

2015

Annual Activity Report

NGO “DiXi Group”





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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Government of Sweden.



Dear friends!

In 2015, DiXi team celebrated its 7th anniversary. DiXi Group has earned respect among government officials and politicians, established partnerships with fellow energy experts and gained their trust. We believe such trust and respect to be our greatest strategic achievement.

DiXi Group remains committed to the opinion that our present does not let us stay aside and criticize the existing situation in the energy sector. Identifying problems as such does not suffice — we must find solutions and overcome difficulties together. This is the reason why DiXi Group continues active promotion of reforms in compliance with European standards, improving transparency in the energy sector and facilitating efficient dialogue between communities, government and business to discuss necessary changes in energy sector.

DiXi Group is a growing team, with three more members and three volunteers having joined us in 2015. A bigger team means more interesting research and public events, as well as more active promotion of energy reforms. We believe that the more reform advocates we have the sooner our country will be able to introduce changes in its energy industry.

Last year our organization had some internal changes. Organizational development grant enabled us to elaborate clear vision and strategy for DiXi Group activities, and each team member got an opportunity to undergo training and improve his or her skills, including in eloquence, graphic design, foreign languages. Investments in our team are a necessary step towards a new level of our performance.

We sincerely hope that our work and activities in 2016 will be a high-quality contribution into the process of the energy sector development, improving transparency in it, as well as the level of trust among all stakeholders. However, there's still much work to be done, but we believe that cooperation and dialogue are keys to making our country strong, rich and energy self-sufficient.

***Olena Pavlenko,
President of DiXi Group***



About us

DiXi Group is a **team of analysts and journalists** working in the field of energy policies, in particular, dealing with the energy sector reform, including enhancement of energy safety and improvement of energy sector transparency.

Our mission is to drive effective reforms in the Ukrainian energy industry through promoting new decision-making standards, enhancing civil society involvement and improving public awareness of the energy industry and its future.

Founded in 2008 as a think tank, DiXi Group deals with **cross-disciplines of politics, public relations, safety and investments**. Throughout its history, DiXi Group has implemented over 40 projects in areas such as enhancing transparency in the energy sector, implementing EU legislation in Ukraine and improving public awareness of the state of the art in the energy industry. DiXi Group's major donors include International Renaissance Foundation, embassies of EU Member States to Ukraine and the European Union.

DiXi Group cooperates with **government officials, politicians, journalists and international partners** in promoting high-quality and dynamic energy reforms, and provides assistance to consumers in adapting to new changes in this sector.

Our goal is to become **one of the most powerful analytical centres** and a key partner for stakeholders in

Eastern Europe. DiXi Group's analysts are members of public councils attached to the key ministries in the fields of energy and energy efficiency. DiXi Group has been accredited by the Committee on Fuel and Energy Complex, Nuclear Policy and Nuclear Safety of the Verkhovna Rada of Ukraine. Our experts are members of various working groups and participate in conferences and round tables arranged by the government to tackle the most crucial issues of Ukrainian energy policy.

DiXi Group is a member of **many coalitions and expert groups** dealing with energy issues both in Ukraine and internationally. These include, in particular, EnergoTransparency Association dealing with the implementation of the Extractive Industries Transparency Initiative (EITI) in Ukraine which is a member of the Publish What You Pay global network, as well as Energy Reforms expert coalition aiming at facilitating the implementation of the European legislation in Ukraine. DiXi Group is a member of the Ukrainian Think Tanks Liaison Office in Brussels, and President of DiXi Group Olena Pavlenko is also a member of the organization's Board. In addition, DiXi Group is a member to the Ukraine-EU Public Platform, and in 2015 Olena Pavlenko chaired the Platform's Working Group on energy and transport.

