UNDP UKRAINE

OUTCOME EVALUATION

OF THE ENERGY AND ENVIRONMENT PROGRAMME

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ABBREVIATIONS

CBA – Community-based Approach to Local Development
CMM – Change Management Mission
CMU – Cabinet of Ministers of Ukraine
CO – Country Office
CPAP – Country Programme Action Plan
CPD – Country Programme Document
CTA – Chief Technical Adviser
E&E – Energy and Environment
EBRD – European Bank for Reconstruction and Development
EE – Energy Efficiency
EIB – European Investment Bank
EU – European Union
FSM – Financial Support Mechanism
GCF – Green Climate Fund
GEF – Global Environment Facility
GHG – Greenhouse gases
GoU – Government of Ukraine
IFC – International Financial Corporation
INDC – Intended Nationally-Determined Contribution
MSU – Management Support Unit
MAPF – Ministry of Agrarian Policy and Food
MEDT – Ministry of Economic Development and Trade
MENR – Ministry of Ecology and Natural Resources
MRDCHCS – Ministry for Regional Development, Construction, Housing and Communal Services
NRC – National Reform Council
NSDS – National Sustainable Development Strategy
PD – Project Document
PMU – Programme Management Unit
PSC – Project Steering Committee
RBM – Results-Based Management
RES – Renewable Energy Resources
RRF – Results and Resources Framework
RTA – Regional Technical Advisor
SAU – Strategic Advisory Unit
SDG – Sustainable Development Goal
SGP – Small Grants Programme
SIDA – Swedish International Development Agency
UN – United Nations
UNDAF – United Nations Development Assistance Framework
UNDP – United Nations Development Programme
USAID – United States Agency for International Development
WB – World Bank

EXECUTIVE SUMMARY

This is an independent evaluation of the results and role of the activities of UNDP Ukraine in the energy and environment area and their contribution to the country's development results in the 2012-2016 period. This document provides an objective assessment of the achievements, constraints, performance, results, impact, relevance and sustainability of UNDP's work and the organization's strategic positioning in the country relative to other UN agencies and development partners based on its strengths and comparative advantage. It also generates lessons which may be used by the Country Office to improve its programming, partnership arrangements, resource mobilization strategies, working methods and management structures in the new programme cycle.

The focus of this evaluation is on the nine energy efficiency and environmental projects which UNDP has implemented during the period in question with funding from the Global Environment Facility, the EU, Germany and the Slovak Republic (amounting to about US$ 26 m) and matching funds from UNDP's own core resources (amounting to about US$ 2 m). Although they address issues which on the surface might appear quite distinct from each other, the nine projects have a multi-dimensional (cross-sectoral) nature which makes some of their activities synergetic and interdependent. Some of the major thematic areas these projects cover are climate change, energy efficiency, water management, biodiversity, chemicals and community development. One of the projects (*Rio*) has an overarching policy nature that encompasses all dimensions by mainstreaming sustainable development into all policy areas. It is also important to note that these nine projects engage with the full spectrum of the levels of government, starting from the grassroots level which involves work with the communities and all the way up to the top where the interaction has a national character.

While the amount of information generated by this evaluation was enormous, the findings presented in this report cover only the most essential aspects of the programme and are particularly focused on those issues that require improvement and the attention of the country office management. Therefore, if in these findings the reader perceives a sense of imbalance between what has worked and what has not worked in favour of the latter, it is not to be interpreted as an indication of an overall unsatisfactory performance but simply as a deliberate attempt to take advantage of the limited space provided by this report to throw light on those aspects of the E&E programme which can benefit the most from improvements. The findings of this evaluation are organized along the four standard dimensions of UNDP evaluations: i) relevance (the extent to which the programme was relevant to the country's priorities and needs); ii) effectiveness (whether the programme was effective in achieving the desired and planned results); iii) efficiency (whether the process of achieving results was efficient); and, iv) sustainability (the extent to which the benefits of the programme are likely to be sustained).

- ***Relevance*** – As far as relevance is concerned, the evaluation concludes that, overall, UNDP's energy and environment programme has been largely relevant to Ukraine's needs and priorities, its international commitments and agreements and the UN and UNDP country mandates and strategies.

- ***Effectiveness*** – With regards to effectiveness, the evaluation found strong and credible evidence that important contributions have been made by the projects in their respective areas. With small exceptions, a case can be made that the projects have been effective in delivering most of their planned activities and outputs. It is important to recognize that a part of UNDP's programme was implemented in the circumstances of ongoing conflict in the East and significant political and institutional instability, therefore what was achieved by UNDP was in spite of these challenges. Yet, one area which requires significant improvement is the inadequate use of evidence-based RBM practices. Indicators and targets are used ineffectively in programme planning, implementation and monitoring and may detract from them by creating ambiguity or taking time and resources away from more useful activities. The data collection and analysis systems are weak both at the project and the programme level. This lack of information has real and significant implications for the transparency and visibility of projects. UNDP should to be able to tell compelling stories about what its projects are doing and what results they are achieving. The report encourages the CO to take further steps to promote a culture of results and strengthen the RBM infrastructure throughout the programme. The report suggests a number of measures geared towards strengthening RBM and data systems both at the project and programme level

- ***Efficiency*** – To assess efficiency, the evaluation focused on a number of dimensions which are closely associated with efficient programme management. One dimension was related to operational efficiencies which included budget execution rates, the structure of project costs and the timeliness of project activities. The examination of these parameters revealed that specific projects suffer from significant inefficiencies which should receive the attention of the management. Another dimension of efficiencies was the degree to which linakes and synergies are achieved within the programme. The evaluation found that the degree of cooperation between the various projects within the cluster and with other areas of the programme has been limited. Projects operate to a large extent in isolation from each other, even when the objectives they pursue are similar. Whatever cooperation takes place happens mainly at the level of information sharing or, in some cases, helping with access to contacts and networks. No formal mechanisms seem to exist for the sharing of expertise and lessons learned within the cluster. Opportunities for synergies both within the cluster and with other programme areas are significant, especially at the sub-national level. The report proposes a number of measures the Country Office might consider to further strengthen programme cohesion and efficiencies. The evaluation also examined potential linkages between UNDP's projects and the activities of various aid agencies active in Ukraine and found that

cooperation is quite limited and mainly perceived as coordination at the informational level. The evaluation found little evidence of UNDP interventions designed, planned and implemented jointly with any donor organization other than the organization providing the funds. The report recommends that UNDP should ground its operations more effectively in the reform infrastructure that has been set up under the leadership of the National Reform Council, strengthen its cooperation with development partners by going beyond information sharing and forging collaboration at the level of project activities and play a more important role in supporting donor coordination both at the national and sub-national level.

- *Sustainability* – They key dimensions of sustainability that were examined in this evaluation were: i) government engagement, ii) policy implementation, iii) pilots, demonstration effects and replication, iv) co-financing by the government and private sector; and, v) risk management. The evaluation revealed a low degree of government engagement in a number of projects, which represents a significant challenge to the sustainability of UNDP interventions. Another challenge is the lack of implementation follow-through of a considerable body of policy instruments supported by UNDP projects, such as draft laws, regulations or strategies. This has considerable negative effects for the sustainability of UNDP projects supporting government reforms. The most challenged projects are characterized by an inability to turn project outputs (such as standards, guidelines or enabling policies) into sustained action leading to improved outcomes such as energy efficiency or environmental quality on the ground. Another challenge is related to the pilot initiatives supported by the programme. Some of these pilots suffered from a lack of full uptake and replication of specific approaches, which limited their potential utility and sustainability. In many cases the interventions did not consider the affordability of scaling up activities which made replication financially not feasible. Another common problem noted during this evaluation is that some projects were not able to fully track and justify project co-financing because wither its definition in the project document was not too clear or the project did not have the right mechanism/system for tracking it. Last, but not least, the evaluation focused on the need for the country office to strengthen its risk management systems and capacities by developing more detailed risk mitigation strategies for its projects. For all these dimensions the report provides detailed recommendations on how the country office may improve the situation.

The evaluation also examined UNDP's comparative advantage and its positioning in the country's development context relative to its comparative advantage. Based on the significant comparative advantages highlighted in this document, the report suggests two areas in which UNDP could position itself more effectively to play a transformative role in the country's development process. These areas are the sub-national (local) level and the mainstreaming of SDGs into the national policy frameworks.

The evaluation also looked at UNDP's resource mobilization and partnership building activities. Given that the Country Office has only one project in the hard pipeline for the energy and environment area and the fact that UNDP has no core resources of its own, the report notes that it is essential that UNDP develop a diversified and sustainable energy and environment portfolio. The report proposes a two-pronged resource mobilization strategy – to strengthen the project pipeline, while diversifying the sources of funding. A number of opportunities exist, but to turn opportunities into projects will require concrete steps and concentrated action. As a first step, the CO needs to create a better understanding of donor activities and identify clearly their priorities. A mapping exercise will be useful to conduct in this regard. Also, UNDP can position itself more strategically vis-à-vis the donors if it is to play a more effective coordinating role for donor activities. Especially at the sub-national level, UNDP is uniquely positioned to facilitate the coordination of development assistance and also support local governments to become more effective in donor coordination. If UNDP will become more assertive on donor coordination, it can then leverage that position for resource mobilization purposes. Furthermore, the CO needs to think geographically about building its E&E portfolio. Resources are pouring into the conflict-affected areas in the East and the CO should develop plans for capitalizing on that.

Overall, this report provides the Country Office with twelve key recommendations which are derived from the analysis presented throughout the document. The following is the list of the twelve recommendations.

1. *Results-Based Management*

The CO should take further steps to promote a culture of results and strengthen the RBM infrastructure throughout the programme. Management may consider some of the measures proposed below which are geared towards strengthening RBM and data systems both at the project and programme level.

- First, the CO should strengthen RBM practices at the project level on the basis of simple and robust results (logical) frameworks by establishing data collection and analysis systems and providing training on RBM topics to project staff. Results frameworks should be based on SMART indicators, baselines and targets developed through a more rigorous process that involves partners and beneficiaries. For each indicator the data collection sources and methods, means of verification and the risks and assumptions should be fully clarified. Results frameworks should be used more effectively not only to plan, monitor and report on activities, but also to coordinate more effectively with other projects within the cluster and in other programme areas.
- Second, building on the result frameworks of the individual projects, the CO should develop a robust framework for measuring results at the programme level (CPD/CPAP outcomes). Programme staff should ensure that programme baselines, indicators and targets are harmonized and aligned with those of individual projects. Also, data collection approaches,

means of verification and risks and assumptions should be harmonized between the programme and project levels.

- Third, the CO should use the RBM system as an instrument for improving overall accountability in the programme. In particular, accountability links between the programme and the various projects should be further strengthened. They should be used by the management at the highest level to ensure the transparency, accountability and integrity of the programme.
- Fourth, the CO may consider some of the data presented in this report as useful information to be collected on a regular basis and displayed in the form of dashboards available to UNDP staff and project partners, especially government officials. The availability of such data will enable project staff to monitor activities more effectively and conduct solid assessments of implementation issues and results on the basis of solid evidence.

Overall, results frameworks should not be seen as rigid tools that are set in stone and do not allow for flexibility in programmatic changes. Flexibility and adaptability are important in fast changing contexts like Ukraine's. Therefore, results frameworks should be updated when necessary and should be kept relevant by allowing for flexibility in line with changes in the surrounding context. Also, the CO should develop minimum quality criteria for project evaluations and should establish a tracking system to closely monitor their quality.

2. *Operational efficiencies*

To address the various project implementation delays identified in this report, the CO should conduct an assessment of the different operational factors that cause them and develop a plan for how to tackle them in a more systematic fashion. In the framework of the RBM measures suggested above, the CO may consider the establishment of a more effective system for tracking and monitoring at the programme level a number of operational indicators that will alert the management of implementation bottlenecks when certain thresholds are crossed. Some of the indicators the CO may consider include project budget execution rates, the composition of expenditure, and in particular the share of administrative expenditure, procurement and recruitment timelines, etc. This is crucial information which the CO should have readily available at any time and for any project and should use on a regular basis for the management of the cluster. Furthermore, the CO should review the processes and criteria for the hiring of project managers and expedite recruitment so that valuable time is not lost at the start of the projects. The procurement process should also be revised and streamlined. More training on UNDP procurement procedures should be made available to both project staff and national partners who are new to UNDP projects. Last, but not least, there is a need for better planning of projects and maybe less ambitious project timelines.

3. *Quality of the Human Resource*

The CO should review the systems it uses for hiring project staff, and in particular project managers, and seek to improve the incentives for attracting bright and capable individuals. It may consider the establishment of a formalized retention scheme for project managers which would enable them to move more easily from a closing to a starting project. This will provide high-performing managers with more job security. It is also essential that UNDP invest in the capacity of its people at the project level. The CO will benefit from having a well-established training policy, including individual training plans, for all project staff. This training should include aspects of project management, RBM and data analysis, communications, leadership, etc.

The CO should rationalize the use of consultants by looking closer at how they are currently utilized and making sure that when needed the projects hire the best available expertise. Overall, the CO needs to have a solid Human Resource Management Strategy underpinning a system that enables it to manage more effectively national and international consultants. The following steps will be important to consider while establishing such a system.

- *Clear scope of work, based on clear plan* – each project needs to have a clear sense for when a consultant is needed, what types of skills that person will need to have, and for how long they need to be engaged. All this needs to be carefully planned from the outset of the project.
- *Clear matching of requirements and skills* – the requirements for the work that needs to be conducted should be carefully translated into a set of skills that a consultant should possess. This is a complex process, especially in some of the highly technical areas that the E&E cluster involves. The assistance provided by the regional advisers in the Istanbul Regional Hub is essential for this. But the vetting process within the CO should be further strengthened to ensure that all Terms of Reference meet certain minimum quality criteria.
- *Fast and effective recruitment procedures* – The CO should investigate what factors delay the recruitment process and try to work around the major barriers while sticking to corporate recruitment standards and rules. The CO might also want to consider establishing a roster at the programme level to rationalize the use of consultants across the various projects and accelerate their recruitment.
- *Monitoring* – The CO and programme staff should conduct more careful monitoring of the use of human resources in the projects. A dashboard featuring a number of human resource indicators – such as project recruitment timelines, financial resources spent on the use of national and international consultants, training plans, etc. – could be established at the level of the programme to monitor project performance along these dimensions. These indicators should be fully integrated into the RBM systems recommended in the section on "effectiveness" in Chapter 4 of this report.
- *Incentives for attracting skilled staff* – As part of its human resources management (or development) strategy, the CO should look into the incentives it is currently using to attract highly-skilled individuals in its projects. This is a large area that falls outside the scope of

this evaluation, but the key message from this assessment is that the existing incentives might need to be revisited in light of the expansion of donor presence in Ukraine after the 2014 conflict in the Eastern part of the country.

4. *Programme linkages and synergies*

The CO should seek to integrate its projects as much as possible at the level of the cluster and the broader programme. The CO should take full advantage of potential for synergies by promoting the highest level of cooperation that is possible. Integration may be enhanced along the following paths.

- The CO should apply integrated ecosystem-based approaches to address environmental and energy efficiency concerns at the programme level.[1] If these approaches are used to guide the design of all E&E projects, the cluster will become more closely knit-together and synergetic. Although UNDP's funding model makes this difficult, there has been some progress lately with GEF funding moving towards integrated approaches. The CO needs to take this practice to a higher level.

- The CO should explore the establishment of a common platform for managing projects that share similar objectives. A joint platform may combine not only elements related to information sharing, data systems, monitoring and evaluation, but also implementation tools such as systems for procurement, recruitment, awareness raising, etc. If such a platform is established at the programme level, it should be fully integrated with the RBM system that is recommended above.

- At the sub-national level, the CO may strengthen collaboration between projects by establishing integrated frameworks for project planning and implementation. For example, the CO may explore the feasibility of integrated work plans elaborated at the regional/local level and matched with the CO's plan at the national level. An example of this would be the use of UNDP's local presence (i.e. CBA) as vehicles for the implementation of UNDP projects in the respective areas.[2] Such an approach will enable UNDP to weave more effectively cross-cutting issues (such as energy efficiency, citizen engagement, transparency and accountability, gender equality) into other thematic activities (i.e. community development etc.).

- Also, to further improve the effectiveness of the new organizational structure, the CO should clarify and communicate clearly to all CO staff, including project teams, the roles and

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[1] This applies as much to the UNDP programme as the country programmes. In effect, some of the UNDP projects, such as the Rio one, are designed to support precisely this approach, but UNDP should itself embrace this approach more fully in the design and implementation of its own programme.

[2] Also, UNDP's local presence may serve as a vehicle for the implementation of the activities of other UN organizations in a particular location.

responsibilities of everyone in programme implementation and programme development. Collaboration between the Strategy Advisory and Management Group units should be strengthened by making them work more closely together on both programme implementation and programme development. The separation of programme development and programme implementation functions, which was conceived to eliminate the silo approach of the previous structure, should not lead to new silos defined by this separation. Programme officers from MSU should be more actively involved in programme development and SAU advisers should work more closely with programme officers and project managers on the oversight of projects. SAU and MSU should work closely together on partnership development and resource mobilization.

5. *Coordination with development partners*

To be able to contribute to donor coordination and achieve better synergies with the operations of other development partners, UNDP may consider the following.

- First, UNDP should ground its operations, including those of the E&E cluster, more effectively in the reform infrastructure that has been set up under the leadership of the National Reform Council. This will require that the CO understand and navigate the reform infrastructure and agenda more effectively in order to be able to position itself more advantageously vis-à-vis the other donors. To be able to do this, the CO will need to clearly map all the reform initiatives and donor activities in the E&E area and identify opportunities which UNDP can exploit most effectively. By connecting its activities more effectively to the reform agenda, the CO will be able to achieve better cooperation and synergies with the other donors who are also connected to and actively supporting the government's reform agenda.

- Second, UNDP should strengthen its cooperation with development partners by going beyond information sharing and forging collaboration at the level of project activities. Where possible, UNDP should capitalize on the financial resources of donors to achieve more impact by playing a catalyzing role through a clear division of labour in win-win arrangements. A good example of this is the collaboration mechanism that is currently being discussed with EIB through which UNDP will focus on monitoring the governance aspects of EIB loans at the local level, whereas EIB will focus on the financial mechanism and the involvement of the private sector.

- Third, UNDP could play a more important role in supporting donor coordination both at the national and sub-national level. As mentioned above, in certain areas such as energy efficiency some donors seem to be pushing in different directions with some of their pet initiatives and there is no clear sense of overall direction. For UNDP it is important to navigate this situation and be able to make meaningful substantive contributions while at the same time trying to improve coordination and communications among donors. UNDP could

play a bigger role in promoting efforts focused on sharing information (including lessons learned) and mitigating overlapping efforts. At the sub-national level UNDP is uniquely positioned to help local governments and donor organizations coordinate their efforts more effectively.

6. Government engagement

The CO may consider a number of measures to strengthen the engagement of government partners with its projects.

- To counteract the effects of changing institutional conditions, the CO should strengthen planning, monitoring, risk management and adaptive management practices both in the programme and the projects. This requires strong leadership and management skills in the programme, highly-qualified project managers, RBM and risk management systems, etc.

- Another way of strengthening government engagement with the projects is by further promoting the practice of locating project offices within government institutions.

- The CO should strengthen the functioning of Project Steering Committees (PSCs) as venues for bringing together all stakeholders and coordinating them more effectively.

- The CO might consider the establishment of a broad Coordination Committee for the whole E&E cluster. Such a committee may resolve some of the communication and coordination issues by bringing UNDP and all key partners closer together. The challenge will be for the Coordination Committee members to commit to the process and agree to meetings convened on a regular basis. UNDP's role will be important in this context – it will have to provide committee members with sufficient and meaningful information about project activities and results.

- The programme will greatly benefit from more focus and improvement in communications with partners and visibility towards the public. While communication strategies or plans have been drawn up for different projects on paper, more should be done to implement then effectively in practice. The intensity of interactions and collaboration that UNDP projects entail requires a strong strategy for communicating with the government and partners and ensuring that counterpart agencies are fully informed about the various activities of UNDP.

- UNDP should further support the government - and MENR in particular - to establish stronger inter-governmental coordination mechanisms. Improving environmental management over the long term will require working with different ministries in various sectors that traditionally are not considered "environmental." This multi-sectoral aspect of the strategy will be a critical element in the government's success. A weak point in this is the

difficulty that government partners may have in working cross-sectorally – hence the relevance and importance of UNDP's support for inter-ministerial coordination. Key areas where UNDP could provide support are:

- o Support the government to establish mechanisms for horizontal and vertical coordination and monitoring activity in order to avoid double functions between different organizations, and consolidate this mechanism at the legislative level.
- o Provide support for appropriate collaboration and distribution of functions between the national and regional levels.
- o Assist with the review of functions, responsibilities and subordination in the sphere of environmental management between MENR and other ministries, agencies and local authorities.

7. *Policy implementation*

UNDP should focus not only on passing laws and strategies, but also on creating and strengthening the organizational structures that will implement those laws and strategies. A series of steps need to be considered for building successful organizations:

- o Drafting and passing laws to create institutions and organizations
- o Creating organizational structures
- o Staffing organizations and allocating funding for their operations
- o Training management and staff to implement policies

This implementation-focused approach will require that the focus of UNDP shift from form (how a piece of law looks like) to functionality (how a law is implemented and what effects it produces). From this perspective, it is important that UNDP projects consider how the capability of public organizations is built and changes. The CO should establish RBM systems that track implementation parameters linked to functionality and outcomes rather than form and inputs/outputs and assess the sustainability of achievements. Project documents should contain clear criteria related to performance based on a strategy for achieving and demonstrating results. Achieving this focus on functionality and outcomes is difficult when considering the short timeframes of UNDP projects, but it is not impossible. What is important is the mentality shift which implies that UNDP staff start designing and implementing projects with these considerations in mind.

8. *Pilots, replication and demonstration effects*

First, the design of projects that involve piloting should include a clear plan for what is expected from the pilot initiatives. How are they expected to be replicated? Under what timeframes? What resources will be required for the replication and scaling up?

Second, as part of the monitoring and evaluation system, the programme and projects should track pilot initiatives over time and way beyond the end of the project's lifetime. The tracking of

pilots should be fully integrated into the CO's RBM systems. Key questions that should inform the process of establishing a tracking system for piloting initiatives are:

- How is the CO keeping track of pilots and innovations? What system is it using?
- What proportion of innovations is maturing to scale?
- How does the CO draw lessons from these initiatives and how are these lessons used?

Given the significant number of pilots that UNDP has been implementing in the area of E&E, the CO might consider the conduct a comprehensive study on "piloting" across all projects in the E&E cluster.

9. Co-financing

For UNDP projects that involve infrastructure investments (such as the **Bioenergy** and the **Lighting** projects), it is essential that the projects establish competitive market mechanisms to ensure the sustainability and scale of initiatives. Instead of providing grants, UNDP should create the right incentives and conditions for the projects it promotes to secure access to international financial institutions and banks for finance. The example of the Financial Support Mechanism (FSM) signed with the International Financial Corporation (IFC) and Oshadbank under the **Bioenergy** project is a good example of how working with banks and private sector actors can secure the sustainability of interventions. Another opportunity that UNDP can take advantage of is a partnership with the European Investment Bank (EIB) at the sub-national level. EIB provides loans for large-scale projects, but has little experience and presence at the local level. UNDP could partner with EIB and support the monitoring aspects of EIB loans at the local level through its partnerships with local governments and communities. Ensuring good governance and transparency at the local level are areas of work where UNDP has a comparative advantage, so a partnership with EIB will be a win-win situation. UNDP needs to promote this approach across projects and establish the necessary systems for incentivizing these sorts of mechanisms. UNDP should elevate this approach by creating the right incentives to work with market mechanisms to the level of strategy for the whole programme. This is another area the CO should look into with the objective of coming up with a clear strategy and plan of action – and not only in the E&E area, but across the programme.

10. Risk management

The CO should have a good understanding of how risks are affecting its projects and how the mitigation measures are working. The CO needs to strengthen its risk management systems and capacities by developing more detailed risk mitigation strategies for its projects. Potential risks should be identified carefully before the beginning of projects and should be continuously monitored throughout implementation. At the project design stage, risk management criteria will help mitigate the impacts of ongoing challenges. At the implementation stage, project boards and stakeholder committees should become truly effective platforms to mitigate emerging risks.

11. UNDP's positioning

UNDP should position itself more effectively to play a transformative role in the country's development process. Two areas in which the CO could position itself more strategically are the sub-national (local) level and the mainstreaming of SDGs into the national policy frameworks.

- UNDP should focus its work more at the local level. For example, the work on energy efficiency that UNDP has carried out can be quite impactful when delivered at the local level by working closely with the communities and changing their behaviour. Similarly, a range of climate change activities may be undertaken at the local level with the close involvement of communities. Also, the area of waste management, where UNDP has no involvement currently, represents significant potential for work at the sub-national level. While at the national level some of this work is too finance-intensive for UNDP's capabilities, at the sub-national level UNDP is uniquely positioned to make significant impact. Stronger synergies may also be forged with international organizations at the sub-national level, which may also provide increased funding opportunities. UNDP can also support local authorities to facilitate more effectively donor coordination at the sub-national level.
- UNDP should strengthen its role in helping the government adapt SDG targets and indicators to national circumstances, establish monitoring systems and create databases for monitoring progress, and report results nationally and internationally.

12. Partnerships and resource mobilization

UNDP should develop an aggressive resource mobilization strategy for the E&E area, built around the use of UNDP's core funding to leverage additional resources from donor programmes. The strategy should seek to strengthen the project pipeline, while diversifying the sources of funding. The CO should create a better understanding of donor activities and identify clearly their priorities. A mapping exercise will be useful to conduct in this regard.

- Which donors are present in the country? What are their priority areas and topics?
- What can UNDP offer in those areas? What is its value proposition?
- How will UNDP approach the relevant donors? Who should represent UNDP in the negotiations with the donors? What will be the message? What specific proposal will be put on the table? Who will develop the proposal? What is the role of the government?

Also, UNDP should position itself more strategically vis-à-vis the donors by playing a more effective coordinating role for donor activities. In the E&E area, UNDP is well-positioned and capable of playing a more important role. But at the sub-national level, UNDP is uniquely positioned to facilitate the coordination of development assistance and also support local governments to become more effective in donor coordination. If UNDP will become more assertive on donor coordination, it can then leverage that position for resource mobilization purposes.

Furthermore, the CO should think geographically about building its E&E portfolio. Resources are pouring into the conflict-affected areas in the East and the CO should develop plans for capitalizing on that. How can UNDP capture the environmental dimension of the development assistance that is allocated to the conflict areas? How can UNDP integrate environmental concerns into the recovery and development objectives that donors want to pursue in these areas? How can UNDP capitalize on the integrated development solutions it offers (i.e. area-based development which integrates, for example, conflict resolution elements and disaster risk reduction and environmental concerns into area development strategies- driven by local councils and communities) to provide an attractive alternative to donors?

CHAPTER 1: EVALUATION PURPOSE AND METHODOLOGY

This chapter will provide a brief overview of the evaluation's objectives and scope, the methodology that was used for the assessment and the process that was followed for the preparatory phase, data collection, data analysis and the finalization of the report. It will also outline the major limitations that were encountered during its conduct.

1.1. OBJECTIVE AND SCOPE

This is an independent evaluation of what is described as the "energy and environment" outcome area in UNDP Ukraine's Country Programme 2012-2016.[3] Its main objective is to review and assess the results and role of UNDP activities in the energy and environment area and their contribution to the country's development results in the 2012-2016 period. It was commissioned by UNDP Ukraine based on the Terms of Reference included in Annex IV of this report and designed to achieve the following purposes:

- Serve as an instrument of quality assurance for UNDP activities and initiatives at the country level;
- Contribute to learning at the country, regional and organizational levels;
- Provide UNDP Ukraine with inputs for the development of the new Country Programme; and,
- Support the country office's accountability in its reporting to the Government of Ukraine, civil society partners, donors, the UNDP Executive Board, and other stakeholders and partners.

This document provides an objective assessment of the achievements, constraints, performance, results, impact, relevance and sustainability of the UNDP outcomes. It also generates lessons from experiences in the respective interventions for the duration of the Country Programme and provides recommendations on how UNDP may improve its programming, partnership arrangements, resource mobilization strategies, working methods and management structures. The evaluation also assesses UNDP's strategic positioning in the country relative to other UN agencies and development partners based on its strengths and comparative advantage. Being forward-looking in nature and designed to help the formulation of the new country programme, this evaluation also identifies whether past results represent sufficient foundation for future progress in the same areas and provides recommendations on what the energy and environment programme could look like in the new programme cycle.

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[3] The timeframe of the Country Programme Document was extended to 2017, so effectively the current country programme period runs from 2012 to 2017.

1.2. METHODOLOGY

The evaluation methodology was developed in line with the evaluation manual and the ethical guidelines compiled by the United Nations Evaluation Group, as well as the guidance provided by UNDP in its "Handbook on Planning, Monitoring and Evaluating for Results".

The evaluation assessed primarily UNDP's contribution to development results in the energy and environment spheres through its programme outcomes and strategies. It examined key intended and unintended outcomes of the programme. Strategies pursued by UNDP were evaluated for their consistency with the needs of the country in achieving development goals. The analysis of outcomes and the projects that contributed to them formed the basis for evaluating the UNDP role and positioning in Ukraine's development context. The evaluation used a set of evaluation criteria and a number of questions organized in the manner shown in the box below.

Evaluation Criteria:

Relevance: How relevant was the UNDP programme to the national development challenges and priorities as identified by the government in line with best practices of development? Was the UNDP programme aligned with the national priorities, strategies and development goals? Were there any obvious gaps that UNDP's programme could have addressed but did not address? Did the UNDP programme respond appropriately and flexibly to Ukraine's evolving situation and development needs?

Effectiveness: How effective was UNDP in achieving its outcomes? What results, positive or negative, intended or unintended, were generated. What longer term effects (outcomes) were achieved or what progress was made towards their achievement? To what extent these outcomes were a result of UNDP's involvement? Would these outcomes have happened if UNDP has not been involved? Did the UNDP programme initiate dynamic changes and processes that contributed to long-term outcomes?

Efficiency: Did UNDP make good use of its financial, institutional and human resources? Could it have achieved more with the same resources or made the same contributions with fewer resources? How could resources have been used better (with more impact)? Were there any identified synergies between UNDP initiatives that contributed to reducing costs while supporting results? Were there overlaps in what UNDP did with other organizations? If so, in which areas? How did UNDP coordinate with other UN organizations?

Sustainability: Were the results to which UNDP contributed sustainable? Did UNDP outcomes contribute to long lasting outcomes? What indications are there that the UNDP programme outcomes will be sustained, e.g., through requisite capacities (systems, structures, staff, etc.)?

The evaluation also assessed UNDP's strategic positioning in the areas of energy and environment in Ukraine on the basis of its comparative advantages and the specific strategies it used to support the country's efforts towards development.

1.3. EVALUATION PROCESS

The evaluation consisted of the following steps: planning and preparation, data collection, results-based analysis, report writing and consultations.

- The planning and preparation phase included the development of the terms of reference (by the country office) and the design of the evaluation framework. The evaluation team developed a detailed programmatic and geographic scope of the evaluation activities, evaluation visits, as well as sample interview guides for interviews.

- The second phase consisted of data collection. The evaluation used a mixed method approach, using different methods and collecting data from different sources (secondary and primary), including interviews (face-to-face and telephone), desk reviews of available documentation and information, and field visits. The largest part of information was collected during the country mission and field visit which was conducted from 20 February to 3 March 2017 to various locations in and around Kyiv, as well as Zhytomyr region.[4] During this mission, the team worked together to review additional documents, conduct interviews, site visits, and preliminary analyses. The team developed interview guides (list of questions) for use during the evaluation visits. Stakeholders met included UNDP staff, representatives from government agencies, local authorities and communities, development partners, private sector, NGOs, academia, etc. The evaluation involved directly or indirectly a broad range of stakeholders, including government representatives of ministries and agencies, civil society organizations, private-sector representatives, United Nations organizations and stakeholders that were not direct UNDP partners. Interviews were conducted with relevant stakeholders, including government officials, beneficiaries, donors, development partners, UN agencies and UNDP staff members. Efforts were made to meet a wide range of stakeholders and programme partners, in particular to address any limitations pertaining to areas where programme documentation and monitoring had not been sufficient. Data and information collected from various sources and methods were triangulated to strengthen the validity of findings. The following secondary data was reviewed:
  - Background documents on the national context, including national strategies and policies prepared by the government and documents prepared by international partners during the period under review;
  - Country programme documents and project documents for completed, ongoing or proposed UNDP projects, including preparatory phase documents, annual reports and financial data;

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[4] The list of people interviewed for this evaluation can be found in Annex I of this report.

- o Country office reviews of the country programme and annual reporting; and
- o Independent research reports and academic publications on various subjects about Ukraine.

- The third phase consisted of data analysis. The analysis phase involved a number of complementary components. First, the evaluation reviewed progress towards the relevant outcomes and the main outputs based on indicators included in the Country Programme Document and the Country Programme Action Plan. The evaluation considered the indicators at the outcome and output level and whether they captured fully the achievements and change brought about by the programme. If not, the evaluation delved further into the programme, considering outputs produced and change brought about by individual projects and related outputs. Second, the method of triangulation was used to verify the information gathered from the documentary review (both those produced by UNDP and by third parties) and the interviews. It involved developing a method for checking the reliability of findings through multiple data sources, bringing as much evidence as possible into play from different perspectives in the assessment of hypotheses and assumptions. In the assessment of the outcomes an attempt was made to attribute the results to the projects/programme when feasible: when not feasible, contribution analysis was used.

- The fourth phase involved further analysis based on the feedback from the country office and the preparation of the final version of the evaluation report.

1.4. LIMITATIONS

One major limitation for this evaluation was the availability of certain type of data both at the programme and the project level. The process of obtaining the information from project managers was complicated and lengthy. For example, getting information on project finances, budgets, grants, pilots, contracts, etc., was challenging and multiple interactions with project staff were required. For certain results indicators, such as the number of draft laws or strategies supported by the projects or the amount of money provided to pilot initiatives, there were no systems in place for the collection, organization and analysis of data. Particularly challenging was the estimation of the amount of co-financing by government and private sector entities. This information was either lacking completely or the definition of co-financing was not clear, and protracted discussions had to take place to clarify the meaning of the term and how it could be measured.

Also, the evaluation team was not able to meet some key stakeholders during the field mission at the end of February and beginning of March. Certain key stakeholders in the government, such as the Ministry of Agrarian Policy and Food, did not agree to meet for an interview.

CHAPTER 2: SITUATION ANALYSIS

Following the 2014 protests that ousted the previous administration, the new Ukrainian government has embarked on an ambitious reform agenda which is largely driven by the integration process into the European Union (EU). In 2014, Ukraine signed with the EU an Association Agreement which calls for the approximation of Ukraine's standards and legislation to the EU directives (this includes energy and environmental legislation). Furthermore, the Government of Ukraine has fully committed to building democratic institutions, increasing transparency of decision making, fighting corruption and giving civil society a greater role in holding state institutions accountable.

Despite the commitment of the government to reform, significant challenges lie ahead. As a result of insecurity and political tensions following the annexation of the Autonomous Republic of Crimea and Sevastopol city and the conflict in the Donetsk and Lugansk areas, the economy has suffered enormously. A significant part of Ukraine's economic potential is directed towards the building defenses and the production of weapons and ammunition. Besides, there is a critical need to restore basic infrastructure and access to basic services in the conflict areas (reconstruct ruined industrial facilities and infrastructural networks, including railway infrastructure, gas and oil pipelines, water supply systems, sewerage networks, and to repair and build new residential houses and social facilities). Both political and economic challenges are reinforced by frequent changes in the government. During 2012–2017 Ukraine has changed three prime ministers and four governments and has held a number of presidential, parliamentary and local elections. Furthermore, the reform process is paralyzed by a large number of draft laws submitted to the Parliament. Because a draft law initiated by the Cabinet of Ministers of Ukraine requires the approval of relevant ministries and hence takes more time, many donor projects, think tanks and NGOs choose to submit their legislative acts through Parliament Members. In this case, only relevant Parliament committees need to approve a draft law before it is submitted to a vote. As a result, draft laws are queuing and the probability of a legal act being adopted is low unless there is a strong political will behind it. Since the collapse of the coalition in the Parliament in late 2014, passing important laws requires significant lobbying by interested parties.

Ukraine has the unique status of being home to some of the richest natural environments and resources in Europe while at the same time being one of the most heavily polluted countries in the region.[5] It has many natural assets in biodiversity and international waters of global importance and its industrial activities and energy consumption practices have important implications for global climate change.

Poor environmental management in the past has resulted in an increased number of natural and man-made disasters in recent years and has worsened the health of the population. At present, 40% of the total territory of Ukraine is eroded land and is growing at approximately 100,000

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[5] From the Terms of Reference of the assignment (see Annex IV at the end of this document).

hectares annually. Extensive dehumufication (process of humus loss) of soils, including black soil is observed. Experts value the direct annual damage from erosion as US$ 5 bln, and indirect, as a result of crop losses on the eroded soils, US$ 1 bln.[6]

The armed conflict in the eastern part of the country has created a new set of challenges in the environmental sector. No environmental monitoring is taking place in the conflict territories where many industrial enterprises keep operating without any environmental monitoring. Protected natural and cultural sites have been damaged by both sides of the conflict.

Despite the enormous challenges, Ukraine has made important steps in building its environmental institutions and management. It has developed a comprehensive regulatory framework for environmental protection, has become signatory to major international conventions, has established the Ministry of Ecology and Natural Resources and a number of agencies with environmental protection responsibilities, has developed environmental management instruments and has established environment and nature protection funds. The ongoing decentralization reform and the EU–Ukraine Association Agreement create opportunities for further reforms in the environmental sector. Strengthened environmental institutions will help the country to more efficiency and cost-effectively address environmental priorities and contribute towards economic growth. Strengthened environmental management system will also contribute towards facilitating the implementation of the signed EU-Ukraine Association Agreement.

Ukraine has been and remains one of the least energy efficient countries in the world, having one of the highest greenhouse gas emission intensity amongst CIS countries, and holds the 24-th place amongst the world's largest emitters of greenhouse gasses. Ukraine belongs to the list of countries that have signed and ratified the United Nations Framework Convention on Climate Change and its Kyoto Protocol and committed themselves not only to protect the climate system for the benefit of the present and future generations of mankind, but also to fulfill their individual obligations as Parties to the Convention and Protocol. In particular, Ukraine has committed to implement policies and measures aimed at combating the climate change, taking into consideration the real socio-economic conditions of the country, to cover all sources and sinks of greenhouse gases as well as related economy sectors. In 2015 Ukraine has defined an ambitious target with regard to GHG emissions. Emissions will be limited to 60% of 1990 levels in 2030. However, pledge will be revised after the country's "territorial integrity" is restored.[7]

The reformation of the energy sector is one of the nation's most important priorities with significant implications for its economic independence and growth. The energy sector is highly inefficient, with little tradition of energy saving. Ukraine uses three times more energy per unit of GDP than the EU average. At the same time, three quarters of hydrocarbons have been traditionally supplied from the Russian Federation. Recognizing the need for energy efficiency,

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[6] These are UNDP statistics and information taken from the Terms of Reference of this assignment.
[7] The description in this paragraph is taken from the the Terms of Reference of this assignment.

the government is strongly committed to reduce natural gas consumption and invest in energy efficiency measures, which has stimulated an influx of donor technical assistance in support of energy efficiency initiatives.

Energy efficiency is one of the top priorities, which currently attracts technical assistance funds, loans from development banks and investments from the private sector. However, the Government of Ukraine shows capacity constraints in absorbing such an amount of aid and neither does it have the requisite capacity to coordinate it effectively. Furthermore, after the increase in gas prices, many companies and municipalities are switching from gas to biofuel and are investing in energy efficient technologies. This trend is also encouraged by the rapid development of energy efficient technologies and corresponding price reduction. At the same time, local producers have reacted on the increased demand with local production of biofuel-powered boilers, straw and wooden pallets. However, high bank interest rates, unstable national currency and political and economic instability stop this process from scaling up.

The main strategic objective of the energy policy of Ukraine is obtaining energy independence at a sufficient level of energy security by adopting a legal and regulatory framework in line with the EU energy policy. One of the main priorities in this direction is the development of the Renewable Energy Sources (RES) including biomass because of: (i) abundance RES potential; (ii) high dependence on traditional energy imports, first of all, natural gas and growth of their prices; and (iii) negligible environmental impact. Development of RES and improvement of Energy Efficiency (EE) also contributes to the fulfilment of the Ukraine's international commitments. Ukraine, as a member of the Energy Community (since 2011), is reforming the energy sector in accordance with the EU acquis (i.e. with focus on RES and EE) and in compliance with the Energy Community Treaty (EnC).

CHAPTER 3: PROGRAMME OVERVIEW

This section of the report will provide a brief overview of the activities of UNDP Ukraine that have taken place in the area of "energy and environment" (E&E)[8] during the 2012-2016 period. The objective of the overview is to outline the boundaries of the E&E portfolio, identify the major activities that have taken place within those boundaries, describe the objectives that those activities were designed to meet and provide a programme-level description of key parameters of the E&E portfolio, such as implementation timelines, budgets, sources of funding, organizational structure, etc. The overview provided in this section will help the reader place the analysis presented in the following sections into a clearer context and will thus enable them to appreciate the findings of this report more thoroughly.

The totality of UNDP's work in the area of environment and energy in Ukraine can be categorized into two groups.

- The bulk of activities have taken place in the context of specific short to mid-term projects[9] organized around well-defined objectives, sets of activities and budgets agreed in advance with the government and funded through UNDP's own resources or by various donors. In UNDP's terminology these are called "projects". The terms of the projects are spelled out to varying degrees of detail in Project Documents (PDs) which are usually endorsed by the government and funding partners.
- Another set of activities has taken place outside the framework of projects and has been pursued by programme staff in the framework of the broader programme. They include activities like organizing E&E-related events (such as the UN Earth Day, World Environment Day, etc.), carrying out advocacy work targeted at the government, participating in networking events, raising funds for environmental causes, facilitating Ukraine's participation in international initiatives, etc. It should be noted that this set of activities, although smaller in size and resources, has been no less important than the former as far as impact is concerned. Often, the nature of these activities has been very strategic and high-profile.

