**Russian Federation-UNDP Trust Fund for Development (TFD)**

**Project Narrative and Financial Progress Report**

 **For the period of the first half of 2018**

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| Project title: | Regulatory Framework to Promote Energy Efficiency in Countries of the Eurasian Economic Union |
| Project ID:  | 00102117 |
| Award ID: | 00104290 |
| Implementing partner:  | UN Development Programme |
| Project countries: | Armenia, Kyrgyzstan, Kazakhstan, Belarus  |
| Project budget: | Total: $8,510,000TFD: $1,500,000 |
| Project start and end date: | December 2017 to October 2019 |
| Period covered in this report: | January 2018 to July 2018 |
| Date of the last Project Board meeting: | 20 March 2018, Steering Committee Meeting |
| SDGs supported by the project: | 7.3, 13.2 and 13.3  |

**1. EXECUTIVE SUMMARY**

The project mobilization phase for both regional as well as national (Armenia and Kyrgyzstan) components was successfully completed.

The Project Manager, support staff and key expert teams were hired by March 1, 2018.

Steering committee meeting held on March 20, 2018. The Committee approved the regional project’s work plan, and outlined the priorities of coordinated actions to achieve the project’s objectives.

The project’s interventions for Armenia and Kyrgyzstan were defined and agreed with the key national stakeholders.

Draft regulatory package to introduce energy efficiency labeling in the countries of Eurasian Economic Union was prepared, circulated respectively and submitted to the Eurasian Economic Commission in first decade of June 2018.

Technical assistance was provided for regionalization of the #togetherbrighter (#вместеярче) educa­tional initiative. A contract is signed with the summer school operator for year 2018 on co-financing basis with the respective RF authorities.

The key project risk is linked with the different visions of project partner countries to the common regulatory framework on energy efficiency. The given risk has been mitigated through permanent contacts and discussions with the key national stakeholders in order to bring together those visions. The Project’s support was instrumental for development of t revised draft technical regulation of the Eurasian Customs Union “On Energy Efficiency” (hereafter EAEU TR), which was approved by the decision of the Board of the Eurasian Economic Commission.

**2. RESULTS**

The following activities were performed during the reporting period and the following outputs were achieved.

**1. Development and introduction of modern standards on energy efficiency for lighting, household appliances and engineering equipment of buildings**

***Regional component***

Project interventions on the regional level were defined and agreed with the key stakeholders.

“Stroienergo” LLC (RF) was hired to develop EAEU energy labeling system, to propose the updates of Minimum Energy Performance Standards (MEPS) set in the draft EAEU TR as well as to provide recommendations on High Energy Performance Standards to be applied in the Project partner countries. During the reporting period the company elaborated draft energy labeling package, which was consulted with the key project stakeholders, and the agreed package was submitted to the Eurasian Economic Commission in first decade of June 2018.

The recommendations on energy efficient public procurement for lighting appliances and fixtures was drafted and submitted to the relevant stakeholders in the Project partner countries.

The ToR for the procurement of consultancy services on development of demand stimulation mechanisms through ESCOs in Armenia and Kyrgyzstan was developed, the announcement was posted.

To assure effective engagement of project’s stakeholders the relevant expert was hired in the mid of June. The stakeholder’s engagement concept was developed and is being implemented.

The declaration for regional expert’s platform was developed and submitted to the key project stakeholders

***Armenia National Component***

The project identified directions to introduce EE appliances legal and regulatory framework for priority energy appliances and reached consent of the key stakeholders, documented by the signed protocol.

To elaborate legal and regulatory framework as well as cost-benefit analysis for introduction of energy efficient public procurement the national experts on Lighting, Air conditioners, Public procurement regulatory framework, EE economic impact assessment have been hired.

The draft concept for energy efficient public procurement was developed. The process of its arrangement with the key national stakeholders is underway.

***Kyrgyzstan National Component***

As a result of technical consultations with the national partners, the need for development and enactment of a standalone national building code for lighting (SNiP) was supported. The State Institute of Earthquake Engineering and Engineering Design was identified as the state institution to develop and enact this kind of a building code. Based on the positive micro-assessment results of the institution, UNDP is concluding a Letter of Agreement for implementation of the activity via HACT modality. Contracting process is underway.

The project has conducted consultations with the State Procurement Service by offering its technical support for integrating/harmonizing energy-efficiency aspects into the public procurement legislation. The State Procurement Service expressed their support to promote and bring appropriate amendments to the bylaws when and as new building codes have been developed and enacted. Capacity building for the staff of the State Procurement Service on energy efficiency aspects was requested and in cooperation with the Armenian component a training will be designed and conducted.

The project is committed to contribute to implementation of the Action Plan of the country’s Green Economy Concept, focusing on energy efficiency aspects under the action on “Development of measures to stimulate energy conservation by state and municipal institutions, households and industries”.

