

PROJECT TYPE:FULL-SIZED PROJECT
TYPE OF TRUST FUND:GEF Trust Fund



Project Identification Form (PIF)

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PART I: PROJECT INFORMATION

Project Title:	Removing Barriers to increase investment in Energy-Efficiency in Public Buildings in Ukraine		
Country(ies):	Ukraine	GEF Project ID: ¹	5357
GEF Agency(ies):	UNDP (select) (select)	GEF Agency Project ID:	4114
Other Executing Partner(s):	State Environmental Investment Agency of Ukraine, Ministry of Regional Development, Housing, Construction, and Communal Economy, Ministry of Natural Resources and Ecology	Submission Date: Resubmission Date:	28 March 2013 13 April 2013
GEF Focal Area (s):	Climate Change	Project Duration (Months)	60
Name of parent program (if applicable): • For SFM/REDD+ <input type="checkbox"/> • For SGP <input type="checkbox"/>	n.a	Agency Fee (\$):	\$520,600

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK²:

Focal Area Objectives	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
CCM-2 Promoting Market Transformation for Energy-Efficiency in Industry and Buildings	GEFTF	\$5,480,000	\$22,000,000
	(select)		
Total Project Cost		\$5,480,000	\$22,000,000

B. INDICATIVE PROJECT FRAMEWORK

Project Objective: To transform the market for investments in energy efficiency in public buildings in Ukraine and to save energy and reduce greenhouse gas emissions						
Project Component	Grant Type ³	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Cofinancing (\$)
1. Institutional, Regulatory and Legal Framework to Support EE in Public Buildings	TA	State Environmental Investment Agency has clear mandate for supporting greater investment in EE in Public Buildings in Ukraine	1.1 Decree Appointing State Environmental Investment Agency of Ukraine responsible for monitoring, verification, certification and enforcement of	GEFTF	1,000,000	4,000,000

¹ Project ID number will be assigned by GEFSEC.

² Refer to the reference attached on the [Focal Area Results Framework](#) when completing Table A.

³ TA includes capacity building, and research and development.

		<p>National Target for EE in Public Buildings is established</p> <p>Strengthened monitoring and enforcement mechanisms for EE in public buildings</p>	<p>minimum energy performance standards in buildings</p> <p>1.2 Establishment of a national target for energy-efficiency in public buildings by Governmental Decree</p> <p>1.3 Inventory & database management system put in place for all public buildings in Ukraine</p> <p>1.4 New regulations to provide financial incentives for State organizations to invest in energy-efficiency and requiring mandatory energy audits</p> <p>1.5 MRV Protocol to measure energy savings and emission reductions in public buildings is implemented by SEIA which requires all public agencies to report annually on their energy consumption</p> <p>1.6 Amendments to construction permits and regulations concerning sale of public buildings in Ukraine that make it mandatory for all public buildings which are going to be renovated or sold</p>			
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			<p>to first meet minimum energy performance standards</p> <p>1.7 Regulations which include penalties and fines for non-compliance for public buildings which do not meet minimum energy performance standards</p> <p>1.8 SEIA and State Statistics Service of Ukraine to publish energy performance statistics of energy consumption for all public organizations</p>			
2. Innovative financing mechanisms to provide incentives for the public sector to invest in EE	TA	Innovate Financing Mechanism(s) are adopted and working effectively to support EE in public buildings	<p>2.1 Nationally Appropriate Mitigation Action (NAMA) like /Green Investment Scheme for Public Buildings in Ukraine under implementation</p> <p>2.1 Special Partnership Agreements – providing financial incentives to the private sector to invest in EE buildings in the public sector</p> <p>2.3 Performance Grants - Financial incentives scheme for EE in public buildings such as increased budget allocations to reward energy savings results including tax exemptions and</p>	GEFTF	980,000	4,500,000

			<p>other incentives</p> <p>2.4 Review of the effectiveness of innovative financial mechanism(s) in promoting energy-efficiency in the public sector in Ukraine (includes EBRD project and ESCOs)</p>			
3. Pilot EE Projects in Public Buildings	<p>TA: \$800,000</p> <p>INV: \$2,000,000</p>	At least 8 pilot demonstration projects in selected public building which demonstrate energy and cost-saving potential of new energy efficient measures	<p>3.1 At least 50 completed energy audits in public buildings</p> <p>3.2 Completed GHG abatement cost curve and cost-efficiency analysis of all energy audits recommending most attractive investments</p> <p>3.3 Demonstration project in at least 4 of the following : schools, kindergartens, schools, public libraries, and hospitals</p> <p>3.4 Demonstration project in at least 2 administrative government buildings</p> <p>3.5 Demonstration project(s) in at least 2 government owned multi-apartment buildings</p>	GEFTF	2,800,000	\$11,400,000
4. Awareness and Institutional Strengthening	TA	<p>Documented, disseminated and institutionalized project results providing a basis for further replication</p> <p>Monitoring, Reporting, and</p>	<p>4.1 Walk through days with senior public officials to view the demonstration projects</p> <p>4.2 Developed and published public awareness raising materials and</p>	GEFTF	439,700	1,200,000

		enforcement of new EE regulations related to public buildings is effectively taking place	completed nationwide awareness and information campaign (working closely with NGOs and universities) 4.3 Agreed methodology and sustainable institutional arrangements for monitoring energy consumption by the SEIA 4.4 SEIA is fully mandated and capacitated state agency with a responsibility to monitor and enforce the energy savings and CO2 emission reductions in public buildings and with approved annual budget to carry out this function 4.5 An approved national energy audit program for promoting larger number of energy audits of public buildings with approved budget 4.6 Advocacy for the removal of subsidies on oil & gas 4.7 International Conference on EE in public buildings in Ukraine 4.8 Lessons Learned Study published and disseminated			
		Subtotal			5,219,700	21,100,000
		Project Management Cost (PMC) ⁴		GEFTF	260,300	900,000
		Total Project Cost			5,480,000	22,000,000

⁴ To be calculated as percent of subtotal.

