GEF-6 REQUEST FOR PROJECT ENDORSEMENT/APPROVAL

PROJECT TYPE: FULL SIZE PROJECT
TYPE OF TRUST FUND: GEF TF

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PART I: PROJECT INFORMATION

Project Title: **Finance and Technology Transfer Centre for Climate Change (FINTECC) in Ukraine**			
Country(ies):	Ukraine	GEF Project ID:[1]	6942
GEF Agency(ies):	EBRD	GEF Agency Project ID:	
Other Executing Partner(s):		Submission Date:	2015-07-17 2015-08-05
GEF Focal Area (s):	Climate Change	Project Duration (Months)	48
Integrated Approach Pilot	IAP-Cities o IAP-Commodities o IAP-Food Security o		Corporate Program: SGP o
Name of Parent Program	NA		

A. FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES [2]

Focal Area Objectives/Programs	Focal Area Outcomes	Trust Fund	(in $)	
			GEF Project Financing	Co-financing
CCM Program 2	Develop and demonstrate innovative policy packages and market initiatives to foster a new range of mitigation actions	GEFTF	7,000,000	45,150,000 (equivalent of EUR 4,000,000 plus USD 39,750,000)
	Total project costs		7,000,000	45,150,000

B. PROJECT DESCRIPTION SUMMARY

Project Objective: The Project aims to develop and demonstrate innovative policy and technical assistance packages and support development of performance-based financing mechanisms to increase investment in climate technologies in Ukraine. The Project will aim to contribute to achieving an energy efficient economy and increased energy security in Ukraine, while improving its energy self-sufficiency, in line with Ukraine 2030 Strategy.

Project Components/ Programs	Financing Type[3]	Project Outcomes	Project Outputs	Trust Fund	(in $)	
					GEF Project Financing	Confirmed Co-financing[4]
Component 1. Supporting the design of innovative policy packages to promote energy self-sufficiency and technology transfer	TA	Improved legislation, policy and standards strengthen enabling environment for technology transfer and improved energy self-	Output 1.1 Assessment of policy status Output 1.2 Policy dialogue support packages designed and delivered	-	0	918,000 (equivalent of EUR 700,000)

[1] Project ID number remains the same as the assigned PIF number.
[2] When completing Table A, refer to the excerpts on *GEF 6 Results Frameworks for GETF, LDCF and SCCF*.
[3] Financing type can be either investment or technical assistance.
[4] Although presented in USD, some co-financing is committed in EUR (EUR 4,000,000) and this is highlighted where relevant.

Project Components/ Programs	Financing Type[3]	Project Outcomes	Project Outputs	Trust Fund	(in $)	
					GEF Project Financing	Confirmed Co-financing[4]
		sufficiency				
Component 2. Technical assistance along climate technology value chains	TA	Identification, design and development of climate technology projects Innovation opportunities for climate technology design, deployment and services identified and developed	Output 2.1 Technology development support Output 2.2 Innovation voucher scheme to promote climate technology design, deployment and services	-	0	3,564,000 (equivalent of EUR 2,800,000)
Component 3. Climate technology finance to support development of performance-based financing	Inv	Increased technology transfer Increased investment in climate Technologies Reduced carbon efficiency gap	Output 3.1 Eligible projects identified and screened for financing Output 3.2 Projects financed and implemented Output 3.3 Projects monitored and verified	GEFTF	7,000,000	39,190,000
Component 4. Knowledge management and awareness	TA	Increased capacity, knowledge and awareness of climate technologies and MRV leading to replication and scaling up.	Output 4.1 Dissemination of industry standards, guidelines and methodologies Output 4.2 Knowledge and awareness initiatives undertaken for climate technologies and MRV systems	-	0	918,000 (equivalent of EUR 500,000)
			Subtotal		7,000,000	44,590,000
			Project Management Cost (PMC)[5]		0	560,000
			Total project costs		7,000,000	45,150,000

[5] For GEF Project Financing up to $2 million, PMC could be up to10% of the subtotal; above $2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

C. CONFIRMED SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE

Please include evidence for co-financing for the project with this form.

Sources of Co-financing	Name of Co-financier	Type of Cofinancing	Amount ($)
GEF Agency	EBRD	Loans	39,000,000
GEF Agency	EBRD	In-kind	750,000
Donor agency	Neighbourhood Investment Facility (NIF)	Grants	5,400,000
Total Co-financing			45,150,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country Name/Global	Focal Area	Programming of Funds	(in $)		
					GEF Project Financing (a)	Agency Fee [a] (b)[2]	Total (c)=a+b
EBRD	GEF TF	Ukraine	Climate Change		7,000,000	665,000	7,665,000
Total Grant Resources							7,665,000

a) Refer to the Fee Policy for GEF Partner Agencies

E. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS[6]

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	*hectares*
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	*hectares*
3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services	Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins;	*Number of freshwater basins*
	20% of globally over-exploited fisheries (by volume) moved to more sustainable levels	*Percent of fisheries, by volume*

[6] Update the applicable indicators provided at PIF stage. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the *GEF-6 Programming Directions*, will be aggregated and reported during mid-term and at the conclusion of the replenishment period.