The focus of this evaluation will be mainly on project activities. The main reason why non-project activities will be largely overlooked is that they are not well documented by the Country Office (CO). Most of the internal reporting reviewed for this evaluation is focused on project activities and is driven by project frameworks and requirements. In the future, it might be worthwhile for the CO to consider improving the system through which non-project activities are documented, reviewed, assessed and reported. This will enable CO staff to provide a richer account of what UNDP is doing in the country and generate a broader set of "lessons learned".

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[8] For the rest of this paper the acronym E&E will be used to signify Energy & Environment. It should not be confused with the acronym EE will be used to signify Energy Efficiency.
[9] Typical UNDP projects have a lifetime of one to five years (see Figure 1 for the timelines of the E&E projects in the 2012-2016 programme cycle).

3.1. OVERVIEW OF ACTIVITIES

In the course of the 2012-2016 programme cycle, UNDP Ukraine has implemented nine E&E projects which are listed in Table 1 below. These projects form a bundle which the CO refers to as the "E&E cluster" or the "Green and Clean cluster". [10] Given that the names of these projects will be used extensively throughout this report, they will be referred to by an abbreviated version of their title which is shown in the right-hand column of Table 1. A brief description of each project is provided in Annex II.

Table 1: List of E&E projects that fall under the scope of this evaluation

No.	Project Title	Abbreviated Project Name
1	ClimaEast: Conservation and sustainable use of peatlands	Peatlands
2	Ukraine Energy Efficiency Secretariat and Expert Hub	EE Secretariat
3	Development and Commercialization of Bioenergy Technologies in the Municipal Sector in Ukraine	Bioenergy
4	Initial Implementation of Accelerated HCFC Phase Out in the CEIT Region	Ozone
5	Capacity for Low Carbon Growth in Ukraine (includes Support Ukraine in development of INDC)	Low Carbon Growth
6	Transforming the Market for Efficient Lighting	Lighting
7	Improving Environmental Monitoring in the Black Sea	Black Sea
8	Integrating Rio Conventions Provisions into Ukraine National Policy Framework	Rio
9	GEF Small Grants Programme, Fifth Operational Phase (2011-2015).	SGP

The timelines of all nine projects are shown in Figure 1 on page 31. As can be seen from the figure, there is no exact overlap between the country programme cycle (2012-2016) and project timelines. The following is a brief summary of the projects' timelines in relation to the programme cycle.

- Only one of the nine projects - the **Lighting** project - originated from the previous programme cycle (2008-2011), advanced into the current cycle and continues into the next cycle (2017-2022).

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[10] It is hard to provide a precise definition for what this cluster is and isn't from a substantive point of view because of its broad, and often cross-cutting, nature. For the purpose of this evaluation, the cluster will be defined operationally - it is the totality of all projects that are managed by a team of programme staff who are designated to oversee a portion of the programme labelled the "E&E cluster". How certain projects that straddle different substantive areas – i.e. energy efficiency and community development – are categorized is a matter which this evaluation is not going to delve into. Suffice to say that it appears that the CO does not have detailed criteria for how projects are categorized into different clusters and this matter is dealt with in a practical manner and based on experience and precedents.

- All the other eight projects have had their starting point somewhere in the current cycle.
- Three projects have had their starting and ending points within the current programme cycle (***Low Carbon Growth***, ***Black Sea*** and ***SGP***).
- Six projects continue into the next programme cycle. Of these, five were designed to end during the current programme but received extensions, which brought their end date outside of the current cycle.
- Only the ***Bioenergy*** project was designed to end beyond the current cycle.

3.2. FINANCIAL OVERVIEW

Table 2 shows the donors for the nine projects. The Global Environment Facility (GEF) has funded five projects, followed by the EU with two and Germany and the Slovak Republic with one each. Also, it is important to note that four of the nine projects are of a regional nature – being implemented in a number of countries simultaneously. They involve extensive regional cooperation, experience sharing and cross-border activities and are managed at the regional level, with a regional team coordinating activities across countries. These projects are typically coordinated by the Istanbul Regional Center, with Regional Technical Advisors (RTAs) playing a key role. The CO in this case is responsible for the oversight, administrative and financial management and reporting of activities that take place in Ukraine only. Two of the regional projects (***Peatlands*** and the ***Black Sea***) are funded by the EU and the other two by GEF (***Ozone*** and ***SGP***).

Table 2: Project Donor and Target Area

	PROJECTS	Donor	Target Area
1	Peatlands	EU	Regional
2	EE Secretariat	Slovak Republic	Ukraine
3	Bioenergy	GEF	Ukraine
4	Ozone	GEF	Regional
5	Low Carbon Growth	Germany	Ukraine
6	Lighting	GEF	Ukraine
7	Black Sea	EU	Regional
8	Rio	GEF	Ukraine
9	SGP	GEF	Regional

Table 3 shows the budget composition of the nine projects. The total amount of funding contributed by donors for all projects was US$ 26 m.[11] Based on Project Documents, UNDP committed US$ 2 m of its own core resources to the cluster, which constituted about 8% of the total funding provided by the donors. At the project level, UNDP's contribution as a share of
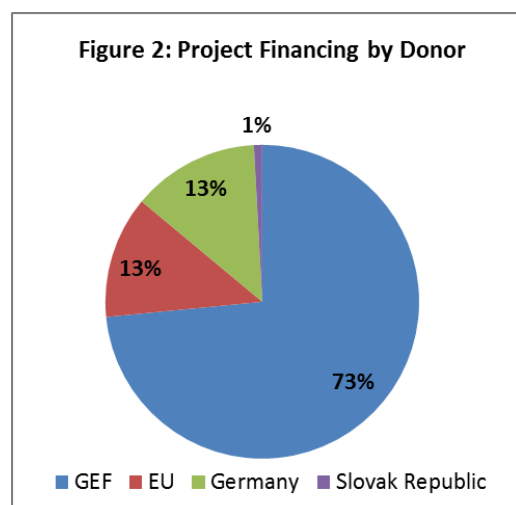
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[11] It is important to bear in mind that, given that some of the projects originated from or continue into a different programme cycle, not all of the 26 m USD was meant to be spent during the 2012-2016 cycle.

donor funding has varied from 0% for projects such as the *EE Secretariat*, *Ozone* and *Low Carbon Growth* to 77% for the *Black Sea* project. For the *Lighting* and *Peatlands* projects UNDP contributions amounted to about 4% of what was provided by donors, whereas for the *Bioenergy* project UNDP's contribution reached about 19% of the donor contribution. In absolute terms, the largest UNDP contributions have been for the *Bioenergy* project (US$ 900,000) and the *Black Sea* project (US$ 600,000).

Table 3: Project Budgets (as approved in Projects Documents)

	PROJECTS	Donor Contribution	UNDP Contribution	Government Contribution	Other (incl. Private Sector)	Total Budget
1	Peatlands	2,501,296	100,000	0	0	2,601,296
2	EE Secretariat	222,542	0	0	0	222,542
3	Bioenergy	4,700,000	900,000	8,407,500	20,750,000	34,757,500
4	Ozone	3,190,000	0	1,350,000	8,550,000	13,090,000
5	Low Carbon Growth	3,410,641	0	0	0	3,410,641
6	Lighting	6,500,000	250,000	20,975,000	3,275,000	31,000,000
7	Black Sea	777,200	600,000	0	0	1,377,200
8	Rio	900,000	150,000	700,000	180,000	1,930,000
9	SGP	3,830,000	0	0	3,659,386	7,489,386
	TOTAL	**26,031,679**	**2,000,000**	**31,432,500**	**36,414,386**	**95,878,565**

Table 3 also shows the amount of contributions expected from the government (national and subnational levels) and other sources (primarily the private sector) as agreed in signed project documents. This is mainly cost-sharing for the various demonstration pilots designed to take place under the projects. For the whole cluster, the amount of financing expected from government sources was about US$ 32 m and from other sources about US$ 37 m. For some projects, this financing constitutes a significant part of the resources expected to be spent under the project – for example, in the *Bioenergy* project the private sector is expected to contribute more than US$ 20 m, whereas in the *Lighting* projects government counterparts were expected to contribute about US$ 20 m. These are significant amounts – combined for the whole portfolio they represent 2.5 times the total amount provided by donors and UNDP combined. However, as will be discussed further in this report, not all this amount of financing has materialized and it is questionable whether this type of financing should be included in Project Documents.

Focusing on donor funding, it is obvious that for this cluster GEF has been by far the largest source of financing, providing a total of US$ 19 m which represents about three quarters of total donor contributions (Figure 2). The other two main sources of funding have been the EU and Germany. EU's contribution for this cluster of projects has totaled US$

Figure 2: Project Financing by Donor

73% GEF, 13% EU, 13% Germany, 1% Slovak Republic

3.3 m (financing two projects), whereas Germany's about US$ 3.4 m (financing one project). Each of them has provided about 13% of the overall amount financed by donors.

Donor and UNDP contributions by project are shown in Figure 3. A couple of observations may be derived from this figure. First, UNDP contributions are quite small compared to donor contributions, which highlights the donor-driven nature of the E&E programme. Second, the projects with the largest budgets are the three GEF-funded projects – *Bioenergy*, *Lighting* and the *SGP*. Clearly, for UNDP environmental projects, GEF is a significant and reliable source of funding which provides scale and stability.

Figure 3: Donor and UNDP Contributions by Project
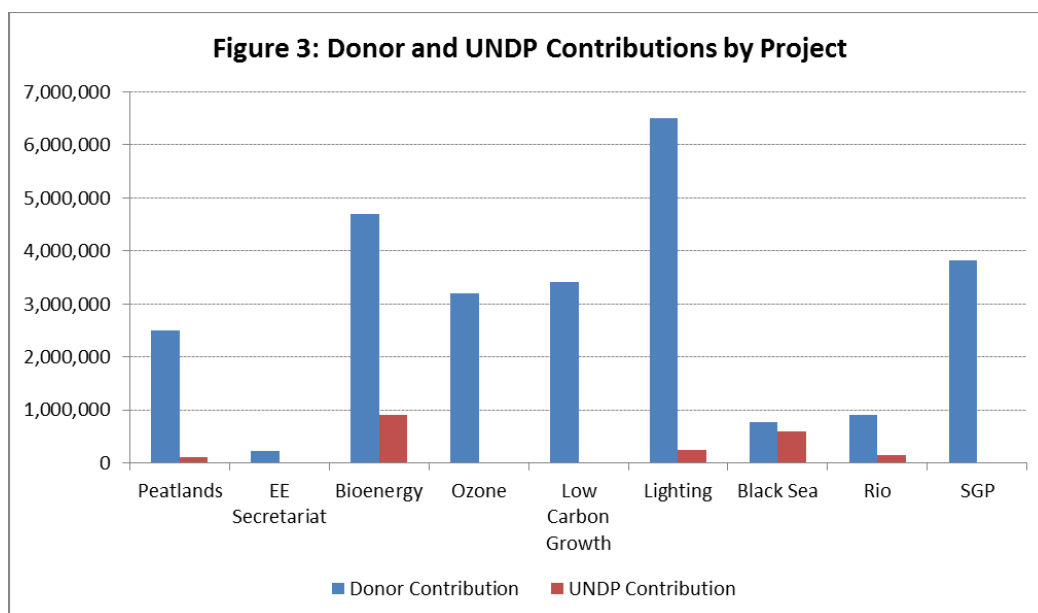
Table 4 on page 31 shows projects' budgets and expenditures for each year and the whole programme cycle. A number of observations can be made from this table. First, the amount of money spent by the cluster during the 2012-2016 programme cycle has been about US$ 21.6 m (out of about US$ 25 m that was budgeted). This expenditure has not been distributed evenly during this period – most of the spending took place in the 2013, 2014 and 2015 years. Such large variability in spending is not only a result of the changing dynamics of project activities, but also a reflection of the volatile nature of donor funding which makes up the lion's share of project budgets. Second, the variance between what was budgeted and spent in the cluster every year has also been quite volatile (see Table 5). In 2014, in particular, the difference between what was budgeted and what was actually spent was about US$ 3.2 m – about 40% of the total amount budgeted. As will be seen further in this report, this discrepancy between what is budgeted and what gets spent is a reflection of weak planning and implementation challenges, especially in the area of recruitment and procurement.

Table 5: Portfolio Variance

2012	-101,073
2013	-766,060
2014	-3,202,566
2015	-1,989,479
2016	-499,900

It is also important to place the E&E in the larger programme context by looking at E&E expenditure as a proportion of overall programme spending. This is shown in Figure 4 below. For the 2012-2016 period, total programme spending of UNDP Ukraine was about US$ 172 m, of which about 11 % (or US$ 21.6 M) was spending by the E&E cluster.[12]

Figure 4: E&E Cluster and Programme Expenditure for the whole CPD Period (in USD)

21,607,209
11%

172,160,923
89%

■ Energy and Environment   ■ All Programme Areas
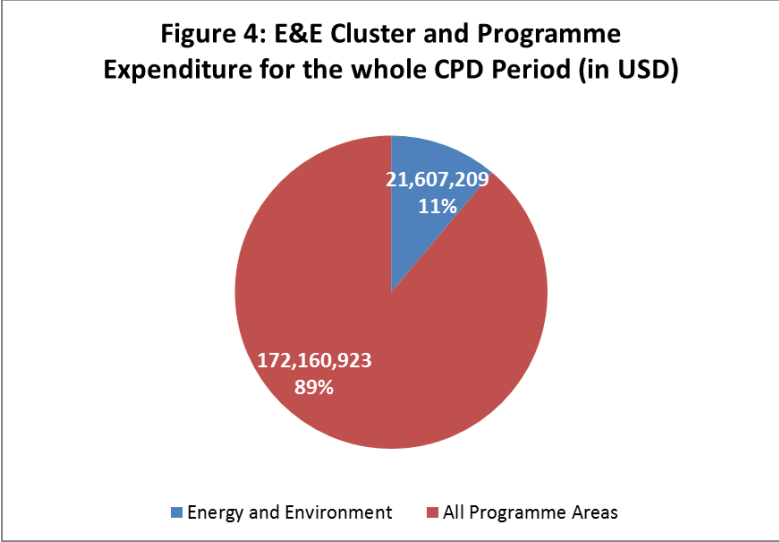
Figure 5 shows the breakdown on an annual basis of E&E and total programme expenditure. As can be seen from the figure, spending in the E&E cluster peaked in 2015. However, E&E spending as a proportion of total programme expenditure was much lower in 2015 and 2016 as a result of the significant increase in programme spending fueled by new activities the CO started in those years (i.e. the procurement of medicines and related products for the Ministry of Health and the new peacebuilding and recovery activities in the conflict-affected areas in the East).

Figure 5: E&E Cluster and Programme Expenditure by Year (in USD)

	2012	2013	2014	2015	2016
All Programme Areas	24,781,749	26,606,805	11,829,096	32,826,260	76,117,013
Energy and Environment	1,924,849	5,310,579	4,583,261	6,289,200	3,499,319

■ Energy and Environment   ■ All Programme Areas

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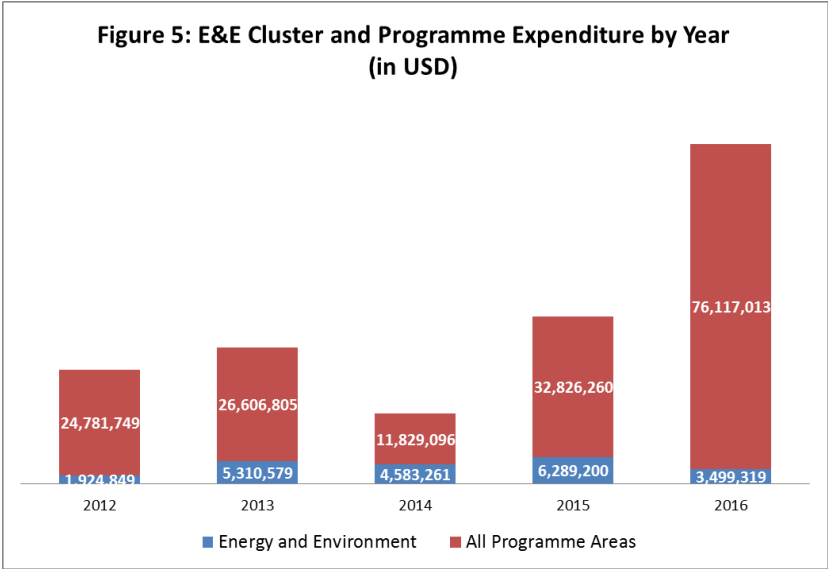
[12] These figures are not exact amounts, but only estimates derived for this evaluation based on the information obtained from project and programme staff.

Figure 1: Project Timelines

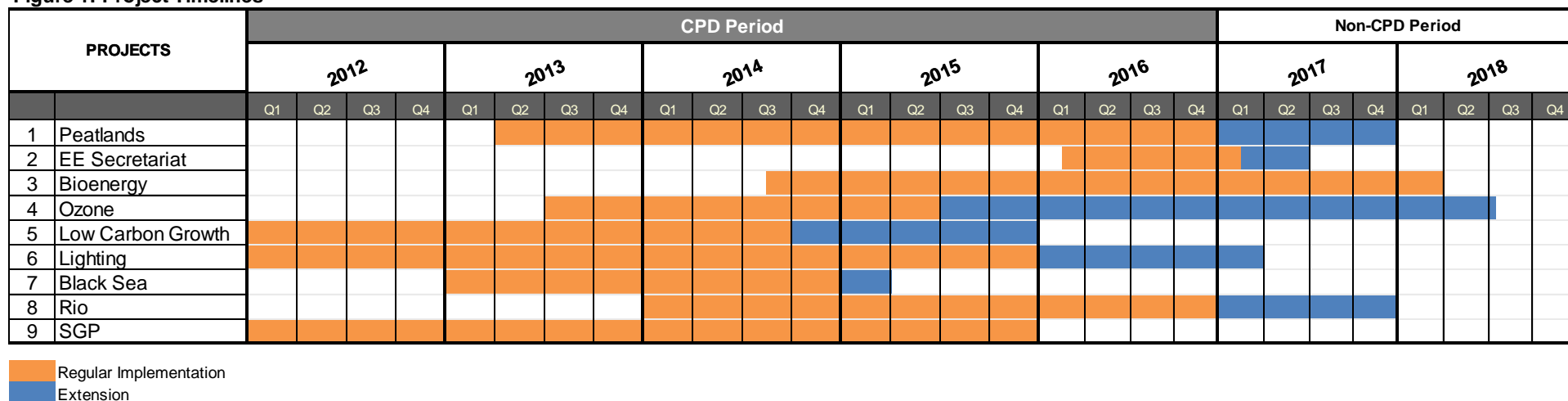| PROJECTS	2012 Q1	Q2	Q3	Q4	2013 Q1	Q2	Q3	Q4	2014 Q1	Q2	Q3	Q4	2015 Q1	Q2	Q3	Q4	2016 Q1	Q2	Q3	Q4	2017 Q1	Q2	Q3	Q4	2018 Q1	Q2	Q3	Q4
		CPD Period																			Non-CPD Period							
1 Peatlands						R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	E	E	E	E				
2 EE Secretariat																	R	R	R	R	E	E						
3 Bioenergy								R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R					
4 Ozone							R	R	R	R	R	R	E	E	E	E	E	E	E	E	E	E	E	E	E			
5 Low Carbon Growth	R	R	R	R	R	R	R	R	R	R	R	R	E	E														
6 Lighting	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	E	E	E	E	E							
7 Black Sea					R	R	R	R	R	R	R	R	E															
8 Rio									R	R	R	R	R	R	R	R	R	R	R	R	E	E	E	E				
9 SGP	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R												

Legend: Regular Implementation (orange); Extension (blue)

Table 4: Project Budget and Expenditure by Year (for each year of the CPD - cut-off date: 31 December 2016)

PROJECTS	2012 Expenditure	2012 Budget	2013 Expenditure	2013 Budget	2014 Expenditure	2014 Budget	2015 Expenditure	2015 Budget	2016 Expenditure	2016 Budget	Expenditure (2012-2016)	Budget (2012-2016)
1 Peatlands	0	0	258,351	313,867	573,877	615,213	1,274,404	1,328,797	229,158	230,005	2,335,791	2,487,882
2 EE Secretariat	0	0	0	0	0	0	0	0	64,122	64,122	64,122	64,122
3 Bioenergy	0	0	0	0	36,310	40,180	1,226,502	1,249,694	1,231,930	1,518,210	2,494,742	2,808,084
4 Ozone	0	0	58,072	286,530	72,831	2,764,470	281,348	1,886,000	818,415	1,059,340	1,231,518	3,190,000
5 Low Carbon Growth	560,384	615,438	1,846,568	2,109,800	807,212	828,452	115,543	147,170	10,895	0	3,340,602	3,700,950
6 Lighting	634,515	670,484	1,359,265	1,365,420	1,185,383	1,503,012	2,090,899	2,189,800	889,834	930,306	6,159,896	6,659,022
7 Black Sea	0	0	322,754	459,022	697,981	696,000	351,889	376,417	-4,116	24,537	1,368,508	1,555,976
8 Rio	0	0	0	0	158,595	316,500	266,793	410,801	259,081	172,699	684,469	900,000
9 SGP	729950	740000	1465569	1542000	1051072	1022000	681821	690000	0	0	3,928,412	3,994,000
Total	**1,924,849**	**2,025,922**	**5,310,579**	**6,076,639**	**4,583,261**	**7,785,827**	**6,289,200**	**8,278,679**	**3,499,319**	**3,999,219**	**21,608,060**	**25,360,036**

3.3. POSITIONING OF THE PROJECTS

Another aspect of the E&E cluster that is important to outline and clarify in this section is the interconnectedness of the nine projects that constitute the cluster. Although they address issues which on the surface might appear quite distinct from each other, all nine projects share a number of similar objectives which makes some of their activities synergetic and interdependent. To understand the actual and potential interconnections and dependencies, the projects have been categorized and mapped (see Figure 6) on the basis of nine thematic areas.[13]

1) Conservation of biodiversity
2) Climate change
3) Energy Efficiency
4) Management of chemicals
5) Sustainable use and conservation of water (which includes transboundary ecosystems)
6) Sustainable community development
7) Disaster risk reduction
8) Sustainable management of natural resources (which includes land management and forestry but excludes biodiversity)[14]
9) Waste management

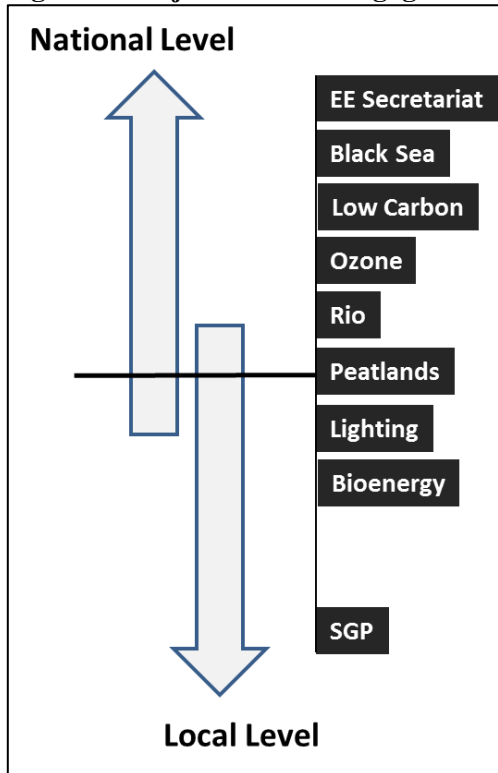**Figure 6: Mapping of projects according to categories**

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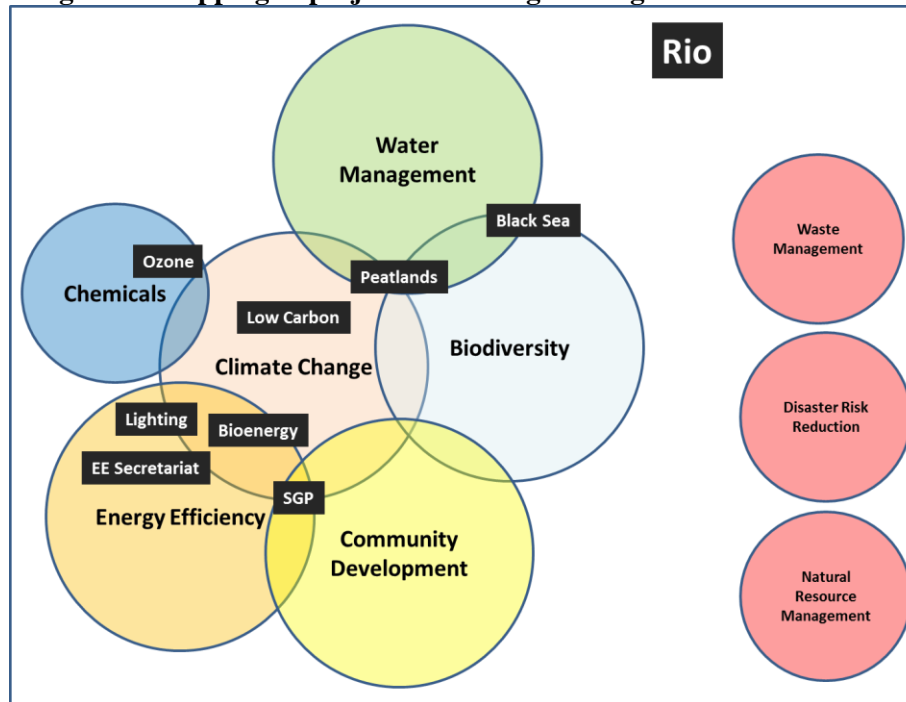
[13] The nine thematic areas used here are rather simple and pragmatic categories. No formal research model underlies these groups.
[14] Although biodiversity is an integral part of the natural resource management category, for the purposes of this evaluation it has been categorized separately.

Figure 6 maps these nine thematic areas and their overlapping sections, and shows where the E&E projects are located on the basis of their characteristics (the nature of their objectives and activities). As can be seen from the figure, most projects cannot be fitted squarely into one single category but straddle two or more areas (in other words, are located in the overlaps between the different thematic areas). This is a reflection of the multi-dimensional (cross-sectoral) nature of these projects.

- The **Bioenergy**, **EE Secretariat** and **Lighting** projects straddle both the Climate Change and Energy Efficiency areas.
- The **SGP** sits at the overlap of Climate Change, Energy Efficiency and Community Development.
- The **Low Carbon** project, given its technical nature, falls into the Climate Change area.
- The **Ozone** project is mainly in the Chemicals area, but is also related to Climate Change.
- The **Black Sea** project falls between Water Management and Biodiversity.
- The **Peatlands** project lies between Water management, Biodiversity and Climate Change. It is simultaneously related to multiple aspects of climate change mitigation and adaptation. On the one hand, the project is working to strengthen GHG reporting and attempting peatland restoration, and on the other hand it is also working to establish a Regional Landscape Park and catalyzing associated socio-economic benefits through the establishment and operationalization of a community cooperative.
- The **Rio** project has an overarching policy nature that encompasses all dimensions. It mainstreams sustainable development into all policy areas and as such relates to all thematic areas in Figure 6.

Figure 7: Projects' level of engagement

The areas of "Waste Management", "Disaster Risk Reduction" and "Natural Resource Management[15]" have not been addressed by any projects in the 2012-2016 cycle. As will be discussed further in this report, these are key priority areas where UNDP could play a role in the future.

It is also worthwhile to clarify the levels of government with which the E&E projects have engaged. Figure 7 ranks all projects on the basis of their level of engagement, starting from the grassroots level which involves work with the communities and all the way up to the top where the interaction has a national character. As can be seen

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[15] As already mentioned, this area includes Land Management and Forestry, but not Biodiversity.

from the chart, there is a diversity of levels of engagement. The *SGP* operates entirely at the sub-national level (region, district and municipality)[16]. Similarly, the *Bioenergy* project has an important involvement at the sub-national level through the boiler pilots in schools and other public buildings. Also, the *Lighting* project, due to its pilots in a number of municipalities, has an important sub-national component. The *Peatlands* is more balanced between the national and sub-national level – it does important policy work at the national level, but has also had significant interaction with local governments and communities through pilot initiatives in the Polessie and Chernigov regions. The *Rio* project plays an important role at the national level, but has important implications for the sub-national level. The *Ozone*, *Low Carbon* and *Black Sea* projects are more focused on the national level, given that their interventions are primarily targeted at the policy and legislative level. The *EE Secretariat* project is focused on the drafting of policies and laws and works exclusively with the national government.

It is also important to outline how the E&E cluster is organized and how it fits into the larger organizational structure of the CO. The current structure is relatively new and has resulted from a restructuring exercise initiated in 2015 in response to internal challenges and a desire for more effective operations, as well as an expansion of operations in areas such as early recovery and peacebuilding in the conflict areas in the East.

Most UNDP projects, including all those in the E&E cluster, have a standard structure, which makes them organizationally similar to each other. They are led by a Project Manager who reports to a Project Board (or Project Steering Committee) composed of a variety of stakeholders and led by one government and one UNDP representative. While project boards are responsible for important policy decisions such as the approval of budgets and work plans, day-to-day activities and staff performance are monitored by a programme officer. All projects in the E&E cluster are overseen by a programme officer specialized in environmental and energy efficiency matters who is part of the Programme Management Unit (PMU) and the Deputy Country Director (DCD). The PMU has other programme officers who are responsible for the other thematic areas of the programme. At the moment, the programme is organized around three clusters (or as they are called after the restructuring process - programmatic axes) – Democratic Governance and Reform; Recovery and Peacebuilding; and, Environment and Sustainable Development (which is interchangeably is referred to in this report as Energy and Environment).

The Programme Management Unit is subordinated to the Deputy Country Director responsible for the programme. Operational support to the programme is provided by the Programme Operations Unit which is supervised by a Deputy Country Director for operations. The PMU and the projects (including the E&E cluster) benefit from support by the Strategic Advisory Unit (SAU) which is responsible for resource mobilization and partnership building and reports directly to the Country Director (CD). SAU is a recently created structure that has taken over

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[16] Throughout this report, the terms "oblast"/"region" and "district"/"rayon, will be used interchangeably. The term oblast (región) is used to describe an administrative unit of sub-national governance composed of districts (rayons) and municipalities (cities/towns or clusters of villages).

programme development responsibilities from the PMU and is intended to become more specialized in donor relations and proposal writing. This will allow the programme officers in the PMU to spend more time and effort on the monitoring of project activities along with their tasks of policy development, advocacy and partnership building. In parallel to the PMU, there is also a Communications Unit (CU) which provides support to programme officers and the projects with public information and outreach activities, an M&E Unit supporting all programme officers on M&E functions, as well as a Programme Finance Unit on financial reporting, quality assurance and other donor or corporate requirements. The newly-established operations related to early recovery and peacebuilding in the East are coordinated by a stand-alone unit (Field Presence/East) which reports to the DCD. Overall, the whole CO structure, including the programme and operations components, is headed by the CD and the Resident Representative.

CHAPTER 4: MAIN FINDINGS

While the amount of information generated by this evaluation was enormous, the findings presented in this section cover only the most essential aspects of the programme and are particularly focused on those issues that require improvement and the attention of the country office management. Therefore, if in these findings the reader perceives a sense of imbalance between what has worked and what has not worked in favour of the latter, it is not to be interpreted as an indication of an overall unsatisfactory performance but simply as a deliberate attempt to take advantage of the limited space provided by this report to throw light on those aspects of the E&E programme which can benefit the most from improvements.

The findings of this evaluation are organized along the four standard dimensions of UNDP evaluations: i) relevance (the extent to which the programme was relevant to the country's priorities and needs); ii) effectiveness (whether the programme was effective in achieving the desired and planned results); iii) efficiency (whether the process of achieving results was efficient); and, iv) sustainability (the extent to which the benefits of the programme are likely to be sustained).

4.1. RELEVANCE

This section will provide an assessment of the relevance of the UNDP programme. While there may be many criteria for assessing relevance, in this report it will be assessed along the following key dimensions:

1. Country Needs and Priorities defined in National Strategies, Policies and Programmes
2. International Commitments and Agreements
3. UN Country Priorities and UNDP's Country Mandate and Strategy

### 4.1.1. Relevance with Country Needs and Priorities

Assessing the relevance of the E&E programme against national priorities and strategies requires an understanding of how these priorities and strategies are defined and pursued by the government. In the case of Ukraine, this is not straightforward because the government has been undertaking multiple reforms across many sectors and on a number of fronts with the involvement of many domestic and international stakeholders. As will be discussed further in this report, Ukraine's reform infrastructure is complex and elaborate and the reform agenda is not well-coordinated and integrated, which makes national priorities not always clear.

However, as outlined by the National Reform Council (NRC)[17], the strategic framework underpinning Ukraine's reform infrastructure consists of six key national strategic documents

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[17] The National Reform Council is a high-level body tasked to coordinate reforms across ministries and monitor their implementation. Its membership consists of high-level government officials and representatives from the civil society, private sector and international organizations. The reform process and key reform institutions are discussed in more detail further in this report.

and 20 reform priorities, under which lie a variety of sectoral and sub-national strategies and plans. The key reform areas and strategic documents are shown in Figure 8 below.

Figure 8: Key reform areas and strategic documents
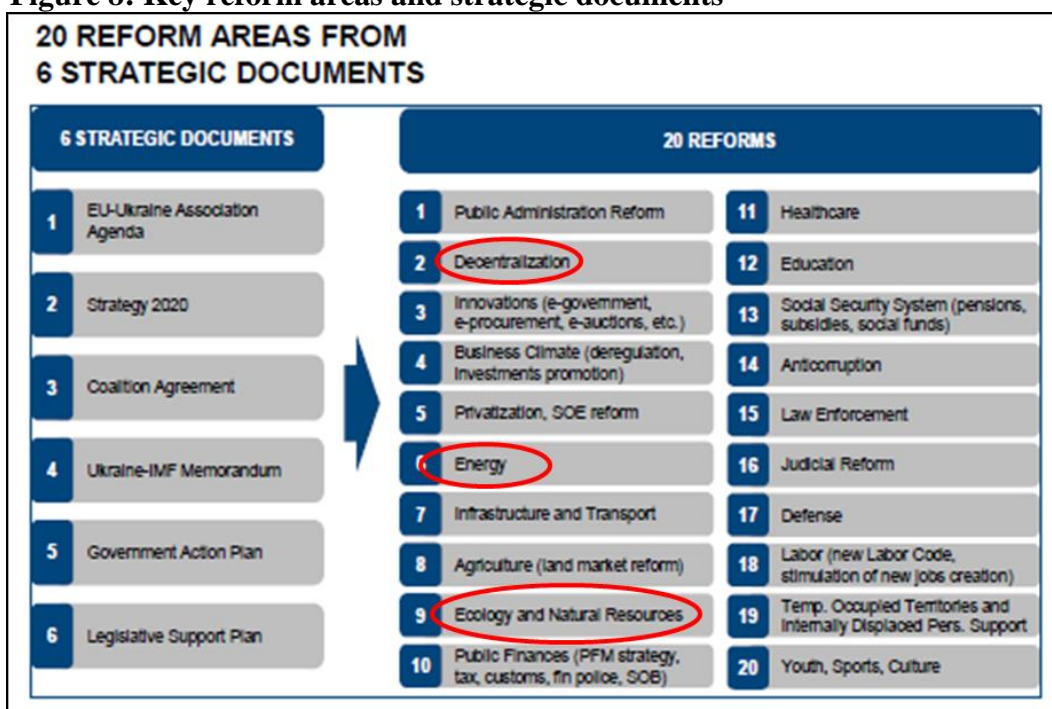
The six key national strategic documents are:

1. *EU-Ukraine Association Agreement* – Signed on 27 June 2014, the Association Agreement represents an overarching roadmap for Ukraine's progress towards EU integration. The Agreement calls for the approximation of Ukraine's standards, regulations and legislation to the EU acquis in a number of areas (including energy and environmental legislation).[18]

2. *Strategy 2020* – The 2020 strategy represents the vision of the Government of Ukraine (GoU) for the country's development running up to 2020. Developed with extensive support from international partners, especially the EU, this strategy is focused on socio-economic development and has many dimensions, including priorities for the energy and environmental sectors.

3. *Coalition Agreement* – The coalition partners signed in November 2014 an agreement which sets the agenda for the current government. The agreement is a voluminous document that outlines an ambitious reform agenda covering almost all areas of state policy, including constitutional reform, security policy, justice and police reform, NATO membership, etc. The document includes a chapter on "Environmental Management Reform and Integration of Environmental Policy to Other Sectoral Policies."

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[18] One of the key priorities for Ukraine at this stage is the approximation and implementation of 29 EU directives.

4. ***Ukraine – IMF Memorandum*** – The memorandum provides a framework of cooperation between GoU and the IMF aimed at setting the economy on the path to recovery, restoring external sustainability, strengthening public finances, maintaining financial stability, and supporting economic growth by advancing structural and governance reforms, while protecting the most vulnerable groups.
5. ***Government Action Plan*** – GoU adopts on an annual basis action plans which take a shorter term perspective and are focused on the implementation of strategic priorities outlined in the above-mentioned documents.
6. ***Legislative Support Plan*** – Ukraine's Parliament (Verkhovna Rada) approved the Plan for Legislative Support to Reforms in 2015. The Rada recommends that lawmakers elaborate and submit draft laws based on this plan. All the draft laws are divided into seven chapters entitled: i) Constitutional reform and supremacy of law; ii) Reformation of national security and defense system; iii) International obligations of Ukraine; iv) Stabilization of microeconomic situation and reformation of economy; v) Social sector; vi) *Environmental protection and environment management*; vii) National dialogue and humanitarian policy.

In addition to these six documents, an overarching National Sustainable Development Strategy (NSDS) is under preparation with the direct support of UNDP's Rio project. Although it has not received the full backing of the government yet, this document is expected to serve as the country's a broad development strategic framework grounded in the Sustainable Development Goals (SDGs).

Figure 9 also shows the 20 top reform areas prioritized by the NRC. Three of these are directly related to the E&E cluster: energy, environment & natural resources, and decentralization. The first two are obvious, but decentralization is also relevant because as will be seen further in this report a significant part of UNDP's work takes place at the sub-national level and is closely related to local governance and decentralization processes.

Under this high-level reform agenda and the six strategic documents, there are a range of sectoral and sub-national strategic documents. The area of E&E, in particular, has an extensive body of strategies, programmes, laws[19] and policies. The two highest level sectoral strategic documents are:

*   *National Environmental Strategy* which runs up to 2020 and outlines the government's vision for the environmental area. Key priorities identified in the National Environmental Strategy 2020 are air pollution; quality of water resources; land degradation; solid waste management;

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[19] It is worth pointing out here that, in addition to the strategic priority documents discussed in this section, Ukraine has an extensive body of legislation concerning environmental policy – starting with its Constitution, Law on the Protection of Environment (1991), etc. The scope of Ukrainian environmental legislation is quite broad and comprehensive (more than 300 legal acts according to the World Bank – "Ukraine Country Environmental Analysis").

climate change, biodiversity loss; and, human health issues associated with environmental risk factors.

- *Energy Strategy*[20] which runs up to 2030 and lays out the government's priorities in the area of energy. It singles out energy security, and in particular energy independence from the Russian Federation, as one of Ukraine's outmost priorities. Energy efficiency is identified as a key factor of energy security. The strategy's main goal is to save up to 470 million tons of equivalent oil by 2020, which will lower imports of energy resources by up to US$ 38 billion.[21] An updated version of the Energy Strategy till 2035 is currently being prepared and is open for public discussions.

Under these two strategies, there are a number of more specific and detailed strategic frameworks related to energy and environment. The following are some examples.

Strategies

- Strategy on Integrated Management of Water Resources
- National Action Plan on Renewable Energy – 2020 (2014)
- National Strategy for Regional Development – 2020 (2014)
- Agriculture Sector Development Strategy – 2020 (2013)
- National Program of Domestic Production (2011)
- Transport Strategy – 2020 (2010)
- National Action Plan on Settlements' Improvement and their Adjacent Territories for 2010–2015 (2009)
- State Targeted Program on the Development of the Ukrainian Village up to 2015 (2007)
- Main Provisions of State Agrarian Policy – 2015 (2005)
- National Program for Reform and Development of Housing and Utility Services for 2009–2014 (2004)
- Ukraine Economic and Social Development Strategy by a Way of European Integration for 2004–2015 (2004)

Programmes

- National programme for environmental recovery of the Dnipro river basin and improvement of drinking water quality
- All-State Program for Toxic Waste Management
- State Program "Forests of Ukraine" for 2010–2015 (2009);

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[20] The Energy Strategy was adopted in 2006 and was updated in 2012-2013.

[21] It should be noted that while both energy and environment are prioritized in all strategic documents, there is a difference in how much attention each of them gets in practice. While energy security is a top concern that has the full attention of major stakeholders in the government (on par with security issues and other key reforms), environmental concerns are usually accorded secondary priority. This can be seen in the way the government prioritizes its business, the Parliament approves its laws, etc.

- State Ecological Program on the Implementation of Environmental Monitoring (2007);
- State Program on the Development of Mineral & Raw Materials in Ukraine till 2010 (2006);
- State Program "Drinking Water of Ukraine" for 2011–2020 (2005);
- Program on Cessation of Production and Usage of Substances that Deplete the Ozone Layer for 2004–2030 (2004);
- Program on Landslide Control's Measures for 2005–2014 (2004);
- Solid Household Waste Management Program (2004);
- Program on the Implementation at the National Level the Decisions Adopted at the World Summit of Sustainable Development for 2003–2015 (2003);
- State Research and Engineering Program for Development of Topography and Geodesy and of the National Cartography for 2003–2010 (2003);
- National Program for the Protection and Rehabilitation of the Environment of the Black Sea and Sea of Azov (2001);
- National Toxic Waste Management Program (2000);
- State Program for the Creation of National Ecological Network in Ukraine for 2000–2015 (2000);
- Program on the Implementation of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction for
- 1999–2008 (1999).

This extensive body of strategies and programmes – partly harmonized and complementary, and partly disconnected and contradictory[22] – constitutes a complex institutional and policy framework within which UNDP's operations are situated and which UNDP has to carefully navigate and abide by while delivering its programme.