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Cofinancing	Name of Cofinancier	Type of Cofinancing	Amount (\$)
NGO	Association of Energy-Efficient Cities of Ukraine	Cash	\$50,000
NGO	Association of Energy-Efficient Cities of Ukraine	In-Kind	\$350,000
NGO	EU Ukraine Energy Efficiency Association	In-Kind	\$200,000
Academic Institution	National Technical University of Ukraine - Kiev	Cash	\$50,000
Academic Institution	National Technical University of Ukraine - Kiev	In-Kind	\$350,000
Bilateral Aid Agency	GiZ – Energy Efficiency in Buildings in Ukraine	In-Kind	\$900,000
International Organization	EBRD – EE in Public Buildings	Cash	\$300,000
Bilateral Aid Agency	German Federal Ministry for the Environment, Nature, Conservation and Nuclear Safety – International Climate Initiative	In-Kind	\$1,200,000
National Government	State Environmental Investment Agency	In-Kind	\$5,000,000
National Government	Ministry of Regional Development, Housing, Construction, and Communal Economy	In-Kind	\$6,000,000
National Government	Ministry of Ecology and Natural Resources of Ukraine	In-Kind	\$1,000,000
National Government	State Statistics Service of Ukraine	In-Kind	\$500,000
Private Sector	To be determined	Cash	\$4,000,000
GEF Agency	UNDP – Municipal Governance and Sustainable Development Programme	Cash	\$450,000
GEF Agency	UNDP – Up scaling Energy Efficiency in Multi-Apartment Buildings in Ukraine Project (EU)	Cash	\$1,400,000
GEF Agency	UNDP	In-Kind	\$250,000
Total Cofinancing			\$22,000,000

D. INDICATIVE TRUST FUND RESOURCES (\$) REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (\$ (a))	Agency Fee (\$ (b) ²)	Total (\$) c=a+b
UNDP	GEFTF					
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
Total Grant Resources						

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

² Indicate fees related to this project.

E. PROJECT PREPARATION GRANT (PPG)⁵

Please check on the appropriate box for PPG as needed for the project according to the GEF Project Grant:

	<u>Amount Requested (\$)</u>	<u>Agency Fee for PPG (\$)⁶</u>
• No PPG required.	-- 0--	--0--
• (upto) \$50k for projects up to & including \$1 million	_____	_____
• (upto)\$100k for projects up to & including \$3 million	_____	_____
• (upto)\$150k for projects up to & including \$6 million	<u>\$90,000</u>	<u>\$8,550</u>
• (upto)\$200k for projects up to & including \$10 million	_____	_____
• (upto)\$300k for projects above \$10 million	_____	_____

PPG AMOUNT REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES) FOR MFA AND/OR MTF PROJECT ONLY

Trust Fund	GEF Agency	Focal Area	Country Name/ Global	(in \$)		
				PPG (a)	Agency Fee (b)	Total c = a + b
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
Total PPG Amount				0	0	0

MFA: Multi-focal area projects; MTF: Multi-Trust Fund projects.

PART II: PROJECT JUSTIFICATION⁷

A. PROJECT OVERVIEW

A.1 Project Description

Global environmental problems, root causes and barriers that need to be addressed

1. The Ukrainian economy is characterized by high-energy consumption and high carbon intensity throughout almost all sectors of the economy, including both residential and public buildings. Carbon intensity in the Ukrainian economy in 2011 was estimated to be about 3.21 tonnes per thousand US dollars, while the average number in Eurasian countries was 1.98. (Source: United States EIA 2012) This represents one of the highest levels of carbon intensity of any country in the world. The main reasons for the high levels of carbon intensity include obsolete and outdated capital stock in the power generation and industrial sectors dating back to when Ukraine was part of the Soviet Union as well as old and outdated building stock in the governmental, private and communal sectors. In addition, another main reason for the high level of carbon intensity is the inefficient use of cheap fossil energy in buildings. Improving energy efficiency in building. Therefore, provides a great potential for GHG reduction. The energy sector alone contributes to approximately 70% of Ukraine's overall greenhouse gas emissions. (Source: National Communications to the UNFCCC 2006). In addition, low prices for gas and coal mean that there is limited incentive to pursue opportunities in energy-efficiency to improve productivity and reduce greenhouse gas emissions. Overall, greenhouse gas emissions in Ukraine fell from 718 million tonnes of CO_{2e} in 1990 to 289 tonnes of CO_{2e} in 2010 due to the dramatic fall in industrial output following the collapse of the Soviet Union.

⁵ On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.

⁶ PPG fee percentage follows the percentage of the GEF Project Grant amount requested.

⁷ Part II should not be longer than 5 pages.

2. The building sector (housing, institutional/communal and commercial) consumes about 40% of total heat and 25% of all electricity in Ukraine making this sector a major contributor to greenhouse gas emissions. The energy efficiency in buildings in Ukraine is on average approximately four times lower than that in the Western European countries (UNECE, 2008). In 2008 the gas demand was 84 b m³ and the demand of the housing/institutional/communal and commercial buildings accounted for 25% of the national gas demand (about 21b m³) mainly related to heating in the building sector. The construction of buildings does not allow exploiting economic and environmental benefits of district heating which is extremely inefficient in Ukraine. The lack of both metering systems and consumption based billing has meant that there is a lack of incentives for energy-efficiency. Unlike in the neighboring Russian Federation where the end of 2009 saw the introduction of a new law on energy which promotes and encourages energy-efficiency including through setting standards and through requiring mandatory energy-audits and energy passports for companies, there is no similar law yet in Ukraine.

3. A new law on 'Energy-efficiency in residential and public buildings' is currently under preparation in Ukraine and is expected to be passed into law in 2013. This law will make it mandatory for all new buildings in Ukraine to obtain an energy passport, which is valid for 10 years. The energy passport requires all new buildings to be in compliance with State construction norms which specify the normative maximum energy consumption [kWt*h/m³] per type of building. The problem with the new law and this is a problem that the GEF project will address is that it does not address the issue of what to do about the large supply of existing building stock and where there was and will be no requirement to obtain an energy passport and no requirement to meet minimum energy performance standards when buildings are renovated or sold. Secondly, the new law contains no provisions for what happens when new buildings are constructed which do not meet the requirements necessary to obtain the energy passport. In the draft version of the new law, there are still no fines, penalties, fees, or other measures that must be taken for buildings, which are not in compliance with the proposed new law.