4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO_{2e} mitigated (include both direct and indirect)	*1,554,000 metric tons*
5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern	Disposal of 80,000 tons of POPs (PCB, obsolete pesticides)	*metric tons*
	Reduction of 1000 tons of Mercury	*metric tons*
	Phase-out of 303.44 tons of ODP (HCFC)	*ODP tons*
6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks	Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries	*Number of Countries:*
	Functional environmental information systems are established to support decision-making in at least 10 countries	*Number of Countries:*

F. DOES THE PROJECT INCLUDE A "NON-GRANT" INSTRUMENT? NO

(If non-grant instruments are used, provide an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF Trust Fund) in Annex D.

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN WITH THE ORIGINAL PIF[7]

A.1. *Project Description*. Elaborate on: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, with a brief description of expected outcomes and components of the project, 4) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing; 5) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and 6) innovativeness, sustainability and potential for scaling up.

There have been no major changes in alignment of the Project's design at the objective, outcome and indicator levels as compared with the original PIF.

Part of the co-financing values in the approved PIF were based upon Euro amounts converted to USD. When the PIF was submitted (8th August 2014) the exchange rate was 1 EUR = 1.341 USD. The exchange rate has since changed and hence co-finance amounts (where fixed in Euro) when expressed in USD are lower (at time of submission of the Request for CEO Endorsement the exchange rate as of 10th July 2015 was 1 EUR = 1.116).

The Project's design has been elaborated and adjustments have been made to clarify some of the Project's outputs and activities. These changes, based in part on consultations and research conducted during Project preparation, are summarized below and detailed in the EBRD Project Document (Section 2 'Project Design').

[7] For questions A.1 –A.7 in Part II, if there are no changes since PIF , no need to respond, please enter "NA" after the respective question.

As described in the PIF	How this is incorporated into the Request for CEO Endorsement
Component 1: Supporting the design of innovative policy packages to promote energy self-sufficiency and technology transfer	
Expected outcomes: 1.1 Improved legislation, policy and standards strengthen enabling environment for technology transfer and improved energy self-sufficiency	The outcomes of this Component are unchanged.
Expected outputs: 1.1 Assessment of policy status 1.2 Policy dialogue support packages designed and delivered	This Component focuses on supporting institutional, policy and regulatory policy dialogue to assist the government in Ukraine to design innovative policy packages for technology transfer. During the preparation of the Project, recommendations on the focus of the policy dialogue were made based on the current status of dialogue in the country, thereby allowing the Project to fully reflect and align with the needs of the Government and the activities of other stakeholders given the rapidly changing situation in Ukraine. On this basis, two outputs and associated activities were formulated: - Output 1.1 Assessment of policy status - Output 1.2 Policy dialogue support packages designed and delivered. Through preparatory activities, including stakeholder discussions, roundtable workshops, and surveys and market studies, a number of recommendations were made on the focus of the policy dialogue support package. Reflecting the most important needs of the country and priorities for climate technology transfer (as identified jointly with the Ukrainian government), the policy dialogue support packages chosen will focus on adoption of relevant international standards with strong relevance to the climate technology transfer – for example following the example of elements of the EU Eco-Design Directive - to further align Ukraine with international standards. Policy dialogue activities may also include helping to set climate technology standards for public procurement. At PIF approval, it was anticipated that the policy packages focus on (a) energy subsidies and the evaluation of their economic and social impact, including strategies for energy tariff reform; and / or (b) carbon pricing and MRV systems, including current carbon tax. However, on-going initiatives in the country are currently dealing with both of these issues. "Preparedness for Emissions Trading in the EBRD Region" (PETER), established by the EBRD, is currently assisting Ukraine with the development of carbon pricing policies. PETER is providing the government with (i) recommendations to improve the existing GHG taxation system (e.g. on optimising coverage, tax rates and revenue redistribution, improving MRV, developing a complementary domestic carbon offset market), and (ii) a roadmap for an improved GHG taxation system to full emissions trading, to which the government is committed by signing of the EU Association Agreement. Regarding energy tariff reform, a conditional loan from the IMF is based on a vast energy reform agenda and has secured government committed to front-loaded measures under the loan program including further sizable energy tariff increases. These reforms consider the economic and social impact of ambitious reform measures. A reallocation has also been made between some technical assistance of Components 1 and 2. At the PIF approval, Component 2 also included "development of industry standards, guidelines and assessment of technology baseline". However, these activities have been subsumed under Component 1, Output 1.1 (adoption of standards and legislation with strong relevance to the climate technology transfer) to better align with implementation arrangements.