With energy as its domain, DiXi Group develops and disseminates **many products** including monthly, quar-

Promoting complex reforms in compliance with EU standards

In 2015, DiXi Group maintained close cooperation with many partners in promoting European energy reforms. In particular, within the framework of the project entitled Improving Implementation Ukraine's Commitments within the Energy Community through Enhancing Impact of Civil Society, with the financial assistance of the European Union and International Renaissance Foundation, DiXi Group has focused on several activities, namely, **monitoring the fulfilment of Ukraine's commitments to the Energy Community, participation in drafting and promotion legislative amendments to implement the EU Directives, as well as dissemination of information concerning about these commitments among wider audience.**

DiXi Group's experts and partners in Energy Reforms coalition informed the Ukrainian audience about the progress in the implementation of Ukraine's commitments to the Energy Community under each particular Directive and Regulation **on a monthly basis**. In addition, we published brief quarterly progress summaries in the Ukrainian and English languages and, following that, the **annual monitoring report Ukraine and Energy Community: On the road of Reforms** (http://enref.org/wp-content/uploads/2015/11/Light__Dixi_Main_Report_ukr_2015.pdf). This document was prepared in the Ukrainian and English languages and shows the progress in fulfilling commitments in each





particular sector, as well as includes conclusions, recommendations, summaries of key events in the monitoring year. DiXi Group and the Energy Reforms coalition presented the annual monitoring report in **Kyiv, Vienna and Brussels** where, together with journalists, experts, Energy Community Secretariat and representatives of international organisations, they discussed the key conclusions and further plans on implementing EU legislation in Ukraine. Besides, now regular high-level meetings with representatives of the European Commission took place, with the focus on promoting European energy reforms in Ukraine.

The Energy Reforms coalition was engaged in discussing draft key laws and regulations relating to European energy reforms. DiXi Group continued its previous-year activity of engaging experts in drafting legislation according to the EU requirements. We aimed to establish effective dialogue between the authors of the Ukrainian reforms and European experts, and to ensure compliance of the drafted legislation with European practices. We sought to make this dialogue as open as possible so that the parties could hear and discuss arguments and elaborate joint decisions. This was the purpose of our round table discussions with key industry experts, representatives of international organisations and projects, as well as key experts from the Energy Community Secretariat.

The first meeting of the multilateral group to implement and monitor reform efficiency within the Energy Community framework has become the focal point of the process. The round table meeting of the group established by the Ministry of Energy and Coal Industry of Ukraine gathered representatives of all ministries and agencies responsible for the fulfilment of Ukraine's commitments to the Energy Community. While holding the meeting as such has driven certain developments, its format has also enabled creating a joint communication and cooperation platform in order to elaborate coordinated decisions for governmental structures and society. We hope that next year this platform will be widely used for quick and efficient coordination of actions between ministries and agencies in their joint efforts in developing EU-compliant energy reforms.

The draft law on independent regulator in the field of energy and public utility services was among the most important draft laws advocated by DiXi Group. In September 2015, the Strategic Advisory Group was established, initiated by DiXi Group think tank and supported by International Renaissance Foundation, to improve the governmental draft law which had been rejected in summer 2015 by the competent committee of the Ukrainian Parliament. The Group's objective was to remove gaps not regulated by EU Directives and make the updated draft suitable for all political forces.



In 2015, DiXi Group held more than 15 events



In the course of working on the draft law, members of the Group analysed all 19 articles and over 190 comments thereto.

Representatives from all parliamentary factions and the competent committee of the Ukrainian Parliament were engaged in the activities of the Strategic Advisory Group. The Group also involved representatives of the Energy Community Secretariat, EC Support Group for Ukraine, Council of European Energy Regulators (CEER) and USAID experts. It finalised the draft law so that it now can receive parliamentary support, and deputies, on their part, promised to consider and adopt the draft law on the reg-

ulator early in 2016. **In 2016, follow-up of the draft law will remain DiXi Group's priority.**

DiXi Group has intensified communicating the ideas of EU energy reforms to the public. We aimed to initiate a dialogue to discuss changes in people's lives to follow these reforms. For this purpose we enhanced our work with journalists through holding a **large-scale workshop Ukraine and the Energy Community: the Essence and Scope of Reforms**. Participants of the event were representatives of the Energy Community Secretariat, Ministry of Energy and Coal Industry of Ukraine, State Agency on Energy Efficiency and Energy Saving of Ukraine and National Commission for State



Regulation in Energy and Utilities of Ukraine, members of the EC Support Group for Ukraine, Ukrenergo State Enterprise, Naftogaz of Ukraine National Joint-Stock Company, NNEGC Energoatom, as well as other leading experts in energy and environmental policy. The event covered reforms implemented in each relevant energy policy sector. Journalists from Kyiv and other regions of the country were explained the underlying principles of the Energy Community and EU reforms. Following the two-day workshop, they provided publications reflecting their vision of the covered materials, and authors of the best seven works selected by a panel of experts **were granted an opportunity to visit the Energy Community Secretariat**. Beside visiting the Energy Community Secretariat in Vienna, the program of the study visit also included visiting Austrian Energy Agency and E-Control Headquarters.