4. The majority of the building stock in Ukraine dates back to the Soviet era and, hence needs immediate modernization or even replacement. Typical building types are brick buildings constructed during 1950-1999, 5-storeyed panel buildings (so-called Khrushchovkas) dated to 1960- 1970s and taller panel buildings from the 1970s and 1980s. Some of them, in particular the Khushchovkas, have been projected for rather short lifetimes of about 25 years and are currently subject to an enormous reconstruction. Moreover, during the construction boom, which happened during the period 2003 – 2008, new buildings were constructed according to Soviet era standards. In Ukraine the housing sector consists of 1,072,200,000 m² of residential space (19,288,000 apartments). Around 70% of the total number of apartments is situated in multi-apartment buildings, housing approximately 34 million people. 90% of households own their housing, 5% live in state-owned or corporation-owned housing, 2% rent from private owners and 3% live in hostels. The majority of the buildings have been built between 50ies and 90ies of the previous century and is in high need for renovation or capital repair. Experts⁸ estimate that at least 80% of the refurbishment needs are either related to energy savings or energy distribution.

5. Almost every third building in Ukraine is in urgent need of reconstruction or improvement in Ukraine. Poor physical condition and metering and heat consumption measurement data of buildings, low heat properties of walling, the fact that consumers lack technical possibility for thermal energy use management lead to extremely high levels of heat and water consumption. Condition of more than a third of water and sewage and heating networks is critical. Modernization/reconstruction is currently the necessary measure for about 30 percent of thermal points, 40 percent of pumping equipment and boilers, more than 20 thousand elevators, etc.

⁸ Source - International Finance Corporation

Specific fuel costs for thermal energy production are consistently high – 169.2 kg of specific fuel/1 Gkcal of heat. Water leakages account for as much as 38.5% on average. Specific electricity costs for water supply and effluent drainage remains considerable - average indicator is 1,57 kWh/m³ of water and drainage. Only 51.4% consumers are equipped with water meters. Detailed description of the equipment of buildings in the public sector is contained in the table below

6. The following table demonstrates that there is significant room for improvement and modernization of equipment that will lead to significant energy savings. The table below clearly shows that over the period from 1995 to 2006 the percentage of buildings in Ukraine, which had modern appliances and equipment, increased by on average only around 2 - 5%. It makes it clear that significant improvements in energy-efficiency in buildings in Ukraine can be made by focusing on the existing building stock and not only on new buildings as is currently proposed by the new law.

Table 1. Equipment of the Buildings, %

proportion of the total area equipped with	1995		2000		2005		2006		2007	
	cities	villages	cities	villages	cities	villages	cities	villages	cities	villages
plumbing	71,5	15,2	75,3	17,9	76,6	20,0	76,7	20,6	76,9	21,6
sewage	69,7	9,5	73,7	12,9	75,4	15,7	75,4	16,3	75,7	17,4
central heating	69,5	11,2	72,8	18,3	74,2	24,4	74,6	25,3	74,7	26,9
gas	80,2	79,4	81,6	82,5	81,8	84,1	81,9	84,3	82,2	84,5
heat water	54,1	2,7	58,4	4,3	59,7	5,4	59,2	5,7	59,4	6,3
bathroom	65,4	8,2	70,0	11,1	71,6	13,4	71,7	14,1	72,0	15,1
floor electrical plates	4,5	0,2	4,8	0,1	5,3	0,1	5,4	0,1	5,4	0,1

Source: 3,4&5 National Communications of Ukraine to the UNFCCC

6. As a result, the energy efficiency and savings potential in the Ukrainian building sector is considerable. However, the traditional building design and centralized district heating system poses significant limitations to all energy saving efforts. The main issue is that the reconstruction of separate buildings won't be effective and, thus, the optimization of the whole building system addressing buildings' orientation, paneling, glazing as well as interaction and control of mechanical and electrical systems is required. Since the recent financial crisis in 2008 has significantly put on hold the construction activities due to lack of capital available to invest in new construction projects including new construction projects involving public buildings, now is a good time to put in place a national policy framework and sustainable institutional support mechanism for energy-efficiency in public buildings.

7. Public buildings are being targeted by this project because they represent considerable potential for replication and because other donors or programmes in Ukraine are almost exclusively focusing on residential buildings leaving a significant gap in the market to promote transformational change in for energy-efficiency in public buildings. This project will put in place a new institutional framework in Ukraine to support greater investment in energy-efficiency in public buildings and at the same time aim to develop a system of incentives to encourage public sector organizations to increase their level of investment in energy-efficiency in buildings. Ongoing or planned activities in Ukraine focus essentially on the promotion of energy efficiency in existing and new privately owned residential buildings, which do not cover the public sector. The new law on energy-efficiency is mainly aimed at new buildings whereas this project targets

public buildings, which are nearly all-existing buildings. This explains the rationale for this project. The proposed project would present best practices of energy efficiency for existing public buildings, which then can be replicated nationwide. Technical, as well as institutional capacities, required for successful replication will be developed. Furthermore, the implementation of this proposed project will provide comprehensive information on recommended technologies, equipment, procedures and services, costs and financing options, energy savings and related CO₂ reduction potentials. The project will consider five types of public buildings for the demonstration activities, (school, kindergarten, hospital, government buildings, and state owned multi-apartment buildings.) with two components, which focus on demonstration projects.

8. The following table explains the barriers to energy-efficiency in public buildings in Ukraine

Table 2: Barriers to Energy-Efficiency in Public Buildings in Ukraine

Existing Barriers	Mitigation Measures
Awareness: Although energy-efficient concepts and standards are adequately considered in new construction, there is a lack of awareness about the opportunities to improve the efficiency of existing buildings. Information about energy efficient options is often incomplete, unavailable, expensive and unreliable.	Related awareness raising activities; development of training modules, introduction of monitoring and reporting systems, introduction of minimum energy performance standards for public buildings (Component 4).
Financial Barriers: No financial incentives for implementing energy efficiency measures for the public sector	Carbon Finance through supported NAMA type activity on EE in public buildings, Special Partnership Agreements, Performance grants, financial incentives (Component 2)
Technical Barriers: There is a lack of robust, detailed and up-to-date bottom up assessments of energy saving costs in buildings and related GHG reduction opportunities are not monitored and verified.	At least 50 energy audits in public buildings and comprehensive inventory database and energy monitoring and management system for public buildings (Component 3)
Legal and Regulatory Barriers: No legal requirement to improve energy performance of existing public building and lack of adherence to any minimal technical standards.	Minimum energy performance standards (MEPs) for existing public buildings should be developed and enacted in new legislation with an amendment that specifically requires all public buildings which are to be renovated or to be sold to meet minimum energy performance standards.
Economic Barriers: Subsidies for oil and gas prices for the private sector and for households are a disincentive for energy-efficiency	While this is not going to be a main focus of the project due to the fact that the scope of such a task is very large, as part of awareness raising activities, this project will consistently advocate for the removal of subsidies on oil and gas.