As described in the PIF	How this is incorporated into the Request for CEO Endorsement
Component 2: ***Technical assistance along the climate technology value chains***	
Expected outcomes: 2.1 Identification, design and development of climate technology projects 2.2 National capacity for climate technology technical service developed	This Component has been renamed as "Technical assistance along the climate technology value chains" (from the original "Development of industry guidelines, methodologies, technology baseline data, technical support and energy audits") to more accurately reflect that a range of technical assistance will be provided addressing the needs of the private sector beneficiaries along the value chain. During the full Project design a need for innovation and R&D support was identified. On reflection a new outcome 2.2 "Innovation opportunities for climate technology design, deployment and services identified and developed" has been added.
Expected outputs: 2.1 Identification, design and development of climate technology deployment projects 2.2 Technical assistance to the private sector along the climate technology value chains aimed at increasing R&D and innovation of climate technology products, processes and services	Outputs under this Component have been refined during the full Project design. Output 2.1 focuses on technical assistance along climate technology development support through introduction of technology best practices and technology innovation. Output 2.2 provides technical assistance is provided to stakeholders along the climate technology value chains aimed at assisting them identify and implement opportunities for innovation related to climate technology design, deployment and services. This is in the form of a Climate Technology " Innovation Voucher" scheme, described in Annex 15 of the project document. As noted above, a reallocation has been made between the technical assistance of Components 1 and 2. At the PIF approval, Component 2 also included "development of industry standards, guidelines and assessment of technology baseline". However, these activities have been subsumed under Component 1, Output 1.1 (adoption of standards and legislation with strong relevance to the climate technology transfer) with dissemination of standards and information under Component 4, Output 4.1 (Dissemination of industry standards, guidelines and methodologies).
Component 3: ***Climate technology finance to support development of performance based financing***	
Expected outcomes: 3.1 Increased technology transfer 3.2 Increased investment in climate technologies 3.3 Reduced carbon efficiency gap	The outcomes of this Component are unchanged.
Expected outputs: 3.1 Eligible projects identified and screened for financing 3.2 Projects financed and implemented 3.3 Projects monitored and verified	These outputs have been informed through the project design phase and elaborated in the Project Document. They have been informed by significant preparatory work during the project design phase, including the details of the chosen financing mechanism, eligibility and selection criteria.
Component 4 – ***Knowledge management and awareness***	
Expected outcomes: 4.1 Increased capacity, knowledge and awareness of climate technologies leading to replication and scaling up; 4.2 Carbon price information increasing effective capacity of business to participate in carbon markets	The intent of this Component is unchanged, while additional clarifications, detail and targets have been provided. In the approved PIF, an outcome was to focus on 'carbon price information increasing effective capacity of business to participate in carbon markets.' However, during the full Project development it became clear that the EBRD's "Preparedness for Emissions Trading in the EBRD Region" (PETER) has already begun assisting Ukraine with the development of carbon pricing policies. Further, based on stakeholder consultations and in-country dialogue, it was clear that national entities or exchanges would be appropriate for, and take up, exchange of information on carbon pricing transactions. Therefore, as MRV underpins the carbon market and to avoid duplication of on-going work in the country, the Project will focus on the MRV capacity building through information dissemination, enabling business to participate in the carbon market.

As described in the PIF	How this is incorporated into the Request for CEO Endorsement
Expected outputs: 4.1 Dissemination of industry standards, guidelines and assessment of technology baseline developed 4.2 Knowledge and awareness initiatives undertaken for climate technologies 4.3 MRV information disseminated	These outputs have been informed through the project design phase and elaborated in the Project Document. The Project will make use of methodologies prepared in conjunction with IEA and FAO as part of the FINTECC Regional Project. Knowledge and awareness activities will focus on: industry sector and technology workshops and lessons learned studies disseminating best practice and providing capacity building to policy makers, local experts and private enterprises. The focus of the MRV information dissemination will be in part on the dissemination of MRV case studies and supporting documentation. Case studies will help to support Ukrainian business to understand the processes and costs for developing carbon market projects, and aim to build capacity to make use of carbon finance. Information developed under the project will also be disseminated to deliver clear and consistent market intelligence and help the structuring of sustainable energy/resource financing projects and products. Increasing the level of publicly available information is intended to help create business opportunities along the supply chain from manufacturing, retail and servicing of these technologies.

A.2. Child Project? **If this is a child project under a program, describe how the components contribute to the overall program impact.**

NA

A.3. Stakeholders. **Elaborate on how the key stakeholders engagement, particularly with regard to civil society and indigenous people, is factored in the preparation and implementation of the project.**

Refer to Project Document 'Key Stakeholders' in Section 4.3 for key stakeholders.

A.4. Gender Considerations. **Elaborate on how gender considerations were mainstreamed into the project preparation, taking into account the differences, needs, roles and priorities of men and women.**

Refer to Project Document 'Socioeconomic benefits and gender dimensions' in Section 3.3.

A.5 Risk. **Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):**

Refer to Project Document 'Risks' in Section 2.6.

A.6. Institutional Arrangement and Coordination. Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

Refer to Project Document 'Coordination with related initiatives' in Section 4.4.

