

Guideline

for Implementing the Green Investment Scheme (GIS)

1. Participants of arrangements for transfers of AAUs

Arrangements for transfers of AAUs will be formulated by the participants specified below in accordance with the Memorandum¹ and this GIS Guideline.

<Participant of Ukrainian side>

National Environmental Investment Agency of Ukraine (NEIA)

<Participant of Japanese side>

New Energy and Industrial Technology Development Organization (NEDO)

2. Requirements for the specific environmental measures

Both sides, as referred to in the Memorandum confirm that payment for transfer of AAUs will be used to finance specific environmental measures carried out as the GIS activities in Ukraine. Both sides also affirm that the activities that fall within the categories and meet the criteria specified below will serve as the specific environmental measures and are within the scope of GIS as defined in the Memorandum and this Guideline.

2.1 Categories of the specific environmental measures

Categories of activities serving as the specific environmental measures are specified as follows.

- ✓ Energy conservation
- ✓ Fuel switching for low environmental burden
- ✓ Utilization of Coal Bed Methane
- ✓ Renewable energy
- ✓ Activities for emissions reductions of greenhouse gases other than carbon dioxide (CO₂)
- ✓ Activities for environmental protection (e.g., pollution reduction activity)
- ✓ Capacity building for promoting the above mentioned activities

¹ Memorandum between the Government of Japan and the Government of Ukraine on co-operation in the implementation of the UN Framework Convention on Climate Change and its Kyoto Protocol in accordance with Articles 6 and 17 of the Kyoto Protocol

2.2 Adoption criteria of the specific environmental measures

Activities serving as the specific environmental measures need to meet the adoption criteria specified as follows.

- ✓ Specific environmental measures should result in reductions of emissions and increments of removals of greenhouse gases and/or pollution prevention.
- ✓ Specific environmental measures should be in line with the relevant Ukrainian side's national legislations.
- ✓ Specific environmental measures should meet Ukrainian side's legal obligations such as emission limits, noise level, biodiversity protection requirements etc.. The assessment will be conducted in consideration of environmental impacts and effects on local residents, using standard environmental impact assessment procedures available in Ukraine.

3. Procedure for, and functions of, NEIA and NEDO for the implementation of the GIS

NEIA and NEDO will respectively function in accordance with the following procedure for the implementation of the GIS.

- (1) The transfer of AAUs will be conducted based on the arrangements for transfer of AAUs signed between NEIA and NEDO. After the formulation of the arrangements, NEIA will transfer to NEDO the decided amount of AAUs whereas NEDO transfers the corresponding payment to the account of NEIA after confirming the transfer (payment on delivery).
- (2) In accordance with the Ukrainian side's national legislation, the payment will be pooled into an account of NEIA as the fund allocated for activities serving as the specific environmental measures.
- (3) NEIA will submit to NEDO a document, which will be referred to as the "project report" containing the information of proposed activities serving as the specific environmental measures for the approval of NEDO.
- (4) After the approval of the document by NEDO, NEIA will allocate the fund to each activity serving as the specific environmental measures for the implementation.
- (5) NEIA will monitor the implementation of each activity.
- (6) NEIA will submit a financial and narrative report on the implementation of the Ukrainian GIS scheme (which contains, inter alia, aggregated information on the attained amount of reductions of emissions and the results of the GIS implementation) to NEDO annually in English language.

4. Terms and conditions specified in the arrangements for transfers of AAUs

The following terms and conditions will be included but not limited to, in the arrangements between NEIA and NEDO.

- Transfer of AAUs (including the amount of AAUs to be transferred, the unit price and the timing of transfer);
- Payment (the payment on delivery);
- Procedures for submission of the project report and the annual report on the implementation of the Ukrainian GIS scheme prepared and endorsed by NEIA;
- Procedures for reimbursement of unused fund;
- Settlement of dispute;
- Categories of specific environmental measures; and
- Adoption criteria of the specific environmental measures.

5. Modifications

This Guideline may be modified by mutual consultations between the Ukrainian side and the Japanese sides.

6. Settlement of dispute

Disputes regarding the interpretation or application of this Guideline may be settled by mutual consultations between the Ukrainian side and the Japanese sides.

This Guideline is signed in two original copies in the English language.

For the Japanese side

For the Ukrainian side

Tadashi Izawa

Igor Lupaltsov

Ambassador Extraordinary and
Plenipotentiary of Japan to Ukraine

Head of the National Environmental
Investment Agency

Date: _____

Date: _____