Baseline scenario and associated baseline projects

9. There are several different activities in the realm of energy efficiency in building ongoing in Ukraine. However, the great majority of these initiatives are not targeted at energy-efficiency in

public buildings but rather at energy-efficiency in privately owned residential buildings with a focus on new buildings and financial and regulatory incentives for homeowners to invest in energy efficiency. In the business-as-usual scenario the new law on energy savings is likely to come into force in Ukraine within the next 1-3 years. This means that the baseline is not static and should be considered to be the situation once the new law has come into force. However, this new legislation will not have any specific focus or extra requirements or standards for public buildings. The new legislation will not provide any state agency with the mandate to specifically monitor, report, verify and enforce minimum energy performance standards for public buildings. In short, energy-efficiency in the public sector will not be given any additional attention which would enable significant additional energy savings to be made.

10. The following table defines the baseline scenario with regards to each of the components of this project.

Component	Baseline Situation
1 – Regulatory and Legal Barriers	In the baseline scenario the new legislation will come into force, which requires minimum energy standards to be met for all new residential and public buildings. This will include minimum energy performance standards for new public buildings. However, there will be no requirement for existing public buildings, which are being renovated, or being sold to meet the minimum energy performance standards. There will be no legal requirement for annual reporting and verification of energy consumption in public buildings and no system of fines and penalties for those public organizations who do not adhere to the minimum energy performance standards established in the new regulations.
2 – Innovative Financial Mechanisms	No innovative financing mechanisms for EE in public buildings except for ESCO mechanism, which has been tried in Ukraine and, to date, has not worked. The ESCO mechanism in Ukraine has not worked up until now due to weak legal, regulatory, and enforcement framework as well as a lack of experience with performance savings agreements. The risk-return profile for Ukraine is not attractive enough to encourage private sector investors to develop ESCOs. For much more detailed information please refer to the final evaluation of the UNDP GEF ESCO Rivne project which was under implementation from 2001 – 2010.
3 – Pilot Projects	No pilot projects, which demonstrate best practice and best minimum performance standards for EE in public buildings in Ukraine. There will be no walk throughs with senior public officials and key decision makers will lack awareness of the important cost savings and greenhouse gas emission reduction opportunities that can be provided by energy-efficiency.
4 – Awareness and Institutional Strengthening	Lack of awareness of the benefits from EE in public buildings. Lack of institutional capacity to promote and support energy efficiency in public buildings and lack of a single agency responsible for energy-efficiency in public buildings and with the capacity and a budget so that this agency is able to provide proper monitoring, reporting, and verification of energy-efficiency in public buildings.

11. The EBRD has a small ongoing programme to support energy-efficiency in public buildings through helping to develop and prepare an ESCO scheme and introduce EPC programmes in Ukraine.

ESCOs can be considered as an innovative financial instrument to promote energy-efficiency. However, while the project will (under output 2.4) review the effectiveness of ESCOs in promoting energy-efficiency in the public sector, this project will not focus on the ESCO mechanism for promoting energy-efficiency as a consequence of lessons learned and in order to avoid duplication with the ongoing EBRD programme. The EBRD programme includes recommending regulatory reform needed to promote ESCOs and energy performance contracting. With the exception of this one EBRD project, and donor support for the new energy-efficiency legislation which will place minimum energy performance standard requirements on new buildings (both residential and public) all the other donor supported programmes in Ukraine to support energy efficiency in buildings are focused on privately owned buildings with a focus on the residential sector. Table 4 outlines in more detail all the other complementary initiatives in Ukraine in relation to EE in public buildings.

Proposed alternative scenario: brief description of expected outcomes and components of the project

12. In the alternative scenario proposed by this project, there will be a stronger institutional framework to support increased investment in energy-efficiency in the public sector in Ukraine and a higher level of attention and detail will be paid to improvements in energy-efficiency in public buildings in Ukraine. Most importantly, there will be a national agency clearly responsible for public sector energy-efficiency and national targets will be established a combined with a national system for monitoring, reporting, and verification. The public sector in Ukraine, with the assistance of this project, will start to make energy efficiency a much greater priority and will introduce such measures as energy management systems, minimum energy performance standards, and financial incentives to invest in energy efficiency in buildings. While demonstration projects combined with walk throughs with senior public officials will play an important role to help to pave the way for further improvements in energy-efficiency in the public sector, the key mechanism to achieve market transformation will be the new institutional framework for promoting energy-efficiency in the public sector combined with new regulations.

13. Component 1 of this project will focus on the policy, institutional, and legislative framework needed to support energy efficiency in new and existing residential and public buildings in Ukraine. To facilitate upgrading energy efficiency for existing buildings new regulations will be introduced that make it a requirement for minimum energy performance standards to be in place in order for buildings to be allowed to be placed on the market and be sold. National targets for energy-efficiency in public buildings will be established by Governmental Decree and the State Environmental Investment Agency will be given a mandate to monitor, report, verify, and enforce the new regulations. In order to establish a national target for improvement in energy-efficiency in public buildings, it will be first be necessary to estimate the GHG emissions savings potential and calculate what reductions and technically and economically feasible with the right legislative and institutional framework in place. This work will be carried out during the PPG. Component 1 will also include the development of an amendment to the law on energy-efficiency in public and residential buildings to include minimum energy performance standards for existing public buildings which are renovated or sold and provide set the institutional framework to establish and manage an innovative mechanism for increased state budget for energy-efficiency. It is envisaged that the work under component 2 will feed into the new regulations concerning potential new innovative financial mechanism. In addition, component one will focus on developing a comprehensive inventory and database and energy monitoring and management system in place for all public buildings. The key outcome of component 1 will be a stronger legislative and regulatory basis to promote energy-efficiency in public buildings in Ukraine which includes national targets, monitoring, reporting, and verification systems in place and a nationally mandated agency with responsibilities for promoting and enforcing energy-efficiency in the public sector.