Additional Information not well elaborated at PIF Stage:

A.7 *Benefits.* Describe the socioeconomic benefits to be delivered by the project at the national and local levels. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

The adoption of climate technologies is crucial for the overall socioeconomic development of the country and the Project presents a range of socioeconomic benefits. Investment in climate technologies will reduce GHG emissions and are associated with resource savings and efficiency gains, increased productivity, competitiveness and profitability, and the enhanced ability of enterprises to survive and grow in the face of rising energy prices in a competitive international environment. These gains can result in increased levels of employment and job security. Furthermore those who participate in capacity development and training programmes will benefit from enhanced technical capacity and knowledge, and likely increased job security, employability and income levels.

The Project will benefit Ukraine as a whole by assisting investments in technologies, developing local capacity and creating enabling environments for these technologies and setting Ukraine on energy independent and sustainable growth trajectories. As such, the Project is consistent with the EBRD's mandate to support transition, economic growth and sustainable projects that will help to improve many people's quality of life across the EBRD's Region of Operation.

A.8 *Knowledge Management.* Elaborate on the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives (e.g. participate in trainings, conferences, stakeholder exchanges, virtual networks, project twinning) and plans for the project to assess and document in a user-friendly form (e.g. lessons learned briefs, engaging websites, guidebooks based on experience) and share these experiences and expertise (e.g. participate in community of practices, organize seminars, trainings and conferences) with relevant stakeholders.

Please refer to the EBRD Project Document 'Component 4: Knowledge management and awareness ' also in section 3.5 for the Project's approach to knowledge management in terms of replicability and sustainability. Section 4.4 of the EBRD Project Document outlines how the Project will coordinate with, and learn from, relevant initiatives.

In close collaboration with the EBRD's FINTECC Regional project, a number of knowledge management and awareness activities will be undertaken to build industry networks, a knowledge base and prepare relevant guidelines for the selected technologies. In particular the project will build on methodologies prepared as part of the FINTECC Regional Project in conjunction with IEA and FAO. These methodologies support the climate technology market and transfer of climate technology aimed at closing the information gap on market penetration of technologies, climate resilience planning, climate technology investment definition, and delivering clear and consistent market intelligence. This approach provides useful outputs for the purpose of structuring sustainable energy financing projects and products.

Activities will support the specific technologies targeted by investment projects and will be coordinated with Policy dialogue support under component 1 and technical assistance packages under component 2. The knowledge and awareness generated will, in turn, inform the technical assistance, policy dialogue, and investment projects. FINTECC may leverage its existing cooperation with organizations such as the FAO, the IEA and the World Intellectual Property Organization (WIPO) in delivering some of the capacity building activities.

Increasing the level of publicly available information will help to create business opportunities along the supply chain from manufacturing, retail, and servicing of these technologies. In addition, the methodologies already developed within FINTECC Regional will be tailored and applied within FINTECC Ukraine and will ensure that an up-to-date body of information is available with regards to the status of the climate technology market. Specific in-country visibility and knowledge sharing activities will be defined, developed and delivered in partnerships with other organizations. Activities will focus on: Industry sector and technology workshops and trainings; lessons learned studies to a) disseminate best practice; b) provide capacity building to policy makers, local experts and private enterprises; and

dissemination and capacity building on MRV guidelines to increase private sector preparedness for the upcoming emission trading scheme implementation in Ukraine.

Lessons learned studies to a) disseminate best practice; and b) provide capacity building to policy makers, local experts and private enterprises. Areas in which lessons learned studies would be beneficial will be identified via project stakeholders and the Training Needs Assessments described above. Lessons learned studies will be commissioned and implemented and the results will be disseminated through workshops and training events, as well as via the project website and email list. Target audiences will include policy makers, local experts and private enterprises.

A project website (joint website with FINTECC Regional) and email list will be created for the dissemination of electronic materials to stakeholders. The site will make available selected documents prepared during the course of the project, training materials and presentations, lessons learnt reports, results of market studies, and other relevant documents, and the email list will support targeted dissemination to relevant stakeholders.

Industry sector and technology workshops and trainings will be undertaken throughout the programme. Particular attention will be given to addressing needs along the value chain including R&D specialists, and Finance. Where possible intake and exit surveys will be undertaken to gauge the short-term results of the events on awareness/ capacity. Building the capacity within the national workforce to develop and maintain climate technology will ensure the sustainability of the Project interventions after its completion.

A number of other visibility, market assessment and knowledge sharing activities will be undertaken in close collaboration with the EBRD's FINTECC Regional project and regional dialogue on technology transfer.

The Project will also benefit from coordination with other relevant projects. To enable synergies and avoid duplication the EBRD has already – and will in the future – coordinate its efforts with initiatives undertaken by a range of non-governmental initiatives, including sector-specific organizations, IFIs and other GEF projects. The EBRD has already established contact and initiated coordination with the implementation of the CTCN.

B. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

B.1 *Consistency with National Priorities.* Describe the consistency of the project with national strategies and plans or reports and assessments under relevant conventions such as NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:

The Project is consistent with Ukraine's 5th National Communication to the UNFCCC and its major focus on energy efficiency, aiming to both reduce GHG emissions and reduce the country's dependence on energy imports. The 5th National Communication also notes that there is a vast potential for increasing energy efficiency in the country. The National Communication presents a number of barriers to implementing policies and measures such as a lack of incentives for private investments, insufficient government financing and over optimistic planning. More detail is given in the Project Document in Annex 10 Summary of major relevant policies and measures in Ukraine.

The analysis of national policies and measures in Ukraine's 5th National Communication as well as the outcomes of recent national initiatives indicate a need for further improvement in policies and measures and in particular their financing and implementation. The proposed project and its finance mechanisms are consistent with these identified needs and will deliver substantial direct and indirect energy efficiency improvements in the target sectors. The Project is therefore aligned with the key priorities of the Government, namely to increase energy security, reduce GHG emissions and reduce the energy intensity of the Ukrainian economy.

This project is fully consistent the Energy Strategy of Ukraine 2030 which aims to achieve an energy efficient economy and places emphasis on increased renewable energy production. In addition the project is fully in line with the Comprehensive National Programme on Energy Conservation that aims to reduce energy-intensity through technological and structural changes.

The Ministry of Industrial Policy has approved a sectoral programme until 2017 that focuses on improving energy efficiency in energy intensive industries: ferrous and non-ferrous metallurgy, chemical industry and machine manufacturing. This programme aims to achieve a 50% reduction in energy use and an emission reduction of 22.6 MT CO2e.

It is to be noted that some of the provisions of these national initiatives have not yet been fully implemented.

C. DESCRIBE THE BUDGETED M &E PLAN:

The Monitoring and Evaluation Plan used by the Project supports the planning and adaptive management requirements of the Project, meets the requirements of both the EBRD and the GEF, and facilitates reporting of progress and impacts to the GEF Secretariat and the EBRD. The EBRD uses a Results Based Management approach, based on the Project Results Framework (see Annex A).

The Monitoring and Evaluation framework will be used to assess the Project's impact on accelerating investments in climate change mitigation in Ukraine. The Project Results Framework, which includes performance indicators, targets and timelines, is the foundation of the Monitoring and Evaluation framework. The performance indicators will be monitored at regular intervals throughout the Project's implementation period. The Project team will also collect market level data from official sources, private sector stakeholders, and partner government officials and agencies on an annual basis to track progress, as appropriate.

Mid-term review and final evaluation

Both the Project's mid-term review and final evaluation will be carried out by an independent party at the appropriate time and have two basic objectives: (i) to assess the results and impacts, both intended and otherwise, of the Project (accountability function); and, (ii) to determine whether there are lessons to be learned from past experience to make future operations better, thereby contributing to 'institutional memory' (lessons learned or quality management orientation).

The mid-term review will be used to identify areas where improvements could be made and to improve the effectiveness of results and impacts. The review and evaluation will provide the basis for a system of accountability to managers and to the GEF. The EBRD will follow its normal practices of monitoring, evaluation and reporting. Gender issues and gender equality will be considered on an on-going basis (according to targets sets out in Annex 1), as well as systematically at the time of the mid-term review and terminal evaluation.

Monitoring and evaluation budget

The monitoring and evaluation activities will be financed by co-financing and agency fees, with USD 175,000 budgeted including USD 80,000 for contracting external evaluation contractors. Other costs associated with data collection will be included in the staff costs for team members in the day-to-day execution of their tasks and, while not tracked separately, are likely to account for approximately USD 95,000 during the course of the Project.

Monitoring and verification of the results is key to determining the success of the Project's financing. The entire Project will be monitored, and inputs from participating stakeholders in the Project (including borrowers) will be required to provide information on energy savings and other benefits achieved under the Project as part of the agreement that will be signed prior to their access to the Project.

Monitoring and evaluation will take place with reports summarizing the overall progress and that of individual investment pilot projects that receive financing. These reports will be available for official use. The Project Leaders (see Section 4.1 'Project management') will be responsible for preparing regular progress reports with full support of, and in agreement with, the participating companies and other beneficiaries.

Refer to Annex E of this document for a breakdown of indicative monitoring and evaluation plan.

PART III: CERTIFICATION BY GEF PARTNER AGENCY(IES)GEF Agency(ies) certification

This request has been prepared in accordance with GEF policies[8] and procedures and meets the GEF criteria for CEO endorsement under GEF-6.