Such training events for mass media facilitate fast promotion of European reforms in the Ukrainian energy market. This idea has been also supported by the Energy Community. Thus, Barbora Poyner, Communications Officer at the Energy Community Secretariat, pointed out that this kind of event was quite new for the Community. According to Ms. Poyner, it was an excellent initiative, and she emphasized that the Community would welcome further similar events.

Moreover, DiXi Group has drafted a **booklet representing the Energy Community and its potential sig-**

nificance for Ukraine. Next one will be an illustrated brochure with figures demonstrating key advantages of the planned EU energy reforms against Ukraine's international commitments.

In 2016, DiXi Group, supported by its partners, is planning to cover all energy commitments undertaken within the framework of the EU-Ukraine Association Agreement in this way.

Fighting corruption, enhancing transparency in the energy sector.

Civil society involvement in elaboration and control of energy sector policies

DiXi Group worked a lot on improving transparency in the energy sector. This was reflected, in particular, in the first Ukrainian EITI Report published in December 2015. It was facilitated by **enthusiastic efforts of the Multi-Stakeholder Group and EnergoTransparency Association**, as well as activities to promote legislation and organize a range of events that consolidated the parties to this process.

On 27-29 April, a workshop for Ukrainian and Eurasian civil society was held in Kyiv by DiXi Group supported by GIZ and international coalition Publish What You Pay (PWYP). The event hosted representatives of NGOs from Azerbaijan, Albania, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan and Germany who came to share their expertise and develop a joint action plan.

In July 2015, DiXi Group took part in the workshop on EITI implementation for regional NGOs from Kharkiv, Lviv, Sumy, Ivano-Frankivsk, Chernihiv, Artemivsk, Boryslav and Poltava. During September-October, our experts actively participated in working meetings with representatives of the National EITI Secretariat, civil society organisations and donors providing support to the implementation of the EITI standard in Ukraine.

Within the framework of its advocacy activities, DiXi Group facilitated the **adoption of the Law of Ukraine No 521-VIII “On the Introduction of Amendments to Certain Legislative Acts of Ukraine on Ensuring the Transparency in Extractive Industries”** and

the Ordinance of the Cabinet of Ministers dated 8 September 2015 No. 910-p “On Approval of the Action Plan for the Implementation of the Extractive Industries Transparency Initiative for 2015”. DiXi Group held both working meetings and public discussions with people’s deputies, arranged information, analytical and organisational follow-up of the specified documents. Their adoption triggered the launch of the EITI process in Ukraine.

In order to explain the importance of the first EITI Report for fighting corruption in oil and gas industry, DiXi Group prepared a video and a brochure under the auspices of the World Bank and the International Renaissance Foundation, which received positive feedback. **The first official presentation of the Report** took place on 7-8 December in Kyiv at the two-day **Sustainable Resource Management Forum**. This event was organised by the World Bank and DiXi Group and involved experts from the International EITI Secretariat, Ministry of Energy and Coal Industry of Ukraine, International Renaissance Foundation, as well as representatives of the National EITI Secretariat, Independent Administrator (Ernst&Young), international experts, NGOs and officials.

In September 2015, DiXi Group commenced its work on the **new draft law on reporting of extracting companies** to cover both oil and gas production and mining industry, including production of coal and iron ore. DiXi Group representatives joined the Working Group



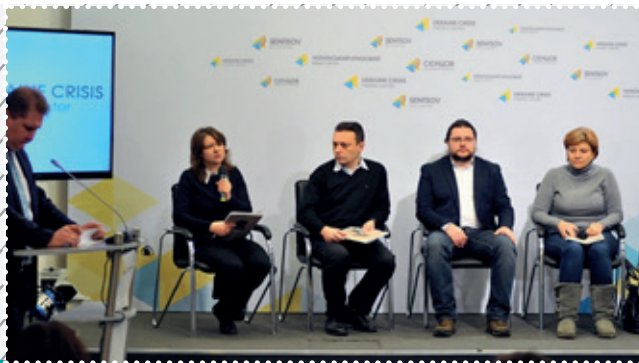
The audience of DiXi Group's Facebook page increased by 30% in 2015



of the Ministry of Energy and Coal Industry of Ukraine in charge of drafting the law on ensuring transparency in extractive industries. Our analysts studied key international accountability standards, EU Directives and legislation of Western countries (EU, USA, UK, Australia, Germany, Canada), as well as held relevant consultations. On 10 December, the draft law was published for discussion.