14. Component 2 of the project will focus on developing one or more innovative financial incentives to encourage public sector organizations to make larger invest in energy-efficiency in Ukraine exploring in particular three opportunities (i) carbon finance through a supported NAMA (nationally appropriate mitigation action) like intervention for energy-efficiency in public buildings (ii) special partnership agreements between the public and private sector to give the right financial incentives for private sector organizations to invest in energy-efficiency in public buildings and (iii) performance grant agreements which provide financial incentives for public organizations which have the best energy efficiency standards. The reason for providing these incentives is that the incentives offer the opportunity for significant scaling up of the project results. The supported NAMA like intervention will explore in detail how to build upon work which has already been carried out in Ukraine with regards to Green Investment Scheme (GIS) sales of Assigned Amount Units (AAUs) with the proceeds of these sales being used to invest in energy-efficiency in schools, kindergartens, hospitals, public buildings etc ... It will explore how a supported NAMA like mechanism can be integrated into a possible domestic emissions trading scheme for Ukraine which is currently under investigation. Special Partnership Agreements (SPA) involve model contracts between public and private sector organizations which encourage the private sector partners to invest in energy-efficiency in the public sector in return for financial rewards for meeting certain minimum agreed targets. The benefit of the Special Partnership Agreement (SPA) approach is that financial risk and return is best carried out by the private sector meaning that if the SPA shows a profitable business model it is reasonable to assume that this model could lead to significantly increased investments in energy-efficiency in the State Sector. Model special partnership agreements contracts would be developed and pilot investments carried out with selected private sector partners. The third possibility for financial incentives would be for performance grants. 'Performance Grants' would involve establishing a special fund with an allocation of state budget which rewards those State Agencies who invest in energy-efficiency with 'additional budgetary allocations' in subsequent years as a reward for their efforts. Currently, the system of budgetary allocations in Ukraine is such that an organization that invested in energy and successfully reduced its costs is more likely to receive a lower budgetary allocation in future years. Hence, there is currently a perverse incentive to invest in energy-efficiency in the public sector. The 'performance grants' approach would seek to reward those organizations who invest in energy-efficiency with larger budgetary allocations in subsequent years.

15. ESCOs are also a possible financial mechanism which could be used to promote greater energy-efficiency investments in the public sector. However, this project will not focus on the ESCO mechanism given that it is the focus of another EBRD project aimed at using ESCOs to promote energy-efficiency in the public sector. Another possible innovative financial mechanism that component 2 might have considered would have been a State Sector Energy-Efficiency Fund. However, a fund for state sector investments in energy-efficiency is not proposed by this project as both the IFC and EBRD currently offer loans at attractive interest rates for energy-efficiency investments meaning that such a fund is already in place. Initial analysis suggests that lack of access to debt finance at attractive interest rates is not the main barrier to energy-efficiency improvements in the public sector.

16. Component 2 recognizes that innovative financial incentives can be risky and do not always work. It also recognizes that it is often only through trial and error can the best mix of policy instruments and financial incentives be put in place in order to achieve the desired outcome. Therefore, it is recommended that during the PPG phase each of these three potential financial incentive mechanisms each be investigated in far greater detail with a recommendation on which of the incentive(s) to proceed with during the full project implementation. One key output of the PPG phase will be a report which assesses the most effective financial instrument(s) to be put in place to encourage greater investment in energy-efficiency in the public sector in Ukraine. Lessons learned from financial incentive schemes established in other UNDP GEF energy-efficiency building projects will be assessed and taken into account. The key outcome of component 2 will be a successfully operating innovative financial mechanism or mechanisms to support EE in public buildings in the public sector

in Ukraine by the end of the project as the main means to ensure the sustainability of the project results.

17. Component 3 of the project will focus on developing at least 8 pilot projects related to public buildings (school(s), kindergarten(s), libraries, hospital(s), administrative government building(s) and multi-apartment buildings which are state owned. The average cost of each demonstration project will be at least \$1,000,000 USD meaning that it is envisaged that the proposed GEF financing for each pilot demonstration project should not exceed \$250,000 per project. The co-financing partners on the demonstration projects will be the private sector and the Ministry of Regional Development Housing, Construction, and Communal Economy and co-financing for this component is initially estimated at \$11,40,000 broken down into \$4,000,000 private sector, \$6,000,000 Ministry of Regional Development, Housing, and Construction, and \$1,400,000 UNDP. These figures will be revisited and assessed during the PPG phase. It is envisaged that energy efficiency investments in additional public buildings may also be funded by the innovative financial mechanism (under component 2) before the end of the project. The number of additional buildings to be funded will be estimated during the PPG phase depending upon the design of the innovative financial mechanism and based upon realistic assumptions and targets.

18. For each demonstration project, GEF grant funds will provide support for a maximum of up to 25% of the total investment costs related to the retrofit cost of the public building. For each \$1 of GEF funding requested, at least \$3 of co-financing will need to be made available for the pilot project to proceed. Throughout the project, the co-financing leveraged will be carefully tracked and monitored. More information about the scope and nature of the pilot projects will be defined during the PPG phase. The focus of the retrofits will be on energy savings related to insulation, heating systems, ventilation, air conditioning, windows, lighting, control software, and electrical appliances. The outcome of component 2 will be that there will be at least 8 pilot projects which demonstrate international best practice with regard to energy-efficiency measures successfully implemented.

19. Component 4 of the project will focus on awareness, institutional strengthening, monitoring, reporting and enforcement. Component 4 will include the preparation of a completed nation-wide awareness and information campaign advocating the benefits of energy efficiency measures in public buildings as well as an agreed methodology and sustainable institutional arrangements. The key to sustainability will be the requirement for all public organizations in Ukraine to submit once every two years a full report on their energy consumption and greenhouse gas emissions. These reports will be submitted to the State Environmental Investment Agency and there will must be a system of penalties associated with non-compliance with the reporting requirements. A fully mandated and capacitated agency, the State Environmental Investment Agency, will during the course of the project have be given the responsibility for monitoring and enforcing the minimum energy efficiency standards and system of energy passports for all public buildings Ukraine. In addition, a national audit program for EE in public buildings will be developed which will include random spot checks for public buildings which are being put up for sale or rennovated to make sure that they meet the minimum energy performance standards. The project will also prepare a lessons learned case study and conclude with an international conference on EE in public buildings in Ukraine. The key outcome of this component is like to be both greater awareness of the benefits of energy-efficiency in public buildings as well as a stronger institutional basis to ensure that there is a greater level of attention and investment in energy-efficiency in public buildings.