Agency Coordinator, Agency Name	Signature	Date (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Marta Simonetti			Dana Kupova, Sumeet Manchanda	+44 20 7338 7692 +44 20 7338 7562	kupovad@ebrd.com manchans@ebrd.com

[8] GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

Project Strategy	Objectively Verifiable Indicators	Baseline (Start of Project in 2015)	Target (End of project)	Sources of Verification
Impact				
Project Objective: Contribute to increased investment in climate technologies in Ukraine, leading to an energy efficient economy and increased energy security in the country while improving its energy self-sufficiency, in line with Ukraine 2030 Strategy.	Tons GHG reduced or avoided Volume of investment mobilized for climate technology transfer over the Project lifetime (disaggregated between public and private investments)	0 – all GHG emissions reductions will be incremental 0 – all funding will be incremental	1,554,000 tonnes CO2eq over 10 year equipment lifetimes 6 - Financial/performance based mechanism successfully demonstrated (on a scale of 1 to 10)	Project reports including: EBRD financial reports, annual and semi-annual Project progress reports, verification of investments, Project appraisals, market surveys
Outcomes				
1.1 Improved legislation, policy and standards strengthen enabling environment for technology transfer and improved energy self-sufficiency	Degree of support for low GHG development in the policy, planning and regulatory framework [9]	1 – No policy or strategy for climate change in place (on a scale of 1 to 10)	3 – Policy/strategy proposed and consultations on-going (on a scale of 1 to 10)	Project reports including: Project inception report from consultants, annual and semi-annual project progress reports Reports submitted by climate technology recipients Workshop participant satisfaction survey
2.1 Identification, design and development of climate technology projects	Number of climate technology projects identified, designed and developed	0 – no projects with suitable technologies are in place (technologies with zero or very low market / sector penetration)	10 climate technology projects identified, designed and developed	

[9] Assessed on a scale of 1-10 following the definition in Annex II of the GEF-6 Climate Change Mitigation Focal Area Strategy

Project Strategy	Objectively Verifiable Indicators	Baseline (Start of Project in 2015)	Target (End of project)	Sources of Verification
2.2 Innovation opportunities for climate technology design, deployment and services identified and developed	Number of innovation initiatives supported	0 – no scheme to support innovation in climate technologies	20 innovation vouchers disbursed	
3.1 Increased climate technology transfer	Number of projects funded	0 projects/ institutions funded	10 pilot climate technology projects funded	
3.2 Increased investment in climate technologies	Volume of investment mobilized for climate technology transfer over the Project lifetime	USD 0 – all funding will be incremental	At least USD 46 million (USD 39 million EBRD loans, USD 7 million GEF-funded grants) invested with an additionally targeted USD 39 million leveraged as private equity and other parallel co-financing e.g. from local banks.	
3.3 Reduced carbon efficiency gap	Reduced energy consumption as a result of financed activities verified by audits	0 – no efficiency gains	100% of estimated GHG emissions reductions achieved	
4.1 Increased capacity, knowledge and awareness of climate technologies and MRV leading to replication and scaling up.	# Participants in workshops report on increase in their knowledge in surveys # of lessons learned studies distributed Lessons learned studies produce recommendations for policy dialogue and technical assistance activities under components 1 and 2. MRV information dissemination mechanism used (depending on mechanism - # of registered users, # of times webpage is accessed or similar)	Little capacity knowledge and awareness of climate technologies and MRV systems No MRV information disseminated	3 Industry sector and technology workshops with 25 participants in each reporting increased knowledge and awareness (gender disaggregated) 50 lessons learned studies distributed Lessons learned studies allow for recommendations to be made for policy dialogue and technical assistance activities under components 1 and 2. MRV information shared and disseminated to 50 users	

Component / Outputs	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Component 1: Supporting the design of innovative policy packages to promote energy self-sufficiency and technology transfer			
Output 1.1 Assessment of policy status	Assessment of policy status is available	Review document	Review of policy status will reveal recommendations for support packages
Output 1.2 Policy dialogue support packages designed and delivered	Policy dialogue support packages delivered	Project monitoring reports (semi annual and annual)	Policy dialogue support packages will strengthen the enabling environment for the adoption of climate technologies
Component 2: Component 2: Technical assistance to the private sector along the climate technology value chains			
Output 2.1 Technology development support	* Number of companies for which consultants have produced reports identifying a potential investment programme * # of people trained or participating in knowledge dissemination activities (gender disaggregated)	Project monitoring reports (semi annual and annual)	
Output 2.2 Innovation voucher scheme to promote climate technology design, deployment and services.	* # of companies supported * Resources made available to experts * Stakeholders involved in activities * R&D partnerships formed * Innovation plans implemented * Workshop programs developed * Technologies certified	Project monitoring reports (semi annual and annual)	
Component 3: Climate technology finance to support development of performance-based financing			
Output 3.1 Eligible projects identified and screened for financing	# pilot climate technology projects screened	Project audits (screening); Project monitoring reports (semi annual and annual)	Sufficient demand for climate change technology projects
Output 3.2 Projects financed and implemented	Volume of investment mobilized; # pilot climate technology projects funded	Project financial reporting	Macro economic conditions are such that investments are attractive
Output 3.3 Projects monitored and verified	MRV systems for emissions reductions in place and reporting verified data[10]	Project monitoring reports (semi annual and annual)	
Component 4: Knowledge management and awareness			
Output 4.1 Dissemination of industry standards, guidelines and methodologies	Industry standards, guidelines and assessment of technology baseline disseminated through workshops and website	Published or digital standards and guideline materials available	Activities will support the specific technologies targeted by investment projects and will be coordinated with Policy dialogue support under Component 1 and technical assistance under Component 2.