So, how can the relevance of UNDP's E&E programme be assessed against this convoluted web of strategic documents? As part of the analytical work for this evaluation, the evaluation team took all this body of strategies and programmes and separated all the components related to energy and environment. Then the priorities contained in them were synthesized into a set of broad thematic areas. The result that was obtained is shown in Figure 9. Seven priority areas related to energy[23] and environment emerged from this process: i) energy security; ii) water management; iii) climate change; iv) environmental governance; v) biodiversity; vi) waste management; and, vii) recovery of the Chernobyl area.

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[22] World Bank's "Ukraine Country Environmental Analysis".

[23] Ukraine's energy sector is very complex and faces multiple challenges. This report, however, is almost entirely focused on the energy efficiency dimension of energy policy because it is the only aspect that is relevant to UNDP operations.

Figure 9: Government Priorities in the Area of E&E
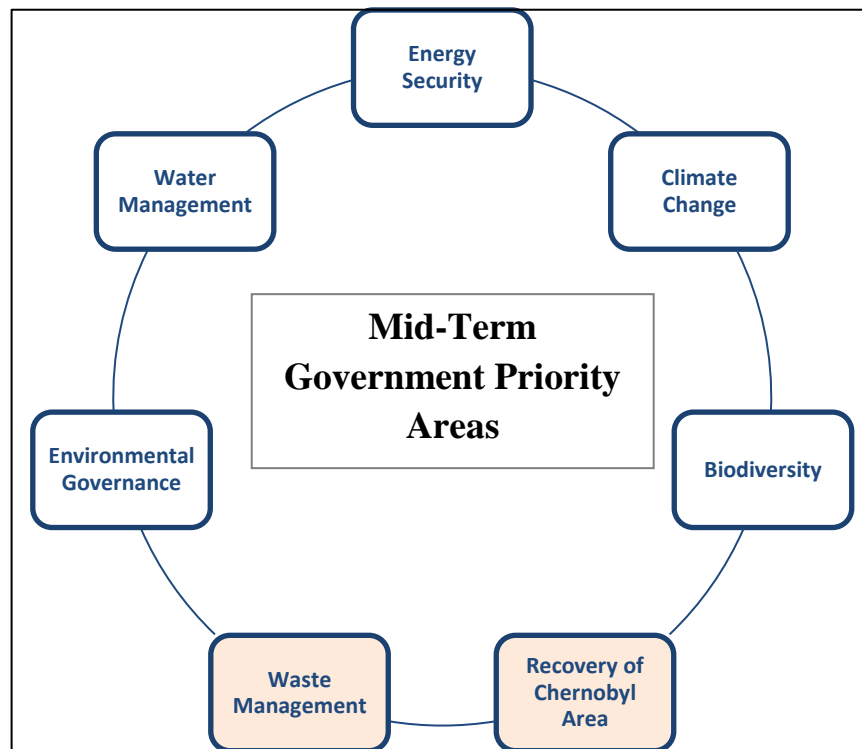
The priority areas identified through this process match to a significant extent with the operational priorities that were identified by the Ministry of Ecology and Natural Resources (MENR) during interviews conducted for this report (see Box I).

Box I - Six priority areas of the Ministry of Ecology and Natural Resources

The following are the priorities identified by representatives of MENR during meetings conducted for the preparation of this report.

1. Climate change – as one of the first signatories of the Kyoto Protocol, Ukraine has committed to taking action on emissions and MENR is actively working on strengthening the policy framework for climate change.
2. Sustainable water management – In 2016, GoU approved the Strategy on Integrated Management of Water Resources and started the implementation of the integrated framework for water management. MENR is now in the process of establishing the planning framework for basin-based management of water.
3. Environmental governance – in the area of environmental governance, MENR has prioritized the following actions:
   a. Implementation of environmental directives under the Association Agreement with the EU.
   b. Strengthening and further institutionalizing Strategic Environmental Assessments.
   c. Development and adoption of an integrated approach to environmental management.

d. Introduction of E-governance in the area of environmental management.
4. Recovery of Chernobyl area – the focus in this area is on agricultural resources and in particular their use for the production of renewable energy.
5. Waste Management – MENR is working on developing effective waste management approaches and attracting private and foreign investments and cooperation in this area.
6. Management of mineral resources – Ukraine has good information about its mineral resources. GoU's priority is now is to open up the sector to foreign investors.
7. Biodiversity and protected areas – MENR's priority in this area is the implementation of EU directives on habitats and birds.

Table 6 below locates UNDP's E&E projects into the government's priority framework by associating each project with one or more priority areas from those identified in Figure 10.

Table 6: E&E Projects and Government Priorities

Priority Area	Related UNDP Projects	Description of the relationship
Energy Security (Energy Efficiency)	• Bioenergy • Lighting • EE Secretariat • SGP	One of Ukraine's top priority sectors, energy policy is geared towards securing energy independence by diversifying energy sources. This is done for two reasons. The political reason is to reduce reliance on Russian gas. But also, the price of gas is volatile and has been increasing for Ukraine. The energy efficiency goal is pursued through various avenues, but two ways which are pertinent to the UNDP programme are *Energy Efficiency* (EE) and the development of *Renewable Energy Sources* (RES). Energy efficiency in particular is prioritized by the government not only as an instrument of energy security, but also because Ukraine is one of the most energy-inefficient countries in the world, with significant energy losses in its industrial and housing sectors. UNDP projects contributing to energy efficiency are the *EE Secretariat*, *Bioenergy*, *Lighting* and some of the *SGP* pilots. They have contributed directly to the promotion of EE and RES.
Water Management	• Peatlands • Black Sea	Ukraine first adopted the Water Code in 1995 and updated it in January 2015. The Water Code regulates water conservation; rational water use; protection of water resources from pollution, contamination, and depletion; improvement of

		ecologic conditions of water bodies; and protection of water user's rights. Ukraine has introduced the integrated water management approach (i.e. river basin) according to EU Water Framework Directive 2000/60/EU. Support for this was provided in the framework of the project "UNDP-GEF Dnipro Basin Environment Program" and EU project "Complementary Support to MENR for the Sector Budget Support Implementation." The *Peatlands* and *Black Sea* projects further contribute to strengthening the integrated water management approach.
Climate Change	• Lighting • Peatlands • Bioenergy • EE Secretariat • Low Carbon Growth • SGP	Ukraine is party to the UN Framework Convention on Climate Change, the Kyoto Protocol and the Paris Agreement, which provide provisions and quantitative commitments for the reduction of greenhouse gas emissions, energy efficiency and the implementation of measures aimed at reducing anthropogenic emissions of greenhouse gases. In its submission of the Intended Nationally-Determined Contribution (INDC) to the New Global Climate Agreement, Ukraine committed to not exceed 60% of 1990 GHG emissions level in 2030. In line with the government's priorities, all the UNDP projects listed under this section help address the reduction of greenhouse gas emissions through large-scale improvements in energy efficiency or use of renewable sources of energy.
Biodiversity	• Peatlands • SGP • Black Sea	Ukraine's 5th National Report to the Convention on Biological Diversity identifies key threats to biodiversity. They are the uncontrolled use of forest resources, land degradation, and over-exploitation of the steppes, recreational activities, and wastewater pollution of the aquatic and coastal ecosystems, regulation of the Dnipro River and its tributaries changing the natural mode of floods, organic pollution, and destruction of natural habitats. All the three projects listed under this section contribute in specific ways to

		some of these priorities.
Environmental Governance	All projects have governance-related components. The Rio project has a particular role from a governance perspective.	All E&E projects have components that address key governance aspects in specific areas. The Rio project, in particular, provides a broad framework for mainstreaming and integrating environmental concerns into policies and strategies. This includes community development which is generally not considered a substantive issue in the E&E area but which nevertheless is an integral part of the governance around E&E activities.

Bases on the above analysis, it is clear that UNDP's E&E programme is quite relevant. Not only is it focused on five of the seven priority areas, but also the multi-dimensional (cross-sectoral) nature of the projects makes them relevant to several areas at the same time.

Key priority areas that are not covered by the current UNDP programme are waste management and the Chernobyl recovery. These are thematic areas that have significant potential for engagement as well as donor financing and UNDP should consider them in its programme development framework. This will be discussed in more detail in Chapter 5 under the section on positioning.

4.1.2. Relevance with International Commitments and Agreements

Being a signatory to major international and regional energy and environmental agreements, Ukraine is committed to fulfilling a range of international obligations.

The most substantive and important agreement Ukraine has committed to is the Association Agreement with the EU which provides formal focus for the approximation of the Ukrainian legislation with the EU Acquis. In the area of energy and environmental, in particular, this signifies harmonization of Ukrainian legislation with a number of EU directives. As a result of this, Ukraine faces the task of upgrading its policy framework across a number of areas, the most important of which are:

- Development of RES and improving of EE as main priorities of the energy policy.
- Policy measures on climate change mitigation and adaption.
- Water resources management, air quality, waste management, biodiversity and natural resources, land resources, etc.

Furthermore, as a member of the Energy Community (since 2011), Ukraine is reforming the energy sector in compliance with the Energy Community Treaty (especially with focus on RES and EE). Furthermore, as party to the UN Framework Convention on Climate Change, the Kyoto

Protocol and the Paris Agreement on Climate Change, Ukraine has committed to taking resolute action to address its GHG emissions. In preparation for the Paris COP 21, Ukraine prepared its Intended Nationally-Determined Contribution (INDC) to a New Global Climate Agreement in which it committed to not exceed 60% of 1990 GHG emissions level in 2030. Ukraine also declared its support for national adaptation processes in the context of the international commitments and has accorded identical priorities to both the mitigation and adaptation activities.[24]

Box II below shows the major international agreements in the area of energy and environment to which Ukraine has committed.

Box II: Ukraine's Major International Commitments in the Area of Energy and Environment

- Energy Community Treaty (since 2011)
- UN Framework Convention on Climate Change
- Kyoto Protocol (ratified in 2004)
- Paris Agreement on Climate Change
- Cancun Adaptation Framework
- Rio Conventions (on Biodiversity, Climate Change and Desertification)
- United Nations Convention on Biological Diversity
- United Nations Convention to Combat Desertification
- Vienna Convention for the Protection of the Ozone Layer
- Montreal Protocol on Substances that Deplete the Ozone Layer
- UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters
- Stockholm Convention on Persistent Organic Pollutants
- Convention on Long-Range Transboundary Air Pollution
- Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter
- Convention on the Protection of the Black Sea against Pollution
- Convention on the Protection and Use of Transboundary Watercourses and International Lakes
- Danube River Protection Convention
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal

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[24] Ukraine's INDC outlined the following next steps for implementation:
- Adoption of relevant legislative acts for the INDC implementation.
- Implementation of the Association Agreement between the European Union, the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part, ratified by the Law of Ukraine dated 16.09.2014 № 1678 – VII.
- Development and implementation of measures aimed at increasing absorption of greenhouse gases.

A number of UNDP's E&E projects are specifically designed to address specific issues related to Ukraine's commitments to international agreements. Table 7 below shows the projects that directly contribute to the fulfillment of specific commitments and the name of the instrument (agreement) which contains those commitments.

Table 7: E&E Projects that directly contribute to international commitments

Project	International Agreement Targeted
Ozone	• Vienna Convention for the Protection of the Ozone Layer • Montreal Protocol on Substances that Deplete the Ozone Layer
Black Sea	• Convention on the Protection of the Black Sea against Pollution • EU Water Framework Directive • EU Marine Strategy Framework Directive
Low Carbon Growth	• UN Framework Convention on Climate Change • Kyoto Protocol
Rio	• Rio Conventions (on Biodiversity, Climate Change and Desertification)

As Table 7 shows, UNDP's contributions through the specific projects are very relevant to Ukraine's international commitments. But even the other projects which are not designed to address particular international commitments substantively contribute to strengthening Ukraine's capabilities to meet international obligations. The *Bioenergy*, *Lighting*, *EE Secretariat* and *SGP* projects provide important contributions to commitments on energy efficiency and climate change, whereas the *Peatlands* project contributes to commitments on climate change.

4.1.3. Relevance with UN's and UNDP's Mandate and Strategy

Overall, the E&E programme is in line with the UNDAF, Country Programme Document (CPD), and Country Programme Action Plan (CPAP) for Ukraine for 2012-2016, as agreed between UNDP and the Government of Ukraine.

The programme supports UNDAF's Partnership Framework Area 4 - Environment and Climate Change – which has the following three outcomes:

• Outcome 1: Government adopts policy frameworks and mechanisms to ensure reversal of environmental degradation; climate change mitigation and adaptation; and prevention of and response to natural and human-caused disasters.
• Outcome 2: Reduced energy, resource and carbon intensity of economy through the application of energy efficient technologies, renewable and alternative sources of energy.
• Outcome 3: Regulatory and legislative mechanisms for sustainable management of natural resources are created.

The programme also supports the following key energy and environmental areas identified in UNDP's CPD/CPAP:

- UNDP will enhance capacities for integrated natural resources management, sustainable mechanisms to increase the financing of protected areas for bio-diversity conservation, and for disaster preparedness and response. Moreover, development and popularisation of bioenergy technologies in the municipal sector, energy efficient lighting, and rehabilitation of the heat, gas and hot water supply systems especially in rural areas will be supported.
- Climate change mitigation will remain at the core of UNDP interventions. Specifically, the reduction of greenhouse emissions in the communal sector at national and local level will be prioritized. In cooperation with the Government, private sector, and international partners, targeted interventions to support Ukraine's progress toward a low emission long-term economic development will be undertaken. To this effect, institutional capacity to design and implement low carbon growth strategies, develop new models and calculate projections of future greenhouse gas emissions, including the measures to improve necessary reporting and verification will be strengthened.
- UNDP, together with GEF, will support biodiversity and ecosystem programmes throughout the country. UNDP will also promote the sustainable management of forests and prairies, development of new markets for ecosystem services, conservation of protected areas, and sustainable water use and management of the Dnipro River and Black Sea basins.

Overall, the E&E programme is largely in line with the plans outlined above, with the exception of the sustainable management of forests area which is only marginally addressed through some *SGP* grants.

In conclusion, this section has demonstrated that overall UNDP's E&E programme has been largely relevant to Ukraine's needs and priorities, its international commitments and agreements and the UN and UNDP country mandates and strategies.

4.2. EFFECTIVENESS

This section will provide an assessment of how UNDP's E&E programme has contributed as a whole to Ukraine's development process in the 2012-2016 period. Effectiveness in the context of this assessment means the extent to which UNDP has achieved what it planned to achieve at the outset of the programme. The assessment will be conducted by examining UNDP's Results Framework and comparing the commitments made at the beginning of the programme with what was actually achieved at the end of it. Key achievements and contributions made by the projects will be reviewed in the course of the assessment. The section will also look at how effectively the CO has been using results-based management practices.

4.2.1. Achievement of Country Programme Outcomes

Table 8 below shows the programme outcome indicators and targets for the E&E area as they were specified in the Results and Resources Framework (RRF) of the Country Programme Action Plan (CPAP) for 2012-2016 at the beginning of the programme cycle. These indicators and targets represent the commitments made by the CO for the entirety of the programme. The RRF also contains a set of output indicators and targets (shown in Annex III), but since this is an outcome evaluation the focus of the assessment will be on the outcomes.

Table 8: Country Programme Results Framework

Country Programme Indicators and Targets	Results Reported by the CO in 2016
Indicator: Number of newly adopted environmental policy frameworks • Baseline: 0 • Target: At least 1 comprehensive policy framework	2 newly adopted environmental policy frameworks: Intended Nationally-Determined Contribution (INDC) and Low Carbon Growth Strategy Concept. In 2016 Ukraine ratified the Paris Agreement on Climate Change
Indicator: Number of active Green Investment Schemes (GIS) and Energy Efficient (EE) projects • Baseline: 0 GIS and 250 EE projects in 2010 • Target: 100 GIS and 500 EE ongoing projects	150,000 EE projects and GIS through state financial support and municipal and business activities
Indicator: Percentage of national budget allocated to environment and energy sectors • Baseline: 1% • Target: 3%	In 2016 - 0.86%

Table 8 also shows the results achieved by the programme as they were reported by the CO in 2016. A comparison of what was planned at the beginning of the programme with what was

achieved (as reported by the CO) by the end of it shows that two of the outcomes targets were achieved (in green) and one was not achieved (in red).

What do these results mean in practical terms? This is hard to say because the result indicators used in the RRF are not very meaningful. They are mostly vague and do not meet the widely-accepted SMART criteria for good indicators (Specific, Measurable, Attributable, Realistic and Time-bound). Table 9 below provides a brief analysis of the RRF's all three outcome indicators and demonstrates that the RRF used in this programme cycle is rather inadequate.

Table 9: Assessment of the validity of outcome indicators

Outcome Indicators	Assessment against the SMART criteria
Number of newly adopted environmental policy frameworks.	**Not specific.** This indicator is rather vague. What are frameworks? What qualifies as a framework? Is a concept paper considered a framework (as is reported by the CO)? What is the point of having a concept? Who is using it?
Number of active Green Investment Schemes (GIS) and Energy Efficient (EE) projects.	**Not realistic.** The target was to have 100 GIS and 500 EE active schemes at the end of the programme. In 2016 the CO reported 150,000 GIS and EE schemes. The extraordinary difference between the target and the achievement implies that the target was completely unrealistic when it was selected.
Percentage of national budget allocated to environment and energy sectors.	**Not measurable** It is not clear how the CO result indicator reported in 2016 because it is simply impossible to assess what exactly is a country's budget allocation for environment and energy efficiency as a whole (not specific programmes). Energy and environmental concerns are interwoven through so many government programmes that it is simply impossible to separate related expenditure. **Not possible to assign contribution** Also the way this indicator is formulated - "percentage of national budget allocated to environment and energy sectors" – is not very meaningful because even if we could measure it, it would not be possible to assign UNDP's contribution to the results (positive or negative). UNDP would have little influence over it (think of the many factors that influence the allocation of the national budget, especially in a conflict situation).

Besides being inadequately designed, the RRF is also not effectively measured, monitored and used by the CO. A number of issues related to the use of RFF were encountered in the course of this evaluation. For example, locating the right version of the RRF for the purpose of this evaluation was not straightforward. It appeared that the CO management and programme staff do not use it on a regular basis as a management and accountability tool.

Also, at the output level, the results framework (see Annex III) is inadequate. First, some of the output indicators, baselines and targets remain undeveloped from the time the CPD and CPAP were finalized (the intention was to elaborate the output-level RRF later in the course of the programme, but clearly that did not happen). Second, similarly to outcome indicators, the existing output indicators are not very meaningful and do not meet the SMART criteria. Third, the results framework at the output level is not harmonized with the results framework at the outcome level. The "programme level" results framework does not aggregate results across all projects. These two instruments are not compatible and do not speak to each other which makes it difficult to understand how programme outputs contribute to broader results. Fourth, the CO does not use the results framework at the output level and does not report on the established indicators. Consequently, this evaluation could not assess whether what was planned at the output level was achieved.

Furthermore, the inadequate use of results-based management (RBM) tools is also reflected in the weak monitoring and evaluation of activities at the project level. Most of the project evaluations (mid-term or terminal) that were reviewed for this evaluation reported serious problems with the use of indicators and results frameworks. The lack of RBM systems and measures seems to be a common thread that runs through all the projects in the cluster. Based on the findings of project evaluations, the projects where this problem has been most significant were[25]:

- *Bioenergy*
- *Peatlands*
- *Lighting*
- *Black Sea*

4.2.2. Use of "Results-Based Management" practices by the Country Office

The discussion above leads to a broader and important point about results-based management in the CO. Overall, the programme shows inadequate use of evidence-based RBM practices. As a result, the indicators and targets yield little value to programme planning, implementation and monitoring and may detract from them by creating ambiguity or taking time and resources away from more useful activities. Also, the data collection and analysis systems are weak both at the project and the programme level. It was a challenge for the evaluation team to obtain from

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[25] All project evaluation documents related to the four projects in the list highlight the RBM system as a general weakness of the project.

project and programme staff the needed information (data on budgets, expenditure, co-financing, pilots, results, etc.). Most of the data that was requested is basic financial information which the projects and the programme should have had ready available as part of their daily project management and monitoring process.

This lack of information has real and significant implications for the transparency and visibility of projects. In the absence of data-driven RBM systems, the sharing of information on programme results and implementation processes with central and local government counterparts has been unsystematic. This may have an impact on the image of the organization and the resource mobilization process. The need for demonstrating results and impact came up several times during the interviews conducted for this evaluation. Some partners stated that it is difficult for them to understand in concrete terms what the results that UNDP is achieving in the country are. MENR officials, in particular, raised the point that they do not fully understand what the results of some of the projects have been. UNDP and MENR do not have a well-established system for sharing information about project implementation and results. At a minimum, there is no database of information on activities, results and achievements that is accessible to UNDP staff and which might be shared with the ministry. Information is largely shared on a project-by-project basis. Also, some of the development partners that were interviewed for this evaluation had limited knowledge of the work that UNDP is doing. They were mainly aware of activities in the areas of work where there had been direct cooperation on a specific project, but not well-informed about UNDP's broader work and results.

UNDP should to be able to tell compelling stories about what its projects are doing and what results they are achieving. Good indicators are crucial for constructing such stories (or messages). In the past year, the country office has taken some good steps to strengthen the use of data and RBM practices in the programme. The creation of a new unit dedicated to RBM/M&E issues as part of the restructuring exercise[26] has been a good starting point. This unit will support programme planning and results reporting (IWP, ROAR, alignment with the Strategic Plan) and serve as the custodian of RBM and M&E knowledge, performing a quality assurance role in programme design and reporting to ensure a strong results-focus and managing the CO's evaluation plan. Also the creation of the Strategic Advisory Unit, which is focused on programme development, will enable programme staff to spend more time on the implementation and monitoring of projects, which is expected to improve their performance.

However, given the importance of RBM, the CO should take further steps to promote a culture of results and strengthen the RBM infrastructure throughout the programme. The use of data and sound indicators will be beneficial and should not be considered a chore. Indicators simplify and clarify the monitoring work of UNDP staff and ultimately help the CO improve results. The CO management may consider some of the measures proposed below which are geared towards

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[26] The restructuring process is discussed in more detail in the section on Programme Synergies and Linkages on page 68.
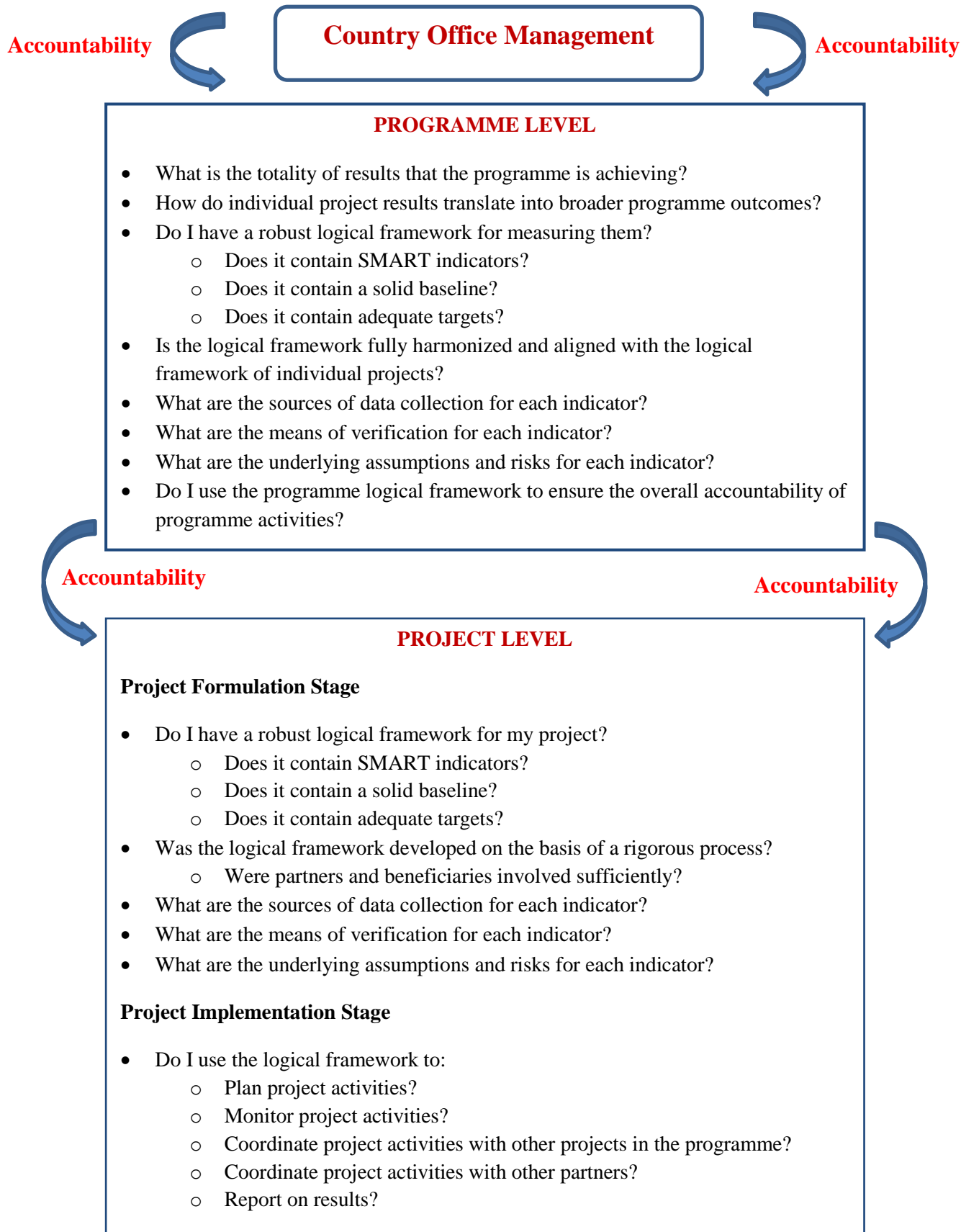
strengthening RBM and data systems both at the project and programme level (see Figure 10 on page 53 for an outline of the approach that could be taken and the set of questions that could be asked at every step).

- First, the CO should strengthen RBM practices at the project level on the basis of simple and robust results (logical) frameworks by establishing data collection and analysis systems and providing training on RBM topics to project staff. Results frameworks should be based on SMART indicators, baselines and targets developed through a more rigorous process that involves partners and beneficiaries. For each indicator the data collection sources and methods, means of verification and the risks and assumptions should be fully clarified. Results frameworks should be used more effectively not only to plan, monitor and report on activities, but also to coordinate more effectively with other projects within the cluster and in other programme areas.
- Second, building on the result frameworks of the individual projects, the CO should develop a robust framework for measuring results at the programme level (CPD/CPAP outcomes). Programme staff should ensure that programme baselines, indicators and targets are harmonized and aligned with those of individual projects. Also, data collection approaches, means of verification and risks and assumptions should be harmonized between the programme and project levels.
- Third, the CO should use the RBM system as an instrument for improving overall accountability. In particular, accountability links between the programme and the various projects should be further strengthened. They should be used by the management at the highest level to ensure the transparency, accountability and integrity of the programme.
- Fourth, the CO may consider some of the data presented in this report as useful information to be collected on a regular basis and displayed in the form of dashboards available to UNDP staff and project partners, especially government officials. The availability of such data will enable project staff to monitor activities more effectively and conduct solid assessments of implementation issues and results on the basis of solid evidence.

Overall, results frameworks should not be seen as rigid tools that are set in stone and do not allow for flexibility in programmatic changes. Flexibility and adaptability are important in fast changing contexts like Ukraine's. Therefore, results frameworks should be updated when necessary and should be kept relevant by allowing for flexibility in line with changes in the surrounding context. Another important point here is related to standard project evaluations (mid-term or terminal) which are conducted on the basis of CO's evaluation plan. Some of the project evaluations that were reviewed for this outcome evaluation were found to be of an inadequate quality. Some of them do not meet even basic UNDP criteria for evaluations.[27] The CO should develop minimum criteria for the conduct of project evaluations and should establish a tracking system to closely monitor their quality.

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[27] UNDP evaluations should follow the guidelines compiled by the United Nations Evaluation Group, as well as the guidance provided by UNDP in its "Handbook on Planning, Monitoring and Evaluating for Results".

Figure 10: Key questions that may guide the establishment of an effective RBM system

Accountability   **Country Office Management**   **Accountability**

PROGRAMME LEVEL

- What is the totality of results that the programme is achieving?
- How do individual project results translate into broader programme outcomes?
- Do I have a robust logical framework for measuring them?
    - Does it contain SMART indicators?
    - Does it contain a solid baseline?
    - Does it contain adequate targets?
- Is the logical framework fully harmonized and aligned with the logical framework of individual projects?
- What are the sources of data collection for each indicator?
- What are the means of verification for each indicator?
- What are the underlying assumptions and risks for each indicator?
- Do I use the programme logical framework to ensure the overall accountability of programme activities?

Accountability   **Accountability**

PROJECT LEVEL

Project Formulation Stage

- Do I have a robust logical framework for my project?
    - Does it contain SMART indicators?
    - Does it contain a solid baseline?
    - Does it contain adequate targets?
- Was the logical framework developed on the basis of a rigorous process?
    - Were partners and beneficiaries involved sufficiently?
- What are the sources of data collection for each indicator?
- What are the means of verification for each indicator?
- What are the underlying assumptions and risks for each indicator?

Project Implementation Stage

- Do I use the logical framework to:
    - Plan project activities?
    - Monitor project activities?
    - Coordinate project activities with other projects in the programme?
    - Coordinate project activities with other partners?
    - Report on results?

4.2.3. Summary of Key Achievements

Although the lack of solid indicators at the outcome level hampers an objective evaluation of how much progress has been made at the programme level towards the objectives laid out in the CPD/CPAP documents, there is strong and credible evidence that important contributions have been made by the projects in their respective areas. The main achievements by project are summarized in Table 10 below.

Table 10: Main achievements by project

Projects	Main achievements
1. Peatlands	• Methodology for assessment of carbon stocks and fluxes for organic (peat) soils passed international verification and was accepted by the national GHG inventory for use. • A model for the restoration of peatlands was developed at the 2,800ha in Smolianka site, Polesie, northern Ukraine resulting in the ground water rise for 1.5 meters. The model illustrates the development of the site's re-wetting plan; design for restoration of the hydrotechnical facilities and subsequent land management of the Smolianka drainage system; establishment of two village cooperatives in Kukshyn and Vertiivka villages; and a joint manufacturing cooperative established to coordinate the production of goods. • Protected peatland area in Chernigov region increased by 6,100 ha through creating the Regional Landscape Park funded by the local government.
2. EE Secretariat	The Government of Ukraine became better equipped with making decisions on sustainable energy policies and implementing instruments based on the best Ukrainian and foreign experience: • Advice was provided to 7 governmental organizations, 24 government officials and 3 parliament members; • 7 analytical notes with well-justified alternative policy options in the rea of energy security and energy efficiency; • Inputs to the GoU Action Plan for 2017 and to the GoU Medium-Term Action Plan until 2020 were adopted by the CMU; • Law of Ukraine on the Energy Efficiency Fund was approved in the first reading; • Comments to 8 laws and by-laws were included into the final drafts; • Established interagency and public consultations mechanisms; • Improved GoU's coordination for energy efficiency initiatives and activities; • Drafted Concept of Communications Strategy and an

Projects	Main achievements
	analytical note for the Energy Efficiency Fund.
3. **Bioenergy**	• Detailed bioenergy roadmap to support implementation of the National Renewable Energy Action Plan until 2020 has been developed; • The Financial Support Mechanism (FSM), in partnership with the IFC has been developed to finance bioenergy projects through the State Owned Bank Oschadbank; • 7 legal amendments prepared and registered in the Parliament of Ukraine; • 7 regional and municipal Biomass Programmes have been developed and are pending approval of local councils; • 12 biomass-fired boilers with 200 kW thermal capacities are already installed and started operations; • Several analytical reports have been developed and made available online at http://bioenergy.in.ua.
4. **Ozone**	• Developed draft for the system of improving the current HCFC control system and submitted to the MENR; • The Law on Protection of the Ozone Layer was drafted and submitted to the Parliament of Ukraine; • Market study of the HCFC consumption was conducted; • Over 130 customs specialists received training on legislation, regulations, customs controls, refrigeration servicing techniques, and general best practices; • Two (2) chromatograph mass spectrometers and thirty-five (35) refrigerant detecting equipment units were delivered to the State Fiscal Service of Ukraine (Customs) to be distributed to 24 oblast Customs offices, 6 specialized Customs laboratories, 2 educational facilities and 3 Customs offices at sea ports.
5. **Low Carbon Growth**	• Draft concept of the local carbon development strategy of Ukraine developed; • Comprehensive projections of GHG emissions for the period up to 2020 and 2050 with and without implementation of climate change policies and measures developed; • Greenhouse gas model suited for sectoral emission modelling developed; • Background analytical reports and road map for establishing the domestic emission trading scheme developed; • Completed economic assessment of proposed domestic ETS; • Assessment of data needs for planning and modelling of the low carbon policies in Ukraine prepared. • The INDC was prepared and submitted officially by Ukraine to the UNFCCC.
6. **Lighting**	• National policy framework was supported to promote EE lighting via:

Projects	Main achievements
	- the National Roadmap on energy efficient lightening drafted and submitted to the MENR; 4 draft laws creating enabling framework for the Energy-efficient Lightning in Ukraine developed and registered with the Parliament; 7 State Standards on LED technology developed and entered into force; - Technical Regulations on collection, disposal and utilization of electrical equipment waste was developed and included into National Strategy on Waste Handling; - The National Accreditation Agency of Ukraine certified 18 laboratories to test lighting products. - Three government laboratories received certificates from the International Laboratory Accreditation Cooperation. 38 Efficient lighting demonstrations in the municipal educational sector were initiated in 8 participating municipalities; - To improve EE lighting product penetration in the residential sector: - Three promotional campaigns have been conducted in the retail stores; - Four nation-wide promotional and PR campaigns have been developed and conducted; - The All Ukrainian Educational Awareness Campaign on Energy Efficient Lighting in Schools involved 6896 schools; 12000 lessons for school children and 25 seminars for teachers have been held;
7. Black Sea	- Updated diagnostic of existing data collection systems; - Development of prototype of the web-portal of Black Sea Information system; - Development of prototype of web-based water quality database; - Training in chemical monitoring, incl. quality control and quality assurance, organized and capacities of laboratories strengthened; - Training programme and material prepared; - Methodology for Black Sea survey developed (including the list of parameters, sites). - A set of compliance indicators has been developed in collaboration with Permanent Secretariat of the Black Sea Commission.
8. Rio	- The Sustainable Development Strategy for Ukraine till 2030 has been developed and is being considered by the GoU; - Eight sectoral analytical reports with SWOT and gap analysis of Ukraine's policy framework and institutional implementation of Rio Conventions developed, published ad disseminated;

Projects	Main achievements
	• A national conference and three regional conferences on Rio Convention mainstreaming into sectoral policies, plans, programmes, and legislation organized; • Comprehensive public awareness plan developed to detail the content and distribution of materials and media. The campaign's materials are available at: http://gpp.in.ua/; • The training course for civil servants "Public Administration for Sustainable Development" at the National Academy of Public Administration was developed and presented at four of its regional branches; • The website with information campaign materials is updated on a weekly basis http://sd4ua.org/.
9. SGP	• 79 grant projects addressing priority GEF thematic areas have been implemented; • Empowered local communities to conserve and restore the environment while enhancing people's well-being and livelihoods; • Raised awareness of the local people about climate change and biodiversity issues, as well as possible ways to contribute to global solutions by their own efforts on the grass root level.

It is important to recognize that a part of UNDP's programme was implemented in the circumstances of ongoing conflict in the East and significant political and institutional instability, which, for example, included changes in the legislation, frequent changes of government staff, including high level officials, etc. Through their negative impact on predictability, consistency, institutional capacity and citizens' trust in institutions, these factors have created significant challenges for the effectiveness of UNDP activities. Therefore, what was achieved by UNDP in the course of the programme was in spite of these challenges.

It should also be noted that, some of the work done in certain areas has been highly strategic and groundbreaking. For example, before the initiation of the *Bioenergy* project, there was no national programme led by a single government agency aimed at developing municipal biomass energy projects, despite the fact that there were some tens of manufacturers of pellets and briquettes from biomass in the country. Now this area is getting more attention and it is hoped that thanks to the efforts of the project biomass will become an integral part of the Ukrainian energy strategy, enabling the country to diversify and secure its energy supply. Similarly, the *Lighting* and *Ozone* projects have operated in areas where no other international organization has operated before and where UNDP's intervention has generated a level of awareness that wouldn't otherwise have been possible.

Overall, a case can be made that the projects that have been completed have been effective in delivering most of their planned activities and outputs. As for the ongoing *Peatlands*, *Bioenergy* and *Rio* projects, they are work in progress and are expected to meet their targets despite some challenges that they face due to various external factors and the government's willingness to adopt some of their outputs in order for the project's full outcomes to be achieved (these factors and the issue of government engagement will be discussed in more detail in the following two sections of this chapter. The focus of these projects should be on strengthening sustainability (which is discussed in more detail in the sustainability chapter of this report).

The one project that requires particular attention regarding the achievement of planned activities is the *Ozone* project. This project is facing significant challenges both in terms of what remains to be achieved and its relations with the MENR which is the project's implementing agency. Several issues were identified during the interviews with project stakeholders – the most important of which are listed below.

- The project remained unregistered at the time of the evaluation, despite more than three years having passed since its start.
- Communications with MENR are not effective. MENR reported that it has not been receiving regular reports on the project's activities and has no information about how the money has been spent.
- Some of the activities in the project are blocked and as a result Ukraine is not meeting its international obligations (supporting Ukraine's commitments under the Montreal protocol on ozone-producing substances was the key goal of the project). A number of studies that needed to be submitted by Ukraine under the international obligations have not been completed.
- The development of the National HCFC Phase-Out Strategy was one of the first activities foreseen in the Project Document, but it has not been developed yet, as reported by MENR.
- Equipment was purchased (2 chromatographs) but is not operational yet because of the dispute with MENR.

Another concern that should be noted in this report and brought to the attention of the CO management concerns the *Low Carbon Growth* project. In this project, UNDP pioneered work on GHG emissions inventory. In preparation for the Paris COP 21, the UNDP project assisted MENR with the preparation of Ukraine's Intended Nationally-Determined Contribution (INDC) to the New Global Climate Agreement. In its INDC, Ukraine committed to not exceed 60% of 1990 GHG emissions level in 2030. Ukraine's target was criticized by a number of partners, especially NGOs, for being too low. Although the final decision was made by GoU, UNDP was criticized for not providing the right advice to MENR through the study that UNDP-paid consultants prepared. This concern was raised by a number of stakeholders in the civil society and donor community during interviews for this evaluation.

4.3. EFFICIENCY

This section provides an assessment of the efficiency of the E&E programme. As the term efficiency is typically used to indicate the cheapest way of achieving a particular result, best assessments of efficiency in the context of public policy are standard cost-benefit analyses which quantify the benefits and costs of an intervention and compare them to certain benchmarks. For example, in the area of climate change this would involve the estimation of the cost of sequestering CO_2 or avoiding emissions through a particular intervention and comparing that cost (relative to the benefits it has generated) to the cost of other means, methods or programmes that would produce the same result. Given the lack of programme and project level data, especially the inability to link broad outcomes to specific UNDP activities, this type of estimation is not possible for this evaluation. Instead, to assess efficiency, this report will focus on a number of parameters which are closely associated with efficient programme management. These parameters are categorized into the following two groups.

- Operational efficiencies: i) budget execution rates; ii) cost structure; iii) timeliness of project activities.
- Quality of the human resource.
- Linkages and synergies: the extent to which E&E activities are coordinated with other activities in the cluster and the broader UNDP programme. Close linkages produce synergetic results and lead to cost savings, which improves overall efficiency.
- Coordination with development partners: the extent of coordination and cooperation with other development organizations operating in the country.

4.3.1. Operational Efficiencies

Budget Execution Rates

Budget execution rates show the proportion of a project's resources that has been spent at a certain point in the project's lifetime. They may be an adequate indicator of a project's efficiency because inefficient projects usually have delays in expenditure which results in higher amounts of spending occurring at accelerated rates closer to project end dates. This typically leads to hurried decisions and hastened implementation which is rarely efficient. Also, project extensions lead to higher administrative costs which reduce the overall efficiency of the intervention.

While it is understandable that the proportion of budget spent does not necessarily have to move in step with the proportion of the project's lifetime lapsed, given the different project dynamics which are intrinsically linked to the nature of the project (for example, some projects have a component that is heavy in procurement that only starts in the last year of the project), a large difference between the two could signal delays in implementation. Therefore, judgment should be passed carefully when assessing project expenditure spread unevenly throughout a project's lifetime.

Table 11 summarizes budgeted and spent amounts for E&E projects that were active (still running) at the end of 2016. It also shows the budget proportion that was spent by the end of 2016 and the expected date of completion of each project (for the projects which by the end of 2016 were completed this exercise is not relevant).

Table 11: Budget Execution Rates of Active Projects (cut off date - end of 2016)

Project Title	Budget (as per Pro Doc)	Expenditure as of 31 Dec 2016	Percent of Budget Spent	Expected Date of Project Completion
Peatlands	2,601,296	2,335,791	90%	12/31/2017
EE Secretariat	222,542	64,122	29%	6/30/2017
Bioenergy	4,700,000	2,494,742	53%	3/31/2018
Ozone	3,190,000	1,231,518	39%	7/31/2018
Rio	900,000	689,887	77%	12/31/2017
*For the Bioenergy and Rio projects the budget amount provided by staff do not include UNDP's contribution				

It should be noted that the proportion of a project's budget spent is per se not meaningful, unless considered in the context of the project's timelines. This is exactly what Table 12 does. It shows for active projects the proportion of a project's lifetime that has lapsed (in percentage terms) and the proportion of the budget that has been spent by that point in time.