Incremental cost reasoning and expected contributions from the baseline, the GEFTF and co-financing

20. Under a business-as-usual scenario, it is highly unlikely that over the next five years there will be minimum energy performance standards for existing public buildings in Ukraine coupled with energy management systems. The draft version of the new energy efficiency law makes it clear that it will

focus on new residential and public buildings and industrial energy-efficiency measures. Even if, as is expected, the new law comes into force in 2013 there will be no legal requirement for buildings, which are renovated or sold to meet minimum energy performance standards before they are renovated or sold. The existing building stock is not targeted by the new law due to the enormous cost that would be involved in upgrading minimum energy performance standards for all existing public buildings. In addition, the public sector will receive limited attention with regards to energy monitoring and management systems or financial incentives for investment in energy savings measures. No state agency will be given the specific responsibility for monitoring, reporting, and verification of energy consumption and for the enforcement of standards. Pilot projects that demonstrate international best practice with regards to energy-efficiency and passive buildings are unlikely to be implemented in the next five years in the public sector. The problem is that without GEF support, it is highly unlikely that existing public buildings in Ukraine will receive sufficient attention with regard to new energy-efficiency investments.

21. In addition, it is unlikely that without this project there will be any requirement for existing buildings to meet minimum energy performance standards before they are able to be sold. The project will have a heavy emphasis on capacity building of key officials and awareness raising as key activities to further stimulate additional investments in energy-efficiency. The strategy of the project is to combine legislative reform with market facing awareness raising activities, including selected demonstration projects, to significantly increase investments in energy-efficiency in the public sector in Ukraine. The contributions to the baseline from this project include a contribution of \$4 million for institutional and regulatory strengthening from Government institutions, a contribution of \$4.5 million from Government institutions and other donors to support an innovative financial mechanism(s) to promote energy-efficiency in the State Sector, \$11.4 million in co-financing from Government institutions, the private sector, and UNDP to support the pilot demonstration projects and \$1.2 million in co-financing from Government institutions, UNDP, and NGOs to support awareness raising activities.

Global environmental benefits

22. The global environment benefits associated with this project demonstrate a high level of cost-effectiveness. The GHG emissions grid factor for Ukraine is relatively high at 0.91 t CO₂/MWh. (Source: EBRD Electricity Grid Factors Review, 2011). It is estimated that eight demonstration projects will over a 20 year lifetime reduce 80,000 MWh (average 4,000 MWh per year) this means that the expected emissions savings from 8 demonstration projects are initially estimated at approximately 72,200 tonnes of CO₂ equivalent. However, the main global environmental benefits from this project will be the transformative effect of the new legislation and revised building codes on reducing the energy consumption in public buildings in Ukraine. Based on an assumption that the project will start in 2014 and the revised building code comes into force by 2017 and that 5,000,000 m³ per annum of new and existing public building construction/renovation are impacted by the project it is estimated that 14.76 million tonnes of CO₂ will be reduced directly from the work of this project over the life-time of the project. This represents a cost effectiveness of 37 cents per dollar of GEF funds spent, which represents a highly cost-effective use of GEF resources. The calculations of direct and indirect global environmental benefits will be further reviewed and refined during the PPG process.

Innovativeness, sustainability and potential for scaling up

23. The innovativeness of this project lies in the fact that it proposes a specific institutional and regulatory framework for energy efficiency in public buildings, national targets, and sustainable financial mechanisms as a means to achieve scaling up of new investment in energy-efficiency in public buildings with a focus on the State Sector. No other donor active in Ukraine is currently attempting this approach and the Government has no State programme which covers the activities proposed by this project. Three innovative financial mechanisms will be proposed by the project. Firstly, carbon finance/nationally appropriate mitigation actions/green investment schemes will be explored to promote scaling up of energy-efficiency investment in public buildings. A second mechanism that will be explored will be that of special partnership agreements between public and private sectors in order to encourage and promote new investments in energy-efficiency. A third mechanism that will be explored will be that of promoting financial incentives through performance grants that reward state sector organizations which invest in energy-efficiency with a greater budgetary allocation the following year. A final innovative approach of the project will be to explore in detail the possibility to adopt the approach followed by other countries such as Australia by introducing legislation and/or regulations that make it mandatory for all existing buildings which are refurbished or sold to meet minimum energy performance standards. The PPG phase will further review and assess the various innovative financing options available to support greater investment in energy-efficiency in the public sector in Ukraine.

A.2. Stakeholders

24. The key stakeholders in this project will be the State Environmental Investment Agency, the Ministry of Regional Development, Housing, Construction, and Communal Economy and the Ministry of Natural Resources and Ecology. These three Government Agencies will all be represented on the Project Steering Committee and will be closely involved in the design of the project strategy, activities and outputs. Other Government Agencies will be identified during the PPG phase based upon the plans to implement specific demonstration projects or to be involved in specific activities. In addition academic institutions such as the National Technical University of Ukraine and NGOs such as the Association of Energy-Efficient Cities of Ukraine and the EU Ukraine Energy Agency will also be involved in the further design of project strategy, activities, and outputs. Other donors active in the field of energy-efficiency in buildings in Ukraine such as EBRD, IFC, GiZ etc ... will also be key stakeholders in this project and will be represented on the Project Steering Committee. The full membership of the Project Steering Committee comprising of all key stakeholders (Government, donors, private sector, NGOs) will be defined during the PPG phase of the project. The project will explore the gender issues related to energy efficiency and this aspect will be elaborated during the PPG phase.