DiXi Group is an active participant of the international PWYP network which promotes improving transparen-

cy in the energy sector globally. In 2015, President of DiXi Group Olena Pavlenko was a **member of the Global PWYP Council** representing both the Ukrainian coalition of NGOs, the EnergoTransparency Association, and all national Eurasian coalitions. In April 2015, under the auspices of GIZ Olena Pavlenko and DiXi Group organised a **meeting of members of Eurasian national coalitions and German organisations** where the participants shared their expertise in promoting transparency in the energy sector, discussed best practices in transparency legislation, as well as planned their joint



The number of contacts made by DiXi Group increased by 20% in 2015

further activities. Ukrainian activists received more information on tools for advocating contract transparency, environmental protection, local social projects etc. at the **meeting between the PWYP management and Ukrainian NGOs** in December 2015 within the framework of the Sustainable Resource Management Forum.

In 2015, DiXi Group continued its research of **corrupt schemes in the Ukrainian oil and gas sector**. Based on

the results of the monitoring of the public information environment, a series of meetings and interviews with representatives of companies, government and media, as well as analysis of the legislation, we published analytical material *Games of Gas Thrones* specifying more than 10 mostly widely used classic schemes in the oil and gas industry aimed to withdraw funds or to access the desired deposits. To ensure better awareness, DiXi Group and its advisors presented this material in the form of a table game, thus raising interest





and resonance among the public and media. *Games of Gas Thrones* contains clear recommendations on preventing most typical schemes and may be useful

for investigative journalists, politicians and officials engaged in the process of reforming the country's extractive industry.



Building public dialogue in the energy sector, setting up interaction between different groups of stakeholders to develop a consistent approach to the (strategic) industry development

The Ukrainian Energy UA-Energy.org website remains an important tool for building a public dialogue and setting up interaction between all groups of stakeholders. In 2015, it had 92,636 unique visitors and 487,181 total views. The number of daily unique visits reaches 1,000.

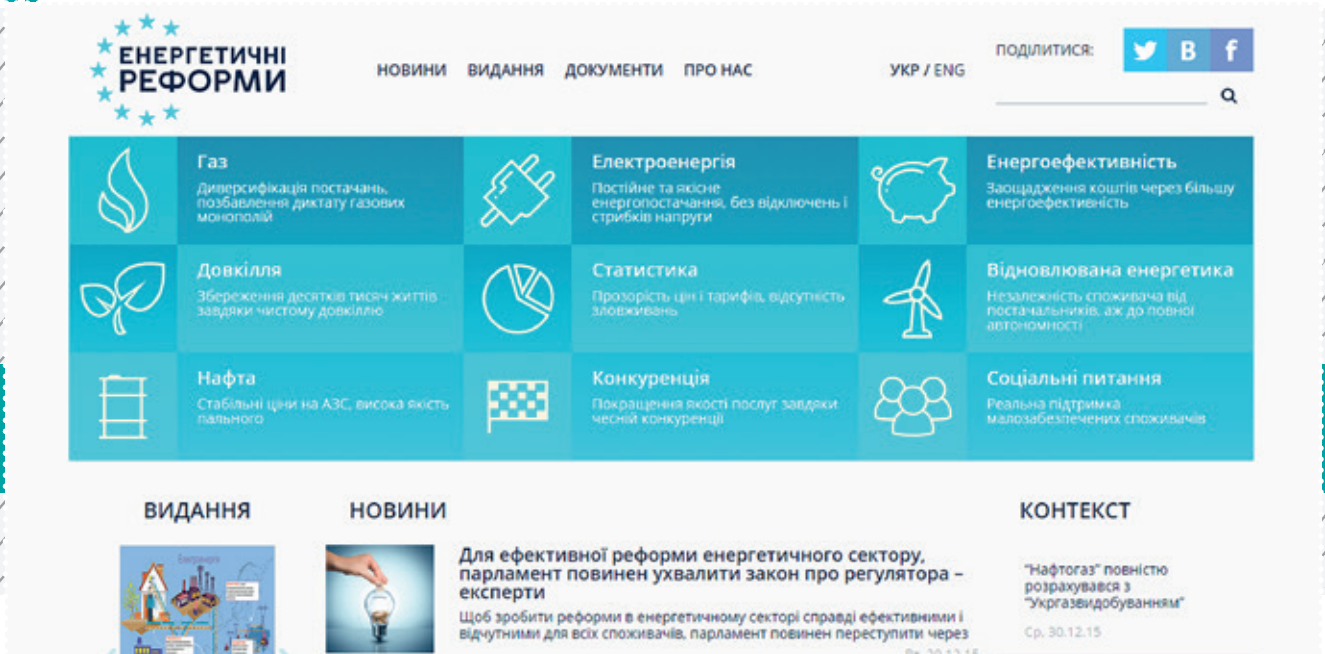
The interest of the audience in UA-Energy products is demonstrated by its growing social network audience: in 2015, the number of UA-Energy Facebook page subscribers increased by 15%, and Twitter subscribers by 30%. In general, as many as 7,962 materials were pub-