Table 12: Project Time Lapsed and Percentage of Budget Spent

Project Title	Percentage of Budget Spent	Project Time Lapsed
Peatlands	90%	79%
EE Secretariat	29%	50%
Bioenergy	53%	64%
Ozone	39%	70%
Rio	77%	75%

As can be seen from the table, three of the ongoing projects had significantly lower rates of expenditure than the proportion of their lifetime that had lapsed. By the end of 2016, the *EE Secretariat* project had spent about 30% of its budget for a period which was about half of its whole implementation time. The *Bioenergy* project had spent 53% of its budget during 64% of its project implementation time. Based on discussions with Project Managers, significant spending is expected for both projects in 2017 and according to plans all budgets should be fully utilized. The *Ozone* project is of particular concern because by the end of 2016 – which corresponded to 70% of its implementation lifetime – only 40% of its budget had been spent. This rate of expenditure at this stage of the project's timeline raises serious concerns and should be reviewed and monitored carefully by the CO management.

Cost Structure

Another indicator that provides insights about project efficiencies is the composition of project expenditures. In particular, administrative costs are an important factor to examine because unusually high administrative costs are a sign of inefficient project management. Certainly, some degree of variance of the share of administrative costs is natural as different projects have different cost structures depending on the nature of activities they involve. But unusually high administrative costs as a proportion of total expenditure should alert the management and should be examined closely.

Figure 11 (in the next page) shows the composition of expenditure for all projects in the E&E cluster. The expenditure data used in the charts were provided by project teams and cover the period 2012-2016 (expenditures after 31 December 2016 are not included because they fall outside the scope of this evaluation). The categories shown in Figure 11 were created to decompose expenditure as follows: i) Grants/Pilots (this represents funds transferred to pilot micro-projects which are quite common in this cluster)[28]; ii) awareness raising activities (such as campaigns); iii) national consultants (including consulting firms); iv) international consultants (including consulting firms); v) conferences, workshops, seminar and study tours (including both their organization and support for participation of Ukrainian representatives in events in the country and abroad); and, vi) administrative expenditure (including salaries of project staff). Obtaining expenditure data decomposed according to these categories from project teams was a difficult and time-consuming process, mainly for two reasons: first, the data was not easily available by the projects; and, second, project teams interpreted different types of expenditure in different ways which led to inconsistent categorization of information in some cases. Therefore, the information presented in Figure 11 should be interpreted carefully.
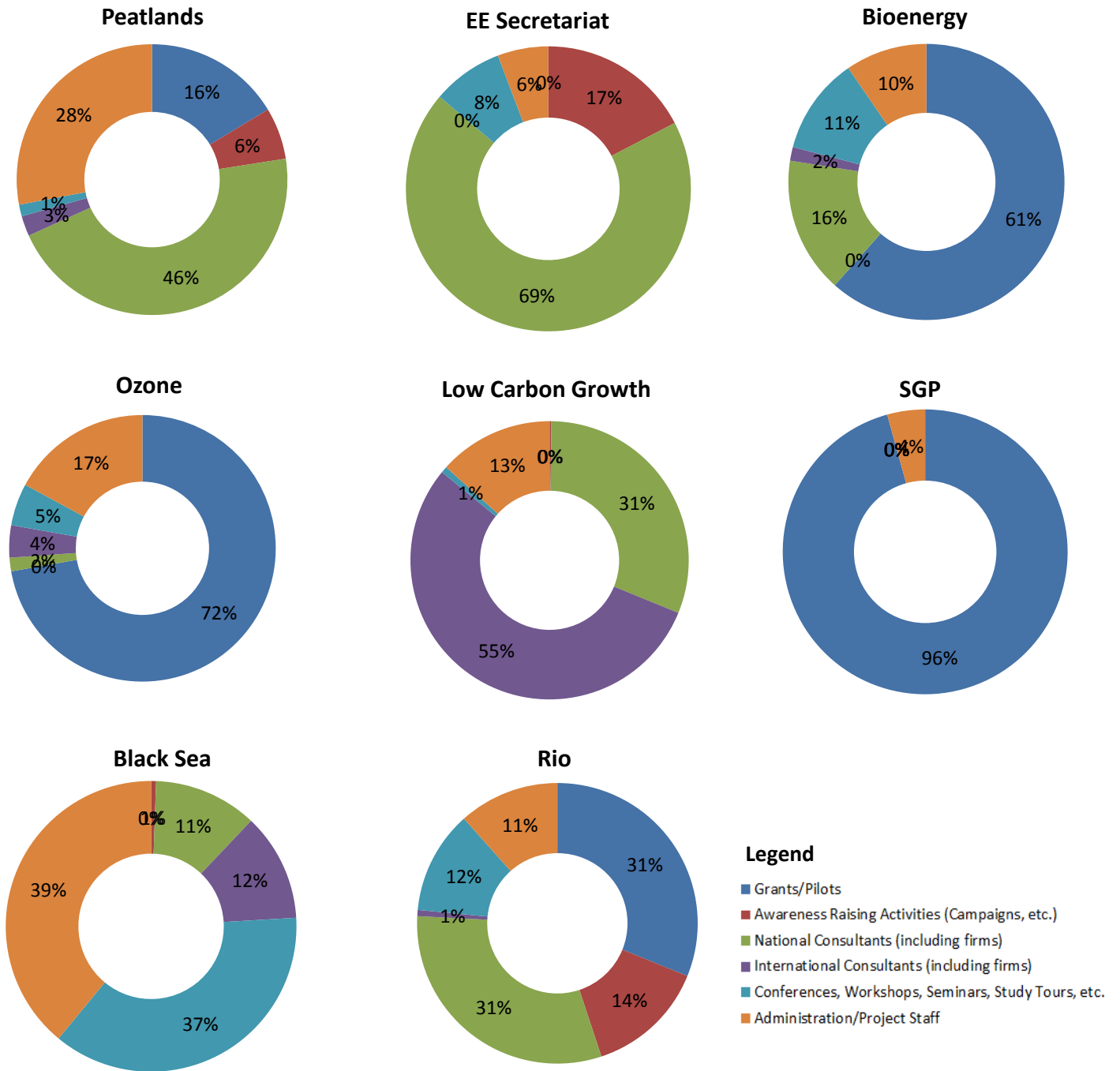
Overall, the following observations can be made on the basis of the information shown in the charts in Figure 11. The projects have diverse cost structures. For example, the **Peatlands** and **EE Secretariat** projects have a heavy focus on national consultants, whereas the **Low Carbon Growth** project on international consultants. The SGP, **Bioenergy** and **Ozone** projects have a significant focus on grants and pilots. The **Peatlands** and the **Black Sea** projects have particularly high administrative costs that should be examined more closely by the CO. The **Lighting** project, in particular, has had unusually high administrative spending, especially spending on staff.[29] The final evaluation of the **Lighting** project identified this as a serious concern. It reported that a total of US$ 1.4 m, or about 22% of the total project budget, had been spent on project management and staffing.[30]

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[28] In the sustainability chapter (page 81) there is a more detailed discussion of the pilots carried out in the context of UNDP's E&E activities.

[29] The information for the **Lighting** project is not shown in Figure 11 because the data provided by the project classified staff contracts as spending on "national consultants", which in the view of the evaluators was not correct.

[30] My K. Ton and Petro Pavlychenko, Terminal Evaluation Report, "Transforming the market for efficient lighting in Ukraine", March 31, 2017.

Figure 11: Expenditure Shares by Category

Peatlands
- 16%
- 6%
- 46%
- 3%
- 1%
- 28%

EE Secretariat
- 0%
- 17%
- 69%
- 0%
- 8%
- 6%

Bioenergy
- 61%
- 0%
- 16%
- 2%
- 11%
- 10%

Ozone
- 72%
- 0%
- 2%
- 4%
- 5%
- 17%

Low Carbon Growth
- 0%
- 31%
- 55%
- 1%
- 13%

SGP
- 96%
- 0%
- 4%

Black Sea
- 0%
- 11%
- 12%
- 37%
- 39%
- 1%

Rio
- 31%
- 14%
- 31%
- 1%
- 12%
- 11%

Legend
- Grants/Pilots
- Awareness Raising Activities (Campaigns, etc.)
- National Consultants (including firms)
- International Consultants (including firms)
- Conferences, Workshops, Seminars, Study Tours, etc.
- Administration/Project Staff

Timeliness of Project Activities

Another indicator of project efficiencies is the extent to which implementation falls behind established timelines. One quick way of assessing this is to look at projects that require extensions to complete planned activities. As can be seen from Figure 1 on page 31 (Chapter 3), all projects in the portfolio have required or will require extensions (including the **Bioenergy** project which is planning an extension). No-cost extensions seem to be the norm in the programme. This is a result of implementation delays which seem to be quite common in the portfolio.

Based on the review of the documentary evidence and interviews with counterparts, this evaluation found that certain types of project activities take much longer than they should have, and government stakeholders have to wait for long periods to be updated on their status. These delays appear to be caused by certain systemic factors which the CO should investigate in more detail. Here, however, are just a few examples which were identified during the assessment.

- *Recruitment of Project Managers* - One key issue that came up in a number of cases was the ability of the projects to hire qualified project managers quickly. Several projects have suffered from frequent changes of project managers or their complete absence for long periods. For example, the mid-term evaluation of the **Bioenergy** project noted that it took three months after the start of the project to hire and appoint the Project Manager.[31] Also, the mid-term evaluation of the **Ozone** project noted serious problems with the recruitment of the Project Manager.[32] The **Lighting** project was managed by three Project Managers in the six years of its short lifetime, and the second one was just a temporary appointment to fill the gap between the first and the third, given the lengthy recruitment process.[33] The availability of qualified individuals seems to be in an issue, given the large presence of development agencies hiring project managers with a similar profile, but still there is a feeling, shared by most interviewees of this evaluation, that UNDP should strengthen its recruitment procedures to allow for a more efficient process and faster outcomes.

- *Procurement* - Another systemic cause of delays identified in the research work for this evaluation is the procurement process. A number of projects seem to have been affected by this. For example, the **Lighting** project had significant delays in the hiring of sub-contractors, with wait times of up to nine months.[34]

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[31] Paata Janelidze, Mid-Term Review Report, "Development and Commercialization of Bioenergy Technologies in the Municipal Sector in Ukraine", March 2017 (page 19).
[32] Ranojoy Basu Ray, Midterm Review, "Initial Implementation of Accelerated HCFC Phase Out in the CEIT Region" August 17, 2016 (page 29).
[33] My K. Ton and Petro Pavlychenko, Terminal Evaluation Report, "Transforming the market for efficient lighting in Ukraine", March 31, 2017 (page 22).
[34] Ibid (page 28).

- ***Project Registration*** – Another source of delays is the project approval process which seems to be time-consuming and requires further streamlining in collaboration with the relevant government counterparts. For example, the ***Lighting*** project was expected to start in January 2011, but only had its inception workshop in November 2011. Consequently, the project management asked for an extension of 15 months which was eventually granted by GEF.

Tackling Operational Inefficiencies

To address the various project implementation delays, the CO should conduct an assessment of the different operational factors that cause them and develop a plan for how to tackle them in a more systematic fashion. In the framework of the RBM measures suggested in the previous chapter, the CO may consider the establishment of a more effective system for tracking and monitoring at the programme level a number of operational indicators that will alert management of implementation bottlenecks when certain thresholds are crossed. Some of the indicators the CO may consider include project budget execution rates, composition of expenditure, and in particular the share of administrative expenditure, procurement and recruitment timelines, etc. This is crucial information which the CO should have readily available at any time and for any project and should use on a regular basis for the management of the cluster. Furthermore, the CO should review the processes and criteria for the hiring of project managers and expedite recruitment so that valuable time is not lost at the start of the projects. The procurement process should also be revised and streamlined. More training on UNDP procurement procedures should be made available to both project staff and national partners who are new to UNDP projects. Last, but not least, there is a need for better planning of projects and maybe less ambitious project timelines.

4.3.2. Quality of the Human Resource

UNDP's single most important assets are its people. The quality of the individuals who deliver its activities is crucial for the quality of its work, as well as its reputation, competitiveness, partnerships, fundraising ability and ultimately its value proposition. There are multiple links between the quality of UNDP's human resource and the efficiency of its work. While there are a variety of individuals who make the work of UNDP happen, this section will focus on two sets of staff which are an essential part of UNDP's human resource: i) project staff, who are directly responsible for managing project activities; and, ii) consultants, who are hired by the CO to share with government and non-governmental counterparts their technical expertise. Both types of staff are critical to ensuring the efficient delivery of the E&E programme and, hence, constitute the backbone of UNDP's programme.

Project Staff

The assessment of the quality of the human resources employed by the E&E projects revealed that overall it is adequate and in line with country needs and UNDP requirements. Project staff are well-qualified individuals who work in challenging circumstances. They are continuously

subject to pressures for quick actions and results and often have to reconcile multiple, and sometimes incompatible, interests and objectives. Many of them have some previous experience with managing UNDP projects and are proficient with UNDP operational rules and procedures.

One significant challenge that UNDP faces when it comes to project staff is that project timeframes are usually quite short-term and do not allow for job stability for the people employed in the projects. Also, significant investments in the capacity of project staff are not possible in such short timeframes. In these conditions, the CO has to find ways of strengthening staff retention through continued employment of project staff from one project to another. Although this ensures some degree of job stability, it provides no guarantee of job security. Another challenge the CO faces is the technical nature of the E&E cluster. Project staff, and in particular project managers, are not only required to have good management or administrative skills, but also deep technical knowledge and experience in the areas they cover (i.e. climate change, biodiversity, ozone depletion substances, etc.). This makes the recruitment of highly-skilled project managers quite challenging. What further complicates the situation is the fact that the heavy donor presence in Ukraine puts a premium on skilled project managers and leads to fierce competition for this type of skill. The difficulty of hiring good project managers emerged a number of times during the interviews conducted for this evaluation. It led to project delays on a number of occasions, as illustrated in the previous section. In the *Lighting* project, this became a critical factor – the project was managed by three different project managers during its lifetime which undermined stability and institutional memory.[35] It should also be noted that as certain UNDP projects in the E&E area are moving towards the promotion of market-oriented solutions to investment problems – such as the *Bioenergy* and *Lighting* projects that have sought to promote energy efficiency and renewable energy investments from the private sector – the type of skillsets required by these projects is somehow different. Market transformation programs, for example, require team members with entrepreneurial traits, who can understand or adapt quickly to changing market situations.

Overall, the challenge for UNDP in the coming years will be to ensure that it is hiring the best of the best, especially for key positons such as project managers, while at the same time accelerating recruitment procedures and improving staff retention.

Consultants

National and international consultants play a major role in the implementation of E&E projects, both in terms of the activities they carry out and the amount of resources the CO spends on procuring their services. Based on data collected from the projects, more than US$ 8 m was spent by the cluster on national and international consultants during the programme cycle (2012-2016). This was the largest expenditure category, making up about 40% of total cluster spending.

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[35] My K. Ton and Petro Pavlychenko, Terminal Evaluation Report, "Transforming the market for efficient lighting in Ukraine", March 31, 2017 (page 22).

The use of national consultants has been more significant than the use of international consultants during the programme cycle in question. About US$ 5.5 m, or one quarter of the total cluster budget, was spent on national consultants. Certain projects made considerable use of national consultants. For example, the *Lighting* project spent more than US$ 2.5 m on national consultants, whereas the *Peatlands* and the *Low Carbon Growth* projects more than US$ 1 m each. The EE Secretariat, although small in budget size, spent about 70% of its resources on national consultants.

Table 13: Share of project budget spent on national consultants

Project Name	% of budget spent on nat. cons.
EE Secretariat	70%
Peatlands	46%
Lighting	42%
Low Carbon Growth	31%
Rio	31%

The recruitment of highly skilled national consultants is challenging. The CO is competing with multiple international organizations on the quality of advice provided to national counterparts and the quality of consultants recruited to provide that advice. One issue that came up repeatedly during the interviews was the practice of poaching of national consultants by international organizations without any coordination of efforts. For example, in the area of energy efficiency, the same small pool of national experts seemed to have been hired by various international organizations, sometimes to do similar work and sometimes at cross-purposes. Also, the systems and criteria used for the recruitment of national consultants did not always seem clear – the projects mentioned that they have rosters of national consultants but recruitment often seemed to have been done in a rather ad hoc fashion.

International consultants also play an important role, especially in areas where national expertise is lacking. For example, in projects that aim to transform the market for products or services, especially to pioneer an approach that can be used by other projects or partners, it is essential to secure the services of an experienced international expert from the outset. During the 2012-2016 programme cycle, the CO spent about US$ 2.7 m on international consultants, which represented about 13% of total cluster spending. The project with the most significant use of international consultants is the *Low Carbon Growth* project which during the period in question spent on them about US$ 1.8 m, or more than half of its budget. The challenge with international consultants is that they are expensive and have to be used strategically and sparingly. This sometimes creates problems with gaps in their presence during project activities. For example, the *Lighting* project was initiated without a Chief Technical Adviser (CTA) and did not retain the services of an experienced international CTA until 2014 – 4 years into a six-year project. Then, at least two CTAs were involved, but neither of them was utilized effectively as envisioned in the Project Document because of a lack of clarity about their role in the project and

infrequent visits to Ukraine.[36] Ultimately, this lack of consistent engagement of CTAs from the beginning did not represent a good use of the resource.

Improving the quality of the human resource

The key issue the CO faces when it comes to the use of staff and consultants is to show that UNDP and the country are getting a good return from the significant amount of money that is spent on this resource. To prove that this is always the case, the CO needs to ensure that it has the best of people working in its projects either as administrators or experts. This will require a human resource management system and strategy that allow UNDP to hire the best and to manage those who get hired in the most effective way possible. While proposing a fully-fledged system and strategy falls outside of the scope of this evaluation, the following are some key elements the CO might want to consider.

Concerning project staff, the CO should look into the systems it uses for hiring project staff, and in particular project managers, and seek to improve the incentives for attracting bright and capable individuals. It may consider the establishment of a formalized retention scheme for project managers which would enable them to move more easily from a closing to a starting project. This will provide high-performing managers with more job security. It is also essential that UNDP invest in the capacity of its people at the project level. The evaluation found that the CO does not have any standing training plans for project managers and staff. Training is organized in an ad hoc fashion, driven by opportunities rather than a purposeful long-term plan. The CO will benefit from having a well-established training policy, including individual training plans, for all project staff. This training should include aspects of project management, RBM and data analysis, communications, leadership, etc.

With regards to consultants, the CO should rationalize their use by looking closer at how they are currently utilized and making sure that when needed the projects hire the best available expertise. Overall, the CO needs to have a solid Human Resource Management Strategy underpinning a system that enables it to manage more effectively national and international consultants. The following steps will be important to consider while establishing such a system.

- *Clear scope of work, based on clear plan* – each project needs to have a clear sense for when a consultant is needed, what types of skills that person will need to have, and for how long they need to be engaged. All this needs to be carefully planned from the outset of the project.
- *Clear matching of requirements and skills* – the requirements for the work that needs to be conducted should be carefully translated into a set of skills that a consultant should possess. This is a complex process, especially in some of the highly technical areas that the E&E cluster involves. The assistance provided by the regional advisers in the Istanbul Regional

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[36] My K. Ton and Petro Pavlychenko, Terminal Evaluation Report, "Transforming the market for efficient lighting in Ukraine", March 31, 2017 (page 22).

Hub is essential for this. But the vetting process within the CO should be further strengthened to ensure that all Terms of Reference meet certain minimum quality criteria.

- *Fast and effective recruitment procedures* – The CO should investigate what factors delay the recruitment process and try to work around the major barriers while sticking to corporate recruitment standards and rules. The CO might also want to consider establishing a roster at the programme level to rationalize the use of consultants across the various projects and accelerate their recruitment.

- *Monitoring* – The CO and programme staff should conduct more careful monitoring of the use of human resources in the projects. A dashboard featuring a number of human resource indicators – such as project recruitment timelines, financial resources spent on the use of national and international consultants, training plans, etc. – could be established at the level of the programme to monitor project performance along these dimensions. These indicators should be fully integrated into the RBM systems recommended in the section on "effectiveness" in Chapter 4 of this report.

- *Incentives for attracting skilled staff* – As part of its human resources management (or development) strategy, the CO should look into the incentives it is currently using to attract highly-skilled individuals in its projects. This is a large area that falls outside the scope of this evaluation, but the key message from this assessment is that the existing incentives might need to be revisited in light of the expansion of donor presence in Ukraine after the 2014 conflict in the Eastern part of the country.

4.3.3. Programme Synergies and Linkages

Another angle from which the efficiency of the E&E programme may be assessed is to examine how the activities of a particular project have been coordinated and synergetic with other activities in the cluster and the broader country programme. From an efficiency perspective, it is important to understand how various project activities have reinforced each other and the extent to which the programme has functioned as one.

Synergies and programme cohesion are largely a function of coordination and cooperation between projects. But, what form does cooperation take in practice, and how do resulting synergies make the sum of activities larger than the individual parts? And, how can we assess synergies or the potential for synergies between projects?

To assess the degree to which different projects cooperate with each other and produce synergies, we can think of cooperation as a process that varies in intensity from very low interaction to strong collaboration and joint action. These varying degrees of cooperation are shown by the four levels in the inverted pyramid in Figure 13 below. As we move up in the direction of the base of the pyramid, the degree (intensity) of coordination, cooperation and synergies increases. It should be noted, that the four levels defined in this case are quite

subjective and their purpose is simply to categorize different degrees of cooperation that can be achieved between projects.[37]

The following is a brief description of the type of cooperation that takes place at each level, starting with the lowest level.

1. At the lowest and simplest level, cooperation between two projects takes place through the sharing of information (lessons learned and knowledge).
2. At the second level, projects cooperate with each other by sharing not only knowledge and lessons, but also contacts and networks. For example, one project that is already established and has been operating for years in a particular area provides a newly established project with access to government partners, NGOs, academia, international expert networks, etc.
3. At the third level, cooperation goes beyond the sharing of knowledge and networks and takes the form of shared inputs, which may be staff, equipment, project premises, etc. For example, a project may use another project's infrastructure (such as offices and vehicles) in a particular location where it has no permanent presence.
4. At the top level, cooperation is more intense. At this level, projects contribute to shared objectives and strategies which makes their activities fully cohesive and synergetic. For example, two projects that have as their objective the promotion of energy efficiency in schools may avoid overlaps by working closely together to avoid overlaps and specializing in different activities that are fully synergetic. Efficiency gains, in this case, are the highest as the projects reinforce each other.

Figure 12: Degrees of cooperation between projects – What is shared?
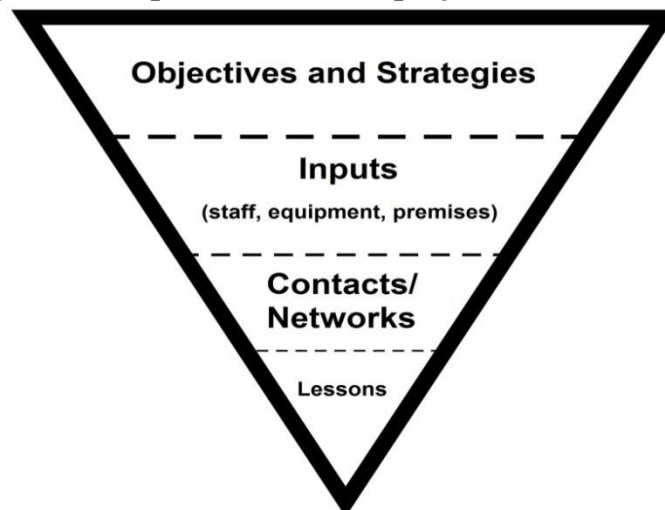
The categories shown in Figure 12 can be applied to the E&E project activities to assess the potential they have for synergies with other projects in the cluster and the broader country programme. Figure 13 below shows all E&E projects mapped on the basis of theme linkages and

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[37] The terms cooperation and synergy can be rather vague. The framework presented in Figure 13 is intended to avoid that vagueness and allow for the quantification and comparison of different degrees of cooperation.

structural proximity in government functions. Two things can be seen from this figure: i) most E&E projects have a cross-cutting nature, which means that they belong in more than one thematic area; and, ii) most projects cluster around the areas of energy efficiency, climate change and biodiversity.

Figure 13 shows two sub-clusters which are circled in red. One sub-cluster includes projects that share the objective of energy efficiency. There are four projects in this sub-cluster – **Bioenergy**, **Lighting**, **EE Secretariat** and **SGP**. The other sub-cluster contains climate change-related projects – the **Low Carbon Growth** and **Peatlands** projects. These projects share common objectives related to climate change. The **Black Sea** and the **Ozone** project have a more specific nature, but they also have connections with the other projects – the **Black Sea** project shares the "water management" theme with the **Peatlands** project and the **Ozone** project shares elements of climate change with the **Low Carbon Growth** project. The **Rio** project is a framework project. It is intended to strengthen environmental governance and mainstream a variety of concerns, including climate change and energy efficiency, into national policy frameworks and strategies. Its high-level policy and strategic nature connect it to all the other projects in the cluster.

Given the shared objectives and themes of the E&E projects, the potential for linkages and synergies within the cluster can be categorized as high and can be placed in the uppermost level of the cooperation pyramid shown in Figure 12.

**Figure 13: Potential linkages within the E&E cluster**
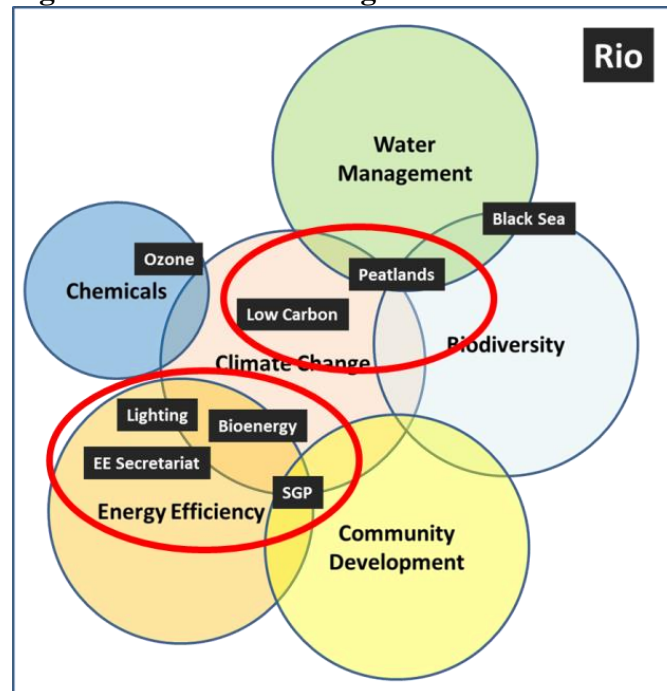
The logic described above can be extended to the whole programme to assess the potential for linkages and synergies between E&E projects and other programme areas. Two other project clusters stand out in terms of the potential they carry for strong linkages and synergies with the

E&E cluster. They are the "Decentralization and Local Governance" and the "Peacebuilding and Recovery"[38] clusters (see Figure 14 below).

- The E&E and "Democratic Governance and Reform" (DGR) clusters have natural connections. Although they may operate in different thematic areas, they share common objectives such as strengthening the effectiveness of institutions and enhancing the capabilities of national and sub-national government entities to carry out their functions. This includes work related to key aspects of good governance such as strategic planning at the sectoral level or the level of an organization, public financial management, accountability systems in public organizations, etc. The potential for synergies is particularly high at the sub-national level where both the E&E and DGR clusters have a significant footprint. Overall, the potential for linkages between the two clusters can be categorized as high and may be placed in the upper two levels of the pyramid in Figure 12.
- There is also significant potential for linkages and synergies between the E&E and the "Recovery and Peacebuilding Programme" (RPP) clusters. In this case, the potential is more relevant along geographical lines than thematic lines. The RPP activities are concentrated mainly in the conflict areas in the East where the E&E cluster has had a footprint during the current programme cycle (but should be more present in the coming cycle[39]). Cooperation between the E&E and RPP clusters could take the form of shared inputs (premises, staff, vehicles, etc.) and local networks, which would place the potential for synergies at Level III of the pyramid in Figure 12.

**Figure 14: Potential linkages between the E&E cluster and other programme areas**

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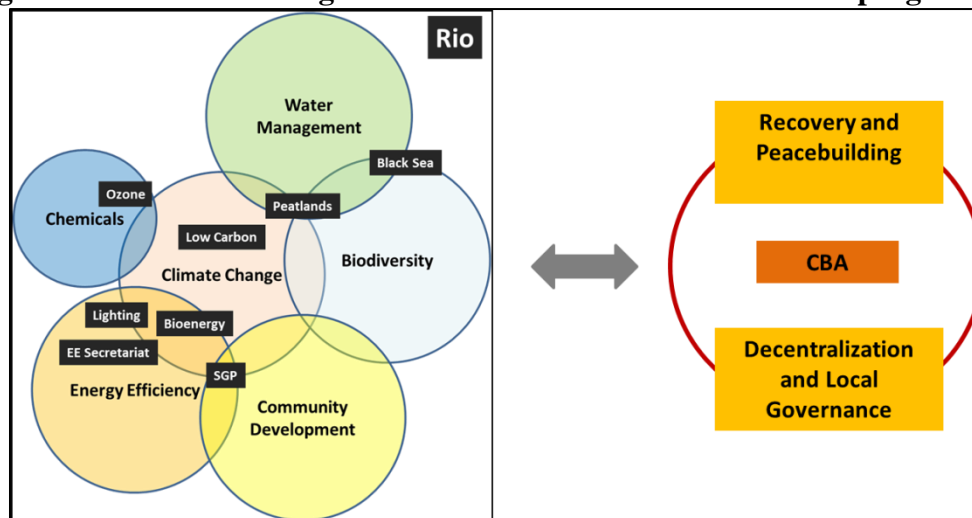
[38] A range of new projects have started in this rapidly growing area of UNDP's work in Ukraine. Examples of these projects are: Rapid Response to Social and Economic Issues of IDP's; Economic and Social Recovery of Donbass Region; and Early Recovery of Social Services and Peacebuilding in Donbass.

[39] This will be discussed in more detail in the section on partnerships.

In the current UNDP programme, there is one project in particular that has large potential for linkages and synergies with the E&E cluster. This is the Community-based Approach to Local Development (CBA) project. CBA is a long-running[40] UNDP project that promotes sustainable socio-economic development at the local level by strengthening participatory governance and fostering community-based initiatives throughout the country. It mobilizes local governments, community organizations and the private sector to plan and carry out together micro projects aimed at improving the living conditions of people in urban and rural areas.

Figure 15: Potential linkages between the E&E cluster and the CBA project
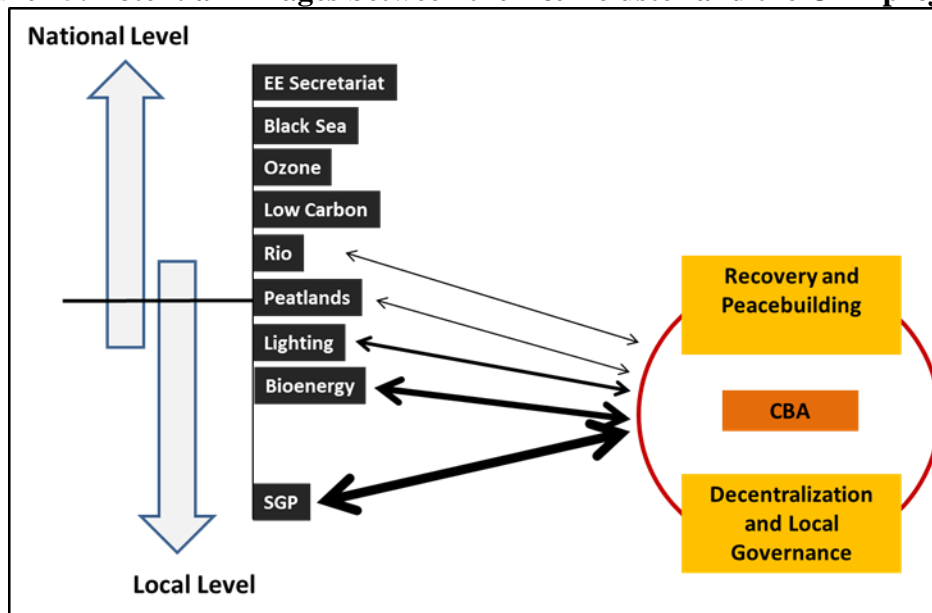
The potential for linkages and synergies between the E&E projects and CBA (subject to CBA's extension) exist along two dimensions:

- *Thematic* – CBA's activities are significantly focused on energy efficiency and environmental protection. For example, 113 of a total of 135 CBA micro projects approved for implementation in 2016 were devoted to energy saving, 14 to water supply, 6 to health care, and 2 to environment saving. Given the particularly heavy focus on energy efficiency of the CBA project, the potential for close cooperation between the energy efficiency-related projects of the E&E cluster and the CBA is significant.

- *Geographical* - CBA has a footprint in every region of Ukraine, including physical infrastructure (offices with staff in the offices of most oblast administrations - with the exception of the conflict areas). Also, CBA works closely with local authorities at the oblast, rayon and municipal/village level on a range of governance issues, including strategic

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[40] CBA has been running since 2008. It represents a major investment of UNDP in Ukraine. Institutional memory and lessons generated are significant assets. CBA is currently running its 3rd phase and is expected to end in September 2017 (although the management is planning to file a request for extension).

planning, especially the financial planning aspects. This access to local communities and authorities, but also expertise, is an invaluable asset which some of the E&E projects that work at the sub-national level could tap into to save costs and accelerate activities. There is also significant potential for both E&E projects and CBA for efficiency gains from sharing assets or integrating activities – i.e. reduced overhead and administrative costs. The potential for synergies is higher for those E&E projects that have a heavier sub-national presence, as shown in Figure 15.

CBA holds particular potential for synergies with the *SGP* project. Both CBA and SGP are focused on community development and use energy efficiency as one of the cross-cutting issues. They cooperate closely with community organizations and use quite similar models of community development, as can be seen in Table 14 below. The degree of cooperation that is possible between these two projects is of the highest level, corresponding to Level 4 in the pyramid in Figure 12.

Table 14: Similarities between the SGP and CBA Models

Activities	SGP	CBA
Creating and strengthening community groups	✓	✓
Selecting communities based on a competitive process	✓	✓
Working closely with rayon and municipal governments	✓	✓
Having community groups identify local priorities	✓	✓
Providing grants to community groups for micro-projects	✓	✓
Requiring co-financing from communities and local governments	✓	✓
Conducting procurement based on UNDP procedures	✓	✓
Heavy focus of micro-projects on energy efficiency	✓	✓

So, clearly, as the first part of this section has demonstrated, the potential that E&E projects have for cooperation and synergies with other projects in the cluster and other programme areas is significant. But to what extent has the CO taken advantage of this potential and exploited it in practice during the 2012-2016 programme cycle?

The analysis of the information collected in the course of this evaluation indicates that the degree of cooperation between the various projects within the cluster has been limited. These projects operate to a large extent in isolation from each other, even when the objectives they pursue are similar (for example, energy efficiency or climate change, as shown by the sub-clusters in Figure 13). Whatever cooperation takes place happens mainly at the level of information sharing or, in some cases, helping with access to contacts and networks. No formal mechanisms seem to exist for the sharing of expertise and lessons learned within the cluster. Coordination is achieved primarily through cluster meetings which involve the Project Managers. These meetings do not seem to take place regularly and no written protocols or minutes were available from these meetings. The role of the Programme Officer responsible for the cluster is essential for coordination because in the current set up that position serves as the conveyor of knowledge

from one project to the other and the facilitator of coordination between the projects. Thus, while the potential for synergies within the cluster is at Level 4, the actual degree of cooperation can be situated at Level 1 and 2. The evaluation found no solid and formal systems for institutionalizing cooperation in the cluster. To take full advantage of the potential for synergies, the cluster needs more than just simple coordination through monthly meetings.

Also, cooperation between E&E projects and activities in other programme areas seems to have been quite limited. It takes place mainly at the information sharing level, with very little interaction at the implementation level. Even at the information sharing level, there seems to be limited knowledge across programme areas about what exactly is going on in the other areas. Furthermore, project personnel are interfacing with the same government and development partner interlocutors at the same time on a single-project basis, hence, disjointedly, and adding to the confusion, lack of coordination, duplication and sub-optimal use of resources.

At the sub-national level, where opportunities for synergies both within the cluster and with other programme areas are significant, cooperation remains limited. While in other areas of the programme there seem to be some good practices of collaboration that could be replicated in the E&E cluster (see the example in Box III below), the evaluation found no evidence of solid coordination, active sharing of experiences or joint activities. The absence of project coordination contributes to the entrenchment of the projectized (i.e. narrowly focused) nature of the programme's work, missing opportunities for synergies and not supporting local authorities effectively to respond to development challenges. With the projects engaging government and non-governmental counterparts separately, there is a lack of formal representation vis-à-vis partners and interlocutors on the ground. For example, the E&E projects make no use of the CBA infrastructure and networks in those locations where CBA has offices in oblast administrations. Another example is the lack of close cooperation between the SGP and CBA projects. Only in its current phase CBA has supported 819 community organizations throughout the country with technical assistance and grants. In parallel, SGP has worked with a large number of community organizations using a similar model that combines grants with technical assistance. Yet, it was not possible to establish during this evaluation whether CBA and SGP had worked with the same community organizations or completely different ones simply because there was no readily available data on that. Ideally, both projects should have identified common partners and recipients of grants in order to avoid overlaps and inefficiencies.

Box III: Example of positive cooperation between UNDP projects at the sub-national level

In Zaphorozhye, Kyiv, Odessa and Poltava, staff of the Rapid Response to Social and Economic Issues of IDP's project are co-located with CBA staff in a project office. In Kharkiv and Dnipropetrovsk, these two projects are co-located with other UN Agencies in common premises, which are administered by UNDP. In Donetsk Oblast (Kramatorsk and Luhansk Oblast (Severodonetsk), four UNDP projects and staff are co-located with other UN Agencies in common premises, administered by UNDP (both offices have an admin assistant, reporting to Operations in the CO). (*excerpt from UNDP Ukraine Change Management Plan, October 2015*)

There are a number of reasons for why this large potential for linkages and synergies is not taken full advantage of. One major reason is related to the opportunistic nature of UNDP's funding model which represents a challenge for closer integration of projects. Projects are often developed with specific donors in mind and are driven by specific donor requirements and priorities, resulting in programmatic fragmentation and multiple projects with sometimes overlapping outputs and activities, potentially limiting results and impact. Also, when the funding source is dedicated to a single issue or project, sector "silos" emerge within the programme and get further reinforced by separate project teams and boards. UNDP's funding model is not going to change any time soon, so the challenges of creating synergies between the different projects will remain. What the CO can do, however, is to strengthen project linkages as much as possible within the existing constraints.

The management is aware of the fragmentation challenge which seems to be present not only in the E&E cluster but also in the other programme areas. In 2016 the CO initiated a process of restructuring (functional and structural alignment) based on the recommendations of a Change Management Mission (CMM) which took place in late 2015 at the request of the management.[41]

It is important to emphasize that while the organizational structure is important because it shapes the behaviour of staff, it cannot be singled out as a panacea for addressing all functional and performance bottlenecks. It does enable a more conducive setting to work as a team with the desired approach, but ultimately it is up to all staff to make it happen. In other words, it is everyone's responsibility to play a positive, can-do role, and for managers at all levels to instil the right set of organizational values to inspire the team.

The key part of the reorganization process was the reprofiling of some of the staff responsibilities and qualifications to make them more responsive to the requirements of the programme. While before there was a Cluster Team consisting of a programme officer and two assistants who had responsibilities for implementation oversight, programme development and communications, now there is one programme officer in the MSU focusing mainly on the implementation of the E&E programme. SAU focuses on partnerships and programme development by working with programme officers and project managers, whereas the CU supports project and programme staff with communications with partners and external audiences. The main purpose for the creation of these two new units was to free programme officers from advisory and PR/communications duties. Previously, they were unable to exercise their advisory and more strategic role in support of the development of the country programme due to heavy workload arising from their excessive involvement in in day-to-day project implementation activities. Now, the reorganization is expected to make it easier for programme officers to deepen their technical expertise in the areas they cover and foster more effective cooperation between the different projects.

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[41] See report from the Change Management Mission Team dated October 2015.

While it is too early to assess the full effects of the reorganization of the CO, the process is expected to improve programme management, cooperation and coordination between projects and relations with partners. Some concerns regarding the restructuring process were however noted during interviews with programme and project staff and the main ones are summarized here for the attention of the CO management:

- Concern was expressed about the ability of a single staff member (programme officer) to oversee the daily implementation of the whole cluster. The validity of this concern obviously depends on the size of the cluster, but for a portfolio with the size of the current E&E programme the CO will have to consider whether a single programme officer will be able to manage activities in such an array of areas, some of which are require deep technical expertise.
- There was also some concern about how programme development will be coordinated with programme implementation. While SAU will be directly responsible for the development of new projects, some interviewees were not sure what role the programme officer responsible for the cluster and project managers will play in that process. Also, more importantly, there was uncertainty about how the substantive knowledge generated within the cluster will inform the design of new programme ideas.

Strengthening programme linkages and synergies

This section has shown that the potential for linkages and synergies within the cluster and the broader programme is significant, yet this potential is not fully exploited by the CO. The current silo-ed and uncoordinated implementation arrangements do not allow the CO to achieve optimal results. The restructuring process the CO has undertaken recently is expected to improve the situation. The following are some measures the CO might consider to further strengthen programme cohesion and efficiencies.

As many activities in the cluster are inextricably linked, the CO should seek to integrate its projects as much as possible at the level of the cluster and the broader programme. The CO should take full advantage of the potential for synergies by promoting the highest level of cooperation that is possible. Integration may be enhanced along the following paths.

- The CO should apply integrated ecosystem-based approaches to address environmental and energy efficiency concerns at the programme level.[42] If these approaches are used to guide the design of all E&E projects, the cluster will become more closely knit-together and synergetic. Although UNDP's funding model makes this difficult, there has been some progress lately with GEF funding moving towards integrated approaches. The CO needs to take this practice to a higher level.

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[42] This applies as much to the UNDP programme as the country programmes. In effect, some of the UNDP projects, such as the Rio one, are designed to support precisely this approach, but UNDP should itself embrace this approach more fully in the design and implementation of its own programme.