**2. Establishment of a system of testing laboratories and implementation of measures to protect the market from low efficiency equipment**

***Regional component***

Are established contacts with the existing energy appliances’ testing laboratories in the countries of Eurasian Economic Union. Energy efficiency testing and certification laboratory capacity assessment concept developed and discussed in Kyrgyzstan and in Armenia. Is developed concept and objective of “control purchase” and testing of light-emitting diode based fixtures. Discussions were held in Kyrgyzstan and in Armenia on type and scope of work of testing and certification laboratories and lighting fixtures testing laboratories were selected; further, a list of testing devices and other relevant equip for the laboratories was compiled.

***Armenia National Component***

Is developed the methodology for testing laboratories/conformity assessment bodies’ capacity assessment and identification potential partner laboratories and is conducted survey of the existing laboratories. Based on that is prepared capacity assessment report for selection of the partner laboratory.

***Kyrgyzstan National Component***

Was organized a series of technical meetings of all interested parties in the acquisition of a testing laboratory. As a result, the laboratory of the Bishkek Testing and Metrology Center under the Ministry of Economy of the Kyrgyz Republic was identified as the best and suitable testing laboratory. The selected laboratory has technical capacity and political will to implement the planned activities.

**3. Consumers’ awareness raising on options and benefits of energy efficient technologies, assessment of greenhouse gas emissions reduction**

***Regional Component***

Technical assistance was provided for regionalization of the #togetherbrighter (#вместеярче) educational initiative. The project established cooperation with the operator of #togetherbrighter summer schools and contract with summer school operator the contract is signed for co-financing of the summer schools in 2018. Invitations to join the initiative were extended to Armenia and Kyrgyzstan by the Ministry of Energy of the RF – the key regional partner of the project. The effort is undertook in consultations with the project that underpinned receiving local support from key authorities responsible for the relevant sectors.

The project web-page temporarily is hosted on [www.nature-ic.am](http://www.nature-ic.am) web, meantime the project web-site concept is developed to consider priority areas/features identified by Steering Committee. The project’s logo, as well as select branding materials are identified, agreed and their design is in progress to be further distributed to the stakeholders and beneficiaries at key events etc.

Concept of the project’s participation in ENES Forum 2018 (to take place in Moscow in this October) was developed and agreed with the key stakeholders.

***Armenia National Component***

The Armenian schoolchildren participation in summer schools in Russian Federation was organized in cooperation with Ministry of Energy Infrastructures and Natural Resources and Ministry of Education and Science. 10 schoolchildren from several regions of Armenia participated in 3 week summer camp.

The technical assistance is provided to the national project partners in developing of the concept for organization of #togetherbrighter educational initiative locally.

***Kyrgyzstan National Component***

A formal support was received from the Ministry of Education and Science of the Kyrgyz Republic and the State Committee of Industry, Energy and Subsoil Use to jointly conduct the contest "My Energy Saving" among 11 secondary schools. The project has established partnership with the EU funded project on "Development of mechanisms for financing the safety of the school environment in the Kyrgyz Republic of secondary schools in Kyrgyzstan” implemented by the Ministry of Education and Science of the Kyrgyz Republic and Environmental Movement BIOM. 24 applications were received by the deadline. Evaluation panel was composed of the representatives from the Ministry of Education and Science of the Kyrgyz Republic and the State Committee of Industry, Energy and Subsoil Use. Based on criteria developed by the evaluation panel 5 winners were selected who will participate in the youth camp of the All-Russian Children Center “Smena” on the Black Sea in October 2018. Registration of children and accompanying person from the State Committee of Industry, Energy and Subsoil Use is underway.

A meeting of the Task Leader, International consultant and the project team was organized with the Deputy Minister of Education and Science of the Kyrgyz Republic and the leadership of the State Committee of Industry, Energy and Subsoil Use to discuss the potential participation of the Kyrgyz Republic in the All-Russian festival "Together Brighter" (Vmeste Yarche) where a principal support and agreement was received from their side.

**4. Project management: implementation, monitoring and evaluation**

The first meeting of the Steering Committee was held in teleconference format at the Ministry of International Economic Integration and Reforms of the RA on March 20 in Yerevan. Representatives of national partners, UNDP country offices in all the participating countries, as well as representative of the Embassy of Russian Federation in Armenia and Trust Fund Manager attended the meeting. The Committee approved the regional project’s work plan, and outlined the priorities of coordinated actions to achieve the project’s objectives.

The Project Task leader was hired and core national and international expert team was built in the first months of the project’s implementation, including international technical adviser.

Project Task leader and International technical adviser provided assistance to the Kyrgyz UNDP project team and supported in prioritization of key directions of project implementation during the mission to Bishkek.

Administrative reports were submitted to RTF and UNDP on the inception phase of the project.

The project’s page on the Climate Change Program web site was continuously updated ([www.nature-ic.am](http://www.nature-ic.am)).