A.3 Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable):

25. Key project risks are assessed as follows:

Risk	Rating	Mitigation
Economic crisis and State Sector budget results in lack of capital for new investments in EE in public	Medium	The Ukrainian government deficit of US \$25 billion is significant. Nevertheless, the fact that a new law on energy efficiency in public and residential buildings is expected to be introduced in Ukraine shortly will encourage energy-efficiency by introducing a system of energy passports and minimum energy performance standards. Provided that this new law can be

buildings		combined with monitoring and enforcement systems then the risk that lack of state budget will not provide funding for new investment in EE buildings is low. Secondly, an innovative financial mechanism(s) will help to make it easier for public organizations to make new and additional investments in energy-efficiency.
Lack of governmental commitment to put in place inventory database and energy monitoring and management systems for public buildings	Low	Although it is theoretically possible that new government will change its priorities, the reduction of energy costs will definitely remain high on the agenda. The introduction of a new law on energy-efficiency is proposed and will require a higher level of government commitment to monitoring and energy management systems. The issuance of a governmental decree to give the responsibility for monitoring, reporting, verification, and enforcement of energy efficiency performance standards to the national environmental investment agency will help to further reduce this risk. Since the building sector consumes more than 40% of total primary energy, energy-efficiency in buildings will remain in the focus of the Ukrainian government.
No incentive for energy efficiency due to low energy prices.	Low	This risk is considered low because one of the requirements of the International Monetary Fund while granting financial support to Ukraine is to abandon domestic subsidies for the oil and gas prices for private households. The IMF currently has over \$25 billion in loans to Ukraine so it has significant leverage on this issue. This project will also call for reducing subsidies on coal and gas (starting with public sector buildings), which in turn will favor increased investment in energy-efficiency in buildings. In addition, the financial mechanisms to be assessed by this project during the PPG phase and implemented will increase incentives for State Sector organizations to invest in energy-efficiency.
Technology failure.	Medium	Energy efficiency measures/technologies for building sector are well known and are widely used in the rest of the world, including the neighboring EU countries. The project was designed and will be implemented to identify, transfer and adopt the best available EE technologies and practices to Ukraine concerning EE in public buildings, which includes international best practice for energy-efficiency in public buildings.
Lack of improvement in energy efficiency by public sector officials even with public educational campaigns.	Medium	Walk throughs of the pilot demonstration projects will be organized with senior public sector officials who are decision makers. Experience has shown that this can lead to decisions to invest in energy-efficiency in the public sector that would not have otherwise taken place.

A.4. Coordination. Outline the coordination with other relevant GEF financed and other initiatives:

26. The project will coordinate with other key stakeholders as follows with a focus on those initiatives that cooperate with energy-efficiency in the public sector:

Table 4: Key Stakeholders for Demonstrating Energy-Efficiency in Public Buildings Project

Organization/Programme	Scope of work and areas for collaboration with UNDP-GEF project
IFC Ukraine Residential Energy Efficiency Project	The IFC Ukraine Residential Energy Efficiency Project is designed to create an effective legal and institutional platform to support Ukrainian homeowner associations and housing management companies in obtaining access to finance for the energy-efficient modernization of multifamily buildings. Through the project, IFC aims to facilitate energy efficiency investments in Ukraine’s residential sector focused on existing residential buildings. Since a small number of existing residential buildings are stated owned, there is scope for cooperation with this project.
German Federal Ministry for Economic Cooperation and Development International Climate Initiative of the German	German Government is supporting two projects in building sector in Ukraine which are implemented by German Technical Corporation (GTZ): Federal Ministry for Economic Cooperation (BMZ) is funding the project “Energy Efficiency in Buildings” which primarily aims at creating and enabling environment for energy efficiency in buildings. Project activities include the development of EE strategies for new & existing buildings, establishment of laws & building standards following EU-Directive on energy performance of buildings as well as incentives for implementation. Furthermore, capacity building activities and trainings will be provided. This project will cooperate with the UNDP GEF project by identifying gaps in the legislation which can be used in order to amend/improve the legislation. \$1,200,000 from this programme is counted as co-financing to this project as the new legislation that this supports targets energy-efficiency improvements in both residential and public buildings.
KfW/ProCredit Bank Energy efficiency improvement credit line	KfW/ProCredit has established an energy efficiency credit line for private households, micro, small and medium sized businesses. The project uses funds from IFC to provide financing to its client enterprises for implementing energy efficiency improvements like window replacement, insulation, metering, fuel switch, boiler upgrades, etc. There is limited direct impact on the proposed UNDP GEF activities as this project is mainly focused on supporting the private sector as opposed to the public sector. However, as with IFC as a small number of multi-apartment buildings are state owned there is scope for collaboration between this project and the KfW/ProCredit Bank improved credit line.
EBRD Improving the energy efficiency of residential buildings	EBRD is supporting the Ministry of Housing and Communal Services of Ukraine to improve the energy performance of buildings through creation of favorable environment for investments into energy efficiency, in particular to increase the use of more energy efficient equipment and materials in building refurbishment/construction and through support for the development of ESCOs (energy service companies - e.g – UkrEsco) as a tool to promote EE in the public sector in Ukraine. Component 2 of this project will explore possibilities to cooperate with EBRD on promotion of the utilization of ESCO mechanism in public sector in Ukraine and the review of the effectiveness of innovative financial instruments under component 2 will review the effectiveness of ESCOs.
EU Sector Policy Support Program	EU Sector Policy Support Program aims at supporting Ukraine in taking decisive steps towards energy efficiency and the assessment of the use