- The CO should explore the establishment of a common platform for managing projects that share similar objectives. Such a joint platform may combine not only elements related to information sharing, data systems, monitoring and evaluation (which are addressed in the discussion on RBM), but also implementation tools such as systems for procurement, recruitment, awareness raising, etc. If such a platform is established at the programme level, it should be fully integrated with the RBM system that is recommended in the "Effectiveness" section of Chapter 3.
- At the sub-national level, the CO may strengthen collaboration between projects by establishing integrated frameworks for project planning and implementation. For example, the CO may explore the feasibility of integrated work plans elaborated at the regional/local level and matched with the CO's plan at the national level. An example of this would be the use of UNDP's local presence (i.e. CBA) as vehicles for the implementation of UNDP projects in the respective areas.[43] Such an approach will enable UNDP to weave more effectively cross-cutting issues (such as energy efficiency, citizen engagement, transparency and accountability, gender equality) into other thematic activities (i.e. community development etc.).
- Also, to further improve the effectiveness of the new organizational structure, the CO should clarify and communicate clearly to all CO staff, including project teams, the roles and responsibilities of everyone in programme implementation and programme development. Collaboration between the Strategy Advisory and Management Group units should be strengthened by making them work more closely together on both programme implementation and programme development. The separation of programme development and programme implementation functions, which was conceived to eliminate the silo approach of the previous structure, should not lead to new silos defined by this separation. Proramme officers from MSU should be more actively involved in programme development and SAU advisers should work more closely with Project Managers and be involved in the oversight of projects. SAU and MSU should jointly coordinate programme implementation on the ground, representing UNDP on a day-to-day basis vis-à-vis authorities and other partners and interlocutors, and providing regular progress and analytical reports to the management.

4.3.4. Coordination with Development Partners

In addition to assessing synergies within the UNDP programme, the evaluation also examined potential linkages between UNDP's E&E projects and the activities of various aid agencies active in Ukraine and assessed the degree to which complementarities and efficiencies have been achieved as a result of cooperation.

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[43] Also, UNDP's local presence may serve as a vehicle for the implementation of the activities of other UN organizations in a particular location.

Following the Euromaidan uprising and the ensuing conflict that brought Ukraine to the fore of the international agenda, the country has experienced an unprecedented boom in external assistance in support of reforms. The presence of development partners has increased substantially across all areas, including the energy and environment sectors. A comprehensive "map" of what the main donors are doing in the area of E&E was not available by the CO or government sources consulted for this evaluation. Constructing such a map was outside the scope of this evaluation, but nevertheless the data obtained during the field work was used to locate the activities of major donors along the main thematic areas of UNDP's programme (Figure 17).

Figure 17: Donor activities by thematic area
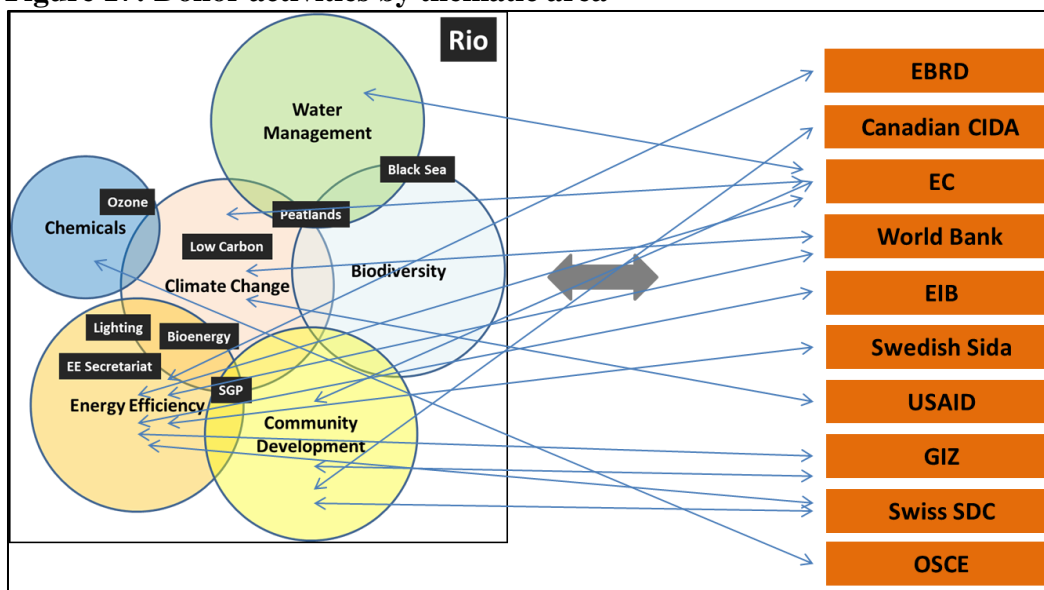
As can be seen from the figure, there is intensive donor activity in many thematic areas where UNDP is operating. The area of energy efficiency has become particularly crowded[44], mainly as a result of the interest many development partners have in assisting Ukraine strengthen its energy independence. Such a large donor presence in the areas where UNDP is operating implies that the potential for synergies and efficiency improvements in the UNDP programme is significant. The CO can capitalize on this potential in two main ways. At the planning stage, it can coordinate more closely the design of its programme with other donors to ensure that there are no overlaps and duplications of activities. At the implementation stage, it can collaborate with development partners more intensively towards shared objectives and achieve considerable costs savings by sharing, where feasible, knowledge, networks, activities, inputs (i.e. premises, expertise, etc.) and systems (i.e. monitoring).

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[44] Main organizations operating in the area of energy efficiency are WB, EBRD, EIB, GIZ, KfW, USAID, Swedish SIDA etc.

Clearly, the potential for cooperation is significant. But to what extent have UNDP's E&E activities been aligned and synergetic with the activities of other development partners during the 2012-2016 cycle? How has UNDP promoted development effectiveness in the E&E area?

The evaluation found limited cooperation between the E&E projects and the activities of other donors. Cooperation is perceived as coordination at the informational level. Programme and project staff reported that they participate in donor in coordination meetings where participants share information about the activities they are running. Yet, even at the informational level, the visibility of E&E projects seemed low among some key development partners. For example, when asked about specific projects in the E&E cluster, representatives from the EU, GIZ and USAID seemed only familiar with projects they were directly involved with, but did not have any specific knowledge about other projects in the cluster. Some partners stated that they were informed about UNDP activities mainly through the media.

Furthermore, the evaluation found little evidence of UNDP interventions designed, planned and implemented jointly with any donor organization other than the organization providing the funds. Certainly, the activities of other partners in a particular area are identified and accounted for at a high level in the contextual analysis part of project documents, but overall project activities are typically designed and planned separately without exploiting to the maximum the potential for synergetic and reinforcing interventions. For example, projects with significant potential for cooperation with development partners such as the *Lighting* project have had quite limited interaction with donors presently active in the area of energy efficiency such as USAID, GIZ, EBRD, World Bank, IFC, or NEFCO. As the final evaluation of the *Lighting* project stated, "it was difficult to ascertain whether this non-engagement of new potential stakeholders was a result of project consideration, or lack of willingness of these stakeholders to cooperate and engage with the project, as there was no work plan or PIR items indicating the need for this task".[45] One notable exception in this regard is the Financial Support Mechanism signed by UNDP and the IFC/IBRD under the *Bioenergy* project which combines the comparative strengths of the two organizations towards a unified set of objectives.

Weak cooperation with development partners is not a weakness of UNDP only, but a larger condition which is a consequence of overall ineffective donor coordination in Ukraine. Although a number of structures and mechanisms for aid coordination have been conceived, development assistance remains largely fragmented and ineffective. This is particularly the case in the E&E area. The government lacks the capacity and commitment to coordinate the donor community and harmonize incoming aid flows. In interviews for this evaluation, MENR acknowledged the weakness of donor coordination and stated that they were in the process of building a stronger mechanism for coordination in the environmental sector. At the same time, the government has no solid data on donor assistance. An "Open Aid Ukraine" online database has been established

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[45] My K. Ton and Petro Pavlychenko, Terminal Evaluation Report, "Transforming the market for efficient lighting in Ukraine", March 31, 2017, Page 24.

and is operated by the Department for International Cooperation in the Ministry of Economic Development and Trade (MEDT), but it is still in testing mode and the information it contains is related only to registered projects.[46] Also, the Government Office for European Integration (GOEI) within the Secretariat of the Cabinet of Ministers (under the Prime Minister's office) operates another database, which also contains only partial information on registered projects, leaving out many active projects which are not registered. The competences and responsibilities of MEDT and GOEI regarding donor coordination are not clear and donor agencies are confused about the role of each institution.[47]

Facing a lack of strong government leadership and not wanting to impose their vision on the government, development partners are trying to coordinate amongst themselves on a sectoral basis. A donor coordination group has been established for the environmental sector and is currently chaired by the Swiss SIDA. According to interviews, this group has met once in 2015 and once in 2016. In these meetings development partners discuss their plans and share information about their activities. Under the broader environmental group, there are smaller groups of organizations that coordinate on narrower themes. The area of climate change, for example, appears to be better coordinated than the other areas.

An area that seems to be less effectively coordinated is energy efficiency, although it receives a lot of attention and funding from donors due to its high priority status. The lack of effective coordination might have led to some degree of duplication among donors, with different organizations supporting different pet projects without paying careful consideration to the bigger picture and what the other partners are doing. Some energy efficiency-related initiatives that have been implemented or are being implemented with the support of specific international organizations but which are not fully coordinated with or supported by all development partners are "Warm Credits", "Energy Efficiency Fund", "Green for Growth Fund", etc. What these initiatives lack is a clear sense of direction and how they are connected to each other.

Another phenomenon in the area of energy efficiency that was noticed during the field mission was the hiring of the same small group of local experts (consultants) by international organizations, including UNDP, to do similar work under different projects.[48] If uncoordinated between the donor agencies, these hiring practices bear a significant risk of duplication and inefficient use of resources.

Contributing to donor coordination and strengthening cooperation with development partners

The lack of effective donor coordination is a challenge for UNDP activities. Yet, it also presents an opportunity for UNDP to play a stronger role in the coordination of development assistance

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[46] A quick check for UNDP projects performed in May 2017 revealed that most ongoing UNDP projects (including those from the E&E cluster that fall within the scope of this evaluation) are not included in the database.

[47] Anita Sobják, Momentum Not to Be Wasted: Aid Coordination in Post-Revolutionary Ukraine, Polish Institute of International Affairs, No. 37 (139), October 2015.

[48] This was examined in more detail in the section on "Quality of the Human Resource" of this chapter.

and, through that role, to be able to mobilize more resources for its operations in the country (this is discussed in more detail in Chapter 5). To be able to contribute to donor coordination and achieve better synergies with the operations of other development partners, UNDP may consider the following.

- First, UNDP should ground its operations, including those of the E&E cluster, more effectively in the reform infrastructure that has been set up under the leadership of the National Reform Council. This will require that the CO understand and navigate the reform infrastructure and agenda more effectively in order to be able to position itself more advantageously vis-à-vis the other donors. To be able to do this, the CO will need to clearly map all the reform initiatives and donor activities in the E&E area and identify opportunities which UNDP can exploit most effectively. By connecting its activities more effectively to the reform agenda, the CO will be able to achieve better cooperation and synergies with the other donors who are also connected to and actively supporting the government's reform agenda.

- Second, UNDP should strengthen its cooperation with development partners by going beyond information sharing and forging collaboration at the level of project activities. Where possible, UNDP should capitalize on the financial resources of donors to achieve more impact by playing a catalyzing role through a clear division of labour in win-win arrangements. A good example of this is the collaboration mechanism that is currently being discussed with EIB through which UNDP will focus on monitoring the governance aspects of EIB loans at the local level, whereas EIB will focus on the financial mechanism and the involvement of the private sector.

- Third, UNDP could play a more important role in supporting donor coordination both at the national and sub-national level. As mentioned above, in certain areas such as energy efficiency some donors seem to be pushing in different directions with some of their pet initiatives and there is no clear sense of overall direction. For UNDP it is important to navigate this situation and be able to make meaningful substantive contributions while at the same time trying to improve coordination and communications among donors. UNDP could play a bigger role in promoting efforts focused on sharing information (including lessons learned) and mitigating overlapping efforts. At the sub-national level UNDP is uniquely positioned to help governments and donors coordinate their efforts more effectively.

4.4. SUSTAINABILITY

While the sustainability of UNDP's work in the E&E area is shaped by a number of factors, the focus of this report will be on those aspects that require more attention from the CO team and management. The areas that will be reviewed in this section are: i) government engagement, ii) policy implementation, iii) pilots, demonstration effects and replication, iv) co-financing by the government and private sector; and, v) risk management.
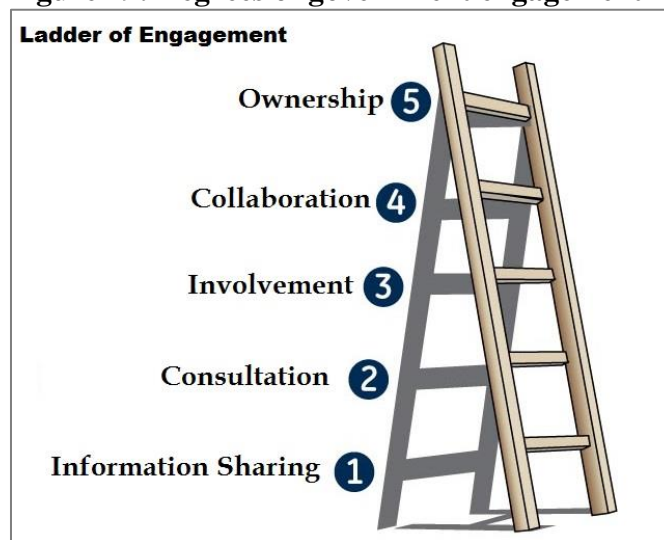
4.4.1. Government Engagement

One key dimension of the sustainability of UNDP interventions is the degree to which government partners are engaged in them. UNDP interacts with a number of ministries and departments with which it implements joint projects, as well as new partners it intends to work with. Having the full engagement of government counterparts is a crucial aspect of UNDP's work because after project completion government entities eventually become responsible for continuing, scaling up and financing the activities initiated by UNDP.

Government engagement is the E&E cluster is a complex and challenging process because of the multiple stakeholders involved. In the area of environmental protection, the main government counterpart is MENR, but there are dozens of other uncoordinated stakeholders involved (see Box VI below for a discussion of the key stakeholders in the area of environmental protection). The energy efficiency sector is even more complex because responsibilities are fragmented amongst various agencies (see Box V below for a discussion of the key stakeholders in the energy efficiency sector).

Government engagement may take different forms, so it is important to define what exactly it means. For the purpose of this report, engagement will be defined along a spectrum of degrees of involvement, called the ladder of engagement and shown in Figure 19. This spectrum is divided in five categories: i) simple information sharing; ii) consultation in the decision making process; iii) involvement in project activities; iv) collaboration, which implies shared responsibilities and decision making; and, v) ownership, which implies that the government fully owns the activities and UNDP plays a supporting role. As a rule, the higher up the ladder the level of government engagement is located, the more effective the involvement of that government counterpart is and the more sustainable are the results of the joint initiative.

Figure 19: Degrees of government engagement

To assess how effective government engagement has been with cluster activities and how it has contributed to the results of UNDP's work, the "ladder of engagement" is applied to the different projects individually. While in a number of projects government engagement has been at the level of collaboration or ownership, in certain activities the degree of engagement has been low. This has created problems for the implementation of planned activities and has undermined "sustainability". Without the engagement of key government partners, project success is limited, especially in the long run. The following are some examples where issues related to government engagement were identified.

- *Ozone project* – While the State Fiscal Service[49], one of the key project stakeholders, seems to have been fully engaged with the project, MENR, which is the implementing partner, has not engaged with the project and is critical of it. At the time of the field mission, the project remained unregistered and unable to complete a number of key activities that were related to MENR. It is clear that without MENR's full support and engagement this project is not going to be able to meet the objectives set out in the project documents.

- *Bioenergy project* – In the project document, the Ministry of Agrarian Policy and Food (MAPF) was designated to be the key partner of the project, alongside the Ministry for Regional Development, Construction, Housing and Communal Services (MRDCHCS) [50]. However, MAPF has largely disengaged from this project and does not seem interested in it.[51] The evaluation team was unable to meet its representative during the field mission to understand the reasons for their disengagement. The main partner of the project at the national level now is MENR and the State Agency of Energy Efficiency and Energy Savings under MRDCHCS.

- *Rio project* – This project has collaborated to a significant extent with representatives from civil society and academia, primarily on the development of the National Sustainable Development Strategy 2030. However, the level of awareness of government counterparts interviewed for this evaluation about this project seemed low. Even MENR representatives had little knowledge about the activities and expected outputs of this project.

- *Peatlands project* – Even though a great deal of useful work has taken place under the Peatlands project, the two main partners of the project – MENR's *State Agency for Water Resources* and *Climate Change Department* - seemed to have little awareness of the components of the project that were not directly related to them. Interviews conducted for this evaluation revealed that the Water Agency had little information about the component

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[49] This organization is Ukraine's customs service.
[50] Previously Ministry of Construction, Architecture, and Communal Living.
[51] MAPF's disengagement is described in more detail in the project's Mid-Term Review - Paata Janelidze, Mid-Term Review Report, "Development and Commercialization of Bioenergy Technologies in the Municipal Sector in Ukraine", March 2017 (page 19).

focused on the "GHG inventory and National Green Investment Scheme", whereas the Climate Change Department seemed to have little information about the peatlands pilots in Polesie and Chernigov.

- *Lighting project* - This project was initially housed under MENR. However, with changing conditions, the recently organized MRDCHCS became responsible for energy efficiency for buildings and lighting. The terminal evaluation of the project noted that cooperation between the two ministries was minimal which impacted the project negatively.[52] Exploring how the project could have worked more effectively with the new ministry should have been one of the key tasks for the project management.

Overall, the research conducted for this evaluation revealed a low degree of government engagement in a number of projects, which suggests that the CO is facing a systemic issue that requires closer attention. A number of UNDP-related factors might have played a role in this – weak communications with counterparts, ineffective planning, inadequate identification and management of risks, etc. However, the root causes of weak government engagement go beyond UNDP's purview and are related to challenges internal to the government which cannot be reviewed here thoroughly because they fall outside the scope of this evaluation. The following are just a few of the most important challenges that have an impact on the activities of UNDP:

- *Unclear institutional arrangements* – A major challenge for Ukraine's public sector is the multitude of agencies responsible for energy efficiency and environmental management, coupled with sometimes overlapping responsibilities, frequent organizational changes and weak in coordination. This lack of institutional clarity and stability has presented a problem for a number of UNDP projects. For example, in the *Bioenergy* project, one of the main challenges identified by the Mid-Term Review was: *"... not clearly defined roles and responsibilities of main governmental bodies responsible for the municipal biomass for heat and hot water services - Ministry of Agrarian Policy and Food (MAPF) and Ministry for Regional Development, Construction, Housing and Communal Services (MRDCHCS); absence of the any official governmental structure responsible for the support of municipal biomass development including determination of the municipal targets for biomass energy".[53]* Complexity is even greater in the energy efficiency sector. Multiple agencies operate with overlapping mandates and little coordination with each other (see Box IV).

Box IV: Key stakeholders in the area of energy efficiency

An area that in the course of this evaluation was difficult to understand and unpack is the energy efficiency sector. The whole institutional set up for energy efficiency is not efficiency organized

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[52] My K. Ton and Petro Pavlychenko, Terminal Evaluation Report, "Transforming the market for efficient lighting in Ukraine", March 31, 2017 (page 24).
[53] Paata Janelidze, Mid-Term Review Report, "Development and Commercialization of Bioenergy Technologies in the Municipal Sector in Ukraine", March 2017 (Page 17).

as there is no clear division of responsibilities multiple agencies involved. The following are some of the key players in the sector:

- Vice Prime Minister (Mr. Kistion)
- Vice Prime Minister & Minister of Regional Development, Construction, Housing and Communal Services - Deputy Prime Minister (MRDCHCS) – (Mr. Zubko)
    - State Agency on Energy Efficiency and Energy Saving (MRDCHCS)
    - State Committee for Municipal Housing (MRDCHCS)
- MENR
- Ministry of Energy and Coal Industry
- Ministry of Economic Development and Trade
- Government Office for European Integration within the Secretariat of the Cabinet of Ministers under the Prime Minister's office
- National Reform Council
- Reforms Delivery Office under the Secretarial of the Cabinet of Ministers
- Verkhovna Rada, Committee on Fuel and Energy Complex, Nuclear Policy and Nuclear Safety
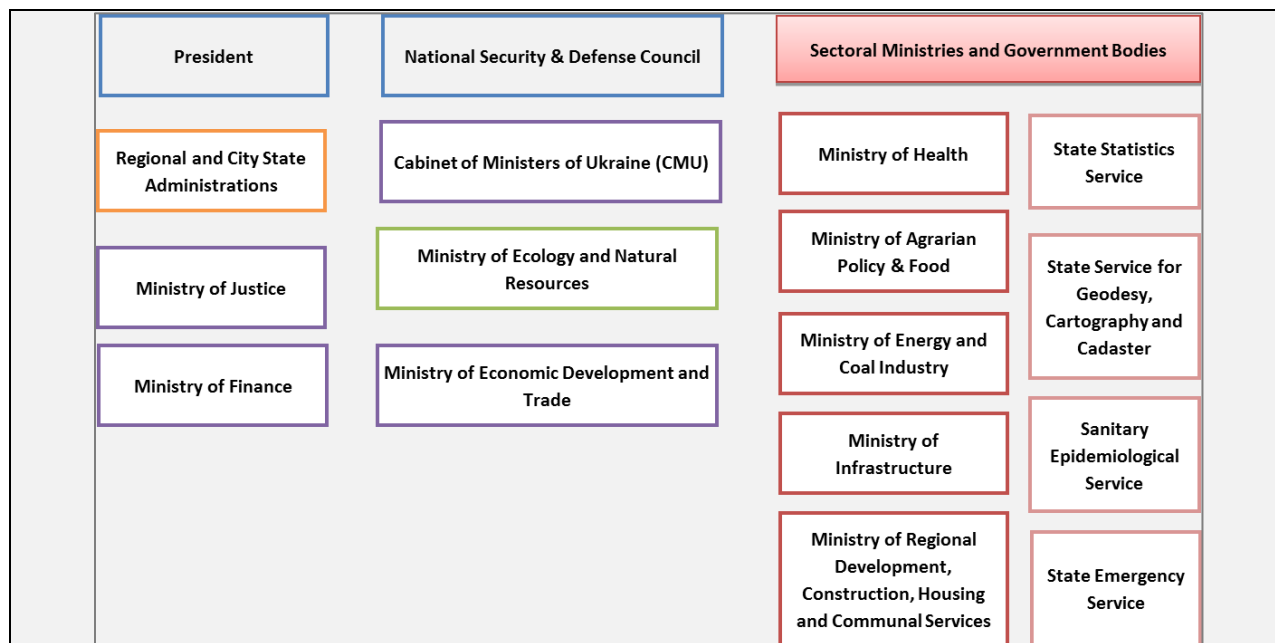- Oblast and Municipal Administrations

Also, there are multiple donors operating in the energy efficiency area, supporting various projects. While a lot of this support is cohesive and highly valued, there seems to be some disagreement around certain donor-supported initiatives such as the Energy Efficiency Fund, "Warm Credits", etc. Sometimes, with some of these initiatives, donors push in different directions and there is no clear sense of overall direction.

Given this multitude of actors and lack of institutional clarity, UNDP activities (and those of other aid agencies) become mired in the bureaucracy and require extra effort and resources to be pushed through.

Also the area of environmental management is complex and poorly coordinated amongst the multiple institutional actors. Box V below illustrates the complexity of the sector and shows the major stakeholders involved. Besides MENR, which is the leading environmental body, there are a number of other stakeholders with competencies over various dimensions of the environmental sector.

Box V: Key stakeholders in the area of environmental protection (based on World Bank Report, Ukraine Country Environmental Analysis, January 2016)

As can be seen in the chart below, multiple agencies are responsible for environmental management. This multitude of agencies with responsibilities for environmental management, coupled with sometimes overlapping responsibilities, frequent organizational change and weak coordination, limit the effectiveness of environmental management.

President	National Security & Defense Council	Sectoral Ministries and Government Bodies	
Regional and City State Administrations	Cabinet of Ministers of Ukraine (CMU)	Ministry of Health	State Statistics Service
Ministry of Justice	Ministry of Ecology and Natural Resources	Ministry of Agrarian Policy & Food	State Service for Geodesy, Cartography and Cadaster
Ministry of Finance	Ministry of Economic Development and Trade	Ministry of Energy and Coal Industry	
		Ministry of Infrastructure	Sanitary Epidemiological Service
		Ministry of Regional Development, Construction, Housing and Communal Services	State Emergency Service

Some of the key actors in the environmental sector are:

- **Presidential Administration and the Cabinet of Ministers** are responsible for the high level policy framework around environmental management.

- **Ministry of Ecology and Natural Resources (MENR)** is the main state authority responsible for developing and implementing environmental policy. MENR's responsibilities are limited by law to inspection and control. It has a limited role in the area of policy development and strategic planning for sustainable development, the coordination of European integration policy on environmental issues or environmental-based economic regulation. MENR coordinates several agencies, including the State Ecological Inspectorate, State Agency of Water Resources, State Service of Geology and Mineral Resources, and State Agency of Ukraine on Exclusion Zone Management. MENR also supervises three research institutes and nine state enterprises.

- **Other Line Ministries**: Ministry of Energy and Coal Industry; Ministry of Agrarian Policy and Food; Ministry of Regional Development, Construction, Housing, and Communal Services; Ministry of Infrastructure, and other ministries, state agencies, and inspectorates.

- **Verkhovna Rada and its Committee of Environmental Policy, Nature Management, and Elimination of the Consequences of the Chernobyl Disaster,** is responsible for producing legislation on environmental issues.

- **Oblast and Municipal Administrations** have recently assumed important functions in the area of environmental management. MENR's oblast branches that were responsible for functions such as permits for certain activities, monitoring, supervision, expert reviews, etc., have been abolished and respective departments in oblast administrations have been created to replace them.

- *Instability of government structures and staff* - Another challenge related to the public sector is the instability of government institutions, resulting primarily from recurring reorganizations of government entities and frequent changes in personnel from leadership and management position to lower level public officials. The continually changing institutional context results in new stakeholders, which makes it difficult for UNDP to develop stable contacts and relationships. The following are some examples of this continually changing institutional landscape.
  - MENR's structure and responsibility have been undergoing significant and continuous change that included frequent reorganizations and restructuring.[54] Furthermore, MENR's responsibilities have changed significantly in recent years – in 2012 a number of functions (such as permits for certain activities, monitoring, supervision, expert reviews, etc.) were transferred from the central government (MENR) to local governments (regional level). MENR's regional branches were abolished and respective departments in regional administrations were created. This process led to discontinuity between MENR's regional branches and oblast administrations' environmental departments. In many cases, these environmental departments do not have the institutional memory or even basic information regarding cooperation projects with international organizations and past actions.
  - As was already mentioned, recently MRDCHCS became responsible for energy efficiency for buildings and lighting, which impacted the strategy and plans of the *Lighting* project.
  - Throughout the programme cycle in question, certain key positions in the government which are related to UNDP projects have changed a number of times. For example, the MENR official who serves as the GEF focal has changed a number of times in the last decade. Also, the official in MENR responsible for the *Ozone* project has changed 5 times during the lifetime of the project making it difficult for project staff to create a stable relationship with the Ministry.

- *Weak inter-governmental coordination* – Ukraine is undertaking multiple large-scale reform initiatives in all sectors which require strong coordination. However, the level of coordination among public sector organizations remains low and consists mainly of providing "no objection" to legislative acts, programmes, and regulations issued by each government agency. This applies to the E&E area as well. The coordination mechanisms that have been established in the Presidential Administration and the Cabinet of Ministers do not have enough powers for strong inter-ministerial coordination. Efforts are underway strengthen the coordination of government bodies and the ongoing reform initiatives. This weak inter-governmental coordination creates difficulties for UNDP

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[54] A major organizational change occurred in 2013, when the State Environmental Investment Agency responsible for the implementation of the UN Convention on Climate Change and Kyoto Protocol was abolished.

projects, such as the ones for the ***Lighting*** project (described above) that resulted from the weak coordination between MENR and MRDCHCS.

Strengthening government engagement

With such rapidly changing conditions and coordination weaknesses, the challenge for UNDP is finding ways of engaging government counterparts in its projects more effectively in order to strengthen the sustainability of interventions. While some of the problems described can be resolved only through systemic improvements in how the public sector works, the CO may consider a number of things to strengthen the engagement of government partners with its projects.

1. To counteract the effects of changing institutional conditions, the CO should strengthen planning, monitoring, risk management and adaptive management practices both in the programme and the projects. This requires strong leadership and management skills in the programme, highly-qualified project managers, RBM and risk management systems, etc. (all of these have been discussed in previous sections of this report).

2. Another way of strengthening government engagement with the projects is by further promoting the practice of locating project offices within government institutions. Good examples of this are the ***Lighting*** and ***Bioenergy*** projects which were based in the premises of MENR. However, other projects such as the Ozone and Rio projects were physically separated from their government counterparts.

3. The CO should strengthen the functioning of Project Steering Committees[55] (PSCs) as venues for bringing together all stakeholders and coordinating them more effectively. The evaluation found that some PSCs are not working well. They are expected to meet at least once a year, but in some projects this is not happening. For example, throughout the six years of the lifetime of the ***Lighting*** project, its PSC has met only twice (December 2012 and February 2014). Also, the PSC of the Ozone project has not met regularly, which has hampered the project from resolving a number of issues, including the thorny issue of project registration.

4. The CO might consider the establishment of a broad Coordination Committee for the whole E&E cluster. Such a committee may resolve some of the communication and coordination issues by bringing UNDP and all key partners closer together. The challenge will be for the Coordination Committee members to commit to the process and agree to meetings convened on a regular basis. UNDP's role will be important in this context – it will have to provide committee members with sufficient and meaningful information about project activities and results.

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[55] Otherwise known as Project Boards.

5. The programme will greatly benefit from more focus and improvement in communications with partners and visibility towards the public. While communication strategies or plans have been drawn up for different projects on paper, more should be done to implement then effectively in practice. The intensity of interactions and collaboration that UNDP projects entail requires a strong strategy for communicating with the government and partners and ensuring that counterpart agencies are fully informed about the various activities of UNDP. The new measures that have already been put in place through the restructuring process, including the creation of a dedicated Communications Unit, are expected to improve communications with internal and external audiences, coordination with project partners and visibility with the public.

6. UNDP should further support the government - and MENR in particular - to establish stronger inter-governmental coordination mechanisms. Improving environmental management over the long term will require working with different ministries in various sectors that traditionally are not considered "environmental." This multi-sectoral aspect of the strategy will be a critical element in the government's success. A weak point in this is the difficulty that government partners may have in working cross-sectorally – hence the relevance and importance of UNDP's support for inter-ministerial coordination. Key areas where UNDP could provide support are:
    o Support the government to establish mechanisms for horizontal and vertical coordination and monitoring activity in order to avoid double functions between different organizations, and consolidate this mechanism at the legislative level.
    o Provide support for appropriate collaboration and distribution of functions between the national and regional levels.
    o Assist with the review of functions, responsibilities and subordination in the sphere of environmental management between MENR and other ministries, agencies and local authorities.

4.4.2. Policy Implementation

Another particular feature of UNDP's E&E programme that has important implications for sustainability is its heavy focus on policy formulation. As can be seen from Table 15 below, almost all E&E projects have contributed to the development of a considerable body of policy instruments - draft laws, regulations or strategies. Overall, during the programme period, the cluster has supported the development of 17 draft laws, 10 draft regulations and 27 strategies and plans. However, only a fraction of these documents have been adopted or approved by the government or Parliament. As can be seen from the table below, none of the 17 draft laws have been approved by the Parliament and only 10 strategies and plans out of 27 which were developed have been adopted by the government.

Table 15: Number of laws, regulations and strategies produced by the E&E projects

No.	Project Title	Number of Draft Laws Developed by Project	Number of Laws Adopted by Parliament	Number of Regulations Drafted by Project	Number of Regulations Adopted by Government	Number of Strategies/Plans Developed by Project	Number of Strategies/Plans adopted by Government (national/local)
1	Peatlands	0	0	0	0	0	0
2	EE Secretariat	1	0	0	0	10	8
3	Bioenergy	7	0	0	0	10	0
4	Ozone	3	0	3	0	2	0
5	Low Carbon Growth	1	0	0	0	1	1
6	Lighting	4	0	7	7	2	0
7	Black Sea	0	0	0	0	0	0
8	Rio	1	0			2	1
	TOTAL	**17**	**0**	**10**	**7**	**27**	**10**

UNDP is not the only international organization to have such a large number of draft policies stuck at the approval stage. Ukraine uses support from a wide range of international donors in improving its policies and developing strategies and analyses in the energy and environmental spheres and the issue of slow adoption of policies was highlighted as a serious challenge by all the representatives of development agencies met during the interviews for this evaluation, including the WB[56], the EU[57], and others[58]. Delays in the adoption of necessary legal acts, regulations and strategic plans in environmental sphere were also confirmed by almost all project evaluations conducted by UNDP.

The insufficient follow-through on policy development is a systemic drawback across all areas of Ukraine's public sector. While there are a number of root causes to this problem such as a lack of clear prioritization (despite many strategies), frequent changes in the government and barriers by vested interests, in essence it is a manifestation of the fundamental problem of weak implementation capabilities of the government.[59] Many measures in Ukraine's public sector exist only on paper and have not been implemented. Although the system of environmental legislation is based on the principles of international law, it does not provide for direct legal consequences. Most approved national programmes in the energy and environmental sectors have not been implemented.[60] Laws are repeatedly amended and do not agree with other legal acts. Years of

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[56] World Bank Report, Ukraine Country Environmental Analysis, January 2016.
[57] Implementation of legislation was identified as a major issue in interviews with EC staff in Kyiv.
[58] This problem was also identified by representatives of USAID, EBRD, etc., in meetings for this evaluation.
[59] For example, the mid-term review of the *Bioenergy* project noted that "the proposed legal/regulatory changes are not approved by the Verkhovna Rada yet. The barrier will remain even after its approval until the mechanisms for the implementation of those legal changes are in place and operational. This may require other legal provisions (e.g. secondary legislation) - Paata Janelidze, Mid-Term Review Report, "Development and Commercialization of Bioenergy Technologies in the Municipal Sector in Ukraine", March 2017 (Page 30).
[60] WB report.

reforms and continuous changes in legislation and policies have led to no improvement in the capability to implement.[61]

This lack of implementation follow-through has considerable negative effects for the sustainability of UNDP projects supporting government reforms. The most challenged projects are characterized by an inability to turn project outputs (such as standards, guidelines or enabling policies) into sustained action leading to improved outcomes such as energy efficiency or environmental quality on the ground. They seem to be constrained by the lack of institutional capacity to push the projects into "change" – a factor linked to the capabilities of government partners rather than a design problem of UNDP.

This challenge is further compounded by the mentality of "passing laws is all that matters" that was noted in many project staff interviewed for this evaluation. According to this mentality, the passing of a law or the adoption of a strategy is considered a success. In line with this approach, project documents and results frameworks are developed with a focus on the passing of laws and strategies and not on their implementation. Little consideration is given to failure of policy implementation. For example, according to this approach, if the *Ozone* project manages to get a number of draft laws passed and all the equipment foreseen in the project document purchased and delivered, then the project has accomplished its goal. What this attitude does not take into consideration is the risk of introducing laws and policies that are not acted upon and purchasing equipment that is not used. But, what use is a piece of legislation or equipment if they are not utilized and do not produce any results? Getting a draft law passed and a draft policy adopted is one thing, but does this ultimately matter? Well, it certainly does not, if the policy as officially adopted, the programme as approved and budgeted and the project as designed are not implemented effectively or do not have any significant impact. Ultimately, poor outcomes may be a result of a lack of good policy just as much as a lack of implementation capability.

Strengthening focus on policy implementation

What the foregoing discussion implies for the sustainability of UNDP's work is that its interventions should not only support the development of policy but also the capability of government entities to implement policies. The CO should look at the factors that constrain the capability of partner government organizations to implement and ask a number of questions about the root causes of the problem: Is it a lack of clear prioritization among the different environmental goals which undermines opportunities for implementation by failing to be responsive to financial and human resources scarcity? Or is it low availability of funding? Or are laws approved to advance of specific vested interests (personal or business agendas) rather than the priority of public good?

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[61] The signature of the EU-Ukraine Association Agreement is expected to spur the enhancing legislation (including the legislation in the environmental area) by bringing in line with the EU directives. But implementation will remain an issue.

Ultimately, the CO needs to focus more on implementation and support the government to shift its attention away from law-making and regulating towards implementation of laws and regulations on the ground. This is easier to say than do. The key question is: how to acquire/build the capability for implementation? What are the strategies to achieve this capability?

This is a major question whose answer falls outside the scope of this evaluation, but which the CO should explore thoroughly. What is important to mention here is the fact that a focus on implementation will require that during the design of its projects the CO should take a more comprehensive perspective on the support it provides to the government. This support should cover the whole policy spectrum, including implementation aspects. Figure 19 below shows how this approach could look like.

According to this approach, UNDP's focus should be not only on passing laws and strategies, but also on creating and strengthening the organizational structures that will implement those laws and strategies. A series of steps need to be considered for building successful organizations:

- o Drafting and passing laws to create institutions and organizations
- o Creating organizational structures
- o Staffing organizations and allocating funding for their operations
- o Training management and staff to implement policies

Figure 19: Spectrum of activities related to policy formulation and implementation
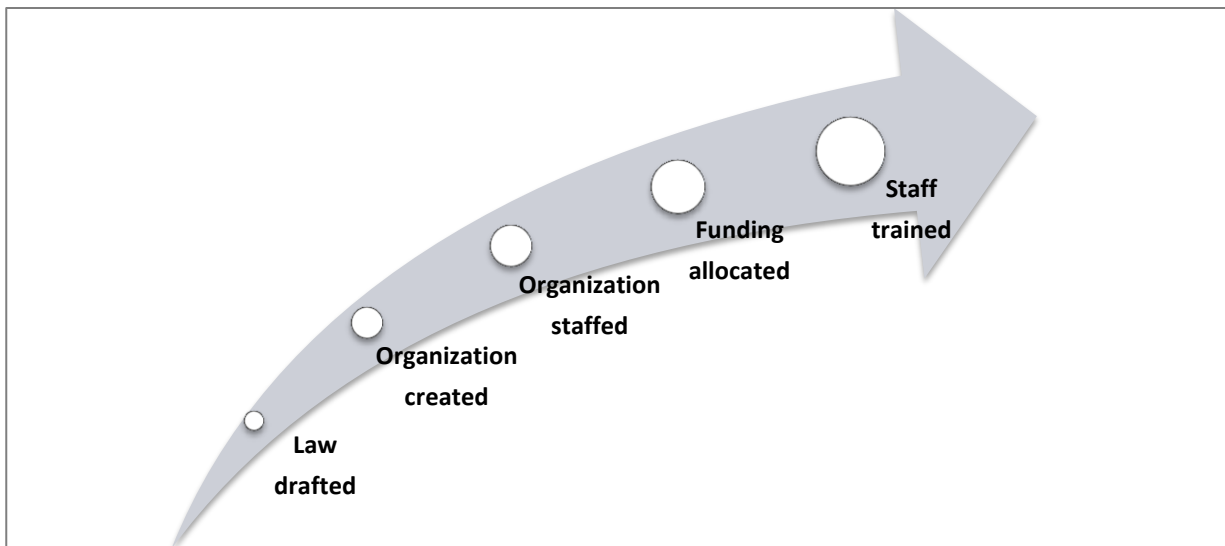
This implementation-focused approach will require that the focus of UNDP shift from form (how a piece of law looks like) to functionality (how a law is implemented and what effects it produces).[62] The current focus on inputs and outputs (as discussed in Chapter 3 under the RBM

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[62] This applies to all UNDP operations - it is extremely important not to conflate policy form and policy outcome.

section) reflects a concern about form which is inadequate and should shift into a focus on outcomes (which reflects a concern about functionality). From this perspective, it is important that UNDP projects consider how the capability of an organization is built and changes. The CO should establish RBM systems that track implementation parameters linked to functionality and outcomes rather than form and inputs/outputs (as discussed in Chapter 3 under the section on outcomes and RBM) and assess the sustainability of achievements. Project documents should contain clear criteria related to performance based on a strategy for achieving and demonstrating results. Achieving this focus on functionality and outcomes is difficult when considering the short timeframes of UNDP projects, but it is not impossible. What is important is the mentality shift which implies that UNDP staff start designing and implementing projects with these considerations in mind.

4.4.3. Pilots, Replication and Demonstration Effects

In the 2012-2016 cycle, UNDP's E&E programme has had a significant focus on pilots whose purpose was to demonstrate the success of innovative solutions to particular problems and then be replicated and scaled up. As can be seen from Table 16, over the programme cycle in question, the CO invested about US$ 7 m in pilots in the E&E area. The projects with the largest number of pilots were the *Bioenergy*, *Lighting* and *SGP* projects, all funded by GEF. Scaling up based on lessons learned from the piloting stage was a critical part of the design of these interventions. Successful pilots are those initiatives which are designed, planned and executed with a clear scale-up plan.

Some E&E activities in the 2012-2016 programme cycle made good use of piloting initiatives by focusing on innovations and scaling up or have potential to do so. The review of existing documents revealed an increasing trend of replication in projects like the *SGP*. This happens mostly at the subnational level where local governments (municipalities) allocate grants to projects.

Table 16: Pilot initiatives by project

No.	Project Title	Pilots or Grants Awarded (Yes or No)	Number of Pilots or Grants	Amount funded by the Project	Amount of Co-financing
1	Peatlands	Yes	3	340,678	0
2	EE Secretariat	No	0		
3	Bioenergy	Yes	12	1,564,035	441,022
4	Ozone	Yes (Contract)	1	703,500	1,200,000
5	Low Carbon Growth	No	0		
6	Lighting	Yes	38	388,579	234,000
7	Black Sea	No	0		
8	Rio	Yes	8	214,750	39,380
9	SGP	Yes	79	3,766,408	3,659,386
	TOTAL		**141**	**6,977,950**	**5,573,788**

Some pilots though have not been successful as they have suffered from a lack of full uptake and replication of specific approaches, which has limited their potential utility and sustainability. To some extent, this is not necessarily an indicator of failure because not all pilots are expected to mature to scale. However, it was noticed that a number of initiatives did not go beyond the piloting stage mainly because there was no clear plan or vision for that. Most commonly, pilot interventions did not consider the affordability of scaling up activities which made replication financially not feasible. Box VI below reviews some problems with pilot initiatives which were encountered by some of the E&E projects.