lished on UA-Energy website in 2015, including 156 unique expert comments.

In addition, the website receives positive reviews from well-known journalists.

Thus, according to Igor Maskalevych, Dzerkalo Tyzhnia reporter, "UA-Energy.org is a decent project. They are well-informed and often publish exclusive information missed by other mass media. Its advantage is no influence on the part of Ukrainian business groups, making UA-Energy.org an impartial resource. However, in





Ukraine this might mean lack of financial support. I think they have a promising future, especially in the context of the on-going energy and gas market reforms when competent information disclosure and analysis of these processes become crucial”.

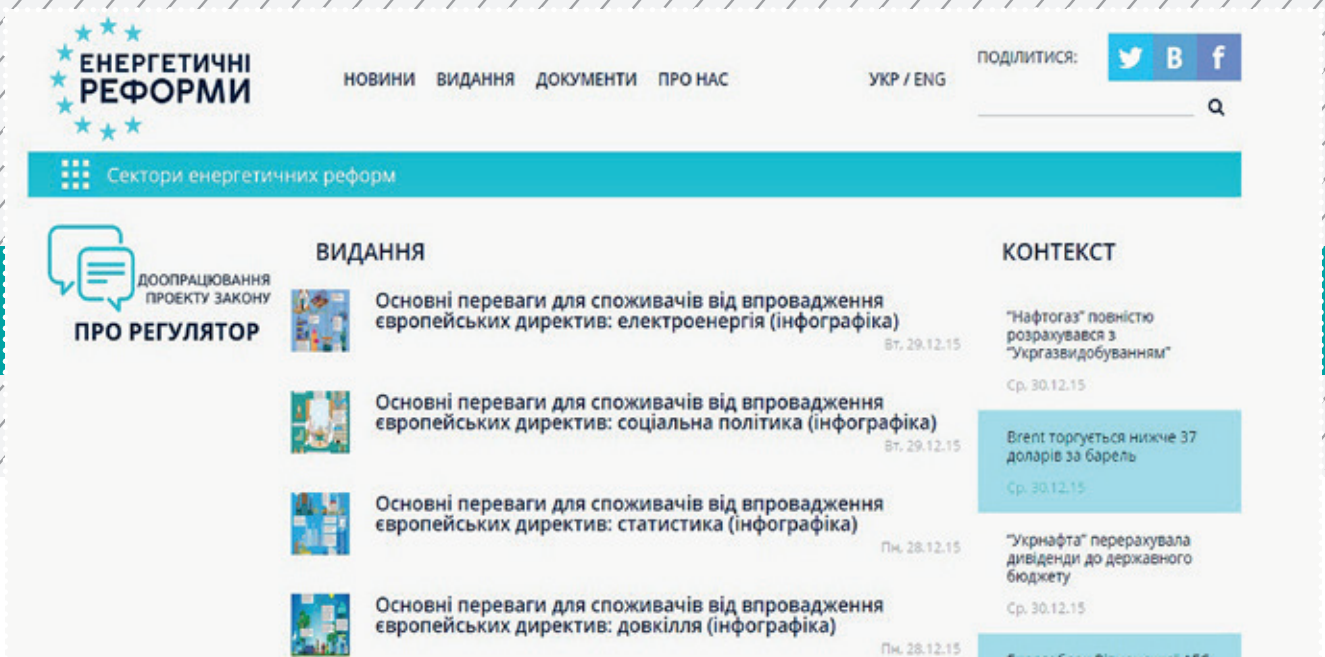
According to **Yevhen Holovatyuk**, LigaBusinessInform reporter, “UA-Energy.org is one of the most popular and competent specialised online mass media dealing with energy issues. They cover a full range of events in the Ukrainian fuel and energy sector, as well as major events in the global energy market. UA-Energy.org’s focus on energy reforms in Ukraine makes this site one of the main sources of information on adaptation of Ukrainian legislation to the EU acquis”.

