



GLOBAL CLIMATE CHANGE

MAY 2008



USAID assistance in Ukraine has been the motivating factor in the country's energy sector reforms contributing to carbon emissions reductions. Increasing energy efficiency through capacity building, technical assistance and mitigation projects has helped Ukraine make strides in addressing the effects of climate change. Although the main focus has been in the energy sector, USAID's extensive assistance in the land use/forestry sector has also been of great support.

BACKGROUND

Ukraine is the 11th largest industrial emitter of carbon dioxide (CO₂), mainly because a high proportion of the economy is devoted to manufacturing – using energy-intensive equipment and outdated technology. As industry, agriculture and energy sectors increase output, carbon emissions in Ukraine will rise unless significant interventions are made to restore sinks and minimize emission sources.

SECTOR-SPECIFIC CLIMATE CHANGE ACTIVITIES

USAID's programs in energy efficiency, waste minimization, alternative energy sources, renewable energy, power and coal sector reform, and natural resources conservation have provided significant support for the Ukrainian government's climate change-related priorities.

Until May 2003, when Ukraine's Climate Change Initiative ended, USAID had been the most significant source of international technical assistance to Ukraine on climate change policy and capacity building. In general, without USAID assistance, it would have been difficult for Ukraine to meet its commitments under the United Nations Framework Convention on Climate Change (UNFCCC).

ENERGY EFFICIENCY

The Ukraine Industrial Energy Efficiency Initiative (UIEEI) is the newest program to combat global climate change by increasing energy efficiency and reducing Ukraine's dependency on imported natural gas. By facilitating partnerships with western energy services companies (ESCOs) and promoting access to low cost financing, the project provides incentives to select industrial energy consumers for implementing energy efficiency improvements. The project can already claim initial successes after just one year of project implementation; several international companies have decided to establish joint ventures with Ukrainian companies and applied for USAID Global Development Alliance¹ grant funds. Audits were conducted at 11 industrial plants within Ukraine to identify energy efficiency projects and develop them into bankable proposals. The plants were willing participants, contributing from 25% to 50% of the audit cost. Energy efficiency projects developed within the UIEEI program will reduce CO₂ emissions through reduced combustion of natural gas, reduced consumption of electricity, and thermal power plants substituting natural gas with renewable sources.

1. USAID's Global Development Alliance (GDA) mobilizes the ideas, efforts and resources of governments, businesses and civil society by forging public-private alliances to stimulate economic growth, develop businesses and workforces, address health and environmental issues, and expand access to education and technology.

PARTNERS

USAID's partners in climate change activities in Ukraine include:

- Alliance to Save Energy (ASE)
- Center for Ukraine Reform Education
- International Resources Group (IRG)
- US Export Import Bank
- Ukraine SibBank

Because partners change as new activities arise, this list of partners is not comprehensive.

MORE EFFICIENT RESOURCE MANAGEMENT

In an effort to increase demand-side efficiency, USAID funded a Tariff Reform and Communal Services Enterprise Restructuring Project.

The goal of the five-year activity was to improve delivery of communal services, including water, wastewater and district heating, by improving the policy and regulatory framework, building the management and technical capacity of communal service enterprises (CSEs), and increasing public sector participation in services delivery. Results include the following:

- All 31 participating enterprises in the program developed Strategic Action Plans;
- 22 enterprises achieved an increase in payment collection;
- All 31 enterprises prepared, and began implementation of, capital investment plans;
- 28 implemented low or no cost projects to reduce losses, reduce energy usage or improve services; and
- CSEs were able to reduce technical losses by more than 225,000 cubic meters per year, reduce energy usage by US\$558,000 per year, and improve services.

Finally, USAID prepared a Development Credit Authority² facility that provides partial U.S. Government guarantees on loans made by participating private Ukrainian commercial banks to CSEs for capital improvements.

LAND CONSERVATION

In 2004, USAID funded the Ukrainian Land and Resource Management Center (ULRMC) to continue monitoring forest fires in Ukraine and report potential fires to Ukrainian authorities. ULRMC activities facilitated government response to 105 fire emergencies, resulting in carbon emission reductions.

In addition, USAID established a Ukraine Land Titling Initiative to ensure that agricultural lands subject to privatization excluded environmentally sensitive land.

CREATING AWARENESS REGARDING EMISSIONS

USAID funded the Ukrainian Reform Education Program (UREP) to promote energy conservation, environmentally sound policies, and citizen involvement in environmental decision making across Ukraine. Funds were used to develop and broadcast TV and radio programs, produce publications, discuss global climate change and related issues, and run education programs for journalists. In particular, USAID support helped to produce over 500 articles on climate change and related issues in local newspapers.

2. USAID's Development Credit Authority provides partial credit guarantees to local financial institutions, thereby reducing their risk in making financing available to the local small and medium businesses that power economic growth and job creation.

NUCLEAR POWER

The U.S. Department of Energy received interagency transfer funds for activities designed to improve the safety of Ukraine's nuclear power plants and reduce the chance of accidents. Funds were used to complete a simulator for training reactor operators, a pilot project on the use of improved pipe insulation material, in-depth safety assessments, emergency operating procedures, and physical security upgrades at Ukraine's nuclear power plants. The enhanced safety, improved reliability, and increased power output resulted in reduced use of fossil-fueled electric power plants and thereby reduced carbon emissions.

Additionally, the U.S. Nuclear Regulatory Commission (NRC) received USAID funds for activities designed to continue to strengthen the Ukrainian national regulatory authority for commercial nuclear activities. The State Nuclear Regulatory Committee of Ukraine was also assisted by the NRC in evaluating three pilot plants that will allow for the replacement of temporary licenses with long-term operating licenses.

For more information, visit:
<http://ukraine.usaid.gov>