Box VI: Examples of pilots

Peatlands project
The Peatlands project has done important work on a piloting initiative to demonstrate the benefits of peatlands' restoration. The pilot was focused on 5 ha of land in the Chernigov region. The main question facing this project now is: What is going to happen after this pilot? How will its lessons be used in other locations?

During interviews with project staff and representatives from the Water Resources Agency, the national counterpart for this pilot, it was noted that their focus was largely on the pilot. Less thought was given to the issue of replication and sustainability. The project and the government have no clear plans for how the restoration of peatlands will take place on a larger scale. Important issues that had not been considered include:
- What are the financial implications of the upscaling? Who will pay for the extension of the activities that the pilot demonstrated to have been successful?
- There is also the issue of decentralization that seemed to not have been taken into consideration. With these responsibilities now in the hands of the local governments, do they have the right amount of funding to manage these responsibilities? Are they committed to continue this work?

Bioenergy project
A key issue related to piloting that emerged in the Bioenergy project was the issue of monitoring the performance of piloting initiatives. The mid-term evaluation of the Bioenergy project found that the "monitoring of the pilot projects after the commissioning is not adequately considered; it is only stated that project outputs should include "BSU's capacity to monitor and document project experience developed and strengthened". However, this is not reflected in the Results Framework. Without proper monitoring in place comprehensive evaluation of the pilot projects, whether the energy outputs are in line of designed ones, what are the actual O&M costs, fuel costs, etc. would be not possible."

Lighting project
The amount of money spent on piloting by the Lighting project was significantly lower than what had been planned in the project document. The terminal evaluation of the project found that "spending on pilots and demonstrations was much less than originally planned (6% actual vs. 28% planned) was a significant shift. It also indicated that the project needed better feedback mechanisms for using market intelligence, as there remain high levels of interest for public

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> demonstrations and pilot projects among municipalities not affected by the security situation, and additional spending could have been justified."

The issue of piloting requires more attention from the CO. Information about pilots is not readily available and was difficult to obtain for this evaluation. While project managers know how their pilots are doing, there is a need to have a system at the programme level for tracking the performance of pilots time – the lessons they generate during the piloting stage and the extent to which the get scaled up. One key characteristic of pilots is that they serve to produce lessons which when shared lead to replication. However, at the level of the E&E portfolio, it is not clear how the lessons are collected, analyzed, synthesized and shared.

Given the importance of pilots in the work of UNDP, especially in the E&E areas, and the problems identified above, it is important that the CO focus on the way piloting initiatives are designed, implemented, monitored and evaluated.

First, the design of projects that involve piloting should include a clear plan for what is expected from the pilot initiatives. How are they expected to be replicated? Under what timeframes? What resources will be required for the replication and scaling up?

Second, as part of the monitoring and evaluation system, the programme and projects should track pilot initiatives over time and way beyond the end of the project's lifetime – which is typically too short to allow for a definitive assessment of the success of pilots. As has been mentioned before, the tracking of pilots should be fully integrated into the CO's RBM systems. Key questions that should inform the process of establishing a tracking system for piloting initiatives are:

- How is the CO keeping track of pilots and innovations? What system is it using?
- What proportion of innovations is maturing to scale?
- How does the CO draw lessons from these initiatives and how are these lessons used?

Given the significant number of pilots that UNDP has been implementing in the area of E&E, the CO might consider the conduct a comprehensive study on "piloting" across all projects in the E&E cluster.

Ultimately, the CO should strengthen its planning and monitoring of pilot initiatives and their demonstration effects, so that their replicability and scaling up are monitored and supported more effectively. The CO needs to ensure a strong focus on documenting results, lessons, experiences, and good practices so that they are shared more widely, replicated, and scaled up.

4.4.4. Co-financing by the Government and the Private Sector

The E&E programme has also involved co-financing or cost-sharing by government entities or the private sector. Co-financing is an indication of commitment and ownership from the partners.

But it is also an important aspect of sustainability. It is important that the projects promoted by UNDP be placed on a sound footing with sustainable financing provided by the state or the market.

Co-financing is typically committed at the project design stage and is utilized for the implementation of pilot initiatives. The *Lighting* and *Bioenergy* project have had the largest commitments of co-financing on paper - exceeding US$ 20 m each (see Table 3 in Chapter 3 which shows co-financing commitments as per project documents. The amount of co-financing that actually transpired for both projects during the implementation stage is quite different from what was committed. Also, the *Ozone* project has reported an amount of co-financing realized so far of about US$ 1.2 m, which is about 10% of what was committed. The only project that seems to have been quite successful with the mobilization of co-financing is the *SGP* project which reported an amount of about US$ 3.6 m – almost the same as the budget funded by the donor (GEF). Table 16 (in the previous section) shows the amount of co-financing generated by each project.

The failure of co-financing to materialize is a reflection of problems both in the design and implementation of co-financing arrangements. For certain projects, such as the *Lighting* project, the commitments made by project partners seem to have been largely unrealistic. In other cases, such as in the *Ozone* project, implementation challenges made the mobilization of co-financing simply impossible.

Another common problem noted during this evaluation is that some projects were not able to fully track and justify project co-financing because wither its definition in the project document was not too clear or the project did not have the right mechanism/system for tracking it. For example, in the *Lighting* project the team was not able to fully track and justify project co-financing. In the terminal evaluation report, the evaluation team noted that specific co-financing from the various stakeholders, including the private sector, was not specified in detail, which made the tracking of these details challenging for the M&E process.[63]

Given the systemic nature of this problem, the CO should look into the co-financing issue more carefully. The key issues to which the CO should pay attention are:

- *What counts as co-financing and what doesn't?*
  A major point of discussion with the project manager of the *Lighting* project was on the definition of co-financing in the context of that particular project. The definition of co-financing was not clear in the project document of the *Lighting* project, which led lengthy debates over the extent to which the project targets on co-financing had been achieved.

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[63] The evaluation team concluded that the project's M&E plan was well designed and adequately implemented, with a few exceptions, for example: co-financing from the various stakeholders, including the private sector, which was not specified in detail, and therefore was not fully tracked by the Project (My K. Ton and Petro Pavlychenko, Terminal Evaluation Report, "Transforming the market for efficient lighting in Ukraine", March 31, 2017, page 23).

- *What is a reasonable rate of co-financing?*
  UNDP and its partners should make clear and realistic commitments about co-financing in project documents. This requires a good assessment of what is feasible and what isn't.

- *How to track and report co-financing?*
  As part of the efforts to strengthen RBM practices, UNDP should establish a sound system for tracking co-financing based on solid evidence.

- *How to ensure the sustainability of financing?*
  o Where the market mechanism is not possible, UNDP should seek to secure long-term government financing in order to ensure the sustainability of the initiatives promoted by the projects. At the sub-national level UNDP has accumulated a lot of valuable experience working together with local governments and securing their funding commitments for the sustainment of project results. For example, the *Bioenergy* project has achieved good results in getting local governments interested in biofuel boilers. This approach should be continued and further promoted.

  o How to move from grants to market-based solutions?
  For UNDP projects that involve infrastructure investments (such as the *Bioenergy* and the *Lighting* projects), it is essential that the projects establish competitive market mechanisms to ensure the sustainability and scale of initiatives. Instead of providing grants, UNDP should create the right incentives and conditions for the projects it promotes to secure access to international financial institutions and banks for finance. The example of the Financial Support Mechanism (FSM) signed with the International Financial Corporation (IFC) and Oshadbank under the *Bioenergy* project is a good example of how working with banks and private sector actors can secure the sustainability of interventions. Under this mechanism, UNDP is planning to use US$ 3 m for technical assistance in support of loan applications to commercial banks that will be facilitated by IFC. By playing the role of the catalyzer, UNDP will be able to achieve much more impact than if it had just provided grants. Another opportunity that UNDP can take advantage of is a partnership with the European Investment Bank (EIB) at the sub-national level. EIB provides loans for large-scale projects, but has little experience and presence at the local level. UNDP could partner with EIB and support the monitoring aspects of EIB loans at the local level through its partnerships with local governments and communities. Ensuring good governance and transparency at the local level are areas of work where UNDP has a comparative advantage, so a partnership with EIB will be a win-win situation. UNDP needs to promote this approach across projects and establish the necessary systems for incentivizing these sorts of mechanisms. The key issue for UNDP is how to elevate this approach of ensuring sustainability by creating the right incentives to work with

market mechanisms to the level of strategy for the whole programme. This is another area the CO should look into with the objective of coming up with a clear strategy and plan of action – and not only in the E&E area, but across the programme.

4.4.5. Risk Management

Given Ukraine's volatile political and institutional situation, UNDP projects face a number of challenges that represent significant risks for its activities and results.

- Worsening security situations in some areas of the country (armed conflict in the eastern areas). This has had a direct impact on some projects which had activities in the affected areas.[64] It has also had an indirect effect on other projects.
- Changing economic conditions. For example, the instability of the currency (Hrivna) has had an effect on the *Bioenergy* project.
- Frequent changes in institutional and market conditions resulting in new stakeholders (including changes in government) and issues to be addressed.
- Not clearly defined roles and responsibilities of main governmental bodies.
- Collapse of international carbon market. This has had an impact on the results of the projects related to GHG emissions (*Lighting* and *Low Carbon Growth* projects).
- Rapid technological shifts towards more advanced and efficient technologies – i.e. lighting products (and corresponding price reduction).
  A number of these risks have had a significant impact on the programme (see examples in Box VII).

Box VII: Example of risks materializing

Ozone project
The approved project contained a PU foam conversion project at Intertehnica, an XPS foam conversion at Sobraniye, solvent phase-out at Nord and Blending operation conversion at Polyfoam. The overall difficult situation in Ukraine which emerged in 2014 and 2015 entailed a political crisis that triggered constant changes of top officials in the state authorities. Warfare in the East of Ukraine eliminated any possibility of investment in enterprises in Donetsk. That meant that 71% of the initially planned investments turned out to be impossible to implement. In addition, for 14 months UNDP had no mechanisms to carry out investments in the private sector. Out of the four enterprises included in the project, only Polyfoam stayed to carry out a transition to ozone-friendly technologies. The economic crisis and the national currency devaluation resulted in bankruptcy of enterprises including those planned for investment within the project.

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[64] For example, a number of activities of the *Ozone* project in the Lugansk and Donetsk regions were interrupted by the conflict (see Box VIII).

Given this environment fraught with risks, the CO should have a good understanding of how risks are affecting its projects and how the mitigation measures are working. The CO needs to strengthen its risk management systems and capacities by developing more detailed risk mitigation strategies for its projects. Potential risks should be identified carefully before the beginning of projects and should be continuously monitored throughout implementation. At the project design stage, risk management criteria will help mitigate the impacts of ongoing challenges. At the implementation stage, project boards and stakeholder committees should become truly effective platforms to mitigate emerging risks.

CHAPTER 5: STRATEGIC POSITIONING

This section will describe UNDP's comparative advantage and its positioning in the country's development context relative to its comparative advantage. It will examine the partnerships' strategy that UNDP could pursue and identify sources of funding which the CO could tap into for its next programme cycle.

5.1. UNDP'S COMPARATIVE ADVANTAGE

In the area of E&E (as well as in other programme areas), UNDP has significant comparative advantages which represent a significant potential for high-impact work in Ukraine.

- UNDP has significant experience in addressing a range of energy and environmental issues. It manages a broad global and regional portfolio of environment and energy projects, ranging from climate change to energy efficiency, to international waters, which it can leverage for its activities in Ukraine.

- UNDP boasts excellent partnerships with the government, civil society, private sector, universities, etc. National stakeholders value UNDP for its neutrality and impartiality. The trust and respect commanded by UNDP and the access it has to government officials, as well as civil society, place UNDP in a good position to play a strong advocacy role on the one hand, and, on the other, to undertake pioneering initiatives. UNDP interventions have been welcomed by the national partners, especially in conflict areas in the Eastern part of Ukraine, where UNDP has taken a major role in the delivery of assistance.

- UNDP has a long institutional experience and history of implementing projects in Ukraine. The vast experience it has accumulated in the previous programming cycles allows UNDP to build on previous achievements and apply the lessons learnt to new challenges. Combined with the good profile/image, good financial system control, procurement systems, etc., the close links and trusted partnership with government and non-governmental partners allow UNDP to ensure continuity in the circumstances of the frequent institutional changes.

- Its global experience and lessons learned in the same sectors in many countries around the world and in the region in particular, provide UNDP with a distinct advantage. When needed, UNDP is able to mobilize support from a range of UNDP and UN structures. Its access to a vast global network of experts allows it to tap into comparative experiences and technical support from other regions. UNDP's regional office, in particular, provides technical support to numerous projects across a number of areas. Regional technical advisors assist with project formulation and input into the development of the logical frameworks, recruitment of international experts, identification of key stakeholders, etc.

- UNDP has extensive experience and capabilities related to regional cooperation. A significant part of UNDP's work is regional (multi-country) in nature. It has great capabilities

for promoting south-south and triangular cooperation and can mobilize technical expertise to develop a suitable regional knowledge platform.

- UNDP's strong record of working with GEF on energy efficiency and environmental projects allows it to capitalize on valuable GEF expertise in these sectors. UNDP has one of the largest portfolios of GEF-funded projects in the world. The experience and capacity that this implies is a significant comparative advantage in developing and implementing such types of projects.

- Another one of UNDP's strengths is its broad based development approach focused on strengthening national capacities for sustainable development through the integration and mainstreaming of various development aspects. SDGs are used by UNDP as an integrating platform for all development efforts in various countries and as an instrumental for engaging with a wide spectrum of stakeholders, which has proven to be a critical factor of success in many instances.

- UNDP's extensive local presence throughout the territory of Ukraine is one of its strongest assets and a huge comparative advantage when it comes to delivering development programmes at the local level. Long established partnerships with sub-national partners are crucial for ensuring smooth implementation, sustainability and replication of various initiatives. Also, UNDP has a lot of experience helping communities develop local initiatives and bankable proposals.

5.2. POSITIONING

Based on the comparative advantages described above, this assessment has identified two areas in which UNDP could position itself more effectively to play a transformative role in the country's development process. These areas are the sub-national (local) level and the mainstreaming of SDGs into the national policy frameworks.

Sub-national level

UNDP has significant potential at the sub-national level. The large focus of its previous programmes on regional/local development has enabled UNDP to accumulate vast knowledge of local development issues, make important contributions to local communities and forge strong partnerships with local governments. It should be emphasized that decades of work at the community level have enabled UNDP to build a vast reservoir of expertise and knowledge of local development issues. This work on local development has brought UNDP closer to the communities, giving it greater visibility and acceptance among ordinary people. Furthermore, UNDP has built strong ties with local decision makers, which has made it easier for UNDP to assess local development needs and has enabled local authorities to be more firmly in charge of the development process.

Given this large amount of experience, presence and capabilities, UNDP can be a major player at this level. The ongoing decentralization reform[65], which aims to delegate significant administrative powers and financial resources from the central level to local governments, opens new possibilities for UNDP at the sub-national level. The decentralization reform at minimum will reshape the broader environmental management responsibilities between national and sub-national authorities. More competencies, more decision making, more independence, more funding and more action will be available at the sub-national level. Thanks to decentralized functions, municipalities are allowed to borrow now and will be able to exercise this right more effectively in the future. Opportunities for UNDP to work with local governments and communities at the sub-national level will be increasing. No other organization is better positioned to take advantage of these changes than UNDP.

UNDP may continue to cover the areas which it is already covering with its E&E programme, or even expand them into new areas, while intensifying its engagement at the local level. As has been already discussed in this report, the areas where UNDP is already operating are important and relevant to country priorities and needs. However, what UNDP can do more effectively is focusing more of this substantive work at the local level. For example, the work on energy efficiency that UNDP has carried out can be quite impactful when delivered at the local level by working closely with the communities and changing their behaviour. Similarly, a range of climate change activities may be undertaken at the local level with the close involvement of communities. Also, the area of waste management, where UNDP has no involvement currently, represents significant potential for work at the sub-national level. While at the national level some of this work is too finance-intensive for UNDP's capabilities, at the sub-national level UNDP is uniquely positioned to make significant impact.

Stronger synergies may also be forged with international organizations at the sub-national level, which may also provide increased funding opportunities (this will be discussed further in the next section). For development partners like the European Bank for Reconstruction and Development (EBRD), EIB and EU, decentralization has made it attractive to work with local governments because the latter have acquired increased competencies over development matters in their jurisdictions. At the sub-national level, donor agencies can avoid the excessive bureaucracy of the central level. Yet, it is difficult for them to engage with local (municipal/oblast) governments because of their poor planning (especially financial planning) and weak management practices. Here is where UNDP can play a major role by partnering with other development partners and taking care of the governance and transparency aspects of their interventions by working closely with local governments and building their capabilities (see Box IX below for a discussion of the challenges that have emanated from the decentralization).

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[65] The Government of Ukraine has stepped up its decentralization reform following the approval of the reform concept in April 2014. The proposals on changes to Constitution of Ukraine and draft laws have been formulated and submitted to the parliament for review and approval. The laws on territorial communities' cooperation and state budget, with significant expansion of local budget' revenues, in line with the reform requirements, were passed in 2014, as well as the State Strategy for Regional Development up to 2020.

Box IX: Decentralization in the area of environmental management
(*from World Bank Report, Ukraine Country Environmental Analysis, January 2016*)

The environmental management system underwent significant changes with the passing of the 2012 Law on "Introducing Changes to Certain Legislative Acts of Ukraine with the Aim of Optimization of Powers and Authorities of the Executive Authorities in the Sphere of Ecology and Natural Resources, Including the Local Level." The law transferred a number of functions (such as permits for certain activities, monitoring, supervision, expert reviews, and so forth) from the central government (MENR) to local governments (oblast state administrations). This law was followed by the Resolution of the Cabinet of Ministers No. 159 (2013) by which MENR's oblast branches were abolished and respective departments in oblast state administrations (OSA) were created. This process led to lack of continuity between MENR's oblast branches and OSAs' environmental departments. Consequently, these environmental departments do not have legal information regarding past actions, such as decisions of ecological expertise, records of past performance, and violations of environmental regulations.

The administrative reforms that focused on decentralization of authority seriously affected institutional capacity and functions of environmental management. The MENR regional departments were abolished and their functions were transferred to the state oblast/city administrations. This reform in environmental management has led to loss of environmental information and databases, loss of experienced personnel and gaps in implementation of environmental policy and legislation.

At present, each oblast has several agencies with responsibilities for natural resources, permitting, control, and enforcement – and there is no procedure outlining the coordination mechanism among them. Consequently, the system of environmental management at the sub-national level requires considerable effort to develop and organize, because legislative acts are not consistent; regulatory acts are often missing; and the functions of various agencies are not clearly defined, which results in gaps for some functions on one hand, and overlap with the central level functions on the other hand.

UNDP can also support local authorities to facilitate more effectively donor coordination at the sub-national level. While at the national level some degree of cooperation and coordination is taking place, at the sub-national level coordination is lacking. At this level there is a diversity of processes and procedures supported by an array of donors, which represents a challenge for capacity-constrained local governments and which could benefit from stronger cooperation. UNDP can play a key role here by forging stronger cooperation between donor agencies and local governments.

Overall, to take advantage of all these opportunities, UNDP needs a clear strategy for how to operate at the sub-national level, including a solid value proposition for development partners.

SDGs as platform for integrating environmental management into policy frameworks

One of the development challenges Ukraine faces is the weak integration of environmental issues into national, sub-national and sectoral strategies, programs and activities. Such an approach does not follow the principles of sustainable development and implementation of international agreements. For example, the adoption of the Strategy of Sustainable Development "Ukraine – 2020" was an important and long-expected step for Ukraine. However, it did not detail any environmental aspects in the list of priority reforms and programs as well as in the strategic indicators of its implementation. To date, Ukraine lacks a national environmental management platform that unifies the state, the public, and the private sector. Ukraine needs to put in place a system that links environmental priorities at the national and sub-national levels to its economic growth and poverty reduction priorities.

This can be achieved by shifting policy making away from being a separate policy domain that concentrates too much on ex-post repair of environmental damage towards ex-ante planning that embeds environmental protection into policy-making across the whole swathe of state affairs. Policy makers should understand and acknowledge the interconnectedness of environmental and energy issues and should pursue ecosystem-based approaches to address multiple environmental issues in an integrated manner.[66] Sector policies and legislation need to be "environmentalized" and environmental-based regulation should be introduced to guide business activity. Ukraine's reform agenda provides an opportunity to enhance its environmental management, but also to integrate the environment into sustainable development plans and ongoing reforms.

An opportunity for integrating environmental concerns into policy frameworks is through the SDGs process. UNDP should strengthen its role in helping the government adapt SDG targets and indicators to national circumstances, establish monitoring systems and create databases for monitoring progress, and report results nationally and internationally. Furthermore, UNDP could use the SDGs to further strengthen and integrate its own country programme (as discussed in previous chapters). As an example, UNDP is well positioned to support the mainstreaming of the environmental concerns into the country's legal and policy framework and assist the government gradually explore the concept of Green Economy (e.g. through multi-stakeholder fora, screening of public expenditure from an environmental perspective, green accounting, etc.).[67] The National Sustainable Development Strategy 2030[68], which is being prepared with the support of the *Rio* project, could serve as a platform for these activities.

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[66] For example, Ukraine's high level of carbon emissions stems from its low level of energy efficiency. Also, there are strong linkages between a range of environmental issues, such as climate change and biodiversity conservation.

[67] As another example, GEF-funded projects have an emphasis on energy and environment related indicators. But UNDP, given its human development mandate, can and should include social ones (e.g. related to access to and affordability of the services for the poor, as well job creation) to capture social and human development aspects through project level indicators. This practice should be applied across all the projects in the portfolio.

[68] The adoption of this strategy is envisaged by the legislation of Ukraine and the EU-Ukraine Action Plan signed in 2005.

5.3. PARTNERSHIPS AND RESOURCE MOBILIZATION

In the current programme cycle, UNDP Ukraine has been able to mobilize significant funding from GEF and the EU, and to some extent Germany and the Slovak Republic. All the projects that were active in the 2012-2016 cycle are coming to an end, so the question now is – How does the future of the E&E cluster look like, especially in the next programme cycle?

The CO has only one project in the hard pipeline – the "Energy in Public Buildings" project with financing from GEF, whose launch is underway right now. There are no other projects which have received full approval or are at an advanced stage of negotiation. This, combined with the fact that UNDP has no core resources represents a serious challenge because the CO needs to get a number of projects running in this area and the time to get a project online can be significant (at least one year under the most optimistic scenario). While GEF funding will continue to be a stable source of financing, the question is how can the CO maintain a diversified and sustainable E&E portfolio? In other words, the challenge for the CO will be to maintain a three-legged programme that guarantees resilience from a financial point of view (see Figure 20 below).

Figure 20: The "three legs" of UNDP's E&E programme
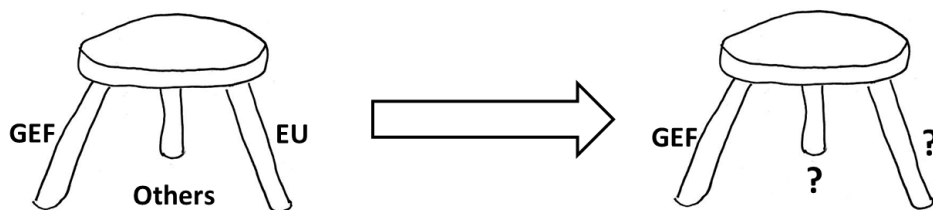
In these conditions, resource mobilization and partnership building become very important. The CO needs to consider carefully where the potential sources of funding are and how they can be tapped quickly and effectively. An aggressive resource mobilization strategy is needed. It should be built around the use of UNDP's core funding to leverage additional resources from donor programmess. Based on the research conducted for this evaluation, the following donor sources were identified as the most promising.

1. Global Environment Facility
2. Green Climate Fund
3. European Union
4. Bilateral Donors
5. UN Agencies
6. Government Funding

GEF

GEF has been the cornerstone of UNDP's E&E programme in Ukraine and will continue to remain an important source of funding for the CO. It will be essential for UNDP to maintain and

nurture the ongoing partnership with GEF. The crucial goal for UNDP in the short run should be to be more effective and successful in securing financing from GEF. GEF's upcoming Round 7 which will open in July 2017 offers significant opportunities which UNDP Ukraine should not miss. GEF 7 will remain targeted on the 5 focal areas: i) biodiversity; ii) climate change; iii) land degradation; iv) international waters; and, v) chemicals. The CO should develop potential projects in the areas of climate change, biodiversity, land degradation and chemicals. The CO should have a clear plan for how it wants to approach this new round. It should have sound concepts for each focal area developed carefully and in full collaboration with the government counterparts. It should also have a clear financial target for this round. Based on previous experience, including GEF 6, an amount of US$ 15 m is well within the CO's means.

Green Climate Fund (GCF)

Currently, Ukraine is not eligible for funding from the GCF. There is a possibility that Ukraine might become eligible for funding, but that will require advocacy work by the Ukrainian government at the international level. While UNDP cannot lead this process, it can advocate with and provide technical support to the government for taking the necessary steps to make Ukraine eligible. In the short to medium run, however, UNDP's prospects for securing funding through this instrument are almost zero.

European Union

The EU is a long standing partner of the UNDP in Ukraine. Over the last couple of decades, UNDP Ukraine has implemented large EU-funded projects, such as the CBA. Given the large EU commitments to Ukraine's development process, significant opportunities for funding are expected in the coming years.[69]

With the EU-funded projects in the E&E cluster coming to an end, the question now is what are the prospects for new partnerships in the new UNDP programme? Based on interviews conducted for this evaluation, the EU seems open and interested to consider partnership ideas from UNDP. An area in which the EU might be interested to work with UNDP in Ukraine is the promotion and mainstreaming of SDGs (along the lines discussed in the previous section). The EU is committed to SDGs and is seeking to do more in Ukraine, but its work in this area remains limited. EU officials felt that a partnership with the UNDP on the SDGs might be beneficial because UNDP brings a lot of expertise and clout to this area. By being on the same page on the SDGs, UNDP and the EU can create synergies in other areas of work. Other areas of potential partnerships are waste management and energy efficiency combined with community development at the local level.

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[69] For more information on EU's financial assistance to Ukraine see the following document – "European Commission's support to Ukraine", http://europa.eu/rapid/press-release_MEMO-14-159_en.htm.

It should be emphasized that any project proposal to the EU should be grounded in the EU-Ukraine Association Agreement. The EU is now focused on the implementation of this agreement and all its agenda and assistance for Ukraine is guided by the provisions of this agreement (see Box IX below for key priorities of the Association Agreement in the area of environmental protection). The EU expects that UNDP will recognize at the high level the EU direction of Ukraine and support the integration agenda. It is in the framework of this agenda that the EU sees potential for cooperation with UNDP.

Box IX: Priorities of the EU-Ukraine Association Agreement in the area of environmental protection

Priorities of EU-Ukraine cooperation in the area of environmental protection under the Ukraine-EU Association Agenda are harmonization of Ukrainian law with EU environmental legislation. More specifically:

- Implementation of Ukrainian Law on Fundamentals (Strategy) of the State Environmental Policy of Ukraine up to 2020 and National Environmental Action Plan for 2011-2015 to ensure implementation of the EU budgetary support programme.
- Strengthening the administrative capacity on national, regional, and local levels, including development of effective monitoring and enforcement;
- Further elaboration and implementation of Ukrainian legislature, strategies and plans in the sphere of natural environment, particularly on evaluation of impact, strategic assessment, access to environmental information and public participation;
- Development of national implementation instruments in accordance with multilateral agreements in the sphere of environment signed and ratified by Ukraine and EU;
- Strengthening the dialogue within the framework of Joint Working Group Ukraine –EU on climate change in the context of preparation for signing of the new Global Agreement on Climate Change, elaboration and implementation of measures to soften the effects of climate change and to adopt to them;
- Popularization of sustainable development and "green economy";
- Raising the effectiveness of ozone layer protection measures;
- Joint work on implementation of road maps to reach Millennium Development Goals, as far as water is concerned, and Integrated Management of Water Resources Goals using the national policy dialogue within the framework of EU Water Initiative;
- Ensuring the realization of the Bucharest Convention and its Protocols and joint work with the Sides of the Convention to facilitate EU accession to the Convention;
- Work to establish Shared Information Environmental System within the framework of Eastern Partnership countries;
- Creation of the Regional Environmental Center of Ukraine (REC) with the aim to raise the environmental awareness and to strengthen the role of civil society in these issues.

Bilateral Donors

UNDP should also seek to increase its cooperation with bilateral donors by engaging in a well-designed strategic engagement process with their representatives on existing and possible new priorities. The largest bilateral donors are the United States, Germany, Canada and Sweden.

Other bilateral partners that offer potential for joint work are Austria, the Slovak Republic, Finland, Denmark, Switzerland, Estonia, etc.

UNDP needs to come up with a clear strategy for how it will approach bilateral donors and identify potential opportunities. For example, UNDP should prioritize those donors that have signed bilateral agreements with Ukraine (Denmark is an example) or focus on donors such as Austria that offer some concrete opportunities in the area of E&E. UNDP is well positioned to work with Austria towards this end in Ukraine and the CO should consult with the Embassy and the Austrian Development Agency and identify a specific way forward to develop valid project proposals.

UN Agencies

The resource mobilization strategy should include not only to traditional sources of funding, but also other UN agencies, including those that do not have a presence in the country (UNIDO, UNEP, UNECE, etc.), to leverage their expertise and funds as well as promote their ideas. This has happened to some extent in the current programme, but should be pursued more intensively and organized more effectively around the UNDAF processes that the UN Country Team is putting in place.

Government

The CO should also explore the possibility of government co-funding. It should consider how to best use its reputation and expertise to help the government leverage new investments to catalyze measurable results in priority areas of investment (energy efficiency, biodiversity, ecosystem health, water management, waste, etc.). MENR has expressed a willingness to consider cost-sharing and co-funding models. This has a positive impact on sustainability – government giving UNDP funds to implement its own projects – it bodes well for country ownership and political and financial sustainability over the long term. Increasing government contributions is a sign of government "ownership" and commitment that the government will sustain and replicate the results.

Strengthening partnerships and resource mobilization

Overall, UNDP Ukraine needs a two-pronged resource mobilization strategy – to strengthen the project pipeline, while diversifying the sources of funding. A number of opportunities exist, but to turn opportunities into projects will require concrete steps and concentrated action. As a first step, the CO needs to create a better understanding of donor activities and identify clearly their priorities. A mapping exercise will be useful to conduct in this regard.

- Which donors are present in the country? What are their priority areas and topics?
- What can UNDP offer in those areas? What is its value proposition?

- How will UNDP approach the relevant donors? Who should represent UNDP in the negotiations with the donors? What will be the message? What specific proposal will be put on the table? Who will develop the proposal? What is the role of the government?

Also, UNDP can position itself more strategically vis-à-vis the donors if it is to play a more effective coordinating role for donor activities. In the E&E area, UNDP is well-positioned and capable of playing a more important role. But at the sub-national level, UNDP is uniquely positioned to facilitate the coordination of development assistance and also support local governments to become more effective in donor coordination. If UNDP will become more assertive on donor coordination, it can then leverage that position for resource mobilization purposes.

Furthermore, the CO needs to think geographically about building its E&E portfolio. Resources are pouring into the conflict-affected areas in the East and the CO should develop plans for capitalizing on that. How can UNDP capture the environmental dimension of the development assistance that is allocated to the conflict areas? How can UNDP integrate environmental concerns into the recovery and development objectives that donors want to pursue in these areas? How can UNDP capitalize on the integrated development solutions it offers (i.e. area-based development which integrates, for example, conflict resolution elements and disaster risk reduction and environmental concerns into area development strategies- driven by local councils and communities) to provide an attractive alternative to donors?

CHAPTER 6: RECOMMENDATIONS

This chapter provides 12 key recommendations which are derived from the analysis presented throughout this report.

1. Results-Based Management

The CO should take further steps to promote a culture of results and strengthen the RBM infrastructure throughout the programme. Management may consider some of the measures proposed below which are geared towards strengthening RBM and data systems both at the project and programme level (see Figure 10 on page 53 for an outline of the approach that could be taken and the set of questions that should be asked at every step).

- First, the CO should strengthen RBM practices at the project level on the basis of simple and robust results (logical) frameworks by establishing data collection and analysis systems and providing training on RBM topics to project staff. Results frameworks should be based on SMART indicators, baselines and targets developed through a more rigorous process that involves partners and beneficiaries. For each indicator the data collection sources and methods, means of verification and the risks and assumptions should be fully clarified. Results frameworks should be used more effectively not only to plan, monitor and report on activities, but also to coordinate more effectively with other projects within the cluster and in other programme areas.
- Second, building on the result frameworks of the individual projects, the CO should develop a robust framework for measuring results at the programme level (CPD/CPAP outcomes). Programme staff should ensure that programme baselines, indicators and targets are harmonized and aligned with those of individual projects. Also, data collection approaches, means of verification and risks and assumptions should be harmonized between the programme and project levels.
- Third, the CO should use the RBM system as an instrument for improving overall accountability in the programme. In particular, accountability links between the programme and the various projects should be further strengthened. They should be used by the management at the highest level to ensure the transparency, accountability and integrity of the programme.
- Fourth, the CO may consider some of the data presented in this report as useful information to be collected on a regular basis and displayed in the form of dashboards available to UNDP staff and project partners, especially government officials. The availability of such data will enable project staff to monitor activities more effectively and conduct solid assessments of implementation issues and results on the basis of solid evidence.

Overall, results frameworks should not be seen as rigid tools that are set in stone and do not allow for flexibility in programmatic changes. Flexibility and adaptability are important in fast changing contexts like Ukraine's. Therefore, results frameworks should be updated when

necessary and should be kept relevant by allowing for flexibility in line with changes in the surrounding context. Also, the CO should develop minimum quality criteria for project evaluations and should establish a tracking system to closely monitor their quality.

2. *Operational efficiencies*

To address the various project implementation delays identified in this report, the CO should conduct an assessment of the different operational factors that cause them and develop a plan for how to tackle them in a more systematic fashion. In the framework of the RBM measures suggested above, the CO may consider the establishment of a more effective system for tracking and monitoring at the programme level a number of operational indicators that will alert the management of implementation bottlenecks when certain thresholds are crossed. Some of the indicators the CO may consider include project budget execution rates, the composition of expenditure, and in particular the share of administrative expenditure, procurement and recruitment timelines, etc. This is crucial information which the CO should have readily available at any time and for any project and should use on a regular basis for the management of the cluster. Furthermore, the CO should review the processes and criteria for the hiring of project managers and expedite recruitment so that valuable time is not lost at the start of the projects. The procurement process should also be revised and streamlined. More training on UNDP procurement procedures should be made available to both project staff and national partners who are new to UNDP projects. Last, but not least, there is a need for better planning of projects and maybe less ambitious project timelines.

3. *Quality of the Human Resource*

The CO should review the systems it uses for hiring project staff, and in particular project managers, and seek to improve the incentives for attracting bright and capable individuals. It may consider the establishment of a formalized retention scheme for project managers which would enable them to move more easily from a closing to a starting project. This will provide high-performing managers with more job security. It is also essential that UNDP invest in the capacity of its people at the project level. The CO will benefit from having a well-established training policy, including individual training plans, for all project staff. This training should include aspects of project management, RBM and data analysis, communications, leadership, etc.

The CO should rationalize the use of consultants by looking closer at how they are currently utilized and making sure that when needed the projects hire the best available expertise. Overall, the CO needs to have a solid Human Resource Management Strategy underpinning a system that enables it to manage more effectively national and international consultants. The following steps will be important to consider while establishing such a system.

- *Clear scope of work, based on clear plan* – each project needs to have a clear sense for when a consultant is needed, what types of skills that person will need to have, and for how long they need to be engaged. All this needs to be carefully planned from the outset of the project.

- *Clear matching of requirements and skills* – the requirements for the work that needs to be conducted should be carefully translated into a set of skills that a consultant should possess. This is a complex process, especially in some of the highly technical areas that the E&E cluster involves. The assistance provided by the regional advisers in the Istanbul Regional Hub is essential for this. But the vetting process within the CO should be further strengthened to ensure that all Terms of Reference meet certain minimum quality criteria.
- *Fast and effective recruitment procedures* – The CO should investigate what factors delay the recruitment process and try to work around the major barriers while sticking to corporate recruitment standards and rules. The CO might also want to consider establishing a roster at the programme level to rationalize the use of consultants across the various projects and accelerate their recruitment.
- *Monitoring* – The CO and programme staff should conduct more careful monitoring of the use of human resources in the projects. A dashboard featuring a number of human resource indicators – such as project recruitment timelines, financial resources spent on the use of national and international consultants, training plans, etc. – could be established at the level of the programme to monitor project performance along these dimensions. These indicators should be fully integrated into the RBM systems recommended in the section on "effectiveness" in Chapter 4 of this report.
- *Incentives for attracting skilled staff* – As part of its human resources management (or development) strategy, the CO should look into the incentives it is currently using to attract highly-skilled individuals in its projects. This is a large area that falls outside the scope of this evaluation, but the key message from this assessment is that the existing incentives might need to be revisited in light of the expansion of donor presence in Ukraine after the 2014 conflict in the Eastern part of the country.

4. *Programme linkages and synergies*

The CO should seek to integrate its projects as much as possible at the level of the cluster and the broader programme. The CO should take full advantage of potential for synergies by promoting the highest level of cooperation that is possible. Integration may be enhanced along the following paths.

- The CO should apply integrated ecosystem-based approaches to address environmental and energy efficiency concerns at the programme level.[70] If these approaches are used to guide the design of all E&E projects, the cluster will become more closely knit-together and synergetic. Although UNDP's funding model makes this difficult, there has been some progress lately with GEF funding moving towards integrated approaches. The CO needs to take this practice to a higher level.

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[70] This applies as much to the UNDP programme as the country programmes. In effect, some of the UNDP projects, such as the Rio one, are designed to support precisely this approach, but UNDP should itself embrace this approach more fully in the design and implementation of its own programme.

- The CO should explore the establishment of a common platform for managing projects that share similar objectives. A joint platform may combine not only elements related to information sharing, data systems, monitoring and evaluation, but also implementation tools such as systems for procurement, recruitment, awareness raising, etc. If such a platform is established at the programme level, it should be fully integrated with the RBM system that is recommended above.

- At the sub-national level, the CO may strengthen collaboration between projects by establishing integrated frameworks for project planning and implementation. For example, the CO may explore the feasibility of integrated work plans elaborated at the regional/local level and matched with the CO's plan at the national level. An example of this would be the use of UNDP's local presence (i.e. CBA) as vehicles for the implementation of UNDP projects in the respective areas.[71] Such an approach will enable UNDP to weave more effectively cross-cutting issues (such as energy efficiency, citizen engagement, transparency and accountability, gender equality) into other thematic activities (i.e. community development etc.).

- Also, to further improve the effectiveness of the new organizational structure, the CO should clarify and communicate clearly to all CO staff, including project teams, the roles and responsibilities of everyone in programme implementation and programme development. Collaboration between the Strategy Advisory and Management Group units should be strengthened by making them work more closely together on both programme implementation and programme development. The separation of programme development and programme implementation functions, which was conceived to eliminate the silo approach of the previous structure, should not lead to new silos defined by this separation. Programme officers from MSU should be more actively involved in programme development and SAU advisers should work more closely with programme officers and project managers on the oversight of projects. SAU and MSU should work closely together on partnership development and resource mobilization.

5. *Coordination with development partners*

To be able to contribute to donor coordination and achieve better synergies with the operations of other development partners, UNDP may consider the following.

- First, UNDP should ground its operations, including those of the E&E cluster, more effectively in the reform infrastructure that has been set up under the leadership of the National Reform Council. This will require that the CO understand and navigate the reform

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[71] Also, UNDP's local presence may serve as a vehicle for the implementation of the activities of other UN organizations in a particular location.

infrastructure and agenda more effectively in order to be able to position itself more advantageously vis-à-vis the other donors. To be able to do this, the CO will need to clearly map all the reform initiatives and donor activities in the E&E area and identify opportunities which UNDP can exploit most effectively. By connecting its activities more effectively to the reform agenda, the CO will be able to achieve better cooperation and synergies with the other donors who are also connected to and actively supporting the government's reform agenda.

- Second, UNDP should strengthen its cooperation with development partners by going beyond information sharing and forging collaboration at the level of project activities. Where possible, UNDP should capitalize on the financial resources of donors to achieve more impact by playing a catalyzing role through a clear division of labour in win-win arrangements. A good example of this is the collaboration mechanism that is currently being discussed with EIB through which UNDP will focus on monitoring the governance aspects of EIB loans at the local level, whereas EIB will focus on the financial mechanism and the involvement of the private sector.

- Third, UNDP could play a more important role in supporting donor coordination both at the national and sub-national level. As mentioned above, in certain areas such as energy efficiency some donors seem to be pushing in different directions with some of their pet initiatives and there is no clear sense of overall direction. For UNDP it is important to navigate this situation and be able to make meaningful substantive contributions while at the same time trying to improve coordination and communications among donors. UNDP could play a bigger role in promoting efforts focused on sharing information (including lessons learned) and mitigating overlapping efforts. At the sub-national level UNDP is uniquely positioned to help local governments and donor organizations coordinate their efforts more effectively.

6. *Government engagement*

The CO may consider a number of measures to strengthen the engagement of government partners with its projects.

- To counteract the effects of changing institutional conditions, the CO should strengthen planning, monitoring, risk management and adaptive management practices both in the programme and the projects. This requires strong leadership and management skills in the programme, highly-qualified project managers, RBM and risk management systems, etc.

- Another way of strengthening government engagement with the projects is by further promoting the practice of locating project offices within government institutions.