Liubomyra Remazhevska, editor of delo.ua’s Industry section, says that “the problem of Ukrainian business mass media is too much superficial coverage of such an important field, and the number of specialised media reduces annually. UA-Energy.org is one of the few information projects in the Ukrainian media space which provides relevant and timely information on events and developments in the energy industry. Besides, this source provides timely and high-quality analysis of trends and most significant episodes in the field”.

Oleksandr Hrechko, UNIAN reporter, says that “UA-Energy.org (<http://www.ua-energy.org>) portal is one of the highest-quality specialised information resources covering relevant news on the state of the art and events in the domestic energy sector. Its wide content offers both news and analytics, as well as views of leading experts in the field. This allows readers to develop a better view of the nature and context of events in the Ukrainian energy industry. I believe that this project has good prospects and provided proper promotion may become an integral part of the Ukrainian information space”.

According to **Svitlana Mizina**, Energy.Oil&gas editor, “UA-Energy is a popular and very important source of information for energy consumers. It is important that it offers analysis of the industry issues making it significant and useful for readers and different from other mass media. UA-Energy always publishes latest news, as well as valuable comments from specialists and experts. I would like to wish UA-Energy many useful and interesting news, as well as new research and prospects in future”.

Therefore, in 2015 due to publishing unique news, translations and analytics UA-Energy retained its position as an important and renowned information resource in the energy sector. In addition, this project



has good prospects for further development and performance improvement.

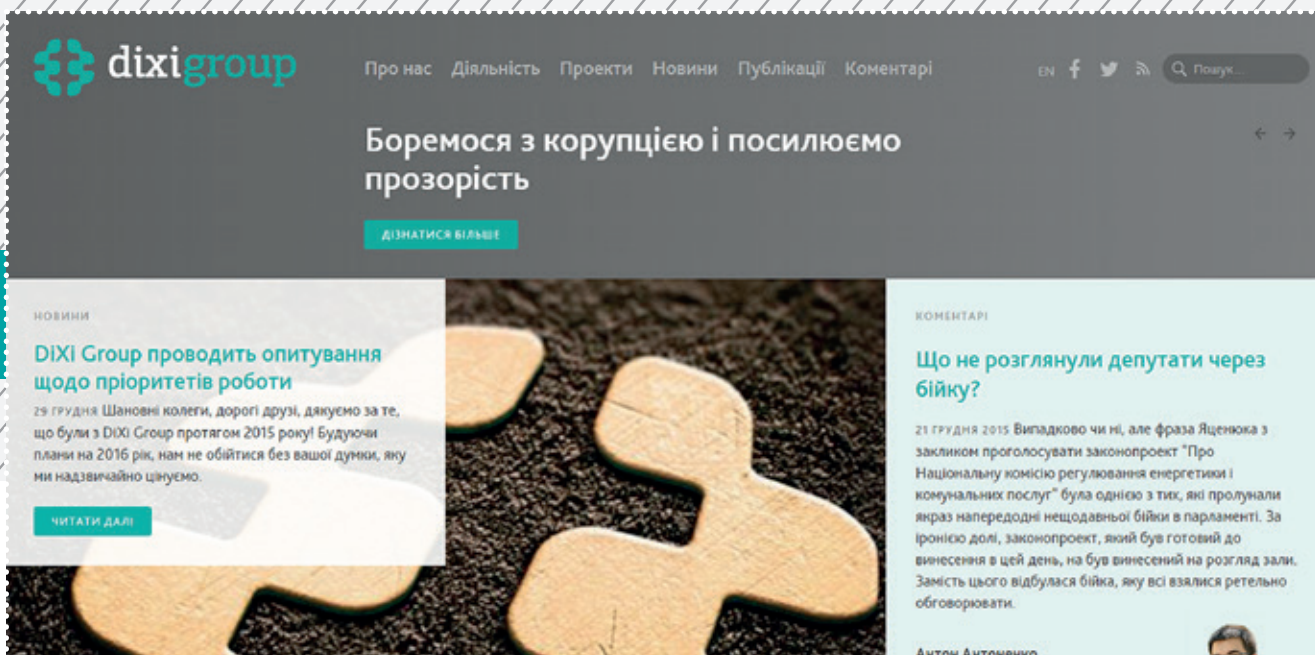
The Energy Reforms coalition website was launched in 2014 and has already become popular among Internet users. In particular, in 2015 the number of unique visitors increased three times.