[10] Assessed on a scale of 1-10 following the definition in Annex II of the GEF-6 Climate Change Mitigation Focal Area Strategy

Component / Outputs	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Output 4.2 Knowledge and awareness initiatives undertaken for climate technologies and MRV systems	# of people participating in workshops (gender disaggregated) # of lessons learned studies from investment projects produced # recommendations from lessons learned for policy dialogue and technical assistance activities to encourage technology transfer Mechanism for lessons learned studies and MRV information dissemination is operational	Project monitoring reports (semi annual and annual); knowledge materials (documents, brochures, lessons learned studies etc.); evidence of awareness activities (meetings, workshops, media), Project website and dissemination tools	There is sufficient demand for lessons learned studies and MRV information

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

(i) Responses to GEF Secretariat Review

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion	Response from EBRD
Recommendation at PIF Stage	25. Items to consider at CEO endorsement/approval.	DER, August 14, 2014. a) Please ensure that Component 1 and Component 3 are aligned well with emphasis on performance-based mechanisms linked to emissions reductions. b) We urge strong consideration of the carbon pricing option during project design phase. c) Please explore options for expanded co-financing.	a) Component 1 Policy Dialogue Support Packages are well aligned with the performance-based mechanism in Component 3. The mechanism has been designed inline with the literature on 'smart' design features of performance-based mechanisms (refer to annex 12 of the Project Document for further information). b) The project will provide technical assistance to the private sector including GHG MRV measures to strengthen alignment with Ukraine's proposed carbon pricing and ETS policy (see Annex 14 for further information). Component 4 seeks to disseminate MRV information in line with Carbon pricing. During project preparation it was decided not to include carbon price information dissemination as EBRD's "Preparedness for Emissions Trading in the EBRD Region" (PETER), has already begun assisting Ukraine with the development of carbon pricing policies. The World Bank's 'Preparedness for Market Readiness" (PMR) programme has also been working in Ukraine on elements of carbon pricing. Further, national entities and exchanges would be appropriate for, and take up, exchange of information on carbon pricing transactions. Rather than risk duplicating any of the above work, the Project will focus on providing very practical support on MRV to individual companies, and then disseminating lessons learnt to help build capacity of the private sector in this vital element of any carbon pricing policy – tax or market. c) Co-financing has been expanded with contributions from the Neighbourhood Investment Facility of 4 million Euro.

(ii) Responses to GEF Council comments

Canada's Comments

It is not clear how this project relates to regional climate change technology transfer projects, or with the UNFCCC CTCN. As per recent past UNFCCC and GEF Council decisions, we request that efforts be made to ensure coordination amongst these climate change technology transfer initiatives.

Response
Coordination of the Project with other climate technology transfer initiatives is outlined in the Project Document "Coordination with related initiatives" section 4.4.

Germany's Comments
Germany approves the following PIFs in the work program, but asks that the following comments are taken into account:

Germany requests that the following requirements are taken into account during the design of the final project proposal:

Germany welcomes the systematic approach the proposed project takes by combining policy measures with technical assistance and investments to increase climate technology investments and contribute to improving energy self-sufficiency in Ukraine. While it is vital to increase energy security in Ukraine and to achieve an energy efficient economy, Germany would like to have some further clarification on the following:

Considering the country's fragile economy, Germany recognizes the current political difficulties in Ukraine and would appreciate further clarification on which steps Ukraine intends to take to ensure sufficient institutional provision for the formulation and sustained implementation of energy efficiency policies, particularly regarding the phase-out of barriers to competition such as domestic subsidies. This includes evidence to its commitment to cost-reflective energy pricing and transparency throughout the process visible in effective regulation of competition in the energy market. The institutional framework, i.e. the implementation and enforcement of policies, measures and laws to promote the adoption of renewable energy and energy efficiency will be crucial to the success and sustainability of the project.
Germany kindly asks to further specify the calculation and the underlying assumptions (incl. the technologies to be supported) of the GHG reducing potential of 62.5 ktCO2e/yr.

The project aims at providing technical assistance and financial support/incentives to strengthen enabling environments for investments in climate-friendly technologies, with companies as the main beneficiary. Targeting companies to enhance energy security in Ukraine is a reasonable approach given the increasing energy prices in the country and the political pressure on companies to reduce their gas consumption (this winter by 30%). However, depending on the selected financial instruments, Germany seeks clarification on the conditions for granting credits. Due to very high interest rates, conditions may be deterrent if the transaction is processed by the major banks at the current rates. Usually these banks only give out small loans with very short pay back periods. Whether or not these financial incentives will be successful in the current market conditions depends on the size and issue date of the grant. If the grant is of considerable size, (compared to the credit) and it is swiftly paid out in order for companies' to limit their advance payments, the project will be a success as the pressure to lower energy consumption in Ukraine has of late substantially increased.