- The CO should strengthen the functioning of Project Steering Committees (PSCs) as venues for bringing together all stakeholders and coordinating them more effectively.

- The CO might consider the establishment of a broad Coordination Committee for the whole E&E cluster. Such a committee may resolve some of the communication and coordination issues by bringing UNDP and all key partners closer together. The challenge will be for the Coordination Committee members to commit to the process and agree to meetings convened on a regular basis. UNDP's role will be important in this context – it will have to provide committee members with sufficient and meaningful information about project activities and results.

- The programme will greatly benefit from more focus and improvement in communications with partners and visibility towards the public. While communication strategies or plans have been drawn up for different projects on paper, more should be done to implement then effectively in practice. The intensity of interactions and collaboration that UNDP projects entail requires a strong strategy for communicating with the government and partners and ensuring that counterpart agencies are fully informed about the various activities of UNDP.

- UNDP should further support the government - and MENR in particular - to establish stronger inter-governmental coordination mechanisms. Improving environmental management over the long term will require working with different ministries in various sectors that traditionally are not considered "environmental." This multi-sectoral aspect of the strategy will be a critical element in the government's success. A weak point in this is the difficulty that government partners may have in working cross-sectorally – hence the relevance and importance of UNDP's support for inter-ministerial coordination. Key areas where UNDP could provide support are:
  o Support the government to establish mechanisms for horizontal and vertical coordination and monitoring activity in order to avoid double functions between different organizations, and consolidate this mechanism at the legislative level.
  o Provide support for appropriate collaboration and distribution of functions between the national and regional levels.
  o Assist with the review of functions, responsibilities and subordination in the sphere of environmental management between MENR and other ministries, agencies and local authorities.

7. *Policy implementation*

UNDP should focus not only on passing laws and strategies, but also on creating and strengthening the organizational structures that will implement those laws and strategies. A series of steps need to be considered for building successful organizations:

- o Drafting and passing laws to create institutions and organizations
- o Creating organizational structures
- o Staffing organizations and allocating funding for their operations
- o Training management and staff to implement policies

This implementation-focused approach will require that the focus of UNDP shift from form (how a piece of law looks like) to functionality (how a law is implemented and what effects it produces). From this perspective, it is important that UNDP projects consider how the capability of public organizations is built and changes. The CO should establish RBM systems that track implementation parameters linked to functionality and outcomes rather than form and inputs/outputs and assess the sustainability of achievements. Project documents should contain clear criteria related to performance based on a strategy for achieving and demonstrating results. Achieving this focus on functionality and outcomes is difficult when considering the short timeframes of UNDP projects, but it is not impossible. What is important is the mentality shift which implies that UNDP staff start designing and implementing projects with these considerations in mind.

8. *Pilots, replication and demonstration effects*

First, the design of projects that involve piloting should include a clear plan for what is expected from the pilot initiatives. How are they expected to be replicated? Under what timeframes? What resources will be required for the replication and scaling up?

Second, as part of the monitoring and evaluation system, the programme and projects should track pilot initiatives over time and way beyond the end of the project's lifetime. The tracking of pilots should be fully integrated into the CO's RBM systems. Key questions that should inform the process of establishing a tracking system for piloting initiatives are:

- How is the CO keeping track of pilots and innovations? What system is it using?
- What proportion of innovations is maturing to scale?
- How does the CO draw lessons from these initiatives and how are these lessons used?

Given the significant number of pilots that UNDP has been implementing in the area of E&E, the CO might consider the conduct a comprehensive study on "piloting" across all projects in the E&E cluster.

9. *Co-financing*

For UNDP projects that involve infrastructure investments (such as the **Bioenergy** and the **Lighting** projects), it is essential that the projects establish competitive market mechanisms to ensure the sustainability and scale of initiatives. Instead of providing grants, UNDP should create the right incentives and conditions for the projects it promotes to secure access to international financial institutions and banks for finance. The example of the Financial Support Mechanism

(FSM) signed with the International Financial Corporation (IFC) and Oshadbank under the **Bioenergy** project is a good example of how working with banks and private sector actors can secure the sustainability of interventions. Another opportunity that UNDP can take advantage of is a partnership with the European Investment Bank (EIB) at the sub-national level. EIB provides loans for large-scale projects, but has little experience and presence at the local level. UNDP could partner with EIB and support the monitoring aspects of EIB loans at the local level through its partnerships with local governments and communities. Ensuring good governance and transparency at the local level are areas of work where UNDP has a comparative advantage, so a partnership with EIB will be a win-win situation. UNDP needs to promote this approach across projects and establish the necessary systems for incentivizing these sorts of mechanisms. UNDP should elevate this approach by creating the right incentives to work with market mechanisms to the level of strategy for the whole programme. This is another area the CO should look into with the objective of coming up with a clear strategy and plan of action – and not only in the E&E area, but across the programme.

10. Risk management

The CO should have a good understanding of how risks are affecting its projects and how the mitigation measures are working. The CO needs to strengthen its risk management systems and capacities by developing more detailed risk mitigation strategies for its projects. Potential risks should be identified carefully before the beginning of projects and should be continuously monitored throughout implementation. At the project design stage, risk management criteria will help mitigate the impacts of ongoing challenges. At the implementation stage, project boards and stakeholder committees should become truly effective platforms to mitigate emerging risks.

11. UNDP's positioning

UNDP should position itself more effectively to play a transformative role in the country's development process. Two areas in which the CO could position itself more strategically are the sub-national (local) level and the mainstreaming of SDGs into the national policy frameworks.

- UNDP should focus its work more at the local level. For example, the work on energy efficiency that UNDP has carried out can be quite impactful when delivered at the local level by working closely with the communities and changing their behaviour. Similarly, a range of climate change activities may be undertaken at the local level with the close involvement of communities. Also, the area of waste management, where UNDP has no involvement currently, represents significant potential for work at the sub-national level. While at the national level some of this work is too finance-intensive for UNDP's capabilities, at the sub-national level UNDP is uniquely positioned to make significant impact. Stronger synergies may also be forged with international organizations at the sub-national level, which may also provide increased funding opportunities. UNDP can also support local authorities to facilitate more effectively donor coordination at the sub-national level.

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- UNDP should strengthen its role in helping the government adapt SDG targets and indicators to national circumstances, establish monitoring systems and create databases for monitoring progress, and report results nationally and internationally.

12. Partnerships and resource mobilization

UNDP should develop an aggressive resource mobilization strategy for the E&E area, built around the use of UNDP's core funding to leverage additional resources from donor programmess. The strategy should seek to strengthen the project pipeline, while diversifying the sources of funding. The CO should create a better understanding of donor activities and identify clearly their priorities. A mapping exercise will be useful to conduct in this regard.

- Which donors are present in the country? What are their priority areas and topics?
- What can UNDP offer in those areas? What is its value proposition?
- How will UNDP approach the relevant donors? Who should represent UNDP in the negotiations with the donors? What will be the message? What specific proposal will be put on the table? Who will develop the proposal? What is the role of the government?

Also, UNDP should position itself more strategically vis-à-vis the donors by playing a more effective coordinating role for donor activities. In the E&E area, UNDP is well-positioned and capable of playing a more important role. But at the sub-national level, UNDP is uniquely positioned to facilitate the coordination of development assistance and also support local governments to become more effective in donor coordination. If UNDP will become more assertive on donor coordination, it can then leverage that position for resource mobilization purposes.

Furthermore, the CO should think geographically about building its E&E portfolio. Resources are pouring into the conflict-affected areas in the East and the CO should develop plans for capitalizing on that. How can UNDP capture the environmental dimension of the development assistance that is allocated to the conflict areas? How can UNDP integrate environmental concerns into the recovery and development objectives that donors want to pursue in these areas? How can UNDP capitalize on the integrated development solutions it offers (i.e. area-based development which integrates, for example, conflict resolution elements and disaster risk reduction and environmental concerns into area development strategies- driven by local councils and communities) to provide an attractive alternative to donors?
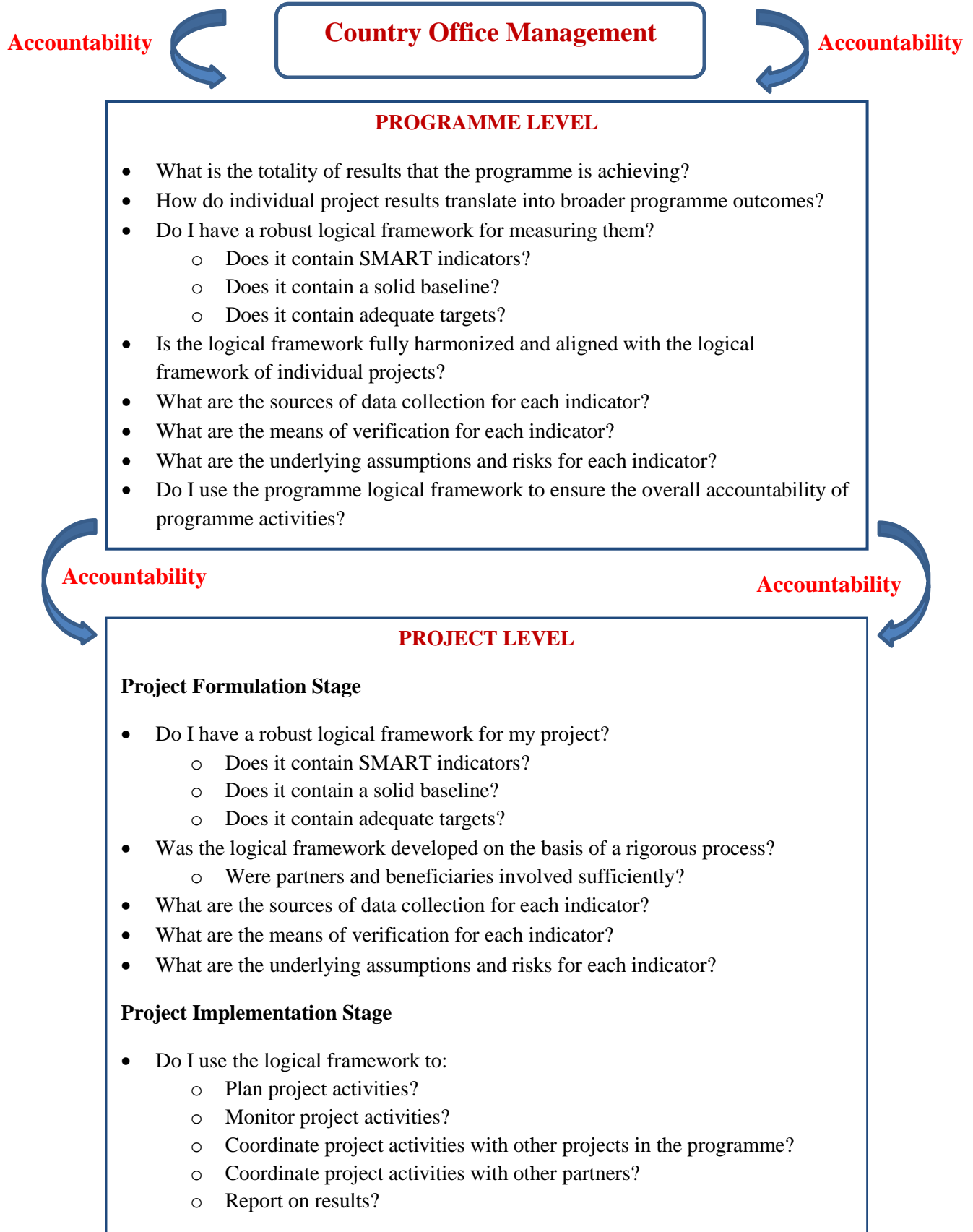
RECOMMENDATIONS' CHECKLIST

The following is a list of specific actions generated through this evaluation which the CO may wish to undertake in order to improve some of the most critical aspects of the programme which are identified in this report.

1. Results-Based Management

Goal: Strengthen RBM practices at the programme and project and level based on simple and robust results frameworks and sound data collection and analysis systems.	
1. Strengthen the rules around the design and monitoring of the programme and project activities. The CO may consider developing a set of "minimum standards" with which it may assess the quality of all elements of the results frameworks (logframes) - outcomes, activities, indicators, baselines and targets (see figure on page 2 for some basic guidance on how to establish an effective RBM system).	☐
2. Establish a clear procedure for how the programme's results framework (CPD/CPAP) is developed, revised, approved and used.	☐
3. Establish a vetting procedure by which all Project Documents are checked and cleared on the basis of the strength of their indicators, baselines and targets (using the minimum standards mentioned above). The procedure should also ensure that the process through which the indicators have been developed has been participatory and has involved key partners and beneficiaries.	☐
4. Establish a clear procedure by which project baselines, indicators and targets are harmonized and aligned with those of the overall programme. Similarly, data collection approaches, means of verification and risks and assumptions should be harmonized between the programme and project levels.	☐
5. Establish an integrated data collection and analysis system that integrates project and programme information. Results and project management data should be readily available to and easily accessible by programme and project staff. The CO may consider web-based dashboards mimicking charts shown in this report.	☐
6. Develop a comprehensive training programme on RBM topics for all staff.	☐
7. Conduct an assessment of all project evaluations completed in the current programme cycle and develop a set of minimum criteria for the conduct of project evaluations and establish a tracking system to closely monitor their quality.	☐
8. Organize training for programme and project staff on key principles of project evaluations, including the preparation of Terms of Reference for an evaluation.	☐
9. Strengthen the system through which non-project activities are documented, reviewed, assessed and reported.	☐

Key questions that may guide the establishment of an effective RBM system

Accountability

Country Office Management

Accountability

PROGRAMME LEVEL

- What is the totality of results that the programme is achieving?
- How do individual project results translate into broader programme outcomes?
- Do I have a robust logical framework for measuring them?
    - Does it contain SMART indicators?
    - Does it contain a solid baseline?
    - Does it contain adequate targets?
- Is the logical framework fully harmonized and aligned with the logical framework of individual projects?
- What are the sources of data collection for each indicator?
- What are the means of verification for each indicator?
- What are the underlying assumptions and risks for each indicator?
- Do I use the programme logical framework to ensure the overall accountability of programme activities?

Accountability

Accountability

PROJECT LEVEL

Project Formulation Stage

- Do I have a robust logical framework for my project?
    - Does it contain SMART indicators?
    - Does it contain a solid baseline?
    - Does it contain adequate targets?
- Was the logical framework developed on the basis of a rigorous process?
    - Were partners and beneficiaries involved sufficiently?
- What are the sources of data collection for each indicator?
- What are the means of verification for each indicator?
- What are the underlying assumptions and risks for each indicator?

Project Implementation Stage

- Do I use the logical framework to:
    - Plan project activities?
    - Monitor project activities?
    - Coordinate project activities with other projects in the programme?
    - Coordinate project activities with other partners?
    - Report on results?

2. *Operational efficiencies*

Goal: Improve operational efficiencies by addressing factors that cause project implementation delays and ineffective use of resources.	
1. Conduct an assessment of the different operational factors that cause systemic delays and inefficiencies of projects and develop an action plan for tackling them in a systematic fashion.	☐
2. Establish a system for tracking and monitoring at the programme level a number of operational indicators (i.e. project budget execution rates, the composition of expenditure, and in particular the share of administrative expenditure, procurement and recruitment timelines, etc.) which will alert the management of implementation bottlenecks when certain thresholds are crossed. These operational indicators could be part of the "dashboard" discussed in the previous section.	☐
3. Undertake a comprehensive review of the processes and criteria for the hiring of project managers and identify systemic barriers to effective recruitment so that valuable time is not lost at the start of projects.	☐
4. Undertake a comprehensive assessment of the effectiveness of the procurement process in the E&E cluster and revise and streamline procedures accordingly.	☐
5. Organize training on UNDP procurement procedures for both project staff and national partners who are new to UNDP projects.	☐
6. Review the process through which new projects are designed and negotiated with partners with a view to improving project planning and timelines and precluding the systemic need for project extensions.	☐

3. *Quality of the Human Resource*

Goal: Ensure that the best people are hired and that those who get hired are managed in the most effective way possible.	
1. Review the systems used for hiring project staff, and in particular project managers, and improve incentives for attracting bright and capable individuals.	☐
2. Assess the possibility of introducing a retention scheme by which project managers are able to move more easily from a closing to a starting project. This will provide high-performing managers with better job security.	☐
3. Establish a training policy that includes individual training plans for all project staff. The training should include all aspects of project management, RBM and data analysis, communications, leadership, etc.	☐

4. Assess the use of consultants by the projects in the current programme cycle with a view to drawing lessons for rationalizing their use in the new programme and ensuring that the projects hire the best available expertise.	☐
5. Based on the above assessment, develop a comprehensive Human Resource Management Strategy that identifies additional actions that will improve the management of national and international consultants by the CO.	☐

4. Programme linkages and synergies

Goal: Strengthen synergies and linkages between projects within the cluster and the broader programme by promoting the highest level of cooperation possible.	
1. Develop principles and methods for integrated ecosystem-based management that can be applied to upcoming projects.	☐
2. Conduct an assessment/study of how projects coordinate and cooperate at the sub-national level with a view to identifying lessons and opportunities for improvements.	☐
3. Explore options for the establishment of a common platform for managing certain aspects of projects that share similar objectives. A joint platform may combine not only elements related to information sharing, data systems, monitoring and evaluation, but also implementation tools such as systems for procurement, recruitment, awareness raising, etc. If such a platform is established at the programme level, it should be fully integrated with the RBM system that is recommended above.	☐
4. Strengthen collaboration between projects at the sub-national level by establishing integrated frameworks for project planning and implementation. As an example, the CO may explore the feasibility of integrated work plans elaborated at the regional/local level and matched with the CO's plan at the national level. Also, the CO should weave more effectively cross-cutting issues (such as energy efficiency, citizen engagement, transparency and accountability, gender equality) into other thematic activities (i.e. community development).	☐
5. Clarify and communicate clearly to all CO staff, including project teams, the roles and responsibilities of all programme staff with regards to programme implementation and programme development.	☐
6. Strengthen collaboration between the various programme units by having them work more closely together on both programme implementation and programme development.	☐

5. *Coordination with development partners*

Goal: Contribute to donor coordination and achieve better synergies with the operations of other development partners.		
1.	Conduct a study of the reform initiatives undertaken by Ukrainian authorities and the overall reform infrastructure and and map all UNDP activities in the E&E area into that big picture.	☐
2.	Identify in a systematic fashion specific reform opportunities which UNDP may become engaged with in its upcoming programme.	☐
3.	Strengthen cooperation with development partners by going beyond information sharing and forging collaboration at the level of project activities.	☐
4.	Conduct an assessment of the role UNDP has played in donor coordination at the national, sub-national and thematic levels and identify measures from strengthening UNDP's leadership in this process.	☐
5.	Explore ways in which UNDP can support local governments coordinate development assistance more effectively at the sub-national level.	☐

6. *Government engagement*

Goal: Enhance the engagement of government partners with the projects.		
1.	Review the role of Project Steering Committees as venues for bringing together all stakeholders and coordinating them more effectively and identify measures for strengthening their effectiveness.	☐
2.	Assess the feasibility of establishing a broad Coordination Committee for the whole E&E cluster and identify the necessary steps for its establishment.	☐
3.	Review the existing communications strategy and upgrade it to ensure that counterpart agencies are kept fully informed and visibility towards the public is high.	☐
4.	Strengthen the practice of locating project offices within government institutions.	☐
5.	Support the government - and MENR in particular - to establish stronger inter-governmental coordination mechanisms. Key areas where UNDP could provide support are: • Support the government to establish mechanisms for horizontal and vertical coordination and monitoring activity in order to avoid double functions between different organizations, and consolidate this mechanism at the legislative level.	☐

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• Provide support for appropriate collaboration and distribution of functions between the national and regional levels. • Assist with the review of functions, responsibilities and subordination in the sphere of environmental management between MENR and other ministries, agencies and local authorities.	

7. *Policy implementation*

Goal: Strengthen the policy implementation focus by supporting government entities enhance their capabilities for implementation.	
1. Conduct a comprehensive review of all the policy instruments that have been supported by the CO in the current programme (draft laws, strategies, plans, etc.), estimate the overall rate of adoption/implementation and identify barriers to the adoption/implementation of these instruments.	☐
2. Establish a system that tracks implementation parameters linked to functionality and outcomes rather than form and inputs/outputs and assess the sustainability of achievements.	☐
3. Develop a set of criteria to be used during the development of project documents that ensure that implementation considerations have been taken into account in project design.	☐

8. *Pilots, replication and demonstration effects*

Goal: Strengthen the replication rate and demonstration effects of pilot initiatives.	
1. Conduct a comprehensive study of "piloting" across all projects in the E&E cluster to identify systemic barriers to replication and draw lessons for future activities.	☐
2. Develop a "piloting" model/approach which clarifies questions such as: What is expected from pilot initiatives. How are they expected to be replicated? Under what timeframes? What resources will be required for the replication and scaling up?	☐
3. Develop a tracking mechanism for pilot initiatives, including documenting results, lessons, experiences and good practices. The tracking of pilots should be fully integrated into the CO's RBM systems. Key questions that should inform the process of establishing a tracking system for piloting initiatives are: • How does the CO keep track of pilots and innovations? What system is it using? • What proportion of innovations is maturing to scale? • How does the CO draw lessons and how are these lessons used?	☐

9. *Co-financing*

Goal: Improve the amount and impact of co-financing of project activities.	
1. Conduct a review of co-financing across all E&E projects with a view to identifying systemic problems and lessons learned.	☐
2. Track co-financing more effectively by developing a system that allows programme and project staff to easily monitor it.	☐
3. Develop a strategy for promoting market mechanisms in the financing of infrastructure initiatives across all relevant projects (the Financial Support Mechanism signed with the IFC and Oshadbank under the *Bioenergy* project is a good example of this).	☐

10. Risk management

Goal: Improve understanding of how risks are affecting projects and how the mitigation measures are working.	
1. Strengthen its risk management systems and capacities by developing more detailed risk mitigation strategies for its projects. Potential risks should be identified carefully before the beginning of projects and should be continuously monitored throughout implementation.	☐
2. Develop risk management criteria at the project design stage which will help mitigate the impacts of ongoing challenges.	☐
3. Support project boards and stakeholder committees become truly effective platforms to mitigate emerging risks.	☐

11. Strategic positioning

Goal: Improve strategic positioning of organization to play a transformative role in the country's development process.	
1. Develop a strategy for how UNDP's E&E activities could be positioned most effectively at the sub-national level.	☐
2. Conduct a review of the decentralization process to date and plans for the future and identify opportunities for UNDP in the process.	☐

3.	Assess the feasibility of engagement in areas such as waste management and disaster risk management, in particular at the subnational level.	☐
4.	Develop an action plan for UNDP's engagement with the SDG process, and in that context identify the role the E&E cluster will play in the process.	☐
5.	Conduct a review of the Rio project and identify ways in which this project could be used more effectively as a platform for the promotion of SDGs.	☐
6.	Strengthen UNDP's role in helping the government adapt SDG targets and indicators to national circumstances, establish monitoring systems and create databases for monitoring progress, and report results nationally and internationally.	☐

12. *Partnerships and resource mobilization*

Goal: Develop an aggressive resource mobilization strategy for the E&E area, built around the use of core funding to leverage additional resources from donor programmes.		
1.	Conduct a thorough review of donor activities in the E&E area, map UNDP's current engagement and identify niches and opportunities for the upcoming programme.	☐
2.	Develop a strategy for "Partnerships and Resource Mobilization" in the E&E area. The strategy should answer key questions such as: How will UNDP approach the relevant donors? Who should represent UNDP in the negotiations with the donors? What will be the message? What specific proposal will be put on the table? Who will develop the proposal? What is the role of the government?	☐
3.	Develop a customized strategy for engagement with the upcoming GEF round. The strategy should clarify areas in which UNDP will seek to work with GEF support, partnership with the government, coordination with development partners, etc.	☐
4.	Explore with the WB, EIB and EBRD whether UNDP can play a bigger role in the loan operations of these organizations, especially at the sub-national level. The ongoing discussions with EIB represent a good model for this.	☐
5.	Assess the potential for E&E activities in the conflict-affected areas in the East, given the significant flow of resources to that geographical area.	☐
6.	Develop integrated development solutions (i.e. area-based development which integrates conflict resolution elements and disaster risk reduction and environmental concerns into area development strategies- driven by local councils and communities) to provide attractive propositions to donors.	☐

CONCLUSIONS

UNDP activities in this programme cycle were strongly anchored in Ukraine's development needs and priorities, international commitments and agreements and the UN and UNDP country mandates and strategies. Although the programme operated in a volatile political and social environment, including the conflict in the Eastern regions, UNDP was able to respond flexibly and effectively to the country's evolving needs and provide significant contributions across a number of priority areas. These included climate change, energy efficiency, water management, biodiversity, chemicals and community development.

The evaluation found strong and credible evidence that important contributions have been made by the projects in their respective areas. With small exceptions, a case can be made that the projects have been effective in delivering most of their planned activities and outputs. It is important to recognize that given that a part of UNDP's programme was implemented in the circumstances of ongoing conflict in the East and significant political and institutional instability, what was achieved by UNDP was in spite of these challenges.

This report has highlighted a number of challenges that the CO needs to address more effectively in the upcoming programme. These challenges are primarily related to a number of dimensions related to programme efficiency and sustainability. Crucial amongst these challenges are the strengthening of the implementation capabilities of the partner organizations on the basis of the significant number of policies, strategies and laws across that have been developed in all the areas of UNDP's involvement, the need for stronger government engagement and ownership, more effective tracking of co-financing by government and private sector partners, the need for a more effective results-based approach to management and implementation, more efficient implementation of activities, especially from a financial perspective, enhanced quality of the human resource, strengthened linkages and synergies between projects within the cluster and the broader programme, more effective coordination with the activities of development partners, etc.

UNDP has a number of distinct comparative advantages which it can deploy a lot more effectively in support of Ukraine's development process. This evaluation has highlighted two in particular – operating effectively at the sub-national (local) level and the mainstreaming of SDGs into the national policy frameworks. Government, non-governmental and international partners highly value UNDP's potential to operate effectively both at the national and sub-national levels and forge vertical and horizontal linkages, synergies and cooperation among government authorities, civil society organizations and communities. They also appreciate the importance of SDGs and UNDP's potential role in leading the SDG work in the country.

UNDP can capitalize on these opportunities to strengthen partnerships and its funding base. Given that the Country Office has only one project in the hard pipeline for the energy and environment area and the fact that UNDP has no core resources of its own, the report notes that it is essential that UNDP develop a diversified and sustainable energy and environment portfolio.

The report proposes a two-pronged resource mobilization strategy – to strengthen the project pipeline, while diversifying the sources of funding. A number of opportunities exist, but to turn opportunities into projects will require concrete steps and concentrated action. As a first step, the CO needs to create a better understanding of donor activities and identify clearly their priorities. A mapping exercise will be useful to conduct in this regard. Also, UNDP can position itself more strategically vis-à-vis the donors if it is to play a more effective coordinating role for donor activities. Especially at the sub-national level, UNDP is uniquely positioned to facilitate the coordination of development assistance and also support local governments to become more effective in donor coordination. If UNDP will become more assertive on donor coordination, it can then leverage that position for resource mobilization purposes. Furthermore, the CO needs to think geographically about building its E&E portfolio. Resources are pouring into the conflict-affected areas in the East and the CO should develop plans for capitalizing on that.

This report concludes with an optimistic assessment of the prospects of UNDP Ukraine in the area of energy and environment. Given its significant experience in addressing a range of energy and environmental issues, the excellent partnerships with the government, civil society and the private sector, the long institutional experience and history of implementing projects in Ukraine, and the enthusiasm and commitment of its staff, UNDP is well positioned to play a major role in the dynamic transformation process that is underway in Ukraine. The twelve recommendations provided in this report represent a good basis on which the CO may further build to improve operational efficiency, cost effectiveness, implementation oversight, quality assurance, the quality of the human resource, resource mobilization and other programme management dimensions. The CO may wish to consider the development of a detailed plan for the implementation of the recommendations it chooses to prioritize.

ANNEX I: LIST OF PEOPLE MET FOR THE EVALUATION

Time	Action / who is organizing	Person met
20 February (Monday)		
9:30	Meeting with Ms. Blerta Cela, UNDP DCD	
11:00	Meeting with the EE team	
14:00-15:00	Meeting with academia representatives	Leonid Rudenko, Director of Institute of Geography; Sergei Lisovskyi, Deputy Director; Yevgeniia Maruniak, Scientific Secrteary; Viktor Karamushka, Head of Department of Environmetal Sciences at Kyiv Mohyla Academy; Gennadii Marushevsky, Academy of Public Administration
16:00-17:00	Meeting with Ministry for Regional Development, Housing and Communal Service of Ukraine	Olena Vasylkivska, Deputy Head of Department of Normative and Methodological Regulations, Department of Housing Policies; Oleksandr Ignatenko, Project's Lead Expert
21 February (Tuesday)		
09:30-10:20	Meeting with the State Statistics Service of Ukraine	Natalia Vlasenko, Advisor to the Head of State Statistics Service of Ukraine; Oleg Prokopenko, Head of Dept. of Statistics of Agriculture and Environment
11:00-11:50	Project presentation: Peatlands, Low Carbon	Vasyl Tolkachov, Project Manager
12:00-17:00	AWP reviews. Project Managers presenting their projects individually	Evaluators not participating
14:20-15:20	Meeting with Deputy Chair of the Parliament Committee for Construction, Urban Development, Housing and Communal Services	Oleksandr Kodola, Member of Parliament
16:30-17:30	Meeting with the Ministry of Education and Science of Ukraine	Svitlana Fytsailo, Department of Secondary and Pre-School Education; Viktoriia Kosik, Institute of Modernization of Education by the Ministry; Svitlana Malikova, same Institute; Volodymyr Isaienko, Rector of the National Aviation University
22 February (Wednesday)		
09:00	Meeting with State Agency for Water Resources of Ukraine	Iryna Ovcharenko, Head of the Agency
10:30	Meeting with EU Delegation to Ukraine	Jean-Francois Moret, Sector Manager on Energy and Environment

		Oleksander Klitko, Sector Manager, Environment
12:00	Meeting with managers of the Department of Life Support System and Housing Policy and Department of Energy Efficiency at the Ministry of Regional Development, Buildings, Housing and Communal Services of Ukraine	Dmytro Petrunin, Deputy Director of the Department, Roman Radchenko, Director of the Department
14:00	Meeting with partner NGOs	List of confirmed NGOs: -Svitlana Berzina, 'Zhyva Planeta' -Tetiana Tymochko, All-Ukrainian Environmetal League -Vasyl Shevchuk, Ukrainian Nature Conservation Society -Mykola Stetsenko, President, National Association of Protected Territories -Iryna Stavchuk/Oleksii Pasiuk, National Ecological Center -Oleksandr Mykytiuk, Chair, Institute for Community Development
Cancelled	Meeting with USAID project 'Municipal Energy Reform' / Vasyl Interpreter not required	Nataliya Kushko, Task Leader
16:30	Meeting on Peatlands project (continued)	Vasyl Tolkachov

23 February (Thursday)		
9:00 –10:00	Meeting with Volodymyr Kistion, Vice Prime Minister of Ukraine	
11:00-13:00	Meeting with Ministry of Ecology	1. GEF Operational FP Vladislav Marushevskyi 2. Lesya Karnaukh, Head of Dept. For Startegic Environmetal Policy; 3. UNFCCC FP Svitlana Grynchuk 4. UN CBD FP Sergii Gubar 5. UN CCD FP Yurii Kolmaz
14:00-15:30	Meeting with State Fiscal Service of Ukraine / Andrey	Yuliya Shadevskaya, Head of the Specialized laboratories network for expert studies and research of the State Fiscal Service of Ukraine
16:00-16:40	Meeting with UNDP project (HCFC Phase Out - 'Ozone')	Andrei Taraba, Project Manager
17:00	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Robert Kuenne, Establishment of Energy Agencies in Ukraine Project Director

24 February (Friday)		
07:00-10:00	Travel to Olevsk, Zhytomyr region Site visit to UNDP-GEF SGP Project "Recultivation of lands affected by illegal extraction of natural resources on significant biodiversity areas"	Maria Galimova – SGP
10.00 - 11.30	Meetings with NGOs, local authorities, grantees. Visit to the places of illegal amber extractions, Polissya national Protected Area	Maria Galimova – SGP Project Coordinator; Valeriy Blyznyuchenko – Acting Head of Olevsk District Council; Serhiy Zhyla – Director of Polissya National Protected Area; Oksana Izyumova – PhD in Biology, scientist of Zhytomyr State Technological University; Oleksandr Tarasevych – PhD in Agricultural sciences , Head of polissya Division of the scientific-research forestry institute; Representatives of Olevsk state forestry enterprise
11:30 -14:00	Travel to Zhytomyr/Malyn UNDP-GEF SGP Project "Solar panels popularization and installation in small towns of Zhytomyr region". Malyn district hospital.	Meeting with the participants: Deputy Major of Malyn; Project Team, "Solar panels popularization and installation in small towns of Zhytomyr region"; Local NGO "Open World"; Hospital management Svitlana Nigorodova, SGP National Coordinator
14:00 – 17:00	Site visit to UNDP-GEF Project "Development and Commercialization of Bioenergy Technologies in the Municipal Sector in Ukraine" Presentation of the SGP Project "Local communities actions in addressing degradation of lands contaminated with radionuclides", implemented in village Kamyanka, Olevsk district, Zhytomyr region.	Meeting with Head of Investment Department of Zhytomyr town council; Meeting with school representatives (names to be confirmed); Meeting with kindergarten (names to be confirmed); Meeting with Rector of State Agro-ecological university; Meeting with the women-scientists from Zhytomyr Agrarian University and Polissya regional Institute Volodymyr Lyashchenko, UNDP Project Manager

		Maryna Dyachenko, SGP NSC member)
25 February (Saturday)		
09.30 – 10.00	Visit to SGP project site 'Developing sustainable livelihood opportunities for local communities in Zhytomyr region'; Meeting with the Head of village council, local community, representatives of the Project implementing NGO 'Green guardian'	
10.00 – 11.30	Presentation of SGP Projects in Lutivka village club Meeting with the SGP Project coordinator - "Introduction of waste management and recycling systems in small towns of Ukraine", implemented by the CSO "Ecological technologies"; Presentation of the GEF SGP Project "Solar energy is a common benefit for environment and livelihood" by the Project coordinator; Meeting with the Project working group - "Community energy-efficient street lightening in Radomyshl".	
27 February (Monday)		
11:00-12:00	Meeting with the Ministry of Justice	Serhii Petukhov, Deputy Minister for Eurointegration
12:00-13:00	Meeting with EE Lighting project	Andriy Buryakovskyi, Project Manager
14:00-15:00	Meeting with Rio Conventions project	Kateryna Korvin-Piotrovska, Project Manager
15:00-16:00	Meeting with Biomass project	Volodymyr Lyashchenko, Project Manager
28 February (Tuesday)		
10:00-11:30	Meeting with the State Agency for Energy Efficiency	Valentyn Shlikhta, Deputy Head of Agency; Igor Kovaliov – Head of Renewable Energy Department
12:00-13:0	Meeting with Business – Sweden	Bohdan Senchuk, Senior Project Manager
14:00-15:00	Pilot project visit to National Ecology and Natural Youth Center of Ukraine under the Ministry of Education and Science of Ukraine	Volodymyr Verbitskyi, Director
15:00-16:00	Meeting with Aver-Tech, LLC (boiler manufacturing company)	Dmytry Muravsky, General Director; Dmytry Tonenchuk, Managing Director
1 March (Wednesday)		
10:00-11:00	EBRD	Driver needed Olena – please add the address
11:00-12:00	WWF	19 Petliury str.

2 March (Thursday)		
09:30-10:30	Meeting with USAID project 'Municipal Energy Reform'	Nataliia Kishko, Task Leader
11:00-12:00	Reforms Office by the Cabinet of Ministers	
2nd half of Thursday	Meeting with Oleg Nedava, MP, Head of Parliament Committee for Environmental Policy, Nature Resources Utilization and Elimination of the Consequences of Chornobyl Catastrophe	
	IFC	Sofia Lynn
3 March (Friday)		
Afternoon	Mission debriefing and recommendations on Green and Clean programme enhancement and new opportunities	Blerta Cela, CO and Programme unit

ANNEX II: BRIEF DECSRIPTION OF THE CLUSTER PROJECTS

Projects	Period	Summary
Capacity Building for Low Carbon Growth in Ukraine Including: Support Ukraine in development of INDC	2011–2015	The project aims to assist Ukraine in developing a long-term low carbon development strategy, focusing on achieving economic growth and avoiding concomitant increase in greenhouse gas emissions. Ukrainian government's overall institutional capacity to design and implement climate change policies and measures will be improved by developing appropriate decision-making tools and analysis. The goal of the INDC activities is to strengthen the existing institutional capacity of Ukraine to implement the climate change policies and national potential of GHG emission reduction in different sectors of economy. It involves 4 activities: 1) Analysis and integration of the completed studies on GHG emission reduction potential of Ukraine prepared by different actors (UNDP, ClimaEast/EU, EBRD, USAID) during last 5 years; development of unified recommendations on priority measures for climate change mitigation in Ukraine; 2) Defining the basic information for INDC (baseline/base year; timeframe for the implementation; scope and sectors covered by INDC; planning, methodological approach for assessment of GHG emission and absorption), building the consensus between involved stakeholders; 3) Monitoring of the on-going process in UNFCCC Secretariat on development of the structure and content of INDC, adaptation to the emerging requirements and format; 4) Development of draft INDC for Ukraine and its public discussion. INDC activities have been be performed by the project management team of the on-going UNDP "Capacity Building for Low Carbon Growth in Ukraine".
- Integrating Rio Conventions Provisions into Ukraine's National Policy Framework	2014-2016	The goal of this project is to catalyze Ukraine's implementation of the three Rio Conventions on a strengthened policy and institutionally sustainable development baseline. The project focuses on mainstreaming Rio Convention provisions into Ukraine's broader national development framework and strengthening related capacities to implement this framework. The goal is achieved through two objectives: 1) to integrate principles and obligations of the three Rio Conventions into Ukraine's national policy framework, which include the preparation of a national Sustainable Development Strategy (SDS) that fully integrates global environmental priorities; 2) to strengthen key institutional and individual capacities to pursue sustainable development that delivers global environmental benefits via training government staff at the local, regional and national levels on the specific interpretation of Rio Convention provisions as they apply to their respective roles and responsibilities to implement associated development policies. This second objective is implemented by a targeted public awareness campaign to raise the

		understanding of the critical linkages between the Rio Convention principles and the more immediate socio-economic development priorities. The critical role of non-state stakeholders contributes to the adaptive collaborative management of project implementation.
Transforming the Market for Efficient Lighting	2011-2016	The project addresses a key issue in the reduction of greenhouse gas emissions in Ukraine by transforming market towards more energy efficient lighting technologies and gradual phase-out of inefficient lighting products in residential and public buildings. These improvements result from a five-part approach: 1) Improve the national policy framework for promoting energy-efficient (EE) lighting; 2) Improve the national quality-assurance (QA) & quality-control (QC) systems for imported and produced lighting products in Ukraine; 3) Design and implement energy-efficient (EE) lighting demonstrations in the municipal sector focusing on public schools; 4) Raise residential consumers' education and awareness for EE lighting; 5) Disseminate and replicate the project results.
- Development and Commercialization of Bioenergy Technologies in the Municipal Sector of Ukraine	2014-2018	The objective of this project is to accelerate sustainable agricultural biomass utilisation for municipal heat and hot water services in Ukraine by leveraging over $ 22 million in private sector investment over its four-year implementation period. This, in turn, is expected to generate direct global benefits of 63,577 tons of CO_2 over the same period and 19,143 tons CO_2/yr thereafter in avoided greenhouse gas (GHG) emissions. When one looks at the 20 year lifetime of the boilers earmarked for development during the project period, these boilers will have generated 1,618,834 MWhTH, with a combined amount of CO2 reduced of 361,000 tons, equivalent to $13 of GEF funds per tCO2. The project will achieve this target by introducing a conducive regulatory framework and by establishing a financial support mechanism that together will facilitate private sector participation in utilising agricultural biomass to supply municipal heat and hot water services and assist the Government in closing private sector funded investments in municipal biomass. It is envisaged that this project will enable Ukraine to substantially move closer to its target of having some 7% of the country's annual primary energy requirements for heating and hot water services supplied by biomass by 2030, as outlined in the "Energy Strategy of Ukraine to 2030".
Ukraine Energy Efficiency Secretariat and Expert Hub	2016–2017	The project is aimed to assist the Government of Ukraine in prioritizing and coordinating policy making, actions and instruments used in the area of energy security (including energy efficiency, renewables and energy business environment). It seconds *Ukrainian experts (advisors/consultants) who provide necessary advice, support and facilitate efficient work of the Government of Ukraine (office of the Vice Prime Minister of Ukraine, the Government Committee on Infrastructure Development and Environmental Policy, The State Energy Efficiency Agency of Ukraine, Energy Crisis Staff and other related institutions).* The Secretariat on Energy Efficiency is meant to serve the following 2 objectives: 1) Serve the government of Ukraine and the donor community

		in collecting and sharing information and facilitating coordination of various activities related to Energy Efficiency and Renewable Energy; 2) Become an Expert Hub on Energy Efficiency Issues, acting as a supporting mechanism for the Energy Efficiency Fund (including formulating its key parameters based on international best practice) and the government's overall policy reform efforts in this field.
Clima East: Conservation and Sustainable Use of Peatlands (also contributing to Land degradation reversal and Biodiversity)	2013-2016	The objective of the pilot project in Ukraine is to demonstrate how within one landscape certain areas of abandoned degraded agricultural peatlands that emit carbon can be restored, while adjacent areas can be protected at the same time to increase carbon sequestration. The model will demonstrate local community involvement and resolution of land tenure difficulties, and will be fed into the National Green Investment Scheme, in view of triggering a series of follow-up restoration projects. In order to document the demonstration activities, a scientific monitoring program has to be put in place, and hence the project will strengthen the inventory and carbon accounting for peatlands in peatland-rich districts of Ukraine using the experience of the GHG emissions modelling.
GEF Small Grants Programme Fifth Operational Phase	2011-2015	The GEF Small Grants Programme (SGP) was launched in 1992 following the Earth Summit in Rio de Janeiro. The programme is funded by the GEF as a corporate programme and implemented by the UNDP on behalf of the GEF partnership, and is executed by the UNOPS. SGP supports activities of NGOs and community-based organizations in developing countries towards conservation of biodiversity, climate change abatement, protection of international waters, prevention of land degradation and reducing the prevalence of harmful chemicals and waste through community-based approaches while generating sustainable livelihoods. SGP is based on the understanding that global and regional environmental problems can best be addressed if local people are involved and direct community benefits and ownership are generated. SGP provides a series of demonstration projects for further scaling up, replication and mainstreaming. The diversity of civil society organizations which have been steadily and increasingly participating in GEF SGP activities include community based organizations and groups, indigenous peoples groups, NGOs, women's groups, research and academic institutions, youth, and the private sector. Ukraine became the SGP participating country in 2009. The SGP country programme was officially launched with appointment of the National Coordinator in April 2010. Becoming operational, SGP Ukraine was allocated US$1 497 249 for the third year of the GEF OP4. The allocated funds were committed in thirty two grant projects addressing two GEF SGP thematic areas with geographic spread out over four regions of Ukraine.
Initial implementation of Accelerated HCFC	2013-2016	The current full-size proposal is an initial response to the obligations incurred by Ukraine under the phase out schedule for HCFCs of the Montreal Protocol. It is a timely capacity building effort to support the

Phase-Out		country institutionally and provide assistance to its manufacturing sector to convert to HCFC-free technologies and is primarily designed to rapidly return the country into compliance with 2010-2014 HCFC reduction requirements. The project has two primary components: 1) Regional information exchange and networking component, which addresses barriers associated with incomplete knowledge and awareness; 2) National capacity building and technical assistance component, which targets support to the finalization of the initial outline of HCFC phase-out strategy (with selected legislative options to control HCFC import/use), capacity building and supply of analytical tools for Environmental Inspectorate and Customs Department to properly enforce HCFC import quota system and monitor the HCFC statistics in support of required Government interventions, and HCFC phase-out in the eligibly manufacturing enterprises with establishment of a technology information platform on new HCFC technologies for ineligible enterprises - Ukraine.
Improving Environmental Monitoring in the Black Sea	2013-2014	The overall objective of the project is to set up initiatives that help improve the protection of the Black Sea environment. The project is addressing the overall need for support in protection and restoring of the environmental quality and sustainability of the Black Sea. The specific objectives are as follows: i) Review of the national monitoring systems and tools for assessing data obtained from monitoring activities; ii) Support to implementation of countries obligations under the Bucharest and other related Conventions and Agreements; iii) Development of cost-effective and harmonised biological and chemical monitoring programmes in accordance with reporting obligations under multilateral environmental agreements, the WFD and the MSFD; iv) Assessment of needs regarding laboratory infrastructure, equipment, and training, promotion of the recommendations; v) Elaboration and implementation of the comprehensive training programme on monitoring methods and quality assurance aiming at adhering to ISO 17025 standard, promotion; vi) Preparation of methodology for Joint Black Sea Surveys; vii) Development of the web-based Black Sea Water Quality Database prototype. The project will strengthen national capacities of the respective national authorities for biological and chemical monitoring of water quality in the Black Sea, in line with EU water related legislation - EU Water Framework Directive (WFD) and Marine Strategy Framework Directive (MSFD). Significant efforts will be put into training and capacity building in order to promote ownership, engagement of local experts and organizations.