**Representation in local and international thematic events**

* Task Leader and International Technical Adviser took part in series of meetings in Bishkek, Kyrgyzstan on June 28 and 29. The discussions concerned planning and prioritization issues in eth Kyrgyz national component of the regional project as well as planning and holding #togetherbrighter festival in partner countries.
* Task Leader and International Technical Adviser took part in the IX International Conference “Energy Efficient Buildings of the 21st Century” held in Minsk, Belarus, on June 7 and 8. The activity aims at experience exchange of the CIS countries on promotion of energy efficiency.
* The project held a workshop "Development, Harmonization and Implementation of Energy Efficiency Standards and Labeling for Energy Appliances" on May 15 within the series of events organized by UN Economic Commission for Europe and UNDP Armenia under the umbrella of “Energy Efficiency Standards in Buildings and Appliances: Harmonization and Implementation in UNECE Region”.
* The project held a workshop on "Introduction of minimal standards of energy efficiency of domestic gas appliances and their labeling regulatory framework" on April 19. The discussion focused on options for development and strengthening of capacities for elaboration, introduction and enforcement of regulatory framework for energy efficiency of domestic gas appliances. The participants outlined cooperation framework for implementation of the regional project's activities.

**3. PROJECT RISKS**

The risk management issues are detailed in Annex 3 of the Project Document, risk logs are filled in the Atlas system and reflected in the online quality assurance report. No revisions are applicable per the results of the reporting period.

**4. LESSONS LEARNT**

Not applicable at this stage of project implementation.

**5. FUTURE PLANS**

*Expected Outcomes for Project Component1*.

The Concept for energy efficient public procurement in Armenia and Kyrgyzstan including the required legal, regulatory and institutional arrangements is elaborated and agreed with the key stakeholders.

The regional expert platform on energy efficiency promotion is functional

Recommendations on introduction of energy appliances and engineering systems demand stimulation mechanisms in the EAEU countries are provided.

*Expected Outcomes for Project Component2*.

Energy efficiency laboratory network development concept for the EAEU is prepared.

The list of standards and testing methods to assess compliance to the requirements of the EAEU Technical regulation on energy efficiency is prepared. The list of international and regional standards to be adopted on the EAEU level is drafted.

Technical requirements, list of recommended equipment as well as capacity building needs assessment for the selected partner laboratories in Kyrgyzstan and Armenia is done.
The equipment is procured and staff training is conducted.

*Expected Outcomes for Project Component 3*.

An international portal on training and popularizing an energy-efficient lifestyle among the population and on using energy-efficient technologies is developed and functioning.

The energy efficient features of the technologies used are assessed and the baseline is estimated.
The developed indicators are used to monitor energy efficiency and sustainable development of cities.
A program for an international festival on the promotion of energy saving in EAEU countries is prepared.

The concept for regional energy efficiency events under the youth festival “Vmeste Jarche” for Armenia and Kyrgyzstan is developed.

**6. PARTNERSHIPS**

UNDP project team has established cooperation with the Eurasian Economic Commission (EEC) Department of technical regulations. The cooperation is aimed to amend the draft Technical Regulation of Energy Efficiency Requirements. EEC has also committed to cooperate with the Project in order to popularize an energy-efficient lifestyle among the population and to use energy-efficient technologies.

Kyrgyz component has established partnership with the EU funded project on "Development of mechanisms for financing the safety of the school environment in the Kyrgyz Republic of secondary schools in Kyrgyzstan” implemented by the Ministry of Education and Science of the Kyrgyz Republic and Environmental Movement BIOM and have jointly conducted the contest "My Energy Saving" among their 11 pilot secondary schools. Energy efficiency issues are among their priorities and the Kyrgyz component will continue working with them.

**7. PARTNERSHIP WITH THE RUSSIAN FEDERATION**

In the frames of cooperation with the Ministry of Energy of the Russian Federation to conduct the festival "#VmesteYarche" in 2018, “Nadezhnaya Smena” Foundation of Educational Projects was contracted to hold energy efficiency related summer camps for schoolchildren from the partner countries based on invitations earlier issued by the Ministry. These efforts serve to promote an international portal on training and popularizing an energy-efficient lifestyle among the population and on using energy-efficient technologies.

The Project has established extensive cooperation with the Federal Agency for Technical Regulation and Metrology (Rosstandard).

The Project has established cooperation with various educational and academic institutions, producers’ associations as well as experts from the Russian Federation.

**8. COMMUNICATION AND VISIBILITY**

The project’s web-page at the web-site of Climate Change Information Center, www.nature-ic.am, is periodically updated. An infographics fact sheet summarizing the project’s basic data is prepared in English and Armenian. Branded materials preparation is underway to distribute at thematic and other relevant events.

**9. FINANCIAL MANAGEMENT (*attached in Excel format*)**

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**Date:** 22 August