This web-resource is available in Ukrainian and English versions. During the last year, it has integrated materials and products from all members of the Energy Reforms coalition, as well as news relating to the implementation of energy reforms in Ukraine. Besides, this website continued publishing monthly, quarterly and annual reports on monitoring the fulfilment of Ukraine's commitments within the framework of the

Energy Community, as well as articles and presentations by members of the coalition.

In 2015, two specialised sections dedicated to modification of the energy legislation were added on the website. In particular, the Electricity section reflects discussions in the form of feedback from non-profit organisations regarding the draft law on electricity market. The main page includes a section designed to collect proposals on the improvement of the draft law on the regulator, including materials developed by the Strategic Advisory Group.

Last year the Energy Reforms also published infographics demonstrating advantages of implementing EU directives in Ukraine.



Within the framework of developing public dialogue in the energy sector and enhancing DiXi Group's capacity, in 2015 a new website of the think tank was launched: <http://dixigroup.org/>. It presents information about

DiXi Group, its analytical products and current projects, as well as comprehensive daily overviews on the organization's activities.



Organisational development

Since 2014, DiXi Group has been comprehensively improving its organisation and products. Our key tasks include launching a strategic, operational and financial management system in line with best practices of Western think tanks, as well as improving the quality of our products and expansion of communication and influence channels.

Most of DiXi Group's achievements result from its participation in the implemented by the International Renaissance Foundation in cooperation with the Think Tank Fund (TTF) and funded by the Embassy of Sweden to Ukraine (SIDA).

Thus, in 2015 DiXi Group hired a few new employees, in particular, communications and organisational development managers. At the same time, members of the organisation had an opportunity to participate in training events and workshops to improve awareness of the areas directly relating to the organisation's activity.



Most of DiXi Group's staff has completed a corporate English course as such skills are necessary in their current work and preparing analytical products for the foreign audience, and participated in an eloquence training. Project team leaders have successfully completed a project management course to enable better planning of multitask work and proper motivation. Training on copywriting, video content processing and digital marketing aimed at better DiXi Group positioning and preparing the adapted products and their promotion. The Finance for Non-financial Managers course enabled understanding of the basic financial information analysis and better planning of the organisation's project and annual budgets.

DiXi Group has improved the quality of its products and launched new ones. These are, in particular, economic feasibility studies in the field of prospecting and extraction of unconventional gas, privatisation of strategic enterprises in the energy sector, as well as study of typical corruption schemes.



We seek to present our analytical works in simple and easy-to-understand manner using infographics, as well as in the form of information and educational brochures. In 2016, the line of DiXi Group's analytical products will be expanded by deeper research of gas and electricity markets, comparative studies of EU and Ukrainian energy market functions, as well as launch of new online tools.

In 2015, DiXi Group grew more comprehensible and interesting. We made the re-branding and launched our own website. Our presence in social networks has enhanced as well. In addition, we organised debates dedicated to tariff policies which is one of the most urgent issues in the field of energy and housing and communal services.

