of Fuel and Energy, the Ministry of Agriculture, the Ministry of Transportation, the Ministry of Economy, and the State Committee of Forestry. The Ministry of Agriculture will also forward relevant data for estimating methane and nitrous oxide emissions to the representative from the Ministry of Ecology and Natural Resources. Similarly, the Ministry of Economy will forward the necessary data for estimating emissions from industrial processes. A ministry contact for each recognized source of emissions will be identified and responsible for providing the required data for estimation to the Ministry of Ecology.

The staff member for compiling the national emissions inventory should be named and in place by October 1, 2000. For the April 15, 2001 report, data requests should go out by November 1, 2000. Responses to data requests should be complete by January 15, 2001. In future years, requests for the prior year's data should go out by September 1 and responses completed by December 1.

Step Two – Improved Data Collection System

Current state data collection efforts are incomplete and ill configured for developing a national emissions inventory in compliance with the UNFCCC. A revised and augmented data collection system designed to conform with the common reporting format of the UNFCCC should be in place by September 1, 2001.

4.4 Component Four – Legal Framework Restructuring

Step One – Draft Decree

The Interministerial Commission on Climate Change should remain as the core of the Ukrainian legal infrastructure on climate change. The remaining membership, led by the Minister of Ecology and Natural Resources should draft a decree that would support steps under each of the three earlier components. The decree would:

- 1) Reconstitute a smaller, more active Inter-ministerial Commission or establish an Executive Board within the Interministerial Commission.
- 2) Establish a new data collection system to support a comprehensive national emissions inventory
- 3) Establish a fully functioning joint implementation office

Step Two – Cabinet of Ministers of Presidential Decree

The Cabinet of Ministers or President should issue the decree described above by January 1, 2001.

These recommendations are presented for consideration of specialists in Government of Ukraine and other non-governmental organizations. Questions or comments on this draft report should be directed to the authors at Climate Change Initiative Center in Kiev.

5 Appendix

Opinion on Legal Basis for Climate Change Administrative Structures (Ukrainian language)

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Corporate headquarters

123 Buckingham Palace Road
London SW1W 9SR
United Kingdom
Tel: +44 20 7730 9000
Fax: +44 20 7333 5050
www.paconsulting.com
E-mail: info@paconsulting.com

PA Consulting
Group

PA Consulting Group is a leading management, systems and technology consulting firm, operating worldwide from over 40 offices in more than 20 countries.

Offices in North and South America

Arlington

1530 Wilson Boulevard
Suite 400
Arlington
VA 22209
Tel: +1 703 351 0300
Fax: +1 703 351 0342

Boulder

1881 Ninth Street
Suite 302
Boulder
CO 80302
Tel: +1 303 449 5515
Fax: +1 303 443 5684

Cambridge, MA

One Memorial Drive
Cambridge
MA 02142
Tel: +1 617 225 2700
Fax: +1 617 225 2631

41 William Linskey Way
Cambridge
MA 02142
Tel: +1 617 864 8880
Fax: +1 617 864 8884

Houston

Three Riverway
Suite 300
Houston
TX 77056
Tel: +1 713 403 5250
Fax: +1 713 961 4153

Los Angeles

520 South Grand Avenue
Suite 500
Los Angeles
CA 90071
Tel: +1 213 689 1515
Fax: +1 213 689 1129

Madison

2711 Allen Boulevard
Suite 200
Middleton
WI 53562
Tel: +1 608 827 7820
Fax: +1 608 827 7815

New York

The Chrysler Building
405 Lexington Avenue
New York
NY 10174
Tel: +1 212 973 5900
Fax: +1 212 973 5959

630 Fifth Avenue
Suite 1465
45 Rockefeller Plaza
New York
NY 10111
Tel: +1 212 218 3000
Fax: +1 212 218 3010

Palo Alto

100 Hamilton Avenue
Suite 200
Palo Alto
CA 94301
Tel: +1 650 322 1300
Fax: +1 650 322 1479

Princeton

315A Enterprise Drive
Plainsboro
NJ 08536
Tel: +1 609 936 8300
Fax: +1 609 936 8811

Washington, DC

1776 Eye Street, NW
Washington
DC 20006
Tel: +1 202 223 6665
Fax: +1 202 296 3858

Argentina

Cerrito No 866 Piso 6 & 9
(1336)
Buenos Aires
Tel: +54 11 4813 9898
Fax: +54 11 4811 9855

Canada

4 King Street West
Suite 1310
Toronto Ontario M5H 1B6
Tel: +1 416 360 6500
Fax: +1 416 360 7201

Principal national offices in

Argentina, Australia, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Ireland, Japan, Malaysia, Netherlands, New Zealand, Norway, People's Republic of China (offices in Beijing and Hong Kong), Russian Federation, Singapore, Sweden, United Kingdom, United States