	of renewable energy sources.
UNDP GEF Energy-Efficient Lighting Project	This project focuses on promoting energy-efficient lighting with a focus on improvements in municipalities and schools and on working with innovative financing mechanisms to promote energy-efficient lighting. This project will link closely with the UNDP GEF EE Lighting project including through shared project activities such as seminars, workshops, and project meetings as there are considerable synergies between the two projects with activities focused on supporting energy-efficiency in schools.
UNDP Municipal Governance and Sustainable Development Project	This project focuses on specific activities to improve municipal governance in Ukraine. The project has a specific focus on public-private partnerships as a tool to promote improved local governance which can include for energy-efficiency. 10% of the total budget of this project or \$450,000 is counted as co-financing for this project going for awareness raising activities under component 4.
UNDP Energy-Efficiency in multi-apartment blocks	This project is being developed in 2013 with support from the European and will focus on privately owned multi-apartment blocks in Ukraine. The project is expected to start in 2014. It will include support for homeowner and condominium and associations and for developing financial incentives to improve energy efficiency in residential buildings. 10% of the total project budget of this project (i.e - 10% of \$14,000,000) is being counted as co-financing for this project as it is envisaged that it will go to support pilot demonstration projects under component 3 (output 3.5) due to the reason that some multi-apartment buildings in Ukraine are owned by the State.
National Technical University of Kiev, Ukraine	The National Technical University of Ukraine will be involved in component 4 of the project on awareness raising activities and in particular the development of training materials.
EU Ukraine Energy Agency	The EU Ukrainian Energy Agency is a Ukrainian NGO working on promoting renewable energy and energy-efficiency throughout Ukraine. The EU Ukrainian Energy Agency will be involved in awareness raising activities on this project under component 4 (in particular component 4.2).
Ukrainian Association of Energy Efficient Cities	The Ukrainian Association of Energy Efficient Cities is an NGO working in Ukraine on promoting energy-efficiency in cities throughout the country. The Ukrainian Association of Energy-Efficient Cities will be involved in awareness raising activities under this project under component 5 (in particular component 4.2).

B. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

B.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSAs, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.:

27.. This project is consistent with the 5th National Communications for Ukraine (2011). Ukraine highlighted in its 5th National Communications a major focus on energy-efficiency which aims at reducing the country's dependence on energy imports while also providing some emission reductions. This is enshrined in the key energy-related policy strategies, programmes and plans at the national and regional levels such as the Energy Strategy of Ukraine and the Comprehensive National Programme on Energy Conservation. The 5th National Communications to the UNFCCC also notes that the vast

potential related to energy-efficiency in Ukraine is yet to be realized. This project is fully consistent with the Energy Strategy of Ukraine to 2030 (Strategy) which was approved by the Ukrainian Cabinet of Ministers in March 2006. The Strategy places a heavy emphasis on increased renewable energy and energy-efficient economy. In addition, Ukraine has in place the Comprehensive National Programme on Energy Conservation (CNPEC) which aims to reduce energy-intensity in the country through both technological and structural changes in the economy. The necessity for energy efficient and energy-saving measures is also declared by the Nationwide Programme on Restructuring and Development of Housing and Communal Sector on the period 2009-2014. The Technology Needs Assessment (TNA) for Ukraine is currently under preparation with the assistance of UNEP. The TNA is expected to highlight the importance of energy efficiency as a tool to assist Ukraine with improving economic performance and reducing greenhouse gas emissions.

28.. The State Environmental Investment Agency of Ukraine, established by the Cabinet of Ministers by special decree on 04 April 2007 has the responsibility for ensuring the effective participation of Ukraine in the United Nations Framework Convention on Climate Change and the Kyoto Protocol. The Agency is responsible to participate in establishing and providing for the execution of the state national investment policy in the environmental protection sector area as well as and the state policy in the field of regulation of anthropogenic adverse negative impact on climate change. This makes the SEIA the most appropriate choice of executing agency for this project. Ministry of Regional Development, Housing, Construction, and Communal Economy of Ukraine is currently working on draft legislation for energy efficiency in buildings to be submitted to the Cabinet of Ministers of Ukraine in 2013. A number of international donors have also supported this initiative. However, to date most of the planned and implemented energy-efficiency measures, haven't focused at the housing sector, but rather at industry and utilities. This includes measures for increasing energy-efficiency in the production, processing, transportation, and consumption of energy resources. Those measures that are focused on the housing and residential sector are targeted mainly at privately owned residential buildings as opposed to public buildings.

B.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities:

29. GEF Climate Change Strategy Objective 2 supports the market transformation for energy efficiency in industry and buildings respectfully. Component 3 and 4 of the project focuses on demonstration of low-carbon technologies with demonstration projects in public buildings. Component's 1,2 and 5 of the project focus on market transformation for energy-efficiency in public buildings. The project is therefore full consistent with GEF climate change strategy under GEF 5.

B.3 The GEF Agency's comparative advantage for implementing this project:

30. UNDP has wide experience of working in energy efficiency projects in the building sector in the East Europe and CIS region and has developed considerable experience in this area having successfully developed over 20 projects aimed at removing barriers to energy efficiency. The proposal fits under the UNDP-GEF EITT Signature program number 1 "SP2 – low carbon climate resilient urban infrastructure." This signature programme has a major emphasis on promoting energy-efficiency in buildings, in particular through the introduction of building codes and minimum energy performance standards (MEPs). In the Europe & CIS region alone, UNDP currently has 20 projects ongoing or under development which deal with support for promoting increased energy-efficiency in buildings. The environment portfolio of UNDP Ukraine is expanding, and UNDP Ukraine currently as of February 2013 has over \$40 million USD of environmental projects under implementation. This includes relevant projects such as a US\$6.5 million USD energy efficient lighting project, currently under implementation with GEF support and \$4.5 million municipal governance and sustainable development project also under implementation. Approximately \$450,000 of the budget of this project goes towards raising awareness in the municipal sector about the importance of energy-efficiency investments. In addition, UNDP is in the process of elaborating a Us\$14 million project with the

European Union to upscale energy-efficiency in multi-apartment buildings in Ukraine focusing on working in privately owned buildings. It is estimated that approximately 10% of the resources of this project will go towards energy-efficiency in state owned multi-apartment blocks. The total cash co-financing that UNDP is bringing to this project is therefore estimated as \$1.85 million USD which is significant. In addition, UNDP will provide an in-kind contribution of some \$250,000.


31. Finally, UNDP also co-finances the Community Based Approach to Local Development Project (CBA) launched in 2007 and aimed at creating enabling environment for long-term self-sustaining community development throughout Ukraine. In particular, this initiative has contributed to the energy conservation measures in the heating and distributing networks of residential buildings and community facilities. Since this project is due to finish by the end of 2013, it is not counted as co-financing towards the activities of this project.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Vadim Pozharsky	GEF Operational Focal Point	MINISTRY OF ECOLOGY AND NATURAL RESOURCES OF UKRAINE	08-02-2013

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Project Contact Person	Teleph one	Email Address
Adriana Dinu, UNDP/GEF Officer in Charge		April 10, 2013	John O'Brien Regional Technical Advisor EITT	421 917 415 017	John.obrien@undp.org