We pay significant attention to international communication as well. DiXi Group experts joined the Western process of writing professional materials on relevant issues of energy policies. In particular, these cover energy dimension of Russian acts of aggression in Ukraine and opportunities opened by settling the nuclear issue in Iran. On 25 November, President of DiXi Group Olena Pavlenko attended events in Chatham House, London, as co-rapporteur within the framework of the Ukrainian Forum. Her presentation covered the fifth annual monitoring report *Ukraine and Energy Community: On the Road of Reforms*.



BUDGET

	Receipts, ths. UAH	% of total receipts	Expenditures, ths. UAH	% of total expenditures
1. Receipts				
1.1. International donor programs and foundations	3 447 097,94	44,2	2 898 939,0	42,9
1.1.1. European Commission. Project «Improving implementation of Ukraine's commitments within the Energy Community through enhancing impact of civil society»	3 178 428,18	40,7	2 394 934,1	35,5
1.1.2. British Embassy to Ukraine. Project «UK-Ukraine Regulatory Dialogue on Unconventional Gas»	15 389,30	0,2	40 930,0	0,6
1.1.3. Heinrich Böll Foundation's Office in Ukraine. Project «Raising media awareness on energy reforms in Ukraine in accordance with the commitments in the Energy Community»	126 357,50	1,6	126 351,2	1,9
1.1.4. LLC «British Council (Ukraine)», Shell in Ukraine (within the Ukrainian Unconventional Gas Institute program). Project «Strengthening public support for the development of unconventional gas as a component of economic reforms»	126 922,96	1,6	336 723,7	5,0
1.2. Ukrainian donor organizations	4 358 610,78	55,8	3 845 689,1	57,0
1.2.1. International Renaissance Foundation. Project «Enhancing the role of the civil society for implementation of Ukraine's commitments within the Energy Community»	0,00	0,0	12 909,5	0,2
1.2.2. International Renaissance Foundation. Project «Development of monitoring system of key indicators to detect corruption in the sphere of energy resources extraction»	111 985,00	1,4	118 145,4	1,7

1.2.3. International Renaissance Foundation. Project «Preparation and advocacy of the legislation on corporate disclosure of payments in the extractive sector in the context of the Extractive Industries Transparency Initiative implementation in Ukraine»	59 230,00	0,8	192 004,6	2,8
1.2.4. International Renaissance Foundation (in cooperation with TTF, SIDA). Project «DiXi Group Institutional Support»	1 839 670,86	23,6	1 295 163,3	19,2
1.2.5. International Renaissance Foundation. Project «Launching the EU-Ukraine Civil Society Platform»	154 830,00	2,0	154 830,0	2,3
1.2.6. International Renaissance Foundation. Project «Expert Support to the National Anti-Corruption Bureau»	923 912,00	11,8	923 603,8	13,7
1.2.7. International Renaissance Foundation. Project «Enhancing the role of the civil society for implementation of Ukraine's commitments within the Energy Community. Second stage»	445 595,00	5,7	335 274,4	5,0
1.2.8. International Renaissance Foundation. Project «Facilitation of the establishment of an independent regulator in Ukraine»	794 648,00	10,2	794 598,0	11,8
1.2.9. International Renaissance Foundation (in cooperation with TTF, SIDA). Project «Additional funding of the Project «DiXi Group Institutional Support»	28 739,92	0,4	19 160,0	0,3
1.3. Grants from business entities	0,00	0,0	0,0	0,0
1.4. Donations from individuals	0,00	0,0	6 620,0	0,1
Total receipts	7 805 708,72	100,0	6 751 248,0	100,0
2. Expenditures			Expenditures, ths. UAH	% of total expenditures
2.1. Expenses on payroll and obligatory payments			1 058 838,6	15,7
2.2. Equipment and inventory			186 278,6	2,8
2.3. Low-value tangible assets			18 968,0	0,3
2.4. Intangible assets			144 715,5	2,1
2.5. Low cost short-term assets and supplies			205 744,8	3,0
2.6. Spending on business trips			27 921,8	0,4
2.7. Office rent and maintenance			308 750,0	4,6
2.8. Payments for public utilities and energy sources			9 573,3	0,1
2.9. Payments for telecommunication services			6 367,5	0,1
2.10. Project expenditures, operations and services			4 782 021,0	70,8
2.11. Payments for other services and other expenditures			2 069,0	0,0
Total expenditures			6 751 248,0	100,0

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