ANNEX III: ASSESSMENT OF COUNTRY PROGRAMME OUTPUTS

Country Programme Outputs, Indicators and Targets	Assessment
Output 1: Market for efficient lighting developed I: Decrease in supply/availability of sub-standard EE lighting products in Ukraine B: 10% T: 2012 – N/A , 2013 TBD T- 2016: 20%	No directly attributable to the UNDP programme.
Output 2: Local capacities for environmentally friendly life-styles developed I: #of environment focused initiatives undertaken by local authorities B: 0 T: by 2016 no less than 24	No clear what it means.
Output 3: Capacity for low carbon growth developed I: Domestic Carbon market established B: No Carbon Market T: 2012 – Sectorial analysis of economy conducted; 2013 – market established	Not achieved. Carbon market not established yet.
Output 4: Dnipro Basin Strategic Action Programme for the reduction of persistent toxic pollution designed and implemented I: Adequate water quality that meets the requirements of the EU framework Water Directive B: Class 4 of water quality T: 2012: Mechanism for international coordination of Dnipro Basin management set up; 2013-16: TBD	Partly achieved.
Output 5: Strengthened governance and financial sustainability of the national protected area system in Ukraine I: National protected areas finance strategy developed in accordance with international standards B: No strategy exists T: 2012 – Strategy developed; 2013-16: TBD	Target for the end of programme not determined.

Country Programme Outputs, Indicators and Targets	Assessment
Output 6: National and local capacities for climate change resilient policies and practices enhanced I: TBD B: TBD T: TBD	Indicator, baseline and target not determined.
Output 7: National and local capacities to manage natural and manmade disasters enhanced I: # of risk assessment studies conducted by local authorities B: 0 T: 2012 – 2 assessments at the local level; 2013-16: TBD	Target for the end of programme not determined.
Output 8: Capacity to meet international climate change obligations, including the Montreal protocol and Stockholm convention improved I:TBD B:TBD T: TBD	Indicator, baseline and target not determined.

ANNEX IV: TERMS OF REFERENCE OF THE ASSIGNMENT

1. Introduction

In line with the Evaluation Plan, UNDP in Ukraine will commission an outcome evaluation to assess the impact of UNDP's development assistance in the Practice Area of Environment and Sustainable Development. The proposed evaluation will evaluate the country programme outcome(s) in this practice area (Outcome #10: "Government adopts policy frameworks and mechanisms to ensure reversal of environmental degradation; climate change mitigation and adaptation; and prevention of and response to natural and human-caused disasters") and related outputs implemented under the Ukraine's Country Programme Document 2012-2016. http://www.ua.undp.org/content/ukraine/en/home/library/poverty/country-programme-document-for-ukraine--2012--2016-.html .

The evaluation is also intended to provide forward looking recommendations to the environment and sustainable development programme in the new cycle of UNDP Ukraine Country Programme (2018-2022).

2. Background
2.1. Country context
General information

Ukraine is a middle-income country with a strong industrial base and has traditionally been a source of agriculture and food products. However, its economy took a deep dive after the break-up of the Soviet Union. In the past two decades its population has shrunk by around 8 million since its 1990 peak. Ukraine's GDP fell sharply over the first 10 years of its independence from the Soviet Union. The economy experienced a deep recession during the 1990s, including hyperinflation and a drastic fall in economic output. In 1999, Ukraine's per capita GDP was less than half of that achieved before independence. Its share of global GDP has more than halved since the 1980s. In comparative terms, it has performed worse than practically all of its peers among the former Soviet Republics. Its infrastructure remains largely as it was inherited from the Soviet era and suffers from inefficiencies and a lack of maintenance and investments. A period of rapid growth took place between 2000 until 2008, but a 15-20% decrease in GDP took place over 2008 and 2009, as a result of the effects of the global financial crisis. After a period of slight recovery in 2010-2013, since 2014 the country has been experiencing a period of instability and insecurity, marked by a steep economic downturn and political tensions.

In 2014-2015, the annexation of the Autonomous Republic of Crimea and Sevastopol city by the Russian Federation as well as the anti-terrorist operation in some areas of Donetsk and Lugansk oblasts have radically changed Ukraine's development course. The need has arisen to build defence fortifications, to increase the production of weapons, ammunition and other means of defence, which required upgrowth in output of heavy industry products, metals, cement, etc. Besides, there is a critical need to restore basic infrastructure and access to basic services (reconstruct ruined industrial facilities and infrastructural networks, including railway

infrastructure, gas and oil pipelines, water supply systems, sewerage networks, and to repair and build new residential houses and social facilities).

Environment, Energy and Sustainable development

Soviet policies of raising industrial and agricultural productivity with little regard to environmental considerations have had a devastating effect on the environment.

Ukraine has the unique status of being home to some of the richest natural environments and resources in Europe while at the same time being one of the most heavily polluted countries in the region.

Poor environmental management in the past has resulted in an increased number of natural and man-made disasters in recent years in Ukraine, and worsened the health of the population. At present, 40% of the total territory of Ukraine is now eroded land, and is growing at approximately 100,000 hectares annually. Extensive dehumufication (process of humus loss) of soils, including black soil is observed. Experts value the direct annual damage from erosion as USD 5 bln, and indirect, as a result of crop losses on the eroded soils – USD 1 bln. At the same time, it has many natural assets in biodiversity and international waters of global importance and its industrial activities and energy consumption practices have important implications for global climate change.

Ukraine has been and remains one of the least energy efficient countries in the world having one of the highest greenhouse gas emission intensity amongst CIS countries, and holds the 24-th place amongst the world's largest emitters of greenhouse gasses.

Greenhouse gas (GHG) emissions in Ukraine amounted to 944.4 Mt CO2eq in 1990, and 402.7 Mt CO2eq (excluding LULUCF) in 2012, i.e. 42.6% of the 1990 level. GHG emissions including LULUCF amounted to 874.6 Mt CO2eq in 1990 and 375.4 Mt CO2eq in 2012, i.e. 42.9% of the 1990 level. This reduction resulted mainly from a GDP decrease and a decline in the population and social living standards, which have been expected to be recovered and improved to reach the EU level . It was especially relevant for the period 1991-1999. For the period 2000 -2007 GHG emissions mostly stabilized with the modest growing tendency due to the economic restructuring, and increasing share of the finance and service sectors in GDP. Certain modernization of the industry that lead to decrease of power-intensity and related carbon intensity of the Ukrainian industry. GHG emissions in 2008-2013 were also affected by the world economic crisis.

Ukraine belongs to the list of countries that have signed and ratified the United Nations Framework Convention on Climate Change and its Kyoto Protocol and committed themselves not only to protect the climate system for the benefit of the present and future generations of mankind, but also to fulfil their individual obligations as Parties to the Convention and Protocol. In particular, Ukraine has committed to implement policies and measures aimed at combating the

climate change, taking into consideration the real socio-economic conditions of the country, to cover all sources and sinks of greenhouse gases as well as related economy sectors.

In 2015 Ukraine has defined an ambitious target with regard to GHG emissions. Emissions will be limited to 60% of 1990 levels in 2030. However, pledge will be revised after the country's "territorial integrity" is restored.

Ukraine is also a party to many International Treaties and Conventions in the field of environmental protection.

Environmental policy:

Ukraine's National Environmental Policy priorities for 2012-2016 have been defined as "Achieving a state of the environment which is safe for human health; improvement of the environment and increase of the level of ecological safety; improvement of the system of integrated environmental management through the inclusion of an environmental component in economic sector-wide reform programmes ensuring an environmentally sound use of natural resources, increase of public awareness".

The fundamental document that defines the national priorities in the field of prevention of anthropogenic climate change is the **Underlying Principles (Strategy) of the State Environmental Policy of Ukraine for the period until 2020**. The Strategy defines tasks that directly or indirectly are aimed at reducing emissions and increasing removals of GHG in the country, including but to limited to the following:

"... optimizing the structure of the energy sector of the national economy by increasing the use of energy sources with low carbon dioxide emissions by 2015 by 10%, and by 2020 by 20%" (in relation to the baseline in 2010);

- "... reducing greenhouse gas emissions in accordance with the declared by Ukraine international obligations under the Kyoto Protocol to the United Nations Framework Convention on Climate Change";

"... designing and implementing in stages of the National Action Plan on climate change mitigation and prevention of human impact on climate change for the period up to 2030";

- "Increasing by 2020 wooded area to 17% of the state land through reforestation and afforestation of the Forestry Foundation's lands";

- "Creating of economic conditions for infrastructure development of environmentally friendly modes of transport by 2015";

- "Improving energy efficiency by 25% by 2015 and by 50% by 2020" (relative to the baseline year 2010);

- "Increasing the use of renewable and alternative energy sources by 25% by 2015 and by 55 % by 2020 against the baseline" (relative to the baseline year 2010) etc.

It should be also noted the target on share of renewable energy sources set by the Energy Community for Ukraine is 11% of primary energy by 2020

The National plan on implementation of Kyoto Protocol to the UNFCCC. http://zakon5.rada.gov.ua/laws/show/346-2005-%D1%80 should be also taken into account.

Besides, there is a number of other legislative and regulatory acts of both national and regional and sectoral levels, which address issues closely related to the issue of reducing GHG emissions, as well as drafts of such documents. Among these documents the leading role is played by **the Energy Strategy of Ukraine for the period until 2030** (the Energy Strategy). Energy Strategy identifies goals and objectives of the state policy in the field of energy conservation and efficiency of use of energy resources in the country; its implementation leads directly to a reduction in GHG emissions in Ukraine. The Energy Strategy also identifies quantitative targets to reduce energy intensity of GDP for the period up to 2030 and the directions of development, which are to ensure the achievement of these targets. In particular, this applies to:
- Accelerated development of renewable energy sources;
- The demand to bring, in a very short period of time (by 2028), powerful plants burning fossil fuels, in compliance with stringent EU regulations on emissions of polluting substances (ash, NOx and SO2);
- Revision of the agreements with the Russian Federation concerning the conditions of import and transit through the territory of Ukraine for Russian gas, etc.

Other important legislative documents include:
- Law of Ukraine "On the Ratification of the Association Agreement between the European Union and the European Atomic Energy Community and their member states, of the one part, and Ukraine, of the other part" dated 16.09.2014 № 1678 – VII;
- Decree of the President of Ukraine "On the "Ukraine-2020" Sustainable Development Strategy dated 12.01.2015 № 5/2015;
- Decree of the Cabinet of Ministries of Ukraine "On approval of the National Action Plan on Renewable Energy by 2020" dated 01.10.2014 № 902-р.
- Protocol on Ukraine joining the Energy Community (http://zakon5.rada.gov.ua/laws/show/994_a27)

Energy security
Covering more than a half of its energy demand through external supplies and having one of the world's most energy intensive economies, Ukraine makes persistent efforts towards energy conservation and efficiency of energy production..

Energy saving tasks for all sectors of the economy have received particular priority in connection with recent political developments (armed conflict in eastern Ukraine and political tension with the Russian Federation) and price growth for imported (mainly from Russia) natural gas, which

accounts for three fourths of total Ukraine's gas consumption. This priority is also emphasized in Ukraine's Energy Strategy for the Period Until 2030, adopted in March 2006.

Ukraine has its own fuel and energy complex, which includes coal mines, oil and gas wells, power plants, and power lines. Enterprises are grouped into industries that are the main elements of the structure (coal industry, oil and gas industry, and electrical energy industry). The peculiarity of the fuel and energy balance of Ukraine is the high proportion of coal and nuclear power, and small of hydroenergy, oil and renewables.

The electric power is the basic industry of Ukraine, which completely supplies the country with electric energy. The excess capacity enables to export a small portion of the energy generated (2-5%) to the neighbouring (Russian Federation, Belarus, Moldova) as well as to European countries. The oil industry of Ukraine is characterized by low production figures, although the potential possibilities for oil production and refining are much more. Ukrainian oil has a relatively high production cost due to the use of outdated technologies. To date, with the needs of 40 million tons of crude oil per year the own production is only about 2.5 million tons. That's why Ukraine has to import the missing oil and oil products (mainly from Russian Federation).

Ukraine's gas industry is a relatively young and promising, however, lacking capital investments. Ukraine has a unique gas transportation and gas storage system (inherited from the Soviet Union) and would like to become a stable platform for signing long-term contracts on gas supplies from the Russian Federation to the EU, not to mention the increase in domestic production of natural gas, which in its turn has a positive effect on the energy balance of the country.

Currently Ukraine is trying to reduce its dependence on imports by diversifying suppliers, switching to other energy sources (for example, the use of biomass) as well as increase its own production volumes. However, there is a number of legislative, financial and other barriers challenging and delaying the implementation of the energy security strategy.

Housing sector and related infrastructure
The energy efficiency (EE) in communal sector in Ukraine is on average approximately four times lower than that in the Western European countries.
The Ukrainian housing and communal sectors are highly inefficient in energy terms, consuming 44% of all energy resources for the country. According to official statistics, the biggest waste of gas is related to the central heating system – 22% of the heat wasted during production, 25% during transportation and 30% during distribution, including by the end users. Ukraine's outdated energy infrastructure is in need of major upgrades. The country's thermal power stations are on average 40 years old and mostly have not been rehabilitated since they were built.

The same goes for the transition and distribution networks where 40-50% energy losses are common.

The current state of heat and hot water supply systems has led to public discontent over dramatically raised tariffs for unsatisfactory heat supply services (e.g., low temperatures, lack of quantitative and qualitative regulation). Among the major sectoral problems are massive deterioration of the housing stock; poor energy performance of residential buildings; legal constraints for energy efficiency improvements; insufficient management and maintenance as well as lack of financial resources for maintaining of the infrastructure.
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Overall, the economy of Ukraine requires significant structural changes, infrastructural development, technological modernization and recovery after military operations in eastern Ukraine. Consideration of sustainable development factor in the planning and implementation of reforms provides for addressing new policies. Ambitiousness of stated CO_2 emissions reduction target envisages considerable efforts to substantially prevent increase of GHG emissions under the planned structural changes, restoration and development of infrastructure, including the post-conflict reconstruction. All these actions will require development and implementation of efficient and effective policies as well as significant financial investments.

Land degradation and desertification
The principal document that defines the national priorities in the field is the National Plan to Combat Land Degradation and Desertification, endorsed by the decision of the Cabinet of Ministers of Ukraine on 30.03.2016 № 271-p.

2.2. UNDP's response to developmental challenges

UNDP has been active in Ukraine since 1993 and is one of the largest international development organizations on the ground, with 183 national and international staff working all around Ukraine and 40 staff in its Kyiv office. UNDP Ukraine has established a programming presence in each administrative district of Ukraine and has a strong experience of implementing environmental projects contributing to UNDP's longstanding work on **energy innovations and environmental policies** and will help Ukraine to become a "green and clean" and energy-efficient country, moving forward on its environmentally sustainable development path and successfully addressing climate change mitigation on the policy level through advocacy and policy advice, and through practical initiatives, and will support local energy efficiency initiatives and community organizations protecting the environment.

UNDP in Ukraine, largely through GEF, provides assistance in the following key areas: policy development and public awareness; climate change, energy and energy efficiency; sustainable development; chemicals; biodiversity; international waters management; and disaster risk reduction and emergencies.

Being deeply involved in the Ukrainian national environment policy process over the last decade, resulted, in particular, in the ratification of the Kyoto protocol, development of the "National Environmental Policy of Ukraine" (2007) and further of the Law of Ukraine "On fundamental principles (strategy) of the State Environmental Policy till 2020" (2010), UNDP continues supporting Ukraine in translating the principles of sustainable development into the policy agenda and plans of action for the national and local level governments.

As new challenges emerged in 2014-2015, the UNDP Energy and Environment programme targeted its efforts on the enhancement of resilience, security and competitiveness of Ukraine through improved energy efficiency and sustainable use of natural resources. While known as a long-standing challenge, this area falls under the priorities of the newly elected government and is the key to the overall stabilization of the economy.

UNDP has been strengthening the Ukrainian government's overall institutional capacity to design and implement sustainable development policies and practices through the development of appropriate decision-making tools and integration of the provisions of Rio Conventions into national policy framework.

UNDP supported advocacy and policy advice on climate change mitigation including assistance in development and national dialog of the long-term Concept of National Low Carbon Growth Strategy. A proactive position of Ukraine in the global climate negotiation (the United Nations Climate Change Conference 2015 in Paris) including identification of the new ambitious target for GHG emission reduction has been ensured through the support in development of Intended Nationally Determined Contributions (INDC).

The issue of energy intensity, as vitally important for the national security of Ukraine, has remained the priority focus of UNDP. It was addressed through promotion and introduction of a wide spectrum of energy efficiency policies and practices, mostly in the communal sector. National scale introduction of the energy efficient lighting in public and residential buildings done in line with UNDP supported "Road-Map for transition to Energy Efficient Lighting" has led to significant decrease of watt-hour energy usage and related decrease of Green House Gas emissions.

Certain progress in reduction of energy, resource and carbon intensity of Ukrainian municipal economy is envisaged due to accelerated utilization of the agricultural biomass for municipal heat and hot water services, actively pursued by UNDP. In case of massive replication, utilization of cheap and accessible energy from agricultural wastes will assist Ukraine with diversification of its energy supply away from dependence on imported fossil fuels as well as with creation of new green jobs, income and revenue streams in both urban and rural territories.

Reacting to the new challenges in Ukraine related to resilience, energy security and climate change UNDP has focused its efforts on development and securing of funds for the new projects promoting green and energy efficient cities and renewable energy.

3. Purpose of the Evaluation

The purpose of this outcome-level evaluation is to find out how UNDP in Ukraine has gone about supporting processes and building capacities that have, indeed, helped make a difference, and whether and to what extent the planned outcomes have been or are being achieved as a result of UNDP's work in the area of Environment and Sustainable Development covering the period 2012-2016. In doing so, evaluation aims to identify which UNDP approaches have worked well and which have faced challenges, and to use lessons learned to improve future initiatives and generate knowledge for wider use.

Specifically, the outcome evaluation will assist UNDP in gaining a better understanding of the following aspects of its interventions:
a) status of outcome(s) (i.e. the extent to which the planned outcomes and the related outputs have been or are being achieved);
b) relevance of outcome/outputs;
c) the mechanisms by which outputs led to the achievement of the specified outcomes;
d) concrete evidence of the UNDP contribution to outcomes;
e) if and which programme processes e.g. strategic partnerships and linkages are critical in producing the intended outcome (i.e. partnership)
f) factors affecting the outcome(e) (i.e. factors that facilitate and/or hinder the progress in achieving the outcome, both in terms of the external environment and those internal to the portfolio interventions including: design, management, human resource skills, and resources;
g) lessons learned from the implementation of the interventions, as also evidenced, and relevant for next Country Programme formulation;
h) strategic positioning of UNDP;
i) coordination and mutual reinforcement of the inputs, results and outputs of the projects, their integration into larger governance objective of UNDP Ukraine , their alignment and synergies;
j) sustainability: whether there is ownership and capacity to maintain and manage development in the Outcome.

To the extent possible, answers to the above questions shall address the implications for women and men, their participation in design and implementation of the outcome and particular programmes and projects in the outcome area, whether the latter had addressed the issues of gender inclusion, equality and empowerment and contributed to strengthening the application of these principles to various development efforts in the country, and how gender issues had been mainstreamed across the outcome area by UNDP. Evaluation shall also address the extent to

which UNDP had advocated for the principle of equality and inclusive development, and has contributed to empowering and addressing the needs of the disadvantaged and vulnerable population.

The recommendations and lessons from this outcome evaluation will feed into the planning process of the next UNDP Country Programme cycle 2018-2022.

4. Evaluation scope

The following Outputs falling under this Outcome, as stated in UNDP CPD 2012 – 2016, are to be part of this evaluation:

UNDP Ukraine CPD outcome	Outputs	UNDP projects
OUTCOME: Government adopts policy frameworks and mechanisms to ensure reversal of environmental degradation; climate change mitigation and adaptation; and prevention of and response to natural and human-caused disasters. **Outcome indicator:** Percent of national and subnational government bodies that integrate environment, DRR and climate change in development and management plans. **Related Strategic Plan focus area:** Environment and sustainable development. Other related UNDAF Outcomes (Partnership Framework Area 4: Environment and Climate Change): **Outcome 2:** Reduced energy, resource and carbon intensity of economy through the application of energy efficient technologies, renewable and alternative sources of energy. Outcome indicator: Climate change risks and opportunities integrated in the agricultural and rural development policy of Ukraine **Baseline** (2010): No **Target** (2016): Yes	Capacity of partners strengthened to design and implement measures on climate change, energy efficiency and DRR, including at local level. **Indicator:** Number of active green investment schemes[72] and energy efficiency projects; DRR Platform **Baseline:** In 2010, 0 green investment schemes (GIS), 250 energy efficiency projects; no DDR platform**. Target:** 100 GIS and 500 energy efficiency projects; DRR platform functions.	**Policy development:** - Capacity Building for Low Carbon Growth in Ukraine (2011-2015); - Integrating Rio Conventions Provisions into Ukraine's National Policy Framework (2014-2016); - Support Ukraine in development of INDC (2015) **Climate Change, Energy and Energy Efficiency:** - Transforming the Market for Efficient Lighting (2011-2016); - Development and Commercialization of Bioenergy Technologies in the Municipal Sector of Ukraine (2014-2018); **Sustainable Development**: - Clima East: Conservation and Sustainable Use of Peatlands (2013-2016) (also contributing to **Land degradation reversal and Biodiversity**). - GEF Small Grants Programme Fifth Operational Phase (2011-2015). **Chemicals:** - Initial implementation of Accelerated HCFC Phase-Out

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[72] Green Investment Schemes stands for the projects developed and implemented in Ukraine within the mechanisms of the Kyoto Protocol.

Outcome indicator: Percentage of renewable energy in the overall energy consumption/production of Ukraine **Baseline** (2010): TBC **Target** (2016): 20 percent increase Outcome indicator: Carbon intensity of economy **Baseline** (2010): Ukraine is amongst top 20 most carbon intensive economies **Target** (2016): Ukraine is not among top 20 carbon intensive economies Outcome indicator: Reduction in volume of CO2 emissions from stationary and mobile sources **Baseline** (2010): TBC **Target** (2016):20 percent of baseline Outcome indicator: Volume of CO2 emissions into the atmosphere by industrial enterprises **Baseline** (2008): 90.6 Mt Co2 **Targets** (2016): Reduction by 50 Mt Outcome indicator: Level of energy expenses per unit of production, kg of conditional fuel/1$ **Baseline** (2010): 0.89 **Target** (2016): 0.5 **Outcome 3**: Regulatory and legislative mechanisms for sustainable management of natural resources are created Outcome indicator: Laws pertaining to sustainable management of national resources enacted and enforced, Yes/No; **Baseline** (2010): No.		(2013-2016). **International waters:** - Improving Environmental Monitoring in the black sea (2013-2014).

Target (2016): Yes. Outcome indicator: Share of protected areas of various categories as % of overall area of the territory of Ukraine **Baseline** (2010): 3.5 **Target** (2016): 5 Outcome indicator: Annual area of reforestation and afforestation, ha **Baseline** (2008): (reforestation 80.2; afforestation 44/6) **Target** (2016): 50 % increase Outcome indicator: Level of resource productivity and pollution intensity of companies involved in the Resource Efficient and Cleaner Production (RECP) Programme **Baseline** (2011): TBC **Target** (2016): At least 80 percent of companies achieve at least a 20 percent increase in resource productivity and/or at least a 30 percent reduction in pollution intensity		

5. Methodology and guidance on outcome evaluation

UNDP has in place a range of guidance on evaluation, which provides a conceptual review of outcome evaluation, identifies key tasks, offers a framework methodology for conducting outcome evaluations and includes a sample outline for an outcome evaluation report. As useful and concise resources for outcome evaluators, the following publications/documents should be consulted as early as possible and used in the evaluation process:

- The UNDP Evaluation Policy (UNDP, 'The evaluation policy of UNDP', DP/2011/3, 10 November 2010, p.10);
- The UNDP Handbook on Planning, Monitoring and Evaluating for Development Results (PME Handbook, 2009), available at http://web.undp.org/evaluation/evaluations/handbook/english/documents/pme-handbook.pdf
- UNDP Guidance on Outcome-level Evaluation, 2011, available at http://web.undp.org/evaluation/documents/guidance/UNDP_Guidance_on_Outcome-Level%20_Evaluation_2011.pdf

- Guidelines for Outcome Evaluators, 2002, available at http://web.undp.org/evaluation/documents/HandBook/OC-guidelines/Guidelines-for-OutcomeEvaluators-2002.pdf

Although it is generally the responsibility of the evaluation team (evaluator) to decide on the concrete evaluation methodology to be used, the following elements should be taken into account for the gathering and analysis of data:
- Desk review of relevant documents, including files and correspondence related to projects implementation;
- Discussions with the Senior Management and programme staff of UNDP Ukraine;
- Interviews with and participation of partners and stakeholders;
- Field visits to selected key projects.

The evaluation team will consist of two consultants: an international consultant and a national consultant (evaluation support). **The international consultant under this assignment will also perform the Team Leader's role.** More specifically, following duties, responsibilities, skills and qualifications are expected from the Consultant.

6. **Duties and responsibilities**

The Consultant (evaluator, team leader) will perform the following tasks:

- Desk review of documents, detailing the evaluation scope, development of methodology, detailed work plan and Evaluation outline;
- Plan, lead and manage the outcome evaluation mission;
- Participate in the evaluation kick-off meeting with UNDP;
- Conduct the outcome evaluation in accordance with the proposed objective and scope of the evaluation and UNDP evaluation guidelines, including, but not limited to:
  - Review the programmes and projects of UNDP in Ukraine contributing to the Environment and Sustainable Development portfolio with a view to understand their relevance and contribution to national priorities and relevant international obligations
  - Review the processes of engagement of key stakeholders on the stages of planning the program, its implementation and monitoring. - Review the status of the outcome and the key factors that have affected (both positively and negatively, contributing and constraining) the outcome;
  - Assess the extent to which UNDP outputs and implementation arrangements have been effective for reaching the outcome and for strengthened linkages between the outcomes (the nature and extent of the contribution of key partners and the role and effectiveness of partnership strategies in the outcome);

- Conduct field visits to the project sites (if required) and interview national and local level stakeholders;
- Recommend corrections that may be required for enhancing effectiveness of UNDP's development assistance in the practice area of Environment and Sustainable Development;
- Provide recommendations for future country programme outcome(s) in the area of Environment and Sustainable Development
- Prepare the draft evaluation report;

- Debrief with UNDP in Ukraine; and present draft findings, recommendations and conclusions of the evaluation report;
- Provide forward looking recommendations to the environment and sustainable development programme and an outline of future UNDP interventions in the new cycle of UNDP Ukraine Country Programme (2018-2022).
- Finalize the Evaluation report and Recommendations and outline of future UNDP interventions in the practice area of environment and sustainable development and submit it to UNDP Ukraine CO.

7. Deliverables

1) **The key product expected** is a comprehensive **Evaluation Report** that includes, but is not limited to the following components: (see UNDP *Handbook on Planning, Monitoring and Evaluating for Development Results for more guidance on outcome evaluations[73] and UNDP Guidance on Outcome-level Evaluation[74]*).

  - ➢ Title and opening pages
  - ➢ Table of contents
  - ➢ List of acronyms and abbreviations
  - ➢ Executive summary
  - ➢ Introduction
  - ➢ Evaluation scope and objectives
  - ➢ Evaluation approach and methodology
  - ➢ Development context (incl. development challenges)
  - ➢ Description of the interventions
  - ➢ Data analysis and key findings and conclusions (incl. UNDP response to challenges, contribution to results)
  - ➢ Conclusions, lessons learnt and recommended corrections, and recommendations for the future (including viable project ideas and other recommendations for the development of the new CPD 2018-2022)
  - ➢ Annexes: TORs, field visits, people interviewed, documents reviewed, etc.

2) **Additional knowledge product** is a forward looking **Recommendations to the environment and sustainable development programme and an outline of future UNDP interventions** in the new cycle of UNDP Ukraine Country Programme (2018-2022).

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[73]http://web.undp.org/evaluation/evaluations/handbook/english/documents/pme-handbook.pdf
[74] http://web.undp.org/evaluation/documents/guidance/UNDP_Guidance_on_Outcome-Level%20_Evaluation_2011.pdf

The Consultant (evaluator) will determine the specific design and methods for the evaluation during the initial inception period.

The evaluator should provide a proposed report structure to UNDP prior to the start of his/her fieldwork (evaluation mission). The report should be prepared in English. It should take into account the opinion/voices of people from Ukraine, government representatives, donors, academia and NGOs.

Recommendations and outline (deliverable 2) for the future UNDP interventions in the area of Environment and Sustainable development should be produced based on the findings and recommendations of the outcome evaluation mission. The format of the Recommendations and outline will be agreed between UNDP and the evaluator prior to the start of the evaluation. The evaluator is required to discuss the full draft of the evaluation report prior to departure from Ukraine. Both products (deliverables) shall be submitted in electronic form.

Evaluation ethics

The evaluation shall be conducted in accordance with the principles outlined in the UNEG 'Ethical Guidelines for Evaluation'[75]. The Evaluator will take every measure to safeguard the rights and confidentiality of key information providers in the collection of data.

Dissemination mechanisms

The results shall be presented at a roundtable to all key stakeholders (representatives of Government, projects beneficiaries and NGOs etc.). The final evaluation report will be placed on the UNDP website and distributed through regular Government channels to interested parties.

8. Requirements for experience and qualification

Education
- Minimum Master's degree in Environmental sciences, economics, public administration, regional development/planning, or other sciences related to environment and sustainable development field.
- Trainings in management, monitoring and evaluation will be an advantage.

Experience
- Minimum 10 years of professional experience in the area of Development, Environment and Sustainable Development, Energy, Regional development, including participatory planning, monitoring and evaluation.

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[75] http://www.uneval.org/ search/index.jsp?q=ethical+guidelines

- At least 7 years of experience in conducting complex evaluations, especially in Environment and Sustainable Development practice area, with proven accomplishments in undertaking evaluation for international organizations, preferably with UNDP.
- Extensive knowledge of results-based management evaluation, as well as participatory M&E methodologies and approaches.
- Working experience in CIS countries or Eastern European countries.

Competencies
- Good analytical and strategic thinking skills;
- Extensive knowledge of qualitative and quantitative evaluation methods;
- Sound knowledge of results-based management systems, and monitoring and evaluation methodologies; including experience in applying SMART indicators;
- Understanding of issues related to gender; experience in gender sensitive evaluation and analysis;
- Strong working knowledge of the UNDP and its mandate, and more specifically the work of UNDP in support of Environment and Sustainable Development initiatives in the region;
- Proven commitment to the core values of the United Nations;
- Familiarity with the political, economic and environmental situation in Ukraine;
- Excellent inter-personal, communication, and teamwork skills;
- Result orientation;
- Ability to meet tight deadlines;
- Excellent written and spoken English and presentational capacities.

Languages:
- Fluency in written and spoken English;
- Knowledge of Ukrainian and/or Russian will be an asset.

9. Timeframe

The detailed schedule of the evaluation and the length of the assignment will be discussed with the evaluator prior to the assignment. The estimated duration of the assignment is up to 30 working days.

10. Implementation Arrangements

The International consultant will work in a team with a national consultant that will help with the analysis and research of the available relevant documentation, with setting up the meetings with the external actors and with the needed ad-hoc translations/ interpretation. To facilitate the Outcome evaluation process an Evaluation Focal Team (EFT) comprising of representatives of UNDP Ukraine (DCD/Programme) and relevant project staff will be set up. The EFT will assist in connecting the evaluation team with the senior management and key stakeholders. In addition, the EFT will assist in developing a detailed evaluation plan and conducting field visits. During the evaluation, EFT will help identify key partners for interviews. Otherwise, the evaluation will

be fully independent and the evaluation team will retain enough flexibility to determine the best approach in collecting and analyzing data for the Outcome evaluation.

Indicative Schedule of the assignment

Activity	No of days	Place	Responsible party
Evaluation design, methodology and detailed work plan	2 days	Home-based, on-line	EFT, Evaluation Team
Desk review	5 days	Home-based, on-line	Evaluation Team
- **Evaluation mission** (Interviews, consultations, data collection), - **Briefing and Debriefin**g with UNDP, - **Presentation of findings, conclusions and Recommendations** of the evaluation report, - Presentation of the **1st Draft Recommendations and Outline for future interventions**	10 days	8 days in Kiev Estimated 2 days in the field	EFT, Evaluation Team
Preparation and submission of the **draft Final Evaluation report**	10 days	Home-based, on-line	Evaluation Team
Preparation and submission of the **Final Evaluation report and Recommendations and Outline for future interventions** (Revised report	3 days	Home-based, on-line	

addressing feedback and comments received)			

Travel:

- International travel will be required to Ukraine during the outcome evaluation mission;
- The Basic Security in the Field II and Advanced Security in the Field courses <u>must</u> be successfully completed <u>prior</u> to commencement of travel;
- Individual Consultant is responsible for ensuring he/she has vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director.
- Consultant is required to comply with the UN security directives set forth under https://dss.un.org/dssweb/

11. Payment modality and arrangements

Each candidate will be required to submit an aggregated financial offer ("aggregated financial offer" is the total sum of all financial claims of the candidate for accomplishment of the task), which includes proposed consultancy fee, travel costs, visa costs (if required), per diem (for accommodation, meals and local transport / communication). The consultant will be provided with the necessary administrative and logistical support to enable them deliver on the expected outputs.

Payment will be disbursed in three installments upon submission and approval of deliverables and certification by the UNDP DCD/Programme that the services have been satisfactorily performed

Instalment	Milestone
10 % of total consultancy fee	Upon approval of the evaluation methodology, detailed work-plan and schedule and submission of an invoice
30% of total consultancy fee	Upon submission of the draft Evaluation report and Recommendations and Outline for future interventions
60% of total consultancy fee	Upon finalization of the Evaluation report and Recommendations and Outline for future interventions

<u>Note</u>

- All envisaged travel costs (including ticket, accommodation, etc.) must be included in the offeror's financial proposal. The individual offeror should consider the prevailing price for an economy class tickets serving the most direct routes in his /her financial proposal.
- Individual contractor wishing to upgrade his/her travel to business or first class shall do so at his/her own expense.

- The project will provide arrange local transportation domestic travel- therefore the cost to be excluded from this contract. As for living allowances, the cost will be included in and covered by this contract. Therefore the offeror is required to include the foreseen cost (living allowances) for Kyiv, Ukraine.
- The offeror is therefore encouraged to check the ceiling of living allowances for Kyiv, Ukraine following link: http://icsc.un.org, and to include the amount in the financial proposal. However, the reimbursement of local travel costs will be made upon receipt of travel claim form and based on the actual travel dates.
- Each payment will be made in US dollars upon satisfactory completion of the tasks and respective deliverables as per submission of deliverables/claims by the consultant and the project/UNDP approvals.
- Each payment will be transferred by UNDP through Electronic Fund Transfer to the Dollar account number of the contractor introduced through an official letter indicating full banking information.
- Any payment under this contract will be made using UN Operational Rate of Exchange. For update rates please see: http://treasury.un.org/operationalrates/OperationalRates.aspx
- Payments will be made according to UNDP regulations as explained in the contract documents.
- The International Consultant shall not do any work, provide any equipment, materials and supplies or perform any other services which may result in any cost in excess of the above mentioned amount.

12. Application process

Interested individual consultants must submit the following documents/information to demonstrate their qualifications:

Required

☒	Letter of Confirmation of Interest and Availability using the template provided by UNDP;
☒	Financial Proposal that indicates the all-inclusive fixed total contract price and all other travel related costs (such as flight ticket, per diem, etc), supported by a breakdown of costs, as per template attached to the Letter of Confirmation of Interest template.
☒	Duly completed and signed a Personal History Form (P11 form), including information about past experience in similar assignments and at least 3 contact details for referees;
☒	Brief description of approach to work and why the individual considers him/herself as the most suitable for the assignment (brief information on each of the required qualifications, item by item).

If an applicant is employed by an organization/company/institution, and he/she expects his/her employer to charge a management fee in the process of releasing him/her to UNDP under Reimbursable Loan Agreement (RLA), the applicant must indicate at this point, and ensure that all such costs are duly incorporated in the financial proposal submitted to UNDP.

13. Evaluation

UNDP will use a two-stage procedure to assess applications with. Technical proposals will be assessed prior to any commercial proposals. The Technical proposals will be assessed based on compliance with the Terms of Reference. The following criteria will be rated as indicated below:

Education:

- Master's degree in Environmental sciences, economics, public administration, regional development/planning, or other sciences related to environment and sustainable development field – 7 points max:
  - PhD – 7 points;
  - Master's degree – 5 points.
- Trainings in management, monitoring and evaluation – 3 points max:
  - trainings proven by available training certificates – 3 points;
  - no training – 0 points.

Experience:

- Minimum 10 years of professional experience in the area of Development, Environment and Sustainable Development, Energy, Regional development, including participatory planning, monitoring and evaluation – 20 points max:
  - more than 15 years of experience – 20 points;
  - from 13 to 15 years of experience – 15 points;
  - from 10 to 13 years of experience – 12 points.

- At least 7 years of experience in conducting complex evaluations, especially in Environment and Sustainable Development practice area, with proven accomplishments in undertaking evaluation for international organizations, preferably with UNDP – 30 points max:
  - more than 10 years of experience in conducting complex evaluations – 15 points;
  - from 8 to 9 years of experience in conducting complex evaluations – 12 points;
  - from 7 to 8 years of experience in conducting complex evaluations – 10 points;
  - experience in conducting evaluations in Environment and Sustainable Development practice area – additional 5 points;
  - experience in applying SMART indicators – additional 5 points;
  - experience in gender sensitive evaluation and analysis – additional 5 points.

- Working experience in CIS countries or Eastern European countries – 5 points max:
  - Availability of experience – 5 points;
  - No experience – 0 points.

Language Proficiency:

- Fluency in written and spoken English – 3 points;
- Knowledge of Ukrainian and/or Russian – additional 2 points.

Maximum available technical score – 70 points.

Evaluation method:

Cumulative analysis

Contract award shall be made to the incumbent whose offer has been evaluated and determined as:

a) responsive/compliant/acceptable, and

b) having received the cumulative highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation.

* Technical Criteria weight: 70%

* Financial Criteria weight: 30%

Only candidates obtaining a minimum 70% from the maximum available technical score (49 points) would be considered for the Financial Evaluation

The maximum number of points assigned to the financial proposal is allocated to the lowest price proposal and will equal to 30. All other price proposals will be evaluated and assigned points, as per below formula:

30 points [max points available for financial part] x [lowest of all evaluated offered prices among responsive offers] / [evaluated price].

The proposal obtaining the overall cumulatively highest score after adding the score of the technical proposal and the financial proposal will be considered as the most compliant offer and will be awarded a contract.