Regarding the cooperation with other initiatives, Germany welcomes the strong liaise with the EBRD's regional FINTECC Framework and project. Germany further suggests to closely coordinate and exchange with other technology transfer centers (e.g. Kenya) and the Climate Technology Center Network (CTCN), as well as with other bilateral energy programs in the Ukraine, e.g. USAID's Municipal Energy Reform and Local Alternative Energy Solutions in Myrhorod, energy efficient building project of GIZ and the bilateral energy cooperation between Ukraine and Norway.

Response

After detailed discussion with Ukrainian stakeholders it is now proposed that the Project works towards a very focused set of policy deliverables related to energy efficient product design, and energy labelling of equipment and products. The policy/ legislative instruments developed will learn from the EU Eco-Design Directive as far as possible. These deliverables will provide tangible, technical support to help the Ukrainian government apply EU standards within the economy, even during the current time of political difficulties. .

In relation to the question on size and issue date of grants. Grants are capped at USD 1 million, and 25% of technology costs – which should provide a sufficient incentive. Disbursement will take place directly from EBRD to the client

within 4 weeks of submission of the invoices showing successful deployment of the technology. It is hoped that these terms will help companies overcome the market barriers to deployment of eligible technologies.

FINTECC Ukraine will liaise closely with the other initiatives mentioned. FINTECC Regional is doing so already.

USA's Comments

The United States appreciates the EBRD's efforts to help the Ukraine improve its capacity for energy self-sufficiency in the Finance and Technology Transfer Center for Climate Change (FINTEC) project in Ukraine. We commend the effort taken in this project to involve collaboration with the public sector and look forward to a detailed description of how the project will collaborate with the UNFCCC/UNEP Climate Technology Center and Network (CTCN) in the full project proposal.

Additionally, the United States also supports the Government of Ukraine in adopting a neutral approach to standards, technology, and procurement processes that allow all companies to compete equally for subsequent contracting opportunities. The United States urges that every stage of this project include procedures to ensure fair and open competition in subsequent procurements.

Response

FINTECC Ukraine will liaise closely with the CTCN, and the FINTECC Regional is doing so already. Information on stakeholder coordination approaches is provided in Section 4.3 of the Project Document

FINTECC Ukraine takes a neutral approach to technologies and will follow the FINTECC philosophy of supporting technologies which have low market penetration, which have good demonstration effect, and/or which demonstrate innovation. FINTECC will support the government of Ukraine to introduce some specific standards related to eco-design; the approach to standards is neutral, with the main criterion being parity with EU standards so that companies that achieve these standards can compete across the Ukrainian and EU markets on a 'level playing field'. A neutral and fair approach to procurement processes is ensured by the handling of all activities through relevant internal EBRD procedures.

(iii) STAP Review

STAP Advisory Response:
Based on this PIF screening, STAP's advisory response to the GEF Secretariat and GEF Agency(ies):
Concur

Further guidance from STAP
STAP acknowledges that on scientific and technical grounds the concept has merit. The proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.

Response

NA

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS[11]

A. Provide detailed funding amount of the PPG activities financing status in the table below:

PPG Grant Approved at PIF: USD 200,000			
Project Preparation Activities Implemented	***GEF/LDCF/SCCF Amount ($)***		
	Budgeted Amount	***Amount Spent to date***	***Amount Committed***
Study of market penetration of climate technologies in Ukraine	92,000	10,231	51,159
Study of climate technology value chains in Ukraine	85,500	69,700	82,343
Stakeholder consultations and roundtables	22,500	0	4,000
Total	**200,000**	**79,931**	**137,502**

[11] If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue to undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities. Agencies should also report closing of PPG to Trustee in its Quarterly Report.

ANNEX D: CALENDAR OF EXPECTED REFLOWS (IF NON-GRANT INSTRUMENT IS USED**)**

Provide a calendar of expected reflows to the GEF/LDCF/SCCF Trust Funds or to your Agency (and/or revolving fund that will be set up)

NA

ANNEX E: INDICATIVE MONITORING AND EVALUATION PLAN

Type of Monitoring and Evaluation activity	**Responsible Parties**	**Budget USD *[12]**	**Time frame**
Measurement of Means of Verification for Project Progress and Performance	-Oversight by Project consultants and EBRD	To be determined as part of the Annual Work Plan's preparation. Indicative cost USD 30,000	Start, annually and end of Project Verification of projects under the Programme (funded under the Project)
Semi Annual Project progress reports	-Project Leaders	USD 4,000	Every six months
Annual Project Report and Project Implementation Report	-Project coordination -EBRD	USD 4,000	Annual
Mid-term Review and External Evaluation	-EBRD -External consultants	USD 30,000	At the mid-point of Project
Terminal Evaluation and Report	-EBRD -External consultants	USD 50,000	At the end of Project implementation
Lessons learned	-Project consultants -EBRD	USD 7,000	Yearly
Visits to field sites (EBRD staff travel costs are not covered by GEF Project budgets)	-EBRD -Government representatives	USD 50,000	Yearly
TOTAL COST		USD 175,000	

[12] * GEF funding is **not** requested for Project Management. These costs are not to be funded by the Project grant funding, but by co-financing and agency fees.