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TO: Ricarda Rieger
Resident Representative a. i.
UNDP Ukraine

THROUGH: Sergei Volkov
Head, Energy and Environment
UNDP Ukraine

FROM: Olena Ovchynnikova
Programme Analyst, Energy and Environment
UNDP Ukraine

DATE: 14 April 2014

SUBJECT: Request for authorization to change from NIM to DIM execution for the UNDP-GEF "Integrating Rio Conventions Provisions into Ukraine's National Policy Framework" Project.

Dear Ricarda,

I am writing to seek your approval for the authorization to change from national implementation modality (NIM) of the new UNDP-GEF project "Integrating Rio Conventions Provisions into Ukraine's National Policy Framework" to the direct implementation modality (DIM). The present request is justified by decrease of the capacities of the Ministry of Ecology and Natural Resources of Ukraine, including staff downsizing, related changes in other adjacent Ministries and overall political and public administration crisis in Ukraine.

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. To this end, the project will focus on mainstreaming Rio Convention provisions into Ukraine's broader national development framework and strengthening related capacities to implement this framework. The project will be funded by the GEF and implemented by the UNDP Ukraine over the period of three years. The project budget amounts to USD 900 000.

There are two complementary objectives of this project. The first is to integrate the principles and criteria that frame the articles of the Convention on Biological Diversity (CBD), Convention to Combat Desertification and Drought (CCD), and Framework Convention on Climate Change (FCCC) into a key set of Ukraine's sectoral development policies. This will be complemented by a second objective, which is to strengthen a key set of institutional and

individual capacities to operationalize the improved sectoral policies, programmes, plans and legislation at the regional level. A third component serves to reinforce the first two components by promoting a greater understanding of the complex and dynamic inter-dependencies among environment, economy and social development policies.

As with many other countries, Ukraine's challenge in meeting global environmental priorities is rooted in a real priority to meet national socio-economic priorities, lack of awareness on the national benefits of Rio Convention implementation, weak institutional capacities to implement the Rio Conventions, and limited financial resources of government institutions, among other challenges and barriers.

At the initiation stage, a few risks for identified for the project. The first risk is associated with the political challenge of governance reform, which is further complicated by the prevailing perception within government that environment should always take a back seat to more important issues, such as the economy and health care. Another risk to project objectives is the potential resistance from politically entrenched and institutionally sectors that has traditionally governed Ukraine. The political institutions in Ukraine have a history of working within the legal boundaries of mandates at the technical level. As a result, there is minimal sharing of information or collaboration among ministries and agencies. This is particularly evident in the environment sector due to the relatively limited understanding of the linkages between environmental protection and the development sectors.

At the stage of the project development the Ministry of Ecology and Natural Resources of Ukraine was selected as the key implementing partner. However, as a result of the recent events in Ukraine and change of the Cabinet of Ministers, staff downsizing, the implementing partner lacks capacities to take responsibility for transparent and accountable implementation of this project.

Taking into account the above mentioned project specifics, we consider DIM as the most appropriate mechanism for the UNDP-GEF project "Integrating Rio Conventions Provisions into Ukraine's National Policy Framework."

We are confident that the Ukrainian Country Office is equipped to implement the Project in full compliance with the highest standards of UNDP accountability and transparency and in strong adherence to the respective DIM corporate guidelines and policies.

We look forward to receiving the authorization to change from NIM to DIM execution for the UNDP-GEF "Integrating Rio Conventions Provisions into Ukraine's National Policy Framework" Project.